SUPPORTING SENIOR COMMUNITIES 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 3 million homes nationwide. **Today, there are more than 800,000 Housing Credit-developed homes with a head of household 62 or older.**

More than half of states prioritize and incentivize housing for seniors in their allocation of Housing Credits. Through specific set-asides or additional points awarded, projects are also encouraged to include elderly services, such as universal design elements and access to health facilities.

THE NEED FOR AFFORDABLE ELDERLY HOUSING According to the Census Bureau, approximately 74 million Americans will be 65 years of age or older by 2030, representing 20 percent of the overall population. This unprecedented growth in the senior population will place profound strains on the existing supply of affordable housing, with the number of "cost-burdened" seniors, those who spend more than half of their incomes on housing, projected to rise to **12.2 million by 2025**. Given little wealth or savings to sustain them in retirement, low-income renters face the most acute housing difficulties as they age, and they are often forced to spend less on other necessities such as health care, food, and supportive services. The Housing Credit is a vital tool for addressing the current and forthcoming lack of housing affordability for senior communities.

THE AFFORDABLE HOUSING CREDIT IMPROVEMENT ACT (S. 548)

Provisions to Support Affordable Housing Developments Serving Seniors

The Affordable Housing Credit Improvement Act, introduced by Senator Maria Cantwell (D-WA) and Senate Finance Committee Chairman Orrin Hatch (R-UT), has several provisions to encourage the development of additional affordable housing for seniors using the Housing Credit:

Expand the Housing Credit. S. 548 would increase annual Housing Credit allocation authority by 50 percent, phased in over five years. This provision is estimated to finance an additional 400,000 affordable housing units over the next ten years, allowing states to more adequately address the growing housing needs of the nation's senior population.

- The Consolidated Appropriations Act of 2018 made a significant down payment on this provision by enacting a 12.5 percent increase in Housing Credit allocation for four years (2018-2021). While this increase is estimated to finance an additional 28,400 affordable rental units, more resources are needed to make up for the nationwide shortage of affordable rental housing.

Provide a Basis Boost for Properties Serving Extremely Low-Income (ELI) Tenants. S. 548 would allow states to provide up to 50 percent additional Housing Credit equity, known as a "basis boost," for developments serving extremely low-income tenants. Many seniors qualify as extremely low-income by virtue of living on fixed incomes like Social Security, and this provision would make more developments serving this population financially feasible.

Provide Tenant Income Flexibility. S. 548 would allow existing tenants of federally assisted affordable housing projects that are subsequently recapitalized with Housing Credits to be considered low-income for purposes of determining eligibility. As 33 percent of federally assisted households are 62 years of age or older, this provision would help prevent displacement of thousands of seniors.