



Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

National Affordable Housing Management Association – 400 N. Columbus Street, Suite 203 - Alexandria, VA 22314
Phone 703-683-8630 - Fax 703-683-8634 - www.nahma.org



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The Affordable Housing Credit Improvement Act of 2019

In early June 2019, a bipartisan group of Senators and Representatives reintroduced the Affordable Housing Credit Improvement Act (AHCIA), a bill to strengthen and expand the Low-Income Housing Tax Credit (LIHTC) program.

Having financed more than 3 million homes since its inception in 1986, the Housing Credit offers a proven track record of financing safe, decent, affordable housing by leveraging public-private partnerships. Virtually no affordable housing can be constructed today without the Housing Credit, and NAHMA strongly supports expansion of the program.

Leading the Charge

Following the changes in Congress after the 2018 mid-term elections, the AHCIA was reintroduced in the Senate this year by long-time Housing Credit champions Maria Cantwell (D-WA) and Ron Wyden (R-OR), as well as by new lead co-sponsors Todd Young (R-IN) and Johnny Isakson (R-GA). In the House, the AHCIA has a new set of lead co-sponsors with Representatives Suzan DelBene (D-WA), Kenny Marchant (R-TX), Don Beyer (D-VA), and Jackie Walorski (R-IN).

[S. 1703](#) - Senate Lead Cosponsors

- Maria Cantwell (D-WA)
- Johnny Isakson (R-GA)
- Ron Wyden (D-OR)
- Todd Young (R-IN)

[H.R 3077](#) - House Lead Cosponsors

- Susan DelBene (D-WA)
- Kenny Marchant (R-TX)
- Don Beyer (D-VA)
- Jackie Walorski (R-IN)

In addition to this year's original cosponsors, the House bill has already gained more than 30 Democratic and Republican cosponsors, with more expected to be added. The Senate bill will also likely see strong bipartisan support; delays in cosponsorships may be due to the ongoing effort to preserve an even party balance.

Legislative History

The legislation has been introduced in each congressional cycle since 2016 and has already met with partial success. Last year, two bill provisions were enacted by Congress through the Consolidated Appropriations Act of 2018:

- **Temporarily Increased Housing Credit Volume Cap** - In 2018, the AHCIA achieved a major victory when Congress temporarily increased the Housing Credit volume cap by 12.5% for four years; and
- **Permanent, Limited Authorization for Income Averaging** - In 2018, Congress authorized income-averaging as a third minimum set-aside option for Housing Credit properties, which allows developers the flexibility to serve a range of households from extremely-low income up to 80% of area median income (AMI), as long as the average income remains no higher than 60% of AMI. However, this authorization excludes multifamily Housing Bonds, which trigger the 4% Housing Credit and are used to finance approximately half of all tax credit units.

Bill Overview

The Affordable Housing Credit Improvement Act would expand and strengthen the LIHTC program in a number of ways, including by increasing the Housing Credit allocation, making permanent the 4% credit rate, and enabling the Housing Credit to better serve hard-to-reach communities:

- **Increase Housing Credit** - The AHCIA would phase in a five-year, 50% increase in the amount of Housing Credit authority each state is able to allocate in a given year. After Congress enacted a temporary Housing Credit Volume cap increase of 12.5% in 2018, the reintroduced bills use Congress's recent temporary expansion as the new baseline for phasing in the permanent 50% increase. In total, the cap increase would raise affordable housing production over ten years by nearly 400,000 homes.
- **Enact a minimum 4 percent rate** – A permanent 4% minimum credit rate would parallel the minimum 9% rate already enacted, provide predictability to the market place, and substantially increase production by making more developments financially feasible.

New Bill Provisions

This year's reintroduction of the Affordable Housing Credit Improvement Act comes with a number of changes. Not only were the lead sponsors of the bill adjusted due to changes to the congressional roster, but a number of bill provisions were removed or added.

The new bill provisions include key items impacting NAHMA members:

- **Income Averaging for Housing Bonds** - Last year, Congress authorized income-averaging as a third minimum set-aside option for Housing Credit properties. However, this change did not apply to multifamily Housing Bonds. The new bill would streamline the set aside option for Housing Bonds.
- **Student Rule and VAWA Streamlining** - The AHCIA would simplify the Housing Credit "student rule" prohibition on serving full-time student households to better align it with HUD's student rule and by exempting students over the age of 24. The bill also provides exceptions for students of any age who were homeless youth, experienced violence covered by the Violence Against Women Act (VAWA), served in the military, or have dependents. Similarly, the bill streamlines discrepancies between VAWA housing requirements and requirements for the LIHTC program, which are contradictory in some cases.
- **Acquisition Rules Adjustment** - The "ten year rule" and "related party rule" currently do not allow Housing Credits to be used for the acquisition of properties placed in service in the previous decade or if the building was at any time owned by a related party. The AHCIA adjusts both of these rules to

allow ten-year properties to receive acquisition credits (with some limits on the acquisition basis to prevent real estate “churning”) and to allow indirect related party access five years after acquisition.

- **Rural Area Basis Boost** - Because Housing Credit rents are based on area median income levels, rural properties often cannot generate enough cashflow to support much debt, therefore needing more front-end equity investments. The AHCIA would include rural areas as Difficult Development Areas (DDAs) to give states the ability to provide up to a 30% basis boost to properties in rural areas if needed for financial feasibility.

Advocacy Outlook and Resources

NAHMA strongly supports the legislation and will continue to work with our members and our Advocacy Taskforce to raise awareness in Congress about the need for Housing Credit expansions and improvements. In the previous congressional cycle, the AHCIA was cosponsored by more than 40 percent of all members of Congress. This year, the advocacy goal is to keep up momentum by regaining previous supporters in Congress and adding new sponsors.

At times, good legislation flies under the radar of lawmakers who would eagerly support it; we need the help of our members to make your Senators and Representatives aware of the positive impacts this bill would have in each congressional district.

Here are some steps you can take today to advocate for the Affordable Housing Credit Improvement Act:

- **Request Support** - Email or call your lawmaker to ask for their support of the legislation → click here to access NAHMA’s co-sponsorship request letter ([House](#) and [Senate](#)); click here ([House](#) and [Senate](#)) to see if your members of Congress have added their names to the bill, and thank them if they have!
- **Provide Exposure** - Invite your lawmakers to a tour a tax credit property and learn the benefits first-hand → click [here](#) to access NAHMA’s best practices for organizing property tours, and reach out to NAHMA’s government affairs staff for help.
- **Tell Your Story** - Next time you plan a trip to Washington, DC, leave time for a brief sit-down with congressional staff to discuss the importance of the Housing Credit → click [here](#) to ask for NAHMA’s help scheduling and preparing for Hill Visits.
- **Develop Knowledge** - Learn more about the bill provisions that would impact your tax credit communities → click [here](#) for the ACTION Campaign’s AHCIA toolkit, and click [here](#) to access factsheets about the LIHTC’s positive economic impacts by congressional district.

Conclusion

As the primary tool for affordable housing development and preservation, the LIHTC is critical for affordable housing communities and industry, and NAHMA strongly supports the proposed program enhancements.

As always, we thank our members for advocating for this bill, and we thank champions in Congress for supporting affordable housing across the country.