**NCSHA 2016 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 homeowner and rental housing, housing in rural areas, and supportive housing for persons with special needs and individuals and families at risk of or experiencing homelessness.

NCSHA focuses its advocacy efforts in areas that present the greatest and most immediate opportunities and threats to the advancement of its priorities. In 2016, 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; and
* Establishing HFAs as preferred partners and the primary affordable housing delivery vehicle within the system that federal housing finance reform produces.

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, including through the federal Interagency Physical Inspection Alignment Pilot program and similar initiatives.

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 as articulated in the HFA Advocacy Compact.

In addition to the specific priorities articulated below, NCSHA also recognizes the importance of a strong Federal Housing Administration 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 2016, to help HFAs maintain 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.
* Collect and interpret HFA single-family loan performance data to support NCSHA’s and HFAs’ advocacy, communications, and business development efforts.
* 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, the Federal Financing Bank, and Private Mortgage Insurance (PMI) companies.
* Continue to execute NCSHA’s *Power of Housing at Work* communications plan, with priority focus on more proactive outreach to the media, with the goal of developing an HFA brand and ensuring that it is communicated more broadly; maximizing the impact of NCSHA’s *Faces of Home* campaign; and refreshing NCSHA messaging with the latest affordable housing impact and needs analyses and data, including economic impacts.
* Encourage and facilitate HFA adherence to the Board-adopted *HFA Advocacy Compact*, asking for HFAs’ continued commitment to their federal advocacy work.
* Assist HFAs in the implementation of HUD’s new Affirmatively Furthering Fair Housing rule, including the design and use of a HUD state assessment tool and the sharing of emerging HFA practices.

**Legislative and Regulatory Priorities**

In 2016, 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 preserving the 4 percent Credit program that depends on Housing Bonds and by increasing state Housing Credit authority.
* 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.
* 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 and expand HFAs’ authority to provide secondary financing and other forms of down payment and closing cost assistance in transactions involving FHA single-family mortgage insurance.
* To eliminate the face-to-face meeting requirement HUD currently imposes on FHA loan servicers.
* To secure authority for Ginnie Mae to securitize multifamily FHA-HFA 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 facilitate more efficient coordination of USDA rural housing programs with the Housing Credit and other HFA-administered programs and ensure that USDA does not administratively remove existing Section 521 Rental Assistance units from the program or cancel Section 521 Rental Assistance contracts from assisted properties that USDA removes from the program.

**Appendix: NCSHA’s Housing Bond and Credit Priorities**

* Achieve permanent minimum Housing Credit rates for the 9 percent and 4 percent Credit programs.
* Establish a state-determined basis boost for 4 percent Credits.
* Amend the Housing Credit program tenant income limits to increase access to Housing Credit apartments for working low-income families (e.g., up to 80 percent of area median income) that cannot afford decent, reasonably priced rental homes and for extremely low-income families (e.g., 30 percent or less of area median income) that cannot afford most Housing Credit apartments without assistance.
* Base income limits for 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 urban and suburban Housing Credit developments located in federally designated Metropolitan Statistical Areas (MSAs).

* Eliminate the MRB purchase price limits. Meanwhile, work with Treasury to improve its proposed safe harbor purchase price methodology.
* 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.
* Support proposals allowing states, at their discretion, the option of converting a portion of their annual PAB authority into Housing Credit authority, with the conditions that it remain a voluntary state determination that provides states the maximum flexibility possible in deciding what PAB authority to convert, and is not considered a sufficient response to the need for more Housing Credit authority.
* Oppose adding to the ten Housing Credit Qualified Allocation Plan (QAP) selection criteria an eleventh criteria for preservation of federally assisted affordable housing.