Federal Legislative Advocacy:
Defending Housing in Tax Reform

In November 2017, the affordable-housing world was blindsided by a House of Representatives proposal to eliminate the private-activity bond program—a critical resource for financing affordable apartments nationwide. The Washington State Housing Finance Commission quickly mobilized to fight back.

Thanks to our efforts joining the work of hundreds of organizations and advocates around the country, not only was the private-activity bond program saved, but the Low Income Housing Tax Credit was left untouched—and the stage was set for the first increase in the housing credit in decades.

Alarm Bells

In late October 2017, the Commission, like our fellow HFAs and housing advocates across the country, were keeping an eye on the tax-reform process. The House Ways and Means Committee was due to release its tax-reform legislation on November 1, with the Senate Finance Committee to follow. The mood in the industry was cautiously optimistic for the prospects of affordable housing. The Affordable Housing Credit Improvement Act (H.R. 1661 and S. 548) had attracted broad bipartisan support, and it was hoped that some of its measures (perhaps even the much-needed LIHTC increase) might be incorporated. Private-activity bonds seemed safe; the National Association of Bond Lawyers, for example, saw no trouble ahead.

But when Ways & Means released its bill, alarm bells went off across the country. The bill actually eliminated private-activity bonds altogether—including all 501(c)3 bonds. The cut to the corporate tax rate had required deep cuts in other programs, and bonds appeared to be a soft target.

For Washington state, this would have meant the elimination of 60% of our multifamily production—not to mention nonprofit senior housing, and our successful community-building programs that use bonds to help nonprofits build facilities and families to buy their first farm.

Numbers and Messages

With all hands on deck, the Commission quickly pivoted staff resources. The day after hearing the news, the Commission put out a press release pointing out that 2,088 LIHTC units in development over the next two years would never be built if the bill became law—affecting more than 4,000 people.

Our media across the state began to pay attention. We strategically reached out to the largest outlets and gained coverage that publicized the danger to housing. At the same time, we mobilized our housing stakeholders, who looked to us for a strategy and message that could translate into action. We reached out to our Commission members, our Governor, our multifamily developers, and our state advocacy groups, especially the Washington Low Income Housing Alliance. Knowing that everyone needed numbers to show the impact, we pulled data for every area of the state to show the number of multifamily units—and the dollars—that depended on private-activity bonds.

We illustrated the numbers by creating a suite of infographics for social media and other uses. These began to be widely shared and used by our fellow stakeholders.

With events moving so quickly in Congress, it was also our responsibility to keep our staff, Commissioners, stakeholders and partners informed as events changed and share what we were doing to fight back.

The Tide Turns

By early December, we and our partners in advocacy across the country started to see a shift in Congressional support for private-activity bonds.

Like the rest of the affordable-housing community nationwide, we were glued to C-SPAN, Twitter, and our computers as the conference committee working through the House and Senate versions of tax reform negotiated behind closed doors.

At last, on Dec. 13, the word came that private-activity bonds were restored—with no limits.

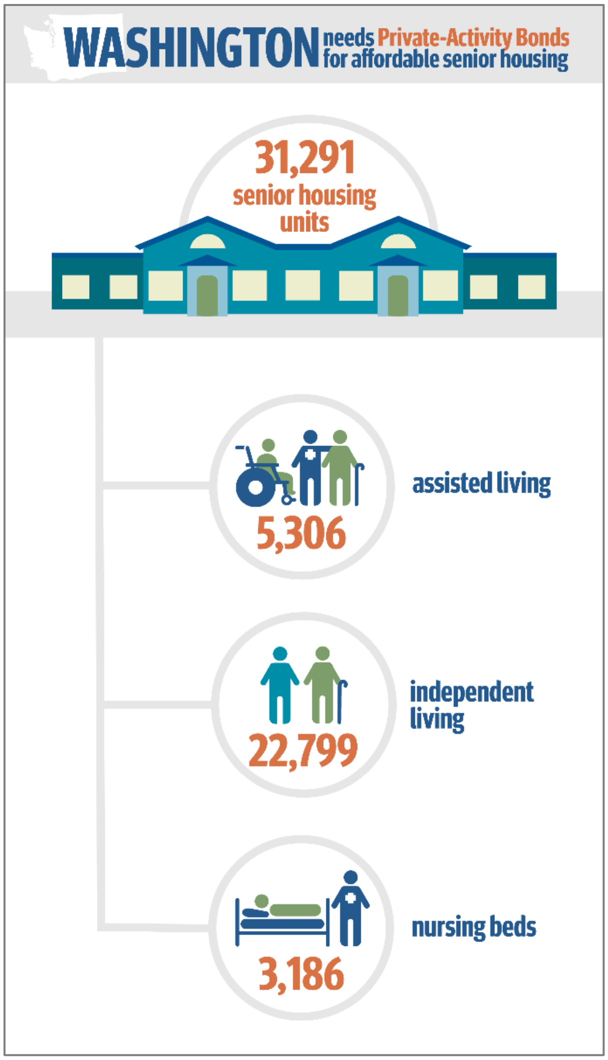
Lasting Effects

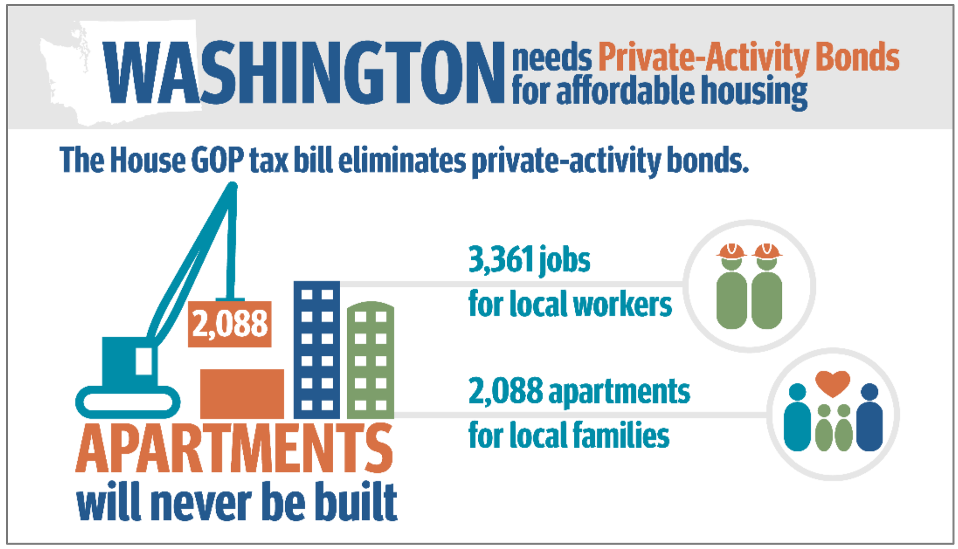
After the passage of tax reform in December, we were able to turn our advocacy attention back to the LIHTC program. As we prepared for the NCSHA Legislative Conference, we adopted a message for our members of Congress that focused on the positive—building on the vote of confidence that Congress had made in the LIHTC and private-activity bonds.

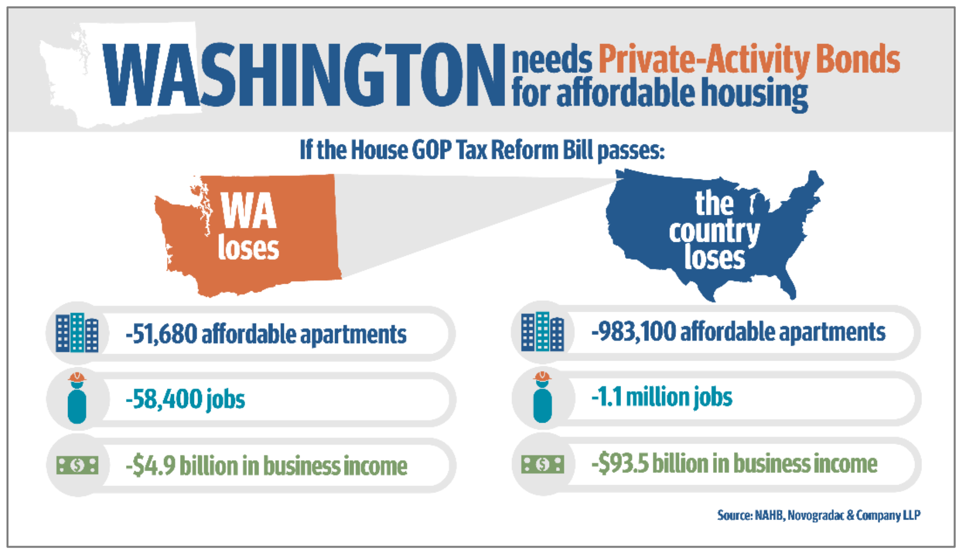
Just as Leg Con began, we heard of a huge but fleeting opportunity. Senator Cantwell's proposed LIHTC increase could possibly be included in the omnibus spending bill. This would be our one ask.

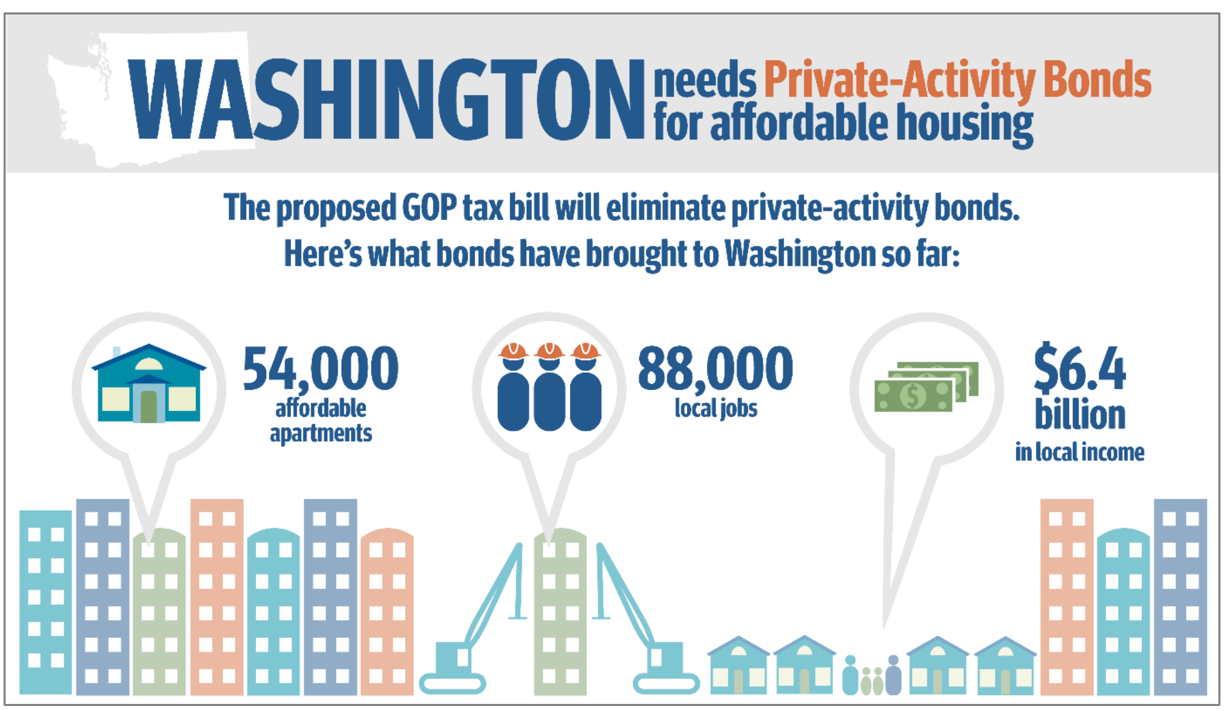
Ultimately, the LIHTC won an increase of 12.5 percent for the next four years. After the tumultuous two months of tax-reform advocacy, we feel proud to have contributed directly to saving affordable-housing financing, and to have built a new foundation for future efforts.

On the next page, see some of the infographics we developed for social media, etc.


WASHINGTON needs Private-Activity Bonds for affordable senior housing
31,291
senior housing units
assisted living
5,306
independent living
22,799
nursing beds
3,186


WASHINGTON needs Private-Activity Bonds for affordable housing
The House GOP tax bill eliminates private-activity bonds.
2,088
APARTMENTS
will never be built
3,361 jobs
for local workers
2,088 apartments
for local families


WASHINGTON needs Private-Activity Bonds for affordable housing
If the House GOP Tax Reform Bill passes:
WA loses
the country loses
-51,680 affordable apartments
-58,400 jobs
-$4.9 billion in business income
-983,100 affordable apartments
-1.1 million jobs
-$93.5 billion in business income
Source: NAHB, Novogradac & Company LLP


WASHINGTON needs Private-Activity Bonds for affordable housing
The proposed GOP tax bill will eliminate private-activity bonds.
Here's what bonds have brought to Washington so far:
54,000
affordable apartments
88,000
local jobs
$6.4
billion
in local income