

# 4 PERCENT HOUSING CREDIT IMPACT IN PENNSYLVANIA

## 4% HOUSING CREDITS' BENEFITS FOR LOW-INCOME FAMILIES & THE ECONOMY

1986 – 2018



**12,396**

affordable homes in PA  
have been financed using  
the 4% Housing Credit



**28,883**

low-income  
households served



**16,760**

jobs supported  
for one year



**\$646 million**

tax revenue  
generated



**\$1.88 billion**

wages & business  
income generated



## Congress Should Enact a Minimum 4% Housing Credit Rate

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing. Today, the 4 percent Housing Credit finances about half of the annual affordable rental housing produced or preserved with the Housing Credit program.

However, the 4 percent Housing Credit is much lower than Congress originally intended because the 4 percent Housing Credit rate fluctuates monthly based on a formula tied to federal borrowing rates, which are now effectively at 0 percent. Enacting a minimum 4 percent Housing Credit rate would provide parity to the 9 percent Housing Credit rate, for which Congress enacted a minimum rate as part of the response to the 2008 economic collapse.

The ACTION Campaign calls on Congress to:

- **Enact a minimum 4 percent Housing Credit rate.**
- **Enhance multifamily Housing Bonds, which provide critical financing to about 50 percent of Housing Credit-financed homes.**

## THE 4% HOUSING CREDIT AND HOUSING BONDS

There are two components of the Low-Income Housing Tax Credit (Housing Credit) program – the “9 percent Housing Credit” and the “4 percent Housing Credit.” The 4 percent Housing Credit is generally accessed with the use of Multifamily Housing Bonds (Housing Bonds), a type of tax-exempt private activity bond used by state and local housing finance agencies to acquire, construct, and rehabilitate affordable multifamily housing for low-income renters.

To access the full amount of the 4 percent Housing Credit equity, which is needed for financial feasibility, Housing Bonds must cover at least 50 percent of certain development costs.

## ADDRESSING OUR NATION'S SEVERE SHORTAGE OF AFFORDABLE HOUSING



Setting a minimum 4 percent Housing Credit rate would provide for

**1,819 additional affordable homes**

to be built in Pennsylvania during 2020-2029

Last updated May 21, 2020. Visit [www.rentalhousingaction.org/state-district](http://www.rentalhousingaction.org/state-district) for this fact sheet's sources and methodologies.

The ACTION Campaign represents over 2,300 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

[www.rentalhousingaction.org](http://www.rentalhousingaction.org)