NEED: There is a huge demand for affordable housing across the state. Individuals – and often, families – are often doubled up with friends or relatives in dank basements or on couches, staying in abusive relationships, living in cars, or under bridges. That's why the Low Income Housing Tax Credit, or LIHTC, is so important. Without it, the market simply doesn't supply decent affordable housing. According to a new state-commissioned study, limited sources of alternative funding render most projects economically unfeasible. Were LIHTC equity replaced with additional debt service, rents would become unaffordable, increasing 35.3% in Rural areas and 31.6% in most Metro areas. The state credit equity helps keep rents affordable for even the poorest Missourians.

WHO BENEFITS?

Seniors and the disabled

Seniors and those with disabilities are major program beneficiaries. Roughly half of all projects since 2011are inhabited exclusively by seniors; another 15 percent assist those with special needs.

Taxpayers

Senior and special needs projects are a particularly good use of tax dollars due to substantial Medicaid savings when people are diverted from nursing homes and assisted living facilities. Former Speaker Richardson is working to calculate those savings. Even Gov. Greitens' tax credit committee acknowledged this. "Accessible, affordable independent living developments provide an alternative to costly nursing homes and enable residents to live with dignity," stated its report.

Over the past five years, LIHTCs have helped build an average of 831 new MO senior units. Of those, 40% of seniors are detoured from nursing homes due to special services provided in tax credit units. Thus, an average of 332 people annually utilize LIHTC vs. a Medicaid-funded nursing home unit. The average annual nursing home costs the state $29,871 per unit. Assuming 332 units annually, this would mean an annual cost to the state of $9.9M.

Conversely, the annual LIHTC allocation per elderly resident is $7,773, which multiplied by 332 units costs the state $2.5M. Thus, tax-credit senior housing brings $7.4M of annual savings to the state and a 74% savings over a scenario without tax credits.

B. People with mental illness:

People with mental illnesses are another important beneficiary whose LIHTC housing generates taxpayer savings. After state-run residential facilities were closed decades ago, the prison population exploded. People not stabilized on medication with outpatient management often end up incarcerated, but LIHTC housing with on-site, 24/7 behavioral health support can prevent people from recidivating.

Governor Parson and Speaker Haahr have vowed that they would not build two new prisons (at a cost of $500 billion), as a recent study suggested would be necessary by 2020. One effective way to avert that outcome would be through LIHTC projects developed through partnerships with non-profit agencies that specialize in treating those with severe behavioral health challenges.

C. Veterans

Homeless veterans are another important LIHTC beneficiary. Returning vets suffering from PTSD or substance use issues struggle to find safe housing. LIHTC allows groups like The Salvation Army to build affordable housing with on-site support, reducing the need for costly government services.

D. Low-wage workers

Another reason for LIHTC is the need to house workers near jobs. For instance, Branson has 1,000+ vacant jobs remaining empty due to a lack of affordable housing for would-be workers in tourism-related jobs. This crimps regional economic growth in a state that can ill-afford it.

E. Middle-class workers

The number of construction jobs created are another program benefit. As the recent state study shows, credits awarded from 2011-2016 created 35,600 jobs due to increased construction activity. Plumbers, carpenters, electricians, sprinkler-fitters, painters, and other tradesmen are able to support families through LIHTC-related jobs. As the accompanying chart shows, the average developer fee is roughly 11% of the money spent on the project. MHDC regulations ensure that developer fees are reasonable.