

# Alabama To Offer State Tax Credit for Federal 4% LIHTC Projects

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As affordable housing has continued to be a topic of concern across the United States, states are evaluating ways to spur and support affordable housing development. In response to affordable housing needs, Alabama became the 30th state to offer federal 4% LIHTC projects an accompanying state credit.

Governor Kay Ivey signed House Bill 346, the legislation creating the Alabama Workforce Housing Tax Credit, which will provide additional support for Low-Income Housing Tax Credit (LIHTC) projects within Alabama. This credit is to be coupled with projects that have received federal 4% LIHTC allocations.

The Alabama Housing Finance Agency shall annually award \$50 million in credits to qualified projects, with credits to be claimed \$5 million per year over the 10-year credit period. The Alabama Workforce Housing Tax Credit will have a project cap of \$20 million (claimed \$2 million per year for 10 years). Within each award cycle, House Bill 346 requires at least 20% of the \$5 million cap be awarded to rural community projects. The other 80% of the award cycle can be awarded without any geographic limitations.

Preference will be given to applicants who commit to providing or subsidizing after school programs for student residents for at least three years. Applications for the Alabama Workforce Housing Tax Credit program can be filed as early as January 1, 2025, and will be accepted through the application sunset date of September 30, 2027. [Learn more](#) at the Alabama Housing Finance Agency's website.

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