

#### **2023 LEGISLATIVE CONFERENCE**

# PRIORITIES BRIEFING





#### NCSHA's 2023 Priorities

- Expand the supply and preservation of affordable for-sale and rental homes for low- and moderate-income households
- Expand access, affordability, and financial sustainability in housing for households and communities of color and other disproportionately harmed by disasters, discrimination, and disinvestment
- Strengthen the capacity of state HFAs to more efficiently and effectively serve as the center of the nation's affordable housing system



#### The Economic Environment

- Interest rates have risen dramatically, making mortgages less affordable for home buyers and challenging the financial feasibility of rental housing development
- Housing costs driving overall inflation due to insufficient supply
- Rising costs of building materials, supply chain challenges, and workforce disruptions making production more expensive



### **The Political Environment**

- Divided government, with slim majorities in both chambers
- No chance of a congressional Budget Resolution, thus no "reconciliation" legislation, complicating appropriations process
- The impending debt ceiling "X-date" is an albatross over policy action

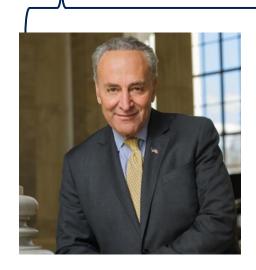




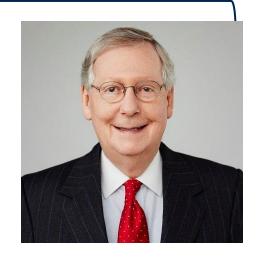


### **Congressional Leadership**

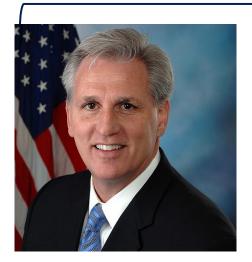




SENATE MAJORITY
LEADER
Chuck Schumer
(D-NY)



SENATE MINORITY
LEADER
Mitch McConnell
(R-KY)



HOUSE SPEAKER
Kevin McCarthy
(R-CA)



HOUSE MINORITY
LEADER
Hakeem Jeffries
(D-NY)
New





#### The Year Ahead

#### March 9

President's FY 2023 budget request released

#### **April – July**

Appropriations
Committee
action
expected

#### July – September

CBO estimate of debt ceiling "X-date"

#### Late July – Early August

House and Senate leave for August recess

#### September 30

End of Fiscal Year 2023

#### **December 15**

Scheduled end of 2023 session

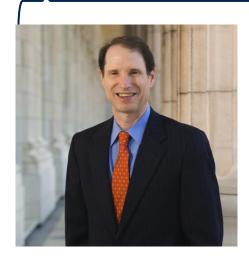




### The Legislative Landscape: Tax



#### **Senate Finance Committee**



CHAIR Ron Wyden (D-OR)



Mike Crapo (R-ID)



**House Ways & Means Committee** 



CHAIR
Jason Smith
(R-MO)
New



RANKING MEMBER
Richard Neal
(D-MA)





#### **Senate Finance Committee**

#### **DEMOCRATS**

#### CHAIR: Ron Wyden (OR)

Retiring

Debbie Stabenow (MI)

Maria Cantwell (WA)

Bob Menendez (NJ)

Tom Carper (DE)

Ben Cardin (MD)

Sherrod Brown (OH)

Michael Bennet (CO)

Bob Casey (PA)

Mark Warner (VA)

Sheldon Whitehouse (RI)

Maggie Hassan (NH)

Catherine Cortez Masto (NV)

Elizabeth Warren (MA)

#### **REPUBLICANS**

#### **RANKING MEMBER: Mike Crapo (ID)**

Chuck Grassley (IA)

John Cornyn (TX)

John Thune (SD)

Tim Scott (SC)

Bill Cassidy (LA)

James Lankford (OK)

Steve Daines (MT)

Todd Young (IN)

John Barrasso (WY)

Ron Johnson (WI)

Thom Tillis (NC)

Marsha Blackburn (TN)







### **House Ways and Means Committee**

#### **REPUBLICANS**

#### **CHAIR: Jason T. Smith (MO)**

Vern Buchanan (FL) Adrian Smith (NE)

Mike Kelly (PA)

David Schweikert (AZ)

Darin LaHood (IL)

Brad Wenstrup (OH)

Jodey Arrington (TX)

Drew Ferguson (GA)

Ron Estes (KS)

Lloyd Smucker (PA)

Kevin Hern (OK)

Carol Miller (W)

Greg Murphy (NC)
David Kustoff (TN)

Brian Fitzpatrick (PA)

Greg Steube (FL)

Claudia Tenney (NY)

Michelle Fischbach (MN)

Blake Moore (UT)

Michelle Steel (CA)

Beth Van Duyne (TX)

Randy Feenstra (IA)

Nicole Malliotakis (NY)

Mike Carey (OH)

#### **DEMOCRATS**

#### RANKING MEMBER: Richard Neal (MA)

Lloyd Doggett (TX)

Mike Thompson (CA)

John B. Larson (CT)

Earl Blumenauer (OR)

Bill Pascrell (NJ)

Danny K. Davis (IL)

Linda Sánchez (CA)

Brian Higgins (NY)

Terri Sewell (AL)

Suzan DelBene (WA)

Judy Chu (CA)

Gwen Moore (WI)

Dan Kildee (MI)

Don Beyer (VA)

Dwight Evans (PA)

Brad Schneider (IL)

Jimmy Panetta (CA)



### **AHCIA Lead Sponsors**





Maria Cantwell (D-WA)



SENATE Todd Young (R-IN)



Ron Wyden (D-OR)



Marsha Blackburn (R-TN) New



Suzan DelBene (D-WA)



HOUSE Darin LaHood (R-IL) New



Don Beyer (D-VA)



Brad Wenstrup (R-OH)



### **AHCIA Update**

- Introduction expected in April
- Wide bipartisan support in the last Congress
  - 44 Senators (33 Democrats and 11 Republicans);
     50 percent of Senate Finance Committee
  - 208 House members (137 Democrats and 71 Republicans;
     77 percent of House Ways and Means Committee)

Affordable Housing Credit Improvement Act (#AHCIA)



#### **AHCIA Review**

- Expands the Housing Credit volume cap by 50 percent above the current level (building 12.5 percent increase into baseline and accounting for inflation during two-year phase-in)
- Lowers the bond "financed-by" threshold from 50 to 25 percent
- Allows states to award a 30 percent basis boost to Housing Bond-financed developments
- Establishes a 50 percent basis boost for units reserved for ELI households in properties that reserve at least 20 percent of units for ELI households

Affordable Housing Credit Improvement Act (#AHCIA)



#### **AHCIA** Review

- Expands multifamily Housing Bond recycling authority
- Makes the Credit a more effective tool for preservation
- Enables the Credit to better serve hard-to-reach communities through basis boosts for rural, Native American, high-poverty, and high-cost communities
- Streamlines program rules like the Student Rule and requirements related to casualty loss and AIT in bond-financed properties
- Ensures protections for veterans and survivors of domestic violence, dating violence, and human trafficking





### **ACTION Proposals for AHCIA Additions**

- Facilitate data sharing between IRS and HUD to allow greater transparency
- Provide state agencies flexibility to extend Placed-in-Service deadlines
- Replace ROFR with a purchase option for nonprofit sponsors
- Close the qualified contract loophole for future deals
- Require owners to provide notice of expiring affordability to tenants and local governments





# Decent, Safe, Affordable Housing for All Act (DASH): S. 680

- Closes the qualified contract loophole and protects nonprofit project sponsors seeking to maintain control of their projects at Year 15
- Includes certain provisions of AHCIA
- Increases resources for HTF, Vouchers
- Includes NHIA, MIHTC, Refundable First-Time Home Buyer Tax Credit



### Housing Credit "Asks"

- Cosponsor the Affordable Housing Credit Improvement Act upon its introduction
- Increase Housing Credit 9 percent program production by restoring to baseline the 12.5 percent lost after 2021 and raising the cap by 50 percent
- Lower the bond financing threshold from 50 to 25 percent to maximize
   4 percent program production
- Close the qualified contract loophole and protect nonprofit sponsors so that they can maintain control of their properties after Year 15



### **Housing Credit Key Points**

- Rising rents are not only a burden on low-income renter households but a major driver of inflation.
- The insufficient supply of affordable rental homes is driving the housing crisis and pushing up rents.
- The Housing Credit is the most important tool we have to build and preserve affordable housing.
- The Housing Credit is a public-private partnership that transfers risk from the taxpayer to private-sector investors.



### **AHCIA Advocacy Resources**



State and District Fact Sheets

AHCIA Background Material and issue-specific fact sheets

Social Media Guide





### **AHBEA Lead Sponsors**



Catherine Cortez Masto (D-NV)



TBD



Gwen Moor (D-WI)



#### What's in AHBEA?

- Adopts long-standing NCSHA priorities for strengthening MRBs and MCCs
- Increases the MRB home improvement loan limit from \$15,000 to \$50,000 and indexes the limit for inflation
- Allows MRBs to be used to fund refinancing loans
- Permits states to re-designate carryforward authority and use it for either single-family or multifamily housing during the carryforward period
- Extends the MCC expiration period from two years to four and the MCC revocation period from one year to two.



#### What's in AHBEA?

- Changes the MCC benefit calculation to a simple percentage of the original loan balance
- Reduces the time period for the MRB and MCC recapture tax from nine years to five
- Eliminates MCC lender reporting requirement
- Shortens the MCC comment period from 90 to 30 days
- Mandates IRS reporting on states' use of PAB cap



#### MRB and MCC "Asks"

- Cosponsor the Affordable Housing Bond Enhancement Act upon its introduction.
- Support the inclusion of AHBEA provisions in larger legislative packages or tax extenders bills.
- Oppose efforts to weaken PABs.



### **MRB** and **MCC** Key Points

- A healthy and affordable housing market is crucial for economic growth.
- MRBs and MCC are vital to making homeownership possible for credit-worthy working families.
- With rising interest rates and diminishing supply driving up housing costs for working families, MRBs and MCC are more important than ever.



### MRB and MCC Key Points

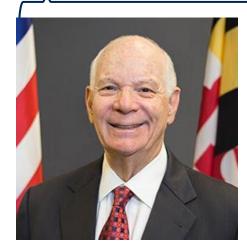
- AHBEA will expand homeownership opportunities and increase housing supply through simple and impactful improvements to the MRB and MCC programs.
- AHBEA is cost-effective and responsible. It does not require additional resources. Rather, it makes current resources more flexible, efficient, and effective.



### **NHIA Lead Sponsors**



#### **SENATE**



Ben Cardin (D-MD)



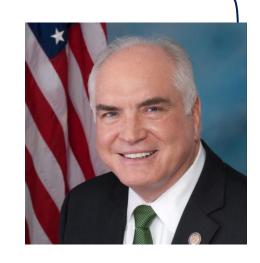
Todd Young (R-IN) New



#### **HOUSE**



Brian Higgins (D-NY)



Mike Kelly (R-PA)



### Neighborhood Homes Investment Act

S. 657: 4 Cosponsors (2 Ds and 2 Rs)

House Bill Expected to Be Introduced Soon

- Neighborhood Homes Investment Act authorizes the Neighborhood Homes Credit
- Tax credit for production of single-family affordable housing in distressed areas
- State administered
- Eligible area maps available at neighborhoodhomesinvestmentact.org





### Neighborhood Homes Credit "Asks"

- To all Senators: Cosponsor the Neighborhood Homes Investment Act (S. 657) and enact that legislation as soon as possible
- To House Members: Cosponsor the Neighborhood Homes Investment Act upon its introduction.
- To all Members: Support inclusion of the NHIA in tax extenders bill or other larger legislative package.





### Neighborhood Homes Credit Key Points

- Focus on Republican support
- Emphasize the importance of increasing the supply of available for-sale homes to combatting inflation and helping potential home buyers become homeowners
- Note the NHIA is based on the successful Housing Credit model





### How might all of this move forward?

- Ways and Means Chairman Jason Smith quoted as saying he could "find some common ground" with Senate Finance Committee Chairman Wyden on housing tax credits...
- Potential vehicles:
  - Debt ceiling
  - FAA reauthorization
  - Farm Bill
  - Most likely: end-ofyear tax legislation



### The Legislative Landscape: Housing Policy



**Senate Banking, Housing, and Urban Affairs Committee** 



**House Financial Services Committee** 



CHAIR Sherrod Brown (D-OH)



RANKING MEMBER
Tim Scott
(R-SC)



CHAIR
Patrick McHenry
(R-NC)



RANKING MEMBER
Maxine Waters
(D-CA)



## Senate Banking, Housing, and Urban Affairs Committee

#### **DEMOCRATS**

**CHAIR: Sherrod Brown (OH)** 

Jack Reed (RI)

Robert Menendez (NJ)

Jon Tester (MT)

Mark Warner (VA)

Elizabeth Warren (MA)

Chris Van Hollen (MD)

Catherine Cortez Masto (NV)

Tina Smith (MN)

Kyrsten Sinema (AZ)

Raphael Warnock (GA)

John Fetterman (PA)

#### **REPUBLICANS**

**RANKING MEMBER: Tim Scott (SC)** 

Mike Crapo (ID)

Mike Rounds (SD)

Thom Tillis (NC)

John Kennedy (LA)

Bill Hagerty (TN)

Cynthia Lummis (WY)

**Kevin Cramer (ND)** 

Steve Daines (MT)

J.D. Vance (OH)

Katie Britt (AL)







### **House Financial Services Committee**

#### **REPUBLICANS**

#### **CHAIR: Patrick McHenry (NC)**

Frank Lucas (OK)

Pete Sessions (TX)

Bill Posey (FL)

Blaine Luetkemeyer (MO)

Bill Huizenga (MI)

Ann Wagner (MO)

Andy Barr (KY)

Roger Williams (TX)

French Hill (AR)

Tom Emmer (MN)

Barry Loudermilk (GA)

Alex Mooney (WV)

Warren Davidson (OH)

John Rose (TN)

Bryan Steil (WI)

William Timmons (SC)

Ralph Norman (SC)

Dan Meuser (PA)

Young Kim (CA)

Byron Donalds (FL)

Andrew Garbarino (NY)

Scott L. Fitzgerald (WI)

Mike Flood (NE)

Mike Lawler (NY)

Monica De La Cruz (TX)

Andy Ogles (TN)

Erin Houchin (IN)

Zach Nunn (IA)

#### DEMOCRATS

#### **RANKING MEMBER: Maxine Waters (CA)**

Nydia Velázquez (NY)

Brad Sherman (CA)

Gregory Meeks (NY)

David Scott (GA)

Stephen Lynch (MA)

Al Green (TX)

Emanuel Cleaver (MO)

Jim Himes (CT)

Bill Foster (IL)

Joyce Beatty (OH)

Juan Vargas (CA)

Josh Gottheimer (NJ)

Vicente Gonzalez (TX)

Sean Casten (IL)

Ayanna Pressley (MA)

Steven Horsford (NV)

Rashida Tlaib (MI)

Ritchie Torres (NY)

Sylvia Garcia (TX)

Nikema Williams (GA)

Wiley Nickel (NC)

Brittany Pettersen (CO)



### **HOME Program Reauthorization "Ask"**

- Congress can do more to strengthen HOME by increasing program flexibilities and removing needless red tape.
- Tell all members of Congress that NCSHA is working on HOME reauthorization legislation, and you will be asking them to support that legislation once introduced.
- For Republican Senate offices: Ask if they would be interested in being the lead sponsor.

Catherine Cortez Masto (D-NV)



### **HOME** Reauthorization Key Points

- Increase authorized funding level to \$5 billion
- Changes to CHDO set-aside
- Raise cap on operating assistance to 10 percent
- Allow for pro-rated repayment for noncompliance
- Increase administration resources to 15 percent



### **HOME** Reauthorization Key Points

- Eliminate 24-month commitment deadline
- Allow national standard for inspections
- Eliminate certain resale restrictions
- Modify PJ qualification threshold
- Establish HOME loan guarantee (mirror CDBG Section 108)



### **HOME Rulemaking**

- HUD is working on a proposed rule to modernize and streamline HOME regulations, to the extent permitted by statute
- NCSHA/HOME Coalition have provided more than 30 specific recommendations for HUD to consider, related to:
  - Simplified consolidated plan
  - Streamlined environmental reviews
  - Property inspections
  - Utility allowances



## **HOME Rulemaking "Ask"**

- Congress can and should reauthorize and modernize the HOME statute, which hasn't been touched since 1994.
- In the meantime, HUD has authority to make significant improvements to the program and make PJs' work easier.
- In addition to asking your member to cosponsor HOME reauthorization legislation once introduced, ask them to consider contacting HUD to encourage them to issue a proposed rule to improve HOME.



## The Legislative Landscape: Spending



**Senate Appropriations Committee** 



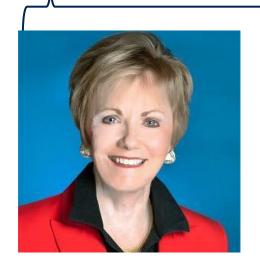
CHAIR
Patty Murray
(D-WA) New



RANKING MEMBER
Susan Collins
(R-ME) New



**House Appropriations Committee** 



CHAIR
Kay Granger
(R-TX)



RANKING MEMBER
Rosa L. DeLauro
(D-CT)





# Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

#### **DEMOCRATS**

**CHAIR: Brian Schatz (HI)** 

Jack Reed (RI)

Patty Murray (WA)

Richard Durbin (IL)

Dianne Feinstein (CA)

Christopher Coons (DE)

Christopher Murphy (CT)

Joe Manchin (WV)

Chris Van Hollen (MD)

#### **REPUBLICANS**

**RANKING MEMBER: Cindy Hyde-Smith (MS)** 

Lindsey Graham (SC)

John Hoeven (ND)

John Boozman (AR)

Shelley Moore Capito (WV)

John Kennedy (LA)

Jerry Moran (KS)

Susan Collins (ME)





# House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

#### **REPUBLICANS**

**CHAIR: Tom Cole (OK)** 

Mario Diaz-Balart (FL)

Steve Womack (AR)

John Rutherford (FL)

Tony Gonzales (TX)

David Valadao (CA)

Ben Cline (VA)

Ryan Zinke (MT)

Juan Ciscomani (AZ)

#### **DEMOCRATS**

**RANKING MEMBER: Mike Quigley (IL)** 

Bonnie Watson Coleman (NJ)

Nora Torres (CA)

Pete Aguilar (CA)

Adriano Espaillat (NY)

Jennifer Wexton (VA)







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

#### **DEMOCRATS**

**CHAIR: Martin Heinrich (NM)** 

Tammy Baldwin (WI)

Dianne Feinstein (CA)

Jon Tester (MT)

Jeff Merkley (OR)

Gary Peters (MI)

Joe Manchin (WV)

#### **REPUBLICANS**

**RANKING MEMBER: John Hoeven (ND)** 

Mitch McConnell (KY)

Susan Collins (ME)

Jerry Moran (KS)

Cindy Hyde-Smith (MS)

Deb Fischer (NE)





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

#### **REPUBLICANS**

**CHAIR: Andy Harris (MD)** 

David Valadao (CA)

John Moolenaar (MI)

Dan Newhouse (WA)

Julia Letlow (LA)

Ben Cline (VA)

Ashley Hinson (IA)

Jerry Carl (AL)

Scott Franklin (FL)

#### **DEMOCRATS**

**RANKING MEMBER:** 

Sanford Bishop Jr. (GA)

Chellie Pingree (ME)

Lauren Underwood (IL)

Marcy Kaptur (OH)

Barbara Lee (CA)

Debbie Wasserman Schultz (FL)



### **HOME Appropriations "Asks"**

- Thank all members of Congress for funding HOME at \$1.5 billion in FY 2023.
- Ask Congress to increase annual HOME funding to at least \$2.5 billion in FY 2024, given ongoing affordable housing challenges in your state.
- Senator Coons (D-DE) and Representative Beatty (D-OH) will soon be circulating congressional sign-on letters in support of FY 2024 HOME funding. Ask your members to sign on.
- Members may also submit their own requests to appropriators.
   Ask your members to include HOME.



## **HOME Appropriations Key Points**

- HOME is the only federal program that provides the resources and flexibility to meet both the supply and demand challenges of the affordable housing crisis.
- Rents are rising, making it harder for people to stay in their homes and find stable housing.
- Increasing the supply of both affordable rental and for-sale housing is critical to tackling housing inflation.



## **HOME Appropriations Key Points**

- HOME is a key source of soft funding to fill gaps in Housing Credit projects. Critically important as construction costs, labor shortages, and supply chain disruptions continue to impact housing development.
- Be prepared to discuss how your state plans to use HOME-ARP.



# HOME Appropriations Advocacy Materials

#### Share data and stories about HOME in your state:

- HOME State Fact Sheets
- HOME Project Profiles







Access online



# Section 8 and Vouchers Appropriations "Asks"

- Support Project-Based Section 8 Rental Assistance
  - Ask Congress to provide funding for all Section 8 contract renewals and adequate funding for contract administration.
  - Emphasize that HFAs play an important role in the administration of PBRA as Performance Based Contract Administrators.
     Congress should codify this role.



# Section 8 and Vouchers Appropriations "Asks"

#### Support Housing Choice Vouchers

- Congress should work to provide sufficient funding to renew all authorized vouchers and support new ones in FY 2024.
- Congress also should ensure program administrators are compensated fairly for their work with adequate administrative fees, which have been underfunded in recent years.



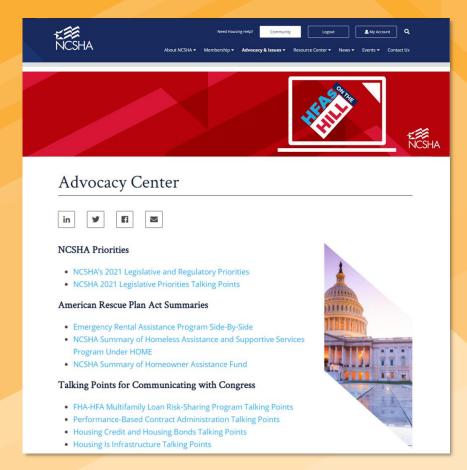
### **USDA** Appropriations "Ask"

Support USDA Rural Housing Programs
 Congress should provide at least current-level funding for USDA's rural housing programs and facilitate their coordination with the Housing Credit and other HFA-administered programs.





#### **2023 LEGISLATIVE CONFERENCE**



Advocacy materials are available on ncsha.org.





## Questions?