Improving Health Outcomes

The Low-Income Housing Tax Credit (Housing Credit)

The Housing Credit is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing. Since 1986, the Housing Credit has been used to develop and preserve over 3.6 million homes nationwide, providing roughly 8 million households with homes they can afford. Housing instability, caused by lack of affordability, often forces families to choose between paying for rent, utilities, food, or medical care, affecting families' mental and physical health. A growing body of evidence shows that quality, affordability, and stability of housing, as well as the surrounding community, are directly linked to positive health outcomes and well-being.[1] As the primary tool for increasing our nation's supply of affordable homes, the Housing Credit can improve health outcomes for low-income families and communities.

Affordable Housing Saves Public Health Care Costs High housing cost burdens are linked to poorer health outcomes, increased cost-related healthcare non-adherence, and higher food insecurity.[2] Health begins at home, and without appropriate investment, unstably housed mothers and children are more likely to suffer health problems. A study by Children's Health Watch estimates that unstably housed families with children will add an estimated $111 billion in avoidable health and education expenditures in the United States over the next ten years.[3] A study conducted by the North Carolina Housing Finance Agency found that every $1 in Housing Credits saved as much as $3 in healthcare costs. Altogether, they found the Housing Credit may be responsible for up to $21 million per year in public health care savings in North Carolina alone.[4]

Covid-19 Underscores Importance of Affordable Housing The communities most heavily impacted by COVID-19 include many who are also disproportionately impacted by rental housing affordability and availability. Black, Indigenous, and people of color (BIPOC), senior citizens, and rural communities were hit hard by the pandemic. Crowded and unstable living conditions placed people at increased risk. In addition, medical expenses due to illness and loss of income has exacerbated the problems faced by individuals and families who are rent burdened.

The *Affordable Housing Credit Improvement Act* (*AHCIA*), S. 1136 & H.R. 2573

Provisions to support Affordable Housing Development

The *AHCIA* is led by Sens. Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Rob Portman (R-OH), and Reps. Suzan DelBene (D-WA-1), Jackie Walorski (R-IN-2), Don Beyer (D-VA-8) and Brad Wenstrup (R-OH-02). It includes several provisions that make it easier to finance affordable housing through the Housing Credit, which ultimately supports improved health outcomes of low-income individuals and families.

Expand the Housing Credit. The Housing Credit is over-subscribed, meaning far more potential developments are submitted to receive Housing Credits than are available. Increasing the annual Housing Credit allocation by 50 percent, phased in over two years, would finance an additional 299,000 affordable rental homes over 2021-30, providing more housing for low-income individuals and families.

Lower the Bond Financing Threshold for Receiving 4 percent Housing Credits. This provision will allow states to use their bond authority more efficiently and would free up funds for more housing developments.

Increase the amount of Housing Credits for developments serving extremely low-income (ELI) tenants.* Developing housing affordable to ELI tenants requires significant additional subsidy because the expected rents will be too low to pay off much debt on the property. These properties often also include critically needed supportive services, adding to the cost of the development. Providing additional Housing Credits for ELI properties (if needed for financial feasibility) would allow the Housing Credit to serve more ELI persons. *ELI households make at or below the greater of 30 percent of area median income or the federal poverty line.

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[1] Chetty, Raj, Nathaniel Hendren, and Lawrence Katz (2016). "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project." American Economic Review 106 (4); Ludwig, Jens, Greg J. Duncan, Lisa A. Gennetian, Lawrence F. Katz, Ronald C. Kessler, Jeffrey R. Kling, and Lisa Sanbonmatsu (2013). "Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity." American Economic Review, 103 (3): 226-31.

[2] University of Wisconsin Population Health Institute (2019). County Health Rankings Key Findings; Pollack, Craig Evan et al. (2010). "Housing Affordability and Health Among Homeowners and Renters". American Journal of Preventive Medicine, Volume 39, Issue 6, 515 – 521.

[3] Poblacion, Ana, et al. (2017) "Stable Homes Make Healthy Families." Childrenshealthwatch.org, Children's Health Watch

[4] North Carolina Housing Finance Agency. (2018). The Impact of the Low-Income Housing Tax Credit in North Carolina.