



The Housing Credit is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing. Since its inception in 1986 through 2015, the Housing Credit has built or preserved around 236,000 units in almost 1,600 rural counties.<sup>1</sup> It is the single largest financing source for developing and preserving affordable rural homes, making up nearly 50 percent of all financing.<sup>2</sup> Nearly all states also include incentives to promote rural development in their allocation of Housing Credits. However, more rural affordable housing is sorely needed.

### The Need for Affordable Rural Housing

Housing costs in rural communities have traditionally been lower than in suburban and urban areas throughout the country. However, because of lower incomes, higher poverty rates, and

now increased construction related costs due to a variety of factors associated with the coronavirus pandemic, housing options have become simply unaffordable for many rural residents. Rural renters' median income is just \$14,131, making it extremely difficult to find affordable places to live, especially in areas with limited options. Nearly half of rural renters are cost-burdened, spending more than 30 percent of their income on rent. According to the USDA latest occupancy survey almost 40,000 of the 385,180 households who live in USDA supported housing are rent overburdened. Rural renters are also twice more likely to live in substandard housing than rural homeowners.<sup>3</sup>

### 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.

**Help Housing Credits Work Better in Rural Areas.** The bill would provide a basis boost for rural projects, and standardize income eligibility for rural properties, both of which will help serve low-income families and individuals in rural areas.

**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 in rural areas.

**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.*

<sup>1</sup> Urban Wire (2018). "Why the low-income housing tax credit matters for rural communities." <https://www.urban.org/urban-wire/why-low-income-housing-tax-credit-matters-rural-communities>

<sup>2</sup> Rapoza Associates. (n.d.). The Low-Income Housing Tax Credit: Overcoming Barriers to Affordable Housing in Rural America. Retrieved from [http://ruralhousingcoalition.org/wp-content/uploads/2012/12/rapozaRuralLihtcRpt+CaseStudiesFinal\\_09062013.pdf](http://ruralhousingcoalition.org/wp-content/uploads/2012/12/rapozaRuralLihtcRpt+CaseStudiesFinal_09062013.pdf)

<sup>3</sup> Housing Assistance Council. (2012). *Taking Stock: Rural People, Poverty, and Housing in the 21st Century*. Retrieved from [http://www.ruralhome.org/storage/documents/ts2010/ts\\_full\\_report.pdf](http://www.ruralhome.org/storage/documents/ts2010/ts_full_report.pdf) [ruralhome.org]