FACILITATING SUPPORTIVE 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 or finance 3 million apartments, providing roughly 7 million households with homes they can afford. While the Housing Credit serves a wide array of tenants, including working families and seniors, it is also often a critical source to finance supportive housing for people with special needs.

Supportive housing combines affordable housing with services targeted to help people who face complex housing challenges, such as the chronically homeless, those living with serious mental illness, and veterans. Services include access to case management, employment and education resources, medical care, and a host of other services tailored to the tenants’ specific needs. Currently, all states and territories encourage supportive housing in their selection process for allocating Housing Credits.

THE NEED FOR AFFORDABLE SUPPORTIVE HOUSING

CSH estimates that approximately 1.2 million individuals and families in the U.S. are in need of supportive housing. These households typically include people with significant histories of homelessness. Supportive housing not only resolves homelessness and increases housing stability, but it also improves health and generates significant public savings in shelter costs, healthcare, and the criminal justice system. Much progress has been made in addressing homelessness in recent years, including 50 communities declaring an end to veterans’ homelessness. The Housing Credit has been central to these victories and expanding it further bolsters this proven, cost-effective way to end homelessness and improve communities.

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

Provisions to Facilitate Affordable Supportive Housing

The Affordable Housing Credit Improvement Act (AHClA) 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 includes several provisions to facilitate the development of supportive housing.

Expand the Housing Credit. AHClA 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 supportive housing for people with special needs.

Provide a Basis Boost for Properties Serving Extremely Low-Income (ELI) Tenants. AHClA 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. 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. 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 facilitate supportive housing.

Improve the Student Rule. The current student rule, which was intended to prevent the Housing Credit from being used to finance dormitories, has had the unintended consequence of preventing vulnerable populations in Housing Credit properties from continuing their education. AHClA would target the full-time student exclusion more fairly.