How does the housing credit work?

For nearly 30 years, the Low-Income Housing Tax Credit has helped make Washington state a better place. When housing is affordable and high in quality, people have more money for other expenses. Workers can live closer to their jobs and spend less time away from their families. Children are healthier and do better in school. Seniors and the disabled have stable, secure homes. People who were homeless can build a new life. And communities are stronger. The housing credit is our state’s—and our nation’s—most effective source of financing for affordable housing.
What is the Housing Credit?
The Low-Income Housing Tax Credit (LIHTC) is a federal income-tax incentive that encourages private investment in affordable housing. Since it was created in 1986, it has become the nation’s most effective tool for creating and preserving affordable housing.

What does it do?
The housing credit allows developers to build and renovate affordable apartments, which must remain safe, decent, and affordable for at least 40 years.

Where does it work?
Everywhere. The credit is flexible enough to create and renovate housing in small towns, dense cities, suburban neighborhoods, and tribal lands.

Who Lives in this Housing?
Apartments built with the credit are reserved for people earning no more than a certain percentage of the area median income (AMI)—no more than 60% of AMI.

What Y ou Can Do
FOLLOW: Follow tax-reform efforts and other housing bills in Congress.

ADVOCATE: Help your elected representatives and neighbors understand the positive impacts of tax-credit investments in your community.

SUPPORT: Support affordable housing with your time, vote and money. Your community needs local funding to leverage tax-credit dollars.

People Served
About 37% of current units are set aside for a specific population.

Income Restrictions
Up to 30% AMI: 7,385 units
Up to 30% AMI: 7,480 units
Up to 45% AMI: 48,504 units
Up to 60% AMI: 14,775 units
Up to 80% AMI: 7,480 units
Up to 80% AMI: 14,775 units
Up to 80% AMI: 48,504 units

People Served
17,007 Seniors
8,191 Disabled
2,385 Homeless
48,169 Other Low-Income
1,422 Farmworkers
158,340 people housed
78,174 total units
$4.4 B ($4,369,665,112) Equity Generated

Port Townsend: Renovated apartments for seniors/people with disabilities
Seatte: Health fair at family apartment building
Spokane: Homeless housing
Walla Walla: Historic buildings renovated for homeless veterans
Granger: New apartments for farmworker families

What You Can Do
In return for investing in new or rehabilitated affordable housing, private investors receive a dollar-for-dollar reduction in federal income-tax payments for 10 years.

How does the housing credit work?

The LIHTC program was created by Congress as part of the Tax Reform Act of 1986. A major target of the Act was ending real-estate tax shelters, which invested in affordable housing as a tax write-off. The LIHTC replaced tax losses with tax credits tied to strict accountability: It awards ongoing tax credits to investors only if the units are built, rented, and maintained according to the program’s high standards. This private investment reduces costs—and the savings result in lower rents.

Who are the housing developers?
Developers who use the housing credit include nonprofit and for-profit organizations, housing authorities, and tribes.

Who oversees the housing credit?
The housing credit is allocated by the Washington State Housing Finance Commission, a self-supporting state agency led by a board appointed by the governor and dedicated to financing affordable housing and other community needs. The Commission is responsible for creating a plan and policies for the fair allocation of the credit to housing projects. The Commission also monitors all tax-credit properties for compliance with the law. Serious violations are reported to the IRS, which may require investors to repay their tax credits if the problems aren’t addressed.

In return for investing in new or rehabilitated affordable housing, private investors receive a dollar-for-dollar reduction in federal income-tax payments for 10 years.

How does the housing credit work?

In return for investing in new or rehabilitated affordable housing, private investors receive a dollar-for-dollar reduction in federal income-tax payments for 10 years.