



AIA Birmingham

A chapter of the American Institute of Architects

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ISSUE BRIEF

Middle Income Housing Tax Credit

(As of 7/30/18, this bill has not been introduced in either house of Congress)

The Low Income Housing Tax Credit (LIHTC) has been shown to be one of the most successful federal programs of the last 20+ years. Through the program, which allocates federal income tax credits to all states in a manner deemed fair and equitable, tens of thousands of rental units have been created for Americans in the low-income tax bracket. The American Institute of Architects proposes the creation of a Middle Income Housing Tax Credit (MIHTC) whose purpose would be to provide adequate and affordable housing options to middle-income families.

Overview:

The MIHTC would expand upon the benefits already realized from implementation of the Low-Income Housing Tax Credit (LIHTC) such as:

- Generates jobs, taxes and income
- Ensures adequate housing supply. Before the LIHTC provision was included in the Tax Cuts and Jobs Act, [it was estimated](#) the US would lose between 219,200 and 232,200 low-income rental homes over the next decade, as well as approximately 262,000 jobs.
- Improves resident health by reducing exposure to environmental hazards
- Increases regional competitiveness by lowering local housing costs and increasing employee retention
- Saves taxpayer money by reducing demand for other government services, such as homeless, health and other social programs

The MIHTC would work in concert with the LIHTC; housing investors would not have to choose between LIHTC's and MIHTC's. For example, investors in a housing development with both low-income and middle-income housing units could utilize both tax credits.

Low-Income Housing Tax Credits already exist and have a proven track record of helping communities cope with housing costs, especially in urban areas that are experiencing rent and home price surges. The implementation of a MIHTC would expand on those gains.

Historically, there has been strong bi-partisan support for the LIHTC. The latest action was taken by Senators Cantwell (D-WA) & Hatch (R-UT), who introduced the Affordable Housing Credit Improvement Act of 2017 (S. 548). They also included a key provision in the final version of the Tax Cuts and Jobs Act: a temporary 12.5% increase in Housing Credit allocation authority, effective for 4 years. This expansion of credit for LIHTC's was integral for its survival

- The bi-partisan support that LIHTC's have received highlights the importance of this type of tax credit.

The Low-Income Housing Tax Credit caps family income for residents at 60% of the area median gross income (AMGI). The Middle-Income Housing Tax Credit would create housing options for families above the 60% AMGI threshold who still need affordable housing assistance.

Action:

As Congress considers improvements to the "Tax Cuts and Jobs Act", the American Institute of Architects urges Congress to pass a Middle Income Housing Tax Credit to ensure middle-income families across the U.S. have adequate and affordable housing.