Wisconsin Housing and Economic Development Authority
CREDIT ON CREDIT GUIDANCE

Securing Additional Tax Credits for Existing Section 42 LIHTC Developments

- The following types of existing LIHTC properties may be eligible for additional tax credits:
  a. Properties to be sold through the Qualified Contract Price process, having reached the end of the original 15 year compliance period
  b. Properties to be sold outside the Qualified Contract Price process, having reached the end of the original 15 year compliance period (whether or not the development has an "opt out "provision under its original Land Use Restriction Agreement ("LURA")
- Applicants must wait until the end of the original 15 year compliance period before applying for additional credit.
- Owners should review their original tax credit application as well as the original LURA to determine if they can pursue an opt-out provision.
- Eligible properties can qualify for additional Competitive 9% credits or Non-Competitive 4% credits.
- The original LURA may impact a request for additional credit. Unless an owner is able to opt out after 15 years, the new unit Set-aside requirements will be required to match the original, or be *more restrictive*.
- The original LURA may also impact the financial feasibility and scoring of a new tax credit application.
- Applications for additional tax credits on an existing Section 42 development will follow WHEDA's normal tax credit application process for 9% or 4% tax credits. Follow the guidance provided in the Qualified Allocation Plan and LIHTC Application for the year in which the additional credits are requested.
- Contact a Multifamily Senior Underwriter to discuss your proposal in greater detail.