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Population Growth, Temporary Cap Increase Boost LIHTC and Bond Ceilings.

The Internal Revenue Service (IRS) released 2019 population figures in Notice 2019-19, indicating the 2019 low-income housing tax credit (LIHTC) ceiling and tax-exempt private activity bond (PAB) cap for all states will increase. From 2018-2019, the U.S. population increased by 1,448,256 people to 327,167,434 in total, representing a 0.4 percent gain. U.S. territories lost more than 140,000 people, a 3.8 percent decrease.

The fiscal year (FY) 2018 omnibus appropriations bill provided a 12.5 percent increase in LIHTC allocations from 2018-2021. For 2019-2021, annual inflation adjustments would be applied to the new 2018 allocation amounts. Novogradac estimates the temporary 12.5 percent increase will increase affordable housing production by about 28,400 homes over 10 years compared to previous law.

Under Rev. Proc. 2018-57, each state's 2019 LIHTC ceiling is the greater of $2.75625 multiplied by the state population or $3,166,875. The 2019 PAB volume cap is the greater of $105 multiplied by the state population or $316,745,000. With the increase in per-capita allowances, states that lost population but do not qualify for the small-state minimum, will not be seeing a decrease in their LIHTC and PAB cap. In 2018, the state LIHTC cap was the greater of $2.70 per resident or $3,105,000 and state bond caps were the greater of $105 per resident or $310,710,000.

Highlights from Notice 2019-19 include:

Fastest growth: Arizona and Idaho grew by more than 2 percent each, with total population changes of 155,376 and 37,265, respectively. Other states with at least a 1 percent increase in population include (in increasing order): New Hampshire, North Carolina, Montana, Oregon, South Carolina, Nevada, District of Columbia, Texas, South Dakota, Florida, Colorado, Washington and Utah.

Losing population: States that lost population include: Alaska, Connecticut, Hawaii, Illinois, Kansas, Louisiana, Maryland, New Jersey, New York, Rhode Island, West Virginia and Wyoming. Territories that lost population are American Samoa, Puerto Rico and the U.S. Virgin Islands.

New York saw the largest numeric decrease with a 307,190 population decline, representing a nearly 1.6 percent drop. The largest percent decrease is Puerto Rico, with a loss of nearly 4.3 percent of its population or 142,024 residents. The population 2019 population figures for American Samoa, Guam, the Northern Mariana Islands and the U.S. Virgin Islands are the 2018 midyear population figures in the U.S. Census Bureau's International Database and therefore, do not reflect the impact of the 2018 hurricane season.

Biggest states: The 10 most populous states continue to be California with 39,557,045, followed by Texas, Florida, New York, Pennsylvania, Illinois, Ohio, Georgia, North Carolina and Michigan. Eight of the top 10 states saw population increases for 2019. In addition to New York losing nearly 1.6 percent of its population, Illinois also lost 60,943 residents or nearly 0.5 percent of its population. Of all U.S. states with increases, Pennsylvania and California saw the smallest population percentage gain with 0.01 percent and 0.05 percent, respectively.

Small-State LIHTC Minimum: Because their populations are below the small state minimum, these states will receive LIHTC allocations of $3.167 million and not the population-based LIHTC allocation: Alaska, Delaware, the District of Columbia, Montana, North Dakota, Rhode Island, South Dakota, Vermont and Wyoming. U.S. territories are American Samoa, Guam, Northern Marian Islands and the U.S. Virgin Islands. This list of small-state recipients remains unchanged from 2016, 2017 and 2018.

Small-State PAB Cap Recipients:

The small-state PAB recipients for 2019 are the same as those in 2018, with the additions of Arkansas, Mississippi and Montana. Eighteen states, plus the District of Columbia will receive the 2019 small-state PAB minimum: Alaska, Arkansas, Delaware, the District of Columbia, Hawaii, Idaho, Kansas, Maine, Mississippi, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Rhode Island, South Dakota, Vermont, West Virginia and Wyoming.

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