



2020 LEGISLATIVE CONFERENCE

PRIORITIES BRIEFING

HEAS ON THE
FILL

The Legislative Environment in the Second Session of the 116th Congress

- Presidential election year
- Affordable housing crisis reported regularly in the news
- Many Democrat presidential candidates have housing platforms
- Increased partisanship in Congress

Legislation to Enact NCSHA's Tax-Related Legislative Priorities

- Affordable Housing Credit Improvement Act, S. 1703/H.R. 3077
- Save Affordable Housing Act, S. 1956/H.R. 3479
- 4 percent minimum rate standalone bill
(Soon to be introduced in Senate, no House companion bill to come)
- Affordable Housing Bond Enhancement Act
(Soon to be introduced in Senate, no House companion bill at this time)
- Neighborhood Homes Investment Act, H.R. 3316
(Soon to be introduced in Senate)

Senate Finance Committee

REPUBLICANS

Chuck Grassley, IA
Mike Crapo, ID
Pat Roberts, KS
Michael Enzi, WY
John Cornyn, TX
John Thune, SD
Richard Burr, NC
Rob Portman, OH
Patrick Toomey, PA
Tim Scott, SC
Bill Cassidy, LA
James Lankford, OK
Steve Daines, MT
Todd Young, IN
Ben Sasse, NE

Retiring

DEMOCRATS

Ron Wyden, OR
Debbie Stabenow, MI
Maria Cantwell, WA
Robert Menendez, NJ
Thomas Carper, DE
Benjamin Cardin, MD
Sherrod Brown, OH
Michael Bennet, CO
Robert Casey, Jr., PA
Mark Warner, VA
Sheldon Whitehouse, RI
Maggie Hassan, NH
Catherine Cortez Masto, NV

House Ways and Means Committee

DEMOCRATS

Richard Neal, MA	Judy Chu, CA
John Lewis, GA	Gwen Moore, WI
Lloyd Doggett, TX	Dan Kildee, MI
Mike Thompson, CA	Brendan Boyle, PA
John B. Larson, CT	Don Beyer, VA
Earl Blumenauer, OR	Dwight Evans, PA
Ron Kind, WI	Brad Schneider, IL
Bill Pascrell, NJ	Tom Suozzi, NY
Danny K. Davis, IL	Jimmy Panetta, CA
Linda Sánchez, CA	Stephanie Murphy, FL
Brian Higgins, NY	Jimmy Gomez, CA
Terri Sewell, AL	Steven Horsford, NV
Suzan DelBene, WA	

REPUBLICANS

Kevin Brady, TX	Darin LaHood, IL
Devin Nunes, CA	Brad Wenstrup, OH
Vern Buchanan, FL	Jodey Arrington, TX
Adrian Smith, NE	Drew Ferguson, GA
Kenny Marchant, TX	Ron Estes, KS
Tom Reed, NY	
Mike Kelly, PA	
George Holding, NC	
Jason Smith, MO	
Tom Rice, SC	
David Schweikert, AZ	
Jackie Walorski, IN	



Retiring

AHCIA Lead Sponsors

SENATE



Maria Cantwell
(D-WA)



Todd Young
(R-IN)



Ron Wyden
(D-OR)



Johnny Isakson
(R-GA)

HOUSE



Suzan DelBene
(D-WA)



Kenny Marchant
(R-TX)



Don Beyer
(D-VA)



Jackie Walorski
(R-IN)

2020 Legislative Priorities in AHClA

- Expand the Low Income Housing Tax Credit by at least 50 percent
 - AHClA would make the 12.5 percent cap increase permanent and increase authority by 50 percent from that baseline.
- Establish a permanent 4 percent Housing Credit rate for both Bond-financed developments and for acquisition
- Allow states to award a 30 percent basis boost to Housing Bond-financed developments
- Establish a 50 percent basis boost for units reserved for ELI households in properties that reserve at least 20 percent of units for ELI households
- Expand multifamily Housing Bond recycling authority

Other Critical Provisions in AHCIA

- Make the Credit a more effective tool for preservation
 - Greater flexibility for existing tenant income eligibility in preservation deals
 - Modifying rights related to nonprofit building purchase at Year 15
 - Including relocation expenses in rehabilitation expenditure
- Enable the Credit to better serve hard-to-reach communities, including rural, Native American, high-poverty, and high-cost communities
- Streamline program rules like the “Student Rule” and requirements related to casualty loss
- Ensure protections for veterans and survivors of domestic and dating violence

AHCIA Cosponsorship

- S. 1703: 39 total cosponsors including leads;
26 Democrats, 11 Republicans, 2 Independents
– 46 percent of the Senate Finance Committee
- H.R. 3077: 216 total cosponsors including leads;
140 Democrats, 76 Republicans
– 69 percent of the Ways and Means Committee

4 Percent Minimum Housing Credit Rate Standalone Legislation

- Senate strategy only; no House bill
- Provision from AHCIA that likely has the most political feasibility for advancement this year
- Intended to allow Republicans who have not cosponsored AHCIA for various reasons an opportunity to show their support for the 4 percent minimum rate
- First priority is to get Republican Finance Committee members who are not already AHCIA cosponsors to cosponsor the standalone bill

SAHA Lead Sponsors

SENATE



Ron Wyden
(D-OR)



Todd Young
(R-IN)

HOUSE



Joe Neguse
(D-CO)



Don Beyer
(D-VA)



Jackie Walorski
(R-IN)

2020 Legislative Priorities in SAHA

- Modify the Housing Credit qualified contract process to promote preservation, including by setting the statutory price at the fair market value of the property, taking into account the rent restrictions on the low-income portion by:
 - Repealing the qualified contract option for future developments
 - Correcting the statutory price for existing properties so that it is based on the fair market value of the property as affordable housing
- As of the end of 2018, more than 65,500 units have been lost to the Housing Credit inventory due to early terminations of their use restrictions because of qualified contracts. We lose well over 10,000 units every year.

Senate AHBEA Lead Sponsors



Catherine Cortez Masto
(D-NV)



TBD
(R)

2020 Legislative Priorities in AHBEA

- Expand multifamily Housing Bond recycling authority
 - AHBEA expands bond recycling more broadly than AHCIA
- Repeal the MRB refinancing prohibition
- Eliminate the MRB purchase price limits
- Increase the MRB home improvement loan limit to reflect the rise in construction costs
- Repeal the MRB 10-Year Rule
- Eliminate the MRB recapture tax

2020 Legislative Priorities in AHBEA

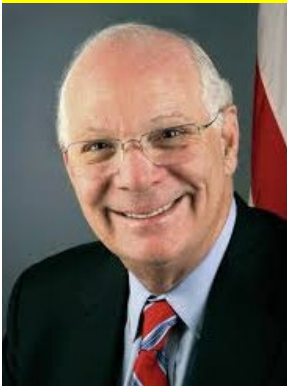
- Strengthen the Mortgage Credit Certificate program.
Specifically, HBEA would:
 - Terminate the recapture tax for MCCs
 - Allow MCCs to be recycled/reused
 - Modify the MCC calculation
 - Extend the MCC expiration period
 - Extend the MCC revocation period
 - Adjust the MCC public notice requirement
 - Eliminate the MCC lender reporting requirement

Other Provisions in AHBEA

- Provides greater flexibility to use carryforward bond authority for affordable housing
- Requires IRS to report to Congress on bond usage

Neighborhood Homes Investment Act Lead Sponsors

SENATE



Ben Cardin
(D-MD)



Rob Portman
(R-OH)

HOUSE



Brian Higgins
(D-NY)



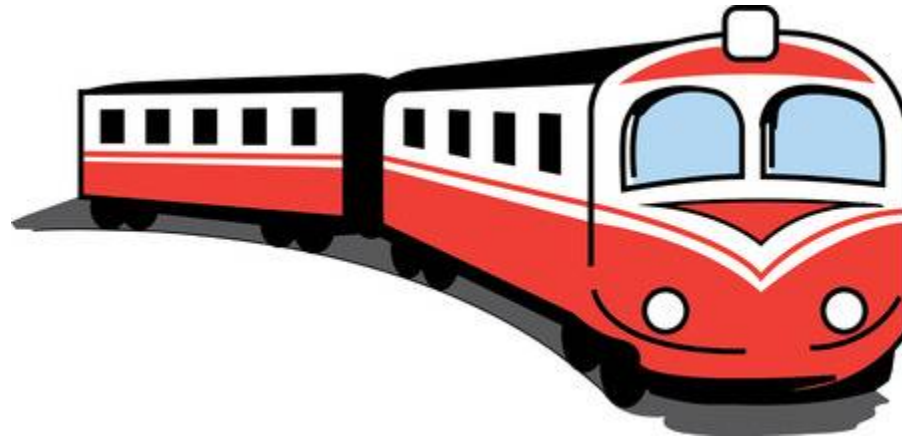
Mike Kelly
(R-PA)

2020 Legislative Priorities in NHIA

- Stimulate the development and rehabilitation of affordable for-sale housing in highly targeted distressed neighborhoods and rural areas.
- Specifically, NHIA would create a new state-administered federal tax credit to incentivize private-sector investment in the construction and rehabilitation of homes by filling the “value gap” between the cost of the construction/substantial rehabilitation and the final sales price of the home.
- Homes would need to be occupied by the purchaser/owner for five years after sale or completion of work (for existing owners).
- Seems to be appealing as a way to increase the supply of for-sale housing at entry-level, more affordable price points than what the market is currently developing.

2020 Tax Legislative Vehicles

- Health care program tax extenders — expire May 22
- House Democratic infrastructure package
- Lame duck session: extenders, technical corrections, other...



Advocating for the Credit and Bonds

- Stress the importance of the Credit and Bonds to the member's state/district:
 - Growing affordable housing need
 - Production, preservation, and homeownership accomplishments
 - Local economic benefits: job creation and state and local revenues
- Remind them that, but for the Housing Credit and Bonds, there would be virtually no affordable housing development.
- Encourage all members of Congress to become strong housing advocates.

Make “the Ask”

- Ask all members of your delegation to cosponsor AHClA and both your senators to cosponsor the AHBEA upon its introduction.
- If Republican senators are unwilling to cosponsor AHClA, ask them to at least cosponsor the 4 percent minimum rate bill. **Do not raise the 4 percent bill with House members.**
- Let them know you will be calling on them to communicate their support for these bills to House and Senate leadership and tax committee leaders when the time is right.
- If the Neighborhood Homes Investment Act is a priority for your state, also encourage your members to cosponsor the bill.

Questions



2020 Legislative and Regulatory Priorities

Protect and strengthen the state HFA role in the administration and delivery of the federal resources Congress has, over decades on a bipartisan basis, entrusted them to deliver (including through the Department of Housing and Urban Development, the Department of Agriculture, and the Treasury) and advocate on a strategic basis for other affordable housing programs and policies in collaboration with other leading national organizations.

FY 2021 Appropriations Legislative Landscape



- President's FY 2021 budget repeats previous years' proposed affordable housing program cuts and eliminations
- 2nd year of two-year bipartisan budget deal
- “Relatively regular” appropriations schedule in a presidential election year?

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

REPUBLICANS

Susan Collins, ME

Richard Shelby, AL

Lamar Alexander, TN

Roy Blunt, MO

John Boozman, AR

Shelley Moore Capito, WV

Lindsey Graham, SC

John Hoeven, ND

Steve Daines, MT

Retiring

DEMOCRATS

Jack Reed, RI

Patty Murray, WA

Richard Durbin, IL

Dianne Feinstein, CA

Chris Coons, DE

Brian Schatz, HI

Chris Murphy, CT

Joe Manchin, WV

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

REPUBLICANS

John Hoeven, ND
Mitch McConnell, KY
Susan Collins, ME
Roy Blunt, MO
Jerry Moran, KS
Cindy Hyde-Smith, MS
John Kennedy, LA

DEMOCRATS

Jeff Merkley, OR
Dianne Feinstein, CA
John Tester, MT
Tom Udall, NM
Patrick Leahy, VT
Tammy Baldwin, WI

 Retiring

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

DEMOCRATS

David Price, NC

Mike Quigley, IL

Katherine Clark, MA

Bonnie Watson Coleman, NJ

Brenda Lawrence, MI

Norma Torres, CA

Pete Aguilar, CA

REPUBLICANS

Mario Diaz-Balart, FL

Steve Womack, AR

John Rutherford, FL

Will Hurd, TX

Retiring



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

DEMOCRATS

Sanford Bishop, GA

Rosa DeLauro, CT

Chellie Pingree, ME

Mark Pocan, WI

Barbara Lee, CA

Betty McCollum, MN

Henry Cuellar, TX

REPUBLICANS

Jeff Fortenberry, NE

Robert Aderholt, AL

Andy Harris, MD

John Moolenaar, MI

Advocating for the HOME Investment Partnerships Program

- Members need to hear from you. Make HOME a priority!
- Thank members for rejecting the administration's FY 2018 – 2020 proposals to eliminate HOME.
- Thank members for funding HOME at \$1.35 billion in FY 2020.

Advocating for the HOME Investment Partnerships Program

- Share data and stories about HOME in your state:
 - Production, preservation, and homeownership accomplishments
 - Critical gap financing with Low Income Housing Tax Credit, Rental Assistance Demonstration, disaster recovery
 - Housing for persons with special needs, including persons with disabilities, the elderly, and those experiencing homelessness
 - Local economic benefits: job creation and state and local revenues
- Tell Congress to restore HOME funding to at least \$1.5 billion in FY 2021

Advocating for Section 8 Rental Assistance

- Explain how Project-Based Section 8 Rental Assistance (PBRA) and Housing Choice Vouchers help make rental housing affordable to some of our lowest-income families
- Tell Congress to:
 - Fully fund Section 8 project-based contract renewals
 - Protect and improve the PBRA portfolio by ensuring HUD issues a fair PBCA solicitation that doesn't impede HFAs
 - Fund all authorized vouchers and as many new ones as possible
 - Compensate PHAs for their administrative costs

Advocating for Rural Housing Programs

- Explain the role USDA rural housing programs play in your state/district
- Tell Congress to provide at least current level funding for USDA's rural housing programs

Advocating for the HFAs' Role as Performance-Based Contract Administrators

- Discuss the benefits of using HFAs as PBCAs
- Share your concerns with HUD's previous draft Request for Proposals
- Insist on a fair PBCA solicitation. HUD should:
 - Contract only with PHAs, pursuant to the Housing Act
 - Contract with PHAs that have the legal authority to administer federal rental assistance contracts in and throughout each state they propose to serve
 - Require a comprehensive set of responsibilities in contracts (i.e., don't farm out some responsibilities on a regional or national basis)

Advocating for FHA-HFA Risk-Sharing Program

- Explain the importance of the FHA-HFA Risk-Sharing program in your state.
- The Risk-Sharing program is at a disadvantage without better liquidity, like other FHA loans receive through Ginnie Mae.
- Tell Congress to direct HUD to reinstate the Federal Financing Bank (FFB) initiative or authorize Ginnie Mae securitization of FHA-HFA Risk-Sharing loans
 - Urge House members to support Financial Services Committee member Nydia Velazquez's (D-NY) draft bill to revive the FFB program

Action Items

- Make your FY 2021 HUD and USDA funding asks!
- Make your other priority asks:
 - Support HFA role as PBCA and ensure HUD's solicitation is fair
 - Provide additional liquidity for FHA-HFA Risk-Sharing loans
- How can members show support right now?
 - ✓ Prioritize HFA priority programs in Appropriations member requests
 - ✓ Commit to sign FY 2021 "Dear Colleague" letters

Questions

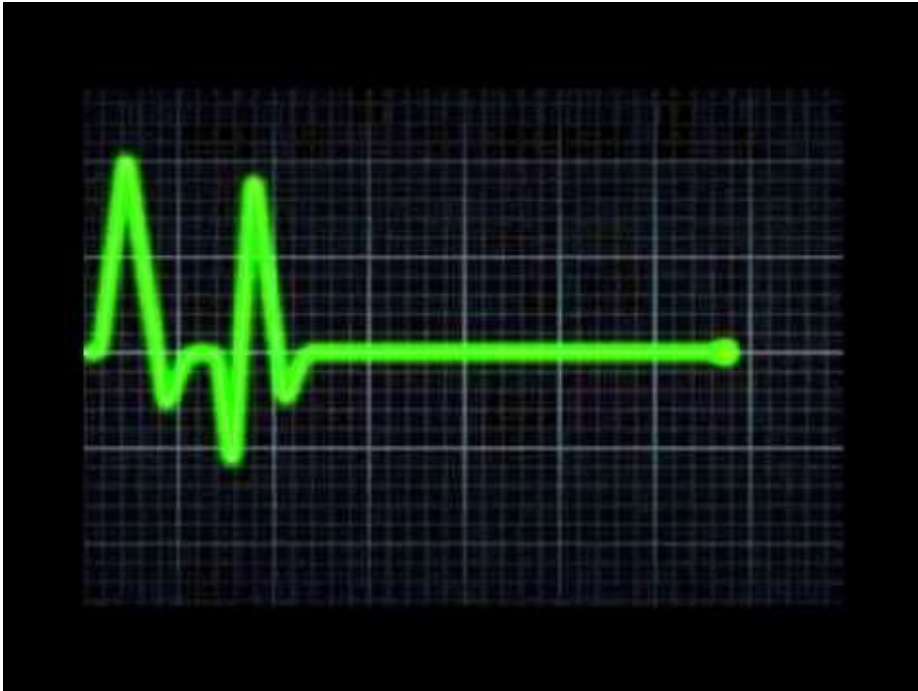


Housing Finance Reform

Key Recent Developments

- Mark Calabria confirmed as Federal Housing Finance Agency Director.
- Treasury Department and HUD submitted reports on housing finance reform with 116 recommendations to President Trump on September 5.
- Congress has held hearings, made comments, submitted questions, and sent letters on FHFA, Treasury, and HUD plans.

Housing Finance Reform Legislative Prognosis



- All eyes are on Calabria and what he does to move Fannie Mae and Freddie Mac out of conservatorship.
- Congressional role has been limited to hearings, letters, other statements.
- Broad consensus exists that legislation is unlikely this year but necessary eventually. Legislators continue to look for where agreement can be reached.

NCSHA Priorities for Finance Reform

Establish a central role for state HFAs in legislative and regulatory efforts to reform the housing finance system that increases accessibility and affordability for first-time buyers and households of color, including through the Affordable Housing Goals, Duty-to-Serve requirements, and dedicated funding for the Housing Trust Fund and Capital Magnet Fund.

Administration Key Players



FHFA Director
Mark Calabria

- Sworn in as Director of FHFA in April 2019
- Former chief economist for Vice President Pence
- Long-time Senate Banking Committee staffer
- Named ending conservatorship of Fannie Mae and Freddie Mac a top priority for this administration and FHFA under his leadership
- In September, with Treasury Secretary Mnuchin, enabled Fannie and Freddie to retain up to \$45 billion in capital combined

Treasury and HUD Housing Finance Reform Plans

- Submitted to the President September 5, 2019
- Propose 116 policy changes (49 from Treasury, 67 from HUD)
- Most substantial provisions would require congressional action, which appears unlikely this Congress
- Do not specify when Treasury and HUD plan to move forward with administrative changes

Treasury's Housing Finance Reform Plan

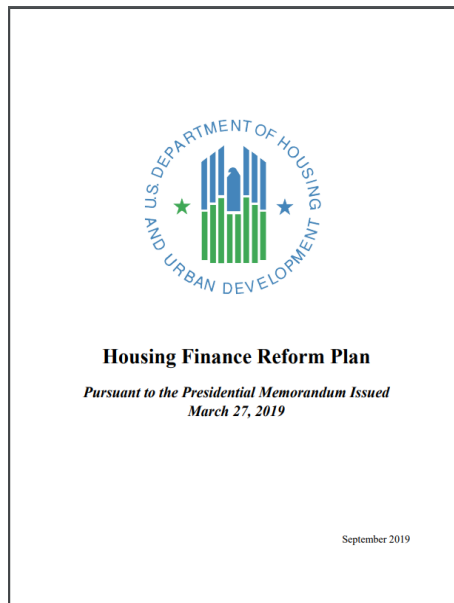


Published
September 5, 2019

Treasury's plan focuses on:

- Ending the conservatorship of Fannie Mae and Freddie Mac
- Helping them raise capital
- Establishing a new competitive secondary housing finance market
- Replacing the current affordable housing goals system with an assessment transferred to HUD for affordable housing programs
- Revising single-family and multifamily loan purchase eligibility and underwriting criteria

HUD's Housing Finance Reform Plan



Published
September 5, 2019

HUD's plan proposes:

- Restructuring FHA
- Lifting the 455,000-unit cap on the Rental Assistance Demonstration program
- Clarifying lenders' compliance obligations under FHA to increase lender interest in participating in FHA's programs
- Examining whether the premiums FHA charges for loans with down payment assistance adequately reflect the risks such loans pose
- Clarifying the statutory prohibition on DPA providers that financially benefit from a transaction
- Establishing a risk-based insurance premium structure

House Key Players



House Financial Services
Committee Chair
Maxine Waters
(D-CA)

- First African-American and woman to chair Financial Services
- Has cited housing finance reform and addressing the shortage of affordable housing as key priorities as chair
- Wants a secondary market system that “preserves access to financing for working families”
- Introduced legislation in 2014 to replace Fannie and Freddie with lender-cooperative-owned securities issuer but has not advocated for such an approach recently
- Plans heavy oversight of the administration and big banks

House Key Players



Financial Services
Committee
Ranking Member
Patrick McHenry
(R-NC)

- Former member of House GOP leadership
- Sent a letter to Waters urging committee consideration of housing finance reform
- Co-sponsored legislation in 2014 that would have eliminated Fannie and Freddie and privatized housing finance system (PATH Act)
- Worth noting: Many who backed PATH Act have since said that some government role will be necessary
- Has expressed interest in expanding access to credit and the financial system for low- and moderate-income Americans

House Financial Services Committee

DEMOCRATS

Maxine Waters, CA
Carolyn Maloney, NY
Nydia Velázquez, NY
Brad Sherman, CA
Gregory Meeks, NY
Wm. Lacy Clay, MO
David Scott, GA
Al Green, TX
Emanuel Cleaver, MO
Ed Perlmutter, CO
James A. Himes, CT
Bill Foster, IL
Joyce Beatty, OH

Denny Heck, WA
Juan Vargas, CA
Josh Gottheimer, NJ
Vicente Gonzalez, TX
Al Lawson, FL
Michael San Nicolas, GU
Rashida Tlaib, MI
Katie Porter, CA
Cindy Axne, IA
Sean Casten, IL
Ayanna Pressley, MA
Ben McAdams, UT
Alexandria Ocasio-Cortez, NY

Jennifer Wexton, VA
Stephen F. Lynch, MA
Tulsi Gabbard, HI
Alma Adams, NC
Madeleine Dean, PA
Jesus “Chuy” Garcia, IL
Sylvia Garcia, TX
Dean Phillips, MN

House Financial Services Committee

REPUBLICANS

Patrick McHenry, NC
Peter King, NY
Frank Lucas, OK
Bill Posey, FL
Blaine Luetkemeyer, MO
Bill Huizenga, MI
Sean Duffy, WI
Steve Stivers, OH
Ann Wagner, MO
Garland “Andy” Barr, KY
Scott Tipton, CO
Roger Williams, TX
French Hill, AR
Tom Emmer, MN

Lee Zeldin, NY
Barry Loudermilk, GA
Alexander Mooney, WV
Warren Davidson, OH
Ted Budd, NC
David Kustoff, TN
Trey Hollingsworth, IN
Anthony Gonzalez, OH
John Rose, TN
Bryan Steil, WI
Lance Gooden, TX
Denver Riggleman, VA
William Timmons, SC

Senate Key Players



Senate Banking
Committee Chair
Mike Crapo (R-ID)

- Housing finance reform is one of his top priorities
- His 2019 reform outline would establish system with multiple guarantors who could insure MBS through Ginnie Mae
- Plan calls for continued contributions to Housing Trust Fund and Capital Magnet Fund and establishes Market Access Fund
- Has not yet outlined timetable for releasing and/or considering legislation
- Wants to develop bipartisan legislation

Senate Key Players



Banking Committee
Ranking Member
Sherrod Brown
(D-OH)

- Has opposed previous housing finance reform proposals for not including adequate support for affordable housing
- Opposed Calabria and many HUD nominees in committee
- Questioned Calabria about support for GSE affordable housing activities such as affordable housing goals, Duty-to-Serve rule, and contributions to the Housing Trust Fund

Senate Banking, Housing, and Urban Affairs Committee

REPUBLICANS

Mike Crapo, ID
Richard Shelby, AL
Pat Toomey, PA
Tim Scott, SC
Ben Sasse, NE
Tom Cotton, AR
Michael Rounds, SD
David Perdue, GA
Thom Tillis, NC
John Kennedy, LA
Martha McSally, AZ
Jerry Moran, KS
Kevin Cramer, ND

DEMOCRATS

Sherrod Brown, OH
Jack Reed, RI
Robert Menendez, NJ
Jon Tester, MT
Mark Warner, VA
Elizabeth Warren, MA
Brian Schatz, HI
Chris Van Hollen, MD
Catherine Cortez Masto, NV
Doug Jones, AL
Tina Smith, MN
Krysten Sinema, AZ

Advocating on Housing Finance Reform

- **Priority: A system with a commitment to affordable housing that at least matches the current system.**
- **Make the Case**
 - If entities participating in the housing finance system are going to benefit from taxpayer backing, they should have a responsibility to support a liquid housing finance market that benefits everyone.
 - The various affordable housing mandates placed on Fannie Mae and Freddie Mac, such as the Affordable Housing Goals and Duty-to-Serve rule, have prompted Fannie and Freddie to make substantial and critically needed investments in affordable housing.

Advocating on Housing Finance Reform

- **Priority: A system with a commitment to affordable housing that at least matches the current system.**
- **Make the Case**
 - The level of support these activities provide for affordable housing and market liquidity, while tough to quantify, is immense and cannot easily be replaced.
 - Discuss how your HFA has partnered with Fannie and/or Freddie to support affordable homeownership and rental housing.

Advocating on Housing Finance Reform

- **Priority: Preserve funding for the Housing Trust Fund and Capital Magnet Fund.**
- **Make the Case**
 - Both the Housing Trust Fund and Capital Magnet Fund support critical affordable housing investments at a time when the nation is facing an acute housing shortage.
 - The Housing Trust Fund helps HFAs and others to help the most vulnerable populations.
 - The Capital Magnet Fund fosters innovation in affordable housing and community development.

Advocating on Housing Finance Reform

- **Priority: Preserve funding for the Housing Trust Fund and Capital Magnet Fund.**
- **Make the Case**
 - Tell Congress how you use your Housing Trust Fund and/or Capital Magnet Fund dollars.
 - Financing the funds through the housing finance system, rather than through the appropriations process, ensures they receive a consistent stream of funding each year.
 - Now is the ABSOLUTE WORST time to eliminate such programs.

Advocating on Housing Finance Reform

- **Priority: Promote HFA administration of a new dedicated affordable housing funding stream.**
- Background
 - Many housing finance reform proposals, including the Crapo outline, include the establishment of a “Market Access Fund” that would finance affordable homeownership and rental housing lending.
 - Such a fund would be financed by fees charged on new loans or securities that receive a government guarantee.

Advocating on Housing Finance Reform

- **Priority: Promote HFA administration of a new dedicated affordable housing funding stream.**
- Background
 - Very little detail on how the Market Access Fund would operate and how much would be raised
 - While such a fund by itself is unlikely to fully match the level of support for affordable housing provided through the current system, it still offers a great opportunity to apply more credit and resources to affordable housing.

Advocating on Housing Finance Reform

- **Priority: Promote HFA administration of new affordable housing funding streams.**
- **Make the Case: State HFAs are the natural choice to administer the Market Access Fund.**
 - Responsible stewards of state and federal housing programs
 - Strong track record of sustainable homeownership and rental lending, the very activities the Market Access Fund is designed to support
 - In-depth knowledge of their states' housing needs
 - Why re-invent the wheel? Let HFAs use the funding to support what they do best, and give them the flexibility to do so effectively.

Questions



Other NCSHA 2019 Legislative and Regulatory Priorities

- Explore the creation of a new federal resource to support the development and rehabilitation of affordable for-sale housing and implement improvements to Mortgage Revenue Bonds and Mortgage Credit Certificates to expand affordable homeownership opportunity
- Support the utilization of the Opportunity Zone tax incentives to expand and preserve affordable housing
- Reduce unnecessary and burdensome regulations in federal affordable housing policies and programs to maximize their efficiency and effectiveness, and advocate for smarter approaches to regulation at the state and local levels