



Bipartisan Policy Center Action

## **The Affordable Housing Credit Improvement Act S. 1557, H.R. 3238**

**By Sens. Todd Young (R-IN), Maria Cantwell (D-WA), Ron Wyden (D-OR), and Marsha Blackburn (R-TN)**

**By Reps. Darin LaHood (R-IL), Suzan DelBene (D-WA), Brad Wenstrup (R-OH), Don Beyer (D-VA), Claudia Tenney (R-NY), and Jimmy Panetta (D-CA)**

### **A BIPARTISAN BILL TO BUILD NEARLY 2 MILLION NEW AFFORDABLE HOMES BY STRENGTHENING THE LOW-INCOME HOUSING TAX CREDIT (LIHTC)**

#### **What does the bill do?**

The Affordable Housing Credit Improvement Act would help fund the construction of about 1.94 million new affordable rental homes over the next decade by expanding and modernizing the LIHTC. The bill would increase the number of credits available to states in the LIHTC program by 50%, make it easier for states to use the credit, and allow the program to more effectively reach underserved communities, including rural Americans, Native American communities, and formerly homeless students.

#### **What is the Low-Income Housing Tax Credit program?**

The Low-Income Housing Tax Credit (LIHTC) program, created by Congress in 1986, is the main federal tool for developing and preserving affordable rental housing. It provides tax credits to state agencies, which award them to developers of affordable housing. Developers then sell the credits to investors to fund their projects. Homes built through LIHTC must generally remain affordable for 30 years to households earning less than 60% of the area median income. To date, the program has created 3.8 million affordable homes, benefiting more than 8 million low-income households.

#### **Why is the bill needed?**

The U.S. still faces a shortage of affordable rental homes. For every 100 extremely low-income households, only 34 affordable units are available. Thousands of affordable units are lost each year, and 22.4 million renters now spend more than 30% of their income on housing. Strengthening the LIHTC program through the Affordable Housing Credit Improvement Act is essential to addressing this growing crisis.