HOUSING CREDITS

2/05/2020

HOW DO CREDITS WORK?

MCC 2.96:

- Developers may obtain credits for the number of workforce housing units produced (either sold or rented) over and above the 25% MCC 2.96 requirement

- Developers may apply the credits to a separate project in the future to reduce the number of workforce units required in the future project

- Developers may sell their credits to other Developers

MCC 2.96:

- Credits may be used:

  - In any community plan area

  - To satisfy the requirement for any type of unit constructed

  - To satisfy the requirement for a unit in any income group

AN EXAMPLE:

HOUSING PROJECT A:

- Developer 1 is building a 100 unit, multifamily project.
- MCC 2.96 requires 25% units to be sold at workforce (25 units required).
- All units are sold to workforce buyers at appropriate AMIs/Sales Prices.
- The Developer receives housing credits for additional 75 units sold that exceed 2.96 requirements.
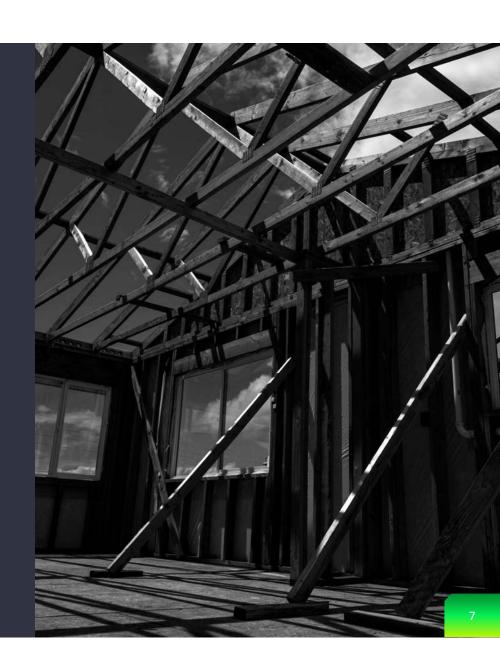
HOUSING PROJECT B:

- Developer 1 is building a 60 unit, multifamily project.
- MCC 2.96 requires 25% units to be sold at workforce (15 units required).
- The Developer satisfies this requirement using credits obtained from Housing Project A.

201H, HRS:

- To be an eligible 201H project, at least 50% of project units must be workforce units

- To receive credits, 100% of units must be workforce. The maximum credit percentage allowed is 49% of a project

- Credits serve same function under 201H, HRS as under MCC 2.96

HOW ARE CREDITS TRACKED?

MONITORING:

- Developer enters into RWHA – RWHA specifies maximum number of credits a Developer may receive

- Housing Division verifies units were sold/rented to fulfill targets outlined in RWHA

- Housing Division notifies Developer confirmation of credits received

- Housing Division tracks when credits are sold to a different Developer and what projects credits will be used to satisfy workforce housing requirements

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AN EXAMPLE:

HOUSING PROJECT A:

- Developer 1 is building a 100 unit single family project.
- MCC 2.96 requires 25% units to be sold at workforce (25 units required).
- Developer plans to defer fees to use credit sales as part of project financing.
- All units are sold to workforce buyers at appropriate AMIs/Sales Prices.
- The Developer receives housing credits for additional 75 units sold that exceed 2.96 requirements.

HOUSING PROJECT B:

- Developer 1 sells credits from Housing Project A to Developer 2.
- Developer 2 is building a 200 unit single family project
- MCC 2.96 requires 25% units to be sold at workforce (50 units required).
- Developer 2 uses credits bought from Developer 1 to satisfy workforce unit requirements.

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