# Housing Credit and Housing Bond Talking Points 2021

## Audience

Every member of Congress, with special focus on members of the Senate Finance and House Ways and Means Committees

## Request

- Ask all members of Congress (House and Senate) who have not done so already to cosponsor the Affordable Housing Credit Improvement Act upon its reintroduction.
- Urge members of Congress to support advancing this critical legislation at the first opportunity to do so, which may be the infrastructure package Congress expects to consider later this year.
- If your state is now or may soon be private activity bond cap-constrained, tell your members of Congress you need more of this critical resource. Without sufficient bond resources, states are unable to finance needed affordable housing and other infrastructure projects.

## Support Rental Housing Production with the Housing Credit and Housing Bonds

- To be competitive, attract employment, and create thriving communities, cities and towns must have well-maintained infrastructure. **The affordable housing produced using the Housing Credit and Housing Bonds is as much a vital component of that infrastructure as roads and bridges, water and sewer, and energy systems.** Moreover, housing investment can often be a catalyst for other infrastructure investment in communities, including water systems, sidewalks, road improvements, and broadband.
- **The Housing Credit and Multifamily Bonds are vital tools 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 70 percent of ELI renters are spending more than half of their income on housing.[1]
- Unlike many other tax expenditures, which subsidize activity that would occur at some level without a tax benefit, **virtually no affordable rental housing development would**

[1] National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes 2021*

**occur without the Housing Credit and Housing Bonds.** Housing simply costs too much to build for owners to charge rents that are affordable to low-income households.

- **The Housing Credit and Housing Bond programs have a unique, market-based structure that transfers the real estate risk from the taxpayer to the private-sector investor.** In the rare event that a property falls out of compliance at any time during the first 15 years after it is placed in service, the Internal Revenue Service is able to recapture tax credits from the investor. Thus, investors have an incentive to ensure that properties adhere to all program rules, including affordability restrictions and high quality standards.
- **The Housing Credit and Housing Bond programs require only limited federal bureaucracy because Congress delegated its administration and decision-making authority to state governments.** State housing finance agencies (HFAs), which administer the Credit in nearly every state, have statewide perspective, a deep understanding of the needs of their local markets, and sophisticated finance, underwriting, and asset management capacity.
- **The National Association of Home Builders estimates** that, in a typical year, the Housing Credit program generates approximately $3.5 billion in federal, state, and local taxes; $9.1 billion in economic income from wages and business income; and 95,700 jobs across various U.S. industries.
- With strict state agency underwriting standards, stringent compliance requirements, and due diligence from the private sector, **the inventory of Housing Credit properties, including those with Housing Bond financing, has an outstanding performance track record according to all commonly used real estate metrics.** Only 0.65 percent of Housing Credit developments have undergone foreclosure, an unparalleled record compared to market-rate multifamily properties and all other real estate classes.[2]

## Support Single-Family Mortgage Revenue Bonds

- **The Mortgage Revenue Bond (MRB) program makes homeownership possible for first-time lower-income home buyers.** This program is essential to the efforts of state housing finance agencies to help low- and moderate-income working families become home buyers.
- **MRBs enable creditworthy working families with modest incomes and limited capacity to obtain the necessary down payments to access homeownership.** Using MRBs, state HFAs have helped nearly 3.3 million responsible low- and moderate-income borrowers become homeowners. They help another approximately 60,000 families buy their first

[2] CohnReznick, *Housing Tax Credit Investments: Investment and Operational Performance, 2019*

homes with MRB mortgages, on average, each year. The median income of an MRB borrower in 2019 was approximately $50,770, approximately 26 percent less than the national median. HFAs have helped nearly 350,000 additional homeowners by converting some of their bond authority to Mortgage Credit Certificates, which provide home buyers with a federal tax credit for interest paid on their mortgages.

- **MRBs also provide other important indirect benefits** by helping the sale of homes under foreclosure, revitalizing distressed neighborhoods, bringing mortgage funds into capital-deprived areas, and funding the repair and purchase of homes in older, urban communities.