



2019 LEGISLATIVE CONFERENCE

Priorities Briefing

HEAS ON THE
FILL

PRIORITIES BRIEFING

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The Legislative Environment at the Start of the 116th Congress

- Divided government
- 10 new Senators; more than 100 new House members
- The most diverse freshman class ever
- New leadership in key committees
- Presidential campaigns gearing up
- All bills must be reintroduced; cosponsorship campaigns start from scratch

NCSHA 2019 Legislative and Regulatory Priorities

Expand the Low Income Housing Tax Credit by at least 50 percent and implement improvements to it and tax-exempt multifamily Housing Bonds to enable them to serve more low-income renters

Housing Credit Priorities

- **Increase the Housing Credit cap authority by at least 50 percent**
- **Establish a permanent minimum 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**

Housing Credit Priorities

- **Modify the Housing Credit qualified contract process statute to promote preservation, including by setting the statutory price at fair market value of the property, taking into account the rent-restrictions on the low-income portion**
- **Establish a 50 percent basis boost for units reserved for extremely low-income (ELI) households in properties that reserve at least 20 percent of units for ELI households**
- **Clarify the general public use requirements for properties serving veterans**

Housing Bond Priorities

- Establish a national pool through which expired private activity tax-exempt Housing Bond authority is redistributed to states that exhaust theirs
- Extend multifamily Housing Bond recycling authority
- Repeal the MRB refinancing prohibition
- Eliminate the MRB purchase price limits
- Eliminate the MRB home improvement loan limit or increase it by an amount at least adequate to reflect the rise in construction costs

Housing Bond Priorities

- Exempt all refunding Housing Bonds from the Alternative Minimum Tax
- Strengthen the Mortgage Credit Certificate program
- Repeal the MRB Ten-Year Rule
- Eliminate the MRB recapture tax provision

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
Johnny Isakson, GA
Rob Portman, OH
Patrick Toomey, PA
Tim Scott, SC
Bill Cassidy, LA
James Lankford, OK
Steve Daines, MT
Todd Young, IN

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
John Lewis, GA
Lloyd Doggett, TX
Mike Thompson, CA
John B. Larson, CT
Earl Blumenauer, OR
Ron Kind, WI
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
Brendan Boyle, PA
Don Beyer, VA
Dwight Evans, PA
Brad Schneider, IL
Tom Suozzi, NY
Jimmy Panetta, CA
Stephanie Murphy, FL
Jimmy Gomez, CA
Steven Horsford, NV

REPUBLICANS

Kevin Brady, TX
Devin Nunes, CA
Vern Buchanan, FL
Adrian Smith, NE
Kenny Marchant, TX
Tom Reed, NY
Mike Kelly, PA
George Holding, NC
Jason Smith, MO
Tom Rice, SC
David Schweikert, AZ
Jackie Walorski, IN

Darin LaHood, IL
Brad Wenstrup, OH
Jodey Arrington, TX
Drew Ferguson, GA
Ron Estes, KS

Housing Credit and Bond Champions

SENATE



Maria Cantwell
(D-WA)



Ron Wyden (D-OR)



HOUSE



Suzan DelBene
(D-WA)



Affordable Housing Credit Improvement Act

(Likely Reintroduction in Early April)

- **Increases Housing Credit resources**
- **Supports the preservation of existing affordable housing**
- **Facilitates development for hard-to-reach populations and in challenging markets**
- **Strengthens state oversight**
- **Provides new flexibility and simplifies program requirements**

Remember these?

- Increase the Housing Credit cap authority by at least 50 percent
- Establish a permanent minimum 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 extremely low-income (ELI) households in properties that reserve at least 20 percent of units for ELI households
- Clarify the general public use requirements for properties serving veterans
- Extend multifamily Housing Bond recycling authority

We expect them to be in AHCIA.

But what about?

Modify the Housing Credit qualified contract process statute to promote preservation, including by setting the statutory price at fair market value of the property, taking into account the rent-restrictions on the low-income portion

And these?

- Establish a national pool through which expired private activity tax-exempt Housing Bond authority is redistributed to states that exhaust theirs
- Repeal the MRB refinancing prohibition
- Eliminate the MRB purchase price limits
- Eliminate the MRB home improvement loan limit or increase it by an amount at least adequate to reflect the rise in construction costs

And these?

- **Eliminate the MRB recapture tax provision**
- **Exempt all refunding Housing Bonds from the Alternative Minimum Tax**
- **Strengthen the Mortgage Credit Certificate program**
- **Repeal the MRB Ten-Year Rule**
- **Eliminate the MRB recapture tax provision**

2019 Tax Legislative Landscape

- Infrastructure
- Extenders
- Technical Corrections
- ???

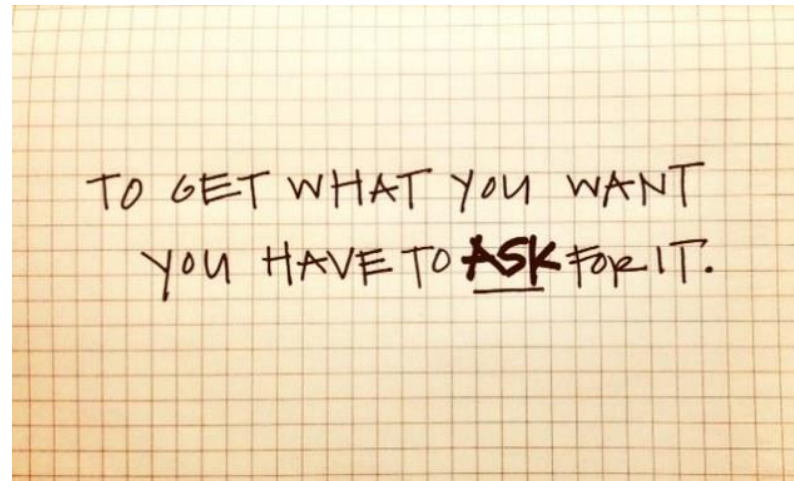


Advocating for the Credit and Bonds

- **Stress the importance of the Credit and Bonds to their 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**
- **Turn new members of Congress into housing advocates**

Make “the Ask”

- Commit to cosponsoring the Affordable Housing Credit Improvement Act upon its reintroduction
- Sign the Ruppertsberger–Stivers letter in support of municipal bonds



Questions



NCSHA 2019 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 2020 Appropriations Legislative Landscape



- FY 2020 appropriations timeline impacted by FY 2019 delays
- President's budget expected in mid-March
- Budget Control Act of 2011 spending caps return in FY 2020 without congressional action

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

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

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

DEMOCRATS

David Price, NC

Mike Quigley, IL

Katherine Clark, MA

Pete Aguilar, CA

Brenda Lawrence, MI

Norma Torres, CA

Bonnie Watson Coleman, NJ

REPUBLICANS

Mario Diaz-Balart, FL

Steve Womack, AR

John Rutherford, FL

Will Hurd, TX

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 Administration's FY 2018 and 2019 proposals to eliminate HOME.

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 homeless
 - Local economic benefits: job creation and state and local revenues
- Tell Congress to restore HOME funding to at least at \$1.5 billion in FY 2020

Advocating for Section 8 Rental Assistance

- Explain how Project-Based Section 8 Rental Assistance (PBRA) and Housing Choice Vouchers (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 that 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 state/district.
- Tell Congress to provide at least current level funding for USDA's rural housing programs.

Advocating for HFAs' Role as Performance-Based Contract Administrators

- Discuss the benefits of using HFAs as PBCAs
- Share your concerns with last year's draft Request for Proposals |for PBCA
- 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

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 Ginnie Mae Securitization
- Tell Congress to permanently authorize Ginnie Mae securitization of FHA-HFA Risk-Sharing loans
 - If Congress cannot complete action on a permanent fix this year, it should provide temporary authorization in the FY 2020 appropriations bill if that is enacted first

Action Items

- Make your FY 2020 HUD and USDA funding asks!
- Make your other priority asks:
 - Support HFA role as PBCA, and ensure HUD’s solicitation is fair
 - Permanently authorize Ginnie Mae Securitization of FHA-HFA Risk-Sharing loans
- How can members show support right now?
 - ✓ Prioritize HFA priority programs in their Appropriations Member Requests
 - Many deadlines for your input are this week!
 - Remember, requests can be for program funding and legislative language
 - ✓ Commit to sign FY 2020 “Dear Colleague” letters

Questions



Housing Finance Reform

In recent years, legislative activity on housing finance reform has occurred in fits and starts, with patches of inactivity followed by bursts of action.



OR



Still, neither chamber has passed reform legislation.
Could this Congress be different?

First, a Clarification

- When we speak about “Housing Finance Reform,” we are mostly referring to efforts to amend the secondary financing market for conventional loans guaranteed by the GSEs: Fannie Mae and Freddie Mac
- Other gov’t housing programs – FHA, USDA, VA, and the FHLBs – are critical but are much less likely to be addressed in reform legislation.
- Caveat: Reform may involve Ginnie Mae



Housing Finance Reform, Lay of the Land

- Both Banking Committee Chair Crapo and Financial Services Committee Chair Waters have said housing finance reform is one of their key priorities for this Congress.
- Mark Calabria expected to soon be confirmed as FHFA Director.
- The Administration has said that is eager to remove Fannie Mae and Freddie Mac from conservatorship, but that they will (for now) wait for Congress to act.

Housing Finance Reform, Lay of the Land

- Plenty of obstacles remain: divided government, disagreements about government role in supporting affordable housing, legislative calendar, and presidential politics
- **Generally, when action does occur on this issue, it tends to happen quickly. This underscores the need to educate members about HFA priorities.**

NCSHA Priorities for Housing Finance Reform

A Housing Finance System that:

- **Provides for access to credit and the availability of affordable housing options for all consumers and communities that at minimum matches the level of support for affordable housing provided under the current system**
- **Preserves funding for the Housing Trust Fund and Capital Magnet Fund**
- **Promotes state HFA administration of any new dedicated funding streams for affordable homeownership and rental lending**

House Key Players: Meet the New Leaders



**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 Administration and big banks

House Key Players: Meet the New Leaders



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

- Former member of House GOP leadership
- Senate letter to Waters urging Committee consideration of housing finance reform
- Co-sponsored legislation in 2014 that would 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

Senate Key Players: The Same Leaders



**Senate Banking Committee
Chair Mike Crapo (R-ID)**

- Continually reiterated that housing finance reform is one of his top priorities
- Introduced outline for reform in February that would establish system with multiple guarantors who could insure MBS through Ginnie Mae
- Plan calls for continued contributions to Housing Trust Fund and Magnet Fund and establishes Market Access Fund
- Has not yet outlined timetable for releasing and/or considering legislation
- Like to develop bipartisan legislation but will work around the Committee's Ranking Member

Senate Key Players: The Same Leaders



**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
- Just passed on POTUS run, potentially making compromise easier

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
Jerry Moran, KS
Kevin Cramer, ND
Martha McSally, AZ

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.
 - Tell Congress how you use your Housing Trust Fund dollars.

Advocating on Housing Finance Reform

- **Priority: Preserve funding for the Housing Trust Fund and Capital Magnet Fund.**
- **Make the Case**
 - The Capital Magnet Fund fosters innovation in affordable housing and community development. If applicable, discuss how the fund is used in your state.
 - Financing the funds through the housing finance system, rather than through the appropriations process, ensures that 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” which would finance affordable homeownership and rental housing lending.
 - Such a fund would be financed on 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, so funds will be well targeted
 - 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.

Track and Share Your Successes



State: _____ # of Hill Visits at LegCon 19: _____

MEMBER COMMITMENTS SUPPORTING HFA PRIORITIES

To cosponsor the Affordable Housing Credit Improvement Act
Names: _____

To sign the Ruppertsberger/Stivers Tax-Exempt Bond Letter
Names: _____

To sign a "Dear Colleague" letter to appropriators
Names: _____

To submit appropriations "member requests"
Names: _____

To contact a federal agency on an HFA ask
Names: _____

To visit an HFA-financed property
Names: _____

To carry out any other significant action
Specify action: _____
Names: _____

of Social Media Posts About Hill Visits: _____

You could win a complimentary registration to NCSHA's 2019 Annual Conference & Showplace, October 19 - 22 in Boston.

- Drop completed cards in the basket at the NCSHA Registration Desk.
- For Hill visits scheduled after LegCon concludes, scan or photograph completed cards and email them to Lisa Bowman (lbowman@ncsha.org) by COB March 15.
- Each participating HFA and Associate member will be entered.
- One winner will be drawn at random.
- The executive director of the winning organization will notified.

Drop your card in the basket at the NCSHA Registration Desk or, after LegCon, email a photo of it to lbowman@ncsha.org by COB March 15.