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# 40% of LIHTC Units House Extremely Low-Income Residents

Rental assistance plays a critical role in allowing low-income housing tax credit (LIHTC) developments to serve extremely low-income households, according to a new report.

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Overall, more than 40 percent of LIHTC units house extremely low-income households, or those earning no more than 30 percent of the area median income (AMI), says the policy brief from the Furman Center and Moelis Institute for Affordable Housing Policy at New York University.

Researchers analyzed income data for tenants in 16 states, covering more than 12,000 properties. This is about 38 percent of the total LIHTC housing stock. According to “What We Can Learn About the Low-Income Housing Tax Credit Program by Looking at the Tenants?,” the properties are fairly representative of the overall LIHTC universe.

Given that the housing tax credit program can serve households who earn up to 60 percent of the AMI, the study shows that the program is reaching much deeper than many people realize.

A big reason that tax credit apartments are affordable for extremely low-income families is the layering of rental assistance. About 70 percent of these households studied receive a form of

additional rental assistance beyond the benefits of the LIHTC unit.

Of the 30 percent of extremely low-income households who do not receive rental assistance, more than half pay more than half of their income as rent, which is considered a severe rent burden.

Overall, “LIHTC tenants experience lower rent burdens than other households of similar incomes but higher rent burdens than other Department of Housing and Urban Development tenants.”

Looking at slightly higher-income households, those with incomes between 30 percent and 40 percent of the AMI, the study found that only 30 percent of these families receive rental assistance. Rent burdens are highest for this income group.

The findings present several policy implications, according to the report. This includes examining and minimizing any administrative obstacles developers face in combining rental assistance in LIHTC properties.

The significant number of extremely low-income households in tax credit properties also means that these developments should be included in larger discussions about targeting services to these residents.

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