Anatomy of a Low-Income Housing Tax Credit Development

This example is greatly simplified and in some cases leaves out important concepts.

- **Investor Member (if LLC) or Limited Partner (if LP)**
  - Tax Benefits: Equity Investment $1,824,343
  - Loan Proceeds $1,375,657

- **Limited Liability Company or Limited Partnership**
  - Owns 99.99% equity
  - Cash Flow: $3,200,000

- **Direct Investor**
  - Investor Member (if LLC) or Limited Partner (if LP)
  - Syndicator

- **Lender(s): Banks, HFAs, Local Gov'ts, PHAs & others**
  - Loan Proceeds $1,375,657

- **Qualified Low-Income Housing Tax Credit Project / Building(s)**
  - Housing Credits of $2,146,500
  - Depreciation & Passive Losses

- **Managing Member (if LLC) or General Partner (if LP)**
  - Cash Flow: $3,200,000

- **Additional MM or GP**
  - Operating (LLC) or partnership (LP) agreement

- **IRS Code Section 42**
  - Housing Finance Agency gives authority to allocate credits

- **N.C. Housing Finance Agency 7/5/2005**