

Emergency Affordable Housing Act of 2020

Sponsored by Senators Wyden and Cantwell

Since it was created in 1986, the Low-Income Housing Tax Credit (LIHTC) has financed 3.2 million affordable apartments, providing homes to roughly 7.4 million low-income households. The Emergency Affordable Housing Act of 2020 expands LIHTC to house more families, including the most vulnerable; secures current LIHTC deals that are now on shaky ground due to the pandemic and faltering economy; and preserves tens of thousands of affordable housing units by closing a key loophole. The bill draws from proposals in the Affordable Housing Credit Improvement Act of 2019 (S. 1703) and the Save Affordable Housing Act of 2019 (S. 1956), and also includes new provisions. These proposals would produce 500,000 new affordable housing units over the next ten years.

Expanding LIHTC production. As the economy reopens and homebuilding resumes, the bill would expand the 9% housing credit by 50%, ramped up over two years. The bill would set a minimum value under the 4% credit for purchase or rehabilitation of existing buildings, as low interest rates have eroded the credit's value. The bill would temporarily allow more 4% credits to be paired with bond-financed affordable housing projects. The bill would allow 4% credit projects in difficult or costly development areas to benefit from a "30% basis boost." The 30% basis boost would also be extended to 4% and 9% housing credit projects in rural and Indian areas, to compensate for higher costs and lack of affordable housing.

Increasing LIHTC credits for projects that target deeper affordability. The bill would provide a 50% larger housing credit for projects that house extremely low income families (those with incomes below 30% of median). The larger credit would be funded from a set-aside that doesn't count against existing spending caps. The bill would also create a separate credit within LIHTC to fund the supportive services needed to keep families housed, including health and mental health services, benefits coordination, job training, and financial counseling.

Helping LIHTC developers and operators stay afloat. Due to the pandemic, construction has been halted, lease-up of finished buildings has been delayed, and LIHTC deals that were once solid, are now on shaky financial ground. To keep developers afloat and prevent LIHTC investors from walking away, the bill would extend key compliance deadlines, front-load the LIHTC credit into the first year, and expand the 4% housing credit for current deals.

Closing loopholes to preserve and promote affordable housing. The bill repeals the "qualified contract" option that allows LIHTC owners to convert properties to market rate after just 15 years. The bill also prohibits the consideration of local support or opposition, or local government contributions in deciding where to build affordable housing.

The coronavirus is threatening the housing security of tens of millions of lower-income Americans. The Emergency Affordable Housing Act would strengthen LIHTC to weather the current storm by preserving and protecting current LIHTC properties, dramatically expanding production, and extending housing to those at extremely low incomes.