

Delaware State Housing Authority

Neighborhood Assistance Act (NAA) Tax Credit Program

What is the NAA Program?

The Neighborhood Assistance Act (NAA) Program encourages organizations and individuals who pay Delaware State income taxes to invest in programs serving impoverished neighborhoods or serving low- and moderate-income families. In exchange for a qualified contribution, the NAA provides state tax credits equal to 50% of the investment.

- Each year a maximum of \$500,000 in tax credits is available statewide.
- The maximum tax credit available to any taxpayer is \$100,000.
Example: A \$200,000 contribution qualifies for \$100,000 in Delaware Tax Credits.
- The minimum eligible investment is \$10,000 for corporate taxpayers and \$5,000 for individual taxpayers.
- Applications for the NAA Tax Credit are submitted jointly by the taxpayer and the nonprofit organization, and will be accepted at anytime during the year.
- Applications are reviewed by DSHA staff members, who award the credits on a first-come, first-served basis until the maximum of \$500,000 in credits has been reached for the year.

How May I Qualify for the Tax Credits?

Taxpayers (individuals and businesses) who contribute money to nonprofit neighborhood organizations may qualify for the tax credit provided that:

1. The recipient organizations are designated as 501(c)3 organizations by the Internal Revenue Service and that they provide neighborhood assistance in an impoverished area, or provide neighborhood assistance for low- and moderate-income families. This includes all Community Development Corporations and all Community-Based Development Corporations.
2. The assistance meets the NAA Program definition as a qualified purpose, including any of the following:
 - Community Services
 - Crime Prevention
 - Economic Development
 - Education
 - Affordable Housing
 - Job Training

Everyone Benefits through the NAA!

This is truly a win-win program. **Businesses** benefit from their reduced tax liability, their freedom of choice in how the funds are used, and their improved image in the community. **Individual taxpayers** also benefit from their reduced tax liability and their freedom of choice in how the funds are used. **Nonprofits** enjoy increased funding for community activities, the possibility of long-term partnerships, increased business interest in their nonprofit mission, and a new opportunity to educate taxpayers. **Impoverished communities** and **residents** with low and moderate incomes will enjoy the benefits of expanded programs for education, community revitalization, affordable housing, crime prevention and job training to help them prosper and succeed in life.



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