

Fixing the 4% Low Income Housing Credit (LIHTC) Rate Will Help Jumpstart Stalled Affordable Housing In NYC

New York Housing Conference urges Congress to establish a fixed rate for the 4% LIHTC to make up for Covid-related economic losses and help spur production of needed affordable housing.

- **Low Federal Borrowing Rates Reduce Value of 4% LIHTC to [Historic Low of 3.07%](#)**
 - In an economic downturn, federal policy aims to create a low-interest environment to stimulate investment. This has the *opposite* effect on the 4% LIHTC which "floats" based on Treasury Department interest rates. When the federal government responded to the Covid economic crisis by reducing borrowing rates, this action actually reduced funding – in the form of equity - in affordable projects. The 4% LIHTC was made less useful in an economic downturn, when it is most needed.
 - NYC housing agencies estimate a **\$51 million equity loss** this year compared to 2019 rates. When comparing to the equity that could be gained if the 4% rate was fixed, NYC projects are **losing around \$240 million or 1,700 affordable housing units**.
 - NYC affordable housing projects already lost ~\$200M from the 2017 tax bill that reduced corporate tax rates which lowered demand for the LIHTC.
 - Projects face financing gaps due to lost equity of **almost 25%** and NYC & NYS are unable to bridge the gaps due to fiscal crisis.
 - The Covid fiscal crisis means less capital for affordable housing. We have already seen a **[\\$500M cut](#)** from NYC's housing budget.
- **A Fixed Rate Will Help 4% LIHTC be a Countercyclical Tool for Housing Investment**
 - Projects that are currently stalled due to funding gaps will gain **[up to nearly 25% more](#)** equity allowing them to advance to construction
 - Fixing 4% rate will help finance **[~23K more units](#)** over the next decade in NY.
 - A down market can create more opportunities for affordable housing development such as **[distressed hotels](#)** and lower land prices but these will be missed opportunities if the 4% rate continues to float with interest rates.
 - Address Inconsistent Federal Policy- 9% LIHTC Rate was Fixed in HERA
 - Fixing the 4% Rate will have a much greater impact as it finances nearly **75% of LIHTC housing in NY**.
- **Affordable Housing Need is Greater Than Ever**
 - 14% unemployment impacting 330,000 low-income households
 - 30,000 households at risk of eviction
 - 92,000 homeless statewide
 - ~1 million rent burdened households

Now is the time to act! Pass 4% fix in the 2020 tax extenders!