Public Housing

The Low-Income Housing Tax Credit (Housing Credit)

Public housing, like roads and bridges, is a long-term public asset and a critical part of our nation's infrastructure. In thousands of cities and towns across the country, seniors, veterans, persons with disabilities, and families with children rely on public housing; in some instances, no other source of housing could take its place more readily or cost effectively. However, inadequate federal funding over the last two decades has created a capital needs backlog estimated to be at least $70 billion. Even before adjusting for inflation, appropriations for the Public Housing Capital Fund are approximately the same as they were 18 years ago. With only one in five eligible households receiving federal housing assistance, it is critical to preserve the existing public housing stock across the nation.

Public Housing Authorities (HAs) use the Housing Credit and Housing Bonds to address a variety of affordable housing needs, such as the preservation of existing public housing through recapitalization or demolition and redevelopment where needs extend beyond rehabilitation. HAs use the Housing Credit in conjunction with the Rental Assistance Demonstration (RAD) program, which allows HAs to leverage public and private debt and equity to reinvest in the public housing stock, to maintain properties for residents. As of December 2020, HAs in 47 states and DC have converted 141,648 public housing units through 1,300 transactions. Of these converted units, 61,292 received Housing Credits – together with 11,210 non-RAD Housing Credit units in those same transactions – securing $7.29 billion in Housing Credit equity. The Housing Credit, when coupled with RAD or other non-RAD HUD programs like the Choice Neighborhood Initiative and previously HOPE VI, remains integral to the successful efforts of HAs to preserve existing and produce new quality housing for low-income households.

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.

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.