NCSHA Summary of the Moving Forward Act

(as of 7/1/2020)

On July 1, the House of Representatives passed a $1.5 trillion infrastructure package, the Moving Forward Act, H.R. 2. This bill would increase the amount of Housing Credit and Private Activity Bond authority provided to states annually, make a number of changes to the Housing Credit and Bond programs, provide $100 billion for a number of affordable housing programs, establish a new state-administered single-family housing tax credit for rehabilitation and new construction of homes in distressed areas, and make a number of other changes summarized below. NCSHA has advocated for many of the changes included in this legislation.

Housing Credit Provisions

- A permanent increase in annual Housing Credit authority from $2.81 per capita to $4.56 per capita, and an increase in the small state minimum from $3,217,500 to $5,214,051, both phased in over 2 years.
- A permanent minimum 4 percent Credit rate for tax-exempt bond-financed developments, effective for buildings placed in service after December 31, 2019.
- A temporary reduction in the threshold for tax-exempt bond financed developments to qualify for the 4 percent Credit from 50 percent to 25 percent for buildings placed in service in 2020 and 2021.
- An extension of the 10 percent test deadline from one year to two years after the date of allocation for projects receiving allocations after December 31, 2016 and before January 1, 2022.
- An extension of the minimum rehabilitation expenditure deadline from 24 months to 36 months for projects receiving allocations after December 31, 2016 and before January 1, 2022.
- An extension of the placed-in-service deadline from the second calendar year following the year of allocation to the third for projects receiving allocations before January 1, 2022.
- A 50 percent basis boost for developments with at least 20 percent of their units serving extremely low-income tenants, along with a separate allocation equal to 10 percent of a state's annual Housing Credit authority to be used specifically for these developments.
- A 30 percent basis boost for tax-exempt bond-financed properties if the state Credit agency determines it is necessary for financial feasibility.
- A 30 percent basis boost for properties in rural areas.
- A 30 percent basis boost for properties in Native American areas.
- A repeal of the qualified contract option for buildings receiving a Credit allocation beginning in 2020 and amendment of the qualified contract pricing on existing properties to be fair market value as determined by the state allocating agency.
- A prohibition on qualified allocation plan consideration of local approval and local contributions.

- A taxpayer election to receive an accelerated 150 percent first-year credit to offset delays resulting from the COVID-19 crisis.
- A new 25 percent tax credit (Section 42A) for contributions to a qualified supportive housing reserve fund for Housing Credit properties.

Tax-Exempt Bond Provisions

- Increases the annual state volume cap for private activity bonds to $115 per capita, with a small state minimum of 353.8 billion. The formula for 2020's PAB allocations was $105 per capita with a minimum of $321,775,000. Future annual adjustments to the volume cap formula would be based on the amounts provided pursuant to H.R. 2. *(Note: an earlier version of H.R. 2 would have increased PAB allocations to $135 per capita, with a small state minimum of $402.2 billion; however, this was changed in a manager's amendment prior to floor consideration.)*
- Exempts from the PAB volume cap bonds used to finance construction or maintenance of sewage and water treatment facilities.
- Allows PABs to be used to fund charging stations for zero-emissions vehicles.
- Establishes a new federal tax credit for state and local government payments for interest paid on taxable "qualified infrastructure bonds" for capital expenditures. Such bonds cannot be used to pay for activities financed through private activity bonds (PABs).
- Reestablishes the tax-exemption for advanced refundings of municipal bonds. PABs, except for 501(c)3 bonds, would not be eligible.
- Raises the "small issuer exemption," which allows banks to deduct from their federal taxes expenses related to their municipal bond investments from smaller government entities. Generally, banks cannot deduct expenses associated with tax-exempt income, but an exception is made for bonds purchased from "qualified small issuers." H.R. 2 permanently expands the definition of qualified small issuer to those issuers not expected to issue more than $30 million in bonds annually, up from $10 million. The new limit would be indexed annually for inflation.

Housing-Related Appropriation Provisions

• Public Housing Capital Fund*	$ 70 billion
• Community Development Block Grant (CDBG) Program*	$ 10 billion
• Housing Trust Fund**	$ 5 billion
• HOME Program*	$ 5 billion
• Capital Magnet Fund*	$ 2.5 billion
• Housing for the Elderly (Section 202)*	$ 2.5 billion
• Housing for Persons with Disabilities (Section 811)*	$ 2.5 billion
• Rural Multifamily Preservation and Revitalization Demonstration Program*	$ 1 billion

• Flood Mitigation Assistance Program	$ 1 billion
• Native American Housing Block Grant Program*	$ 1 billion
• USDA Section 504 Single-Family Housing Repair Loans and Grants Program*	$100 million
Total housing-related appropriations	**$100.6 billion**

* At least 10 percent of appropriated funds must be used for sustainable housing investments, including water and energy efficiency.

** Funds must be prioritized for persons experiencing homelessness or at risk of homelessness, and at least 10 percent of appropriated funds must be used for sustainable housing investments, including water and energy efficiency.

Other Housing-Related Provisions

- Establishes a state-administered Neighborhood Homes Credit, based on the Neighborhood Homes Investment Act (H.R. 3316), which would stimulate private investment to build or rehabilitate owner-occupied, single-family homes in distressed communities.

- Increases funding for the Department of Energy's Weatherization Assistance Program from $350 million in fiscal year 2021 to $1 billion in fiscal year 2025. The bill also encourages entities receiving weatherization funds to prioritize the hiring and retention of employees who reside in the community where the weatherization project is located and from communities or groups that are underrepresented in the home energy performance workforce.

- Creates a preference in the Capital Investment Grants Program for transit project applications to preserve or encourage the development of affordable housing near transit development sites. Applicants would receive a ratings boost on their application score if the project would preserve or encourage the production of affordable housing—multifamily housing, single-room-occupancy units, or accessory dwelling units—within half of a mile of a newly developed transit station.

- The manager's amendment to H.R. 2 added a provision making the Housing Trust Fund, Capital Magnet Fund, and Flood Mitigation Assistance subject to Davis-Bacon labor requirements.