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Affordable Housing Proposal Targets Individual Investors: Novogradac

Congress took enormous steps forward last summer to increase the nation's supply of affordable rental housing by expanding and enhancing the low-income housing tax credit (LIHTC) in the One Big Beautiful Bill Act (OBBBA). Now it's time to further encourage preservation of the existing stock with an affordable rental housing tax incentive targeted to a largely untapped investor market: individuals.

A proposed tax incentive–expected to be introduced in Congress early this year–would pave the way for nonprofit owners of affordable rental housing to syndicate tax losses to individuals to help facilitate the rehabilitation of existing homes. Novogradac estimates that the proposed incentive could renovate and preserve 250,000 to 333,000 affordable rental homes over 10 years.

The proposal comes at a time when a significant number of existing properties need rehabilitation funding and are approaching the end of their agreed-to affordability period.

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