



Yardi® Matrix

National Affordable Housing Report

January 2026



2025 Policy Changes Boost Affordable Housing

Federal policy changes enacted in 2025 have positioned geographically targeted federal tax incentives at the center of the nation's affordable housing strategy. These measures include a long-term extension of the Opportunity Zones (OZ) program, a 12% expansion of Low-Income Housing Tax Credit (LIHTC) allocations, improvements in private activity bond access for rehabilitation programs, and broader eligibility for the 30% basis boost in Difficult Development Areas (DDAs). While distinct in structure, all aim to improve project feasibility in underserved or high-cost environments. Together, these actions signal a policy landscape increasingly oriented toward location-based tax incentives that align capital with affordability needs.

The long-term effect depends on interest rate conditions, capital availability, construction labor constraints and local entitlement environments. Even so, the combined weight of federal and state support positions the multifamily sector for a decade of elevated activity. The LIHTC program, responsible for more than 3.5 million affordable units since 1986, is projected by Yardi Matrix to deliver nearly 215,000 units in the next three years. With additional credits, that number could push higher. At the same time, Opportunity Zones have proven effective at attracting private capital into designated low-income submarkets. Approximately 600,000 multifamily units have been completed in OZs since 2017, establishing the program as a consistent facilitator of institutional investment.

Geographically targeted incentives influence not only whether projects pencil but where capital concentrates. More than 58,000 affordable units are under construction and another 178,000 are in planned or prospective stages within DDAs and OZs in the top 30 metros alone. These figures highlight how incentives are reshaping supply pipelines at a time when longstanding affordability gaps require sustained production.

- Nationally, there are 6.4 million units in OZs and DDAs, including 4.1 million units in DDAs and 2.3 million in OZs. Of the total, 5.1 million units are market rate and 1.3 million are fully affordable.
- The potential for growth is high. In OZs and DDAs, more than 205,000 units are under construction and more than 143,000 units are in the planned stage, which we define as formal conceptual plans that are approved by a planning/zoning authority. Planned projects are expected to start construction within 12-18 months.