

SUPPORTING NATIVE AMERICANS 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. It is also one of the primary tools for financing affordable housing in Native American communities, which have some of the most acute affordable housing needs.

The number of low-income families living on Indian reservations and tribal areas has grown almost 44 percent since 2003, and now exceeds 322,000 families. There are several barriers to providing more affordable housing to these communities, including higher transaction costs, limited infrastructure, and complex constraints related to land ownership.



THE NEED FOR SAFE AND AFFORDABLE HOUSING ON NATIVE AMERICAN LANDS

Native Americans living in tribal areas face some of the worst housing and living conditions in the U.S. On average, 34 percent of Native American households have one or more physical condition problems in their homes, such as plumbing, heating, and kitchen deficiencies. For low-income Native American households, the incidence is about 40 percent higher. Additionally, because people at risk of homelessness in Native American communities often live with extended family, households in tribal areas experience overcrowding at 8 times the rate of all U.S. households. Along with deep poverty, the limited opportunities for private investment, and other housing market challenges within Indian lands, the need for safe and affordable housing development is severe.

THE AFFORDABLE HOUSING CREDIT IMPROVEMENT ACT (S. 548)

Provisions to Support Affordable Housing Development in Native American Communities

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 on Native American lands using the Housing Credit:

Modify the Definition of Difficult Development Areas to Include Indian Lands, automatically qualifying developments on Indian lands to be eligible for up to 30 percent additional Housing Credit equity, known as a “basis boost.”

Specify Native American Housing Needs as a Selection Criteria in all state qualified application plans, which establish the criteria by which credits are competitively awarded.

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 address a wider range of housing needs, including in Native American communities.

- 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, allowing states to provide up to 50 percent more Housing Credit equity for developments serving extremely low-income tenants. Since incomes within Native lands are some of the lowest, many properties would become more financially feasible as a result of this provision.

Standardize Rural Income Limits for all Housing Credit properties, making it easier to develop on Indian lands that are predominantly located in rural areas.