



Low Income Housing Tax Credit - House

House of Representatives
Support H.R. 1661
The Affordable Housing Credit Improvement Act

The Low Income Housing Tax Credit (LIHTC) was created as part of the Tax Reform Act of 1986 as a more effective mechanism for producing affordable rental housing. Since its inception, the LIHTC has enabled the development of more than 2.9 million rental homes, and more than 13 million people have lived in LIHTC-financed buildings. The program finances construction of about 75,000 new units annually, but that amount is not sufficient to replace the number of affordable apartments lost from the inventory each year.

The need for affordable rental options remains acute. More than a quarter of all renters spend over half of their monthly income on rent. NAHB urges Congress to maintain the LIHTC, and to improve it by enacting H.R. 1661 so the LIHTC can continue to meet the nation's pressing need for affordable housing. This bipartisan legislation, introduced by Representative Pat Tiberi (R-Ohio) and Ways and Means Ranking Member Richard Neal (D-Mass.), would make a number of critical improvements to the program. It would:

- Establish a permanent minimum 4% credit floor for the acquisition of existing properties. This modification would provide more predictability and flexibility in financing projects, making more types of developments financially feasible.
- Allow broader income-mixing within developments while preserving rigorous income targeting to provide more flexibility and responsiveness to local needs. Projects would be able to serve tenants with incomes up to 80% of the area median income (AMI) if offset by offering units to tenants with incomes at 30% or 40% of AMI, thereby maintaining a project income average of 60% of AMI.
- Prohibit state Qualified Allocation Plans from requiring, or granting additional points for, local approval or financial contributions. This would help ensure that a project that otherwise conforms to local zoning requirements cannot be blocked solely because it serves lower income tenants.
- Allow states to provide a 30% basis boost for bond-financed projects, if necessary for financial feasibility.

NAHB thanks the members of the House of Representatives who have co-sponsored H.R. 1661 to date:

Pat Tiberi (R-Ohio), lead sponsor*; Richard Neal (D-Mass.), lead Democrat sponsor*

Patrick Meehan (R-Pa.)*; Earl Blumenauer (D-Ore.)*; Mike Kelly (R-Pa.)*; Linda Sanchez (D-Calif.)*; Erik Paulsen (R-Minn.)*; Joe Crowley (D-N.Y.)*; David Reichert (R-Wash.)*; Mike Thompson (D-Calif.)*; Jason Smith (R-Mo.)*; Danny Davis (D-Ill.)*; Carlos Curbelo (R-Fla.)*; Gregory Meeks (D-N.Y.); John Faso (R-N.Y.); John Katko (R-N.Y.); Bill Pascrell (D-N.J.)*; Jim Renacci (R-Ohio)*; Don Young (R-Alaska); Kenny Marchant (R-Texas)*; Julia Brownly (D-Calif.); Jackie Walorski (R-Ind.)*; Ted Budd (R-N.C.); John Larson (D-Conn.)*; Luke Messer (R-Ind.); Vincente Gonzalez (D-Texas); George Holding (R-N.C.)*; Jose Serrano (D-N.Y.); Salud Carbajal (D-Calif.); Jared Polis (D-Colo.); Suzan DelBene (D-Wash.)*; Walter Jones (D-N.C.); David Cicilline (D-R.I.); Richard Nolan (D-Minn.); Jacky Rosen (D-Nev.); Kristi Noem (R-S.D.)*; Peter Welch (D-Vt.); Suzanne Bonamici (D-Ore.); Anna Eshoo (D-Calif.); Bradley Scott Schneider (D-Ill.); Charlie Crist (D-Fla.); Lynn Jenkins (R-Kan.)*; Kyrsten Sinema (D-Ariz.); Ann Kuster (D-N.H.)

**Member of the House Ways and Means Committee*



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James W. Tobin III
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April 13, 2017

The Honorable Patrick Tiberi
U.S. House of Representatives
1203 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
U.S. House of Representatives
341 Cannon House Office Building
Washington, DC 20515

Dear Representatives Tiberi and Neal:

On behalf of the 140,000 members of the National Association of Home Builders, I am writing to thank you for your ongoing support for the Low Income Housing Tax Credit (LIHTC) and to offer our strong endorsement for the *Affordable Housing Credit Improvement Act of 2017* (H.R. 1661).

The *Affordable Housing Credit Improvement Act* contains improvements that will make this tax credit even more effective. Among them, creating a credit rate floor for 4% projects, which often involve preserving or rehabilitating existing housing units, will enable our members to increase the number of affordable housing units developed each year.

An increasing number of American families struggle with rising housing costs, and the LIHTC is the most successful affordable rental housing production program in U.S. history. Without the LIHTC, the private marketplace is simply unable to produce affordable housing for low-income households. According to a 2011 study, to develop new apartments with rents affordable to households with incomes equivalent to the full-time minimum wage, construction costs would have to be 28 percent of the current average.¹ Without federal assistance, it is financially infeasible to construct new, unsubsidized affordable rental units. Through the success of the LIHTC, 2.9 million affordable rental homes have been developed or preserved since the program was created as part of the *Tax Reform Act of 1986*.

NAHB looks forward to working with you to ensure that H.R. 1661 is enacted into law. Again, thank you for your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III". The signature is stylized and cursive.

James W. Tobin III

¹ America's Rental Housing: Meeting Challenges, Building on Opportunities. Joint Center for Housing Studies of Harvard University, 2011. Page 24



Low Income Housing Tax Credit - Senate

Senate
Support S. 548
The Affordable Housing Credit Improvement Act

The Low Income Housing Tax Credit (LIHTC) was created as part of the Tax Reform Act of 1986 as a more effective mechanism for producing affordable rental housing. Since its inception, the LIHTC has enabled the development of more than 2.9 million rental homes, and more than 13 million people have lived in LIHTC-financed buildings. The program finances construction of about 75,000 new units annually, but that amount is not sufficient to replace the number of affordable apartments lost from the inventory each year.

The need for affordable rental options remains acute. More than a quarter of all renters spend over half of their monthly income on rent.

The National Association of Home Builders urges Congress to maintain the LIHTC and to improve it by enacting S.548 so that the LIHTC can continue to meet the nation's affordable housing needs. This bipartisan legislation, introduced by Senator Maria Cantwell (D-Wash.) and Senate Finance Committee Chairman Orrin Hatch (R-Utah), would increase LIHTC allocations by 50%. The additional resources provided under this legislation would greatly benefit the increasing number of American families struggling with rising housing costs.

The legislation also makes a number of critical improvements to the program. It would:

- Establish a permanent minimum 4% credit floor for the acquisition of existing properties. This modification would provide more predictability and flexibility in financing projects, making more types of developments financially feasible.
- Allow broader income-mixing within developments while preserving rigorous income targeting to provide more flexibility and responsiveness to local needs. Projects would be able to serve tenants with incomes up to 80% of the area median income (AMI) if offset by offering units to tenants with incomes at 30% or 40% of AMI, thereby maintaining a project income average of 60% of AMI.
- Prohibit state Qualified Allocation Plans from requiring, or granting additional points for, local approval or financial contributions. This would help ensure that a project that otherwise conforms to local zoning requirements cannot be blocked solely because it serves lower income tenants.
- Allow states to provide a 30% basis boost for bond-financed projects, if necessary for financial feasibility.

NAHB thanks the Senators who have co-sponsored S. 548 to date:

Maria Cantwell (D-Wash.), lead sponsor; Orrin Hatch (R-Utah), lead Republican sponsor

Ron Wyden (D-Ore.); Charles Schumer (D-N.Y.); Brian Schatz (D-Hawaii); Patrick Leahy (D-Vt.); Dean Heller (R-Nev.); Jeff Merkley (D-Ore.); Cory Booker (D-N.J.); Lisa Murkowski (R-Alaska); Todd Young (R-Ind.); Susan Collins (R-Maine); Michael Bennett (D-Colo.); Jeanne Shaheen (D-N.H.); Rob Portman (R-Ohio); Bernard Sanders (D-Vt.); Margaret Wood Hassan (D-N.H.); Patty Murray (D-Wash.); Dan Sullivan (R-Alaska)



April 26, 2017

The Honorable Maria Cantwell
United States Senate
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
United States Senate
104 Hart Senate Office Building
Washington, DC 20510-0001

Senators Cantwell and Hatch:

On behalf of the 140,000 members of the National Association of Home Builders (NAHB), I am writing to thank you for your ongoing support for the Low Income Housing Tax Credit (LIHTC) and to offer our strong endorsement for the *Affordable Housing Credit Improvement Act of 2017* (S. 548).

The *Affordable Housing Credit Improvement Act* would increase credit allocations by 50 percent and make numerous improvements to the program. Among them, creating a credit rate floor for 4% projects, which often involve preserving or rehabilitating existing housing units, will enable our members to increase the number of affordable housing units developed each year.

According to Census data, over 40 percent of renters are rent-burdened, and the need for affordable rental options remains acute, but demand for these tax credits greatly outstrips the resources available. The additional allocation provided under this legislation would greatly benefit the increasing number of American families struggling with rising housing costs.

Without the LIHTC, the private marketplace is simply unable to produce affordable housing for low-income households. According to a 2011 study, to develop new apartments with rents affordable to households with incomes equivalent to the full-time minimum wage, construction costs would have to be 28 percent of the current average.¹ Without federal assistance, it is financially infeasible to construct new, unsubsidized affordable rental units. Through the success of the LIHTC, 2.9 million affordable rental homes have been developed or preserved since the program was created as part of the *Tax Reform Act of 1986*.

NAHB looks forward to working with you to ensure that S. 548 is enacted into law. Again, thank you for your leadership.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III", is written over a horizontal line.

James W. Tobin III

¹ America's Rental Housing: Meeting Challenges, Building on Opportunities. Joint Center for Housing Studies of Harvard University, 2011. Page 24