

PASSING FEDERAL TAX LEGISLATION TO EXPAND THE PRODUCTION OF AFFORDABLE HOUSING

THE ISSUE

The Low-Income Housing Tax Credit (LIHTC) finances the production of affordable rental housing, but demand for this housing greatly exceeds available resources.

The LIHTC is the most successful affordable rental housing production program in U.S. history. The LIHTC is a source of equity financing for the development of affordable housing that serve households earning 60% or less of the area median income with rents restricted to keep the units affordable. Through construction of new apartments, preservation of existing affordable housing, and rehabilitation of older multifamily buildings, the LIHTC adds to the nation's supply of affordable housing.

Since its inception, the program has made possible the production of more than 2.5 million affordable apartments. It creates approximately 95,000 new full-time jobs, adds \$7.1 billion in income to the economy and generates approximately \$2.8 billion in federal, state and local taxes each year. In recent years, the LIHTC has produced about 75,000 new apartment homes annually.

THE SOLUTION

NAHB supports bipartisan legislation to increase resources for the LIHTC program.

Tax policy will take center stage as Congress debates extending the 2017 Tax Cuts and Jobs Act (TCJA). NAHB supports extending TCJA but also believes Congress should include pro-growth housing legislation such as the bipartisan Affordable Housing Credit Improvement Act, which would improve and expand the LIHTC program.

NAHB also supports bipartisan proposals to create a new tax credit to produce affordable workforce rental housing geared toward middle-income households, such as teachers, health care professionals, and law enforcement.