

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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

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President Biden's FY22 Budget Request: Housing Provisions under Tax Policy and Infrastructure Plan

On May 28, 2021, President Biden submitted to Congress his Administration's Fiscal Year 2022 (FY22) budget. The budget request totals \$6 trillion and provides the Biden administration's fiscal priorities. The new spending request includes the major housing investment proposals previously outlined under the administration's \$2.3 trillion American Jobs Plan to modernize the nation's infrastructure and the \$1.8 trillion American Families Plan to invest in education and social safety net improvements. The administration also released the Department of Treasury's "Made in America Tax Plan." This NAHMA Analysis will highlight affordable housing and community development funding from these proposals.

FY22 Budget Request – Housing in the American Jobs Plan

In April 2021, President Biden unveiled his American Jobs Plan, a draft \$2.3 trillion infrastructure proposal which includes several investments in housing. The proposal includes committing over \$213 billion to produce, preserve, and retrofit more than a million affordable, resilient, accessible, energy efficient, and electrified housing units. It also includes tax credits, formula funding, grants, and project-based rental assistance to extend affordable housing rental opportunities to underserved communities nationwide. In late May, the White House released a [fact sheet](#) that provided funding details on \$318 billion (\$213 billion + \$105 billion in tax provisions) in housing and community development provisions in the American Jobs Plan. These provisions include:

- Expand access to federal subsidies that will enable the construction or rehabilitation of more than one million affordable rental housing units.
 - **LIHTC:** \$55 billion expansion in tax credits
 - **HOME:** \$35 billion investment
 - **Housing Trust Fund:** \$45 billion
 - **CDBG:** \$2 billion for resilience activities in communities vulnerable to climate change
 - **Capital Magnet Fund:** \$12 billion
 - **Project-Based Rental Assistance (PBRA):** \$2 billion in new project-based rental assistance agreements (first new contracts in 20 years)
 - **Section 202 Housing for the Elderly:** \$2 billion to finance new rental homes for the elderly
 - **Public Housing Capital Fund:** \$40 billion

- **Incentive Local Zoning Reform:** \$5 billion
- **Build and Rehab housing in rural areas:** \$2 billion
- **Housing and Community Development in Tribal areas:** \$2 billion
- **Lead-based paint inspection and removal:** \$3 billion for 175,000 homes
- **Establish an energy efficiency and resilience retrofit program for multifamily housing:** \$500 million

Other relevant housing provisions include a few new programs and increased investments:

- **Enact the Neighborhood Homes Investment Act** to build and rehabilitate more than 500,000 homes for low- and middle-income homebuyers (\$20 billion).
- Provide \$100 billion for **broadband infrastructure** with the goal of bringing affordable, reliable, high-speed broadband to every American.
- **Build affordable housing and supportive infrastructure in small towns all across America.** Invest \$250 million toward a new Main Street Revitalization Program that would provide grants to communities for renovating their downtown business districts and adding units of affordable housing while retaining the area’s traditional and historic character.
- **Revitalize the physical assets that build community connectedness and spark innovation.** Proposes investing \$10 billion to create a Community Revitalization Fund for community-led redevelopment projects that create innovative shared amenities, spark new economic activity, provide services, build community wealth, and strengthen social cohesion, including but not limited to: upgrading access to natural areas, restoring vacant buildings to provide low-cost space for services and community entrepreneurs, and removing toxic waste and building new parks, greenways, and community gardens.

FY22 Budget Request – Made in America Tax Plan

The President’s FY22 budget request includes other tax changes that could impact affordable housing, under the Made in America Tax Plan. This includes:

- **Increasing the Corporate Tax Rate:** To raise revenue to pay for the investments listed above, the White House proposes increasing the corporate tax rate from 21% to 28%.
- **Replacing the Base Erosion and Anti-Abuse Tax (BEAT):** The Made in America Tax Plan proposes replacing the BEAT with a new SHIELD tax (Stopping Harmful Inversions and Ending Low-tax Developments). This tax change would deny multinational corporations U.S. tax deductions by reference to payments made to related parties that are subject to a low effective rate of tax. According to the Affordable Housing Tax Credit Coalition (AHTCC), the current BEAT does not take into account the full value of the Housing Credit, and would eliminate the credit value beginning in 2026. The SHIELD proposal does not yet specify how credits will be counted.
- **Setting a Minimum Book Tax that Allows Credit for Affordable Housing Investments:** According to AHTCC, the plan proposes a 15 percent minimum book tax for large corporations that report high profits to stakeholders, though “firms would be given credit for taxes paid above the minimum book tax threshold in prior years, for general business tax credits (including R&D, clean energy and housing tax credits), and for foreign tax credits.”
- **Requiring Prevailing Wages:** According to the American Jobs Plan fact sheet, “Employers will be required to pay workers prevailing wages; enter into project labor, community workforce, and local hire agreements; and use workers from registered

apprenticeships and other labor or labor-management training programs. Employers receiving funding would also be required to remain neutral when their employees seek to organize a union and bargain collectively and may not require their employees to agree to mandatory individual arbitration.” The proposal would invest \$10 billion to provide federal enforcement agencies with the tools they need to ensure employers are providing workers with good jobs – including jobs with fair and equal pay, safe and healthy workplaces, and workplaces free from racial, gender, and other forms of discrimination and harassment.

Conclusion

Over the past few months, the Biden Administration and Congress have pursued a bipartisan infrastructure deal. The central disagreement remains the overall amount of new spending for infrastructure and the revenue to pay for it. Republicans, and some Democrats, have indicated their opposition to raising taxes, specifically the corporate tax rate.

This week, President Biden and a bipartisan group of senators agreed to a \$953 billion infrastructure deal, including \$559 billion in new spending that will be invested in roads, broadband internet, electric utilities and other traditional infrastructure projects over the next five years. At the time of this publication, no legislative text was available. It is unclear if any affordable housing-related items are included in this deal.

Looking forward, it is possible the bipartisan infrastructure plan will advance with bipartisan support to reach 60 votes in the Senate. However the larger American Jobs Plan will likely need to move through reconciliation (Democrats-only support). NAHMA will work with Congress to increase investments in affordable housing and community development programs, and we encourage our members to join our advocacy efforts through meetings with legislators and other advocacy opportunities.