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2025 Affordable Housing Tax Changes: Understanding LIHTC, Bonds, OZ and 45L Deadlines

With the passage of the One Big Beautiful Bill Act (OBBBA) on July 4, 2025, Congress enacted the most significant expansion of housing incentives in more than two decades. For developers, investors and capital providers, this means new tools, more flexibility and a broader opportunity set.

At the heart of the legislation are updates to the Low-Income Housing Tax Credit (LIHTC) program, alongside permanent extensions to the Opportunity Zone (OZ) and New Markets Tax Credit (NMTC) incentives. Analysts estimate these changes could support the creation of up to 1.2 million additional affordable housing units over the next decade. According to Novogradac, the LIHTC enhancements alone could finance 1.22 million new affordable rental homes between 2026 and 2035.

Opportunity doesn’t always mean simplicity, though. These changes introduce new tools, but also new complexities.

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