

Low Income Housing Tax Credits

The Federal Low Income Housing Tax Credit Program enjoys the reputation of being the most successful federal housing program in history. The credit, a dollar for dollar reduction in federal tax liability, acts as a catalyst to attract private investment into the historically underserved affordable housing market. The additional capital mitigates the debt burden incurred in the construction and rehabilitation development process. Consequently, less rental income is necessary for operations.

Each state will receive a temporary increase of \$2.70 worth of credits per capita in 2018-2021, giving New Jersey approximately 20 million in 9% credits, which will generate approximately \$190 million in private equity. Four percent tax credits can be generated in conjunction with qualified tax-exempt bond financing under 26 U.S.C. §142.

Affordability is defined as either 50% or 60% or 80% of county median income adjusted for family size. Oversight of the program is handled by each state under the auspices of the Internal Revenue Service. Consequently, compliance with the program is strictly enforced.

The NJHMFA conducts annual file and physical inspections of 20% of the units for 1/3 of its portfolio. Infractions are reported to the Internal Revenue Service, which, in its discretion, may conduct tax audits. Such audits may result in tax credit recapture and imposition of tax penalties.

Given the successful history of the Low Income Housing Tax Credit Program, demand exceeds supply by close to three-to-one.

NJHMFA currently monitors over 600 tax credit developments that contain more than 50,000 units and assists with the rehabilitation or construction of approximately 20 projects annually. NJHMFA is committed to the success of this program in order to increase the hopes and prosperity of the citizens that it serves.

[LIHTC Resources and FAQs](#)

Find answers to Frequently Asked Questions (FAQs) and other resources to help prepare a Tax Credit application.

[Inclusionary Policy](#)

Attention Developers: This notice shall serve to clarify and refine the Agency's policy with respect to the financing of inclusionary developments seeking Low Income Housing Tax Credits (LIHTC).

[Allocations and Awards](#)

Visit for information about Allocations as well as current and historical allocation application and awards, as well as information and documents regarding the Qualified Allocation Program (QAP), the Tax Credit Assistance Program (TCAP), the Tax Credit Exchange Program (TCX), Carryover, and the IRS Form 8609.

[Compliance](#)

Information about the Compliance Division, including Current Income Limits, Max Rents and Utility Allowances; current and historical.

[Year 15 Properties \(Y15\)](#)

Information about Year 15 Properties

[Green Points](#)

Information and important documents regarding Green Points, including Benchmarking, EPA Energy Star Homes Version 3.1 Certification, Energy Star Alternative paths, ASHRAE Level 2 requirements, Enterprise Green Communities, LEED Version 4.0, ICC/ASHRAE 700 National Green Building Standard – 2015, Zero Ready Homes, Passive House and the Living Building Challenge.

Frequently Asked Questions (FAQs)

All questions pertaining to 9% applications must be submitted in written format via email NJHMFAtaxcredits@njhmfa.gov.

All questions and answers will be posted on NJHMFA's website in an FAQ document and will be updated periodically. Please note that project-specific questions, including document review and/or confirmation of eligibility for threshold requirements or points, are not permitted.

[Review the application criteria for tax credits](#)

New Jersey Housing and Mortgage Finance Agency

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New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08625