

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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The Bipartisan Policy Center's American Housing Act of 2023

A recent poll, taken by the Bipartisan Policy Center (BPC) and in partnership with Morning Consult, found that most Americans agreed that all levels of government should work together to ensure access to affordable housing. The poll found that 71 percent of those surveyed said Congress should act by passing bipartisan legislation to grow the supply of homes and improve housing affordability¹. The majority of those polled also reported experiencing increased housing expenses—with renters far more likely than homeowners to report difficulty paying. High housing costs also ranked as a top concern for households, with respondents across the political spectrum agreeing that the federal government could do more to grow the supply of affordable homes and improve access (see survey response on next page). This NAHMAanalysis examines several provisions of [the American Housing Act of 2023 \(AHA\)](#), a collection of bipartisan legislative proposals identified by BPC that are designed to increase the supply of affordable homes and to address the key drivers of high housing costs. This also includes efforts to preserve, enhance, and transform the existing housing stock, while also addressing certain key demand-side proposals, such as enhanced financial assistance for families burdened by continued high costs and inflation.

Addressing Supply and Costs

Home prices have steadily increased, with increases of more than 30% being recently reported in some areas. This in turn makes homeownership unaffordable for many Americans, resulting in increased rents for millions of families. Failing to keep pace with new household formations and rising demand, the U.S. presently has a reported shortage of close to 6 million homes. The AHA recommends encouraging greater private investment in the production of new homes through the federal tax code as well as through the formation of partnerships with the public sector to overcome the housing supply deficit.

Specifically, to increase the production of affordable housing, the AHA calls for strengthening the Low-Income Housing Tax Credit (LIHTC) Program. The bill proposes to increase LIHTC allocations by 50% over current levels, lower the amount of bond financing needed to access credits by lowering the so-called “50 percent test,” and to provide up to a 50% basis boost for developments serving extremely low-

¹ <https://bipartisanpolicy.org/blog/bpc-morning-consult-poll-housing-issues/>

income households in at least 20% of the apartments. If enacted into law, these provisions would finance the construction and rehabilitation of more than two and a half million affordable rental homes over the next ten years². These recommendations are also included in the bipartisan Affordable Housing Credit Improvement Act ([S. 1136](#), [H.R. 2573](#)), which NAHMA continues to support.

NAHMA agrees that LIHTC and other additional tax incentives can serve even more households by increasing tax credit allocations, providing additional capacity for private activity bonds to finance affordable housing, targeting tax credits for housing that serves extremely low-income Americans.

Respondents across the political spectrum support the following initiatives being included in a bipartisan deal in Congress to grow the supply of homes and improve housing affordability:

	Adults	Democrats	Independents	Republicans
Programs to ensure all homeless veterans are connected with permanent, affordable housing	81%	89%	75%	78%
Funding for state and local programs that help low-income renters facing unexpected financial hardships avoid being evicted	75%	89%	72%	62%
Funding to help preserve affordable rental homes in rural communities	72%	87%	69%	58%
Funding for training programs to address the shortage of skilled home construction workers	72%	83%	62%	69%
Converting the mortgage interest deduction to a tax credit that more low- and middle-income taxpayers with mortgages could access and claim	68%	78%	66%	57%
Funding for down payment assistance, which would be limited to first-time, first-generation homebuyers	67%	78%	62%	58%
Incentives for landlords to lease apartments to low-income families using housing vouchers to help pay their rent	67%	82%	64%	52%
Additional funding to help public agencies investigate housing discrimination complaints and better enforce fair housing laws	67%	83%	66%	52%
Additional vouchers to help low-income families with young children pay the rent for apartments in neighborhoods with good schools and greater opportunities	66%	78%	61%	57%
Expanded support for tax credits that states award competitively to developers to help them build affordable apartment buildings for low-income households	65%	77%	60%	56%
New tax credits for developers to develop and renovate homes for sale in distressed communities	65%	76%	62%	57%

(Source: Bipartisan Policy Center: <https://bipartisanpolicy.org/blog/bpc-morning-consult-poll-housing-issues/>)

The AHA would also rehabilitate owner-occupied homes in distressed communities by providing a tax incentive to developers to minimize their risk when building or rehabilitating existing housing. In some areas of the U.S., the cost of rehabilitating or building a home could exceed the eventual sale price. This specific provision would fill the “value gap,” or up to 35 percent of eligible development costs for new homes and has the potential to lead to the development of 500,000 starter homes in struggling

² <https://www.portman.senate.gov/newsroom/press-releases/portman-colleagues-introduce-legislation-build-more-two-million-new-units>

communities over the next decade³. The Neighborhood Homes Coalition estimates that this could lead to 785,714 jobs in construction and construction-related industries, \$42.9 billion in wages and salaries, and \$29.3 billion in federal, state and local tax revenues and fees⁴. These proposals were included in the Neighborhood Homes Investment Act ([S. 98](#), [H.R. 2123](#)), which NAHMA continues to monitor.

Additional recommendations include eliminating harmful barriers to affordable housing production, encouraging innovations in home construction using modern building products and practices, such as modular and manufactured homes, and directing the Government Accountability Office, in consultation with HUD, the Department of Energy, and National Institutes of Standards and Technology, to assess regulatory and other barriers to innovation in residential multifamily construction.

Preserving Current Stock of Affordable Housing

With the overall housing supply lagging far behind demand, efforts to preserve the existing affordable housing stock are critically important as they are generally less costly than new construction and tend to prevent household displacement due to relocation.

To preserve the current stock of affordable LIHTC homes, the AHA recommends that Congress establish an “in perpetuity” affordability standard for new LIHTC units. To ensure there is sufficient funding or additional tax credits available to recapitalize and re-syndicate properties as needed, Congress should exclude preservation activities like re-syndication from counting against the multifamily bond cap.

The AHA also includes permanently authorizing the Rental Assistance Demonstration (RAD) Program and eliminating its cap. This would allow more of the 958,000 units in HUD’s Public Housing program—with an estimated capital needs backlog of \$81 billion—to undergo conversion to a Section 8 platform with a long-term assistance contract and receive needed upgrades.

To preserve affordable rental housing in rural areas, the AHA recommends Congress expand USDA authority to preserve USDA-financed affordable multifamily rental housing by restructuring existing Section 515 loans, extend incentives for owners to stay in the program, and provide properties with additional resources to repair and restore homes, while ensuring residents have rental assistance. This recommendation is included in the Strategy and Investment in Rural Housing Preservation Act ([H.R. 1728](#)) sponsored by Rep. Cindy Axne (D-IA). A companion bill ([S.487](#)) was also introduced in the Senate by Sen. Jeanne Shaheen (D-NH).

Helping Families Afford and Access Housing

To help families reduce barriers to homeownership, such as the widening wealth gap, the AHA would provide additional federal rental assistance to millions of low-income families. Currently, fewer than one in four households eligible for rental assistance receives this support.

³ <https://thehill.com/policy/finance/3754959-more-than-100-us-lawmakers-pledge-support-for-affordable-housing-legislation/>

⁴ <https://neighborhoodhomesinvestmentact.org/proposal>

The AHA would also seek to increase landlord participation in the Housing Choice Voucher (HCV) Program, particularly by increasing the number of rental units that accept HCVs in high-opportunity neighborhoods. This includes offering a signing bonus to a landlord with a unit in a low-poverty area, providing security deposit assistance, and providing a financial bonus to PHAs that retain a dedicated landlord liaison on staff. These provisions were also included in the Choice in Affordable Housing Act ([H.R. 6880/S. 1820](#)).

Another provision would require the funding of 500,000 new housing vouchers to help unstably housed or at-risk families with children move to a lower-poverty neighborhood with access to high-performing schools. Studies have shown that moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who relocated to these neighborhoods at an early age⁵. This provision was included in the Family Stability and Opportunity Vouchers Act ([S. 1991](#)), introduced by Sens. Chris Van Hollen (D-MD) and Todd Young (R-IN).

Additional recommendations include establishing a permanent emergency rental assistance and housing stability program providing one-time assistance to families facing eviction through the Eviction Crisis Act ([S. 2182](#)), introduced by Sens. Michael Bennet (D-CO) and Rob Portman (R-OH). Additional AHA provisions include ensuring all homeless veterans connect with permanent and affordable housing, providing additional resources for fair housing enforcement, and creating a new loan program to support homeownership for low-income borrowers

Conclusion

The key provisions and recommendations of the proposed American Housing Act are based on broad ideological and bipartisan support and reflected in related bipartisan legislation. However, none of the complexities that currently govern the availability of and access to affordable housing will be addressed without the participation of both parties in Congress. A consensus will need to be built, and a bipartisan legislative agenda will need to be developed. Without addressing the importance of embracing bipartisan solutions, any future housing legislation will falter in the next two years if it fails to garner the support of 15 members of Congress: 10 Republican Senators and 5 Republican Representatives. The AHA rests on the idea that affordable housing solutions are only strengthened by building bipartisan consensus, and both parties will need to work together in the new Congress to continue providing decent, safe and affordable housing.

But passing the AHA in 2023 is not enough to improve the current housing crisis. Congress must still work together to tackle other critical housing issues that remain undressed. This includes dealing with an extensive backlog of capital and rehabilitation needs, combating redlining and improving access to credit and financing, greater support for would-be first-time home buyers, and increasing homeownership among families of color. Ultimately, it will be up to the new Congress and its ability to

⁵ Chetty, Rey; Hendren, Nathaniel; and Katz, Lawrence F. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review*, April 2016. (https://scholar.harvard.edu/files/lkatz/files/chk_aer_mto_0416.pdf)

find compromise, that determines if these additional affordable housing resources and policy changes are implemented.