

Workforce Housing as a Population Health Strategy: Leveraging the Low-Income Housing Tax Credit

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Keywords: Workforce housing, Low-Income Housing Tax Credit (LIHTC), Affordable housing, Population health, Middle-income housing, Economic diversity

Abstract

Workforce housing, often described as the “missing middle,” addresses the needs of individuals who earn too much to qualify for traditional low-income housing but cannot afford market-rate rents. Targeting households between 50–120% of the area median income, workforce housing is critical for stabilizing essential workforces, including healthcare providers, educators, and first responders, and plays a key role in population health outcomes. Federal programs like the Low-Income Housing Tax Credit (LIHTC) have evolved to support the creation of workforce housing alongside deeply affordable units, fostering economically diverse and socially integrated communities. Emerging policy proposals, including a Workforce Housing Tax Credit, aim to expand this impact, ensuring that local workforces have access to stable housing. Case studies, such as Bucks County, Pennsylvania, demonstrate the challenges middle-income workers face and highlight the role of innovative developments like Meadowbrook in linking housing affordability to workforce stability and community health.

Introduction

Workforce housing is often considered the “missing middle” in a municipality’s housing policy. Workforce housing serves those who are often at the higher end of low-income housing income targets, but struggle to find low-income housing and/or afford market-rate rental housing. Workforce housing often targets individuals making between 50% and 120% of the area median income (AMI). In 2025, for a one-person household in Bucks County, Pennsylvania, this included individuals making between \$41,800 and \$100,320 annually. The 2025 Out of Reach report from the National Low Income Housing Center demonstrates that an annual income of \$60,080 would be required to afford Bucks County’s fair market rent for a one-bedroom apartment of \$1,502 per month, meaning even many middle-income people may find themselves cost-burdened.ⁱ

This creates a challenge not only for a municipality’s housing and community development needs, but also for its public health and economic development needs. A lack of workforce housing can mean critical workers within a local economy, including healthcare workers, teachers, firefighters, and other critical human and municipal services workers, are priced out of the communities they serve. When those responsible for maintaining the health, safety, and education of a community cannot afford to live within it, the impact expands outward.

Workforce housing becomes both a matter of affordability and a population health necessity, ensuring the stability of workforces and the health outcomes of the communities that depend upon them.

Affordable workforce housing allows employers to recruit and retain diverse workforce talent and even has the potential to boost productivity and community cohesion.ⁱⁱ As populations age and demand for healthcare grows, communities must ensure that hospitals, clinics, and other healthcare centers can house the skilled staff needed to meet those demands. Stable, affordable housing provides a stable workforce for healthcare providers and plays a key role in creating the stability necessary for patients and populations to achieve positive health outcomes.ⁱⁱⁱ

Healthcare institutions are becoming increasingly aware of the importance of affordable housing in advancing their missions. A 2019 report from the American Hospital Association titled *Making the Case for Hospitals to Invest in Housing* explored the connection between affordable housing and health outcomes, recommending hospitals make investments in affordable housing as part of their community investment strategies.^{iv} In 2022, Memorial Regional Health in Craig, Colorado, partnered with its local housing authority in order to construct workforce housing, arguing that such a development helped the remote rural hospital address staff shortages, stabilize the workforce, and more effectively deliver its care services.^v

These examples emphasize the growing consensus that housing policy is health policy. Hospitals and governments alike are treating investments in affordable housing as a population health intervention—strengthening the local workforce, reducing stress-related illnesses, and building healthier communities from the ground up.

Often left out of the conversation around workforce housing solutions is the nation’s most powerful tool for developing affordable housing: the Low-Income Housing Tax Credit (LIHTC). LIHTC is a federal program that provides tax credits to support the development of affordable housing.^{vi} Credits are allocated by a state housing finance agency (like the Illinois Housing Development Authority or the Pennsylvania Housing Finance Agency) to developers who convert them into equity to fund their development and keep rents below market rate. Created as a tool to encourage private and nonprofit developers to create low-income housing, LIHTC has evolved to meet broader affordability challenges. 2018 changes to the program allow developers to average tenant incomes, meaning that a development can serve households making up to 80% AMI if the average income limit remains at or below 60% AMI.^{vii} This provides developers with the flexibility to create workforce housing units offset by a commensurate number of deeply affordable units. Developers can now include “missing middle” workforce households alongside deeply affordable units, creating economically diverse and socially integrated communities.

With LIHTC as the most widespread affordable housing program in the nation, this adjustment allows more families in more communities across America to benefit from federal housing assistance. The result is that LIHTC continues its mission to serve low-income households, but accepts the reality of a nation with rapidly rising housing costs, where middle-income workers

are increasingly priced out of communities and jobs. In this way, LIHTC has become an instrument of population health, stabilizing vulnerable residents and the essential workforces that sustain community health systems.

Building on the strengths of the LIHTC program, bipartisan federal lawmakers proposed the creation of a Workforce Housing Tax Credit in 2023. The policy's goal would be to support affordable rental housing for "families who earn too much to qualify for low-income affordable housing and not enough to afford housing near where they work."^{viii} Described by the National Multifamily Housing Council, the policy would allow state housing finance agencies to issue credits that would support up to 50% of the development of a project with 60% or more units reserved for households making less than 100% of the Area Median Income.^{ix} The policy would even allow state agencies to convert the tax credits to LIHTC and allow developers to combine LIHTC and Workforce Housing Tax Credits to support project feasibility. Deferring to state and local authorities and providing flexibility around implementation ensures that such a program would meet local needs and could spur public and private investment in developing low- and middle-income housing. Creating a separate Workforce Housing Tax Credit would further protect LIHTC's role as a tool for the creation of low-income housing. While the 2023 proposal did not pass in Congress, it continues to be championed by the National Multifamily Housing Council.

An important point often left out of conversations on low-income housing and workforce housing is that many full-time workers already qualify for low-income housing. Returning to the example of Bucks County, where minimum wage remains at the federal level of \$7.25 per hour, a full-time worker may make around \$15,000 per year, far below what is required to afford even workforce-level rents. Some occupational categories that would qualify for low-income housing in Bucks County include nursing assistants, security guards, janitors, home health aides, and more. These workers are critical to local economies and population health outcomes. Workforce housing shouldn't be viewed as distinct from low-income housing, but as two essential parts of a community's affordability needs.

At Diamond and Associates, we believe that housing is an essential part of healthy communities. Our mission-driven approach, expertise in affordable housing finance and project management, and track record of success help clients pursue high-quality affordable housing development. Diamond has established experience in planning and executing projects financed with 9% LIHTC, as well as developments financed with 4% LIHTC and tax-exempt bonds, and other ancillary funding sources.

Diamond has supported projects like Meadowbrook, an ongoing 42-unit general occupancy development led by Woods Services, part of the Woods System of Care network, on their healthcare campus in Bucks County, serving homeless households, people with intellectual and developmental disabilities or traumatic brain injuries, staff of the healthcare facilities, and the general public. The development represents an innovative model for using underutilized institutional land to serve high-needs individuals and local workforce needs. The lawyer representing the Meadowbrook development, Michael Meginniss, emphasized the challenges

faced by the local workforce in accessing affordable housing in the area: “The problem is that people in our community who, a lot of times, are employed as nurses or teachers, and are in need of more affordable housing.”^x Meadowbrook represents a pathway forward for communities and healthcare institutions in advancing their goals of improving population health and meeting local workforce needs simultaneously through the use of LIHTC.

Conclusion

Workforce housing represents both a policy challenge and a population health opportunity. Workforce housing has the potential to stabilize essential workforces, improve health outcomes for populations, and create more economically diverse and integrated communities. As federal, state, and local policy continues to evolve, LIHTC will play a critical role in building healthier and more inclusive communities across America.

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