Supporting Veterans

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 1986, the Housing Credit has been used to develop and preserve over 3.7 million homes nationwide, serving more than 8 million low-income households, including veterans of the armed forces.

The Need for Affordable Veterans' Housing In 2022, more than 33,000 veterans were without homes on a given night in the Unites States.[1] This is a reduction from past years, in part due to the aggressive use of Housing Credits combined with rental assistance programs, including the Veterans Affairs Supportive Housing program and Section 8 Housing Choice Vouchers. The growing shortage of affordable homes prevents communities across the country from adequately addressing veteran homelessness.

How the Housing Credit Serves Veterans Veterans served by Housing Credit properties often have extremely low or no income, meaning little, if any, similar-quality housing is affordable and available to them. Through the Housing Credit, states can incentivize developers to build veteran-specific affordable housing that includes special features to promote community, health, and well-being. Services may include connections to Department of Veterans Affairs health centers and case managers, peer support groups and counseling, food banks and health classes, and job-training and opportunities to engage with the wider community.

The *Affordable Housing Credit Improvement Act* (*AHCIA*), S. 1557 & H.R. 3238

Provisions to support Affordable Housing Development for Veterans

The *AHCIA* includes several provisions that make it easier to finance affordable housing through the Housing Credit and better meet the needs for veterans experiencing homelessness.

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 232,500 affordable rental homes over 2023-32, providing more housing for low-income veterans.

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, including formerly homeless veterans, 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 and formerly homeless veterans. **ELI households make at or below the greater of 30 percent of Area Median Income or the Federal Poverty Line.*

Clarify the general public use rule and its application to veterans. To address potential confusion about whether Housing Credit units can be set aside for veterans, this provision adds specific language to Section 42 providing that a developer may set aside affordable units for veterans.

[1] U.S. Department of Housing and Urban Development. (2022, Dec. 19). *2022 Annual Homeless Assessment Report: Part 1*. https://www.huduser.gov/portal/sites/default/files/pdf/2022-AHAR-Part-1.pdf