Life Cycle of a Tax Credit Project
(Competitive 9% Tax Credits, New Construction, 3 Buildings, 40 Year Commitment)

2005

January	February	March	April	May	June	July	August	September	October	November	December
Application for Tax Credits submitted			**Credit Reservation Contract issued**	10% of total project budget costs are spent from receipt of Reservation Contract through the end of 2005 ---> ---> ---> --->				> As a result, the project qualifies for a Carryover Allocation (this extends the deadline by which all buildings must "Place in Service")			

2006

January	February	March	April	May	June	July	August	September	October	November	December
				Building 1 places in service (i.e. the building has at least one unit that is certified as available for occupancy)						**Building 2 places in service**	

> A building's availability for occupancy is confirmed by the Certificate of Occupancy form
> The placing in service of a building triggers the date at which the owner may begin claiming credits
> **In this scenario, the First Credit Year for Bldgs 1 & 2 may begin in 2006 or be deferred a year to 2007; Bldg 3's First Credit Year may begin in 2007 or be deferred to 2008.**

2007

January	February	March	April	May	June	July	August	September	October	November	December
							Building 3 places in service				**12/31/07: Deadline by which all bldgs must be placed-in-service**

> The housing finance agency issues IRS Form 8609 (one form for each building) to officially award credits once all buildings place in service

2008

January	February	March	April	May	June	July	August	September	October	November	December

> **All buildings must be sufficiently leased to meet their minimum set-aside requirements by December 31st of their First Credit Year!**
(this includes meeting each building's minimum "applicable fraction" by ensuring that not only the correct number but the correct size units are leased)

> The **Credit Period** (the time during which the owner can claim credits against their tax liability) continues for 10 years from the date the owner elects to begin taking credits (the First Credit Year).
> In this scenario, the Credit Period for Bldgs 1 & 2 will end in **2016** (10 years including 2007); Bldg 3's Credit Period will end in **2017.**

> The **Compliance Period** (the time during which the property must be monitored by the housing finance agency for adherence to federal program regulations) begins the First Credit Year and continues for the next 15 years.
> In this scenario, the Compliance Period for Bldgs 1 & 2 ends in **2021** (15 years including 2007); Bldg 3's Compliance Period ends in **2022.**

> All records from the First Credit Year must be kept for **21 years** (15 year Compliance Period plus 6 years)!
(the first year records are the only proof a property has that it met its minimum set-asides and applicable fractions)

> The **Extended Use Period** (the total amount of time the property is held as affordable housing) brings the total affordability and monitoring period to - in most cases - 40 years
(the housing finance agency is still monitoring for program compliance during this time, but does not report federal noncompliance to the IRS)
> In this scenario, the Extended Use Period ends in **2047** (2007 plus 40 years).