Supportive Housing

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 its inception in 1986, the Housing Credit has been used to develop or finance over 3.6 million apartments, providing roughly 8 million households with homes they can afford. While the Housing Credit serves a wide array of tenants, including working families and seniors, it is also often a critical source to finance affordable Supportive Housing for people with special needs. Research has shown that Supportive Housing has positive effects on housing stability, employment, mental and physical health, and school attendance. People in Supportive Housing live more stable and productive lives. Studies in six different states and cities found that Supportive Housing results in tenants' decreased use of shelters, hospitals, emergency rooms, jails, and prisons.[1] Currently, all states and territories encourage Supportive Housing in their selection process for allocating Housing Credits.[2]

Approximately 1.125 million individuals and families[3] in the United States have needs consistent with supportive housing. This total is a compilation of needs across eight groups: older adults (226,000 or 22 percent); families (53,000 or 5 percent); people with intellectual and developmental disabilities (269,000 or 26 percent); justice-Involved/re-entering citizens (235,000 or 23 percent); people experiencing homelessness (105,000 or 10 percent); people with mental illness (56,000 or 6 percent); people with substance use disorders (36,000 or 4 percent); and youth (43,000 or 4 percent).

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.*

[1] CSH. (n.d.) *CSH Literature Review of Supportive Housing: By Study*. https://d155kunxf1aozz.cloudfront.net/wp-content/uploads/2018/07/CSH-Lit-Review-All-Papers.pdf.
[2] CSH. (2020). 2019 QAP Data Analysis. https://www.csh.org/qap/
[3] CSH. (2020). Estimated (rounded) national supportive housing need based on aggregate state data. https://csh.org/data