



The Affordable Housing Credit Improvement Act of 2021

Broadly-supported, bipartisan legislation to expand and strengthen the Low-Income Housing Tax Credit (Housing Credit)

The bipartisan Affordable Housing Credit Improvement Act (AHCIA) of 2021, introduced by Senators Maria Cantwell (D-WA), Todd Young (R-IN), Ron Wyden (D-OR), and Rob Portman (R-OH), and Representatives Suzan DelBene (D-WA), Jackie Walorski (R-IN), Don Beyer (D-VA), and Brad Wenstrup (R-OH), is comprehensive legislation to expand and strengthen our nation's primary tool for developing and preserving affordable housing.

The AHCIA has been introduced in the past three congresses, and each time has earned broad bipartisan support. In 2020, a major provision from the AHCIA was enacted with the establishment of a minimum 4 percent Housing Credit rate, and in 2018, two key provisions from the AHCIA were enacted: a 12.5 percent Housing Credit allocation increase for four years (2018-2021), as well as "income averaging," a provision that provides flexibility to serve a broader range of low-income tenants. This year's legislation largely mirrors the 2019 version of the AHCIA, with the addition of a few key provisions to further strengthen and improve the Housing Credit.

The AHCIA of 2021 will result in the production of over **2 million additional affordable homes** over the next decade, support the creation of nearly 3 million jobs, and generate more than \$346 billion in wages and business income and nearly \$120 billion in additional tax revenue – helping to address our country's affordable housing crisis that has become even more urgent in light of the COVID-19 pandemic.

Key provisions REINTRODUCED in the AHCIA of 2021:

- **Increase Housing Credit allocations** by 50 percent over current levels to help meet the vast and growing need for affordable housing.
- Enable the Housing Credit to **better serve hard-to-reach communities** including rural, Native American, high-poverty, and high-cost communities, as well as extremely low-income and formerly homeless tenants.
- Make the Housing Credit a more effective tool for **preserving the nation's existing affordable housing** inventory by simplifying and aligning rules.

Key CHANGES to the AHCIA of 2021:

- A new provision would enable states to **maximize affordable housing production and preservation** by lowering the threshold of Private Activity Bond financing – from 50 to 25 percent – required to trigger the maximum amount of 4 percent Housing Credits, which is needed for financial feasibility.
- **Accelerate implementation of the allocation increase** from the previous five years to two years, taking into account the increased and urgent need for affordable housing.
- **Improve the Housing Credit student rule** provision that was already in the AHCIA to clarify that formerly homeless youth and victims of human trafficking are eligible for affordable housing even if they are full-time students.
- Update the casualty loss provision from the prior AHCIA to allow for a **longer rebuilding period after natural disasters** if necessary, as determined by the state housing agency.

The Low-Income Housing Tax Credit: Building and preserving affordable housing

The Housing Credit has financed the development and preservation of nearly all affordable rental housing since its inception in 1986, financing nearly 3.5 million homes for more than 8 million low-income households, including veterans, seniors, people with disabilities, and families. Through public-private partnerships, the Housing Credit offers a proven track record of financing safe, decent, affordable homes in communities where they are needed most.

To co-sponsor the Affordable Housing Credit Improvement Act or for more information, contact:
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