U.S. Congressman Pat Tiberi (R-OH) and U.S. Congressman Richard Neal (D-MA), Chairman and Ranking Member of the Ways and Means Subcommittee on Select Revenue Measures, announced they will introduce a bill to remove uncertainty in the tax code and boost affordable housing availability by making a permanent floor for the Low Income Housing Tax Credit.

“\'I\'ve seen first-hand the benefits of the Low-Income Housing Tax Credit during my visits to low-income housing developments in my district,\' said Congressman Tiberi. \"\'It\'s an effective, successful program and by making a permanent floor on the credit rate, we\'re creating certainty for developers to create jobs and increase housing availability for more low-income families, veterans, seniors and individuals living with disabilities.\"

\"Ensuring that Americans have access to affordable housing has always been a goal of mine,\" Congressman Neal said. \"Our legislation accomplishes this by leveraging private capital to invest in new affordable housing in our neighborhoods and communities. As an added goal this legislation also supports a proven job creating initiative that puts thousands of Americans to work each year across the country. I am proud to introduce this legislation with my colleague, Pat Tiberi. I look forward to working with him to improve the lives of working class Americans.\"

The Tiberi-Neal bill would permanently establish a fixed nine percent (for new rental construction property) and four percent (for existing property) low-income housing tax credit rate. The Low-Income Housing Tax Credit program was enacted in the Tax Reform Act of 1986 and is the principal means by which the government supports the construction and preservation of affordable rental housing. Every year about 100,000 units of affordable housing and about the same number of jobs are created because of the program. The amount of credits is awarded to projects based on a formula which used the federal cost of borrowing to determine the credit rate. As the federal cost of borrowing declines, as it has in recent years, the amount of tax credits made available also declines.

In 2008, the Housing and Economic Recovery Act created a temporary nine percent floor for projects placed in service through 2013, allowing developers to receive additional credits during the economic downturn. Unfortunately, the expiration of the minimum credit is beginning to impact developments, reducing developers' access to resources to fund these projects.

The legislation is widely supported by the housing industry. More than 350 national, state, and local organizations, from investors, to developers, to affordable housing advocates strongly support this legislation including the Affordable Housing Tax Credit Coalition, the National Council of State Housing Agencies, and the Ohio Housing Finance Agency.

This legislation would only affect the amount of tax credits that a housing finance agency may award a particular development and does not affect the overall amount of state allocations of credit, making the expected revenue cost minimal.