



Missouri Tax Credit Program Halted for Now

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By: Patrick Tuohey

On Monday, Gov. Mike Parson made two appointments to the Missouri Housing Development Commission, the body in charge of awarding low-income housing tax credits (LIHTCs). However, Gov. Parson also said the commission [won't issue any new tax credits](#) until the legislature has reformed the program. This is good news.

Missouri's tax credit program is a bloated mess. Whether they are intended to support low-income housing or sports complexes, tax credits are often awarded based on good public relations rather than good policy. Former and present state auditors—[Democrats](#) and [Republicans](#) alike—have for years argued that tax credits such as the LIHTC have been [a bad deal](#).

Expect localities to rail against even a temporary halt to the LIHTC program, seeking to place blame for their own lack of affordable housing stock on Jefferson City. For example, [Flatland—Kansas City Public Television's digital magazine](#)—recently released a short video on the LIHTC program. In it, Bill Dietrich, the president and CEO of the Downtown Council of Kansas City, Missouri, said (starts at 4:28):

The greatest threat we have right now to being able to add to the affordable housing

inventory is the state of Missouri's ill-conceived policy of no longer allocating for low income housing tax credits.

Really? The greatest threat? The program was fully funded up through the end of 2017. Any current shortage Kansas City has with affordable housing has nothing to do with a lack of state tax credits. In fact, Missouri's LIHTC program is one of the most generous in the country, according to a [previous auditor report \(see pages 11 and 19\)](#) . Most states don't even have such a tax credit program.

Maybe the actual "greatest threat" to affordable housing in Kansas City is inaction from the Council and city leadership. It is [just now, in 2018, addressing the issue](#) . Up to this point, Kansas City leaders, including members of the Downtown Council, appear to have been more interested in subsidizing the construction of luxury housing. Consider this: in 2017, [91 percent of new apartment buildings in Kansas City were considered luxury](#) . So far in 2018, 100 percent are luxury. 100 percent! (All of St. Louis' apartment construction in 2017 was luxury, and 81 percent so far in 2018.)

If our municipal goal is to support the construction of affordable housing, we can do better than the LIHTC. But any serious program must start with an actual policy, and it should probably stop subsidizing luxury housing, too.

Tags:

- [Low-Income Housing Tax Credit](#)

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[9] <https://www.rentcafe.com/blog/rental-market/luxury-apartments/8-out-of-10-new-apartment-buildings-were-high-end-in-2017-trend-carries-on-into-2018/>

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