

Minutes

Missouri Tax Credit Review Commission

Low Income Housing Tax Credit Committee

Thursday, December 6, 2012

The Low Income Housing Tax Credit Committee of the Missouri Tax Credit Review Commission met on Thursday, December 6, 2012 at 3:00 p.m. The meeting was held via conference call.

Commission members present:

Mark Gardner	Member
Craig Van Matre	Member
Tim Flook	Member
Shannon Weber	Member

Department Staff Present:

Sallie Hemenway	Department of Economic Development
Chris Pieper	Department of Economic Development
Jason Zamkus	Department of Economic Development

WELCOME AND CALL TO ORDER

Chairman Gardner welcomed the members of the Commission and staff and called to order the meeting of the Low Income Housing Tax Credit Committee of the Missouri Tax Credit Review Commission.

COMMISSIONER DISCUSSION

A draft report was distributed to Committee members prior to the meeting.

The Committee discussed the increased need for affordable housing and the State's current budget climate. The Committee discussed the impact of recommending reductions to a program's cap based on its current cap versus based on its current actual program usage.

The Committee discussed the difficulty of making recommendations without regard for political considerations while at the same time making recommendations that have a likelihood of bringing real to change to the Low Income Housing Tax Credit program.

Committee Recommendations Adopted

1. Fund a new temporary program in an amount of \$60M per year for 2 years, funded with \$30M savings accomplished by cutting the proposed \$90M Historic cap by \$30M and another \$30M taken by reducing the LIHTC cap for the purpose of purchasing, rehabilitating and selling foreclosed homes to low and moderate income families as affordable housing.

Motion by Commissioner Van Matre, Seconded by Commissioner Weber.
Motion carried.

2. Allow credits not authorized by MHDC in one program year to be carried forward to future years until used.

Motion by Commissioner Gardner, Seconded by Commissioner Van Matre.
Motion carried.

3. Recommend the Commission take up the question of whether to exempt projects utilizing Federal LIHTC and/or Federal HTC but not any State LIHTC from the MHDC's "target cost per unit" standards.

Motion by Commissioner Gardner, Seconded by Commissioner Van Matre.
Motion carried.

4. Recommend the Commission take up the question of the impact of prevailing wage and Davis-Bacon on projects in rural Missouri. Commissioner Van Matre amended the motion to recommend that the Commission take up the additional question of whether the issue of prevailing wage and Davis-Bacon was within the purview of the Commission, or not.

Motion by Commissioner Gardner, Seconded by Commissioner Flook.
Both underlying and amended motion carried.

5. Permit the stacking of the State LIHTC and State HTC on projects in counties with populations of 50,000, or less.

Motion by Commissioner Gardner, Seconded by Commissioner Van Matre.
Motion carried.

6. Recommend the Commission address the need for an implementation schedule of any recommended program cuts where applicant projects have already completed the underwriting process, in order to maintain consistency with the "do no harm" principle.

Commissioner Van Matre made the motion, Seconded by Commissioner Gardner.
Motion carried.

7. Transition the credit from a 10 year credit to a 5 year credit and address the "bubble" caused by the transition by making the first 3 years of the overlapping span a 7 year credit with years 1 through 5 able to be redeemed for 75 percent of the credit amount and years 6 and 7 able to be redeemed at 25 percent of the credit amount.

Commissioner Van Matre made the motion, Seconded by Commissioner Weber.
Motion carried.

8. Reduce the State LIHTC cap to an amount appropriate to reflect the continued need for affordable housing in the State.

Commissioner Van Matre made the motion, Seconded by Commissioner Flook.
Motion carried.

9. Reduce the cap on the 9 percent State LIHTC to \$115M over 10 years and the cap on the 4 percent State LIHTC to \$20M over 10 years.

Commissioner Gardner made the motion, Seconded by Commissioner Flook.
Motion carried.

Additional Discussion

The Committee discussed but did not adopt the following recommendations:

1. Mandate that MHDC annually award all tax credits available under the proposed cap in a given year, unless there were insufficient projects worthy of consideration.

Motion by Commissioner Gardner. Motion withdrawn.

2. Exempt projects utilizing Federal LIHTC and/or Federal HTC but not any State LIHTC from the MHDC's "target cost per unit" standards.

Motion by Commissioner Gardner. Motion failed.

ADJOURNMENT

Having no further business before the Committee, the following resolution was moved by Commissioner Van Matre, Seconded by Commissioner Weber, and unanimously approved:

RESOLVED, the Low Income Housing Tax Credit Committee of the Missouri Tax Credit Review Commission is hereby adjourned.

Meeting adjourned at 5:10 p.m.