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Story

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## NCSHA Legislative and Regulatory Priorities

- Preserve, strengthen, and expand the Housing Credit
- Support tax-exempt Housing Bonds
- Maximize funding for HOME, rental assistance, rural housing, and the Housing Trust Fund
- Support a strong housing finance system committed to affordable housing through HFAs

## NCSHA Legislative and Regulatory Priorities

- Support affordable housing preservation
- Preserve and expand HFAs' ability to provide down payment assistance on FHA-insured mortgages
- Allow Ginnie Mae securitization of FHA-HFA Risk-Sharing multifamily mortgages
- Advance HFA interests in Dodd-Frank financial reform law implementation

## Key Principles for Hill Visits

- Focus on members of key committees
- Stress priorities under their influence
- Build support for all NCSHA priorities
- Make your requests clear and specific
- Stress economic and other benefits
- Promise to follow up with requests for more specific action
- Use social media to reinforce your message and publicize your contacts

## FY 2017 Budget Outlook

- Administration's FY 2017 Budget released February 9
- FY 2017 spending limits
- FY 2017 Budget Resolutions on accelerated schedule: House could consider budget plan last week of February; Senate could consider two weeks later

# Housing Credit and Bonds

## NCSHA Housing Credit Priorities

- Increase Housing Credit Authority by at least 50 percent.
- Create a minimum 4 percent rate for both acquisition and Bond-financed Credit properties.
- Establish a state-determined basis boost for 4 percent Credits.
- Standardize rural Housing Credit income limit rules.
- Increase access to Housing Credit homes for working families and extremely low-income families.
- Allow states— at their discretion— to convert a portion of their annual private activity bond cap into Housing Credit authority.

## NCSHA Housing Bond Priorities

- Protect the tax exemption for Housing Bonds.
- Eliminate the MRB purchase price limits.
- Repeal the MRB refinancing limitation.
- Increase the MRB home improvement loan limit.
- Exempt all refunding Housing Bonds from the AMT.
- Enhance the Mortgage Credit Certificates option.



## Congressional Outlook

*2016 is an opportunity to educate members about and build support for the Credit and Bonds.*

- Congress will use 2016 to lay the groundwork for tax reform efforts in 2017.
  - House Speaker Paul Ryan (R-WI) has established task forces to develop “pro-growth” agenda— Ways and Means Chairman Kevin Brady (R-TX) to play leadership role in the Tax Reform and Poverty, Opportunity, & Upward Mobility task forces.
  - Senate Finance Committee may have hearings on outcomes of the 2015 tax policy working groups.

## Congressional Outlook

- Other potential tax legislative initiatives:
  - Finance Committee Chairman Orrin Hatch (R-UT) may introduce legislation providing companies a deduction for money paid to shareholders as dividends.
  - Speaker Ryan and President Obama looking for common ground on poverty alleviation/EITC.
  - Potential for international tax reform.
  - Congress will not need to pass tax extenders legislation.

## To Advocate for the Housing Credit and Bonds

- Thank them for passing legislation establishing a permanent 9 percent minimum rate.
- Stress the importance of the Housing Credit and Bond programs and their benefits in your member's state/district:
  - Growing affordable housing need
  - Production and preservation accomplishments
  - Economic benefits: job creation and state & local revenues
- Remind them that but for the Housing Credit and Bonds there would be virtually no affordable housing development.

## To Advocate for the Housing Credit and Bonds

- Describe how these programs help alleviate poverty by promoting financial stability and economic mobility:
  - Better health outcomes
  - Improved school performance
  - More discretionary income for other needs
  - Access to transportation/employment opportunities
- Explain that these programs are public-private partnerships that transfer risk from taxpayers to private sector investors.

## Tell Congress to:

- Preserve the Credit and maintain the tax exemption on private activity Housing Bonds in tax reform.
- Expand and improve the Housing Credit by increasing its authority by at least 50 percent and providing new flexibility to states to maximize current resources.
- Strengthen the Housing Bond program.

# Appropriations

## Outlook

- Administration's FY 2017 Budget seeks \$48.9 billion for HUD, \$1.9 billion above its FY 2016 enacted level.
- An accelerated appropriations schedule is expected with hearings and markups this spring.
  - House appropriations requests mid-February; Senate appropriations requests mid-March
  - House markups in March; Senate markups in April

## To Advocate for Appropriations

- Ask Budget and Appropriations Committee members to provide for the highest possible funding allocation to the THUD Appropriations Subcommittees.
- Ask your members to voice support for restored or increased funding for HOME, rental assistance, and rural housing to appropriators.
- Provide your members with specific data and examples of program usage in their district or state.

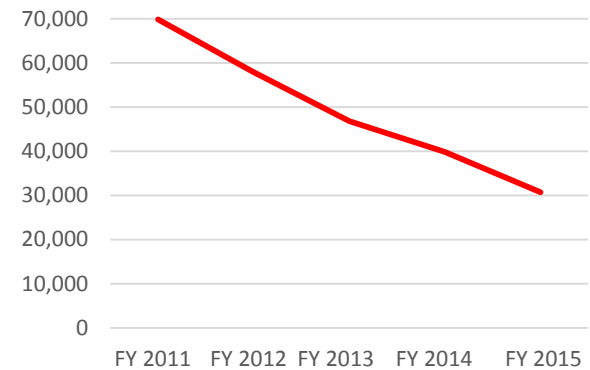


# HOME Investment Partnerships Program

## NCSHA HOME Priority

### Protect and restore HOME funding

- Funding cuts to HOME in the last 5 years have reduced its annual production of affordable homes by 56%. →
- Congress' modest increase to HOME in FY 2016 was a step in the right direction but funding is still half of its FY 2010 level.
- NCSHA urges Congress to restore HOME funding to at least \$1.2 billion in FY 2017.



# Congressional Outlook

- FY 2016 bills proposed significant cuts to HOME; the national response led to modest funding increase and a more knowledgeable Congress.
- Administration's FY 2017 Budget proposes \$950 million, equal to its FY 2016 level.
- NCSHA continues to regularly convene HOME Coalition, with strong and continued advocacy efforts:
  - Conducting Hill and Administration meetings
  - Writing letters and testimony
  - Producing HOME materials and examples

## To Advocate for HOME

- Thank Members for support of HOME in FY 2016.
- Explain how you use HOME funding and why it's needed:
  - Allows you to target funding to most pressing needs
  - Provides critical gap financing
  - Serves both urban and rural areas
  - Produces housing for persons with special needs, including persons with disabilities, the elderly, and homeless.
- Stress importance of HOME to State/ District.
- Tell how recent cuts to HOME have impacted your program.
  - If possible, provide specific examples of lost production and assistance due to funding cuts.

## To Advocate for HOME

- Remind them of HOME's successes: since 1992, HOME has produced more than 1.2 million homes and provided direct rental assistance for more than 300,000 families.
- Tell them that the HOME Coalition estimates that this investment has supported 1.5 million jobs and generated \$94.2 billion in local income.
- Remind them of how HOME provides critical gap financing, and is often used with the Low Income Housing Tax Credit and USDA rural housing programs.
- Tell them that \$1 in HOME funding leverages more than \$4.20 in public and private funding.
- Tell them that every \$1 billion in HOME creates or protects approximately 17,870 jobs.

## Tell Congress to

- Restore funding for this vital affordable housing program
- Resist any additional efforts to cut HOME funding, including resisting set-asides within HOME

# Housing Trust Fund

## NCSHA Housing Trust Fund Priority

- Dedicated and sustainable funding for the state-administered Housing Trust Fund (HTF)



## Congressional Outlook

- The Federal Housing Finance Agency (FHFA) directed Fannie Mae and Freddie Mac to begin setting aside funding for the Housing Trust Fund (HTF) in CY 2015.
- With no legislative obstacles on the horizon, HUD anticipates launching HTF this summer.
- Administration's FY 2017 Budget estimates \$170 million for first year.

## To Advocate for the Housing Trust Fund

- Remind Members of the unmet need for affordable housing, especially housing for extremely low-income families.
- Explain how HTF would supplement current programs and help target them to families with the greatest needs.

## Tell Congress to

- Oppose legislation that would stop GSE contributions or HUD administration.

# Rental Assistance

## NCSHA Rental Assistance Priority

- Fully fund Section 8 project-based contract renewals.
- Fund all authorized vouchers and as many new ones as possible.
- Compensate PHAs for their administrative costs.
- Provide flexible rental assistance allocated to state HFAs to coordinate with their development resources.

# Congressional Outlook

- **Project-Based Rental Assistance**
  - FY 2016 omnibus included \$10.62 billion for PBRA, supporting calendar year shift.
  - Administration's FY 2017 Budget proposes \$10.8 billion to fund all renewals, finalize calendar year shift, extend current PBCA contracts, and potentially execute new contracts in FY 2017.

## Congressional Outlook

- **Housing Choice Voucher**
  - Administration's FY 2017 Budget proposes \$20.85 billion for vouchers.
    - \$88 million for targeted vouchers for homeless families set to complement proposed \$11 billion mandatory program to end family homelessness by 2020.
    - \$7 million for Tribal HUD-VASH Demonstration
    - \$15 billion Mobility Demonstration
    - \$2 billion for admin fees, \$427 million more than FY 2016; expected to "fully fund" under new fee proposed by HCV Administrative Fee Study.

## To Advocate for Rental Assistance

- Thank them for supporting adequate renewal funding and PBRA shift to calendar year funding.
- Explain that only one in four of all low-income families eligible receives rental assistance.
- Tell Congress that rental assistance makes Housing Bond, Housing Credit, HOME, and other rental housing affordable to some of our lowest-income families.

## Tell Congress to

- Fully fund Section 8 project-based contract renewals.
- Fund all authorized vouchers and as many new ones as possible.
- Fully compensate PHAs and HFAs for their administrative costs.



# Rural Housing

# NCSHA Rural Housing Priorities

- Adequate funding for rural housing programs.
- To facilitate more efficient coordination of USDA rural housing programs with the Housing Credit and other HFA-administered programs.
- Protect Section 521 Rental Assistance program resources.

## Congressional Outlook

- Administration's FY 2017 Budget flat-funds USDA Section 502 and 521 but provides substantive increases for Section 515 and 542 to address issue of maturing mortgages.

## To Advocate on Rural Housing

- Speak with members of Senate and House Appropriations Subcommittees on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.
- Urge Congress to support rural housing programs, including the Section 521 Rental Assistance program.

# Housing Finance Reform

## NCSHA Housing Finance Reform Priorities

- A strong secondary market system with a robust affordable housing mission that:
  - Engages HFAs as preferred affordable housing lending partners
  - Enables HFAs to maximize their lending potential
  - Responds to their capital and liquidity needs

## Congressional Outlook - Last Congress

- The Senate Banking Committee favorably reported a bipartisan reform bill (“Johnson-Crapo”) that did not have sufficient support from Senate Dems to be brought to the floor.
- The new leaders of the Senate Banking Committee (Richard Shelby and Sherrod Brown) both opposed this legislation.
- This bill is frequently cited as the basis for future action on housing finance reform.

# Housing Finance Reform and Taxpayer Protection Act (S. 1217)

- Introduced by then Banking Committee Chair Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID).
- Gradually eliminated Fannie Mae and Freddie Mac over five years and replaced them with Federal Mortgage Insurance Company (FMIC).
- FMIC was responsible for providing explicit federal reinsurance of MBSs.
- Private market covers at least 10 percent of all principal losses on MBSs.



## Housing Finance Reform and Taxpayer Protection Act (S. 1217)

- FMIC would have been responsible for determining what loans would be eligible for federal reinsurance (would have to include HFA loans).
- Authorized FMIC to establish a Mutual Securitization Company to help small non-depository originators develop and securitize FMIC securities. HFAs would have been eligible to join.
- GSE multifamily operations transferred to FMIC.
- FMIC would collect user fees on all guaranteed securities, to be used to support affordable housing initiatives, such as the Housing Trust Fund.

## Congressional Outlook - Looking Forward

- At this time, it does not appear likely that housing finance reform legislation will pass this Congress.
- Leaders of the Banking and Financial Services Committees have not introduced GSE reform bills or indicated that they are likely to do so.
- Shelby and Brown disagree about federal role in the mortgage market and support for affordable housing.
- Fin. Services Chair Jeb Hensarling (R-TX) remains committed to privatizing the housing finance market.

## Congressional Outlook - Looking Forward

- Congressional activity on GSE reform likely to resume after a new Administration is established.
- Crapo likely to become top GOP member of Banking Committee, which may make bipartisan reform more likely.
- Presidential candidates have been mostly silent on GSE reform.
- **Next month provides HFAs with a great opportunity to “plant seeds” by sharing our priorities on housing finance reform before the debate heats up again.**

## To Advocate for Housing Finance Reform

- Stress the importance of a federally backed secondary mortgage market.
- Describe the need for capital and liquidity in the housing finance market.
- Explain why initiatives such as the Housing Trust Fund, while important, do not adequately replace the GSEs' role in affordable housing.

## Tell Congress to

- Include a federal backstop for the single-family and multifamily markets in GSE reform legislation.
- Instill within the housing finance reform system a duty to support affordable housing options for all consumers and communities.
- Establish HFAs as preferred partners of the new housing finance system.

# Federal Housing Administration

## Congressional Outlook

- In September 2013, FHA requested \$1.7 billion from Treasury to meet its mandated reserve capacity.
- FHA has taken a number of steps to improve its finances.
- FHA's latest report to Congress shows that the insurance fund now has a positive value and has returned to its statutorily mandated capital ratio of 2%.

## Congressional Outlook

- FHA's decision in January 2015 to reduce annual mortgage insurance premiums by .5 percent has allowed FHA to assist more first-time home buyers.
- FHA's annual report estimates that the reduced premiums helped 106,000 borrowers in 2015 alone.
- The reduced premiums have saved the average borrower \$900 a year.



# Congressional Outlook

- Congressional Republicans have expressed strong concerns about the recent premium reduction and FHA's underwriting standards.
- The House Financial Services Committee has held several hearings to examine FHA's financial health.
- Congressional Republicans may consider FHA reform legislation that could tighten FHA's underwriting standards.

## To Advocate for FHA's Single-Family Role

- Discuss the value of FHA's mortgage insurance programs to your agency and home buyers in your state.
- Describe the types of home buyers you assist with FHA loans.
- Describe how the reduction in FHA's annual premiums helped your agency assist more creditworthy borrowers.

## Tell Congress to

- Support a strong and active FHA and preserve its ability to offer affordable high loan-to-value ratio lending to responsible low- and moderate-income borrowers.
- Ensure that FHA reform legislation does not impede FHA's ability to fulfill its homeownership mission.

## NCSHA Dodd-Frank Priority

- Advance HFA interests in Dodd-Frank financial reform law implementation.
- Minimize the administrative burden on HFAs of Dodd-Frank and other federal single-family lending rules and regulations.

## Congressional Outlook

- With GOP majority, Congress has passed several bills to amend Dodd-Frank mortgage regulations, including legislation that would expand the QM definition.
- Legislation has so far not directly impacted HFAs.
- Senate Banking Committee and House Financial Services Committee hearings have examined the impact of Dodd-Frank rules on the mortgage market.
- Major reforms to Dodd-Frank still unlikely to pass the Senate and/or be signed by Obama.

## TRID and HFA Down Payment Assistance

- TILA-RESPA Integrated Disclosure rule (TRID) was implemented in October.
- As written, the TRID rule requires that old RESPA disclosures (HUD-1 and GFE) be used with certain HFA down payment assistance loans.
- Some HFAs have curtailed or suspended their participation in HFA DPA programs because they can no longer produce RESPA forms.
- NCSHA has been working with CFPB on possible policy solutions to this issue.
- We will pursue legislative action if necessary.

## To Advocate on Dodd-Frank

- Stress the need for flexibility to provide low- and moderate-income borrowers with loan products that best fit their needs.
- Describe the impact of complying with CFPB regulations on your lending programs.

## Tell Congress To

- Continue strong oversight of Dodd-Frank rules to examine their impact on the mortgage lending market.
- Urge CFPB and other federal regulators to adopt a flexible regulatory approach that will minimize the burden faced by HFAs.



# Section 8 Performance- Based Contract Administration

## Outlook

- In April, US Supreme Court refused to review PBCA litigation; HUD has since determined it must establish a procurement process for PBCA program.
- HUD will host an “Industry Day” on Feb. 26 to obtain input on its procurement plans to award new PBCA contracts by 2017.
- House FY 2016 Appropriations bill assumed a cost savings from moving to procurement; this was removed from omnibus.

## Outlook

- Administration's FY 2017 Budget proposes \$10.8 billion to fund all renewals, extend current PBCA contracts, and potentially execute new contracts in FY 2017.
- NCSHA communicating HFA value as PBCAs to HUD; reviewing legal concerns.
- PBCAs to resume Management & Occupancy Reviews in 2016.

## To Advocate for a Strong HFA PBCA Role

### *Show “Added Value”*

- Explain the benefits of HFA contract administration work to tenants, their properties, and their communities.
- Describe HFA history in administering Section 8 contracts.
- Discuss additional state resources and coordination role HFAs can bring to their PBCA work.

## Tell Congress to

- Support a continued role for state PHAs/HFAs to serve as PBCAs.
- Provide adequate administrative fees to compensate PBCAs for their work.

# Risk-Sharing Program

# NCSHA Risk-Sharing Priority

Allow Ginnie Mae securitization of FHA-HFA  
Multifamily Risk-Sharing loans

## Congressional Outlook

- The Administration established the HUD-Treasury-Federal Financing Bank (FFB) Risk-Sharing Initiative in 2015 as interim measure.
- The Administration's FY 2017 Budget again proposes legislation allowing Ginnie Mae to securitize Risk-Sharing loans.



## To Advocate for Ginnie Mae Securitization of Risk-Sharing Loans

- Explain Ginnie Mae securitization would reduce the cost of financing rental housing, making it possible to achieve lower rents and reach even lower income tenants.
- Describe how Risk-Sharing loans finance developments meeting the same targeting requirements as the Low Income Housing Tax Credit.

## Tell Congress to

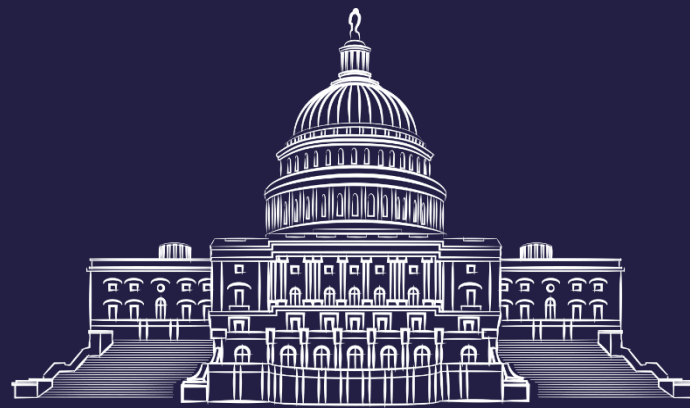
- Support legislation allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans, possibly in stand-alone, appropriations, or housing finance reform legislation.

## Housing Opportunities Through Modernization Act (HR 3700)

- Introduced by House Financial Services Subcommittee on Housing and Insurance Chair Blaine Luetkemeyer (R-MO) and Ranking Member Emanuel Cleaver (D-MO)
- Modest, “common sense” reforms to federal housing programs
  - Streamlines Housing Choice Voucher program inspections
  - Simplifies requirements for project-basing vouchers
  - Provides PHAs greater flexibility to transfer funding between operating and capital funds
  - Includes provisions designed to make it easier for condominium mortgages to be insured by the FHA
- Unanimously passed House on February 2; currently no Senate companion legislation

## Rental Assistance Demonstration (RAD)

- HUD continues to process no-cost conversions.
- HUD's FY 2017 Budget requests \$50 million for a targeted expansion of RAD to enable Section 202 Housing for the Elderly Project Rental Assistance Contracts (PRACs) the option to also convert to Section 8 contracts.
- Increases demand for Housing Credits and other resources.



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