

NATIONAL COALITION FOR HOMELESS VETERANS



ANALYSIS OF STATE QUALIFIED ALLOCATION PLANS FOR THE LOW-INCOME HOUSING TAX CREDIT PROGRAM

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THE HOME DEPOT FOUNDATION

The state-by-state data in this document was collected in March 2021. Some states are not included in the analysis because their final QAP was not published at the time of data collection.

What is the Low-income Housing Tax Credit?

The Low-Income Housing Tax Credit (LIHTC) program is a federal funding subsidy, administered by states, for the purpose of building and rehabilitating affordable housing (Changelab). Since its inception, the LIHTC program has created over three million housing units shared between more than forty-seven thousand projects, making it the most powerful financing tool for affordable housing development (HUD). The amount of 9% tax credits each state receives is based on population size or the federally set minimum, whichever is greater (Novogradac).

What is the Qualified Allocation Plan (QAP)?

There are federal laws that set minimally qualifying criteria for the projects that will receive tax credits; however, state Housing Finance Agencies have the authority to prioritize various housing developments, suited to their unique housing needs, through their Qualified Allocation Plan. In the QAP, states outline their housing goals, special populations or geographies that will be given preference, and how points will be awarded for LIHTC funding through the competitive application process. Developers then submit applications for these tax credits, and ultimately the highest scoring applications, that align with the state's housing priorities, are awarded credits.

Why should veterans be prioritized in a state Qualified Allocation Plan?

The most recent Point in Time count, which was released in March, suggests that there are over 37,000 veterans experiencing homelessness on any given night. Furthermore, of all the veterans represented in the PIT count, 40% were living unsheltered (VA). Veteran homelessness has declined roughly 50% since 2010, however, it is important to remember that temporary or transitional housing is only part of the solution for ending homelessness amongst veterans. Uplifting more veterans out of homelessness requires graduating veterans that are living in temporary or transitional housing or permanent supportive housing, a VASH voucher, a traditional HCV, or total self-sufficiency, which ultimately requires more units be available. Developing permanent long-term affordable housing is undeniably crucial to ending veteran homelessness, and the LIHTC program can aid in this effort.

The challenge is communicating this with states and ultimately influencing the Qualified Allocation Plan (QAP) in a way that benefits veterans exiting homelessness. The QAP has the potential to not only provide affordable housing for veterans, but also shape what type of affordable housing we as a collective want to see become more accessible to veterans. Careful attention should be given to make sure the housing projects we advocate for are in accessible, economically viable, equitable and complete communities, that offer the highest possible quality of life for veterans in the long term. While many states already weigh projects against several factors including but not limited to—length of affordability, community housing needs, onsite service capacity and amenities, populations served, project location, energy efficiency and sustainability, share of incomes served and overall development costs; not all states include housing veterans in their priorities outright. Additionally, only one state currently sets aside tax credits upfront, for the purpose of developing supportive housing for special populations, including veterans.

It is extremely difficult to quantify how many units are currently operable, under construction, or in the pipeline that directly provide housing for extremely low-income veterans or veterans exiting homelessness. It is also difficult to actualize the number of housing units that become occupied by veterans. It is one thing to list an occupancy preference but another thing to confirm that a veteran or veteran household comes to occupy these housing units. Including and prioritizing veterans in a state QAP, represents a longer-term commitment to ending and maintaining an end to veteran homelessness.

Tax credits fund development that remains affordable for 30 years, or possibly longer, if motivated by the state or locality (Novogradac). However, these properties can take years to coordinate and complete, so it is critical to advocate for greater veteran preference, set asides and overall consideration now, by every state, so we can see these projects come to fruition in the years to come.

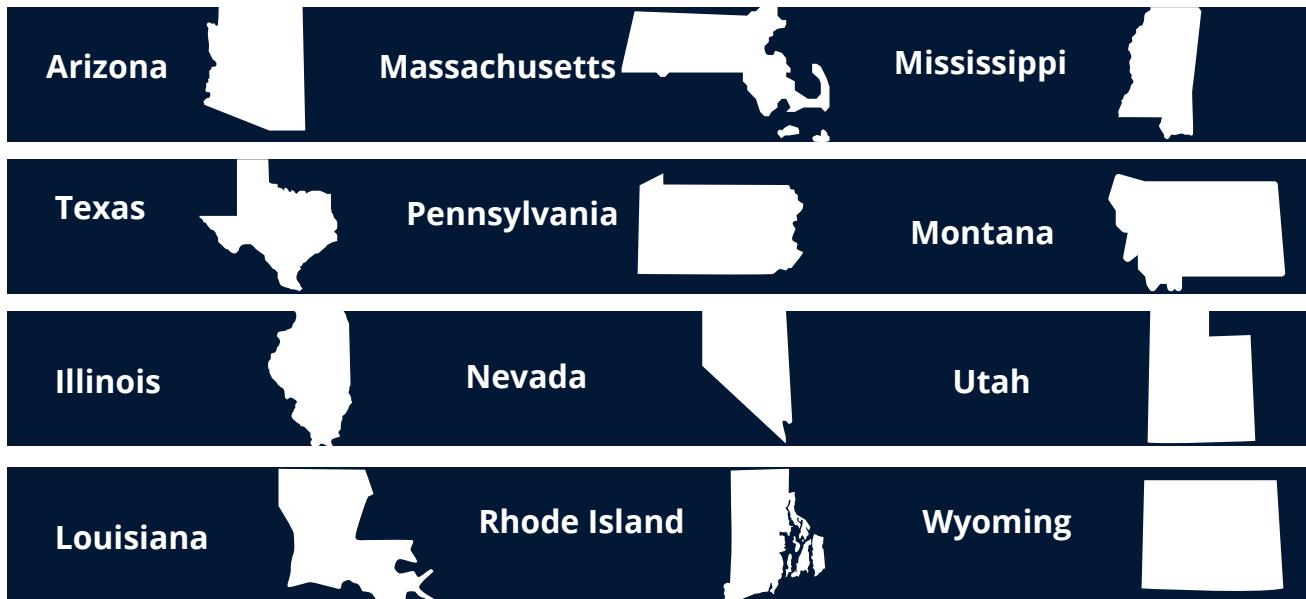
Here is a brief state-by-state comparison, of who builds in a veteran preference, how they do, and also the states that do not mention veterans at all in their Qualified Allocation Plan. Individual states have different processes and timelines to draft their QAP. Several states also construct their QAP to cover multiple years. For that reason, this map is accurate for the current year and through 2022, depending on where each state is in its QAP drafting process.

19 states mention veterans in their QAPs.



Several states include veterans in their special populations section

Arizona, Illinois, Louisiana, Massachusetts, Mississippi, Montana, Nevada, Pennsylvania, Rhode Island, Texas, Utah, Wyoming



EXAMPLE

"Persons with Special Housing Needs is defined as a household where one or more individuals have alcohol or drug addictions, is a Colonia resident, a Person with a Disability, has Violence Against Women Act Protections (domestic violence, dating violence, sexual assault, and stalking), HIV/AIDS, homeless, veterans, and farmworkers." -Texas (2021)

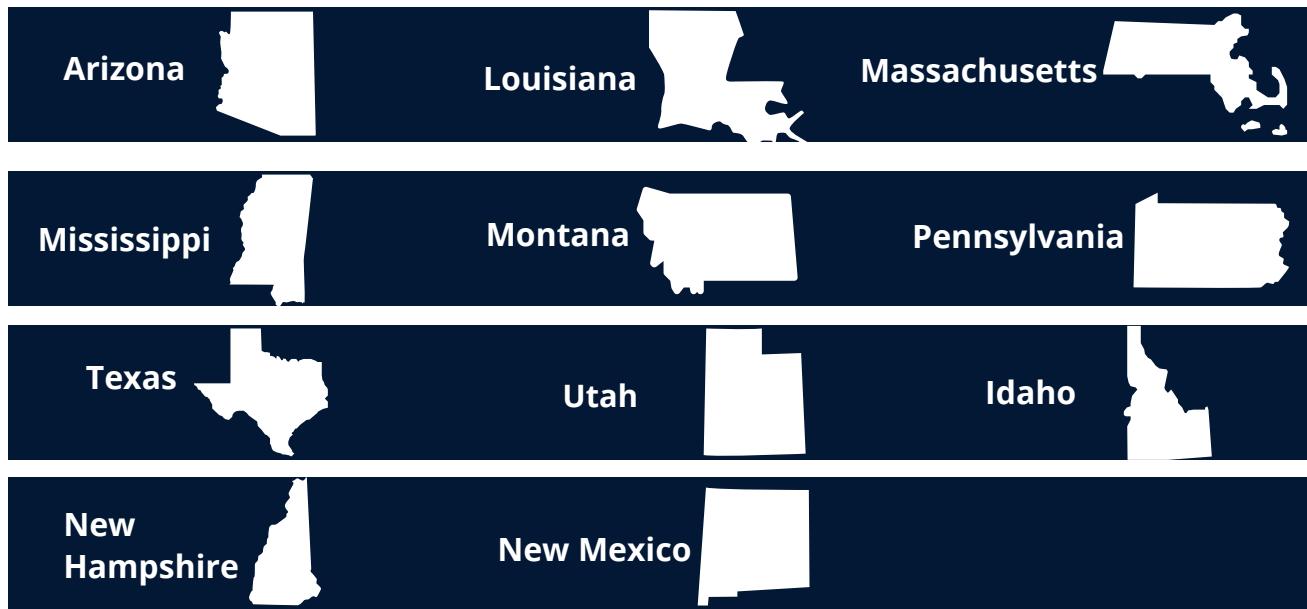
So, what does this all mean?

This means that a property can target this subpopulation without violating public use requirements. If a state considers specific subpopulations of people to be "special needs", this means that they have identified that this group needs to be more heavily supported or subsidized to maintain housing. For example, including veterans exiting homelessness in a state's special populations list allows the development to directly market to, or receive referrals for this group before considering other individuals of the general population.

Adding veterans experiencing homelessness to a state's special or target population lists means: more units with additional services for veterans, more seamless referrals for veterans transitioning out of temporary living arrangements, and ultimately veterans thriving in communities of their choice despite any income limitations or social stratification that would otherwise force them out.

Several states offer extra points for developments that set aside units for veterans

Arizona, Louisiana, Massachusetts, Mississippi, Montana, Pennsylvania, Texas, Utah, Idaho, New Hampshire, New Mexico.



EXAMPLE

"Housing for Veterans (10 pts) Housing for Veterans is defined as a household that includes one or more persons that is eligible for Veteran benefits as documented by the United States Department of Veterans Affairs. A minimum of 10% of the units must be set aside for Veterans. Letters of support and collaboration from the nearest Veterans Administration Hospital or community-based outreach clinic are required to demonstrate coordination of veteran-specific resources and services. Developments that receive points for Elderly or Housing for Disabled Persons Targeted by Mississippi Affirmative Olmstead Initiative are not eligible for these points." - Mississippi (2021)

So, what does this all mean?

While this builds on veterans being included as a special needs or target population, this provision takes it a step further. By awarding points for setting units aside for special needs housing for veterans or listing veteran housing as one of the priorities in the QAP, developments that serve veterans will become more competitive overall. Development applications that meet the state's list of housing priorities as well as amass the most points, ultimately receive tax credits. This measure results in directed, dedicated units or whole developments for veterans, as well as less competition for veterans as new LIHTC units become available.

Several states have a veterans occupancy priority or offer additional points for projects that have a tenant selection criterion that preferences veterans

Arizona, Pennsylvania, New Mexico, Illinois, Nevada, Rhode Island, California, Wisconsin



EXAMPLE

"Projects may set-aside or otherwise have a preference for military veterans that have served in the armed forces of the United States and MFA encourages all Projects to develop marketing plans that involve outreach and marketing of Units to veterans. " – New Mexico (2021)

So, what does this all mean?

When veterans are included in the tenant selection criteria and given priority this also helps if their application happens to become waitlisted. Additionally, some states have historically required every development application to identify a portion of units that will be set aside for special populations, including veterans. When developers apply to receive Low Income Housing Tax Credits (LIHTC) they specify a unit breakdown, and which populations or income groups will be allocated a share of the overall units. While there are minimal federal guidelines that outline the spread of incomes that can be served, there are hardly any other demographic parameters that must be met. It is ultimately up to the state to recognize which subpopulations have the biggest overall need for affordable housing and attempt to deliver housing that meets that need.



Only one state sets aside a portion of their tax credits for supportive housing developments for veterans



Gold Standard: Arizona

Developing housing for veterans appears third in the state's QAP housing goals. The state also builds in a veteran occupancy preference, that awards developers points for prioritizing veterans. Arizona is the only state that outright sets aside tax credits for a veteran permanent supportive housing development each year.

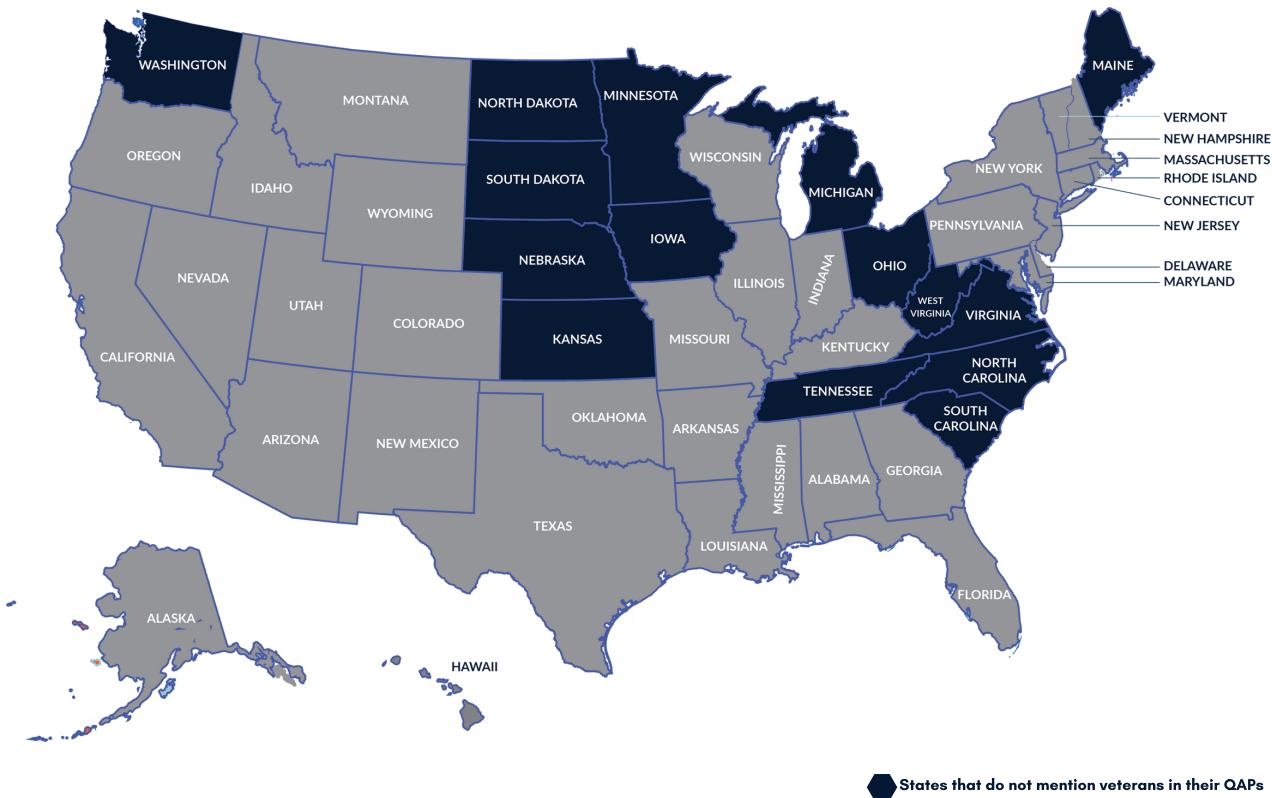
So, what does this all mean?

This is the only form of reserve that is sure to lead to housing specifically for the lowest income veterans, with the most critical needs. Having a set aside for permanent supportive housing for veterans means that a portion of 9% tax credits will be dedicated to this housing type and only subject to competition with other applications in this same category. Instead of these development applications being subject to scoring and comparison within a general pool, they are scored against other housing development applications in this specific housing category.

Furthermore, this has several implications: if only one application is submitted, then that housing development, provided it meets all the states criteria, would be awarded tax credits; it also means when multiple applications for this housing type are submitted, the "best" project would absolutely win credits in this "set aside" application category, but that the other applications may still be awarded tax credits in the general application pool; lastly, it means that the state is committed to developing a set number of units specifically for veterans annually.

Several states have published their current QAPs without mentioning veterans

Iowa, Kansas, Maine, Michigan, Minnesota, Nebraska, North Carolina, North Dakota, Ohio,
South Carolina, South Dakota, Tennessee, Virginia, Washington State, West Virginia



How veterans can be prioritized in a Qualified Allocation Plan

Several examples have been identified in QAPs that already include veterans. However, there are some additional ways states could build in a commitment to ending veteran homelessness throughout their QAP. For example, states can:

- require every development to set aside some portion of units to serve special populations including veterans;
- reserve a share of their total tax credit allocation for veterans supportive housing;
- commit to an annual unit count as a state for veterans; and
- build on local funding streams or efforts to develop housing for veterans, in geographies where commitment already exists.

Other ways that states build veterans into their QAP



Service-Disabled Veteran-Owned Small Business (SDVOSB), and Veteran-Owned Small Business (VOSB) development teams receive additional points for their tax credit application.

	Self Score	Review Score	Final Score
Disadvantaged Business Participation			
5. Applicants whose development team meets the requirements of A or B below or who have retained a business meeting the requirements listed in C below will receive up to 3 points. Please see definitions for acronyms and development team members.	3		
Acronyms: Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Service-Disabled Veteran-Owned Small Business (SDVOSB), Veteran-Owned Small Business (VOSB), Disadvantaged Business Enterprise (DBE).			
Development team members include: the owner, developer, management company, and consultant. An application preparer is not a member of the development team.			
MBE/WBE: Kentucky Finance & Administration Cabinet http://mwbe.ky.gov/Pages/default.aspx			
DBE: Kentucky Transportation Cabinet http://transportation.ky.gov/civil-rights-and-small-business-development/Pages/default.aspx			
VOSB/SDVOSB: U.S. Department of Veterans Affairs AND/OR Kentucky Service-Disabled Veteran-Owned Small Business Certification program	http://www.va.gov/osdbu/verification/ http://finance.ky.gov/initiatives/sdvosb/Pages/default.aspx		



Increase the supply of affordable housing with services, for veterans, listed as the second objective of the QAP for the entire state.



How to influence a state's Qualified Allocation Plan, and provide a voice for veterans

Every state conducts a writing process to update their annual QAPs. The important first step would be figuring out what housing or finance agency is responsible for administering the LIHTC program in your state. They reach out to them, or research on their website for information on when and how public comments can be made. Most states will hold public listening sessions but there are also ways to submit written comments. Then advocate on behalf of veterans experiencing homelessness and ask your state to make changes that would result in more affordable or supportive units and ultimately an end to veteran homelessness.

Checklist for advocates to consider when drafting comments

- Analyze your state's current QAP to figure out if and how veterans are included
- Compare the current QAP with prior drafts, or versions from neighboring states
- Review the following information for your state or service area
 - Sheltered and unsheltered veteran homelessness in the Point in Time counts for your state (PIT)
 - The Annual Homeless Assessment Report to Congress (AHAR)
 - Which cities in your state have joined the Mayors Challenge to End Veteran Homelessness
 - VASH voucher distribution and utilization by Public Housing Authority for the state
- Work together with other veteran service providers in your area to create some talking points or examples that identify housing demand, and also geographical housing need for veterans exiting homelessness
- Include developers in your conversations within your community to get an idea of how the tax credit process can be adjusted to increase housing options for veterans
- Draft comments that reflect where, how, and why tax credits should be better directed to serving veterans in your state
- Submit comments and participate in the listening sessions, but also check back frequently to make sure the agency considers the changes and suggestions being made on behalf of veterans



Sources

- <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/2021-qaps-and-applications#T>
- <https://www.huduser.gov/portal/datasets/lihtc.html>
- https://www.urban.org/sites/default/files/publication/98761/lithc_past_achievements_future_challenges_final_0.pdf
- <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-basics/about-lihtc>
- https://www.changelabsolutions.org/sites/default/files/QAP-Primer_Public-Health_Affordable-Housing_FINAL_20150305.pdf
- https://nlihc.org/resource/urban-institute-evaluates-low-income-housing-tax-credit https://www.va.gov/HOMELESS/pit_count.asp

This information is constantly changing as awards are distributed, drafting takes place, and QAPs are rewritten for the upcoming year.

This is to give an idea of the share of states that include veteran housing needs in their tax credit planning.



QAP CHART

States	Final QAP coverage years	Currently editing state QAP for future years
Alabama	2021	
Alaska		
Arizona	2021	
Arkansas	2020-2021	
California	2020-2021	
Colorado	2021-2022	
Connecticut		2022-2023*
Delaware	2020-2021	
Florida	draft 2021	
Georgia	draft 2021	
Guam	draft 2021	
Hawaii	2021	
Idaho	draft 2021	
Illinois	2020-2021	
Indiana	2020-2021	2022
Iowa	2020-2021, 2022	
Kansas	2021	
Kentucky	2021-2022	
Louisiana	2021	
Maine	2021-2022	
Maryland		
Massachusetts	2020-2021	
Michigan	2021	2022-2023*
Minnesota	2021	*
Mississippi	2021	
Missouri		
Montana	2021	*
Nebraska	2020-2021	
Nevada	2021	
New Hampshire	2021-2022	2023-2024
New Jersey		
New Mexico	2021	
New York		
North Carolina	2021	
North Dakota	2021, 2022	*
Ohio	2021	
Oklahoma	2021	
Oregon	2019-2021	
Pennsylvania	2021	
Rhode Island	2021	
South Carolina	2021	
South Dakota	2020-2021	
Tennessee	2021	
Texas	2021	2022
Utah	2021	
Vermont		2022-2023*
Virginia	2021	2022
Washington State	2021	
Washington DC	2019	
West Virginia	2021-2022	
Wisconsin	2021-2022	
Wyoming	2021	2022*

* These states have current drafts available to the public