



## Low-Income Housing Tax Credit Talking Points

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**The Low-Income Housing Tax Credit (Housing Credit) and Multifamily Housing Bonds (Housing Bonds) are our nation's most successful tools for encouraging private investment in the production and preservation of affordable rental housing.**

- The 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 over 3.6 million affordable homes since 1986, which have provided approximately 8 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.
- 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 homes 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.
- Approximately 10.5 million renter households – roughly one in four renters – spend more than half their income on rent, leaving too little for other necessary expenses such as 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.**

- Over the past 30 years, the Housing Credit has generated approximately \$643 billion in wages and business income and \$223 billion in tax revenues, supporting approximately 5.68 million jobs.
- For every 100 new Housing Credit units, an estimated 186 jobs are supported and an estimated \$7.4 million in tax revenue and \$21.2 million in wages and business income are generated. For every 100 rehabilitated Housing Credit units, an estimated 128 jobs are supported and an estimated \$4.9 million in tax revenue and \$14.3 million in wages and business income are generated.
- Affordable housing also saves federal, state, and local governments' valuable dollars through reductions in Medicare, Medicaid, police services, 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 such as the Housing Credit, [According to JCHS](#), “to develop new apartments affordable to renter households with incomes equivalent to the full-time minimum wage, the construction costs would have to be 28% of the current average” – essentially making the financing impossible.
- The Housing Credit is administered at the state level, and only the affordable housing developments that best satisfy state housing priorities, needs and goals 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 rate from 35 to 21 percent, will reduce the future supply of affordable homes by an estimated [235,000 units](#) 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 over an additional 28,000 affordable rental homes. However, many more resources are needed to make up for the nationwide shortage of affordable rental housing.

## We urge Congress to pass the Affordable Housing Credit Improvement Act

- The bipartisan *Affordable Housing Credit Improvement Act (AHCIA) of 2021* ([S. 1136](#) and [H.R. 2573](#)) would increase the Housing Credit allocation by 50 percent over current levels -- phased in over two years.
- The *AHCIA* also would allow states and their partners to produce and preserve more bond-financed developments by lowering the bond financing threshold from 50 percent to 25 percent and includes basis-boosts for harder-to-reach communities.
- The three major unit financing provisions would provide for over 2 million 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, seniors, Native Americans, and extremely low-income families.