The ACTION Campaign represents over 2,300 organizations and businesses working to address our nation’s severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

www.rentalhousingaction.org

4 PERCENT HOUSING CREDIT IMPACT IN COLORADO

4% HOUSING CREDITS’ BENEFITS FOR LOW-INCOME FAMILIES & THE ECONOMY 1986 – 2018

22,867 affordable homes in CO have been financed using the 4% Housing Credit

69.8% of all Housing Credit homes in CO utilized the 4% Housing Credit

55,053 low-income households served

35,877 jobs supported for one year

$1.41 billion tax revenue generated

$4.06 billion wages & business income generated

Congress Should Enact a Minimum 4% Housing Credit Rate

The Housing Credit is our nation’s most successful tool for encouraging private investment in affordable rental housing. Today, the 4 percent Housing Credit finances about half of the annual affordable rental housing produced or preserved with the Housing Credit program.

However, the 4 percent Housing Credit is much lower than Congress originally intended because the 4 percent Housing Credit rate fluctuates monthly based on a formula tied to federal borrowing rates, which are now effectively at 0 percent. Enacting a minimum 4 percent Housing Credit rate would provide parity to the 9 percent Housing Credit rate, for which Congress enacted a minimum rate as part of the response to the 2008 economic collapse.

The ACTION Campaign calls on Congress to:

• Enact a minimum 4 percent Housing Credit rate.
• Enhance multifamily Housing Bonds, which provide critical financing to about 50 percent of Housing Credit-financed homes.

The 4% HOUSING CREDIT AND HOUSING BONDS

There are two components of the Low-Income Housing Tax Credit (Housing Credit) program – the “9 percent Housing Credit” and the “4 percent Housing Credit.” The 4 percent Housing Credit is generally accessed with the use of Multifamily Housing Bonds (Housing Bonds), a type of tax-exempt private activity bond used by state and local housing finance agencies to acquire, construct, and rehabilitate affordable multifamily housing for low-income renters.

To access the full amount of the 4 percent Housing Credit equity, which is needed for financial feasibility, Housing Bonds must cover at least 50 percent of certain development costs.

ADDRESSING OUR NATION’S SEVERE SHORTAGE OF AFFORDABLE HOUSING

Setting a minimum 4 percent Housing Credit rate would provide for 2,498 additional affordable homes to be built in Colorado during 2020-2029.

Last updated July 1, 2020. Visit www.rentalhousingaction.org/state-district for this fact sheet’s sources and methodologies.