



A successful model for harnessing private capital

The state housing tax credit legislation is modeled on the highly successful federal low-income housing tax credit (LIHTC) program, which is responsible for approximately 90% of affordable rental housing construction and renovations in the country. Here in Pennsylvania, **LIHTC is oversubscribed** (three applications are received for every one that can be funded). That means:

- 1 The federal model **is working** in Pennsylvania (see examples at right); and
- 2 There is **private capital currently available** that can be, but is not currently, harnessed for the creation of affordable housing opportunities.

Combining the federal and state programs creates efficiencies by aligning these limited resources. Approximately a third of the 50 states have enacted a state housing tax credit.

Decent, safe and stable housing

A state tax credit will support the creation and preservation of affordable housing for families unable to afford decent housing and those who are cost burdened. At least 10% of the tax credits will provide housing units targeting households with incomes at or below 30% of area median income.



PENNSYLVANIA NEEDS A STATE HOUSING TAX CREDIT

A look at the potential impacts

From the National Low Income Housing Coalition: Across Pennsylvania, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions.

LIHTC successes in Pennsylvania

TOP: West Turner Residences, completed in 2017 by Pennrose Properties, is a four-story, 61-unit affordable rental development, for seniors 62+, located in the Center City District of Allentown. Sacred Heart Hospital, located one block away, provides senior focused medical services on the first floor of the development.

BOTTOM: Penn Mathilda Apartments, completed in 2016 by ACTION-Housing, is a three-story, 39-unit, mixed-use-building, in the Bloomfield neighborhood in Pittsburgh's East End. Half of the units are for veterans. The four commercial spaces are leased to arts-focused, community-serving tenants.

Construction & renovation of affordable housing benefits our economy

Affordable housing leads directly to **new economic activity and growth in tax revenues.**

Investment in affordable housing construction and renovation supports **salaries and wages** for workers in multiple industries, including local construction workers and tradespersons, and towards the procurement of **local goods and services.** This spending recirculates within the state economy, supporting additional business activity and employment throughout the state.

In Pennsylvania, for every \$10 million in affordable housing construction, it will generate \$19.6 million in total economic impact and support 110 jobs. With an economic **multiplier effect of nearly 2** and the jobs supported, the impact of building and renovating affordable housing is important to the Pennsylvania economy. These one-time economic impacts are one part of the many benefits generated by the creation and preservation of affordable housing.

Once built, affordable housing and its preservation imparts **ongoing economic impacts** within the state and for its residents. New and well-maintained housing can stabilize and strengthen local real estate markets, benefit local businesses, and provide stable housing for the local labor force.



Support Pennsylvania **Senate Bill 30** today to provide more resources through a State Housing Tax Credit to build and preserve affordable housing for low-income Pennsylvania families.

Economic impact of \$10 million for new construction and renovation of existing affordable housing in Pennsylvania

Direct economic impact	\$10 million
Indirect & induced impact	\$9.6 million
Total economic impact	\$19.6 million
Total jobs supported	110 jobs supported
Total employee compensation	\$4.5 million



Housing Alliance of Pennsylvania

About Housing Alliance of Pennsylvania

We are a statewide coalition working to provide leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent and affordable homes. We promote common-sense solutions to balance Pennsylvania's housing market and increase the supply of safe, decent homes for low-income people.

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