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Congress Must Restore Tax-Exempt Private Activity Housing Bonds in H.R. 1

WASHINGTON, DC — The National Council of State Housing Agencies (NCSHA) urges the House Committee on Ways and Means to amend the Tax Cuts and Jobs Act of 2017, H.R. 1, to preserve tax-exempt private activity Housing Bonds, which are so important to our nation's affordable housing efforts, as they make both affordable rental homes and homeownership opportunities available to working families of modest means. Multifamily Housing Bonds are directly responsible for more than 50 percent of the affordable rental homes produced under the Low Income Housing Tax Credit program. Housing Bonds and the Credit together represent our most powerful response to our country's affordable housing crisis.

As introduced, H.R. 1 eliminates tax-exempt private activity bonds (PABs), including both multifamily and single-family Housing Bonds, for bonds issued after 2017. The bill also repeals the related Mortgage Credit Certificate (MCC) program.

While the bill makes no direct changes to the Housing Credit, it effectively fails to preserve it, since more than half of the Credit's annual production would be lost with the elimination of multifamily Housing Bonds. Housing Bonds are an essential partner to the Housing Credit, now more than doubling Credit production annually, because Credit allocated to Bond-financed properties under the so-called 4 Percent Credit program is not limited by the Credit authority cap. This production would not occur without the Housing Bond program.

In addition to the devastating cut in Housing Credit production, the elimination of Housing Bonds would reduce affordable rental housing development even further, since Housing Bonds also finance affordable rental housing that is not assisted with the Credit.

Tens of thousands of working families would also lose the chance to become homeowners without the single-family Housing Bond and related MCC programs, at a time when the first-time home buyer market needs them most.

Tax reform presents a rare chance to take a major step toward resolving our affordable housing crisis and attaining what we trust is our shared goal of an affordably housed nation. But in its current form, H.R. 1 takes a major step backwards. This must not stand.

NCSHA is a national nonprofit, nonpartisan association that advocates on behalf of HFAs before Congress and the Administration for affordable housing resources. NCSHA represents state HFAs and the HFAs of the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands. NCSHA's membership also includes more than 300 affordable housing industry partners. Learn more at ncsha.org.

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