March 9, 2026

The Honorable Tim Scott
Chairman
Senate Banking Committee

The Honorable Elizabeth Warren
Ranking Member
Senate Banking Committee

Dear Chairman Scott and Ranking Member Warren:

The undersigned organizations strongly support the 21st Century ROAD to Housing Act that the Senate is considering this week. As you decide on final modifications to the legislation to address concerns raised by your congressional colleagues and affordable housing stakeholders, we urge you to ensure §901, which implements with exceptions the prohibition on institutional investors' purchases of single family homes, does not inadvertently negatively impact production of affordable rental housing financed with the Low Income Housing Tax Credit (Housing Credit).

While the Housing Credit is typically associated with the financing of multifamily housing, it is also used to finance single-family for-rent properties in townhouse communities, contiguous single-family subdivisions, and scattered site single-family homes. Housing Credit properties have long been praised for fitting in seamlessly with the rest of the housing stock in different communities, including in rural, tribal, and other smaller communities where single-family housing is the norm.

It is our understanding that the excepted purchase exemption for properties built pursuant to a "build-to-rent" program under §901(a)(2)(B) is meant to provide an exception for the Housing Credit and other build-to-rent programs from the provision's general prohibition against institutional investor purchases of single-family homes. However, the wording of that subparagraph does not clearly provide an exception for the Housing Credit. Moreover, it refers specifically to "newly constructed single-family homes," whereas the Housing Credit is used both for new construction and for rehabilitation.

Furthermore, properties for which §901(a)(2)(B) provides an exception are still subject to the requirement in §901(c)(1)(A) and §901(c)(1)(B) which require institutional investors who own build-to-rent properties to sell those properties to an individual homeowner within seven years after the date of purchase and apply the same requirement to subsequent purchases during that seven year period.

The Housing Credit is generally meant to increase the supply of affordable rental housing. While a small fraction of Housing Credit-financed housing is available for eventual tenant ownership, in which an existing tenant is allowed to purchase the home, such a transfer cannot be done until 15 years after the property has placed in service. All other Housing Credit properties must remain rental housing throughout the affordability period, which lasts a minimum of 30 years. This means that §901(c)(1)(A) and §901(c)(1)(B) are incompatible with Section 42 of the Internal Revenue Code.

Given these concerns, we urge you to further adjust the legislative language in the bill to provide a clear exemption from §901 for all properties financed with the Housing Credit by adding a new subparagraph to §901(a)(2) for housing financed under Section 42 of the Internal Revenue Code.

Thank you for the opportunity to raise this concern and for your hard work in finalizing this essential legislation.

Sincerely,

Affordable Housing Tax Credit Coalition
Housing Advisory Group
LeadingAge
Local Initiatives Support Corporation
National Council of State Housing Agencies
Novogradac