



NATIONAL  
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COUNCIL



## WORKFORCE HOUSING TAX CREDIT

The Workforce Housing Tax Credit (WFHTC) is a proposal to establish a public/private partnership that leverages federal dollars with private investment to produce rental housing affordable to our nation's workforce.

### ***NMHC/NAA Viewpoint***

***The proposed Workforce Housing Tax Credit (WFHTC) would complement the successful Low-Income Housing Tax Credit (LIHTC). Although LIHTC should be provided with significant additional resources, middle-income households are also facing severe cost burdens that cannot be addressed without a new, dedicated resource. The WFHTC program is necessary to construct workforce housing that working households can afford.***

Designed to complement the successful Low-Income Housing Tax Credit (LIHTC), the WFHTC program would enable state housing agencies to issue credit allocations to developers that would subsequently be sold to investors. Investors would receive a dollar-for-dollar reduction in their federal tax liability over a 15-year period, and developers would invest the equity raised to build apartments. The equity raised would cover 50 percent of the cost of constructing of qualifying units. A development project eligible for WFHTC would have to set aside 60 percent of units for households earning 100 percent or less of Area Median Income (AMI) and must be kept affordable for up to 30 years.

Housing affordability is a significant challenge facing many American families. The U.S. needs to build 4.3 million more apartments by 2035 to meet the demand for rental housing. This includes 600,000 units (total apartments) to fill the shortage from underbuilding after the 2008 financial crisis. Underproduction of housing has translated to higher housing costs – resulting in a decline of 4.7 million affordable apartments (monthly rents less than \$1,000) from 2015-2020.

Affordability challenges are not unique to households receiving federal subsidies. In fact, solidly middle-income households are facing constraints. The median asking rent for an apartment completed in the third quarter of 2023 was \$1,833, a 12.23 percent increase from the same period in 2018. For a renter to afford one of those units at the 30 percent of income standard, they would need to earn at least \$73,320 annually. Furthermore, [Harvard University's Joint Center for Housing for Housing Studies](#) reported in January 2024 that "Renter households with annual incomes of \$45,000 to \$74,000 have seen the fastest growth in their burden rates, both over the longer term and during the pandemic. Indeed, 41 percent of renter households in this income category were burdened in 2022, a 5.4 percentage point increase since the start of the pandemic, nearly doubling their 2001 rate." Accordingly, this is an issue impacting those workers who comprise the very fabric of strong communities nationwide, including teachers, firefighters, nurses and police officers.

The Workforce Housing Tax Credit would help build housing that is affordable to a wide range of income levels at a time such housing is increasingly difficult to afford.

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