



The ACTION Campaign Calls on Congress to Expand the Low-Income Housing Tax Credit

Leaders from both sides of the aisle, including President Obama and House Speaker Ryan, recognize that persistent poverty is both destructive to families and a barrier to our nation's economic growth. We need affirmative policy solutions to prevent people from falling through the cracks if we are to expand opportunity and improve our economic well-being.

Unfortunately, the scarcity of affordable housing is a significant obstacle to our nation's efforts to alleviate poverty. While programs like the Earned Income Tax Credit are critical to increasing the incomes of low-income families, we need to do more to bring down the costs of housing – the single largest expense for low-income families.

For this reason, the undersigned businesses and organizations, representing over 1,000 national, state, and local affordable housing stakeholders as part of the A Call To Invest in Our Neighborhoods (ACTION) Campaign, urge Congress to address our nation's severe shortage of affordable rental housing by expanding the Low-Income Housing Tax Credit (Housing Credit).

The Housing Credit is our nation's primary tool for financing the development and preservation of affordable rental housing, and our best solution for addressing the affordable housing crisis. For 30 years, it has been a model public-private partnership program, bringing to bear private sector resources, market forces, and state-level administration in order to give low-income families, seniors, veterans, and people with disabilities access to homes they can afford.

We urge Congress to invest in this proven affordable housing delivery system by raising the cap on Housing Credit allocation authority by at least 50 percent.

Our Nation's Affordable Housing Needs are Vast and Growing

More than one in four renter households in the U.S. – roughly 11 million– spend more than half of their monthly income on rent, leaving too little for other necessities like food, medical care, and transportation. According to the Urban Institute, not a single county in the United States has nearly enough affordable apartments for all of its extremely low-income renters, and only one in four eligible low-income households receives any housing assistance.

Meanwhile, we continue to lose affordable housing from our nation's stock. Nearly 13 percent of the nation's supply of low-income housing has been permanently lost over the past 15 years. Over the next decade, the demand for affordable housing will become even greater as over 400,000 new households enter the rental housing market each year, many of whom will be low-income. According to a recent study by Harvard University's Joint Center for Housing Studies and Enterprise Community Partners, the number of renter households who pay more than half of their income towards rent could grow to nearly 15 million by 2025.

Affordable Housing Improves Lives and Contributes to Local Economies

Affordable housing promotes financial stability and economic mobility. It leads to better health outcomes, improves children's school performance, and helps low-income individuals gain employment and keep their jobs. It also provides a financial return on our nation's investment through increased tax revenue and job generation.

Families living in Housing Credit-financed homes have more discretionary income than low-income families who are unable to access affordable housing. This allows them to allocate more money to other needs, such as health care and food, and gives them the ability to pay down debt, access childcare, and save for education, a home down payment, retirement, or unexpected needs.

Affordable housing located near transportation and areas with employment opportunities provides low-income households with better access to work, which increases their financial stability and provides employers in those areas with needed labor.

In addition to the many benefits affordable housing provides to residents, affordable housing also has a significant positive impact on local economies, providing tax revenue and jobs in the construction, real estate and related industries. Affordable housing can also play a key role in revitalizing distressed communities.

The Housing Credit is Our Best Solution to Address the Crisis, but Resources are Limited

The Housing Credit is our nation's most successful tool for encouraging private investment in the production and preservation of affordable rental housing production. It has financed nearly 3 million affordable apartments since 1986, providing homes to roughly 6.5 million low-income households since then, while transferring risk from the government to the private sector.

Moreover, the market for Housing Credits is extremely healthy. In 2015, investors paid an average of 97 cents per dollar of Credit, according to the *Journal of Tax Credits*. This high pricing means more equity is available for the production and preservation of affordable rental housing.

Despite the growing need for affordable housing, viable and sorely needed Housing Credit developments are turned down each year because the cap on Housing Credit authority is far too low to support the demand. In 2013 – the most recent year for which data is available – state Housing Credit allocating agencies received applications requesting more than three times their available Housing Credit authority. Many more potential applications for worthy developments are not submitted in light of the intense competition, constrained only by the lack of resources.

The scarcity of Housing Credit resources forces state allocating agencies to make difficult trade-offs between directing their extremely limited Housing Credit resources to preservation or new construction, to rural versus urban areas, to neighborhood revitalization or developments in high opportunity areas, or to housing for the homeless, the elderly, or veterans. There simply is not enough Housing Credit authority to fund all of the properties needed, but with a substantial increase in resources, many more of these priorities would be addressed.

Congress Should Expand Housing Credit Authority by at Least 50 Percent

Though the need for Housing Credit-financed housing has long vastly exceeded its supply, Congress has not increased Housing Credit authority in 16 years. To make a meaningful dent in the affordable housing supply gap, we urge Congress to increase the cap on Housing Credit authority by at least 50 percent. Such an expansion would support the preservation and construction of 350,000 to 400,000 additional affordable apartments over a ten-year period. There is ample developer and investor appetite for Housing Credits to support such an increase.

We also encourage Congress to give states the discretion to convert a portion of their private activity bond volume cap to Housing Credit authority. This would allow states greater flexibility in their use of

existing resources and could meaningfully supplement a cap increase.

As Congress considers a pro-growth agenda that does not shy away from tough problems like poverty, we strongly urge Congress to increase Housing Credit authority. For the millions of families paying more than half of their income towards housing – choosing between paying the rent or their medical bills, making repairs to their cars, or enrolling in job training classes – an expansion of the Housing Credit cannot come soon enough.