

The Affordable Housing Boot Camp

What is it all about?



Why is an Affordable Housing Boot Camp necessary?

- Affordable housing development and ownership is an industry that most financial professionals fall into, not a career path identified in secondary education.
- CFOs practicing in the industry identified the need for staff training about the lifecycle of an affordable housing development project and how Low-Income Housing Tax Credits (LIHTC) work.
- Fast forward 10 years or so, and the Boot Camp now attracts not only accounting department staff but auditors, tax preparers, development staff, asset managers as well as CFOs or CEOs new to the industry. These professionals are all involved in the project but typically in only one portion of the lifecycle.



How is the Boot Camp Structured?

- The Boot Camp uses a real-life project as a case study to illustrate the lifecycle of an affordable housing development project. The study involves the renovation of 108 units of affordable housing provided in beautiful Victorian homes in the medical district of Boston.
- The course starts with an understanding of how a development deal starts, as many of us in the finance department simply find out when money from an external pre-development source shows up.
- The remaining modules are presented in chronological order that take the project from inception, through construction and on to operations. The course outline is presented on the next slide.



Course Outline

11 modules that are either 90 minutes or 120 minutes

1. Identify the Deal, Grants, Contributions & Exchange Transactions, Predevelopment Best Practices
 2. Entity Formation and Deal Structure
 3. Deal Cycle & Participants, Qualified Allocation Plans (QAP), LIHTC calculations and State Award Letters
 4. Financial Projections, Choosing an Investor
 5. New Construction, Rehab & Funders Requisition (Monthly Invoice to Funders)
 6. Cost Certifications & IRS Forms 8609's
 7. Transition to Operations, Key Operating Documents
 8. Operations Issues
 9. Financial Statement Presentation & Intro to Surplus Cash
 10. Surplus Cash Case Studies
 11. Consolidation and What Does the Organizational Structure Look Like When We Do It All Again?
-

Low-Income Housing Tax Credits (LIHTC)

- Bi-partisan program that was created by Congress under the Tax Reform Act of 1986. In 2024, the estimated amount of forgone tax revenue that would have been collected if the credits did not exist is \$11.6 billion.
 - The Federal Housing Finance Agency announced in December 2023 that Fannie Mae and Freddie Mac will each be allowed to invest up to \$1B annually in LIHTC equity beginning in 2024, up from the \$850 million annual cap.
 - LIHTCs are awarded to each state based upon their population to that of the country.
 - Each state has a credit agency that oversees the credits awarded to that state. That agency reviews all applications from developers seeking the credits. Generally, the credits are awarded to the developers that present the projects that meet the state's needs. While there may be some nominal administrative cost, the credits are provided to the winning developers for free.
 - The tax credits are then sold by the developer to an investor at the market rate for each credit at the time that the credits are sold.
 - Typical investors are banks and insurance companies. The investors use the tax credits to offset tax liabilities generated by other holdings. In addition, they are allocated depreciation and interest expense that can offset their taxable income elsewhere.
 - This “free money” comes in during the development cycle to pay for construction costs. These funds allow our projects to rely less heavily on mortgage debt allowing for lower rents needed to sustain operations. In some parts of the country, tax credits provide the only means for successful affordable development.
-

Boot Camp Feedback

- Over the year's the Boot Camp has been provided to hundreds of professionals already practicing in the affordable housing field.
- Typical Feedback:
 - *“So nice to be able to see how all of the pieces fit together!”*
 - *“I have a better understanding now of those involved which helps me understand who should own each aspect of the process internally”*
 - *“There were so many practical take aways”*
 - *“Instructors are effective as they practice in the field and have war stories to share”*

Come Join Us!