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 overall percentage of Native Americans living below the federal poverty line is almost 30 percent. For Native Americans living on reservations, the disparity is even greater, reaching as high as 63 percent. Higher transaction costs, limited infrastructure, and complex constraints related to land ownership make the development and operation of affordable housing more difficult on Indian lands, particularly without subsidies like the Housing Credit.

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 United States. 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, compared to seven percent of all U.S. households. Additionally, because people at risk of homelessness in Native American communities often live with extended family, households in tribal areas experience overcrowding at higher rates than nationwide. 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. 1703/H.R. 3077)
Provisions to Support Affordable Housing Development in Native American Communities

The Affordable Housing Credit Improvement Act (AHCIA) 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.

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. 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 in Native American communities.

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.