

## Low Income Housing Tax Credits



**Low Income Housing Tax Credits are at the core of Klein Hornig's affordable housing practice. That core commitment puts us on top of industry and regulatory standards across multiple markets and jurisdictions. Every day, our work is targeted toward the tax, regulatory, and underwriting challenges of Low Income Housing Tax Credits financing. Every day, we are tasked with applying those standards, and we look to innovative approaches to serve our clients' best interests.**

Klein Hornig tax and tax credit attorneys are leaders in the ever-changing low income housing tax credits (LIHTC) landscape. Many have had training or been partners at some of the nation's largest business law firms, providing decades of Section 42 experience. We regularly handle the tax as well as transactional side of LIHTC syndications for owner/developers, investors, and syndicators. We all work together to achieve closing on unified financing structures, including LIHTC as well as other federal or state tax credits and incentives for new construction, preservation, and mixed-use public housing projects.

We have broad and detailed experience of the 9% and 4% LIHTC allocated to properties all across the United States. We understand that each LIHTC project presents its own complexities, whether financed with a single tax credit or with combined or twinned tax credits. Our experience lets us accurately identify and address the tax, tax credit, and industry issues with clients in early stages, including recommendations and assessment of the options. Our experience allows us to anticipate many of the development concerns, such as maximizing equity investment on a project's eligible basis, the allocating agencies processes and pressures arising from capped LIHTC, state credits, or volume cap, and demands that exceed the availability of the scarce resources. We also understand the pricing competition and high demand that syndicators must manage with their investors.

A hallmark of our firm's commitment to affordable housing strategies to leverage scarce financing resources is our work on implementation of the 9-4 "twinning" structures. Our attorneys closed the first project using both 9% tax credits and tax-exempt bond financing with 4% tax credits in 2007, and Klein Hornig closed the "twinned" Fairfax County Government Residences projects, recipient of the NACCED 2017 Award of Excellence for Innovation.

We work extensively on 4% tax credits and the various tax-exempt bond financing structures that are paired with 4% LIHTC. We have closed investments in multiple LIHTC properties in pooled tax-exempt bond issuances, proprietary tax-exempt bond issuances, cash collateralized tax-exempt financings, Freddie Mac TELs, and Fannie Mae MTEBs, often in combination with HUD financing programs.

We frequently see affordable housing projects that benefit from a combination of federal and state LIHTCs and historic rehabilitation credits (HTC). Our experience includes identifying and resolving the strategic and tax structuring issues so that projects comply with the federal and state requirements for each tax credit program. We also recognize that it is critical that the ownership entities are properly structured so that the anticipated tax credit and other tax benefits will flow to investors.

In addition, Klein Hornig is frequently called upon to advise clients regarding on-going LIHTC, IRC Section 42, compliance; for example, resolving questions as to over-income tenants and application of the next available unit rule in a mixed income project, average income minimum set-aside tests, coordinating tax-exempt bond compliance questions, year 15 issues, including exercise of the Right of First Refusal, Forms 8823, work-outs, and investor exits.

We actively engage and advise practitioners and policy makers on effective and regulatory compliance structuring to assist allocating agencies, local funding jurisdictions, and industry groups.

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## Related Services

- Tax Credit Finance
- Tax



- Investor / Syndicator

## Other Work

- Andrews Terrace

## News

- The Low-Income Housing Tax Credit Outline 2024 Edition – 12.11.24