The ACTION Campaign Calls on Congress
to Strengthen and Expand the Housing Credit

The Housing Credit and Housing Bonds are our nation’s most successful tools for encouraging private investment in the production and conservation of affordable rental housing.

- The Low-Income Housing Tax Credit (Housing Credit) is responsible for nearly all of the affordable housing built and preserved since the program was authorized in the Tax Reform Act of 1986.
- The Housing Credit has financed 3.2 million affordable homes since 1986, which have provided roughly 7.4 million low-income families, seniors, veterans, and people with disabilities homes they can afford. It has provided affordable housing to all 50 states, the District of Columbia, and U.S. territories, and to all types of communities, including urban, suburban, and rural.
- Multifamily Housing Bonds (Housing Bonds) – tax-exempt private activity bonds used by state Housing Finance Agencies to acquire, construct, and rehabilitate affordable multifamily housing units for low-income renters – provide roughly half of all financing for Housing Credit Developments annually.

Our nation’s affordable housing needs are vast and growing.

- There is a severe shortage of affordable rental housing available to low-income families and we are not producing new affordable rental homes fast enough to keep pace with the rising demand.
- Nearly 11 million renter households – roughly one in four renters – spend over half their income on rent, leaving too little for other necessary expenses like transportation, healthy foods, and medical bills.
- Affordable housing promotes better health outcomes, improves children’s school performance, and helps people gain employment.

The Housing Credit has far-reaching economic benefits for local communities.

- The Housing Credit has generated $34.4 billion in wages and business income and $13.5 billion in tax revenues, and has supported approximately 3.6 million jobs over the past thirty years.
- Each year, Housing Credit development supports 96,000 jobs and adds roughly $3.5 billion in taxes and other revenues to local economies.
- Affordable housing also saves federal, state, and local governments’ money through reductions in Medicare, Medicaid, police service, and other spending.

The Housing Credit is a model public-private partnership.

- The Housing Credit is “pay-for-success” – the federal government awards credits only after properties are successfully completed and occupied, and can recapture credits for non-compliance.
- Private sector investors – not taxpayers – bear the financial risk and are closely involved in monitoring and oversight.
- Unlike many other tax expenditures, which subsidize activity that would occur at some level without a tax benefit, virtually no affordable rental housing development would occur without the Housing Credit. To develop new apartments that are affordable without an incentive like the Housing Credit, construction costs would have to be reduced by 72 percent of the current construction cost average, according to Harvard University’s Joint Center for Housing Studies.
- The Housing Credit is administered at the state level, and only the affordable housing developments that are most responsible to local housing priorities receive credits.

We urge Congress to strengthen and expand the Housing Credit.

- The Housing Credit and Housing Bonds were both retained in the Tax Cuts and Jobs Act of 2017, but other changes from tax reform, most notably the decrease in the top corporate tax rates from 35 to 21 percent, will reduce the future supply of affordable homes by an estimated 235,000 over the next ten years.
- The Consolidated Appropriations Act of 2018 made a significant down payment on offsetting this loss by enacting a 12.5 percent increase in Housing Credit allocation for four years (2018-2021), which is estimated to finance an additional 28,400 affordable rental units. However, many more resources are needed to make up for the nationwide shortage of affordable rental housing.

The bipartisan Affordable Housing Credit Improvement Act of 2019 (S. 1703 and H.R. 3077) would increase the Housing Credit allocation by 50 percent and would establish a minimum 4 percent Housing Credit rate. Together, these two provisions alone would provide for approximately 550,000 additional affordable homes over the next ten years. The bill also includes a number of other modifications to make the Housing Credit an even better tool for meeting the needs of rural communities, veterans, and extremely low-income families.

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