



**AN UNWAVERING
PATH FORWARD TO
HOUSING JUSTICE**
NATIONAL LOW INCOME HOUSING COALITION

Diane Yentel, President

Board of Directors

Dora Leong Gallo, Chair
Los Angeles, CA

Cathy Alderman
Denver, CO

Russell "Rusty" Bennett
Birmingham, AL

Staci Berger
Trenton, NJ

Andrew Bradley
Indianapolis, IN

Loraine Brown
New York, NY

Allie Cannington
San Francisco, CA

Geraldine Collins
New York, NY

Lisa J. D'Souza
St. Louis, MO

Derrick Belgarde
Seattle, WA

Diana Blackwell
New York, NY

Bambie Hayes-Brown
Atlanta, GA

Zella Knight
Los Angeles, CA

Moises Loza
Alexandria, VA

Anne Mavity
St. Paul, MN

Kathryn Monet
Washington, DC

Chrishelle Palay
Houston, TX

Hasson J. Rashid
Cambridge, MA

Shalonda Rivers
Opa-Locka, FL

Nan Roman
Washington, DC

Megan Sandel
Boston, MA

Marie Claire Tran-Leung
Redondo Beach, CA

Sharon Vogel
Eagle Butte, SD

Mindy Woods
Seattle, WA

Founded in 1974 by
Cushing N. Dolbear

September 23, 2024

The Honorable Ron Wyden
Committee on Finance
U.S. Senate
Washington, D.C.

The Honorable Mike Crapo
Committee on Finance
U.S. Senate
Washington, D.C.

The Honorable Jason Smith
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C.

The Honorable Richard Neal
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C.

To Chair Wyden, Ranking Member Crapo, Chair Smith, and Ranking Member Neal:

America's affordable housing and homelessness crisis is an urgent issue that requires action by all levels of government. The prospective 2025 tax bill presents an immediate, meaningful opportunity for Congress to directly address this crisis by expanding the supply of affordable rental homes and increasing housing affordability for those with the greatest, clearest needs: people with extremely low incomes who face the highest risk of housing instability and homelessness.

As the Senate Finance and House Ways and Means Committees work to advance a comprehensive tax package in 2025, I urge you to prioritize affordable housing solutions for those most harmed by our nation's housing crisis by including the NLIHC-led national [HoUSed campaign](#)'s top tax priorities: **(1) pairing any expansion of the Low-Income Housing Tax Credit (LIHTC) with reforms to better serve extremely low-income and other marginalized households, including those experiencing or at risk of homelessness and rural and Tribal communities and (2) creating a new, innovative, fully-refundable Renters Tax Credit – starting with a pilot demonstration – to help ease rental costs for millions of renters.**

NLIHC is solely dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice. NLIHC members include state and local affordable housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, faith-based organizations, public housing agencies, private developers and property owners, local and

The National Low Income Housing Coalition is dedicated to achieving racially and socially equitable public policy that ensures people with the lowest incomes have quality homes that are accessible and affordable in communities of their choice.

state government agencies, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we work on behalf of and with low-income people who receive federal housing assistance and those in need of it, especially extremely low-income people and people experiencing homelessness.

Across the nation, America's lowest-income renters face a severe shortage of affordable and available homes and a significant gap between incomes and housing costs. There is a national shortage of 7.3 million homes that are affordable and available to America's lowest-income renters – those earning less than either the federal poverty rate or 30% of their area median income (AMI). The severe shortage of affordable and available homes for extremely low-income renters is a structural feature of the country's housing markets, consistently impacting every state and nearly every community.

Housing costs are out of reach for too many of the lowest-income renters. Rents are far higher than what the lowest-income and most marginalized renters, including seniors, people with disabilities, and working families, can spend on housing, making it difficult – and for many, impossible – to afford other necessities, like food, medication, transportation, and childcare. Nationally, a full-time worker would need to earn \$32.11 per hour to afford a modest two-bedroom rental home and \$26.74 to afford a modest one-bedroom rental home without spending more than 30% of their income on housing. Of the 20 largest occupations in the U.S., 14 of them – accounting for more than 64 million workers, or 42% of the workforce – pay median wages lower than the one-bedroom housing wage.

Despite the clear and urgent need, Congress only provides housing assistance to one in four eligible households. Without affordable housing options, more than 10 million extremely low-income and very low-income renter households, disproportionately people of color, pay at least half their income on rent, leaving them without the resources they need to put food on the table, purchase needed medications, or otherwise make ends meet. Paying so much of their limited income on rent leaves the lowest-income families always one financial shock – an emergency or unexpected expense – from facing eviction and, in the worst cases, homelessness. On any given night, more than 650,000 people experience homelessness – the highest number on record – and millions more are at risk.

To fully address the affordable housing and homelessness crisis, Congress must invest in proven solutions at the scale needed. Solutions include bridging the gap between incomes and housing costs by making rental assistance universally available to all eligible households in need; preserving and expanding the supply of homes affordable to people with the lowest incomes; creating permanent tools to prevent evictions and homelessness; and strengthening and enforcing renter protections. These solutions must be paired with reforms to break down barriers that prevent access to critical resources and that deepen racial disparities.

In the near-term, however, Congress can help advance these policy goals by including the national HoUSed campaign's top tax priorities in any comprehensive tax package.

Pairing LIHTC Expansion with Reforms

The Low-Income Housing Tax Credit is our nation’s largest source of financing for affordable rental housing. While it is an important resource, apartments built with the tax credit are typically too expensive for extremely low-income households, who make up almost half (49.1%) of LIHTC tenants.

According to the National Council of State Housing Agencies, only a small share (16%) of new apartments built using LIHTC are affordable to renters with extremely low incomes. When the tax credit is used to preserve existing apartments, an even smaller share of these rental homes is affordable to extremely low-income households. As a result, the majority (58%) of extremely low-income renters living in developments financed with LIHTC who do not receive additional support through rental assistance are severely cost-burdened, paying more than half their limited income on rent.

Despite living in “affordable” homes, these households are always one unexpected expense or emergency away from falling behind on rent and facing eviction, and in worst cases, homelessness. These challenges, in turn, make it more difficult for communities to address homelessness.

Congress should pair any expansion of LIHTC with key reforms included in the “Affordable Housing Credit Improvement Act” ([S.1557](#), [H.R.3238](#)), a broad, bipartisan bill, introduced by Senators Maria Cantwell (D-WA) and Todd Young (R-IN) and Representatives Darin LaHood (R-IL) and Suzan DelBene (D-WA). These reforms would allow the tax credit to better serve renters with the greatest need and those at risk of homelessness:

- **ELI Basis Boost** offers additional tax credits to developers who agree to set aside at least 20% of apartments in a LIHTC-financed housing development for households with extremely low incomes. By providing a basis boost of 50%, Congress can make it more financially feasible for developers to build apartments at rents that are affordable to households with the greatest needs. This reform is needed to better address and prevent homelessness.
- **Designating Tribal and rural communities as “difficult to develop”** would allow developers to access an automatic 30% basis boost for building rental homes in these communities. Indigenous people living on Tribal lands have some of the worst housing needs in the United States. They face high poverty rates and low incomes, overcrowding, lack of plumbing and heat, and unique development issues. Financing properties in these areas is particularly challenging. Likewise, rural communities face unique barriers to developing affordable rental homes, including lower incomes, higher poverty rates, and lack of access to private capital. As a result, far too many rural families live in rental homes that are unaffordable or are in substandard condition.

Creating a Renters Tax Credit

By enacting a Renters Tax Credit, Congress can help millions of people more easily afford to keep a roof over their head. Under the HoUsed campaign proposal, households would receive a tax credit – provided on a monthly basis or annual basis – to cover the difference between what they can afford to spend on housing (30% of their income) and the cost of their rent, capped at Fair Market Rent. Renters and unhoused people would be eligible for the credit.

By making the credit fully refundable, the Renters Tax Credit will help those who struggle to afford housing the most – our nation’s lowest-income seniors, people with disabilities, families with children, veterans, and others. The tax credit would help millions of people who are just one unexpected cost or emergency away from falling behind on rent and facing eviction or, in worst cases, homelessness.

A Renters Tax Credit would help prevent housing instability and homelessness by putting resources directly in the hands of households who struggle to afford housing the most; improve health, education, and economic mobility by enabling households to better invest in their mental and physical health, education, and well-being; advance social and racial equity and housing justice; and overcome barriers – including landlords who refuse to accept rental assistance – that often prevent households from accessing an affordable home.

In 2025, Congress should create a five-year Renters Tax Credit pilot demonstration and put our nation on a path to universal rental assistance. A pilot demonstration could help to assess the effectiveness and future implementation of a Renters Tax Credit, build the evidence base for this innovative approach, and answer important questions about how to best scale up this intervention to all eligible households.

A pilot demonstration could be scaled up or down based on several criteria, including targeting households based on incomes, such as extremely low-income renters or households earning less than 15% of AMI, or to specific populations, such as youth experiencing homelessness, youth aging out of foster care, veterans, older adults, families with children, and other individuals.

At a time when America’s housing affordability crisis has reached new heights, it is critical that Congress use every opportunity – including a tax package – to prioritize housing solutions targeted to serve the lowest-income and most marginalized people. If you have any questions or need additional information, please contact NLIHC Senior Vice President for Public Policy and Field Organizing, Sarah Saadian, at ssaadian@nlihc.org, NLIHC Senior Policy Analyst, Libby O’Neill, at elloneill@nlihc.org, or NLIHC Senior Policy Analyst, Alayna Calabro, at acalabro@nlihc.org.

Sincerely,



Diane Yentel
President and CEO
National Low Income Housing Coalition