

## **H.R. 6166, the Emergency East Chicago Housing Relief Act of 2016**

### *Fact Sheet*

What is the low-income housing tax credit (LIHTC) program? The LIHTC program is one of the federal government's primary policy tools for encouraging the development of affordable rental housing. These non-refundable federal housing tax credits are awarded to developers of qualified rental projects via a competitive application process administered by state housing finance authorities.

The LIHTC program was created as part of the Tax Reform Act of 1986 and has been robustly utilized since.

The Indiana Housing & Community Development Authority administers the program and receives an annual allocation of \$2.30 per person in the state. This past year the state received roughly \$16 million in credits.

What does the bill accomplish? This bill will provide Indiana with *additional* low-income housing tax credits to help address the loss of the West Calumet Complex in East Chicago. The additional credits to Indiana will be calculated at a rate of \$18 per resident of Lake County, Indiana and will only be available for affordable rental properties in Lake County. The additional allocation translates into roughly \$8.5 million in additional credits.

Indiana will only have calendar years 2017 and 2018 to allocate the additional tax credits. This limited flexibility will ensure the State moves quickly to address the shortage of affordable housing in Lake County.

Why utilize a rate of \$18 per citizen of Lake County? The LIHTC program has previously allocated additional credits in response to natural disasters at this same rate. The bill, therefore, follows these previously established norms to provide additional support for people in need.

For example, following Hurricane Katrina, the Gulf Opportunities Zone Act of 2005 created GO Zones, or Gulf Opportunity Zones. The LIHTC program allocations increased to an amount equal to \$18 per capita (based on pre-disaster census data) for each calendar year 2006-2008. Similarly, the Emergency Economic Stabilization Act of 2008 provided an allocation of \$18 x population for victims of the Midwestern flood disaster in Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin, as well as areas in Texas and Louisiana affected by Hurricane Ike.

This isn't a natural disaster, so why the additional credits? It's true that this is not the result of a natural disaster, but the impact on the community is very similar. Approximately 1,100 Hoosiers are being relocated from their homes.

Will this actually address the needs of East Chicago and Lake County? Yes. With the closing of the West Calumet Complex the county is losing approximately 340 units of affordable housing. It has been estimated that these additional housing credits could translate into seven new developments, which would provide just over 300 new units. This legislation focuses on the long-term housing needs of the community.