



# 2018 LEGISLATIVE CONFERENCE

BUILDING ON  
**SUCCESS**

# Tax Reform's Impact on the Housing Credit and Bonds

Major victory – Congress preserved  
the Housing Credit and Private Activity Bonds

But...

- Lower corporate tax rate – resulting in lower pricing of Credits
- Chained CPI – resulting in smaller inflation adjustment for authority
- Base Erosion and Anti-Abuse Tax – potentially causing some investors to exit the market and sell current Housing Credit investments

**We need the Affordable Housing Credit  
Improvement Act more than ever.**



# Senate Finance Committee

## *Current Roster*

### Republicans

Orrin Hatch, UT

Chuck Grassley, IA

Mike Crapo, ID

Pat Roberts, KS

Michael Enzi, WY

John Cornyn, TX

John Thune, SD

Richard Burr, NC

Johnny Isakson, GA

Rob Portman, OH

Patrick Toomey, PA

Dean Heller, NV

Tim Scott, SC

Bill Cassidy, LA

### Democrats

Ron Wyden, OR

Debbie Stabenow, MI

Maria Cantwell, WA

Bill Nelson, FL

Robert Menendez, NJ

Thomas Carper, DE

Benjamin Cardin, MD

Sherrod Brown, OH

Michael Bennet, CO

Robert Casey, Jr., PA

Mark Warner, VA

Claire McCaskill, MO

[Sheldon Whitehouse, RI](#)

# House Ways and Means Committee

## *Current Roster*

### Republicans

Kevin Brady, TX  
Sam Johnson, TX  
Devin Nunes, CA  
Dave Reichert, WA  
Peter Roskam, IL  
Vern Buchanan, FL  
Adrian Smith, NE  
Lynn Jenkins, KS  
Erik Paulsen, MN  
Kenny Marchant, TX  
Diane Black, TN  
Tom Reed, NY

Mike Kelly, PA  
Jim Renacci, OH  
Pat Meehan, PA  
Kristi Noem, SD  
George Holding, NC  
Jason T. Smith, MO  
Tom Rice, SC  
David Schweikert, AZ  
Jackie Walorski, IN  
Carlos Curbelo, FL  
Mike Bishop, MI  
Darin LaHood, IL

### Democrats

Richard Neal, MA  
Sander Levin, MI  
John Lewis, GA  
Lloyd Doggett, TX  
Mike Thompson, CA  
John B. Larson, CT  
Earl Blumenauer, OR  
Ron Kind, WI  
Bill Pascrell, NJ  
Joseph Crowley, NY  
Danny K. Davis, IL  
Linda Sánchez, CA  
Brian Higgins, NY  
Terri Sewell, AL  
Suzan Delbene, WA  
Judy Chu, CA

# NCSHA Housing Credit Priorities

- Increase Housing Credit authority by at least 50 percent
- 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 tenant income limits to allow for income averaging
- Base income limits for bond-financed rural Housing Credit developments on the greater of AMGI and the national nonmetropolitan median income, consistent with the 9 percent program

# NCSHA Housing Credit Priorities (cont.)

- 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 ELI households
- Repeal the Qualified Census Tract population cap
- Increase the population percentage cap for Difficult Development Areas



# S. 548/H.R. 1661 the Affordable Housing Credit Improvement Act



Senator Maria Cantwell  
*D-Washington*



Finance Committee  
Chairman Orrin Hatch  
*R-Utah*



Representative  
Carlos Curbelo  
*R-Florida*



W&M Ranking  
Member Richard Neal  
*D-Massachusetts*



The new guy



# S. 548/H.R. 1661 the Affordable Housing Credit Improvement Act

Over 20 program changes that would:

- Expand Housing Credit authority by 50 percent (Senate version only)
- Strengthen the 4 percent Credit/Housing Bond program
- Improve the ability to preserve affordable housing with the Housing Credit
- Facilitate development for hard-to-reach populations and in challenging markets
- Provide new flexibility and streamline program requirements

***Includes all NCSHA Housing Credit priorities***

# S. 548/H.R. 1661 Cosponsorship Stats

## Senate Bill:

- 23 Senate cosponsors (including Cantwell and Hatch); 10 Republicans, 11 Democrats, & 1 Independent
- 18 Senate Democrats waiting to get on the bill
- Over half of the Senate Finance Committee

## House Bill:

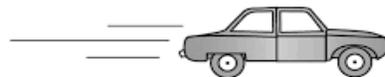
- 125 House cosponsors (including Curbelo and Neal); 63 Republicans & 62 Democrats
- All are welcome – No waiting list for Democrats
- Over 2/3 of the House Ways and Means Committee

# 2018 Tax Legislative Landscape

**Tax reform left the parties more divided than ever**

Potential 2018 tax legislation:

- Technical corrections– could move with Omnibus spending bill in March
- Disaster relief
- Infrastructure
- Federal Aviation Administration Reauthorization



**We need to get on a viable vehicle!**



# NCSHA Housing Bond Priorities

- Establish a national pool through which expired private activity tax-exempt Housing Bond authority is redistributed to states that exhaust theirs
- Extend multifamily Housing Bond recycling authority by
  - Lengthening the period after repayment during which multifamily bonds may be recycled to one year
  - Allowing state HFAs to recycle repaid multifamily bond proceeds more than once during the four year period after original use
  - Permitting recycled bond authority to be used for single-family housing, 9 percent Housing Credit transactions, and economic development

## NCSHA Housing Bond Priorities (cont.)

- Eliminate the MRB purchase price limits
- Repeal the MRB refinancing prohibition
- Eliminate the MRB home improvement loan limit or increase it by an amount at least adequate to reflect the rise in construction costs since it was established and index it for construction cost inflation annually thereafter
- Exempt all refunding Housing Bonds from the AMT
- Strengthen the MCC program
- Repeal the MRB Ten-Year Rule

***NCSHA exploring the potential for bond legislation this year***



# Advocating for the Credit and Bonds

- Thank your members for preserving the Housing Credit and Housing Bonds in tax reform
- Remind them that while Congress maintained the programs, we will see lower production due to the lower corporate tax rate and chained CPI– and possibly fewer investors in the market to the Base Erosion and Anti-Abuse Tax
- Stress the importance of the Credit and Bonds to their state/district:
  - Growing affordable housing need
  - Production, preservation, and homeownership accomplishments
  - Local 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.

# Advocating for the Credit and Bonds

- Stress program attributes:
  - Public-private partnerships
  - State-administered for limited federal bureaucracy
  - An important contributor to our economic well-being
  - A critical part of our nation's infrastructure
  - A record of exceptional performance
  - Meeting a need the private sector could not otherwise address
  - Alleviates poverty by promoting financial stability and economic mobility – health outcomes, school performance, discretionary income, better access to transportation and employment

# Advocating for the Credit and Bonds

## Make “the Ask”

- Turn cosponsors into advocates – Urge them to tell their leadership to enact the Affordable Housing Credit Improvement Act this year by including it in any potential tax vehicle
- Recruit new cosponsors – Now that Congress has affirmed the continuation of the Credit and Bonds in the reformed tax code, it’s time to strengthen the Credit program with this legislation
- Make sure they know that we need to make up for the losses we suffered due to the lower corporate tax rate and chained CPI
- Seek support from all your members



# Questions?





# 2018 Appropriations Landscape

- Bipartisan Budget Act of 2018 (passed February 9, 2018) raises FY 2018 and 2019 spending caps
- Congress has until March 23 to rewrite and pass FY 2018 bills funding government for the rest of the fiscal year
- President's FY 2019 Budget proposes eliminating HOME, reducing "federal footprint" in affordable housing
- FY 2019 appropriations timeline impacted by FY 2018 delays, midterm elections
  - House 'Dear Colleague' letters and Member Requests Due March 19; Senate schedule still to be announced

# Senate Appropriations Transportation, Housing and Urban Development (THUD) Subcommittee

## *Current Roster*

### Republicans

Susan Collins, ME	Shelley Moore Capito, WV
Richard Shelby, AL	Steve Daines, MT
Lamar Alexander, TN	Lindsey Graham, SC
Roy Blunt, MO	John Hoeven, ND
John Boozman, AR	

### Democrats

Jack Reed, RI	Christopher Coons, DE
Patty Murray, WA	Brian Schatz, HI
Richard Durbin, IL	Chris Murphy, CT
Diane Feinstein, CA	Joe Manchin, WV

# House Appropriations Transportation, Housing and Urban Development (THUD) Subcommittee

## *Current Roster*

### Republicans

Mario Diaz- Balart, FL  
Charlie Dent, PA  
David Joyce, OH  
John Culberson, TX  
David Young, IA  
David Valadao, CA  
Tom Graves, GA

### Democrats

David Price, NC  
Mike Quigley, IL  
Katherine Clark, MA  
Pete Aguilar, CA



# Senate Appropriations

## Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee

### *Current Roster*

#### Republicans

John Hoeven, ND  
Thad Cochran, MS  
Mitch McConnell, KY  
Susan Collins, ME  
Roy Blunt, MO  
Jerry Moran, KS  
Marco Rubio, FL

#### Democrats

Jeff Merkley, OR  
Diane Feinstein, CA  
John Tester, MT  
Tom Udall, NM  
Patrick Leahy, VT  
Tammy Baldwin, WI

# House Appropriations Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee

## *Current Roster*

### Republicans

Robert Aderholt, AL  
Kevin Yoder, KS  
Tom Rooney, FL  
David Valadao, CA  
Andy Harris, CA  
David Young, IA  
Steven Palazzo, MS

### Democrats

Sanford Bishop, GA  
Rosa DeLauro, CT  
Chellie Pingree, ME  
Mark Pocan, WI



# NCSHA HUD and USDA Priorities

- Increase **HOME Investment Partnerships program** and **Section 8 project-based assistance** and **voucher funding**.
- Strengthen the Department of Agriculture's **rural housing programs** and facilitate their coordination with the Housing Credit and other HFA-administered programs.
- Secure federal housing finance reform that establishes a system with a strong dedication to affordable housing and the HFA delivery system and provides a dedicated funding source for the **Housing Trust Fund**.
- Preserve and strengthen Federal Housing Administration (FHA)-HFA partnerships, including single-family down payment assistance and the **multifamily FHA-HFA Risk-Sharing Federal Financing Bank (FFB) Initiative**.
- Promote HFA interests in HUD's **Performance-Based Contract Administration (PBCA) program**.

# Advocating for HOME, Section 8, and Rural Housing Programs

- Urge members to provide adequate funding for HUD and USDA programs in FY 2018 and FY 2019.
- Stress importance of HUD and USDA programs and their benefits to your state/district:
  - Growing affordable housing need
  - Production, preservation, and homeownership accomplishments
  - Alleviating poverty by promoting financial stability and economic mobility – health outcomes, school performance, discretionary income, better access to transportation and employment
  - Economic benefits: job creation, local revenue
- Highlight HFAs' proven track record in administering these programs.



# Advocating for HOME

- Thank members for pushing back against Administration's FY 2018 proposal to eliminate HOME.
- Urge members to increase funding for HOME in FY 2018; fund HOME at least at \$1.2 billion in FY 2019.
- **Members need to hear from you!** Share data and stories about HOME in your state:
  - Production, preservation, and homeownership accomplishments
  - Critical gap financing with Low Income Housing Tax Credit, Rental Assistance Demonstration, disaster recovery
  - Housing for persons with special needs, including persons with disabilities, the elderly, and homeless
  - Local economic benefits: job creation and state and local revenues

# Advocating for Section 8 Rental Assistance

- Project-Based Section 8 Rental Assistance (PBRA) and Housing Choice Vouchers (vouchers) help make rental housing affordable to some of our lowest-income families.
  - PBRA maintains and protects the long-term federal investment in affordable housing stock which would be costly to recreate.
  - Vouchers are a cost-effective investment that reduce homelessness and improve family well-being, including children's chances of long-term success.
- Tell Congress to:
  - 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.



# Advocating for Rural Housing Programs

- Stress importance of USDA rural housing programs to state/district.
- Tell Congress to strengthen USDA's rural housing programs and facilitate their coordination with the Housing Credit and other HFA-administered programs.



# Advocating for the Housing Trust Fund

- Remind members of the unmet need for affordable housing, especially housing for extremely low-income families.
- Explain how you are using HTF in your state, including for supportive housing.
- Tell Congress to:
  - Oppose any effort that would stop GSE contributions or HUD administration.
  - Work to provide maximum flexibility for program administrators and limit federal regulations.

# Advocating for FHA-HFA Risk-Sharing Program

- Explain how important FHA-HFA Risk-Sharing program and the related Federal Financing Bank (FFB) financing are to your HFA's affordable rental housing activities:
  - Enables HFAs to make thousands more affordable rental homes possible than could be financed without them.
  - Risk-Share loans are low risk and raise revenue for the federal government.
- But the Risk-Share Program needs a **level playing field**...
  - Unlike most FHA-insured multifamily loans, Ginnie Mae cannot securitize Risk-Share loans under current statute.
  - FFB financing, introduced in 2014, reduces the cost of financing affordable rental developments by approximately one-half of a percent, which generates substantial savings and improves affordability.

# Advocating for FHA-HFA Risk-Sharing Program

- Tell Congress to:
  - Continue to support the FHA-Risk Share program
  - Permit Ginnie Mae to securitize FHA Risk-Sharing loans
    - Until Congress takes this action, it must ensure that HFAs have access to FFB financing.
- Tell HUD to:
  - Reverse its February decision to not request or provide additional FFB program loan commitment authority for FY 2019



# Advocating HFAs' Role as Performance-Based Contract Administrators

- Share your concerns with HUD's draft Request for Proposals for PBCA.
- Discuss the benefits of using HFAs as PBCAs.
- If HUD proceeds with procurement, Congress must ensure HUD:
  - Contracts only with PHAs, pursuant to the Housing Act.
  - Contracts with applicants that have the legal authority to administer federal rental assistance contracts in and throughout each state they propose to serve.
  - Continues to define the PBCA scope of work and required tasks to encompass a comprehensive set of responsibilities.



# Questions?





# GSE Reform: The Next Issue for Affordable Housing?

## Bottom Line Up Front:

- Serious efforts are underway in both the House and Senate to develop bipartisan housing finance reform legislation, though plenty of obstacles remain.
- There are concerns about how current legislative proposals could impact HFAs and credit for affordable housing.
- While GSE Reform faces an uphill battle this Congress, it is still critical for HFAs to discuss this issue with your members and help them understand its importance to your programs.

# NCSHA Housing Finance Reform Priorities



## **A strong secondary market system with:**

- A Federal backstop to ensure liquidity.
- A robust commitment to affordable housing that supports housing finance in all communities during good and bad markets.
- A preferred role for HFAs as affordable housing partners that enables HFAs to maximize their lending potential and respond to their states' unique affordable housing needs.
- A consistent funding source for the Housing Trust Fund.



# Senate Banking Committee

## Current Roster

### Republicans



Mike Crapo, ID *Chair*

Richard Shelby, AL

Bob Corker, TN

Patrick Toomey, PA

Dean Heller, NV

Tim Scott, SC

Ben Sasse, NE

Tom Cotton, AR

Mike Rounds, SD

David Perdue, GA

Thom Tillis, NC

John Kennedy, LA

**Jerry Moran, KS**

### Democrats

Sherrod Brown, OH

Jack Reed, RI

Robert Menendez, NJ

Jon Tester, MT

Mark Warner, VA

Elizabeth Warren, MA

Heidi Heitkamp, ND

Joe Donnelly, IN

Brian Schatz, HI

Chris Van Hollen,  
MD

Catherine Cortez  
Masto, NV

**Doug Jones, AL**



# Senate Banking Subcommittee on Housing

## *Current Roster*

### Republicans



Tim Scott, SC, *Chair*

Richard Shelby, AL

Dean Heller, NV

Mike Rounds, SD

Thom Tillis, NC

John Kennedy, LA

**Jerry Moran, KS**

### Democrats

Robert Menendez, NJ,  
*Ranking Member*

Jack Reed, RI

Heidi Heitkamp, ND

Brian Schatz, HI

Chris Van Hollen, MD

**Doug Jones, AL**

*Chairman Crapo and Ranking Member  
Brown are ex-officio members*



# House Financial Services Committee

## *Current Republican Roster*



Jeb Hensarling, TX, *Chair*

Peter King, NY

Frank Lucas, OK

Patrick McHenry, NC

Steve Pearce, NM

Bill Posey, FL

Blaine Luetkemeyer, MO

Bill Huizenga, MI

Sean Duffy, WI

Steve Stivers, OH

Randy Hultgren, IL

Dennis Ross, FL

Robert Pittenger, NC

Ann Wagner, MO

Andy Barr, KY

Keith Rothfus, PA

Luke Messer, IN

Scott Tipton, CO

Roger Williams, TX

Bruce Polquin, ME

Mia Love, UT

French Hill, AR

Tom Emmer, MN

Lee Zeldin, NY

Dave Trott, MI

Barry Loudermilk, GA

Alexander Mooney, WV

Thomas MacArthur, NJ

Warren Davidson, OH

Ted Budd, NC

David Kustoff, TN

Claudia Tenney, NY

Trey Hollingsworth, IN

# House Financial Services Committee

## *Current Democratic Roster*



Maxine Waters, CA, *Ranking Member*

Carolyn Maloney, NY

Nydia Velazquez, NY

Brad Sherman, CA

Gregory Meeks, NY

Michael Capuano, MA

William Lacy Clay, MO

Stephen Lynch, MA

David Scott, GA

Al Green, TX

Emmanuel Cleaver, MO

Gwen Moore, WI

Keith Ellison, MN

Ed Perlmutter, CO

Jim Himes, CT

Bill Foster, IL

Dan Kildee, MI

John Delaney, MD

Kyrsten Sinema, AZ

Joyce Beatty, OH

Denny Heck, WA

Juan Vargas, CA

Josh Gottheimer, NJ

Vicente Gonzalez, TX

Charlie Crist, FL

Ruben Kihuen, NV

# House Financial Services Subcommittee on Housing and Insurance

## *Current Roster*



### Republicans

Sean Duffy, WI, *Chair*

Dennis Ross, FL, *Vice Chair*

Edward Royce, CA

Steve Pearce, NM

Bill Posey, FL

Blaine Luetkemeyer, MO

Steve Stivers, OH

Randy Hultgren, IL

Keith Rothfus, PA

Lee Zeldin, NY

Dave Trott, MI

Tom MacArthur, NJ

Ted Budd, NC



### Democrats

Emmanuel Cleaver, MO,  
*Ranking Member*

Nydia Velazquez, NY

Michael Capuano, MA

Wm. Lacy Clay, MO

Brad Sherman, CA

Stephen Lynch, MA

Joyce Beatty, OH

Dan Kildee, MI

John Delaney, MD

Ruben Kihuen, NV

*Chairman Hensarling and Ranking Member Waters  
are ex-officio members*



# Leading Players in GSE Reform



Senator Bob Corker  
*R-Tennessee*



Senator Mark Warner  
*D-Virginia*



House Financial  
Services Committee  
Chair  
Jeb Hensarling  
*R-Texas*



Hensarling Currently  
Seeking Democratic  
Partner

# Momentum for Housing Finance Reform? Maybe...



- Corker/Warner and Hensarling looking to develop bipartisan legislation.
- Consensus has developed in support of a federal guarantee.
- Both Hensarling and Crapo have indicated they want to take up housing finance reform this Congress.
- Both GSEs recently took draws from Treasury due to Q4 losses, possibly increasing the impetus for reform.
- The Administration has called GSE reform a top priority and is engaged behind the scenes.
- Hensarling and Corker\* are retiring, making this their last chance to advance legislation.

## But Many Hurdles Remain...



- Could be difficult to reach bipartisan agreement in Banking Committee due to disagreement over system's role in supporting affordable housing.
- Bipartisan legislation is critical to securing 60 votes needed in the Senate.
- Fin. Services Committee has not produced any bipartisan bills of this magnitude under Hensarling and Waters.
- No clear plan or proposal from POTUS.
- It's an election year.
- Besides the last quarter, GSEs have been contributing to Treasury and are a possible revenue source for policymakers to pay for other priorities.

## The Senate: Corker-Warner Bill

- Draft of Legislation recently leaked (“Draft 28”).
- Corker and Warner have confirmed the draft’s authenticity, but stressed it’s an old draft that does not reflect new changes that have been made.
- Many areas of the legislation left blank, including specific figures.
- Unclear when the bill will be released.
- Bill based on plan proposed by Ed DeMarco and Michael Bright.
- NCSHA is engaging with both Senators’ staff as the process develops.



## Corker-Warner Bill: What Does It Do?

- Winds down Fannie Mae and Freddie Mac.
- Private entity “guarantors” would apply to FHFA for approval to sell MBS with a government guarantee from Ginnie Mae.
- Ginnie Mae would provide similar insurance benefit for private MBS that it does for MBS comprised of government-loans.
- Private investors in first loss-position.
- Guarantors and Ginnie Mae would be expected to offset risk through risk transfers.

# Corker-Warner Bill: Affordable Housing

- Market fee assessed for each loan contained in a federally insured MBS:
  - 65 percent of proceeds, up to specific limit set by FHFA, go to the Housing Trust Fund.
  - 35 percent of proceeds, up to specific limit set by FHFA, go to the Capital Magnet Fund.
  - Proceeds above limits go to new Market Access Fund run by FHFA.
- Market Access Fund would support programs for underserved borrowers, including down payment assistance, counseling, and subsidized interest rates.
- FHFA directed to look to work with HFAs when administering fund.

## Corker-Warner Bill: Affordable Housing

- Besides Market Access Fee, bill places no affirmative obligation on guarantors to support affordable housing.
- Guarantors required to submit annual plans to FHFA on their efforts to assist underserved borrowers, but FHFA cannot influence the plans.
- *Big Questions: Will the Corker-Warner bill provide adequate support and financing for affordable housing? How will it impact HFAs?*



## The House: Hensarling Bill

- In order to pass reform, Hensarling has dropped his long-standing opposition to a gov't backstop.
- Hensarling's bill is believed to be very similar to Corker-Warner, including the Market Access Fee (another concession).
- Hensarling currently seeking Democratic partner to work on bipartisan deal.

## Hensarling Bill: Affordable Housing

- If he does not get a Dem partner, Hensarling may drop market access fee and affordable housing funds from bill.
- Bill raises same concerns regarding affordable housing and HFAs as Corker-Warner.
- Note: Unlike his previous housing finance reform bill, Hensarling's bill is unlikely to address FHA.



# Advocating on Housing Finance Reform

*Regardless of the prospects for GSE reform this year, HFAs should still educate your members so that they understand how important this issue is to your programs. Even if Congress doesn't act this year, it will eventually, and your advocacy can help shape the debate moving forward.*

- Stress the importance of a federally backed secondary mortgage market.
- Describe the need for capital and liquidity in all segments of the housing market.
- Explain why initiatives such as the Housing Trust Fund, while important, do not adequately replace the GSEs' role in affordable housing.
- Talk about how your agency has utilized the GSEs to fulfill your affordable housing missions.

# Advocating on Housing Finance Reform



**WE WANT YOU!**

## Ask 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.
- Maintain a dedicated funding stream for the Housing Trust Fund while allowing states maximum flexibility in administering the fund.



# Questions?



# Your Advocacy Doesn't Stop When You Go Home!

*Make sure LegCon is not the only time members hear from you.*

- Meet with your members when they are at home. The next district work period is March 24- April 8!
- Invite them to groundbreaking and ribbon cuttings.
- Set up property tours for members and their staff.
- Don't forget to develop relationships with district staff.
- Engage with your members on social media.
- Send letters when you allocate Credits or provide HOME funding to a property in their district.
- Keep in contact with staff by emails throughout the year as needed.
- Be a resource to them.
- Engage other housing stakeholders in your state and encourage them to advocate for our housing priorities.
- If you will be in DC on other business, find time to see your members– NCSHA staff are happy to join you.



# 2018 LEGISLATIVE CONFERENCE

BUILDING ON  
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