Tax-Exempt Multifamily Housing Bonds

NATIONAL HOUSING TRUST

Tax-Exempt Multifamily Housing Bonds are an essential tool for preserving affordable housing. Housing Bonds are used in conjunction with the Low-Income Housing Tax Credit.

How Housing Bonds Work

State HFAs may provide 4% Housing Credit authority to support qualified multifamily housing development, which does not count against the state's annual Housing Credit cap. However, bond-financed 4% Credit developments must still comply with the state's allocation plan and with all other applicable Housing Credit program rules, including those related to income targeting and the affordability period.

Housing Bonds used in conjunction with Housing Credits are responsible for financing more than 40% of annual Housing Credit production, providing affordable homes to more than one million families since 1986.

Taxpayers Bear No Risk

The federal government awards Housing Credits **only after properties are successfully completed** and occupied, and can recapture Credits for non-compliance for the first 15 years. **Private sector investors bear the financial risk**, and are closely involved in monitoring and oversight. For the following 15 years, the property is monitored by the state, though many states impose even longer affordability requirements.

Housing Credits and Bonds Matter

We need to protect both in the Housing Credit and Housing Bonds in the tax code to ensure that they are not eliminated or indirectly undermined through tax reform. Tax exemption for Housing Bonds also must be retained in order to sustain the Housing Credit's production potential.

It is NHT's goal to strengthen and expand the Housing Credit by at least 50%. Such an expansion would support the preservation and construction of up to 400,000 additional affordable apartments over a 10-year period, which would support up to 450,000 jobs.

National Housing Trust | 1101 30th St NW, 100A, Washington, D.C. 20007 | 202-333-8931 | www.nhtinc.org