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 or finance 3 million apartments, providing roughly 7 million households with homes they can afford.

The Housing Credit creates opportunities for veterans and their families by providing veteran-specific housing communities that foster prosperous, peer-driven environments. At least 30 states incentivize developers to build housing for veterans, typically paired with a variety of supportive services, such as job-training, health care access and education, and community facilities. The number of homeless veterans peaked in 2008 at over 200,000, but it has dramatically reduced since then as a direct result of these services. However, additional support is needed, and because many veterans have extremely low or no incomes, it can be difficult to make properties for veterans financially feasible.

THE NEED FOR AFFORDABLE VETERANS’ HOUSING

There are 37,800 veterans experiencing homelessness on a given night in the U.S., according to HUD. But this number underestimates thousands of other homeless veterans in temporary and unstable living arrangements. Millions more are at risk of homelessness because they pay so much of their income towards rent. One in four veterans spend more than 30% of their income on housing, amounting to roughly 5 million veterans and their families, and 1.5 million of these households pay more than 50% of their income on housing, meaning they are often one medical bill or unforeseen expense away from being unable to pay their rent. Increasing the supply of affordable housing is essential to ensuring that more of our nation’s veterans return from military service to a stable home they can afford.

THE AFFORDABLE HOUSING CREDIT IMPROVEMENT ACT (S. 1703/H.R. 3077)

Provisions to Support Affordable Housing for Veterans

The Affordable Housing Credit Improvement Act (AHClIA) of 2019, is sponsored by Senators Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Johnny Isakson (R-GA), and Representatives Suzan DelBene (D-WA-1), Kenny Marchant (R-TX-24), Don Beyer (D-VA-8) and Jackie Walorski (R-IN-2). It includes several provisions that make it easier to finance affordable housing on Native American lands using the Housing Credit.

Expand the Housing Credit. AHCIA would increase annual Housing Credit allocation authority by 50 percent, phased in over five years. This provision is estimated to finance an additional 384,000 affordable housing units over the next ten years, allowing states to address a wider range of housing needs, including for veterans.

Codify Veterans Preference for Properties Built with Multifamily Bonds. In general, Housing Credit properties must be made available for rental to income-eligible members of the general public. The IRS recently issued guidance that this “public use” rule applies to properties financed with multifamily bonds. AHCIA would add specific language identifying veterans as eligible for preferences in such buildings.

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. While states are encouraged to give preference to developments that serve the lowest-income populations, it can be difficult to make these developments financially feasible without significant additional subsidy – especially when the population served requires extensive on-site supportive services, as veterans often do. The basis boost for ELI tenants would help make more properties serving extremely low-income residents financially feasible, and allow for the financing of community rooms, service providers and other features to support low-income veterans.