1. IRS allocates tax credits to each state based on population.

2. State allocating agency adopts a Qualified Allocation Plan (QAP) which reflects the state's priorities for housing development.

3. Developers submit proposals to the allocating agency.

4. Allocating agency awards tax credits to some developers, in accordance with priorities set in the QAP.

5. Investors purchase a share in the development, providing the equity needed to fund the project.

6. Developer builds and operates the housing.

7. The developer submits compliance reports to the allocating agency.

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The Basic Structure of a Low-Income Housing Tax Credit Deal

Regional Housing Legal Services (RHLS)