Supportive Housing

Leveraging Housing Credits for Better Health Outcomes and Lower Costs

The Housing Credit is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing. What many don't know is that the Housing Credit is widely used in funding development of Supportive Housing. Supportive Housing combines affordable housing with services that help people with complex medical challenges live with stability, autonomy, and dignity.

People who live in Supportive Housing are linked to intensive case management and voluntary, life-improving services like healthcare, workforce development, and childcare. 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 multiple states and cities have shown that Supportive Housing results in tenants' **decreased use of shelters, emergency rooms, and jails**, increasing **positive health outcomes for tenants while reducing costs to local and state governments**.[1] Currently, all states encourage Supportive Housing in their selection process for allocating Housing Credits.[2] Nonetheless, there is still an unmet need.

The Need for Supportive Housing

Over 1 million individuals and families[3] in the United States have needs consistent with Supportive Housing but do not have access to this highly effective model of service-enriched housing. With more people choosing to receive care in home-based settings, the utility of the Housing Credit will become a critical element of scaling Supportive Housing to meet the national demand and making Supportive Housing more accessible, affordable, and sustainable as people age.

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

Provisions to support Affordable Housing Development

The *AHCIA* includes several provisions that make it easier to finance affordable housing through the Housing Credit, including Supportive Housing.

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 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. (2018). *CSH Literature Review of Supportive Housing: By Study*. https://www.csh.org/wp-content/uploads/2018/07/CSH-Lit-Review-Housing-Outcomes.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://www.csh.org/supportive-housing-101/data/