



Affordable Rental Housing A.C.T.I.O.N.

California Fact Sheet

The financial crisis has reduced investment in the most successful affordable rental housing production program in U.S. history — the Low Income Housing Tax Credit (Housing Credit). This program is the primary resource for the development of affordable rental housing nationwide. Since 1986, the Housing Credit has financed 9 out of every 10 of America's apartments for low-income families, providing affordable housing to more than 2 million Americans. Just before the financial crisis hit, the Housing Credit program financed about 120,000 apartments each year nationwide. In **California**, the Housing Credit financed **18,221 affordable rental homes** annually.

Due to the weakened economy, investor participation is down by more than a third, from its peak in 2006. As a result of reduced demand for Housing Credits, capital sources for affordable rental housing are scarce. Absent Congressional action, this reduced demand will lead to roughly **60,000 fewer apartments** nationwide constructed or preserved annually, despite the fact that affordable rental housing is needed now more than ever. Furthermore, such reduced Housing Credit investment will likely lead to **90,000 lost construction jobs across the nation**.

What remains of most Housing Credit investment now is largely concentrated in developments in major metropolitan areas where the Community Reinvestment Act (CRA) is the primary motivation for investor demand for the Housing Credit. This makes it even more difficult to attract investment for housing located in rural areas or for smaller developments that do not satisfy CRA needs. For **California**, this could mean a loss of smaller developments of **40** apartments or fewer in size.

To address this reduced investment in affordable rental housing, the Affordable Rental Housing A.C.T.I.O.N. (A Call To Invest in Our Neighborhoods) grassroots campaign formed this year, led by a broad national coalition of cross-industry organizations, to draft consensus legislative proposals to restore investment in affordable rental housing. The campaign website www.rentalhousingaction.org provides up-to-date information on the campaign, the supporters and the legislative proposals.

If the A.C.T.I.O.N. campaign's legislative proposals are adopted, investment in both large and small developments as well as in metro and rural regions across the country will increase by nearly 50 percent in 2010 and 2011, according to a September 2009 report by Ernst & Young. Nationally, according to the report, the proposals would increase investment in the Housing Credit by at least **\$5 billion** more through 2011 than what the Housing Credit is projected to raise without legislation. Combining this increased investment with an extension and modification of the exchange program, the proposals would lead to at least **123,000** more affordable apartments constructed or rehabilitated, **232,000** more jobs created or saved, **\$50 billion** in additional local income and **\$8 billion** in additional taxes and revenue to states and localities nationwide than if Congress does not act.

California stands to benefit from at least **\$1,140.2 million** in additional equity investment through 2011 that will be used to construct or rehabilitate **16,606** more affordable rental homes, providing safe, affordable housing to low-income families, while also stimulating the economy through the creation of **25,074** jobs.

This increased investment in **California** would result in an additional **\$6,754.5 million** in local income as apartments are constructed or rehabilitated and occupied during the 15-year Housing Credit compliance period. In addition to the jobs created through construction and development, the ongoing operation and occupancy of these apartments will also indirectly stimulate new jobs in retail, business services and other industries, resulting in an estimated **6,310** new ongoing jobs annually. Localities in **California** can expect to see a return of **\$1,056.6 million** in local government tax revenue due to the impacts of construction and the expansion of the tax base due to the ongoing operation of the apartment communities.