

## Low Income Housing Tax Credit Gets Boost from Spending Bill

By Brian Collins, American Banker, March 26, 2018

WASHINGTON — Congress approved a significant increase in the Low Income Housing Tax Credit program in passing a trillion-dollar budget bill last week.

This is the first increase in the tax credit in "over a decade," Sen. Maria Cantwell, D-Wash., a longtime champion of the program, said in a press release.

The program currently provides states and local LIHTC-allocating agencies with nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation or new construction of rental housing targeted to lower-income households.

The Cantwell provision will increase the allocation of LIHTCs by 12.5% over the next four years, at a cost of nearly \$3 billion.

And it will [help mitigate the hit](#) the tax credit program took as part of the [tax deal](#) that President Trump signed Dec. 22. Pricing for the credits dipped after the tax cut due to the reduction in the corporate rate from 35% to 21%.

For a corporate investor, that represents a 15% cut in the tax savings they receive from investing in low-income housing tax credits, according to Benson Roberts, president and chief executive of the National Association of Affordable Housing Lenders.

"This is a significant win for affordable housing production and preservation," especially in combination with increased funding for several HUD programs such as community development block grants, Roberts said.