



The Affordable Housing Credit Improvement Act

Broadly-supported, bipartisan legislation to strengthen and expand the Low-Income Housing Tax Credit (Housing Credit)

The bipartisan Affordable Housing Credit Improvement Act (AHCIA), [S. 1136](#) and [H.R. 2573](#), introduced by Senators Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Rob Portman (R-OH), and Representatives Suzan DelBene (D-WA-01), Jackie Walorski (R-IN-02), Don Beyer (D-VA-08), and Brad Wenstrup (R-OH-02), is comprehensive legislation to expand and strengthen our nation's primary tool for developing and preserving affordable housing.

The AHCIA has been introduced in the past three congresses, and each time has earned broad bipartisan support. In 2020, a major provision from the AHCIA was enacted with the establishment of a minimum 4 percent Housing Credit rate, and in 2018, two key provisions from the AHCIA were enacted: a 12.5 percent Housing Credit allocation increase for four years (2018-2021), as well as "income averaging," a provision that provides flexibility to serve a broader range of low-income tenants.

This year's legislation largely mirrors the 2019 version of the AHCIA, with the addition of a few key provisions to further strengthen and improve the Housing Credit.

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Addressing Our Nation's Severe Shortage of Affordable Housing

The primary unit financing provisions in the AHCIA could finance up to 2,015,000 additional affordable homes across the United States and territories over the next decade. In that same time, the AHCIA could also support:

- Nearly 3 million jobs;
- Nearly \$120 billion in additional tax revenue; and
- More than \$346 billion in wages and business income.

This affordable housing and the associated economic activity is more critical than ever to address our country's affordable housing crisis, which has become even more urgent in light of the Covid-19 pandemic.





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Key provisions reintroduced in the AHCIA of 2021:

- **Increase Housing Credit allocations** by 50 percent over current levels to help meet the vast and growing need for affordable housing.
- Enable the Housing Credit to **better serve hard-to-reach communities** including rural, Native American, high-poverty, and high-cost communities, as well as extremely low-income and formerly homeless tenants.
- Make the Housing Credit a more effective tool for **preserving the nation's existing affordable housing** inventory by simplifying and aligning rules.

Key changes to the AHCIA of 2021:

- A new provision would enable states to **maximize affordable housing production and preservation** by lowering the threshold of Private Activity Bond financing – from 50 to 25 percent – required to trigger the maximum amount of 4 percent Housing Credits, which is needed for financial feasibility.
- **Accelerate implementation of the allocation increase** from the previous five years to two years, taking into account the increased and urgent need for affordable housing.
- **Improve the Housing Credit student rule** provision that was already in the AHCIA to clarify that formerly homeless youth and victims of human trafficking are eligible for affordable housing even if they are full-time students.
- Update the casualty loss provision from the prior AHCIA to allow for a **longer rebuilding period after natural disasters** if necessary, as determined by the state housing agency.

The Low-Income Housing Tax Credit: Building and Preserving Affordable Housing

**~3.6 million homes for more than
8 million low-income households**

have been financed since the inception of the Housing Credit program in 1986, including for veterans, seniors, people with disabilities, and families. Through public-private partnerships, the Housing Credit has built or preserved nearly all of the affordable rental housing across the country, offering a proven track record of financing safe, decent, affordable homes in communities where they are needed most.