



Herculean Efforts Necessary to Deal with National Housing Crisis

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Real Estate Partners Kenneth Lore and Eddy Park, along with Associate Charlie Metzger, authored an article for *Tax Credit Advisor* on the severe shortage of affordable and available rental homes in the United States, with an estimated gap of 7.1 million units, and how the One Big Beautiful Bill Act (OBBBA) helps to address this crisis.

The authors emphasized that effectively addressing the nation's housing crisis requires a comprehensive, multi-dimensional approach that leverages federal, state, local and private sector efforts in tandem. While the new tax law described below and in the article marks a significant step forward, it is only part of the solution. Federal assistance, such as the proposed ROAD to Housing Act and continued support for HUD and Federal Housing Administration (FHA) programs, must be complemented by state and local governments adopting long-term strategies, including zoning and land use reforms, rather than short-term fixes (i.e., rent control) alone. Ultimately, coordinated action across all levels of government and the private sector is essential to generate and sustain a viable solution to the nation's housing crisis.

As explained in the article, the OBBBA, signed into law in July 2025, permanently increases each state's allocation of 9 percent Low Income Housing Tax Credits (LIHTC) and reduces the amount of tax-exempt private activity bonds (PABs) required to qualify for 4 percent credits, previously known as the 50 percent test, from 50 to 25 percent. These changes are projected to generate up to 1.2 million new affordable rental units over the next decade. Additionally, the reduced bond requirement will provide Housing Finance Agencies (HFAs) with additional bond volume cap, freeing up resources to support a broader range of housing projects, such as rehabilitation and mixed-income developments, and potentially easing pressure in markets with the most acute shortages.

However, the authors noted that the effectiveness of the OBBBA may be tempered by several financial and market factors. An increased supply of LIHTCs could lower their market price, creating

funding gaps for projects that may require additional subsidies. Persistent challenges such as high interest rates, escalating costs for land and materials, and limited developable land may also further complicate new construction efforts. Additionally, proposed federal policy changes — including cuts to staffing and programs at the US Department of Housing and Urban Development (HUD) and restructuring of rental assistance — could undermine the intended benefits of the OBBBA.

"[Herculean Efforts Necessary to Deal with National Housing Crisis](#)," *Tax Credit Advisor*, August 18, 2025

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