



## SPENDING BILL SPOTLIGHT: LOW-INCOME HOUSING TAX CREDITS



*Yavapai-Apache Nation Tribal Housing, Photo by Travois*

### LIHTC Increase in Spending Bill

The \$1.3 trillion spending bill that was signed by the President contained the first expansion of the [Low Income Housing Tax Credit](#) (LIHTC) program in more than a decade. Included is an increased allocation and the ability of the tax credit to reach tribal communities located near higher-income areas.

#### Summary:

- **A 12.5 percent increase in Housing Credit allocation for four years (2018-2021)** - Sec. 102. Increase in State Housing Credit Ceiling.
- **Permanent authorization for income averaging, enabling 60 percent of the area median income ceiling to apply to the average of all apartments in**

#### Resources:

[LIHTC Section](#)

[Omnibus Appropriations Act, 2018](#)

[Sen. Cantwell Press Release](#)

**development** - Sec. 103 Average Income Test for Low-Income Housing Credit.



### **Senator Maria Cantwell (D-Wash.)**

“Housing conditions in Native American communities remain some of the most challenging in the nation. Expanding the Low Income Housing Tax Credit is critically important to help ensure tribes and their members continue to have the tools necessary to access affordable housing.”

Senator Cantwell championed the LIHTC boost in the spending bill. Since its creation 30 years ago, the LIHTC has financed nearly 3 million homes across the United States, leveraging more than \$100 billion in private investment. Between 1986 and 2013, more than 13.3 million people have lived in homes financed by the LIHTC.

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### **Related LIHTC Bills to Watch**

The two key LIHTC provisions contained in the spending bill are also included in the Affordable Housing Credit Improvement Act bills ([S. 548](#) / [H.R. 1661](#)). However, the additional bills seek to expand the LIHTC program significantly by assisting in creating or preserving approximately 1.3 million affordable homes, an increase of 400,000 more units than is possible under the existing program.

Of importance to tribes, the bills include language to designate tribal government communities as “Difficult to Develop Areas,” making housing developments automatically eligible for a 30% boost to increase investment of LIHTC. The bills also require states to consider the needs of Native Americans when allocating tax credits. NAFOA testified in an Oversight Hearing to share how modernizing tax policies, such as the LIHTC, could build tribal economies and the importance of having tribal-specific provisions in the program.

### **Tina Danforth (NAFOA President)**

“The LIHTC is the primary source of financing for the construction and preservation of affordable housing on tribal lands as land restrictions and collateral is an issue. The program provides the private market with greater incentives to invest in affordable housing.”



If passed, the bills would be one of the most significant updates to the LIHTC program in its 30-year history. These measures aim to improve the LIHTC and offset the projected annual loss in the market value from the Tax Reform Bill of 2017. The corporate tax rate decreased from 35% to 21%, which could reduce investor demand resulting in fewer homes built under the program.

For questions or comments please contact [Jennifer Parisien](#) or (202) 558-8040.

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