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By Samantha Handler

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The languishing of a \$78 billion tax package in the Senate is dampening hopes among affordable housing advocates that tens of thousands of new homes would be generated from the bill, making 2025 an even more crucial year to boost housing development.

The bipartisan legislation expands the decades-old low-income housing tax credit with a 12.5% increase in the number of credits states can allocate. The measure aims to help states fund more affordable developments, and has been on top of the housing industry's wish list since an increase in the credit from 2018 expired in 2021.

Real estate interests, affordable housing backers, and lawmakers have been clamoring for the Senate to pass the tax bill this year as the nationwide shortage of affordable housing worsens. While the legislation easily passed the House, it's been stuck in the Senate for months as Republicans oppose unrelated child tax credit provisions.

Housing problems will worsen if the Senate doesn't pass the bill, said Stockton Williams, executive director of the National Council of State Housing Agencies.

"As long as there is some time and some hope, we're going to keep working, because it's critical," Williams said. "Without it, we'll fall further behind in terms of meeting these growing needs, especially for lower-income renters."

Audit and tax consultancy Novogradac estimates the credit boost could generate or preserve around 200,000 units.

Much of the 2017 tax law expires at the end of 2025, and many other groups also will be lobbying Congress to ensure their priorities are included in an expected giant end-of-year tax package.

“There’s so many variables of what might be considered next year that it’s certainly on advocates to make a really strong case for including housing resources, and particularly resources for people at the lowest incomes,” said Sarah Saadian, senior vice president of public policy for the National Low Income Housing Coalition. “We don’t take anything for granted.”

While there’s broad support among lawmakers and the real estate industry for the credit, some have criticized the costliness of the projects and noted inefficiencies in the program.

### **Democrats Continue Push**

Housing advocates have been buoyed in part by a push by Democrats in the Senate.

Majority Leader Charles Schumer (D-N.Y.) said earlier this month he’s still working with Senate Finance Chair Ron Wyden (D-Ore.) to pass the tax bill. Schumer said he pushed hard to get the housing provision in, calling it “very important” to his state.

Nearly 20,000 rental homes would be financed in New York under the bill, according to estimates from Novogradac.

The low-income housing tax credit remains a priority for Senate Finance Democrats, Wyden said after the group met June 20.

“It’s a sleeper issue. Everywhere I go, elected officials tell me it’s top of their list,” Wyden said.

Sen. Maria Cantwell (D-Wash.) also pushed for the allocation boost to be included in this year’s tax package. Novogradac estimated that nearly 7,000 additional homes would be financed in Washington state.

“If we build more housing supply, then we would be lowering the price, so let’s do that,” Cantwell told reporters recently.

Many Republicans also support the credit, including Senate Finance members Todd Young (R-Ind.) and Marsha Blackburn (R-Tenn.), and Ways and Means Rep. Darin LaHood (R-Ill.), the GOP leads on legislation to broadly expand the credit. The bill has 227 cosponsors in the House and 33 cosponsors in the Senate.

Senate Republicans, though, have been less vocal about pushing for passage this year. Some, such as Blackburn, have opposed the tax bill despite their support for the low-income housing tax credit.

### **Hope for Next Year?**

Meanwhile, the affordable housing crisis shows few signs of abating.

Extremely low-income renters face a shortage of 7.3 million affordable and available rental homes in the US, according to a 2024 report from the National Low-Income Housing Coalition.

New units that could be created from the credit boost would be a critical first step in addressing the problem, as inflation and other drivers of higher costs for construction materials have heightened the issue since the LIHTC boost expired in 2021, Williams said.

Even if the bipartisan tax package doesn't pass the Senate this year, the housing credit inclusion in the bill was a positive signal for next year, Williams said.

But lawmakers missed a chance to include a provision that would help people at the lowest income levels afford the apartments built with the credit, Saadian said. A measure that would do that isn't in the package that's now before the Senate.

"It was a missed opportunity for Congress not to include the reforms," Saadian said. "And then it's a missed opportunity for Congress not to do anything on housing this year."

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