

Mississippi Home Corporation's Administration of the Low-Income Housing Tax Credit Program

A Report to the Mississippi Legislature
Report #735
September 23, 2026



PEER Committee

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



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September 23, 2026

Honorable Tate Reeves, Governor
Honorable Delbert Hosemann, Lieutenant Governor
Honorable Jason White, Speaker of the House
Members of the Mississippi State Legislature

On September 23, 2026, the PEER Committee authorized release of the report titled *Mississippi Home Corporation's Administration of the Low-Income Housing Tax Credit Program*.

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This report does not recommend increased funding or additional staff.

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CONCLUSION: Although the Mississippi Home Corporation's criteria for scoring applications for the Low-Income Housing Tax Credit program includes experience points accounting for 21% to 29% of the total possible points, PEER determined that even developers with extensive experience incur major noncompliance violations. From 2018 to 2025, four developers—out of a total of 40 who submitted applications during that time—received an award 100% of the time. On average, applicants received awards for about half of the applications they submitted. PEER also determined that MHC's scoring documentation was not always accurate, reliable, or transparent.

What is the Mississippi Home Corporation?

MISS. CODE ANN. Section 43-33-704 (1972) created the Mississippi Home Corporation (MHC) in 1989, which was a continuation of the former Mississippi Housing Finance Corporation. MHC is a nine-member board, separate from the state, created to finance the acquisition, construction, and rehabilitation of single-family housing for people of low to moderate income.

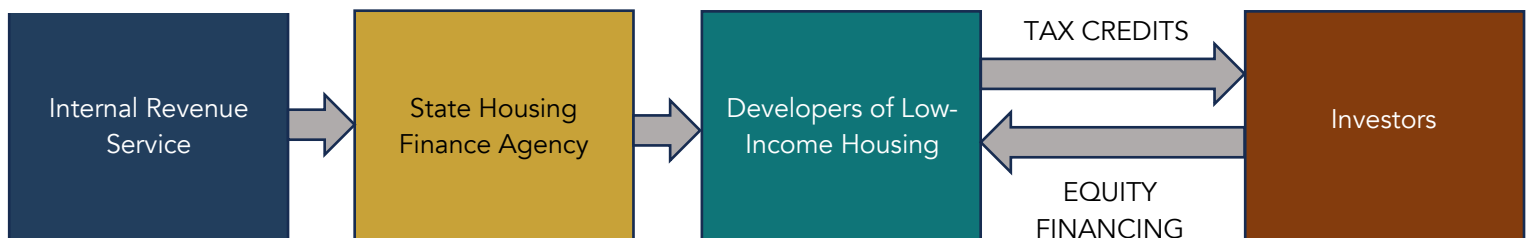
MHC administers programs for both individuals and developers. This report focuses only on MHC's administration of the Low-Income Housing Tax Credit (LIHTC) Program.

What is the Low-Income Housing Tax Credit (LIHTC) Program?

Section 42 of the Internal Revenue Code is the federal regulation governing the LIHTC program, allowing the IRS to award federal income-tax credits to developers or owners of residential properties in order to offset construction costs. In exchange, developers or owners reserve a certain fraction of units to be rent restricted for lower-income households. The LIHTC program allows developers of such property a dollar-for-dollar reduction in their federal taxes over a ten-year period. The LIHTC program has strict rent and household income restrictions.

How does the LIHTC program work?

The IRS allocates an annual LIHTC amount to each state based on the state's population. MHC, as the state's housing finance agency, carries out the administration of the LIHTC program in Mississippi. Developers that are awarded credits convert the credits into equity by selling them to investors, such as financial institutions. The equity that is raised reduces the amount of debt and other funding that the developer would otherwise require.



What are the different types of tax credits?

There are two different types of LIHTC programs: Under the 4% program, investors can claim 4% of their investment as a tax credit each year as long as 25% of the project is funded with tax-exempt bonds. There are minimum scoring requirements and it is not competitive. Under the 9% program, investors can claim 9% of their investment as a tax credit each year. This is a competitive program. This report looks only at the 9% tax credit program.

How does MHC award tax credits?

Section 42 of the Internal Revenue Code requires MHC to award at least 10% of its federal allocation to nonprofit entities. MHC has three other set-aside categories. Specifically, MHC awards 25% of its allocation to smaller credit amount developers; and then awards the remainder of its allocation to rehabilitation projects and new construction projects. From 2023 through 2025, MHC received \$27.4 million in federal allocations and awarded \$22.6 million in tax credits to 33 applicants.

Key Findings

- **Experience accounts for approximately 21% to 29% of the total possible points available for an application for the LIHTC program in Mississippi depending on the year.**

From 2021 through 2025, an applicant could earn up to 33 points for experience out of a total of 114 to 157 points, depending on the year.

- **On average, applicants received awards for about half of the applications they submitted.**

From 2018 through 2025, MHC received 216 applications from 40 different developers. Only four of those developers received an award 100% of the time over the eight-year period. Three of the four submitted a single application and received a single award. The remaining developer submitted two applications and received two awards.

- **Even developers with extensive experience incur major noncompliance violations.**

From 2022 through 2025, nine applications out of 108 submitted were disqualified for major noncompliance violations. Each of those nine applications were submitted by applicants who had previously been awarded multiple tax credits by MHC.

- **MHC's scoring documentation was not always accurate, reliable, or transparent.**

PEER identified examples of inaccuracies on scoring sheets. MHC staff stated that the scoring sheets were not always filled out properly but that the scores on the sheets were correct. In addition, the final score awarded to an applicant from which tax credit awards were based did not always match the scores indicated on the scoring sheet. MHC staff stated that the differing final scores were the result of appeals made by the applicants in which MHC revised the applicant's final score. When this happens, the original score sheet is not revised. These inaccuracies in documentation make it difficult to audit MHC's LIHTC program. There should be a single final scoring sheet that includes any necessary evidence which supports any applicable revisions made by MHC in determination of a final score for the consideration of a tax credit award.

Does experience matter?

MHC awards points to applicants based on certain criteria, including experience. From 2021 to 2025, an applicant could earn up to 33 experience points, accounting for 21% to 29% of the total points possible depending on the year. Between 2022 and 2025, PEER identified four instances where applicants' total scores would have changed if experience were not a factor in scoring.

What do other states do?

Some states have programs to assist first-time applicants. For example, Indiana and Ohio require an experienced co-signing developer on the project; Indiana and Michigan allocate credits for first-time developers; and Indiana and Wisconsin provide extra points for first-time applicants.

Summary of Report Recommendations

1. Considering experienced developers have been disqualified for major noncompliance violations and that experience does not always determine success, MHC should consider the following options related to experience points when determining awards for its LIHTC program:
 - a. remove experience points from its selection criteria and scoring process;
 - b. reduce the weight of experience in its selection criteria and scoring process;
 - c. provide a set-aside category for emerging developers as it does with its small credit amount, rehabilitation, and new-construction categories; or,
 - d. provide an alternative pathway by which emerging developers may competitively seek tax credits through MHC's 9% program.
2. MHC should maintain accurate, reliable, and transparent documentation of the scoring process such that the scores on its score sheets match how it is filled out and that instances of score adjustments resulting from appeals is properly documented on the score sheet.

Mississippi Home Corporation's Administration of the Low-Income Housing Tax Credit Program

Introduction

Authority

The PEER Committee, under the authority granted by MISS. CODE ANN. § 5-3-51 (1972) et seq., conducted a targeted review of the Mississippi Home Corporation's (MHC) administration of the Low-Income Housing Tax Credit (LIHTC) Program.

Scope and Purpose

In conducting this review, PEER sought to determine:

- whether MHC's Qualified Allocation Plans (QAPs) have complied with federal and state laws for calendar years 2023, 2024, and 2025;
- whether the MHC's administration of the LIHTC Program has complied with requirements set forth in its QAPs for those years;
- whether applicants with previous experience administering LIHTC projects are more likely to receive awards through MHC's LIHTC Program; and,
- whether applicants with previous experience administering LIHTC projects incur major noncompliance violations

This review does not focus on individual home buyer programs or other developer programs administered by MHC.

Method

To conduct this analysis, PEER:

- interviewed MHC staff;
- reviewed relevant sections of state law and federal law;
- reviewed MHC's Qualified Allocation Plans for calendar years 2023, 2024, and 2025; and,
- reviewed lists of applicants, scoring sheets, and lists of recipients of LIHTC awards for calendar years 2018 through 2025.

Background

This chapter provides an overview of:

- the Mississippi Home Corporation; and,
- the Low-Income Housing Tax Credit Program.

Mississippi Home Corporation

The Mississippi Home Corporation is a nine-member board created to finance the acquisition, construction, and rehabilitation of single and multi-family housing for low to moderate income Mississippians. State law provides for an oversight committee of 10 legislators to oversee the board in an advisory capacity. The Mississippi Home Corporation administers programs for both individuals and developers. The Low-Income Housing Tax Credit Program is one of five developer programs administered by the Mississippi Home Corporation.

MISS. CODE ANN. Section 43-33-704 (1972) created the Mississippi Home Corporation in 1989, which was a continuation of the former Mississippi Housing Finance Corporation. MHC was created to serve as a government entity, separate from the state, to finance the acquisition, construction, and rehabilitation of single and multi-family housing for people of low to moderate income. MHC's mission is to enhance Mississippi's long-term economic viability by financing safe, decent, affordable housing and to help working families build wealth. MHC does not receive an appropriation from the state of Mississippi for its operations; rather, through its self-funding model, it raises funds through net interest income on bonds issued for single family mortgages, fees associated with the LIHTC program, and through other grant fund income.

The Mississippi Home Corporation was established to finance the acquisition, construction, and rehabilitation of single and multi-family housing for low to moderate income Mississippians.

MHC Board Membership

MHC is composed of nine board members who serve staggered terms. The Governor appoints six members, with two from each Supreme Court District, and the Lieutenant Governor appoints three members, with one from each Supreme Court District.

MHC Oversight Committee

MISS. CODE ANN. Section 43-33-727 (1972) creates the Mississippi Home Corporation Oversight Committee, which consists of five senators appointed by the president of the Senate and five

representatives appointed by the Speaker of the House of Representatives. The Oversight Committee serves in an advisory capacity to MHC.

Developer Programs Administered by MHC

MHC administers programs for both individual home buyers and developers. The developer programs are as follows:

- HOME Investment Partnerships (HOME) Program;
- Housing Trust Fund (HTF);
- Mississippi Affordable Housing Development Fund (MAHDF);
- Mississippi HB530 Construction Loan Fund; and,
- Low-income Housing Tax Credit (LIHTC) Program.

This report focuses only on MHC's administration of the LIHTC program.

Low-Income Housing Tax Credit Program

The Low-Income Housing Tax Credit program is an incentive program for the private business sector to develop affordable housing for low-income Americans. The program allows developers of these properties a dollar-for-dollar reduction in their federal taxes over a 10-year period. Both for profit and nonprofit entities are eligible to participate in the program.

What is a tax credit?

A tax credit is a federally authorized dollar-for-dollar reduction in tax liability, unlike tax deductions and exemptions which only reduce the amount of income that is taxable. A tax credit is treated as a payment already made toward taxes owed. The government generally uses tax credits to encourage businesses to invest in activities they might not otherwise consider profitable, such as investing in low-income housing.

What is the Low Income Housing Tax Credit program?

The LIHTC program is a tax credit program created under the Tax Reform Act of 1986 that the IRS uses as an incentive to the private business sector in exchange for the development of affordable housing targeting low-income Americans. The low-income housing tax credit is a federal income tax credit claimed by owners of residential properties that are rented to low-income tenants at rent-restricted levels. The program is available for new construction as well as rehabilitation of existing properties. The LIHTC program awards owners of residential properties or developers federal income tax credits to offset construction costs in exchange for agreeing to reserve a certain fraction of units that are rent-restricted for lower income households. LIHTC projects must be rental projects at the outset. The program funds both multi-family and scattered single family projects, but multi-family buildings are more common.

The LIHTC program allows developers of such property a dollar-for-dollar reduction in their federal taxes over a 10-year period. The LIHTC program has strict rent and household income restrictions. Rent is set at 30% of the income limit for that unit (the income limit for a unit is usually 50% or 60% of the area median income). For example, for a housing development that applies an income limit

of 50% of the area median income in an area where the median income is \$45,000, the income limit for a unit would be \$22,500 per year. The rent would therefore be set at \$562.50 per month (30% x \$22,500 per year).

What is eligible to receive low-income housing tax credits?

Both for profit and nonprofit developers are eligible to receive tax credits through the LIHTC Program. Developers may claim the tax credits in equal amounts over 10 years once a property is “placed in service” (it is completed and available to be rented). In the case of nonprofit developers, which are generally tax-exempt organizations, they would need upfront financing to complete construction. Therefore, they usually sell the 10-year stream of tax credits to outside investors—such as financial institutions—in exchange for equity financing. The equity that is raised reduces the amount of debt and other funding that would otherwise be required. With lower financing costs, it becomes financially feasible for LIHTC properties to charge lower rents. Unlike other funding programs, under LIHTC, the developer does not need to repay the investor’s equity contribution like a loan. LIHTCs finance part of the total cost of many projects rather than the full cost and, therefore, must be combined with other resources.

What is MHC’s role regarding the LIHTC program?

Section 42 of the Internal Revenue Code is the federal regulation governing the LIHTC program. This section requires the governor of each state to designate a state entity to administer and oversee the LIHTC program utilizing federally established guidelines. In 1990, former Governor Ray Mabus selected MHC as the state housing entity to carry out the Section 42 responsibilities in Mississippi.

What are the different types of LIHTCs?

LIHTC projects are either competitive or non-competitive. In the competitive 9% tax credit program investors can claim 9% of their investment as a tax credit each year. In the non-competitive 4% program investors can claim 4% of their investment as a tax credit each year.

According to a 2025 report by the Congressional Research Service, the 9% credit which is generally reserved for new construction and rehabilitation projects which do not utilize certain additional subsidies is commonly referred to as the “competitive credit” because those awards are drawn from a state’s annual LIHTC allocation authority and developers must compete for an award. The 4% credit, which is not drawn from a state’s annual LIHTC allocation authority and which is typically used for the rehabilitation of affordable housing, is commonly referred to as the “non-competitive credit,” or “automatic credit,” because up through 2025 developers did not have to compete for an award if at least 50% of the development was financed with tax-exempt bond financing; rather, they were automatically awarded 4% tax credits. Beginning in 2026, the threshold was reduced so that developers do not have to compete for a 4% tax credit if at least 25% of the development was financed with tax-exempt bond financing. Tax-exempt bonds are issued subject to a private activity bond volume limit per state.

The Congressional Research Service also reports that the 9% credit was originally intended to deliver up to a 70% subsidy to the developer. The 4% credit was originally designed to deliver up to a 30% subsidy to the developer. The 30% and 70% subsidy levels are computed as the present

value of the 10-year stream of tax credits divided by the development's qualified basis,¹ which is roughly the cost of construction excluding land.

How does the LIHTC program work?

According to the Congressional Research Service, the process begins at the federal level with each state receiving an annual LIHTC allocation according to its population, in accordance with federal law.

The administration of the tax credit program is typically carried out by each state's housing finance agency. The state housing authorities allocate credits to developers of rental housing according to federally required, but state-created, qualified allocation plans. According to MHC, as the state's administrator of the LIHTC program, it drafts a Qualified Allocation Plan (QAP) outlining how the tax credits will be allocated. MHC then holds a public hearing allowing the public to comment on the proposed QAP. MHC then finalizes the QAP. The governor approves the QAP and then MHC releases it to the public. MHC then opens the application cycle allowing developers to apply for the credits. MHC reviews and scores the submitted applications and announces the awards after a 120-day review period.

Developers that are awarded credits convert the credits into equity by selling them to investors. In addition to the equity obtained through the sale of the credits, developers also use debt and subsidies to build or rehabilitate their development. Developers must complete their developments within two years of being awarded the credits. With the equity generated from the credits, the developers rent the units at or below market rates and must be in compliance with regulations of the U.S. Department of Housing and Urban Development (HUD). Income restrictions are then placed on the development through its affordability period, which is typically 30 years. Once all requirements have been met, MHC then issues IRS Form 8609 to the development which the investors use to offset its tax liability for a 10-year period. MHC then monitors the development for compliance for a period of 30 years and reports any issues of non-compliance to the IRS for the first 15 years. LIHTCs can be recaptured for non-compliance.

Does it cost anything to apply for the LIHTC program?

According to MHC staff, applicants incur costs prior to submitting their applications. These include costs such as MHC's application fee of \$1,500 per application, market study, engineering and survey fees, legal fees, architect fees, appraisal, and earnest money for acquiring the development site. These fees can total up to \$100,000 or \$200,000.

¹ Qualified basis is the portion of the construction that is eligible for tax credits (i.e., the portion of the building that goes toward building the affordable housing units).

MHC's Administration of the LIHTC Program

This chapter provides an overview of:

- federal requirements and MHC's Qualified Allocation Plan; and,
- MHC's LIHTC program award process.

Federal Requirements and MHC's Qualified Allocation Plan

MHC's QAPs set forth the federally required selection criteria to be used to determine housing priorities; gives preference to projects serving the lowest income tenants, projects serving qualified tenants for the longest periods, and projects located in qualified census tracts; and provides a procedure that it will follow in monitoring for noncompliance.

According to 26 USC 42(m)(B), state housing credit agencies must develop an annual Qualified Allocation Plan to:

- set forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions;
- give preference in allocating housing credit dollar amounts among selected projects to:
 - projects serving the lowest income tenants;
 - projects obligated to serve qualified tenants for the longest periods;
 - projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan; and,
- provide a procedure that the agency will follow in monitoring for noncompliance.

Did MHC's QAPs for 2023 through 2025 include the federally required selection criteria?

According to 26 USC 42 (m)(C), the state housing credit agency must set forth certain selection criteria in its QAP. As shown in Exhibit 1 on page 7, MHC included the federally required selection criteria in its QAPs for 2023, 2024, and 2025.

Exhibit 1: Federally Required Selection Criteria Included in MHC's QAPs, 2023 through 2025

Selection Criteria Required by Federal Law	Selection Criteria Included in MHC's QAPs		
	2023	2024	2025
Project Location	✓	✓	✓
Housing Needs Characteristics	✓	✓	✓
Project Characteristics ¹	✓	✓	✓
Sponsor Characteristics	✓	✓	✓
Tenant Populations with Special Housing Needs	✓	✓	✓
Public Housing Waiting Lists	✓	✓	✓
Tenant Populations of Individuals with Children	✓	✓	✓
Projects Intended for Eventual Tenant Ownership	✓	✓	✓
Energy Efficiency of the Project	✓	✓	✓
Historic Nature of the Project	✓	✓	✓

¹ Including whether the project includes the use of existing housing as part of a community revitalization plan.

SOURCE: PEER analysis of MHC's documents.

Did MHC's QAPs for 2023 through 2025 give preference in allocating tax credits to selected projects?

MHC's QAPs provide points for projects serving the lowest-income tenants for the longest periods of time through deeper targeting and provide developers with projects in qualified census tracts the possibility to increase their tax credits.

Deeper Targeting

MHC awards points to projects serving the lowest-income tenants for the longest periods of time. Specifically, MHC's 2023 QAP awards five points to developments that set aside at least 15% of its total number of housing units for people whose income does not exceed 30% of the area median gross income (AMI). To earn these deeper targeting points, the applicant must execute and record a Land Use Restrictive Agreement (LURA) committing to serve tenants at this income level for a period of forty years.

Qualified Census Tracts

A qualified census tract (QCT) is an area designated by HUD where 50% or more of the households have an income of less than 60% of the area median gross income. MHC's QAPs for 2023 through 2025 give preference to proposed developments located in QCTs in two ways:

- developments located in a QCT will automatically qualify for a basis boost;² and,
- in the case of a tie score, after three other tie-breakers have been conducted, the applicant whose proposed development is located in a QCT will be given priority in scoring over one that is not.

Revitalization Plan

MHC's QAPs for 2023 through 2025 award five points to developments located in a community that has a concerted revitalization plan. A revitalization plan is a plan for which the local jurisdiction certifies that:

- the area is blighted, deteriorated, or—if not rehabilitated—likely to deteriorate because the buildings are dilapidated, obsolete, or overcrowded; or that economic development would benefit the area, but the area lacks the housing needed to draw businesses; and,
- businesses and investors are not reasonably expected, without assistance, to construct or rehabilitate housing that will meet the needs of low- and moderate-income people in the area and to draw others to live in the area.

Did MHC's QAPs for 2023 through 2025 provide a procedure for monitoring for non-compliance?

MHC's QAPs for 2023 through 2025 include a Compliance Monitoring Plan Summary. PEER did not evaluate this plan nor MHC's adherence to it. PEER did, however, review noncompliance issues incurred by developers who received tax credit awards from MHC from 2018 through 2023. See the section on experience and compliance on page 18.

MHC's LIHTC Program Award Process

Each state receives an annual federal allocation of low-income housing tax credits according to its population. Each year, MHC awards Mississippi's tax credits to developers according to four different set-aside categories (nonprofit, small credit amount, rehabilitation project, or new construction project). Each year, MHC determines the tax credit cap—or the highest amount each applicant can request—for each category. MHC makes awards according to which applicants have the highest score(s) in each category, while taking into account how many total tax credits it has to award.

According to the Congressional Research Service, the process begins at the federal level with each state receiving an annual LIHTC allocation according to its population, in accordance with federal law. According to MHC staff, a developer who applies for and is awarded tax credits in one year will receive the credits the following year from the following year's federal allocation. For example, a developer who applies in 2026 and is awarded tax credits in 2026 will receive those tax credits

² 26 USC 42(d)(5)(B) allows for a 30% basis boost for developments located in a QCT or difficult development area. The basis boost will apply to the eligible basis of new buildings and the rehabilitation expenditures of existing buildings. PEER notes that the basis boost does not increase an applicant's score but rather allows the applicant to justify requesting additional tax credits up to the capped limit.

in 2027 from the 2027 federal allocation. Therefore, MHC must estimate how much the total allocation will be for the next year using the current year's allocation as a guide.

Set-Asides

According to 26 USC 42(h)(5), MHC must award at least 10% of the federal allocation it receives in low-income housing tax credits to nonprofits. After the 10% nonprofit set-aside has been met, MHC sets aside allocations to three additional groups: smaller credit amount developers, rehabilitation projects, and new construction projects. These three set-asides are not federally mandated like the nonprofit set-aside; rather, they are set aside according to MHC's policies.

MHC awards 25% of the federal allocation to smaller credit amount developers. If not for the set aside, the smaller credit amount developers would be less likely to successfully compete against larger developers.

From what is left after the 10% and 25% set-aside amounts have been allocated to the nonprofits and the smaller credit amount developers, respectively, MHC sets aside approximately 65% for rehabilitation projects and 35% for new construction projects. According to MHC staff, it reserves the majority of its federal allocation for rehabilitation projects because, aside from university towns, Mississippi's population is not increasing so there is a greater need to rehabilitate existing buildings than to construct new ones.

Except for the minimum 10% nonprofit set-aside amount that is required by federal law, MHC attempts to award set-aside amounts that are as close as possible to their respective set-aside percentages, but it is not exact. This is because MHC does not fund partial projects and therefore the awarded amounts for the set-asides may not precisely equal the percentage that is allocated to that set-aside.

Tax Credit Caps

Each developer determines how much in tax credits it will request from MHC up to a capped amount imposed by MHC for each set-aside category. The maximum amount MHC will award for a development is capped each year according to the specifications in that year's QAP, as shown in Exhibit 2 on page 10.

Exhibit 2: Annual Award Caps per Development by Set-Aside Category, 2023 to 2025

Set-Aside Category	2023 Cap	2024 Cap	2025 Cap
Nonprofit Must be at least 10% of the federal allocation distributed to Mississippi	\$1.5 million for nonprofit rehabilitation projects that have 60 or more units. \$750,000 for all other nonprofit projects.	\$1.5 million for nonprofit rehabilitation projects that have 60 or more units. \$750,000 for all other nonprofit projects.	\$1.8 million for nonprofit rehabilitation projects that have 60 or more units. \$900,000 for all other nonprofit projects.
Smaller Credit Amount Approximately 25% of the federal allocation distributed to Mississippi	\$275,000	\$275,000	\$330,000
Rehabilitation Approximately 65% of what is left over after nonprofit and small credit amount set-asides.	\$750,000 for rehab that has fewer than 60 units; \$1.5 million for rehab that has 60 or more units.	\$750,000 for rehab that has fewer than 60 units; \$1.5 million for rehab that has 60 or more units.	\$900,000 for rehab that has fewer than 60 units; \$1.8 million for rehab that has 60 or more units.
New Construction Approximately 35% of what is left over after nonprofit and small credit amount set-asides.	\$750,000	\$750,000	\$900,000

SOURCE: PEER analysis of MHC documents.

Scoring

MHC awards tax credits according to the highest scores in each set-aside category. For example, because MHC must award at least 10% of the federal allocation amount to applicants who applied under the nonprofit set-aside category, MHC will award tax credits to the applicant who scores the most points under that set-aside. If that award is less than 10% of the federal allocation, then MHC will also award credits to the applicant with the second highest score. Because the awards are made per set-aside category, it is possible that an applicant with a lower score in one set-aside category might be awarded tax credits whereas another applicant with a higher score in a different set-aside category might not be awarded tax credits.

MHC calculates a score for each application based on a variety of selection criteria, such as the location of the development, the standards for which the building would be developed, amenities, and experience. Exhibit 3 on page 11 lists the selection criteria and the total possible points an applicant could score based on the QAP for calendar years 2023 through 2025.

Exhibit 3: Total Possible Points within the Qualified Allocation Plans, 2023 to 2025

Selection Criteria	2023	2024	2025
Site Location	10	10	10
Building standards	7	7	7
Development amenities	10	10	6
Unit amenities	10	10	10
Development type	25	25	25
Deeper targeting	5	5	5
Special needs	13	13	13
Development experience	13	13	13
Management experience	20	20	20
Maximum construction costs	5	5	5
Total Possible Points	118	118	114

SOURCE: PEER analysis of MHC documents.

MHC's QAPs for 2023 through 2025 state that in the case of a tie within the same set aside category, priority will be given to applicants according to the following factors in this order:

- the applicant with the lowest soft cost ratio;³
- the applicant with the lowest cost per unit;
- the applicant with the fewest tax credits per unit; and,
- the applicant whose development is located in a qualified census tract.

³ Soft costs are expenses such as architects and consultants rather than costs associated with materials such as bricks and mortar.

MHC's Allocation of Tax Credits

This chapter provides an overview of:

- MHC's allocation of tax credits in 2023 through 2025.

MHC's Allocation of Tax Credits in 2023 through 2025

MHC received a total of \$27.4 million in federal allocations for the LIHTC Program from 2023 through 2025. From this amount, MHC awarded \$22.6 million in tax credits to 33 applicants over the three-year period. The \$4.8 million difference is due to the correction of a \$2.8 million accounting error in 2023 and a \$2 million carry-over amount into the 2026 application cycle, mostly due to an underestimation of the federal allocation for 2026.

Exhibit 4 on page 12 shows the amount MHC estimated it would receive in federal tax credit allocations plus the amount that was carried-over from the previous year for the 2023, 2024 and 2025 application cycles. These two numbers are the total estimation plus carry-over amount MHC would have expected to have available for tax credit awards. MHC did not award the exact amount of expected tax credits to developers each year because the amount available to award would not have matched exactly with the applicants' requests, and MHC does not fund partial projects.

Exhibit 4: Federal Allocation and MHC Award Summary, 2023 through 2025

	2023 Application Cycle (2024 credits)	2024 Application Cycle (2025 credits)	2025 Application Cycle (2026 credits)
Carry-over from previous year	\$(2,775,158) ¹	\$822,406	\$3,959,551
MHC estimation of federal allocation	\$8,085,157	\$8,554,899	\$8,829,135
Estimation plus carry-over	\$5,309,999	\$9,377,305	\$12,788,686
Credits MHC awarded to developers	\$4,957,335	\$5,691,990	\$11,972,858
Federal allocation received by MHC	\$8,554,899	\$8,829,135	\$10,053,442
Credits carried over to the next year	\$822,406	\$3,959,551	\$2,040,135

¹ There was a negative carry-over due to an accounting error in 2019 which was corrected in 2023.

SOURCE: PEER analysis of MHC data.

In 2023, MHC estimated that its 2024 federal allocation of low-income housing tax credits would be \$8.1 million. Based on this estimate plus the negative carry-over of \$2.8 million from the previous year due to an accounting error, MHC estimated that \$5.3 million would be available to award during the 2024 application cycle. Based on that estimation, MHC awarded \$5 million to 11 applicants. The actual federal allocation was \$8.6 million. MHC carried over \$822,406 into the next year's application cycle.

In 2024, MHC estimated that its 2025 federal allocation would be \$8.6 million. Based on this estimate plus the \$822,406 carry-over from the previous year, MHC estimated that \$9.4 million would be available to award during the 2025 application cycle. Based on that estimation, MHC awarded \$5.6 to seven applicants. MHC awarded significantly fewer tax credits than it estimated it would receive because the seven applicants who received awards were the only applicants that year that were not disqualified for major noncompliance violations. The actual federal allocation in 2025 was \$8.8 million. MHC carried over \$4 million into the next year's application cycle.

In 2025, MHC estimated that its 2026 federal allocation would be \$8.8 million. Based on this estimate plus the \$4 million carry-over from the previous year, MHC estimated that \$12.8 million would be available to award during the 2026 application cycle. Based on that estimation, MHC awarded \$12 million to 15 applicants. The actual federal allocation in 2026 was \$10 million. MHC carried over \$2 million into the 2026 application cycle.

Refer to Appendix A on page 23 for a detailed description of the tax credits awarded by amount and category for each application cycle from 2023 through 2025.

Impact of Experience

This chapter seeks to answer the following questions:

- How does experience factor into LIHTC awards?
- Does lack of experience inhibit an applicant’s chance for receiving an award?
- How prevalent is noncompliance among experienced developers?
- Have other states implemented approaches to support applicants with less experience?

How does experience factor into LIHTC awards?

Experience accounts for approximately 21% to 29% of the total possible points available for an application for the LIHTC program in Mississippi depending on the year. As part of its scoring mechanism, MHC includes the possibility of earning up to 33 points for experience, which are broken out into development experience and management experience.

PEER reviewed MHC’s QAPs from 2021 through 2025 to identify the selection criteria used to provide points to applicants seeking tax credits under the LIHTC Program. For each selected year, 33 experience points were available to earn out of a possible 114 to 157 points—depending on the year—for the whole project. See Exhibit 5 on page 14.

Exhibit 5: Weight of Experience Points, Application Cycles 2021 through 2025

Selection Criteria	2021	2022	2023	2024	2025
Development experience	13	13	13	13	13
Management experience	20	20	20	20	20
Total Possible Points	118	157	118	118	114
Percentage of Total from Experience	28%	21%	28%	28%	29%

SOURCE: PEER analysis of MHC data.

As shown in Exhibit 5, experience accounts for approximately 21% to 29% of the total possible points available for an application for the LIHTC program in Mississippi depending on the year.

As part of its scoring mechanism, MHC includes the possibility of earning up to 33 points for experience. These points are broken out into development experience and management experience.

Development Experience Points

As shown in Exhibit 6 on page 15, an applicant can earn up to 13 points for development experience. To be eligible for these points, an applicant must have at least one qualified principal member on its development team. A qualified principal member is a person who has experience, either as a developer or as a general partner, in the LIHTC program or other affordable housing program. To determine this, MHC requires that:

- the qualified principal member has a minimum of 51% ownership interest in the general partnership (or 49% if applying as a nonprofit); and,
- all members of the general partnership be in good standing with all MHC programs. MHC will not award any development points if any principal member of the general partnership has any outstanding noncompliance violations which occurred prior to January 1 of the year of the application cycle.

If the applicant meets the criteria for being a qualified principal member, two development points are awarded for each development that the applicant has placed in service in any state, up to a total of 10 points. An additional three points will be awarded if at least one of the developments is located in Mississippi.

Exhibit 6: MHC's Criteria for Awarding Development Experience Points

To receive development experience points, the applicant must have at least one qualified principal member on its development team	
Qualified principal member has a minimum of 51% ownership interest in the general partnership (or 49% if applying as a nonprofit).	✓
All members of the general partnership must be in good standing with all MHC programs.	✓
If the applicant meets the criteria above, then it is awarded points as follows:	Max pts
For each development placed in service in any state within the past 10 years, 2 points are awarded (up to 10 points).	10
If at least one of the developments is located in Mississippi, 3 additional points are awarded.	3
Total possible points:	13

SOURCE: PEER analysis of MHC documents.

Management Experience Points

As shown in Exhibit 7 on page 16, an applicant can earn up to 20 points for management experience, as follows:

- Ten points will be awarded to applicants that have a contract with a property management company that has at least three years previous experience in managing LIHTC developments.
- Five additional points will be awarded if at least one development is a qualified development and is located in Mississippi.
- Five additional points will be awarded if the contact person listed on the application form has at least one of a specified type of Housing Tax Credit certifications.

Exhibit 7: MHC's Criteria for Awarding Management Experience Points

Management experience points will be awarded as follows:	Max pts
If the applicant has a contract with a property management company that has at least 3 years previous experience in managing LIHTC developments, it will be awarded 10 points.	10
If at least one development managed by the property management company is a qualified development ¹ and is located in Mississippi, it will be awarded 5 additional points.	5
If the contact person listed on the application form has at least one of a specified type of Housing Tax Credit certifications, it will be awarded 5 additional points.	5
Total possible points:	20

¹ A qualified development is a LIHTC development that placed in service at least nine years prior to January 1 of the year of the application cycle; the proposed management entity must have begun managing the development no later than that date; and must be currently managing the development.

SOURCE: PEER analysis of MHC documents.

Does lack of experience inhibit an applicant's chance for receiving an award?

Each applicant, whether receiving a tax credit award or not, received some points for experience from 2021 through 2025. However, inaccuracies in MHC's documentation made it difficult to audit the final scores used to award tax credits through the LIHTC program. Based on the final scores used for awards, PEER found that not having received the total number of experience points disadvantaged some applicants in select years.

To determine the level of experience each applicant had at the time of its application submission, PEER reviewed the scoring sheets for each applicant from 2021 through 2025. PEER then compared the experience score for each applicant in each of the selected years to its award status (i.e., how many points did each award recipient receive).

Challenges in Assessing the Accuracy of Points Awarded for Experience

According to instructions in the QAPs, MHC awards experience points to an applicant for meeting certain criteria. MHC's scoring sheets provided spaces for a scorer to mark whether the applicant did or did not meet the criteria. Then, points were to be applied based on the instructions in the QAP. PEER identified examples of inaccuracies on the scoring sheets MHC provided, including but not limited to the following:

- no markings made by the scorer on the experience section, but points were awarded;
- no markings indicating that the applicant was a qualified principal member and/or that the applicant was in good standing with MHC, but points were still given for experience;
- no markings indicating that the applicant had any developments in any state, but points were given to the applicant for having developments in Mississippi;
- no markings indicating that the applicant met the criteria for having management experience for developments in Mississippi, but points were awarded for that; and,
- an applicant had fewer than five developments, but points were given to the applicant for having five or more developments.

MHC staff stated that the scoring sheets were not always filled out properly but that the scores noted on the sheets were correct. MHC provided other documentation justifying—in most cases—the scores recorded on the original scoring sheets.

In addition, the final score awarded to an applicant from which tax credit awards were based did not always match the scores indicated on the scoring sheets due to the results of an appeals process. MHC staff stated that the differing final scores were the result of appeals made by the applicants in which MHC revised the applicant's initial score. MHC staff also noted that when this happens, the original score sheet is not revised.

These inaccuracies in documentation make it difficult to audit MHC's LIHTC program. There should be a single final scoring sheet that includes any necessary evidence which supports any applicable revisions made by MHC in determination of a final score for the consideration of a tax credit award.

Prevalence of Experience in Awarding Points

Each applicant, whether receiving a tax credit award or not, received some points for experience from 2021 through 2025. MHC awarded tax credits to 61 applicants, which included:

- 54 applicants who received the total possible points (33) for experience; and,
- 7 applicants who received between 28 and 31 points.

During the same time period there were 72 applicants who applied but did not receive an award, which included:

- 57 applicants who received the total possible points (33) for experience; and,
- 15 applicants who received between 13 and 29 points.

PEER sought to determine how an applicant's score would have changed if experience were not a factor in scoring. A score change does not necessarily mean that the award recipients would have been different because MHC must also factor in the amount of the credits available to award.

For example, if an applicant who is requesting \$1.5 million in tax credits has a higher score than another applicant who is requesting \$750,000, the applicant requesting the lower amount may receive the award if MHC does not have enough tax credits to fund the applicant requesting the higher amount.

PEER found that not having received the total number of experience points disadvantaged some applicants. The following are examples from the 2022 through 2024 application cycles showing where an applicant's rank would have changed if experience had not been a factor in scoring.

- During the 2022 application cycle, ten applicants submitted applications under the rehabilitation set-aside category. The applicants with the top seven scores were awarded tax credits. If experience points were deducted from each of the ten applicants' final scores, one applicant, who originally ranked ninth, would have ranked sixth.
- During the 2023 application cycle, ten applicants submitted applications under the rehabilitation set-aside category. The applicants with the top four scores were awarded tax credits. If experience points were deducted from each of the ten applicants' final scores, one applicant, who was originally in a four-way tie for sixth place, would have ranked first.
- During the 2024 application cycle, eight applicants submitted applications under the rehabilitation set-aside category. The applicants with the top three scores were awarded tax credits. If experience points were deducted from each of the eight applicants' final scores, one applicant, who originally ranked fourth, would have been in two-way tie for second place.
- During the 2024 application cycle, three applicants submitted applications under the nonprofit set-aside category. The applicants with the top two scores tied and were both awarded tax credits. If experience points were deducted from each of the three applicants' final scores, one applicant, who was originally ranked last, would have been in a three-way tie for first.

The two 2024 applicants noted above did not receive any points for development experience because of major noncompliance violations, which ultimately resulted in their disqualification. With or without experience points, these applicants would have been disqualified. If an applicant has a major noncompliance issue, the points are deducted from the experience score.

How prevalent is noncompliance among experienced developers?

Even developers with extensive experience incur major noncompliance violations. From 2022 through 2025, 9 applications out of 108 submitted were disqualified for major noncompliance violations. Each of those nine applications were submitted by applicants who had previously been awarded multiple tax credits by MHC.

MHC outlines three categories into which major noncompliance violations may fall:

- **Disqualification:** applications for housing tax credits that are submitted by an entity with existing major noncompliance findings that occurred prior to January 1 of the current cycle year will be disqualified from consideration.

- **Point deductions:** applicants with major noncompliance issues that occurred prior to but were not resolved by January 1 of the current cycle year but are resolved prior to application submission are eligible to apply, but points will be deducted from the application.
- **No penalties:** applicants with a major noncompliance issue that occurred and was resolved prior to January 1 of the current cycle year are eligible to apply without penalties.

MHC lists the following violations as examples of major noncompliance within its annual QAP:

- rents charged to residents that exceed the maximum limit;
- failure to follow the next available unit rule;
- numerous instances of failing to follow policies and procedures stated in the Mississippi Compliance Monitoring Manual;
- severe health and safety violations generally affecting more than one unit (e.g., structural problems, water damage, and fire hazards);
- down units (units not suitable for occupancy for more than 90 days);
- improper disposition or sale of a tax credit property;
- delinquent on loan payments to the Mississippi Affordable Housing Development Fund; and,
- households whose member(s) total gross annual income exceeds the maximum limit at the initial move-in date.

MHC staff noted that applicants may correct noncompliance violations up to the opening of the tax credit cycle. The applicant's compliance status is verified at a later point during the scoring process.

PEER sought to determine how frequently experienced developers incurred disqualifying major noncompliance violations. From 2022 through 2025, 9 applications out of 108 submitted were disqualified for major noncompliance violations. All of those violations occurred during the 2024 application cycle, which saw the submission of only 16 applications. As shown in Exhibit 8 on page 19, each of those nine applications were submitted by applicants who had previously been awarded multiple tax credits by MHC. This illustrates how even developers with extensive experience incur major noncompliance violations.

Exhibit 8: Disqualifying Major Noncompliance Violations from 2022 through 2025

Developer	Number of Disqualified Applications in 2024 Cycle	Number of Awards Granted from 2018 to 2023
Developer A	2	8
Developer B	3	12
Developer C	3	4
Developer D	1	4

SOURCE: PEER analysis of MHC data.

Frequency of Tax Credit Awards

From 2018 through 2025, MHC received 216 applications from 40 different developers. On average, the applicants received awards for about half of the applications they submitted. Only four of these developers received an award 100% of the time over the eight-year period. Three of these developers submitted a single application and received a single award. The remaining developer submitted two applications and received two awards.

Have other states implemented approaches to support applicants with less experience?

The National Council of State Housing Agencies recommends that housing agencies reduce barriers to entry by facilitating partnerships and creating incentives for participation by underrepresented groups. MHC encourages applicants with little to no experience to first apply for tax credits through its 4% program, which is not competitive. Several other states have programs that assist first-time applicants, such as partnering a newer developer with an experienced developer as a cosigner or setting aside an amount of tax credits for emerging developers.

The National Council of State Housing Agencies (NCSHA) recommends that state allocating agencies consider the experience of the project development team and the project management team when determining annual awards for the LIHTC program. This experience includes considering the team's track record, financial capacity, and the disclosure of any removals, defaults, foreclosures, etc. NCSHA notes that this is important because the complexity of the LIHTC program generally requires developers to have a minimum level of development experience and financial strength. Specifically, NCSHA notes that requesting that applicants provide reports of past affordable housing experience helps state housing agencies judge the track record of the applicant. In addition, MHC staff noted that experience is given extra points because experienced developers are more knowledgeable and prepared.

NCSHA recommends that state housing agencies encourage inexperienced applicants to partner with a more experienced developer, and that housing agencies reduce barriers to entry by facilitating partnerships and creating incentives for participation by underrepresented groups.

Seeking Experience through MHC's Other Programs

MHC staff noted that applicants with little to no experience in operating a LIHTC property, which could potentially hinder their application through the 9% program, may apply for the 4% tax credit program. While a smaller tax credit, this 4% program is not competitive and therefore may not require the same amount of prior experience.

Upon successful completion of a development through the 4% program, MHC stated that this is a mechanism by which less experienced developers may gain experience in order to then successfully compete for the 9% tax credits. However, MHC could not provide any instances in which an applicant used its experience from a 4% tax credit project to earn tax credits through the 9% program.

Other State's Strategies

Some states, such as Indiana, Michigan, Ohio, and Wisconsin have programs to assist first-time applicants.

Indiana

To assist new developers in obtaining the 9% tax credits, the Indiana Housing and Community Development Authority allocates credits for two projects by first-time developers, stipulating however that an experienced developer must serve as a cosigning consultant on the project. Additionally, to assist first-time applicants, the scoring system adds up to five additional points (out of a total 177 total possible points) for first-time applicants.

Michigan

In Michigan, in addition to the federal statutory credits set aside for nonprofits, an additional 10% set aside is allocated to emerging developers, who must have at least 25% financial stake in the project. A developer remains eligible for the emerging developer allocation until it has received three awards.

Ohio

In Ohio, first-time applicants are required to have a fully involved co-developer with experience coordinating a LIHTC project. The co-developer must be copied on all official communications with the housing authority throughout the process.

Wisconsin

The scoring system used by Wisconsin in 2025 and 2026 provides up to two extra points (out of a total 212 possible points) for projects in filed by an emerging developer.

Recommendations

1. Considering experienced developers have been disqualified for major noncompliance violations and that experience does not always determine success, the Mississippi Home Corporation should consider the following options related to experience points when determining awards for its Low-Income Housing Tax Credit program:
 - a. remove experience points from its selection criteria and scoring process;
 - b. reduce the weight of experience (i.e., reduce the maximum allowable points) in its selection criteria and scoring process;
 - c. provide a set-aside category for emerging developers (e.g., less experienced applicants who partner with experienced applicants when seeking tax credits) as it does with its small credit amount, rehabilitation, and new construction set-aside categories; or,
 - d. provide an alternative pathway by which emerging developers may competitively seek tax credits through MHC's 9% program.
2. The Mississippi Home Corporation should maintain accurate, reliable, and transparent documentation of the scoring process such that the scores on its score sheets match how it is filled out and that instances of score adjustments resulting from appeals is properly documented on the score sheets so that what is on the score sheet matches the final score.

Appendix A: LIHTC Allocations, 2023 through 2025

MHC's Allocation of Tax Credits in 2023

During the 2023 application cycle, MHC awarded \$4,957,335 to 11 applications. It carried over \$822,406 into the 2024 application cycle.

In 2023, MHC estimated that its 2024 federal allocation of low-income housing tax credits plus the carry-over from the previous year would be approximately \$5,309,999.

2023 Nonprofit Set-Aside

Federal law required MHC to award at least (10%)—or \$530,999 in 2023—to nonprofit organizations. As shown in Exhibit A-1 on page 23, four applicants applied in the nonprofit set-aside category, with each applicant requesting \$750,000. Therefore, MHC awarded only one applicant the nonprofit set aside tax credits that year because \$750,000 exceeded the 10% minimum nonprofit set-aside award requirement. All applicants scored 103 points; therefore, MHC broke the tie according to the procedure stated in its 2023 QAP. Applicant 23-026 showed the lowest soft cost ratio among the four applicants; therefore, it was awarded the tax credits for the nonprofit set aside.

Exhibit A-1: 2023 Awards to Applicants Applying Under the Nonprofit Set-Aside Category

Estimated federal allocation to MHC, including previous year's carry-over amount = \$5,309,999 Nonprofit set-aside of at least 10% = \$530,999					
Applicant	Score	Type of Development	Credit Cap per Development	Credit Amount Requested	Award Status
23-026	103	New Construction	\$750,000	\$750,000	Award
23-009	103	New Construction	\$750,000	\$750,000	No award
23-013	103	New Construction	\$750,000	\$750,000	No award
23-027	103	New Construction	\$750,000	\$750,000	No award
Total dollar amount of nonprofit set-aside awards granted				\$750,000	

SOURCE: PEER analysis of MHC data.

2023 Small Credit Amount Set-Aside

According to the 2023 QAP, the smaller credit amount was capped at \$275,000 for a developer in annual credits. MHC's 2023 QAP states that MHC should award 25% of its federal allocation—

or approximately \$1,327,500 in 2023—to applicants applying under the smaller credit amount set aside.

As shown in Exhibit A-2 on page 24, seven applicants applied under the small credit amount set-aside category in 2023. MHC awarded credits to the five applicants who attained the highest scores. Although the total amount of small credit amount credits awarded was less than the approximation of 25%, making an additional award to the applicant with the next highest score would have pushed the total award amount above 25%.

Exhibit A-2: 2023 Awards to Applicants Applying Under the Small Credit Amount Set-Aside Category

Estimated federal allocation to MHC to be received and distributed in 2024 = \$5,309,999				
Small credit amount set-aside approximately 25% = \$1,327,500				
Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
23-018	113	\$275,000	\$274,989	Award
23-001	110	\$275,000	\$266,330	Award
23-002	110	\$275,000	\$219,024	Award
23-004	104	\$275,000	\$275,000	Award
23-003	93	\$275,000	\$173,590	Award
23-021	90	\$275,000	\$274,731	No award
23-022	90	\$275,000	\$274,536	No award
Total dollar amount of Small Credit Amount set-aside awards granted			\$1,208,933	

SOURCE: PEER analysis of MHC data.

2023 Rehabilitation and New Construction Set-Asides

According to the 2023 QAP, the rehabilitation set-aside was capped at \$750,000 for developments with fewer than 60 units and \$1,500,000 for developments with 60 units or more. The new construction set-aside was capped at \$750,000 in annual credits for each development.

MHC's 2023 QAP states that MHC should award 65% of what remains after the nonprofit and small credit amount set-asides—or approximately \$2,178,193 to rehabilitation projects. As shown in Exhibit A-3 on page 25, 10 applicants applied under the rehabilitation set-aside category in 2023. MHC awarded credits to the four applicants who attained the highest scores.

The total amount available for awards under the rehabilitation and new construction set-aside categories in 2023 was \$3,351,066, which was determined as follows:

2023 estimated federal allocation to MHC, including previous year's carry-over amount	\$5,309,999
Less nonprofit set-aside award	\$750,000
Less small credit amount award	\$1,208,933
Total amount available for awards to rehabilitation and new construction set-asides	\$3,351,066

Exhibit A-3: 2023 Awards to Applicants Applying Under the Rehabilitation Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$3,351,066 Rehabilitation projects set-aside of approximately 65% = \$2,178,193					
Application	Score	Fewer than 60 units? or 60 plus units?	Credit Cap per Development	Credit Amount Requested	Award Status
23-023	113	Fewer	\$750,000	\$750,000	Award
23-017	113	Fewer	\$750,000	\$576,567	Award
23-014	113	Fewer	\$750,000	\$520,225	Award
23-015	113	Fewer	\$750,000	\$401,610	Award
23-016	111	Fewer	\$750,000	\$598,099	No award
23-029	108	Fewer	\$750,000	\$750,000	No award
23-011	108	Fewer	\$750,000	\$574,977	No award
23-020	108	Fewer	\$750,000	\$455,901	No award
23-019	108	Fewer	\$750,000	\$414,806	No award
23-010	101	Fewer	\$750,000	\$560,722	No award
Total dollar amount of nonprofit set-aside awards granted				\$2,248,402	

SOURCE: PEER analysis of MHC data.

MHC's 2023 QAP states that MHC should award 35% of what remains after the nonprofit and small credit amount set-asides—or approximately \$1,172,873—to new construction projects. As shown in Exhibit A-4 on page 26, eight applicants, all of whom scored 103 points, applied under the new construction set-aside category in 2023. MHC awarded tax credits to one applicant who had the lowest soft cost ratio. The total amount awarded under the new construction set-aside was \$750,000. PEER notes that although MHC had enough actual credits in 2024 to have made an additional award to a new construction project in 2023, awards are based on estimates. Specifically, MHC estimated in 2023 the amount of credits it expected to receive in 2024.

Exhibit A-4: 2023 Awards to Applicants Applying Under the New Construction Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$3,351,066 New Construction projects set-aside of approximately 35% = \$1,172,873				
Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
23-007	103	\$750,000	\$750,000	Award
23-006	103	\$750,000	\$750,000	No award
23-008	103	\$750,000	\$750,000	No award
23-012	103	\$750,000	\$750,000	No award
23-024	103	\$750,000	\$750,000	No award
23-025	103	\$750,000	\$750,000	No award
23-028	103	\$750,000	\$750,000	No award
23-005	103	\$750,000	\$738,895	No award
Total dollar amount of new construction set-aside awards granted			\$750,000	

SOURCE: PEER analysis of MHC data.

MHC's Allocation of Tax Credits in 2024

During the 2024 application cycle, MHC awarded \$5,691,990 to seven applications. It carried over \$3,959,551 into the 2025 application cycle. Nine of the 16 applicants were disqualified for major noncompliance violations.

In 2024, MHC estimated that its 2025 federal allocation of low-income housing tax credits plus the carry-over from the previous year would be approximately \$9,377,305. It only awarded \$5,691,990 because all of the other applicants that year were disqualified for major noncompliance violations.

2024 Nonprofit Set-Aside

As shown in Exhibit A-5 on page 27, three applicants applied in the nonprofit set-aside category in 2024. MHC awarded tax credits to the two applicants with the highest scores which exceeded the required minimum of 10% of the nonprofit allocation. The third application was disqualified for major noncompliance violations.

Exhibit A-5: 2024 Awards to Applicants Applying Under the Nonprofit Set-Aside Category

Estimated federal allocation to MHC, including previous year's carry-over amount = \$9,377,305
Nonprofit set-aside of at least 10% = \$937,731

Applicant	Score	Type of Development	Credit Cap per Development	Credit Amount Requested	Award Status
24-003	103	New Construction	\$750,000	\$750,000	Award
24-007	103	New Construction	\$750,000	\$750,000	Award
24-009	85	New Construction	\$750,000	\$750,000	No award
Total dollar amount of nonprofit set-aside awards granted				\$1,500,000	

SOURCE: PEER analysis of MHC data.

2024 Small Credit Amount Set-Aside

According to the 2024 QAP, the smaller credit amount was capped at \$275,000 for a developer in annual credits. As shown in Exhibit A-6 on page 27, two applicants applied under the small credit amount set-aside category in 2024. Neither applicant received an award because both were determined to be in noncompliance with MHC.

Exhibit A-6: 2024 Awards to Applicants Applying Under the Small Credit Amount Set-Aside Category

Estimated federal allocation to MHC, including previous year's carry-over amount = \$9,377,305
Small credit amount set-aside approximately 25% = \$2,344,326

Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
24-006	87	\$275,000	\$274,536	No award
24-013	87	\$275,000	\$275,000	No award
Total dollar amount of Small Credit Amount set-aside awards granted			\$0	

SOURCE: PEER analysis of MHC data.

2024 Rehabilitation and New Construction Set-Asides

According to the 2024 QAP, the rehabilitation set-aside was capped at \$750,000 for developments with fewer than 60 units and \$1,500,000 for developments with 60 units or more. The new construction set-aside was capped at \$750,000 each for a developer in annual credits.

The total amount available for awards under the rehabilitation and new construction set-aside categories in 2024 was \$7,877,305, which was determined as follows:

2024 estimated federal allocation to MHC, including previous year's carry-over amount	\$9,377,305
Less nonprofit set-aside award	\$1,500,000
Less small credit amount award	\$0
Total amount available for awards to rehabilitation and new construction set-asides	\$7,877,305

Therefore approximately \$5,120,248 (65% of \$7,877,305) was available for applicants who applied in the rehabilitation set-aside category. As shown in Exhibit A-7 on page 28, eight applicants applied under the rehabilitation set-aside in 2024. MHC awarded tax credits to the applicants with the three highest scores. None of the remaining five applicants received an award because they were all disqualified for major noncompliance violations.

Exhibit A-7: 2024 Awards to Applicants Applying Under the Rehabilitation Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$7,877,305 Rehabilitation projects set-aside of approximately 65% = \$5,120,248					
Application	Score	Fewer than 60 units? or 60 plus units?	Credit Cap per Development	Credit Amount Requested	Award Status
24-016	113	60 plus	\$1,500,000	\$1,500,000	Award
24-015	111	Fewer	\$750,000	\$750,000	Award
24-001	100	Fewer	\$750,000	\$561,990	Award
24-008	95	Fewer	\$750,000	\$750,000	No award
24-014	87	Fewer	\$750,000	\$482,175	No award
24-012	87	Fewer	\$750,000	\$433,495	No award
24-010	79	60 plus	\$1,500,000	\$1,350,000	No award
24-011	79	Fewer	\$750,000	\$750,000	No award
Total dollar amount of rehabilitation set-aside awards granted				\$2,811,990	

SOURCE: PEER analysis of MHC data.

Approximately \$2,757,057 (35% of \$7,877,305) was available for applicants who applied in the new construction set-aside category. As shown in Exhibit A-8 on page 29, three applicants applied

under the new construction set-aside in 2024. MHC awarded tax credits to the applicants with the two highest scores. The third application was disqualified for major noncompliance violations. The total amount awarded under the new construction set-aside was \$1,380,000.

Exhibit A-8: 2024 Awards to Applicants Applying Under the New Construction Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$7,877,305				
New Construction projects set-aside of approximately 35% = \$2,757,057				
Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
24-002	103	\$750,000	\$740,000	Award
24-004	103	\$750,000	\$640,000	Award
24-005	80	\$750,000	\$750,000	Award
Total dollar amount of new construction set-aside awards granted			\$1,380,000	

SOURCE: PEER analysis of MHC data.

MHC's Allocation of Tax Credits in 2025

During the 2025 application cycle, MHC awarded \$11,972,858 to 15 applications. It carried over \$2,040,135 into the 2026 application cycle.

In 2025, MHC estimated that its 2026 federal allocation of low-income housing tax credits plus the carry-over from the previous year would be approximately \$12,788,686.

2025 Nonprofit Set-Aside

As shown in Exhibit A-9 on page 30, six applicants applied in the nonprofit set-aside category in 2025. MHC awarded tax credits to the applicant with the highest score. MHC awarded only one nonprofit development a tax credit award because the \$1,560,000 award exceeded the 10% nonprofit allocation of \$1,278,869.

Exhibit A-9: 2025 Awards to Applicants Applying Under the Nonprofit Set-Aside Category

Estimated federal allocation to MHC, including previous year's carry-over amount = = \$12,788,686 Nonprofit set-aside of at least 10% = \$1,278,869					
Applicant	Score	Type of Development	Credit Cap per Development	Credit Amount Requested	Award Status
25-007	104	Rehabilitation (60+)	\$1,800,000	\$1,560,000	Award
25-010	99	New Construction	\$900,000	\$900,000	No award
25-012	99	New Construction	\$900,000	\$790,000	No award
25-014	99	New Construction	\$900,000	\$850,000	No award
25-031	99	New Construction	\$900,000	\$746,094	No award
25-035	99	Rehabilitation (60+)	\$1,800,000	\$1,800,000	No award
Total dollar amount of nonprofit set-aside awards granted				\$1,560,000	

SOURCE: PEER analysis of MHC data.

2025 Small Credit Amount Set-Aside

According to the 2025 QAP, the smaller credit amount was capped at \$330,000 for a developer in annual credits.

As shown in Exhibit A-10 on page 31, five applicants applied in the small credit amount set-aside category in 2025. The total amount that was set-aside to be awarded collectively to applicants in this category was \$3,197,172 (25% of \$12,788,686). The total amount requested among all five smaller credit applicants was only \$1,477,858; therefore, all smaller credit applicants were awarded tax credits in 2025, regardless of score.

Exhibit A-10: 2025 Awards to Applicants Applying Under the Small Credit Amount Set-Aside Category

Estimated federal allocation to MHC to be received and distributed in 2026 = \$12,788,686
 Small credit amount set-aside approximately 25% = \$3,197,172

Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
25-001	109	\$330,000	\$297,169	Award
25-003	109	\$330,000	\$288,040	Award
25-002	109	\$330,000	\$287,649	Award
25-021	106	\$330,000	\$275,000	Award
25-006	104	\$330,000	\$330,000	Award
Total dollar amount of Small Credit Amount set-aside awards granted			\$1,477,858	

SOURCE: PEER analysis of MHC data.

2025 Rehabilitation and New Construction Set-Asides

According to the 2025 QAP, the rehabilitation set-aside was capped at \$900,000 for developments with fewer than 60 units and \$1,800,000 for developments with 60 units or more. The new construction set-aside was capped at \$900,000 each for a development in annual credits.

The total amount available for awards under the rehabilitation and new construction set-aside categories in 2025 was \$9,750,828, which was determined as follows:

2025 estimated federal allocation to MHC, including previous year's carry-over amount	\$12,788,686
Less nonprofit set-aside award	\$1,560,000
Less small credit amount award	\$1,477,858
Total amount available for awards to rehabilitation and new construction set-asides	\$9,750,828

Therefore approximately \$6,338,038 (65% of \$9,750,828) was available for applicants who applied under the rehabilitation set-aside category. As shown in Exhibit A-11 on page 32, MHC awarded tax credits to 6 of the 16 applicants who applied under the rehabilitation set-aside category in 2025. Eight applicants tied with a score of 109. Of those eight, applications 25-018 and 25-011 had the two lowest soft cost ratios. Applicant 25-022 had the third lowest soft cost ratio; however, there were not enough tax credits to award to this project because it required \$1.8 million in tax credits. Applicant 25-033 had the fourth lowest soft cost ratio and its project required only \$900,000. Therefore, the tax credits were awarded to applicant 25-033 and not to applicant 25-022. The total amount of tax credits awarded under the rehabilitation set-aside category was \$6,335,000.

Exhibit A-11: 2025 Awards to Applicants Applying Under the Rehabilitation Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$9,750,828					
Rehabilitation projects set-aside of approximately 65% = \$6,338,038					
Application	Score	Fewer than 60 units? or 60 plus units?	Credit Cap per Development	Credit Amount Requested	Award Status
25-034	112	Fewer	\$900,000	\$900,000	Award
25-036	110	60 plus	\$1,800,000	\$1,300,000	Award
25-037	110	Fewer	\$900,000	\$535,000	Award
25-018	109	60 plus	\$1,800,000	\$1,800,000	Award
25-011	109	Fewer	\$900,000	\$900,000	Award
25-033	109	Fewer	\$900,000	\$900,000	Award
25-022	109	60 plus	\$1,800,000	\$1,293,462	No award
25-025	109	60 plus	\$1,800,000	\$1,425,000	No award
25-024	109	Fewer	\$900,000	\$830,000	No award
25-026	109	Fewer	\$900,000	\$650,000	No award
25-027	109	Fewer	\$900,000	\$900,000	No award
25-019	106	Fewer	\$900,000	\$445,406	No award
25-020	106	Fewer	\$900,000	\$434,900	No award
25-038	105	Fewer	\$900,000	\$539,317	No award
25-032	104	60 plus	\$1,800,000	\$1,645,183	No award
25-030	99	Fewer	\$900,000	\$873,581	No award
Total dollar amount of rehabilitation set-aside awards granted				\$6,335,000	

SOURCE: PEER analysis of MHC data.

Approximately \$3,412,790 (35% of \$9,750,828) was available for applicants who applied in the new construction set-aside category. As shown in Exhibit A-12 on page 33, 11 applicants applied under the new construction set-aside in 2025. Eight applicants tied with a score of 99. Of those eight, MHC awarded tax credits to three applicants who had the three lowest soft cost ratios. The total amount awarded under the new construction set-aside was \$2,600,000.

Exhibit A-12: 2025 Awards to Applicants Applying Under the New Construction Set-Aside Category

Amount of federal allocation left for rehabilitation and new construction projects = \$9,750,828				
New Construction projects set-aside of approximately 35% = \$3,412,790				
Application	Score	Credit Cap per Development	Credit Amount Requested	Award Status
25-008	99	\$900,000	\$900,000	Award
25-009	99	\$900,000	\$900,000	Award
25-013	99	\$900,000	\$800,000	Award
25-004	99	\$900,000	\$900,000	No award
25-005	99	\$900,000	\$900,000	No award
25-017	99	\$900,000	\$900,000	No award
25-016	99	\$900,000	\$895,000	No award
25-015	99	\$900,000	\$850,000	No award
25-005	94	\$900,000	\$900,000	No award
25-028	89	\$900,000	\$900,000	No award
25-029	89	\$900,000	\$900,000	No award
Total dollar amount of new construction set-aside awards granted			\$2,600,000	

SOURCE: PEER analysis of MHC data.

Agency Response



September 15, 2026

James F. (Ted) Booth
Executive Director
Joint Committee on Performance Evaluation and Expenditure Review (PEER)
P.O. Box 1204
Jackson, MS 39215-1204

Via Electronic Mail

Mr. Booth:

Thank you for the opportunity to review the draft of the PEER Report entitled *Mississippi Home Corporation's Administration of the Low-Income Housing Tax Credit Program*. Please accept this letter as MHC's response to the report.

The Low Income Housing Tax Credit (LIHTC) provides the primary financing vehicle for the construction and rehabilitation of affordable housing in Mississippi. The competitive nature of the program demonstrates the value of this limited resource. Mississippi's Qualified Allocation Plan, following the preponderance of recommendations for best practices, places emphasis on awarding LIHTCs to experienced developers to execute transactions and experienced managers to maintain compliance. While the draft report points out that experienced developers are not immune to issues of noncompliance, MHC would respectfully counter that, rather than levelling the field and making an argument for excluding experience as a consideration altogether, this instead demonstrates that MHC takes its role as the agency responsible for program compliance seriously and that no developer, no matter how experienced, is immune from the consequences of noncompliance.

MHC shares PEER's concern that weighting applications toward experience excludes some developers from participating in the program, as expressed in Recommendation 1, and has already taken steps to encourage new developer participation by partnering with Enterprise Community Partners to develop our Developer Guide, which was published in 2025. MHC continues to partner with Enterprise to develop a training program to assist new developers and offer them an alternate path of entry into the competitive LIHTC award process, as PEER recommends in 1.d. MHC expects to receive Enterprise's program proposal for consideration before the end of 2026.



The draft report also pointed out a shortcoming in MHC's documentation of the lengthy and often complicated scoring process, and MHC respectfully agrees with Recommendation 2. Based on the draft report, MHC has already held departmental meetings and put a revised scoring documentation process in place that will take effect in the 2027 LIHTC award cycle.

MHC thanks PEER for its review of the Low Income Housing Tax Credit Program. The exercise of internal and external review strengthens MHC's goal of providing every Mississippian the opportunity for safe, decent, and affordable housing.

Sincerely,



Scott Spivey
Executive Director

SOURCE: Mississippi Home Corporation.



James F. (Ted) Booth, Executive Director

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