



AFFORDABLE
HOUSING
TAX CREDIT
COALITION

Arizona Housing Forum: Washington Update

Emily Cadik, CEO | Affordable Housing Tax Credit Coalition

Jennifer Schwartz, Director of Tax and Housing Advocacy |
National Council of State Housing Agencies

August 22, 2024

Washington Political Environment

- Presidential and congressional election campaigning in full swing
- Congress adjourned for August recess through Labor Day
- Divided government, with historically slim majorities in both chambers
- House-passed 2024 tax bill failed in Senate; tax-writers preparing for 2025 tax action
- Appropriators will not finish FY 25 spending bills by Sept. 30 end of fiscal year



Tax Relief for American Families and Workers Act of 2024

- Vote on Wyden-Smith package **failed in the Senate** on August 1 by a **48 – 44** vote after a six-month standstill brought on by opposition from Senate Republican leadership
 - Three Republicans voted yes, two Independents voted no
- Legislation previously sailed through the House on January 31 in an overwhelmingly bipartisan **357 – 70** vote
- The **\$78 billion** legislation included:
 - Child Tax Credit expansion/extension
 - Business tax extenders (R&D and others)
 - Included extension of 100% bonus depreciation
 - Repeal of employee retention credit (pay-for)
 - Disaster tax relief
 - Provisions related to Taiwan
 - **An historic investment in affordable housing**



Lead Negotiators:
Senate Finance Committee Chairman Ron Wyden (D-OR) and House Ways and Means Committee Chairman Jason Smith (R-MO)

Tax Relief for American Families and Workers Act of 2024

- **Housing Credit provisions**
 - **Restored the 12.5% allocation increase** for 2023 – 2025
 - This allocation increase was initially enacted in 2018 but expired in 2021
 - Would finance **16,263** more affordable homes
 - **Lowered the 50% bond financing test** to 30% for PAB allocations made in 2024 – 2025
 - Would finance **186,310** more affordable homes

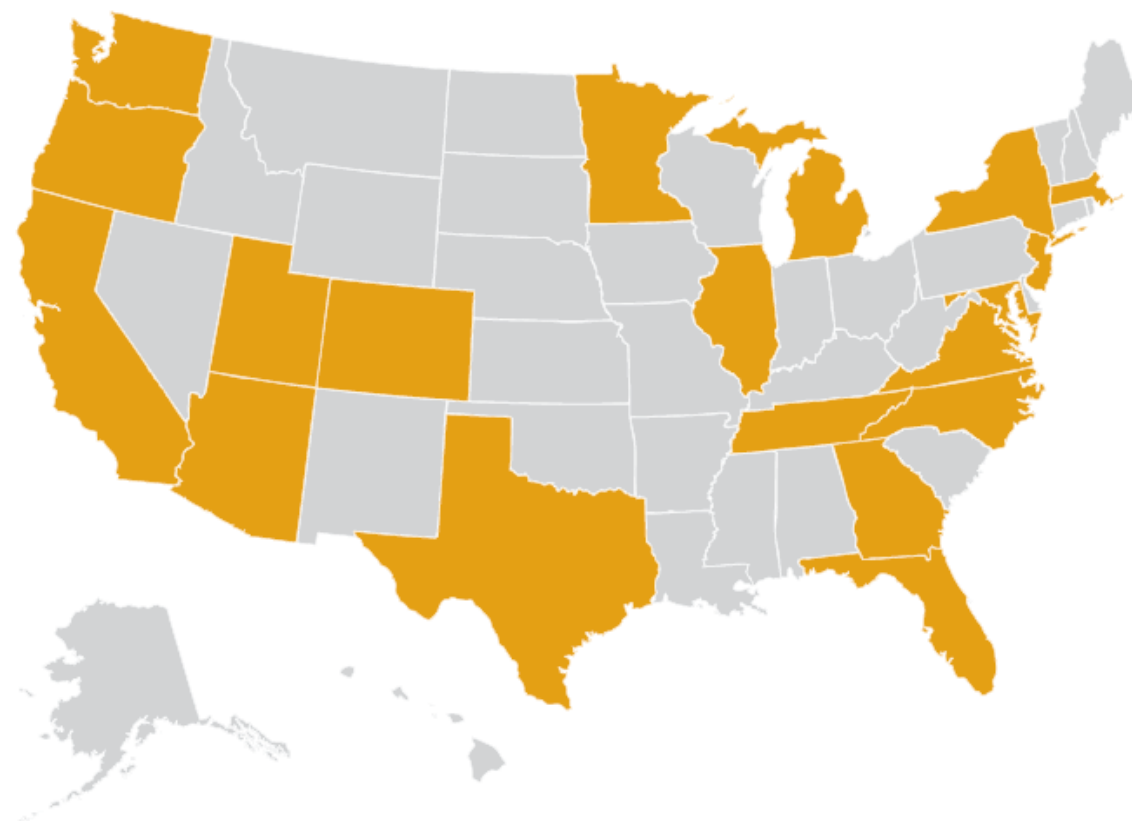
THE BIPARTISAN TAX PACKAGE WOULD
PRODUCE OR PRESERVE

200,000+

MORE AFFORDABLE RENTAL HOMES

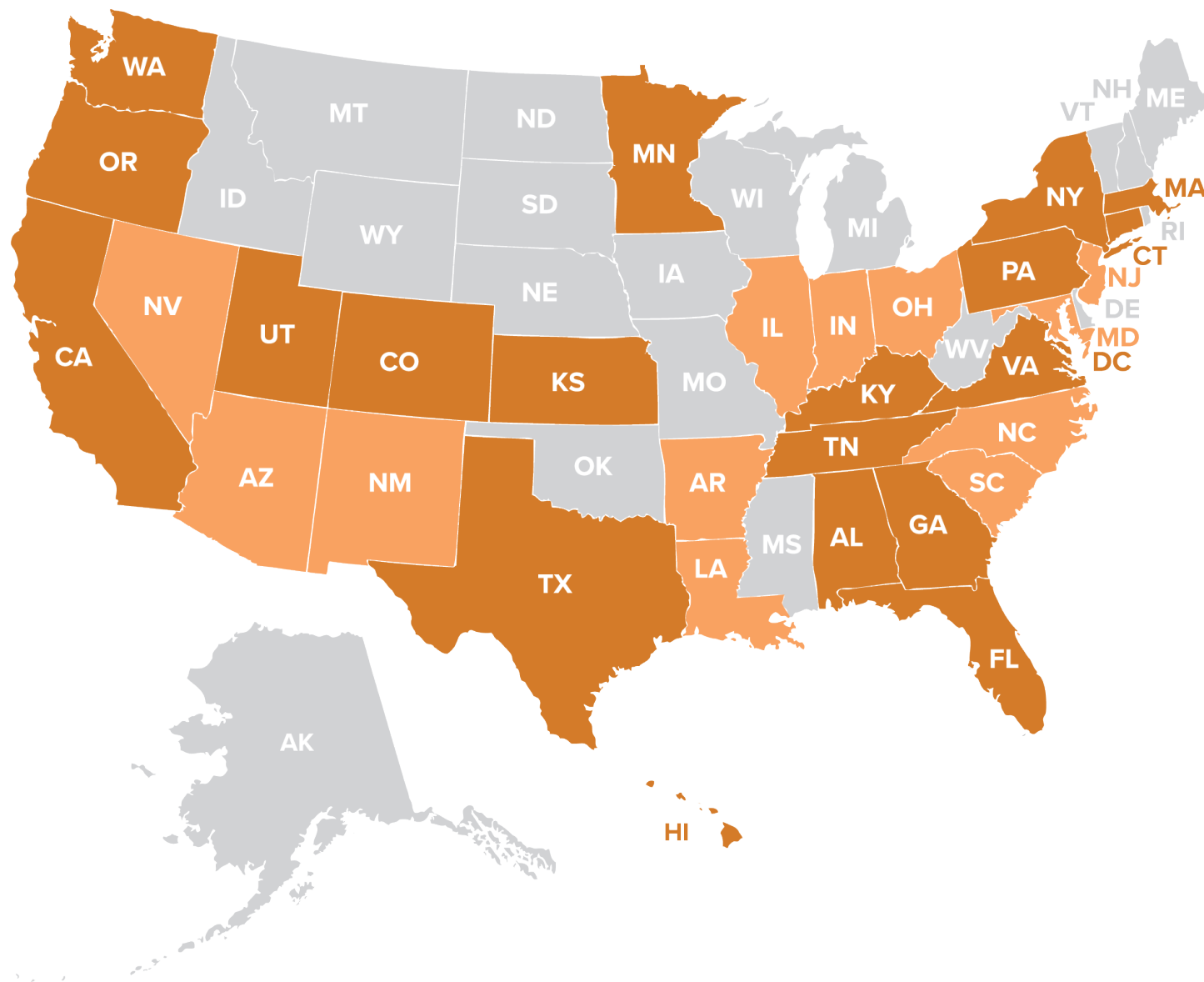
States Seeing the Largest Increase in Affordable Rental Homes Due to LIHTC Proposal




		Additional Homes as Proposed	Additional Homes if Extended Through 2033
1	California	39,620	179,510
2	New York	19,460	88,150
3	Texas	17,830	80,320
4	Florida	12,600	56,740
5	Georgia	8,750	39,570
6	Virginia	7,170	32,410
7	Washington	6,890	31,180
8	Oregon	6,640	30,160
9	Tennessee	6,190	27,990
10	Illinois	5,750	25,810
11	Massachusetts	5,140	23,220
12	Minnesota	4,820	21,790
13	Maryland	4,810	21,760
14	North Carolina	4,740	21,250
15	Colorado	4,170	18,850
16	New Jersey	4,120	18,490
17	Arizona	3,430	15,390
18	DC	3,260	14,840
19	Michigan	2,850	12,640
20	Utah	2,700	12,210



Sources: Novogradac; Calculated based on data from National Council of State Housing Agencies' Annual State HFA Factbooks, Council of Development Finance Agencies' Annual Volume Cap Reports, Census, IRS, Congressional Budget Office and Bureau of Labor Statistics

Volume Cap Scarcity



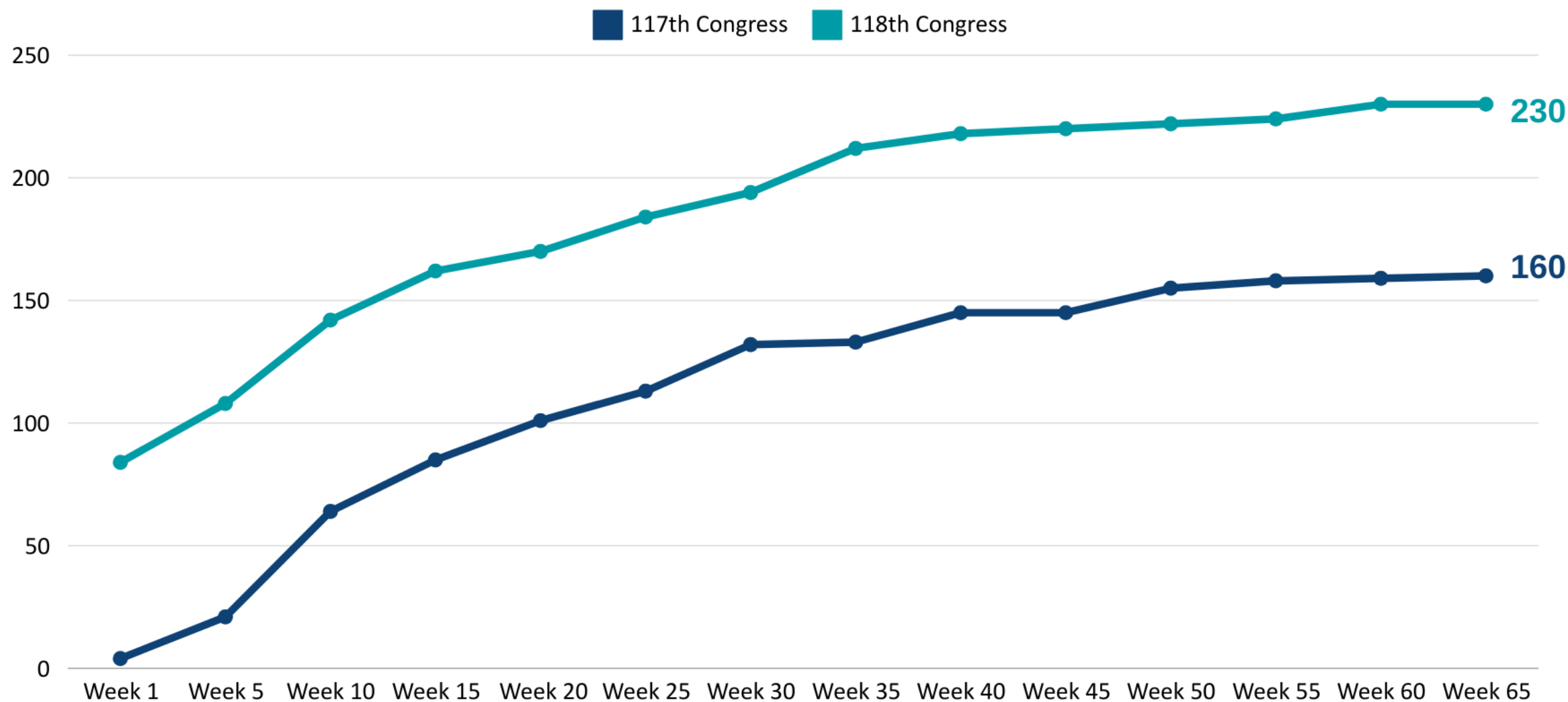
- 
Oversubscribed
(19 states & Washington, D.C.)
- 
Parity
(12 states)
- 
Undersubscribed
(19 states)

Information as of May 2024
Source: Tiber Hudson; Novogradac

Affordable Housing Credit Improvement Act

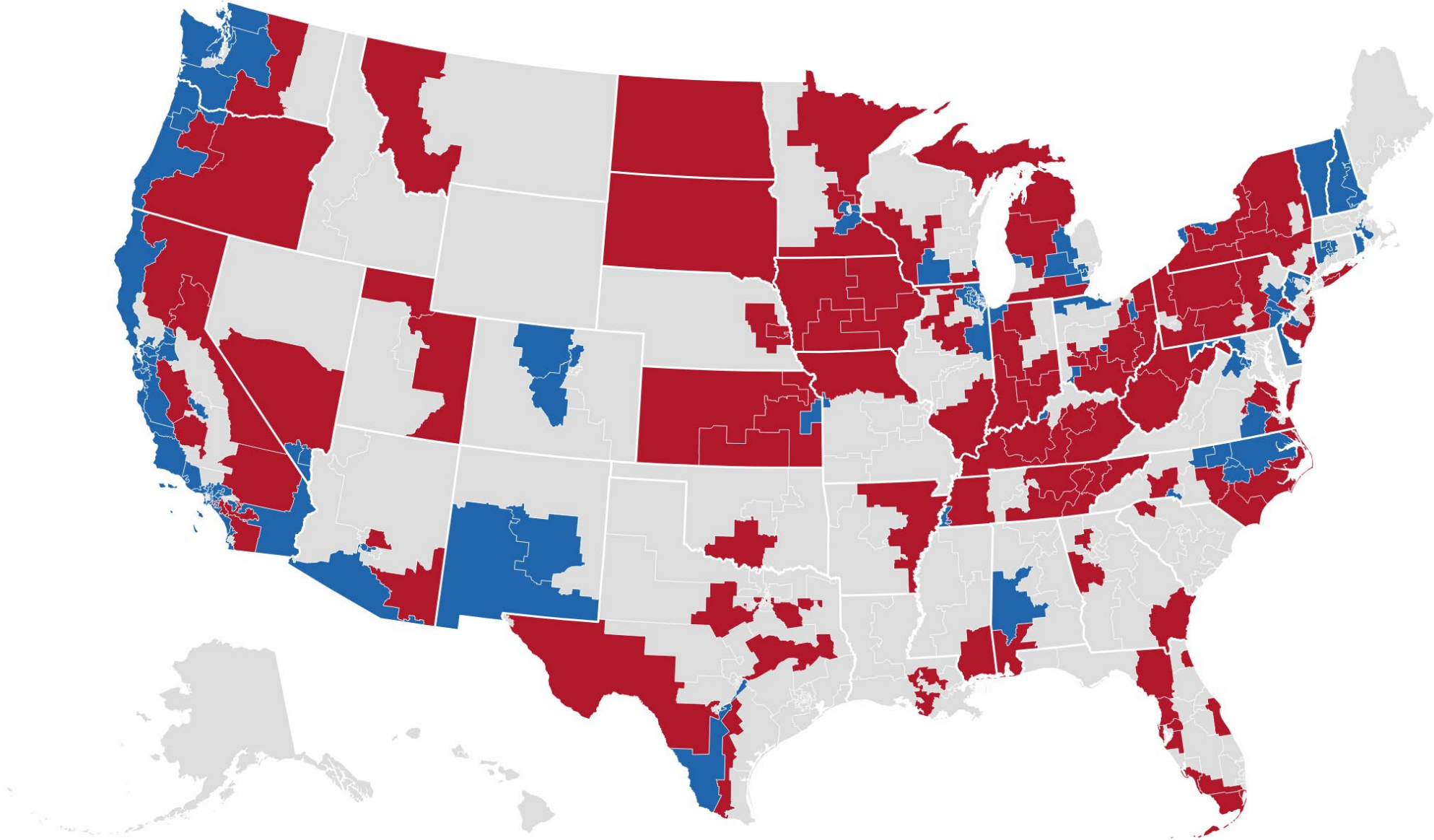
- Expands the 9% authority by 50 percent (building 12.5 percent increase into baseline and accounting for inflation during two-year phase-in).
- Lowers the bond “financed-by” threshold from 50 to 25 percent and Expands multifamily Housing Bond recycling authority
- Basis boosts: New 30% boosts for rural areas, Native American lands, & state-determined boosts for bond deals; modifies QCT and DDA methodology; establishes 50% boost for properties with ELI restrictions.
- Makes the Credit a more effective tool for preservation and streamlines program rules
- Ensures protections for veterans and survivors of domestic violence, dating violence, and human trafficking.

House AHCIA Cosponsors v. Weeks After Reintroduction

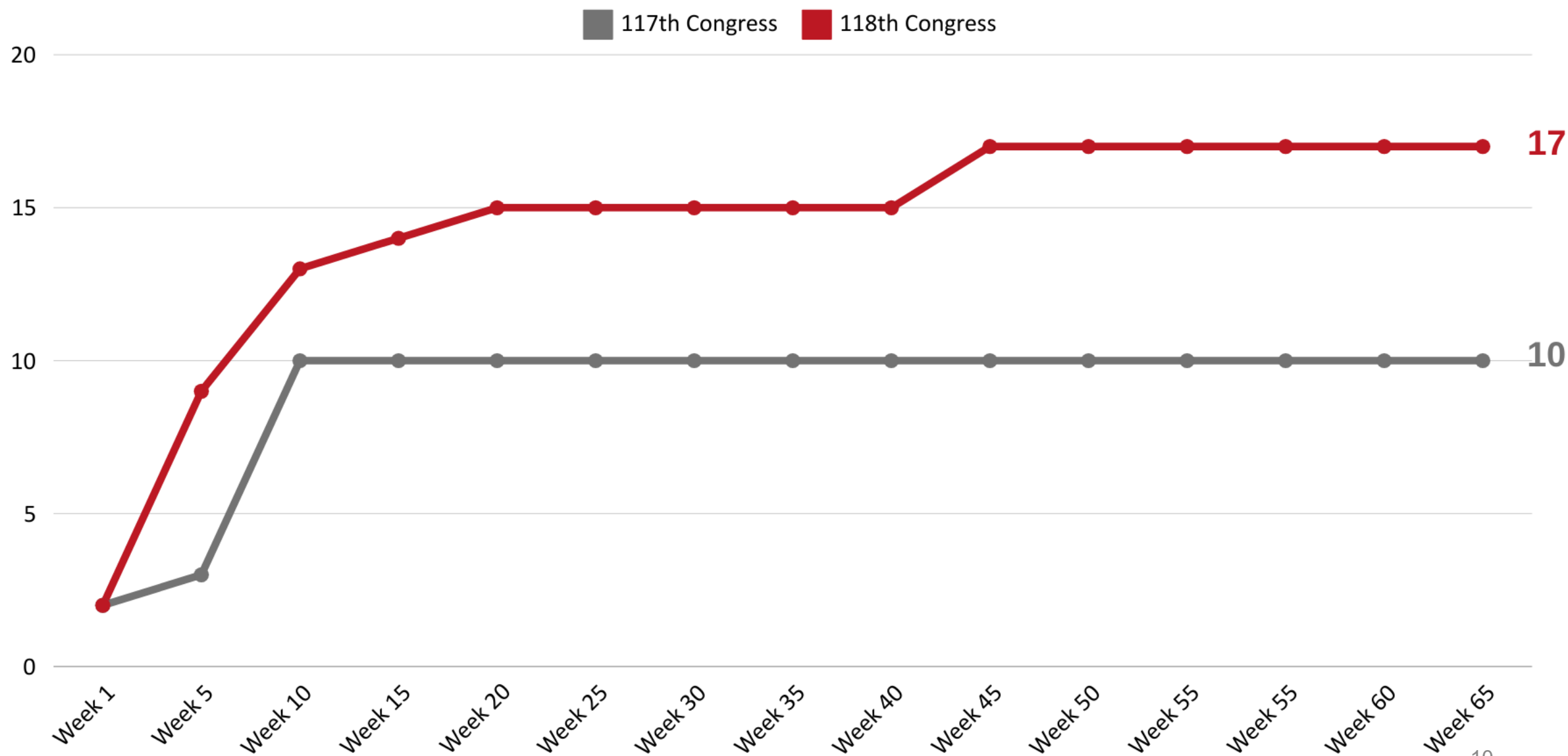


House AHCIA (H.R.3238) Cosponsors by District - July 2024

■ Republican Cosponsor ■ Democrat Cosponsor

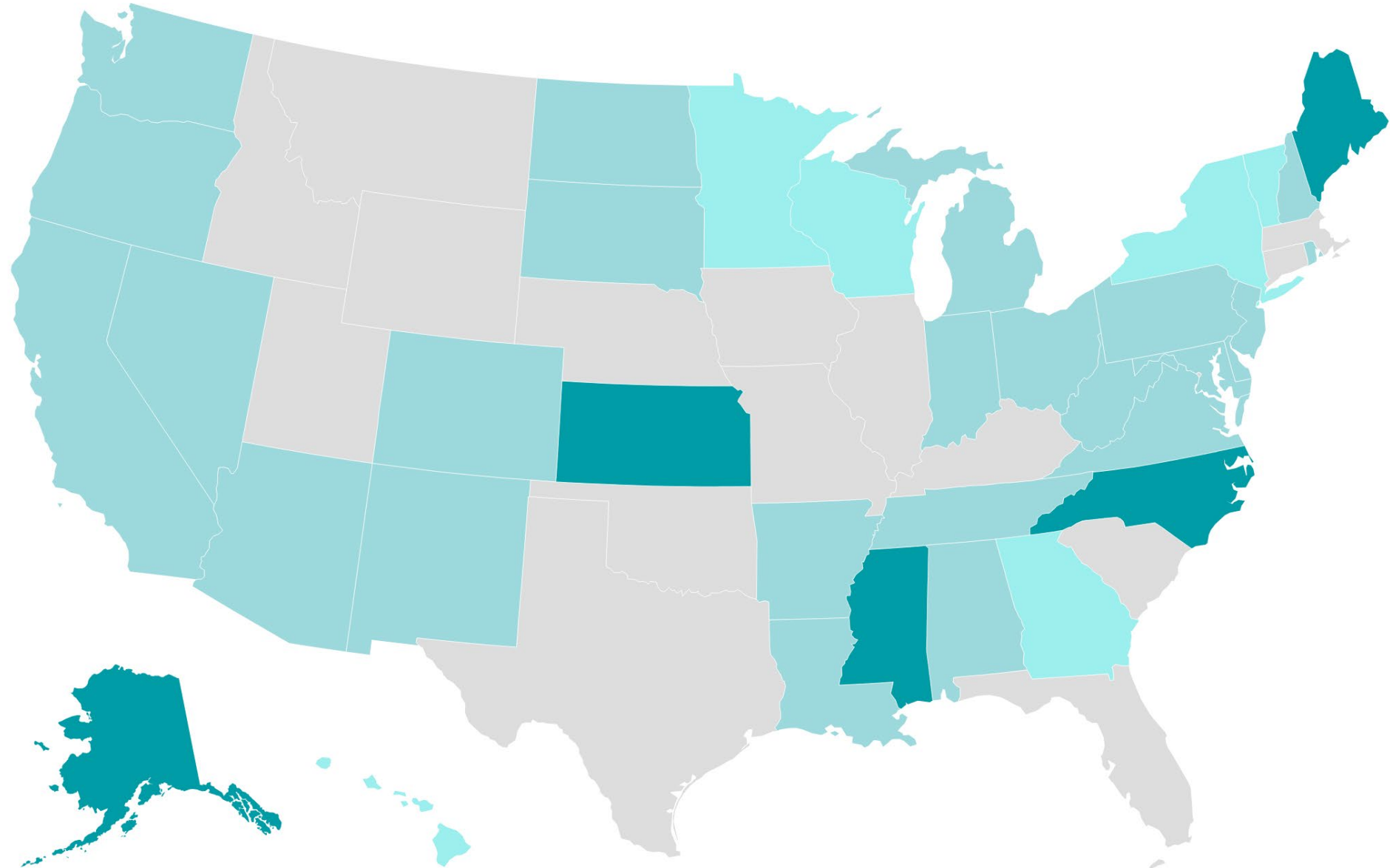


Senate Republican AHCA Cosponsors v. Weeks After Reintroduction



Senate AHCIA (S.1557) Cosponsors by State - May 2024

1 Senator Democrat Queue 2 Senators



Arizona Delegation Support for the AHCIA

- **Cosponsors:**

- Sen. Mark Kelly (D-AZ)
- Rep. David Schweikert (R-AZ-1)
 - Original co-sponsor, House Ways and Means Committee member
- Rep. Juan Ciscomani (R-AZ-6)
- Rep. Greg Stanton (D-AZ-4)
- Rep. Ruben Gallego (D-AZ-3)
- Rep. Raul Grijalva (D-AZ-7)

- **In the co-sponsor queue:**

- Kyrsten Sinema (I-AZ)

- **Not yet co-sponsored:**

- Rep. Elijah Crane (R-AZ-2)
- Rep. Andy Biggs (R-AZ-5)
- Rep. Debbie Lesko (R-AZ-8)
- Rep. Paul Gosar (R-AZ-9)

AHCIA Advocacy Resources

- [State and District Fact Sheets](#)
- [AHCIA Background Material](#) and issue-specific fact sheets
- [Social Media Guide](#)
- [Research and Reports](#)

Low-Income Housing Tax Credit Impact In Arizona



The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2022

 59,857 homes developed or preserved in AZ

 139,467 low-income households served

 100,943 jobs supported for one year

 \$4.12 billion in tax revenue generated

 \$11.4 billion in wages & business income generated

The Low-Income Housing Tax Credit (Housing Credit) is a proven solution to help address the affordable housing crisis.

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing.


It has financed over 3.8 million homes for low-income families and individuals nationwide since 1986.


The ACTION Campaign calls on Congress to:

- Expand the Housing Credit to address the severe shortage of affordable housing.
- Strengthen the Housing Credit to maximize impact in communities facing the greatest need.
- Enhance multifamily Housing Bonds, which provide critical financing to over half of all Housing Credit homes.


The Need for Affordable Housing

Though the Housing Credit has had a tremendous impact across the country, much more affordable housing is still needed to meet the growing demand.

 239,275 renter households in Arizona pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.

 In order to afford a one-bedroom apartment, a minimum wage worker in Arizona has to work 71 hours per week.

Addressing Our Nation's Severe Shortage Of Affordable Housing

 Up to 39,700 additional affordable homes could be financed in AZ by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

Visit rentalhousingaction.org for data sources and methodologies.

2025 Tax Legislation

- **"Super Bowl" of tax:** 23 provisions from the Tax Cuts and Jobs Act expire in 2025
- **More than \$4.4 trillion** worth of expiring tax cuts

- **Major questions:**

- Who controls Congress and the White House?
- Pay-fors/offsets?
- Reconciliation?
- Timing?

Major Tax Provision	Cost (Joint Committee on Taxation)
Lower income tax rates	\$2.16 trillion
Higher CTC	\$748 billion
Higher standard deduction	\$1.25 trillion
199A deduction (for pass-throughs)	\$684 billion
100% bonus depreciation	\$378 billion
New Markets Tax Credit	\$6.7 billion

House Ways and Means Committee Community Development Tax Team



Chairman:
Rep. Mike Kelly (R-PA)
AHCIA original co-sponsor



Rep. Darin
LaHood (R-IL)
AHCIA lead sponsor



Rep. Claudia
Tenney (R-NY)
AHCIA lead sponsor



Rep. Blake Moore (R-UT)
AHCIA original co-sponsor



Rep. Mike Carey (R-OH)
AHCIA original co-sponsor

Rep. Mike Kelly leads Ways & Means Tax Team tour addressing affordable housing



July 26, 2024 | [Press Release](#)

WASHINGTON, D.C. -- On Thursday, U.S. Rep. Mike Kelly (R-PA), Chairman of the Ways & Means Subcommittee on Tax, led the Committee's latest Community Development Tax Team site visit in Northwest Washington, D.C. to learn more about the role tax credits can play to boost affordability and accessibility in a challenging housing market. Notably, the role of the Low-Income Housing Tax Credit (Housing Credit) and its impact since its inception in the 1986 tax reform law.

Affordable Housing Bond Enhancement Act

S. 1805: Sponsored by Sens. Cortez Masto (D-NV) and Cassidy (R-LA)
House bill forthcoming

- Increases the MRB home improvement loan limit
- Allows MRBs to be used for refinancing loans
- Provides HFAs additional flexibility in how they utilize Housing bond carryover authority
- Simplifies how a borrower's MCC benefit is calculated
- Reduces the time period for the MRB and MCC recapture tax to five years (from nine)
- Provides additional flexibility for MCCs and MRBs



Neighborhood Homes Investment Act

S. 657: 15 Cosponsors (8 Ds and 7 Rs)

H.R. 3940: 95 Cosponsors (64 Ds and 31 Rs)

- Neighborhood Homes Investment Act authorizes the Neighborhood Homes Credit
- Tax credit for production of single-family affordable housing in distressed areas
- State administered
- No Arizona delegation members have cosponsored
- Eligible area maps available at neighborhoodhomesinvestmentact.org



HOME Reauthorization and Improvement Act

S. 3793: Sponsored by Sen. Cortez Masto (D-NV)

H.R. 7075: Sponsored by Rep. Joyce Beatty (D-OH)

- Reauthorizes HOME at \$5 billion.
- Eases CHDO qualification requirements and raises cap on CHDO operating assistance to 10 percent.
- Allows HUD to terminate affordability restrictions if a property forecloses or is no longer viable due to unforeseen circumstances.
- Increases administration resources to 15 percent.
- Codifies elimination of 24-month commitment deadline.
- Allows state PJs to inspect properties according to a national standard (i.e., NSPIRE) rather than state/local codes.

FY 25 Appropriations “Asks”

- **HOME:**

- Support FY25 funding for HOME at a level no less than passed in the Senate, \$1.45 billion.
- Make sure lawmakers understand that HOME-ARP and HOME are very different programs; Slow to commit HOME-ARP funding no excuse for draconian cuts to HOME:
 - HOME-ARP only for households <30% AMI
 - HOME-ARP cannot be used for homeownership activities
- Need adequate funding for HOME to “bend the curve” of increasing cost of HUD rental subsidies, crowding out other important HUD funding.

- **Rental Assistance:**

- **Funding:** Fully fund Section 8 contract renewals and provide adequate funding for contract administration in FY 2025. Provide sufficient funding to renew all authorized Housing Choice Vouchers and support new ones in FY 2025.
- Congress also should **ensure Section 8 program administrators are compensated fairly for their work** with adequate administrative fees, which have been underfunded in recent years.
- Make certain your members understand the HFA role in the PBRA program as **Performance-Based Contract Administrators (PBCAs)** and ask them to support appropriations language directing HUD to use cooperative agreements to renew PBCA awards on a state-by-state basis.

Upcoming Regulatory Changes to HOME

- HUD issued a HOME proposed rule modernizing and streamlining HOME regulations; comments were due July 29, final rule forthcoming:
 - Aligns HOME Rental Requirements with Housing Credit and other HUD programs
 - Higher rent limits, utility allowances
 - Modifies CHDO Requirements
 - New Tenant Protections
 - Increased Per-Unit HOME Subsidy



Property Events



Rep. Wiley Nickel (D-NC) attends a frame-raising for Aspen Spring in Raleigh, NC



Sen. Thom Tillis (R-NC) tours the Renaissance in Charlotte, NC



Rep. Marc Molinaro (R-NY) visited Red Stone Equity Partners' Cayuga Meadows community in Ithaca, New York



Rep. Jimmy Panetta (D-CA) visited Eden Housing's Ohlone-Chynoweth Commons as part of the annual 2023 National Night Out in San Jose, California

Questions?

Emily Cadik, CEO | Affordable
Housing Tax Credit Coalition

Emily.Cadik@taxcreditcoalition.org
taxcreditcoalition.org

@EmilyCadik
@AHTCCoalition
[LinkedIn](#)

Jennifer Schwartz, Director of Tax and
Housing Advocacy | National Council of
State Housing Agencies

jschwartz@ncsha.org
ncsha.org

@NCSHA Home
[LinkedIn](#)