



ADVOCACY ACTIVITIES

July 1, 2015 – September 30, 2015

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Agencies Contacted in this period

Department of Housing and Urban Development (HUD)
Department of Agriculture
Department of the Treasury
Internal Revenue Service (IRS)
Office of Management and Budget
U.S. Senate
U.S. House of Representatives
White House, Executive Office of the President

I. NAHMA Testimony & Formal Meetings

- NAHMA staff participated in an industry meeting with HUD Secretary Julian Castro. Topics of discussion included the multifamily transformation, HUD's 50th year anniversary and funding for affordable housing programs in fiscal year 2016 (7/27/15).
- NAHMA staff participated in a forum discussion with Kyrsten Sinema (D-AZ) to discuss updates on the House Financial Services Committee (7/30/15).
- NAHMA staff met with a majority staff member of the House Financial Services Committee to discuss current housing legislation and agency policy, emerging housing issues and the possibilities of housing finance reform legislation (8/3/15).
- NAHMA staff met with representatives from the Government Accountability Office (GAO) to discuss the Service Coordinator program under the Section 202 Housing for the Elderly program. The GAO representatives asked questions about NAHMA member's participation in the Service Coordinator program, and NAHMA staff shared some feedback from members on how they manage service coordination at their properties (8/3/15).
- NAHMA staff met with a majority staff member of the Senate Banking, Housing and Urban Affairs Committee. Discussion topics included current housing legislation and agency policy, emerging housing issues and funding challenges for affordable housing programs in fiscal year 2016 (8/10/15).
- NAHMA staff met with minority staff of the Senate Banking, Housing and Urban Affairs Committee. Discussion topics included current housing legislation and agency policy, emerging housing issues and funding challenges for affordable housing programs in fiscal year 2016 (8/10/15).
- NAHMA staff met with minority staff of the House Appropriations Agriculture, Rural Development Subcommittee to discuss the ongoing issues in the Section 521 Rental Assistance program. NAHMA staff provided the subcommittee staff with language to address the issue; this language was ultimately included in the continuing resolution (H.R.719) for FY 2016 (8/21/15).

- NAHMA staff met with majority staff of the House Appropriations Agriculture, Rural Development Subcommittee to discuss the ongoing issues in the Section 521 Rental Assistance program (8/21/15).
- NAHMA staff participated in a conference call with Rural Development for an update on the ongoing contract funding issues in the Section 521 Rental Assistance program (9/10/15).
- NAHMA staff participated in an industry conference with staff of HUD's of Multifamily Housing to discuss agency policy, emerging housing issues and funding challenges for affordable housing programs in fiscal year 2016 (9/11/15).
- NAHMA staff participated in a meeting with HUD staff to celebrate the 50th Anniversary of the Department of Housing and Urban Development (9/17/15).

II. Formal Comments to Federal Agencies

- NAHMA signed on to industry comments to HUD regarding serious concerns about the use of small area fair market rents (SAFMRs) to manage the Housing Choice Voucher (HCV) program. Our comments urged HUD to reconsider its decision to proceed with rulemaking on SAFMRs due to lack of evidence that SAFMRs are more effective than alternatives, such as raising fair market rents (FMRs) to the 50th percentile rents across a metropolitan area (7/1/15).
- NAHMA signed on to industry comments to HUD regarding comment on the Affirmatively Furthering Fair Housing Assessment Tool. Comments urged HUD to reconsider the rule's language encouraging lobbying of states on their local laws.

III. Policy Positions and NAHMA Analyses

- NAHMA Analysis 2015-0717 – Proposed Appropriations for HUD Affordable Housing Programs in FY 2016 (7/17/15)
- NAHMA Analysis 2015-0806 – Affirmatively Furthering Fair Housing Final Rule (8/6/15)
- NAHMA Analysis 2015-0814 – Rural Development Appropriations for Fiscal Year 2016 (8/14/15)
- NAHMA Analysis 2015-0909 – HUD Utility Allowance Methodology Issued June 2015 (9/9/15)

IV. Grassroots Actions

- NAHMA distributed a grassroots action alert which urged members to participate in advocacy activities during the August Congressional recess. NAHMA asked members to highlight the funding needs and reject cuts for Project-Based Section 8, the HOME Investment Partnerships program, and Rural Development's Section 521 Rental Assistance program. Additionally, NAHMA requested that members urge their lawmakers to pass

current legislation to permanently set the minimum credit rates at 9% for development and 4% for rehabilitation in the Low-Income Housing Tax Credit (LIHTC) program (8/6/15).

- NAHMA distributed a grassroots action alert which asked members to urge their lawmakers to pass a short-term continuing resolution (CR) for the outset of fiscal year 2016 to prevent the federal government from shutting down after Sept. 30, and subsequently to allow lawmakers additional time to negotiate and pass a broad budget deal during the timeframe of the CR. In this GR alert, NAHMA asked members to highlight the need for a language change in the CR to allow Section 521 Rural Rental Assistance properties to renew funding within their 12-month contract period (9/23/15).

V. NAHMA Letters and/or Industry Letters Signed by NAHMA

- NAHMA signed on to an industry letter to Rural Development in response to the management fee adjustment for 2015 and 2016. This letter highlighted that management agents of rural properties face substantial challenges as a result of not receiving a fee adjustment between 2010-2014. Additionally, the letter supported the transition to an Operating Cost Adjustment Factor (OCAF) model and that the OCAF adjustment should occur for every property as a form of catch up. The letter recommended that the 2016 OCAF should include all the OCAFs for the years that were missed (7/16/15).
- NAHMA signed on to an industry letter urging the Speaker of the House as well as the Majority and Minority leaders of both the Senate and House to reject any cuts to the HOME Investment Partnerships program in the fiscal year 2016 appropriations legislation. Additionally, this letter rejected any legislation which would direct funding from the Housing Trust Fund into HOME; it is our position that these two programs should exist independently (7/27/15).
- NAHMA sent a letter to both the House and Senate Appropriations Agriculture, Rural Development Subcommittee leadership regarding Section 521 Rental Assistance (RA) properties which received letters from USDA stating that their RA agreement is not eligible for renewal during FY 2015. NAHMA urged the subcommittee members to take immediate action as RD is in violation of its requirement to fund all RA contracts for a full one-year term, and that the loss of RA funding could force hundreds of low-income residents to be displaced by rent increases and developments will suffer serious financial hardships (8/10/15).
- NAHMA signed on to a multi-industry letter which urged lawmakers to work towards a broad budget deal which would lift the caps currently placed on non-defense discretionary programs and eliminate the possibility of automatic budget cuts (sequestration) (9/10/15).
- NAHMA signed on to an industry letter to leadership of the House Financial Services Committee urging them to support of H.R.2482, the Preservation, Enhancement and Savings Opportunity Act of 2014. The bill provides technical changes to the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) while ensuring long-term preservation of these affordable multifamily housing properties (9/23/15).

VI. Legislation & Status of the 114th Congress (2015-2016)

Below, please find a list of bills from the 114th Congress which NAHMA thinks may be of interest to members. We have not taken a position on some of the bills, nor are we actively advocating on all bills.

Current Bills in the 114th Congress

- **H.R. 719: Continuing appropriations Act, 2016.** This bill is a temporary continuing resolution (CR) which will carry fiscal year 2015 funding into FY 2016 until December 11, 2015. The bill was passed in-lieu of the 12 regular appropriations bill needed to fund the government. Though the funding levels remain unchanged, some important language was included in the bill to allow the Secretary of the U.S. Department of Agriculture to retroactively fund Section 521 Rental Assistance contracts which did not receive their full 12 months of funding. *Introduced by Representative John Katko (R-NY) as a homeland security bill. This language was struck from the bill and the amended version became the rider for the CR. The bill was passed into law as PL 114-53 on 9/30/15.*
- **H.R. 2997: Private Investment in Housing Act, 2015.** This bill would allow HUD to establish a demonstration program under which, in FY2016 through FY2019, HUD may execute budget-neutral, performance-based agreements (for up to 12 years each) that result in a reduction in energy or water costs with appropriate entities to carry out projects for energy or water conservation improvements at up to 20,000 residential units in multifamily buildings. *Introduced by Representative Dennis Ross (R-FL) on 7/9/15. This bill passed the House of Representatives on 7/14/15 with a recorded vote of 395 to 28. However, the bill was not placed on the Senate legislative schedule for votes and remains unpassed. NAHMA supports this bill and has advocated for its passage by the Senate.*
- **H.R. 2482: Preservation Enhancement and Savings Opportunity Act of 2015.** This bill amends and eliminates certain owner limitations under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). This bill provides an ownership entity the ability to access its own funds to address tax liabilities or other expenses while ensuring continued preservation and adherence to the properties' use agreements. For the past 15 years, HUD has administratively removed limitations on distributions where it had the authority, but it lacked this authority with the LIHPRHA portfolio. *Introduced by Representative Erik Paulsen (R-MN) on 5/20/15. This bill passed the House of Representatives on 7/14/15 with a recorded vote of 395 to 28. However, the bill was not placed on the Senate legislative schedule for votes and remains unpassed. NAHMA supports this bill and has advocated for its passage by the Senate.*
- **H.R. 1047: Housing Assistance Efficiency Act of 2015.** This bill would amend the McKinney-Vento Homeless Assistance Act to allow a private nonprofit organization to administer permanent housing rental assistance provided through the Continuum of Care Program under the Act. *Introduced by Representative Scott Peters (D-CA) on 2/24/15. This bill passed the House of Representatives on 7/14/15 with a recorded vote of 395 to 28. However, the bill was not placed on the Senate legislative schedule for votes and remains unpassed.*
- **H.R. 2577: Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016.** This appropriations bill to fund HUD's affordable housing programs in fiscal year 2016 was released in draft form on Tuesday, April 28, by the House Appropriations Transportation, Housing and Urban Development (T-HUD) Subcommittee.

Nearly all of the proposed funding levels for affordable housing programs in this House bill were below the Obama Administration's budget request. The most concerning proposed funding level was for the Project-Based Section 8 program (PBS8). Due to the transition of all PBS8 contracts to a calendar year funding model in 2015, wherein all contracts would be funded on January 1 rather than their individual renewal date, HUD must fully fund each PBS8 contract on the same day for their full 12-month term beginning in 2016. NAHMA is deeply concerned that \$10.27 billion will be insufficient to renew all PBS8 up-front on January 1. The resulting funding shortfall could lead to major issues in the program.

Introduced by Representative Mario Diaz-Balart (R-FL) on 5/27/15. This legislation passed the full House Appropriations Committee on 6/4/15 and the entire chamber on 6/9/15. The legislation was sent to Senate and currently awaiting final passage. It stalled on floor, as of 6/25/15. NAHMA has met with Hill staff, submitted outside witness testimony and issued grassroots advocacy alerts among its many activities to urge the House to increase funding for HUD programs.

- **H.R.1142: To amend the Internal Revenue Code of 1986 to make permanent and expand the temporary minimum credit rate for the low-income housing tax credit program** (working title). This bill would permanently establish a fixed nine percent (for new rental construction property) and four percent (for existing property) Low Income Housing Tax Credit (LIHTC) rate. NAHMA is a strong supporter of this legislation and its Senate counterpart bill, S.1193. *H.R. 1142 was introduced by Representative Patrick Tiberi on 2/26/15. The bill is identical to his H.R.4717, which was introduced in the 113th Congress. H.R.1142 currently has 59 cosponsors and has been referred to the House Ways and Means Committee. NAHMA has sent a letter of support to Tiberi's office, and we have advocated to other lawmakers for its passage.*
- **H.R. 233: The Tenant Income Verification Relief Act of 2015.** This bill would allow income reviews for fixed-income families to be completed every three years rather than the current annual inspection used to determine assisted housing program eligibility. In the past, NAHMA has supported similar proposals that would reduce the burden of income certifications for property owners, tenants and housing authorities. For example, NAHMA supported provisions in the unpassed Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA) of 2012 which would have similarly reduced income certification to once every three years. Most recently, NAHMA explored reducing or eliminating income-driven interim recertifications as part of our Alternative Futures Working Group policy proposals. This policy proposal examined the cost savings provided by eliminating interims for mid-year increases in income or for income increases at various thresholds. *Introduced by Representatives Ed Perlmutter (D-CO) and Steve Stivers (R-OH) on 1/8/15. NAHMA supports this legislation.*
- **H.R. 1995: the Local Zoning and Property Rights Protection Act of 2015.** This bill would prohibit HUD from implementing its proposed rule entitled "Affirmatively Furthering Fair Housing", published in the Federal Register on July 19, 2013 (78 Fed. Reg. 43710; Docket No. FR-5173-P-01). Under H.R.1995, the Secretary of HUD would be required to consult with State officials, local governments, and public housing agencies (PHAs) to develop recommendations which further the purposes and policies of the Fair Housing Act. In essence, H.R.1995 will direct local governments to act on their community's fair housing issues rather than the federal government. *Introduced by Representative Paul Gosar (R-AZ) on 4/23/15. Representative Gosar has introduced this legislation in the past. In the 113th Congress, he introduced an identical provision as an amendment to the Transportation, Housing and Urban Development Appropriations bill for FY 2015. The amendment was passed, but the bill was ultimately not enacted. The Affirmatively Furthering Fair Housing proposed rule has not been implemented yet, and according to HUD staff*

at NAHMA's most recent meeting in March, 2015, the rule is still under review by HUD personnel. H.R.1995 currently has 20 cosponsors and has been referred to the Subcommittee on the Constitution and Civil Justice.

- **H.R. 574: The Pay Back the Taxpayers Act of 2015.** This legislation seeks to prevent the Government-Sponsored Enterprises Fannie Mae and Freddie Mac (the GSEs) from directing funds to the Housing Trust Fund or the Capital Magnet Fund. The Housing Trust Fund was established in the Housing and Economic Recovery Act of 2008 (HERA) with the purpose of increasing the supply of affordable housing for low-income families by providing grants directly to states for development and preservation of multifamily properties. It was intended to be funded by Fannie Mae and Freddie Mac. When these two government sponsored enterprises (GSEs) were placed into conservatorship by the U.S. Treasury in September of 2008, contributions were suspended. *Introduced by Representative Ed Royce (R-CA) on 1/28/15. This bill currently has 16 cosponsors and has been referred to the House Financial Services Committee. NAHMA does not anticipate that this legislation will progress past the committee level.*
- **S. 1800: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2016.** This appropriations bill provides a total of \$2.5 billion for rural development programs, which is \$86 million above the fiscal year 2015 enacted level. However, all of slated funding levels for affordable housing programs are below the Obama Administration's request for FY 2016. One of NAHMA's main concerns for this bill is that the funding for the Section 521 Rental Assistance (RA) program must provide adequate funding in FY 2016 to ensure full 12-month funding for all contracts. The bill also included the prohibition against 12-month re-renewal language. *The bill was voted out of the both the House and Senate Appropriations Committee, however the bill has not received full floor consideration and stalled. Please see Continuing Resolution, under bullet H.R. 719, for funding update.*
- **S.1909: Local Zoning Decisions Protection Act, 2015.** A bill which would prevent any federal funding for implementing HUD's final rule "Affirmatively Furthering Fair Housing. The bill would also prohibit any funds from being used for HUD's "Fair Housing" database in an effort to prevent disparate theory investigations. *Introduced by Senator Mike Lee (R-UT) on 7/30/15. NAHMA does not anticipate that this legislation will progress past the committee level.*
- **S.1193: To amend the Internal Revenue Code of 1986 to make permanent and expand the temporary minimum credit rate for the low-income housing tax credit program** (working title). This bill would also permanently establish a fixed nine percent (for new rental construction property) and four percent (for existing property) Low Income Housing Tax Credit (LIHTC) rate. NAHMA is a strong supporter of this legislation and its House counterpart bill, H.R.1142. *S.1142 was introduced by Senator Maria Cantwell (D-WA) on 5/5/15. The bill is identical to her previous legislation, "Improving the Low Income Housing Tax Credit Rate Act" (S.1442), which was introduced in the 113th Congress. S.1193 currently has 26 cosponsors and has been referred to the Senate Finance Committee. NAHMA has sent a letter of support to Cantwell's office, and we have advocated to other lawmakers for its passage.*
- **S. 2012: Energy Policy Modernization Act of 2015.** Among numerous other changes to US energy policy, this bill would create a demonstration program under which the Secretary of HUD may enter into agreements with multifamily property owners that result in a reduction in energy or water costs. The demonstration would be open for up to 20,000 multifamily units in properties assisted through Project-Based Section 8, Section 202 and Section 811. This bill is similar to H.R. 2997, the Private Investment in Housing Act of 2015, which passed the House on July 14, 2015. *This bill was introduced by Senator Lisa Murkowski (R-AK) on 9/9/15. This bill remains in Senate awaiting final vote. NAHMA supports legislative action to create the pay for success demonstration.*

VII. Legislation & Status of the 113th Congress (2013-2014)

Below, please find a list of passed and unpassed legislation from the 113th Congress which NAHMA thinks may be of interest to members.

Bills Signed into Law in the 113th Congress

- **P.L. 113-29 (H.R. 2167): The Reverse Mortgage Stabilization Act of 2013.** This legislation will amend the National Housing Act with additional safety requirements for the equity conversion mortgage insurance program. Under H.R. 2167, the Secretary of HUD is authorized to make administrative and policy changes to the FHA's Home Equity Conversion Mortgage Program (also known as a reverse mortgage) through a mortgagee letter instead of the standard regulatory reform process, which can last as long as 36 months. The FHA can use this new authority only when immediate changes are necessary to improve the fiscal safety of the program. *The President signed the bill into law as P.L. 113-29 on August 9, 2013.*
- **P.L. 113-6 (H.R. 933): The Consolidated and Further Continuing Appropriations Act of 2013.** This continuing resolution will fund the federal government through September 30, 2013, and includes updated appropriation levels for five different federal agencies. *The President signed the bill into law as P.L. 113-6 on March 27, 2013.*
- **P.L. 113-4 (S.47): The Violence Against Women Act Reauthorization of 2013.** This law will extend many protections to victims of sexual assault and domestic violence living in affordable housing. New VAWA protections that have been extended include Section 8 Housing Choice Vouchers, low-income housing tax credit (LIHTC) properties, Sections 202 and 811 units and all rural housing programs administered by USDA. *The President signed the bill into law as P.L. 113-4 on March 7, 2013.*
- **P.L. 113-3 (H.R. 325): The No Budget, No Pay Act.** This law suspends the current public debt limit through May 18, 2013. If lawmakers do not pass a budget by April 15, 2013, their salaries will be withheld in an escrow till either a budget is passed or the end of the 113th Congress. *The President signed the bill into law as P.L. 113-3 on February 4, 2013.*
- **P.L. 113-2 (H.R. 152): Disaster Relief Appropriations Act of 2013.** This law makes supplemental appropriations for FY2013 to specified federal agencies and programs for expenses related to the consequences of Hurricane Sandy. It also authorizes the HUD Secretary to make temporary adjustments to the section 8 housing choice voucher annual renewal funding allocations, upon request. *The President signed the bill into law as P.L. 113-2 on January 29, 2013.*
- **P.L. 113-46 (H.R. 2775): Continuing Appropriations Act, 2014.** The final version of this bill provided continuing appropriations for federal programs through January 15, 2014, which ended the government shutdown and increased the debt limit through February 7, 2014. *The President signed the bill into law as P.L. 113-46 on October 17, 2013.*
- **P.L. 113-67 (H.J. Res 59): The Bipartisan Budget Act of 2013** (Originally titled Continuing Appropriations Resolution, 2014). This budget sets the overall discretionary spending for both fiscal year 2014 and 2015, and it provides \$63 billion in sequester relief over this two year period. However, the sequester is not completely eliminated in this budget; though the relief package will be provided for 2014 and 2015, the sequester will remain in effect until 2021. Lawmakers agreed to preserve the advanced appropriations for the Tenant-based and Project-based Section 8 programs. *The President signed the bill into law on December 26, 2013.*
- **P.L. 113-76 (H.R. 3547): Continuing Appropriations Resolution of 2014.** This so called "Omnibus" bill contains all 12 of the regular appropriations bills that are necessary to fund the federal government each fiscal year. It follows the terms set in the Bipartisan Budget Act by

providing \$520.5 billion for the defense and \$491.7 billion for the non-defense budget caps. The bill provided \$687 million less in FY 2014 than what was given in FY 2013's enacted level, so some HUD programs received less than desired funding. NAHMA and its industry partners advocated extensively for full-funding for PBS8 in order to prevent short-funding of contracts. The industry cited \$11.5 billion as the number to fully-fund contracts for a 12-month cycle. However, with the \$9.9 billion in funding, contract short-funding will occur again in FY 2014. *The President signed this bill into law on December 26, 2013.*

- **P.L. 113-79 (H.R. 2642): the Federal Agriculture Reform and Risk Management Act of 2013.** Under H.R. 2642, the population limit used to define areas as rural increases from 25,000 to 35,000, and the USDA will now include Census data from 2010 for more recent information. Qualified areas will be given guaranteed program eligibility and retain their rural status through 2020 as well. This change may increase access to housing programs for low-income families living in underserved locations. *The President signed this bill into law on February 2, 2014.*
- **P.L. 113-83 (S. 540): Temporary Debt Limit Extension Act of 2014.** This law allowed the federal government to raise the debt ceiling and allow borrowing authority to continue through March 15, 2015. S. 540 was a "clean" bill, meaning that there was no divisive language or controversial amendments that could have potentially derailed its passage. *The President signed this bill into law on February 15, 2014;*
- **P.L. 113-164 (H.J.RES 124):** This continuing resolution provides funding for the federal government at current levels until December 11, 2014 in lieu of the regular appropriations bills that are necessary to keep the government open past the end of the fiscal year (September 30th). This was a "clean" bill, meaning there are no controversial provisions that could have stopped or threatened its passage. Minor changes were made to some federal programs, but there are no changes to existing affordable housing programs in this bill. The House did include an amendment to provide authority to train and equip Syrian rebels to fight the terrorist cell ISIL; the Senate agreed to the amendment and it is included in the final bill. *The President signed this bill into law on September 19, 2014.*
- **P.L. 113-235 (H.R. 83): The Consolidated and Further Continuing Appropriations Act, 2014.** This is the final \$1.1 trillion omnibus spending bill which includes funding for nearly all government agencies for FY 2015. All affordable housing programs administered by HUD were appropriated below the President's FY 2015 budget request. *The president signed this bill into law on December 16, 2014.*
- **P.L. 113-295 (H.R. 5771): Tax Increase Prevention Act of 2014.** This bill temporarily extended certain provisions of the U.S. Tax Code which expired at the end of 2013. These extensions apply only for 2014. Included in H.R. 5771 is an extension of the 9 percent minimum credit rate for the Low-Income Housing Tax Credit (LIHTC). However, this bill does not include the establishment of the 4 percent minimum credit rate. *The President signed this bill into law on December 19, 2014.*

Unpassed Bills from the 113th Congress

- **H.R. 224: Stop Tenant Organizing Promotion Act.** Under this legislation, the Secretary of HUD would no longer be permitted to support or provide any assistance to the Tenant Resource Network Program (TRN). Any funds allocated for use in the Tenant Resource Network Program will not be available and will instead be converted into the Treasury for reducing the Federal Government budget deficit. Furthermore, the Independent Agencies Appropriations Act of 1998 will be repealed. *Introduced by Rep. Diane Black (D-TN) on 1/14/13. This bill was referred to the Committee on Financial Services, but was not the subject of a markup hearing. NAHMA does not anticipate that this legislation will be enacted in the current Congress.*

- **H.R. 1213: Common Sense Housing Investment Act of 2013.** This legislation would amend the Internal Revenue Code, with respect to the tax deduction for mortgage interest, to: (1) allow, in place of such deduction, a tax credit for 15% of mortgage interest paid in a taxable year for the taxpayer's principal residence and one other residence; (2) provide for a phase out of the tax deduction for mortgage interest between 2014 and 2018; (3) allow a deduction for interest and taxes relating to land for dwelling purposes owned or leased by cooperative housing corporations; and (4) increase the state housing credit ceiling for the low-income housing tax credit. Directs the Secretary of the Treasury to apply the savings from the enactment of this Act to the Housing Trust Fund, for assistance under the Section 8 low-income housing program, and for the Public Housing Capital Fund. *Introduced by Rep. Keith Ellison (D-MN) on 3/15/13. This bill was referred to the Ways and Means Committee and the House Financial Services Committee. There are currently 15 cosponsors of this bill, but it has not passed the committee level.*
- **H.R. 2767: The Protecting American Taxpayers and Homeowners (PATH) Act.** The PATH Act's reforms to the Federal Housing Administration (FHA) are numerous and would ultimately reduce the size of the administration. Under this act, the FHA would spin off from HUD and it would become its own free-standing agency, with full self-sufficiency requirements in its operations. The minimizing of the FHA would require the administration to raise guarantee fees, engage in risk-sharing with private investors, and steadily reduce the size of retained portfolios. Federal policy would also coordinate the operations of the FHA and the Rural Housing Service so that the two agencies would share technology and risk management. Furthermore, the PATH Act would eliminate the GSE's (i.e. Fannie Mae and Freddie Mac) and repeal their mandatory affordable housing goals and the GSE-funded Housing Trust Fund. *Introduced by Representative Scott Garrett (R-NJ) on 7/22/13. It has been referred to the House Ways and Means Committee and the Financial Services Committee. On 7/24/13, the House Financial Services Committee passed the bill with a recorded vote of 30-27 after a mark-up session. H.R. 2767 has gained 50 cosponsors and is considered the leading housing finance reform bill in the House. NAHMA does not anticipate that this legislation will be enacted in the current Congress.*
- **H.R. 4745: House FY 2015 Transportation, Housing Appropriations Bill.** On 5/6/14, the House Appropriations Committee released its fiscal year 2015 funding bill for Transportation, Housing and Urban Development. The legislation included a total of \$40.3 billion for the HUD, a decrease of \$769 million below the FY 2014 enacted level and \$2 billion below the Obama Administration's FY 2015 budget request. For this appropriations bill, the Committee members adopted the President's request of a calendar year funding schedule for contract renewals beginning on January 1 rather than the current cycle for contract renewals beginning on October 1 (the first day of the new fiscal year). HUD and the Administration believe that a calendar year schedule will minimize funding disruptions that occur during end-of-year budget delays and that it would lead to consistent 12 month funding in FY 2016 and beyond. Under the transition to a calendar year schedule, HUD believes that they can gain a better understanding of the true need in the program, and that \$9.75 billion will be sufficient to fund all contracts in FY 2015 as it transitions to this new cycle. NAHMA is highly skeptical about the numbers adding up and the exact math that would be necessary to implement this proposal. The requested \$9.75 billion is far below the amount to fully fund all contracts up front for the 12 month terms at renewal (\$11.9 billion). *The House T-HUD Appropriations bill for FY 2015 passed the Appropriations Committee on 5/21/14 with a recorded voted of 28-21. Later on 6/10/14, the bill passed the House with a recorded vote of 229 to 192. However, no appropriations bills made it to the floor of the Senate and Congress instead passed a temporary continuing resolution (H.J.RES124), which provided funding for the federal government until December 11, 2014. Then on December 16, 2014, Congress passed the omnibus appropriations package, H.R. 83, to fund the the government through the remainder of FY 2015.*

- **H.R. 4800: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2015.** The House Appropriations Committee’s funding bill for agriculture and rural housing programs provides similar funding levels compared to the Senate’s counterpart, S. 2389. For the Section 521 Rental Assistance program, the House pegged \$1.088 billion and also adopted the President’s request to eliminate the automatic renewal of rental assistance contracts that occur within the 12-month contract period. NAHMA is concerned about the amount appropriated for the Multifamily Revitalization program, which includes funding for Rural Housing Vouchers. The slated \$28 million for revitalization, including \$8 million for vouchers, is well below the FY 2014 enacted level. *This legislation was released on 5/19/14 and was approved by the House Appropriations Committee with a recorded vote of 31-18. It was not voted upon by the House, and Congress later adopted a temporary continuing resolution (H.J.RES124) in place of the regular appropriations bills. However, the controversial provision from H.R. 4800 to eliminate the automatic renewal of rental assistance contracts within the 12-month contract period was included in the latest omnibus bill (H.R. 83) for FY 2015.*
- **H.R. 4717: To Make Permanent and Expand the Temporary Minimum Credit Rate for the Low-Income Housing Tax Credit Program** (working title). H.R. 4717 would to amend the Internal Revenue Code to make permanent the minimum 9 percent credit rate for new construction and set the minimum 4 percent credit rate for acquisition in the LIHTC program. NAHMA supports this legislation. *Introduced by Representative Pat Tiberi (R-OH) on 5/23/14. The bill was co-introduced with Representative Richard Neal (D-MA) and has so far gained 64 cosponsors. H.R. 4717 has been referred to the House Committee on Ways and Means. There was strong bipartisan support behind the bill, and similar legislation has been proposed in the Senate (Cantwell’s S. 1442). However, the bill was not passed and Congress instead provided a temporary extension of the 9 percent minimum credit rate through the Tax Increase Prevention Act of 2014 (H.R. 577); an establishment of the 4 percent minimum credit rate was not included in H.R. 5771 and the extension of the 9 percent credit lasts only through the end of 2014.*
- **H.R. 5055: The Partnership to Strengthen Homeownership Act.** This is a housing finance reform bill that seeks to substantially reduce the federal government’s role in the housing finance market and eliminate the government-sponsored enterprises (GSEs) of Fannie Mae and Freddie Mac. The bill establishes an insurance program through Ginnie Mae whereby it makes available the full faith and credit of the United States, while using private sector capital and accurate pricing of government reinsurance. The GSEs may be sold and recapitalized as entities with different business plans without any of their current unique powers. For affordable housing, the GSEs’ multifamily business will be spun out as separate entities. Ginnie Mae will be required to create and implement a workable multifamily guarantee that utilizes private sector pricing consistent with the single family model. The current multifamily businesses of Fannie and Freddie will continue to function within the new multifamily housing market as purely private organizations with an explicit government guarantee provided by Ginnie Mae and a private sector reinsurer. *Introduced by Representative John Delaney (D-MD) on 7/10/14. H.R. 5055 currently has nine cosponsors and has been referred to the House Financial Services Committee. At this time, NAHMA does not anticipate action by the House on this bill. Major reforms to the U.S. housing finance market have also stalled in the Senate. Still NAHMA will monitor the progress of this and other housing finance reform bills in Congress.*
- **H.R. 5495: The Preserving Multifamily Housing Act of 2014.** This bill would prohibit the Federal Housing Finance Agency (FHFA) or other regulators from setting arbitrary limitations on the volume or scope of multifamily housing mortgages backed by Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Exceptions are made when the Director of the FHFA determines that there is substantial evidence that not placing limits on the multifamily businesses would compromise the financial safety and soundness of the GSEs. However, the Director would

have to notify Congress and the public in advance. *Introduced by Representative Carolyn Maloney (D-NY) on 9/16/14. There are currently no cosponsors of the bill, and it has been referred to the House Financial Services Committee. NAHMA supports this legislation.*

- **H.R. 5776: The Tenant Income Verification Relief Act of 2014.** This bill would allow tenants on a fixed income to have their income certified and/or verified once every three years rather than annually in order to streamline and reduce the burdens placed on tenants for purposes of determining their eligibility. NAHMA has supported similar proposals that would reduce the burden of income certifications for property owners, tenants and housing authorities. *Introduced by Representative Ed Perlmutter (D-CO) on 12/1/14. Because this bill was introduced so late in the 113th Congress, it is unlikely that this legislation will be passed.*
- **S. 1347: Conference Accountability Act of 2013.** This bill would limit agency staff participation at private meetings to one conference sponsored or organized by a particular organization (other than the agency) per fiscal year. It would also limit annual travel expenses through FY 2018 to 80 percent of the aggregate amount of such expenses for fiscal year 2010. *Introduced by Senator Tom Coburn (R-OK) on 1/14/14. S. 1347 was referred to the Senate Committee on Homeland Security and Government Affairs. The language of the bill was then heavily amended on 7/30/14 with substitute language that revised many of the bill's provisions. Most importantly, the substitute text removed the controversial provision that would have restricted federal employee attendance at private meetings or conferences. The revised bill then passed the committee and was placed on the Senate legislative calendar. NAHMA does not anticipate that this legislation will be enacted in the current Congress.*
- **S.1442: Improving the Low Income Housing Tax Credit Rate Act.** This bill would make permanent a 9 percent minimum rate for new housing projects and 4 percent rate for acquiring existing housing for rehabilitation. The 9 percent floor expired after 12/31/13. S. 1442 would also eliminate the financial risk of the current floating rate system, simplify state administration, and create stability for owners and investors of Housing Credit developments. Overall, this bill will strengthen the public-private relationship fostered by the low income housing tax credit. NAHMA strongly supports this bill. *Introduced by Senator Maria Cantwell (D-WA) on 8/1/13. S.1442 has been referred to the Senate Committee on Finance. This bill has not advanced past the committee level, but similar provisions were included in the EXPIRE Act. Similar legislation introduced was also introduced by Representative Pat Tiberi (R-OH). However, S.1442 was not passed and Congress instead provided a temporary extension of the 9 percent minimum credit rate through the Tax Increase Prevention Act of 2014 (H.R. 5771); an establishment of the 4 percent minimum credit rate was not included in H.R. 5771 and the extension of the 9 percent credit lasts only through the end of 2014.*
- **S.1217: The Housing Finance Reform and Taxpayer Protection Act of 2013 (as introduced).** This bill intends to close the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac and replace them with a new federal company called the Federal Mortgage Insurance Company (FMIC), which is designed to provide catastrophic reinsurance for mortgage-backed securities. S. 1217 would also abolish the Federal Housing Finance Agency (FHFA) and transfer its staff, infrastructure, technology and other resources to the newly created FMIC. *Introduced by Senators Bob Corker (R-TN) and Mark Warner (D-VA). S.1217 has been the focus of numerous hearings conducted by the Senate Banking, Housing and Urban Affairs Committee. This bill was later overhauled by Senators Johnson and Crapo (see below).*
- **S.1217: The Housing Finance Reform and Taxpayer Protection Act of 2014 (as amended).** This draft legislation was released by Senate Banking, Housing & Urban Affairs Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID). The draft was built on the foundation of S. 1217. It proposes to eliminate the GSEs (Fannie Mae and Freddie Mac) and replace them with the Federal Mortgage Insurance Company to provide catastrophic reinsurance for

mortgage-backed securities. The proposal seeks to increase the availability of credit for eligible multifamily borrowers, monitor consumer and market access to credit, and provide market based incentives and transparency for underserved areas. The GSEs' affordable housing goals would be eliminated and replaced with "transparent and accountable housing-related funds that would focus on ensuring there is sufficient decent housing available." An initial and incentive-based fee collected through a FMIC user fee (10 basis points) structure would be used to support the Housing Trust Fund, the Capital Magnet Fund, and the new Market Access Fund for affordable housing development. *The text of this amendment was released on March 16, 2014. On 5/15/14, the Senate Banking, Housing, and Urban Affairs Committee passed this revised version of S.1217 with a recorded vote of 13-9. Recently on 9/18/14, S.1217 was placed on the Senate legislative calendar for consideration by the entire chamber. NAHMA will continue to monitor the progress of this bill.*

- **S. 2260: the Expiring Provisions Improvement Reform and Efficiency (EXPIRE) Act.** This is a "tax extenders" bill, a piece of legislation that continues current and temporary tax breaks in lieu of comprehensive reform legislation. Under the EXPIRE Act, more than 50 temporary tax breaks that expired at the end of 2013 would be extended through 2015, including the LIHTC minimum 9% credit and a new minimum 4% credit for preservation. Any existing housing that is also financed with tax-exempt bonds is considered federally subsidized for this purpose and therefore is not eligible for the 4% minimum credit rate. The minimum credit rate applies to buildings placed in service after the date of enactment for credit allocations made before January 1, 2016. *S.2260 was introduced by Senator Ron Wyden (D-OR) on 4/3/14. On 5/15/14, procedural votes to move the bill towards cloture came to 53 to 40, which did not meet the threshold to bypass a filibuster. A different tax extenders bill, the Tax Increase Prevention Act of 2014 (H.R. 5771), was passed instead but this legislation did not include the 4 percent minimum credit rate and the extension of the 9 percent credit lasts only through the end of 2014.*
- **S.2389: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2015.** This Senate appropriations bill closely follows the Obama Administration's FY 2015 budget request for rural housing programs. For the Section 521 Rental Assistance program, the Senate has slated \$1.09 billion and has adopted the President's request to eliminate the automatic renewal of rental assistance contracts that occur within the 12-month contract period. Other controversial provisions, such as the legislative request that would have allowed USDA's Secretary to renew contracts at his discretion, were rejected. *S.2389 was introduced on 5/22/14 by Senator Mark Pryor (D-AR) and was passed by the Senate Appropriations Committee. However, it was not voted upon by the full Senate, and Congress later adopted a temporary continuing resolution (H.J.RES 124) in place of the regular appropriations bills. Then in December 2014, Congress passed an omnibus appropriations bill (H.R. 83) for FY 2015 which included the controversial provision from S.2389 to eliminate the automatic renewal of rental assistance contracts within the 12-month contract period.*
- **S.2723: Housing for Homeless Students Act of 2014.** This bill would qualify homeless youth and veterans who are full-time students for purposes of the low income housing tax credit (LIHTC). To accomplish this, the Housing for Homeless Students Act will exempt certain individuals from the LIHTC student occupancy rule if they have experienced homelessness at any point in the five years prior to moving into a LIHTC property. This exemption will include homeless individuals covered by the definition of "homeless children and youth" in the McKinney-Vento Homeless Assistance Act. The bill also includes an explicit exemption from the student rule for homeless veterans seeking an education. *Introduced by Senators Al Franken (D-MN) and Rob Portman (R-OH) on 7/31/14. The Housing for Homeless Students Act was previously submitted by Senator Franken in 2012. It currently has three cosponsors and has been referred to the Senate Committee on Finance. NAHMA*

sent a letter supporting S.2723 to Senator Franken on 4/18/14. However, this legislation was not enacted in the 113th Congress.

- **S.290, S.291: Legislation to Establish the Council on Healthy Housing.** These two bills seek to improve federal coordination of healthy housing efforts and strengthen activities into the ongoing lead poisoning prevention work at HUD. The first bill, S.290, seeks to reduce housing-related health hazards including contamination from lead-based paint, asbestos and other harmful substances. S.290 will enact the recommendations of the Advancing Healthy Housing Strategy by calling on Federal agencies to address barriers and disincentives to the delivery of services to improve housing conditions, particularly among low-income families with young children. S.291, The Healthy Housing Council Act, would establish an independent interagency Council on Healthy Housing in the executive branch in order to improve coordination on healthy housing policies. The overall goal for these bills is to help reduce the more than 5.7 million households living in conditions with moderate or severe health hazards. *Both bills have been referred to the Senate Committee on Banking, Housing, and Urban Affairs. Neither bill was enacted in the 113th Congress.*

Draft Legislation

- **Tax Reform Act of 2014.** This draft legislation released by the House Ways and Means Committee Chairman David Camp (R-MI) would make significant overhauls to the U.S. tax code, including the low-income housing tax credit (LIHTC). Representative Camp’s proposed reforms to the LIHTC include: changing the allocation method from a credit amount to a qualified basis amount equal to \$31.20 multiplied by the state’s population; extending the credit period from 10 to 15 years; interest on newly issued PABs would be taxable; no Federal tax credits would be allowed for mortgage credit certificates issued after 2014; and eliminating the current recapture rules. The most alarming proposal in this draft bill is the elimination of the 4% credit (also known as the 30% present value credit). The 9% credit would be retained, but with major changes: federally funded grants would not be taken into account when determining the eligible basis of a building for purposes of the credit; the increased 130 point basis rule for high-cost and difficult development areas would be repealed; occupancy preferences would be permitted only for individuals with special needs and for veterans; and repeal of the requirement that states include energy efficiency and historic nature selection criteria for low-income housing. NAHMA’s main objective is the 9% percent LIHTC credit for new construction and the 4% LIHTC credit for acquisition and rehabilitation must be preserved in any tax reform legislation. *This draft legislation was released on February 26, 2014. As of 9/30/14, this draft legislation has not been formally introduced in the House of Representatives.*
- **Housing Opportunities Move the Economy (HOME) Forward Act of 2014.** This draft legislation was released by Representative Maxine Waters (D-CA), the Ranking Member of the House Finance Committee. Similar to other housing finance legislation introduced in the House and Senate, the HOME Forward Act would eliminate the GSEs Fannie Mae and Freddie Mac and replace them with a more flexible approach that places more credit risk in the markets rather than the federal government. The HOME Forward Act would establish the National Mortgage Finance Administration with the purpose of ensuring access to affordable mortgage credit, including 30-year fixed mortgages, and protecting taxpayers for absorbing losses incurred in the secondary markets in periods of economic stress. Under this Administration, a new lender-owned Mortgage Securities Cooperative would be created that will be the single issuer of government-guaranteed securities and will be governed on a “one-member, one-vote basis”. The Act creates an explicit government guarantee, which would be paid for by the housing finance industry and used to capitalize a catastrophic insurance fund. Although the bill seeks to maintain the GSEs’ multifamily business, it would repeal its mandatory affordable housing goals. According to a summary of the bill, the repeal

of this requirement is offset by a “broad duty [on behalf of lenders] to serve the entire market, including underserved urban and rural markets.” *This draft legislation was submitted to the House Finance Committee on March 27, 2014. As of 9/30/14, this draft legislation has not been formally introduced in the House of Representatives.*