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 WASHINGTON

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

46,429 affordable homes in WA have been financed using the 4% Housing Credit

78.1% of all Housing Credit homes in WA utilized the 4% Housing Credit

111,779 low-income households served

74,304 jobs supported for one year

$2.92 billion tax revenue generated

$8.41 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.

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

46,429 affordable homes in WA have been financed using the 4% Housing Credit

78.1% of all Housing Credit homes in WA utilized the 4% Housing Credit

111,779 low-income households served

74,304 jobs supported for one year

$2.92 billion tax revenue generated

$8.41 billion wages & business income generated

ADDRESSING OUR NATION’S SEVERE SHORTAGE OF AFFORDABLE HOUSING

Setting a minimum 4 percent Housing Credit rate would provide for 6,113 additional affordable homes to be built in Washington during 2020-2029

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