

Housing Bonds Talking Points

Audience

All members of Congress, with particular focus on members of the House Ways and Means and Senate Finance Committees

Requests

- **To Senators:** Upon its introduction, cosponsor the Affordable Housing Bond Enhancement Act, which would expand HFAs' ability to assist low- and moderate-income first-time home buyers and homeowners through the Mortgage Revenue Bond and Mortgage Credit Certificate program, and allow states to make more efficient use of their private activity bond resources.
- **To all members of Congress:** Cosponsor the Affordable Housing Credit Improvement Act (S. 1703/H.R. 3077), which includes a provision that would increase bond resources for housing through expanded multifamily bond recycling.

Why do states need more Housing Bond resources?

- **Tax-exempt private activity Housing Bonds** — including multifamily housing bonds used to finance rental housing production and the Mortgage Revenue Bond (MRB) program, which makes homeownership possible for first-time lower-income home buyers — are essential to the efforts of state Housing Finance Agencies (HFAs) to help low- and moderate-income working families find affordable housing.
- **In recent years, many states have either exhausted their Private Activity Bond (PAB) authority entirely, or are at risk of doing so soon.** Without sufficient bond resources, states are unable to finance needed affordable housing and other infrastructure projects.
- **Multifamily Bonds are a vital tool for addressing the rental housing crisis.** There is currently a shortage of more than 7 million affordable rental units for extremely low-income (ELI) renters, with only 37 affordable and available units for every 100 ELI renter households nationwide, and 71 percent of ELI renters are spending more than half of their income on housing.¹ Multifamily bonds are essential to the production and preservation of affordable rental housing. They provide critical financing to roughly 50 percent of Low Income Housing Tax Credit rental homes annually. *Talk about how your HFA uses multifamily bonds to finance affordable housing.*

¹National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes 2019*

- **MRBs enable creditworthy working families with modest incomes and limited capacity to amass the necessary down payments to access homeownership.** Using MRBs, state HFAs have helped more than 3.2 million responsible low- and moderate-income borrowers become homeowners. They help another approximately 60,000 families buy their first homes with MRB mortgages, on average, each year. The median income of an MRB borrower in 2018 was approximately \$47,619, approximately 23 percent less than the national median. HFAs have helped more than 320,000 additional homeowners by converting some of their bond authority to Mortgage Credit Certificates (MCCs), which provide home buyers with a federal tax credit for interest paid on their mortgages. *Discuss how your HFA uses MRBs and MCCs to help underserved consumers.*
- **Housing bonds also provide other important indirect benefits** by helping the sale of homes under foreclosure; revitalizing distressed neighborhoods; bringing mortgage funds into capital-deprived areas; funding the repair and purchase of homes in older, urban communities; and helping low-income renters move out of public and assisted housing into homes of their own.
- **Many of these investments would not happen without Housing Bonds.** Eliminating or curbing the tax exemption would not reduce the need for affordable housing but would lead investors to demand higher interest rates, thus directly and negatively impacting the availability of lower-cost financing for low-income working families.

How can Congress help states maximize bond resources for affordable housing?

- **With help from Congress, states could do more with their existing private activity bond cap authority** to build more affordable housing and help more first-time home buyers.
- **Support the Affordable Housing Bond Enhancement Act, upon its introduction.** This important legislation would make critical updates to the Mortgage Revenue Bond and Mortgage Credit Certificate programs, making these programs more enticing to lender participation and streamlining outdated program requirements. It would also enable states to make more efficient use of their private activity bond authority by expanding multifamily bond recycling and providing greater flexibility to use “carryforward” authority for affordable housing.
- **Cosponsor the Affordable Housing Credit Improvement Act (S. 1703/H.R. 3077).** This essential legislation, though focused primarily on strengthening the Low Income Housing Tax Credit, also includes a provision that would allow states to finance more affordable rental housing with multifamily bonds and the Low Income Housing Tax Credit through recycling PAB volume cap.