



July 10, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
1236 Longworth House Office Building  
Washington, DC 20515

The Honorable Kevin McCarthy  
House Minority Leader  
2468 Rayburn House Office Building  
Washington, DC 20515

The Honorable Mitch McConnell  
Senate Majority Leader  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Charles E. Schumer  
Senate Minority Leader  
322 Hart Senate Office Building  
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy and Leader Schumer:

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I write to encourage the inclusion of several provisions in the next economic recovery legislation that will provide economic relief for American homeowners and renters, along with small and medium-sized residential construction businesses and multifamily owners and developers. The housing industry stands ready to lead this economy out of the COVID-19 related downturn, just as it has previously in countless other down periods. NAHB supports provisions that alleviate various financial and tax burdens on struggling American businesses and taxpayers; increase aid for state and local governments; and better invest in workforce development and career and technical education programs.

NAHB strongly supports the Small Business Administration's (SBA) Paycheck Protection Program (PPP) which has served as a lifeline to the nation's small businesses. NAHB respectfully requests the expansion of the loan eligibility to 501(c)(6) organizations. NAHB is a federation of over 700 state and local associations, many of which are desperate for financial assistance to help cover payroll costs and other obligations. The majority of, if not all, our affiliated associations generate most of their operating resources from events and functions that have been canceled due to social distancing requirements and public gathering limitations.

Congress intended for all small business to have access to the PPP program during this unique disaster. Access to PPP loans is critical to those small businesses in the residential construction industry, specifically spec home builders, land developers and multifamily property owners that are currently denied access. Without access to these important funds, many small businesses in our industry won't make it and it will be difficult for our industry to rebound quickly and lead the broader economic recovery. Thus far, attempts to resolve this matter with the Treasury department and SBA have fallen short; therefore, NAHB is compelled to seek legislative recourse to ensure these small businesses have access to the PPP.

NAHB urges the inclusion of emergency rental assistance funding. It is essential that the federal government provides emergency rental assistance to families who have significant or full loss of income as a result of the pandemic. An eviction moratorium is a short-term band-aid that only hurts the already financially burdened small business properties. Rent payments and mortgage obligations will eventually become due and will continue to compound without federal assistance. Rental assistance funding will allow the stability of a tenant's long-term housing and ensure small business multifamily owners are able to pay their mortgage, employees, cleaning services, and other financial obligations.

A growing area of concern within multifamily development is the Low-Income Housing Tax Credit (LIHTC) and the COVID-19 economic crisis' direct impact on the production of affordable housing through the 4% credit. The LIHTC 4% credit is used to finance existing property acquisition and preservation. This credit rate floats based on government borrowing costs. With the actions taken by the Federal Reserve to stabilize our economy, this rate quickly fell to an all-time low. For July, the rate is 3.08%, which translates into a reduction of nearly 25% of equity flowing in a 4% LIHTC project. Unfortunately, we do not expect these record-low rates to materially change anytime soon. Congress must address this urgent issue now, and NAHB requests the inclusion of a minimum floor for the 4% credit as well as other provisions included in S. 4078.

NAHB opposes changes to the Net Operating Loss (NOL) provisions established by the CARES Act. A sudden, retroactive change to the rules of the game is not what the business community needs, particularly the struggling businesses that have already worked the expanded NOL provisions into their business plans. Furthermore, we expect that as rent payments for multifamily and commercial properties lag, the expanded NOL provision in the CARES Act may prove to be the difference between survival and foreclosure of these properties.

The economic recovery legislation must prioritize workforce investment to rebuild the economy and get Americans back to work in the home building industry. Additional investments in federal workforce training programs – especially those benefiting our most vulnerable populations – will help job seekers gain the skills needed for well-paying, in-demand careers in residential construction.

Finally, it is imperative that the federal government support our state and local governments impacted by the COVID-19 crisis. Home builders rely on the services provided by state and local governments for their regular business operations. Without federal aid, critical government services, such as planning approvals, building permits and timely inspections, are at risk of being curtailed or eliminated, resulting in construction delays and increased costs to home buyers. Further, these funds provided to state and local governments should be used to replace depleted reserves while also reducing regulatory barriers that increase the cost of home and multifamily construction.

We strongly urge Congress to work in bipartisan fashion to address housing priorities in the next phase of economic recovery legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III". The signature is stylized and cursive, with a prominent initial "J" and "T".

James W. Tobin III