

Low Income Housing Tax Credit Program

What is the Low Income Housing Tax Credit Program?

The Low Income Housing Tax Credit stimulates private investments in housing for low-income people by providing a tax credit over a 10-year period. It is the most successful and important federal resource available to support the development, rehabilitation, and preservation of affordable housing. The Housing Credit finances about 90 percent of all new affordable housing development.

The equity investment Housing Credit investors put into a project is combined with other resources to build or rehabilitate affordable housing. Investors' equity contribution provides an infusion of cash which reduces the amount of money a developer has to borrow, thereby reducing the rent level that needs to be charged. While the investor receives the tax credit over 10 years, the affordable units in the property must remain affordable for 30 years.

What projects are eligible for the Low Income Housing Tax Credit?

The Housing Credit can be used to support a variety of projects: multifamily and single-family housing, new construction and rehabilitation, special needs housing for elderly people and people with disabilities, and permanent supportive housing for homeless families and individuals.

What is the impact of the Low Income Housing Tax Credit?

The Housing Credit has financed over 3 million homes since 1986, which have provided roughly 7.4 million low-income families, seniors, veterans, and people with disabilities homes home they can afford. It has provided affordable housing to all 50 states and all types of communities including urban, suburban and rural.

The Housing Credit has generated **\$593 billion in local income** and **\$206 billion in tax revenues**, and has supported approximately **5.2 million jobs** since 1986, according to the National Association of Home Builders. Each year, Housing Credit development supports **96,000 jobs** and adds roughly **\$3.5 billion in taxes** and other revenues to local economies.

What can Congress do?

Expand and strengthen the Housing Credit by supporting the Affordable Housing Credit Improvement Act, **S. 1136** in the Senate, cosponsored by Senator Maria Cantwell (D-WA) and Senator Todd Young (R-IN) and **H.R. 2573** in the House, cosponsored by Representative Suzan DelBene (D-WA) and Representative Jackie Walorski (R-IN).

The bill includes:

- An increase of the Housing Credit allocation by 50 percent and would phase in the increase over two years to meet the growing need for affordable housing.
- Lowering the threshold for Multifamily Housing Bonds, which are private activity bonds, from 50% to 25% to maximize affordable housing production and preservation.