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.

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.
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

<table>
<thead>
<tr>
<th>Economic impact</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic impact</td>
<td>$10 million</td>
</tr>
<tr>
<td>Indirect &amp; induced impact</td>
<td>$9.6 million</td>
</tr>
<tr>
<td>Total economic impact</td>
<td>$19.6 million</td>
</tr>
<tr>
<td>Total jobs supported</td>
<td>110 jobs supported</td>
</tr>
<tr>
<td>Total employee compensation</td>
<td>$4.5 million</td>
</tr>
</tbody>
</table>

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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