

# Low Income Housing Tax Credit Q&A for PIC Members

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September 22, 2016

The SCA Public Issues Committee is scheduled to vote October 12, 2016 on whether to support a policy position in support of federal legislation to increase the annual allocation for the federal Low Income Housing Tax Credit (see the [September 14, 2016 PIC Packet](#), page 67, for the draft policy position and additional info). The following questions about the tax credit and legislation were received from PIC members at the September 14, 2016 PIC meeting. Answers below are summarized by SCA staff from materials provided by King County, the Office of Sen. Maria Cantwell, and the Washington State Housing Finance Commission. Members with additional questions can contact SCA Policy Analyst Ellie Wilson-Jones at [ellie@soundcities.org](mailto:ellie@soundcities.org).

## 1. **Sponsors:** In addition to Sen. Maria Cantwell, who has signed on to co-sponsor this legislation?

- **Short Answer:** In addition to Sen. Cantwell, there are five Senate co-sponsors of the legislation. Sen. Cantwell is also reaching out to additional Senate colleagues and requesting they join as co-sponsors, especially those who sponsored an earlier iteration of the legislation.
- Sen. Cantwell is continuing to seek additional co-sponsors for her legislation, which has been introduced in two iterations, [S.3237](#) and [S. 2962](#).
  - Co-sponsors to Sen. Cantwell's newer legislation – [S.3237](#) – are as follows:
    - Sen. Hatch, Orrin G. [R-UT]
    - Sen. Wyden, Ron [D-OR]
    - Sen. Ayotte, Kelly [R-NH]
    - Sen. Klobuchar, Amy [D-MN]
    - Sen. Cassidy, Bill [R-LA]
  - Co-sponsors to Sen. Cantwell's earlier legislation – [S. 2962](#) – are as follows:
    - Sen. Hatch, Orrin G. [R-UT]
    - Sen. Schumer, Charles E. [D-NY]
    - Sen. Wyden, Ron [D-OR]
    - Sen. Ayotte, Kelly [R-NH]
    - Sen. Klobuchar, Amy [D-MN]
    - Sen. Murkowski, Lisa [R-AK]

- Sen. Merkley, Jeff [D-OR]
  - Sen. Collins, Susan M. [R-ME]
  - Sen. Boxer, Barbara [D-CA]
  - Sen. Cassidy, Bill [R-LA]
  - Sen. Sanders, Bernard [I-VT]
- Sen. Cantwell introduced [S.3237](#) in July 2016 as an expansion of her previously proposed legislation, [S. 2962](#), from May 2016. The newer bill includes more comprehensive changes to the Low Income Housing Tax Credit (LIHTC) program, and Sen. Cantwell is currently urging co-sponsors of the earlier legislation to sign on.
  - Companion legislation has not been introduced in the House. Sen. Cantwell has urged those who are supportive of the legislation to reach out to their representatives in the House to urge them to introduce companion legislation.

## 2. **Cost: How much will it cost to increase the LIHTC appropriation?**

- **Short Answer: \$4.1 billion over ten years with some potential cost savings in the federal social safety net and the likelihood of increased tax revenues associated with additional development.**
- The amount of 9 percent tax credits made available to states annually is set on a per capita basis with a minimum set for small states. The per capita allocation was last increased and indexed to inflation in 2004 and is currently \$2.35. The current small state minimum is \$2.68 million. Section 101 of [S.3237](#) would increase the per capita amount and small state minimum each by 50 percent, subject to inflation, over five years to \$3.53 and \$4.04 million, respectively, by 2021. The Joint Commission on Taxation estimates this provision would cost \$4.1 billion cumulatively over 10 years.
- Sen. Cantwell’s Office answers that the simulative effect of the increase would outweigh the costs through the jobs it would support or create, through local income and tax revenue generated, and by easing the costs of homelessness and supportive services by moving individuals and families into affordable housing.

### 3. **Explanatory Materials:** What materials are available to explain this legislation?

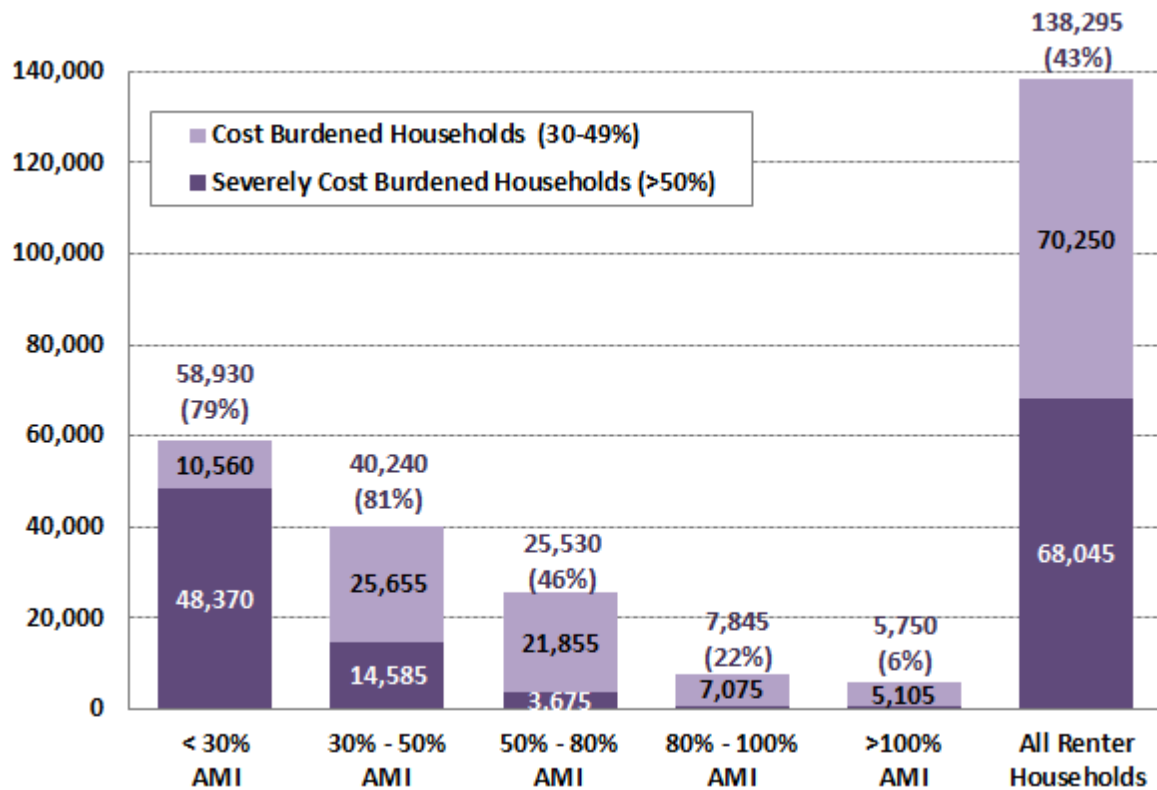
- **Short Answer:** In addition to the materials from the [September PIC Packet](#), the advocacy group Affordable Rental Housing ACTION (A Call to Invest in Our Neighborhoods) Campaign has developed a [number of documents](#) speaking in favor of the legislation.
- The staff report from the [September 14, 2016 PIC Packet](#) (page 67) provides an overview of the federal Low Income Housing Tax Credit program and Sen. Maria Cantwell’s proposed legislation to increase the allocation for the tax credit.
- There are three additional documents from the Office of Sen. Cantwell included in the [September 14, 2016 PIC Packet](#) as attachments to the staff report that provide more information about the Low Income Housing Tax Credit and Sen. Cantwell’s proposed legislation:
  - *Affordable Housing Credit Improvement Act One-Pager* (page 71)
  - *Affordable Housing Credit Improvement Act Section-by-Section Summary* (page 72)
  - *Addressing the Challenges of Affordable Housing & Homelessness: The Housing Tax Credit* (page 75)
- Additionally, members may find the following resources useful. They were developed by the Affordable Rental Housing ACTION (A Call to Invest in Our Neighborhoods) Campaign, a national coalition of more than 1,000 national, state, and local affordable housing stakeholder organizations that are calling on Congress to increase the LIHTC program.
  - [Washington State ACTION Campaign Members](#)
  - [Summary of The Affordable Housing Credit Improvement Act of 2016, S. 3237](#)
  - [Low Income Housing Tax Credit Impact in Washington Fact Sheet](#)
  - Additional materials from the [ACTION Advocacy Toolkit](#)

#### 4. **Need:** What is the current gap between the amount of affordable housing available in King County and the need?

- **Short Answer: Nearly 140,000 King County renting households are said to be cost-burdened, meaning they pay 30 percent or more of their income on rent.**
- The share of households that are cost-burdened (spending 30 percent or more of their income on housing) or severely cost-burdened (spending half or more of their income on housing), is one of the more reliable measures of the need for affordable housing versus the current supply. Measures that compare the number of lower cost units to the number of households in various income brackets may overstate the availability of affordable housing for lower income households because many of the lower cost units are actually occupied by higher earning households.
- The following chart, taken from [King County's December 2015 Affordable Housing Strategy](#), shows that among households making less than 30 percent and 30-50 percent of the Area Median Income, there are nearly 50,000 and nearly 15,000 households, respectively, that were severely cost-burdened (meaning they spend half or more of their income on rent). These nearly 65,000 households are considered to be unstably housed and may be at risk of homelessness.

### Cost Burdened Households by Income Range

(Source: [King County Affordable Housing Strategy](#) using 2007-11 Census data)



### 5. Local LIHTC-Financed Properties: How has the 9 percent LIHTC been utilized, to date, in King County cities?

- Short Answer: Six years' worth of 9 percent LIHTC allocations in King County (outside Seattle) are listed below. A fuller summary is still being developed for PIC members by the Washington State Housing Finance Commission.
- The Washington State Housing Finance Commission allocates the 9 percent tax credits to developers through an annual competitive application process, and, each year, the demand for the tax credits exceeds available resources.
- The following table lists projects funded back to 2011 in King County (outside Seattle).

9% Housing Tax Credit Allocations in King County (Outside Seattle)					
Allocation Year	Project Name	Project Sponsor	City	Credit Request	Low Income Units
<u>2016</u>	Sunset Court Apartments	Renton Housing Authority	Renton	\$905,082	159
<u>2016</u>	Athene	Red Vines 1	Kirkland	\$1,477,113	158
<u>2015</u>	Compass at Ronald Commons	Compass Housing Alliance	Shoreline	\$1,198,297	159
<u>2015</u>	Providence Redmond Sr. Hsg	Providence Health & Services- WA	Redmond	\$1,517,383	155
<u>2014</u>	MSC Federal Way Veterans' Program	Multi Service Center	Federal Way	\$834,070	44
<u>2014</u>	Vantage Point Apartments (Phase 2)	King County Housing Authority	Renton	\$922,950	45
<u>2013</u>	Vantage Glen Phase 1	King County Housing Authority	Renton	\$ 642,167	151
<u>2013</u>	Bellevue Apartments	Low Income Housing Institute	Bellevue	1,007,383	145
<u>2012</u>	South Kirkland Park & Ride	Not listed	Kirkland	\$1,137,333	58
<u>2011</u>	None				

- Statewide allocations of the 9 percent tax credits for each of the last six years are available on the Washington State Housing Finance Commission website:
  - [2016 9% Allocation List](#)
  - [2015 9% Allocation List](#)
  - [2014 9% Allocation List](#)
  - [2013 9% Allocation List](#)
  - [2012 9% Allocation List](#)
  - [2011 9% Allocation List](#)