


# **2016 Arizona Housing Forum**

## **Federal Legislative Update: The Good, The Bad & The Possible**



What should we expect in  
2016?

# The Clock's Ticking

House in Session = 17 days before November 8.  
? after November 8.

Senate in Session = 21 days before November 8.  
? After November 8.

# *Show Me The Money*

September 30 – Fiscal Year Ends

- Budget?
- Continuing Resolution (CR)?
- Cromnibus ?

If CR, for how long?

- Chance of a tax bill?

# Affordable Housing Tax Agenda

## S. 2962

The Affordable Housing Credit Improvement Act of 2016



Sen. Maria  
Cantwell

- 50% LIHTC Cap Increase
  - Phased in over 5 Years

- Fixed 4% LIHTC for Acquisitions and Bond financed developments.

- Income Averaging allowing up to 80% AMI



Sen. Orrin  
Hatch

# S.3237

The Affordable Housing Credit Improvement Act of 2016 (Part 2)

## Additional Resources

- Give states discretion to provide 30% basis boost for bond-financed projects
- Repeal QCT population cap
- Relocation costs included in eligible basis
- No basis reduction for certain energy tax credits
- Indian areas generally treated as DDAs

# S. 3237

## Financial Feasibility

- 50% basis boost for ELI units
- Modify student occupancy rules
- Codify increased tenant income guidance
- Modify 10-year rule
- Limits apply to acquisition basis
- Adopt uniform income eligibility for rural projects

# S. 3237

## Other

- Add Native American projects as QAP selection criterion
- Convert ROFR to purchase option
- Conform casualty loss rules
- Tenant voucher payments taken into account as rent for certain purposes
- Determination of community revitalization plan to be made by state housing credit agency



# We Need You!



Sen. Isakson-GA



Sen. Collins-ME



Sen. Heller-NV



Sen. Portman-OH



Sen. Roberts-KS



Sen. Crapo-ID



Sen. Moran-KS



Sen. Flake-AZ



Sen. Burr-NC



Sen. Kirk-IL



Sen. Scott-SC



# The Election





# Campaign for President

(It's spelled H-O-U-S-I-N-G)



- Includes housing as part of her policy platform.
- Calls to increase supply of affordable housing by expanding LIHTC & HTF.
- Looking at other incentives to encourage affordable housing production.

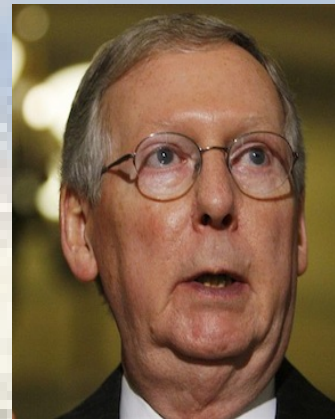
- No current housing platform or proposals.
- Has said he will cut regulations.
- Father developed affordable housing in NYC through FHA financing and Mitchell-Lama Housing Program.

# President Trump



# What Might Be

(Game Plan: Defense)



# What Might Be

## (Game Plan: Defense)



- Ensure LIHTC is retained in future tax reform bills.
- Protect funding levels at HUD and USDA.
- Secure future of Housing Trust Fund.
- Prevent repeal of NMTC.

# President Clinton





# What Might Be

(Game Plan: Offense)





# What Might Be

## (Game Plan: Offense)



- Push for Cantwell/Hatch Bill
  - 50% cap increase
  - Fixed 4% LIHTC
  - Income averaging
- Increased resources at HUD.
  - Eliminate RAD unit cap.
- Increase HTF allocations.
- Make NMTC permanent.

# Tax Reform

What do these President's have in common?



**Obama**



**Bush**



**Clinton**



**Bush**



**Reagan**



**Carter**



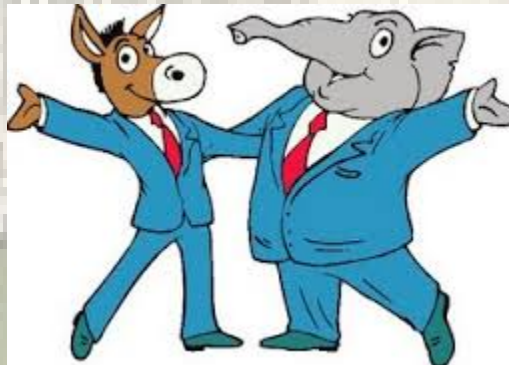
# Tax Reform

## The Players



# Ingredients for Reform

- Timing – 18 month window
- Compromise
- Team-work



# Tax Reform

## House GOP Tax Reform Task Force



Tax  
June 24, 2016  
**better.gop**

- Calls for top 20% corporate tax rate
- No mention of LIHTC, NMTC, HTC, tax-exempt private activity bonds or renewable energy tax credits (ITC/PTC)
- Document does say that tax reform as proposed “generally will eliminate special-interest deductions and credits in favor of providing lower tax rates.”
- Tax Reform Task Force describes the blueprint as “the beginning of our conversation about how to fix our broken tax code.”
- Legislative language before Jan. 20, 2017

# Affordable Housing Tax Agenda

- Secure LIHTC with tax reform - educate
- Reintroduction of Cantwell/Hatch Bill(s)
- Introduction of companion bill in House
- Effort to make NMTC permanent
- Possible initiative on middle-income TC

# Advocacy





# **AFFORDABLE RENTAL HOUSING**



## **A.C.T.I.O.N.**

**A Call To Invest in Our Neighborhoods**

[www.rentalhousingaction.org](http://www.rentalhousingaction.org)

# Arizona Action Members

- A New Leaf, Inc.
- Arizona Housing Alliance
- Capitol Mall Association
- Chicanos Por La Causa
- City of Yuma
- Comite de Bien Estar
- Corporate Social Responsibility
- Foundation for Senior Living
- Guadalupe Community Development Corp.
- Law Offices of William D. Black
- Milestone Housing Development Corp.
- Morton Consultant Services
- Native American Connections
- Pima County CDNC
- PPEP Microbusiness & Housing Development Corp.
- Surrano Law Offices
- Tonalea Chapter
- UMOM New Day Centers
- WESCAP Investments, Inc



**Senator Jeff Flake  
R-AZ**

## LOW-INCOME HOUSING TAX CREDIT IMPACT IN ARIZONA



47,567  
homes developed  
or preserved



110,732  
low-income households  
provided affordable homes



53,751  
jobs supported  
for one year



\$5.12 billion  
local income  
generated



\$2.02 billion  
tax revenue  
generated



*Housing Credit results in Arizona, 1986—2013  
Sources: National Council of State Housing Agencies, National Association of Home Builders*

### THE MOST SUCCESSFUL AFFORDABLE HOUSING PRODUCTION TOOL

The Housing Credit has financed nearly 2.8 million affordable apartments in the U.S. since 1986, providing homes to roughly 6.5 million low-income households. Tax-Exempt Multifamily Housing Bonds (Housing Bonds) have been used in more than 40 percent of these homes, and are vital to the Housing Credit's success. Through public-private partnerships, these tools have leveraged over \$100 billion in private equity capital. But without them, it would be uneconomic for the private sector to build affordable homes for the families that need them most.

### JOB CREATOR AND ECONOMIC CATALYST

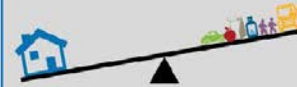
Housing Credit development supports nearly 96,000 jobs nationwide annually, mostly in the small business sector. It also adds roughly \$3.5 billion in taxes and other revenues to local economies each year, according to the National Association of Home Builders.

### UNIQUELY ACCOUNTABLE

The Housing Credit is "pay-for-performance" – credits can be claimed only after properties are successfully completed, and can be recaptured for non-compliance. Private sector investors – not taxpayers – bear the financial risk.

### THE AFFORDABLE RENTAL HOUSING CRISIS

Roughly 11 million households across the U.S. – over 1 in 4 renter households – spend over half of their monthly income on rent. This leaves too little for other necessary expenses like health care, transportation and nutritious food.



**234,766**

**ARIZONA HOUSEHOLDS  
pay more than half of their  
income on rent**

*Source: 2013 American Community Survey*

The ACTION Campaign calls on Congress to protect, strengthen and expand the Housing Credit and preserve Housing Bonds.



[www.rentalhousingaction.org](http://www.rentalhousingaction.org)



Cong. Martha  
McSally  
R-AZ 2nd

## LOW-INCOME HOUSING TAX CREDIT IMPACT IN ARIZONA'S 2ND CONGRESSIONAL DISTRICT



2,511  
homes developed  
or preserved



2,837  
jobs supported  
for one year



\$270.4 million  
local income  
generated



\$106.5 million  
tax revenue  
generated



*Housing Credit results in Arizona's 2nd Congressional District, 1986–2013  
Sources: U.S. Department of Housing and Urban Development, National Association of Home Builders*

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# Questions?



# Thank You!

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