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Bipartisan House Bill Would Expand the Low-Income Housing Tax Credit

Multifamily

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Reps. Darin LaHood (R-Ill.) and Suzan DelBene (D-Wash.), along with 114 bipartisan cosponsors, have introduced NAHB-supported legislation that will improve the **Low-Income Housing Tax Credit (LIHTC)** (<https://www.nahb.org/advocacy/industry-issues/tax-issues/low-income-housing-tax-credit>), and allow builders to increase production of badly needed affordable rental housing.

The Affordable Housing Credit Improvement Act of 2025 addresses the need to boost housing production to ease the nation's housing affordability crisis. The bill

would help finance more than 2 million additional multifamily units over the next decade.

The Affordable Housing Credit Improvement Act would:

- Increase 9% LITHC allocations, which are generally reserved for new construction, by 50%.
- Prohibit states from requiring special approvals that treat affordable rental housing differently from any other multifamily project.
- Makes historic tax credit projects in rural and Native American areas eligible for an increased credit from the current 20% to 30%.
- Lower the 50% “financed by” threshold to 25% for private activity bonds to enable more bond deals. Private activity bonds are tax-exempt bonds issued on behalf of a state or local government to provide special financing benefits for qualified projects.

A Senate companion bill is expected to be introduced in the coming weeks, and NAHB will urge Congress to move quickly to pass this legislation.

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