

IMPROVEMENTS TO DEEPLY TARGET THE HOUSING CREDIT



The Low Income Housing Tax Credit (Housing Credit) is the primary source of financing for the construction and preservation of affordable housing. While it is an important resource, it alone cannot serve those families with the greatest, clearest needs—homeless individuals, extremely low-income seniors, families with children, people with disabilities, and Native American communities.

Any expansion of the Housing Credit **must include reforms** to ensure that the Housing Credit better serves our nation's most vulnerable families. ***The Affordable Housing Credit Improvement Act***, introduced by Senator Maria Cantwell (D-WA) and Orrin Hatch (R-UT), would both expand and improve the Housing Credit.

The bill includes a 50% expansion of the Housing Credit—and important reforms to more deeply target these resources to those families who need it most.

KEY REFORMS

1. Incentives to Serve Homeless and Extremely Low Income Families

NLIHC's research shows that for every 100 extremely low income households, there are just 35 affordable and available apartments. Our nation faces an alarming shortage of rental housing for those families with the greatest and clearest needs. One of the largest barriers to increasing the supply of affordable housing for these households is that developments need additional, deep subsidies to remain financially sustainable.

To overcome this barrier, the bill provides a 50% basis boost—thereby increasing the investment of Housing Credits—for developments that set aside at least 20% of units for households with extremely low incomes or that are living in poverty. With this much-needed financial incentive, the bill will help housing developments remain financially sustainable while serving families with limited means.

2. Encourage Development in Native American Communities

According to the Housing Assistance Council, persistent poverty and substandard housing are endemic to Native American communities. Despite the demand for decent, affordable rental housing, Native American communities struggle to attract private investment. Median incomes in these communities are 30% lower than the national rate—\$36,253 compared \$51,939—so developments need deeper subsidies in order to be financially feasible.

This bill designates Native American communities as "Difficult To Develop Areas," making housing developments automatically eligible for a 30% basis boost to increase the investment of Housing Credits. The bill also requires states to consider the needs of Native Americans when allocating Housing Credits. Together, these improvements will encourage much-needed development in Native American communities.

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