

## NCSHA 2017 Business, Legislative, and Regulatory Priorities

The National Council of State Housing Agencies (NCSHA) is a national nonprofit, nonpartisan organization created by the nation's state Housing Finance Agencies (HFAs) to advance through advocacy and education their efforts to provide affordable housing to those who need it. NCSHA's priorities, adopted annually by its Board of Directors after consultation with all state HFAs, set the agenda for NCSHA's advocacy before Congress, the Administration, and the federal agencies concerned with housing, including HUD, USDA, and the Treasury, as well as its business activities.

NCSHA's overarching goal is an affordably housed nation. To achieve this, NCSHA is committed to protecting, expanding, and increasing the effectiveness of federal affordable housing programs responsive to the wide range of needs HFAs serve, including the need for homeownership and rental housing, housing in rural areas, and supportive housing for persons with special needs and those at risk of or experiencing homelessness.

NCSHA focuses its advocacy and business development efforts in the following four areas of equal priority that present the greatest and most immediate opportunities and threats to the advancement of its priorities. In 2017, as a new Administration and a new Congress take office, NCSHA foresees concentrating its activities on:

- Preserving and strengthening the Low Income Housing Tax Credit and private activity tax-exempt Housing Bonds in tax reform and other tax legislation;
- Protecting and restoring funding for the HOME Investment Partnerships and Section 8 programs in the appropriations process;
- Establishing HFAs as preferred partners and the primary affordable housing delivery vehicle within the system that federal housing finance reform produces; and
- Preserving HFA authority to provide secondary financing and other forms of down payment and closing cost assistance on a preferred basis on single-family Federal Housing Administration (FHA)-insured mortgages.

NCSHA also supports efforts to streamline, better coordinate, and realign federal housing programs to increase their effectiveness and simplify state and user administration of them. In addition, NCSHA seeks maximum flexibility for states to administer the resources entrusted to them in a manner responsive to their unique needs and circumstances.

To accomplish its goals, NCSHA and its member HFAs understand how important it is to communicate regularly and consistently with elected officials, federal policymakers, and opinion leaders the unique role HFAs play in the nation's housing finance system and the importance of their support for a central role for HFAs in the financing of affordable housing and the delivery of federal housing resources.

NCSHA's member HFAs recognize their responsibility to engage actively in the pursuit of congressional support for NCSHA's priorities and to build strong relationships with their members of Congress.

In addition to the specific priorities articulated below, NCSHA also recognizes the importance of a strong FHA and secondary mortgage market that engage HFAs as preferred affordable lending partners and respond to their capital and liquidity needs. NCSHA also supports affordable housing preservation and programs that help HFAs improve affordable housing energy-efficiency and facilitate sustainable development. In addition, NCSHA is committed to Community Reinvestment Act (CRA) reform that increases investor interest in purchasing Housing Bonds and Low Income Housing Tax Credits and enhances rural and smaller market access to CRA-motivated investment while not negatively impacting investment in other such areas. Finally, NCSHA recognizes the need for affordable flood insurance and additional resources and program flexibility for states to address their disaster-related housing needs.

### **Business Priorities**

In 2017, to help HFAs expand their market impact, enhance their programs' effectiveness, improve the execution of their business activities, and promote business-oriented innovation, NCSHA will:

- Help HFAs develop potential new lending executions and capital access options that help them better serve their targeted customers and meet their mission-related objectives.
- Investigate the possibility of HFA cooperative arrangements that leverage HFAs' collective strength and capacity.
- Evaluate the methodology and results of NCSHA's single-family data collection effort to support NCSHA's and HFAs' advocacy, communications, and business development efforts and determine whether or not to continue this effort.
- Retain and expand existing and pursue new preferred HFA lending relationships with HUD, Rural Development, Fannie Mae, Freddie Mac, the Federal Home Loan Banks (FHLBs), Ginnie Mae, and Private Mortgage Insurance (PMI) companies.
- Engage in more proactive outreach to the media, with the goal of more broadly communicating NCSHA's priorities and the HFA brand.
- Review NCSHA's existing Housing Credit recommended practices, revise those practices, and formulate new ones as necessary to respond to current program challenges and opportunities.
- Work with a third party consultant to conduct an independent analysis of Housing Credit development cost trends and influencers and state allocating agency cost controls.

## Legislative and Regulatory Priorities

In 2017, in pursuit of its goal of an affordably housed nation, NCSHA will seek:

- To protect, strengthen, and expand the production potential of the tax-exempt private activity Housing Bond program (and its Mortgage Credit Certificate option) and the Low Income Housing Tax Credit, including by increasing Housing Credit authority by at least 50 percent and preserving and strengthening the 4 percent Credit program that depends on multifamily Housing Bonds. (See Appendix for a more expansive articulation of NCSHA's Housing Bond and Housing Credit priorities.)
- A strong secondary mortgage market system with a robust affordable housing mission that engages HFAs as preferred affordable housing lending partners in meeting the needs of low- and moderate-income families, enables them to maximize their lending potential, and responds to their capital and liquidity needs, including through any successor entities to Fannie Mae and Freddie Mac.
- To work with the Federal Housing Finance Agency (FHFA) and the government-sponsored enterprises (GSEs) it regulates to strengthen and expand HFA-GSE partnerships, focusing on encouraging the GSEs to work with HFAs toward the fulfillment of their Duty to Serve obligations.
- To protect and restore HOME funding, while working to increase program flexibility, improve efficiency, and eliminate needless bureaucracy.
- Section 8 funding adequate to renew all authorized vouchers; provide for new ones; compensate PHAs fairly for their administrative costs; and honor and, if expiring, extend existing project-based assistance commitments.
- To aggressively represent the interests of HFAs in HUD's Performance-Based Contract Administration (PBCA) program and to ensure that HUD and Congress recognize HFAs' proven capacity and track record to serve as PBCAs.
- New state-administered funding for project-based operating subsidies to support affordable rental housing development and preservation and tenant-based rental assistance to support state-determined priorities unmet under the Housing Choice Voucher program, with maximum flexibility for program administrators and limited federal regulation.
- Dedicated and sustainable funding for the state-administered Housing Trust Fund, with maximum flexibility for state program administrators and limited federal regulation.
- Expanded federal commitment to address the preservation of affordable rental housing in a comprehensive manner, including additional resources, changes to existing housing programs, and the creation of new ones to support state and federal preservation efforts, so as not to dilute resources needed for the production of new affordable housing.

- To preserve HFA authority to provide secondary financing and other forms of down payment and closing cost assistance on a preferred basis on single-family Federal Housing Administration (FHA)-insured mortgages.
- To maintain and strengthen HUD's Housing Finance Agency Risk-Sharing Program, including by securing authority for Ginnie Mae to securitize Risk-Sharing loans and extending the Federal Financing Bank's (FFB) financing of Risk-Sharing loans.
- To advance HFA interests in federal agency implementation of the Dodd-Frank financial reform legislation, including its Qualified Mortgage, Qualified Residential Mortgage, and ability-to-repay regulations. NCSHA should also seek opportunities to minimize the administrative burden on HFAs of these and other federal single-family lending rules and regulations.
- To strengthen and expand USDA's rural housing programs and facilitate their coordination with the Housing Credit and other HFA-administered programs.
- To assist HFAs in the implementation of HUD's Affirmatively Furthering Fair Housing rule, including by working with HUD to improve its state assessment tool and by sharing emerging HFA practices.

## Appendix: NCSHA's Housing Bond and Credit Priorities

### Housing Credit and Multifamily Bond Programs

- Achieve permanent minimum Housing Credit rates for the 4 percent Credit, both for acquisition and bond-financed Credits.
- Establish a state-determined basis boost of up to 30 percent for 4 percent Credits in bond-financed properties.
- Amend the Housing Credit program tenant income limits to allow for income averaging, which would allow access by low-income families (up to 80 percent of area median income) to Housing Credit apartments and improve affordability for extremely low-income families (30 percent or less of area median income).
- Base income limits for bond-financed rural Housing Credit developments on the greater of area median gross income and the national nonmetropolitan median income, consistent with the current treatment of income limits for other Housing Credit developments located in rural areas.
- Oppose adding to the statutorily required Housing Credit Qualified Allocation Plan (QAP) selection criteria the preservation of federally assisted affordable housing.
- Simplify the Housing Credit student rule.
- Establish a state-determined basis boost of up to 50 percent for units in Housing Credit properties that are reserved for extremely low-income households.

### Mortgage Revenue Bonds and Mortgage Credit Certificate Programs

- Eliminate the MRB purchase price limits.
- Repeal the MRB refinancing limitation.
- Increase the MRB home improvement loan limit by an amount at least adequate to reflect the rise in construction costs since it was first established and index it for construction cost inflation annually thereafter.
- Exempt all refunding Housing Bonds from the Alternative Minimum Tax (AMT).
- Strengthen the Mortgage Credit Certificate (MCC) program by making it more efficient and easier to administer.