

We Already Know What to Do About the Housing Crisis

By Buzz Roberts, Impacting Our Future/USA Today, March 2019

Wouldn't it be great to have a way to build and renovate affordable apartments that could bring government, the private sector and local communities together as partners; that could produce quality homes that would fit local needs and improve neighborhoods; that could serve families, the elderly and even the disabled and the homeless well for decades; that Republicans, Democrats, developers and communities could all get behind?

We already have that. It's called the Low Income Housing Tax Credit, and it may be one of America's best kept secrets. Since 1987, this "Housing Credit" has produced over three million affordable apartments and now accounts for about 30 percent of all apartments with similar rents. Harvard University called the Housing Credit America's most successful affordable housing development policy ever.

The Housing Credit is a federal tax credit administered by the states. Each individual state controls a limited volume of Housing Credits each year, so developers compete for them based on local priorities. Most developers cannot use the tax credits themselves, but there is a highly competitive market among investors – mostly banks – that can use the tax credits. Because they can claim and keep the tax credits only if the housing is built on schedule and serves low-income renters at affordable rents, the investors closely monitor performance and can step in quickly to address any problems that may arise. States usually require 30-55 years of affordability to maximize public benefit. All of this competition, performance incentive and state accountability explains why the Housing Credit has maintained bipartisan support in Congress and in local communities for more than three decades.

Despite its success, the Housing Credit has attracted relatively little public attention. Although some communities resist any new development, Housing Credit properties tend to be attractive and fit well within their neighborhoods. Stanford University researchers have found that Housing Credit properties significantly increase the value of nearby homes, reduce crime and increase both income and racial diversity. In a world where controversy attracts more attention than routine good performance, the Housing Credit defies the stereotypes of low-income housing.

If the Housing Credit works so well, then how do we still have a shortage of affordable apartments? The answer is scale. The Housing Credit produces about 100,000 apartments annually but the number of low-income renters is growing much faster, their incomes have barely kept pace with inflation for decades, and rents keep climbing.

That's why a bipartisan coalition of 46 Senators last year sponsored legislation to expand the Housing Credit program by 50 percent over five years.

We already know what to do, and we will continue to do more of it.