

File: Low-Income
Tax Credit

PRESIDENT CLINTON AND VICE PRESIDENT GORE: STRENGTHENING COMMUNITIES FOR AMERICA'S FAMILIES

January 13, 1998

"We now have two-thirds of the American people in their own homes for the first time in the history of the country, and we want to do better and we can... One of the things that has helped achieve this level of housing is the low-income housing tax credit. It gets people to invest for a tax credit to make housing more affordable and more available than it would otherwise be."

President Bill Clinton
December 10, 1997

Today, Vice-President Gore announces that the Administration's FY99 budget includes a major expansion of the Low-Income Housing Tax Credit to help spur private-sector development of more affordable rental housing for low-income Americans. The President's budget proposal will ask Congress to approve a 40% increase in the value of the tax credit, helping finance the development of an additional 150,000 - 180,000 units over the next five years.

Empowering communities and expanding affordable housing. President Clinton and Vice President Gore's proposal to expand the Low-Income Housing Tax Credit (LIHTC) builds on their successful work to make the credit permanent in 1993, and is a key part of their agenda to empower communities, encourage the development of more affordable housing, and help provide the spark of private enterprise to distressed areas. The LIHTC:

- **Expands affordable housing.** Estimates suggest that the LIHTC currently helps develop 75,000-90,000 affordable housing units each year. The proposed increase in LIHTC's cap will mean an additional 150,000-180,000 quality rental housing units for low-income American families during the next five years.
- **Provides new opportunity to low-income Americans.** An estimated 5 million American families live in inadequate housing. Expanding the LIHTC helps address the housing needs of America's neediest families by helping create more low-income housing and lowering the cost of rent.
- **Invests in America's communities.** This proposal -- costing \$1.6 billion over five years and fully funded in the President's FY99 budget -- will help start an economic cycle providing new hope and opportunity for millions of Americans in communities across the nation.

Making affordable housing a reality for all Americans. The Clinton Administration has helped increase the homeownership rate to an *all-time high* of 66 percent. As a result, 67.6 million Americans own their homes. These gains are broadly distributed among minorities, women-owned households and families with less than median income. The President is also working to make housing affordable to all Americans. This proposal builds on the success of the President's other policies to make housing affordable and

accessible, including:

- **HOME Investments Partnership Program.** To date, the Administration has provided almost 310,000 families with housing assistance through the HOME program. Since 1993, the funding for the HOME program has increased by 50% --to \$1.5 billion in FY98.
- **Homeless Assistance.** Funding for homeless assistance has increased from \$571 million in 1993 to \$823 million today. The President and Vice-President's next budget will include a 40-percent increase in homeless assistance, bringing the funding level to \$1.15 billion.