AFFORDABLE RENTAL HOUSING A.C.T.I.O.N.
A Call To Invest in Our Neighborhoods

SUPPORTING RURAL AFFORDABLE HOUSING WITH THE
LOW-INCOME HOUSING TAX CREDIT

The Low-Income Housing Tax Credit (Housing Credit) is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing. Since its inception in 1986, the Housing Credit has been used to develop and preserve more than 270,000 homes across 7,600 developments in rural communities nationwide, according to the Rural Housing Coalition.

The Housing Credit is the single largest financing source for developing and preserving affordable rural homes, making up nearly 50% of all financing. Nearly all states also include incentives to promote rural development in their allocation of Housing Credits. However, more rural affordable housing is sorely needed.

THE HOUSING CREDIT'S IMPACT IN RURAL COMMUNITIES

270,000 affordable homes

1.15 million jobs supported

$86.9 billion in local income

$67.8 billion in state & local tax revenue

Sources: Rural Housing Coalition, National Association of Home Builders

THE NEED FOR AFFORDABLE RURAL HOUSING

Although housing costs are generally lower in rural communities, lower incomes and higher poverty rates make housing options simply unaffordable for many rural residents. Low-income rural residents' incomes average just $12,960, making it extremely difficult to find affordable places to live, especially in areas with limited options. Nearly half of rural renters are "cost-burdened", spending more than 30% of their income on rent. Rural renters are also twice as likely to live in substandard housing than rural homeowners.

THE AFFORDABLE HOUSING CREDIT IMPROVEMENT ACT (S. 548)

The Affordable Housing Credit Improvement Act, introduced by Senator Maria Cantwell (D-WA) and Senate Finance Committee Chairman Orrin Hatch (R-UT), includes several provisions that make it easier to finance affordable rental housing in rural areas using the Housing Credit.

- **Expand the Housing Credit** by 50 percent, phased in over five years. This provision would allow states to address a wider range of housing needs, including additional development in rural areas.
- **Allow Income Averaging within Properties** to provide greater flexibility, promote the stability and financial health of rural properties, expand the pool of eligible low-income renters in rural areas, create a greater economy of scale and reduce the real estate risk associated with investing in rural properties.
- **Standardize Rural Income Limits** for all Housing Credit properties, making more rural developments feasible.
- **Provide a Basis Boost for Properties Serving Extremely Low-Income (ELI) Tenants,** allowing states to provide up to 50 percent additional Housing Credit equity for developments serving extremely low-income tenants. This provision would make more properties serving extremely low-income rural residents financially feasible.
- **Support the Preservation of Rural Housing**, which is especially critical in rural areas where a significant amount of the housing stock was originally financed with USDA's Rural Development programs and older HUD programs, and is in dire need of repair.
- **Encourage Development of Housing in Native American Communities**, which are home to some of our most vulnerable rural residents. S. 548 would require states to consider the affordable housing needs of members of tribes and provide for additional equity for properties in Indian areas if needed for financial feasibility.