



Ted R. Fellman, Executive Director  
Tennessee Housing Development Agency  
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www.thda.org

### *Community Investment Tax Credit*

Financial institutions may obtain a credit against the sum total of taxes imposed by the Franchise and Excise Tax Laws when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low income housing activities. The amount of the credit shall be applied one time and will be based on the total amount of the loan, investment, grant, or contribution; or the credit may be applied annually for qualified loans and qualified low rate loans and will be based on the unpaid principal balance of the loan. The amount of the credit shall be as follows:

1. Five percent (5%) of a qualified loan or qualified long term-term investment; *OR* three percent (3%) annually of the unpaid principal balance of a qualified loan as of December 31 of each year for the life of the loan, *OR* fifteen (15) years, whichever is earlier.
2. Ten percent (10 %) of a qualified low rate loan, grant, or contribution; *OR* five percent (5%) annually of the unpaid principal balance of a qualified low rate loan as of December 31 of each year for the life of the loan, *OR* fifteen (15) years, whichever is earlier.

#### **Eligible Investments:**

- Qualified loan (2% below prime rate)
- Qualified investment (longer than 5 years)
- Qualified low-rate loan (4% below prime rate)
- Grant or contribution (any amount)

#### **Credit Amount:**

- 5 % credit applied one time or 3 % credit applied annually
- 5 % credit applied one time
- 10% credit applied one time or 5 % credit applied annually
- 10% credit applied one time

The program is administered in collaboration with the Tennessee Department of Revenue. THDA certifies the eligibility of the housing entity and the low income housing activity. TDoR awards the tax credits to the financial institutions.

#### **Eligible Housing Entities:**

- Tennessee Nonprofit Organizations
- Development Districts
- Public Housing Authorities
- THDA

#### **Eligible Activities:**

1. Activities that create or preserve affordable housing for low income Tennesseans.
2. Activities that assist low income Tennesseans in obtaining safe and affordable housing.

3. Activities that build the capacity of an eligible non-profit organization to provide housing opportunities for low-income Tennesseans.
4. Any other low-income housing related activity approved by the THDA Executive Director and the Commissioner of Revenue.

Low income is defined as income at or below 80 % of the area median income adjusted for family size.

**Reporting Requirements:**

Scheduled reports are to be submitted by the recipient agency to THDA detailing progress on the approved activity. Upon THDA certification, the eligible organization will be informed of the required reporting schedule.

**Application Process:**

Applications (Certificate of Contribution for Tax Credit) may be secured from the THDA website. Upon receipt of the completed application and supporting documentation, THDA will certify the housing entity and the low income housing activity as eligible for participation in the program. THDA will forward the application to TDoR and TDoR will award the tax credits.

**Contact Information:**

Complete program description and application – [www.thda.org](http://www.thda.org)  
From index click Community Programs, then CITC tab.

**Questions and/or comments may be directed to:**

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