Low-Income Housing Tax Credit (LIHTC)

CONGRESS CREATED THE LIHTC 30 years ago to provide the private market with an incentive to invest in affordable rental housing. Today, the LIHTC is the largest source of capital supporting the nation’s affordable housing inventory. In addition to producing new units of affordable housing, developers can also use the equity raised through the sale of tax credits to support modernization of existing units. Many PHAs have leveraged the value of the LIHTC to create and preserve affordable housing in their communities. NAHRO remains committed to working with our industry partners to preserve and strengthen the LIHTC program.

In 2014, the Number of Housing Cost-Burdened Renters Reached a Record High

<table>
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<tr>
<th>&gt; 30% OF INCOME SPENT ON HOUSING</th>
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<tr>
<td>21.3 Million Renters</td>
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<table>
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<tr>
<th>&gt; 50% OF INCOME SPENT ON HOUSING</th>
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<td>11.4 Million Renters</td>
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NAHRO’s LIHTC Priorities:

- Last year, NAHRO won a significant victory when Congress approved a minimum 9 percent LIHTC rate for new construction and substantial rehabilitation projects.

- NAHRO will now focus on the important goal of establishing a minimum 4 percent credit rate for allocated acquisition credits, and raising the overall annual housing credit allocation to states. Given the competitive nature of obtaining tax credits and the well documented lack of affordable housing throughout the nation, these priorities are necessary.

- The President’s budget proposal allows states to trade up to 18 percent of their Private Activity Bond volume cap in for additional tax credit allocation authority. NAHRO is deeply supportive of this effort to augment the availability of credits.

LIHTC is an Indispensable Finance Tool

- LIHTCs provide a critical source of equity for about 90 percent of new affordable housing developments.

- LIHTCs have been used to develop 2.8 million affordable rental units for low-income families. They generate 96,000 jobs a year and have leveraged nearly $100 billion in private investment.

- To create, acquire and rehabilitate public housing and other affordable housing, LIHTCs can be an important financing component to many of our existing federal programs:
  - Rental Assistance Demonstration
  - Choice Neighborhoods
  - HOME Investment Partnerships Program
  - Community Development Block Grant
HOME Investment Partnerships Program (HOME)

FOR 20 YEARS, the proven and effective HOME program empowers hundreds of states and localities to design and implement affordable housing strategies to respond to locally determined need. HOME funds can be used for new construction, rehabilitation of existing housing, down payment assistance, and tenant-based rental assistance. Over 600 state and local participating jurisdictions receive funding for new construction and rehabilitation of rental and homebuyer units, down payment assistance to creditworthy homebuyers, and tenant-based rental assistance. In a recent report by Harvard’s Joint Center for Housing Studies, researchers found that demographic trends alone would raise the number of households spending more than 50 percent of their income on rent by 11 percent (1.3 million households) over the next decade. Given our nation’s affordable housing shortage, the HOME program is critical.

NAHRO’s HOME Investment Partnerships Priorities:

- NAHRO will seek to reverse the devastating funding reductions that have occurred in recent years, restoring funding levels to their former levels.

- NAHRO will continue to oppose any efforts to change program eligibility thresholds that would reduce existing grantees’ ability to access these critical resources.

- NAHRO will work to address the negative impact recent HOME regulatory reforms have had on the ability of PHAs and local redevelopment authorities and their instrumentalities to fully engage in the program.

National Housing Trust Fund (HTF)

Under the Housing and Economic Recovery Act of 2008, the National Housing Trust Fund was implemented by Congress with the purpose of generating a dedicated funding source, not subject to annual appropriations, to create and preserve affordable housing. It was not until last year that Fannie Mae and Freddie Mac began setting aside funds for both the HTF and the Capital Management Fund. State HTF allocations is set to begin in 2016. Last year, NAHRO successfully argued for the inclusion of PHA as eligible grantees and the HTF interim rule permits program resources to be combined with Low-Income Housing Tax Credits or Choice Neighborhoods grants to rehabilitate or develop new public housing.

- NAHRO will seek to protect the newly operational HTF by ensuring that funding distributions will begin in a timely fashion. This important program has already been threatened by legislation seeking to cancel or transfer its contributions and NAHRO will work to fully support capitalization of this important funding source.