



WHEDA

Affordable Housing Credit Improvement Act

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The Affordable Housing Credit Improvement Act (AHCIA), S.1557/H.R.3238, is bipartisan legislation aimed at programmatic changes and expansion of the federal 4% and 9% Housing Credit programs. The AHCIA was reintroduced by the House and Senate in May of 2023, led by Senators Todd Young (R-IN), Maria Cantwell (D-WA), Marsha Blackburn (R-TN), and Ron Wyden (D-OR), and House Representatives Darin LaHood (R-IL) and Suzan DelBene (D-WA).

Since reintroduction, and as of August 15, the legislation has received 153 cosponsors in the House of Representatives and 27 cosponsors in the Senate, including Wisconsin's Representatives Steil (R-01), Pocan (D-02), and Moore (D-04). Alongside overwhelming bipartisan support, **WHEDA is proud to support the AHCIA as it would allow us to increase development by over 33,000 units in the next 10 years.**

The following are key provisions in the AHCIA that would increase housing choices in Wisconsin:

- **Immediately expand the competitive 9% Housing Credit by restoring the 12.5% increase and further incrementally increase allocations by 50% over two years.**
In a typical year, developments request three times the amount of available Housing Credits that Wisconsin receives from the federal government, resulting in paused or failed developments simply because WHEDA does not have enough credits to allocate to meet demand. Congress, on a bipartisan basis, temporarily enacted a 12.5% allocation increase for the 9% Housing Credit in 2018, which expired in 2021. This provision will increase available credits for the next application cycle, resulting in more credits awarded, and the development of more affordable housing.
- **Lower the Private Activity Bond (PAB) financing threshold from 50% to 25%.**
Across the nation, more than half of all Housing Credit apartments are financed with non-competitive 4% Housing Credits and accompanying Housing Bonds. Current policy requires at least 50% of development costs to be financed with the tax-exempt multifamily bond authority from the state's PAB volume cap. Absent this provision, WHEDA anticipates the need to limit the amount of 4% Housing Credit deals we support in the next few years, given the state's limited bonding authority.
- **Better serve hard-to-reach communities, including rural areas, tribal lands, extremely low-income households, and veterans.**
WHEDA understands that often more Housing Credits are required to make developments financially feasible in hard-to-reach communities. Provisions in the AHCIA would qualify rural areas and tribal lands for a 30% basis boost and up to a 50% basis boost for developments that serve extremely low-income populations, like elderly individuals and disabled veterans. The bill would also add specific language to both the 9% and 4% Housing Credit programs that veterans are members of a specified group, making them eligible for housing with occupancy restrictions or preferences that favor veterans. In all, these provisions will allow WHEDA to better target housing investment for communities with special needs by providing more financial equity to such developments.

Overwhelming bipartisan support for the AHCIA comes at a time when the need for safe, stable, and affordable housing is greatest. Nearly 170,000 Wisconsinites pay more than half their income on rent. WHEDA recognizes that the Housing Credit program is the primary tool in the financing toolbox for building and preserving workforce and low-to-moderate-income housing. We invite stakeholders across Wisconsin to add themselves to the growing voice of those in support of long overdue improvements to the Housing Credit program.