

HOUSING TAX CREDITS

A PRIVATE-PUBLIC PARTNERSHIP SOLUTION TO AFFORDABLE HOUSING



The Housing Tax Credit Solution is the **Most Successful Public-Private Partnership in U.S. History**

In 1986, during the Reagan administration, Washington lawmakers created the Housing Tax Credit (HTC) solution to incentivize private developers to build more affordable housing. The incentive allows the federal government to transfer housing development and future operations & maintenance costs to the private market. Since affordable rental housing costs the same to build as market-rate rental housing, the tax credits allow owners to offer reduced rents to cost-burdened² families.



HOUSING TAX CREDIT PROPERTIES ARE NOT EXEMPT FROM PROPERTY TAXES!

Why It Works...

- Large Private Sector Financial Investment, Not Government Owned
- Investors Screen & Scrutinize Developments to Ensure Viability
- NO Financial Risk for Federal or State Government
- Minimum 15-Year Oversight by Investors, Federal & State Governments
- Tax Credit Developments are Virtually Indistinguishable from Market-Rate Developments But Remain Affordable for 15 to 30 Years

Everyone Benefits!

- Residents**
Pay Affordable Rents
- Developer**
Owns Development & Gets Paid by Building Development
- State & Local Economies**
Earns Property Taxes, Benefits from Economic Development, Attracts Employers to Relocate & Invest, Provides Workforce Housing, Saves Money & Resources by Keeping Residents from Being Homeless
- Investor**
Reduces Tax Liability

¹Source: U.S. Department of Housing and Urban Development (HUD). ²Cost-Burdened describes families paying more than 30% of their income on housing costs. ³Refers to 9% Housing Tax Credit Program only. ⁴Texas Department of Housing and Community Affairs. ⁵Community Reinvestment Act.