



AFFORDABLE
HOUSING
TAX CREDIT
COALITION

Ohio Housing Council

Emily Cadik, CEO, Affordable Housing Tax Credit Coalition

October 17, 2023



Congressional Landscape

- **2023 Year-end Outlook**
 - House needs a Speaker!
 - Must-pass legislation
 - Government funding deadline November 17
 - Defense authorization
 - Other expirations: farm bill, airport & airway trust fund (FAA) reauthorization
 - Other bipartisan legislation could be difficult, but not impossible, to enact - would likely attach to other legislation
 - Tax extenders?
 - Disaster relief?
- **2024** is an election year and not likely to yield major legislation
- **2025** expected to be a major year for tax legislation with expirations of many TCJA (tax reform) provisions



The Affordable Housing Credit Improvement Act of 2023: Unprecedented Bipartisan Support



**1/3 OF
CONGRESS**

SUPPORTS THE AHCIA
ON A BIPARTISAN BASIS

- **38%** of Congress signed on
- **174** House Co-sponsors
- **30** Senate Co-sponsors

AHCIA of 2023 Lead Sponsors - Senate



Sen. Maria Cantwell (D-WA)



Sen. Todd Young (R-IN)



Sen. Ron Wyden (D-OR)



Sen. Marsha Blackburn (R-TN)
New

AHCIA of 2023 Lead Sponsors - House



Rep. Darin LaHood (R-IL)
New



Rep. Suzan DelBene (D-WA)



Rep. Brad Wenstrup (R-OH)



Rep. Claudia Tenney (R-NY)
New

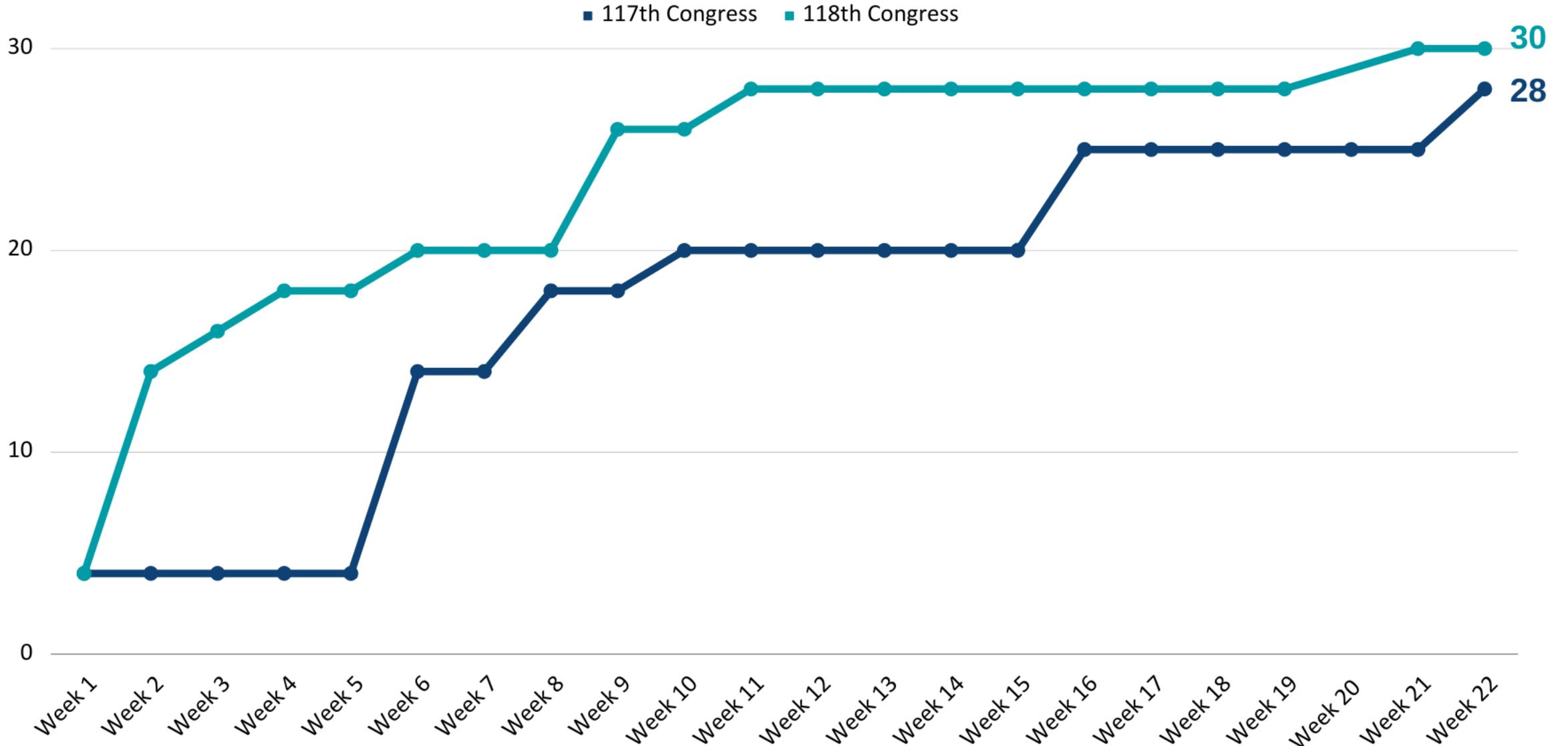


Rep. Don Beyer (D-VA)

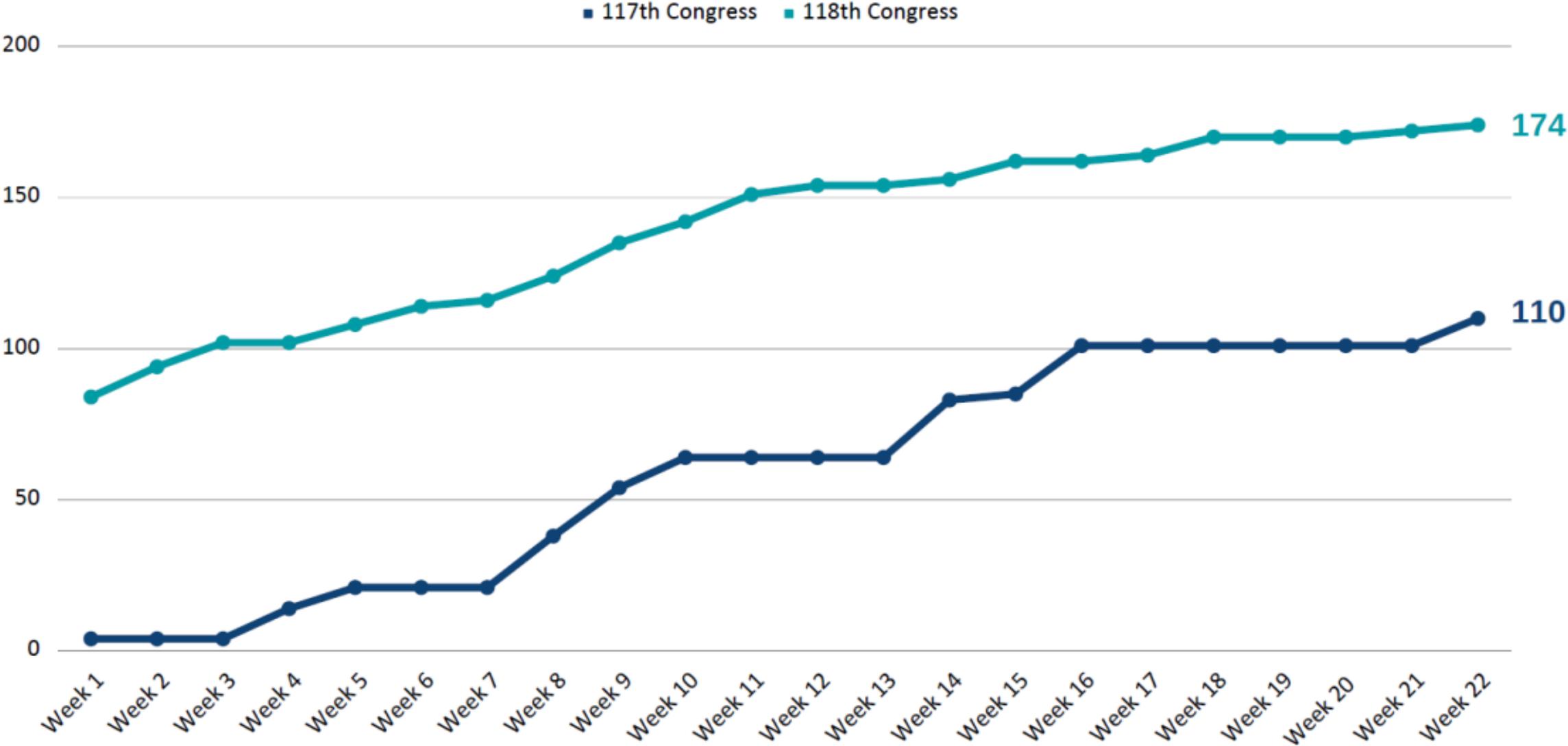


Rep. Jimmy Panetta (D-CA)
New

Senate AHCIA Cosponsors v. Weeks After Reintroduction



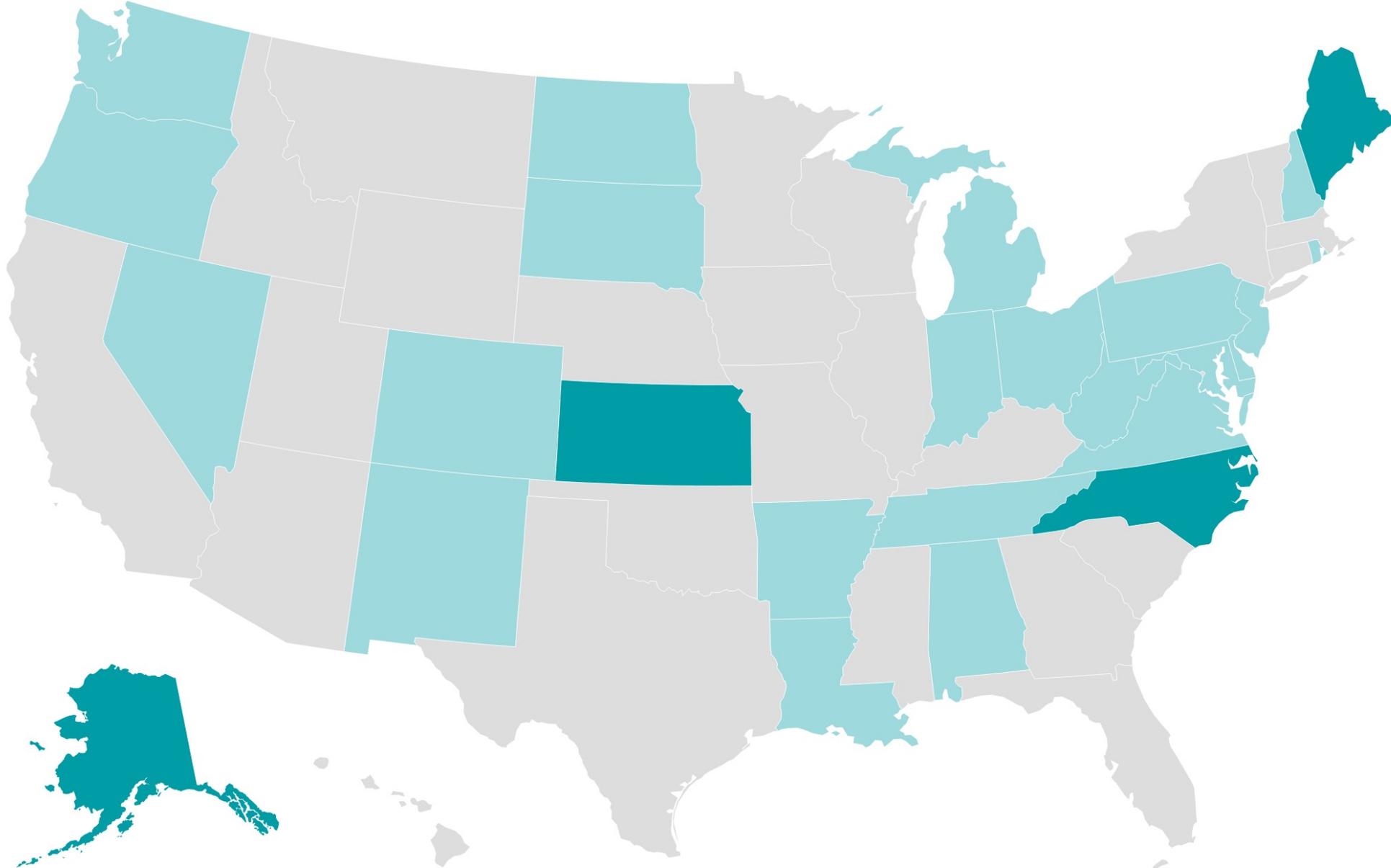
House AHCIA Cosponsors v. Weeks After Reintroduction



Data source: congress.gov

Senate AHCIA (S.1557) Cosponsors by State - October 12, 2023

1 Senator 2 Senators



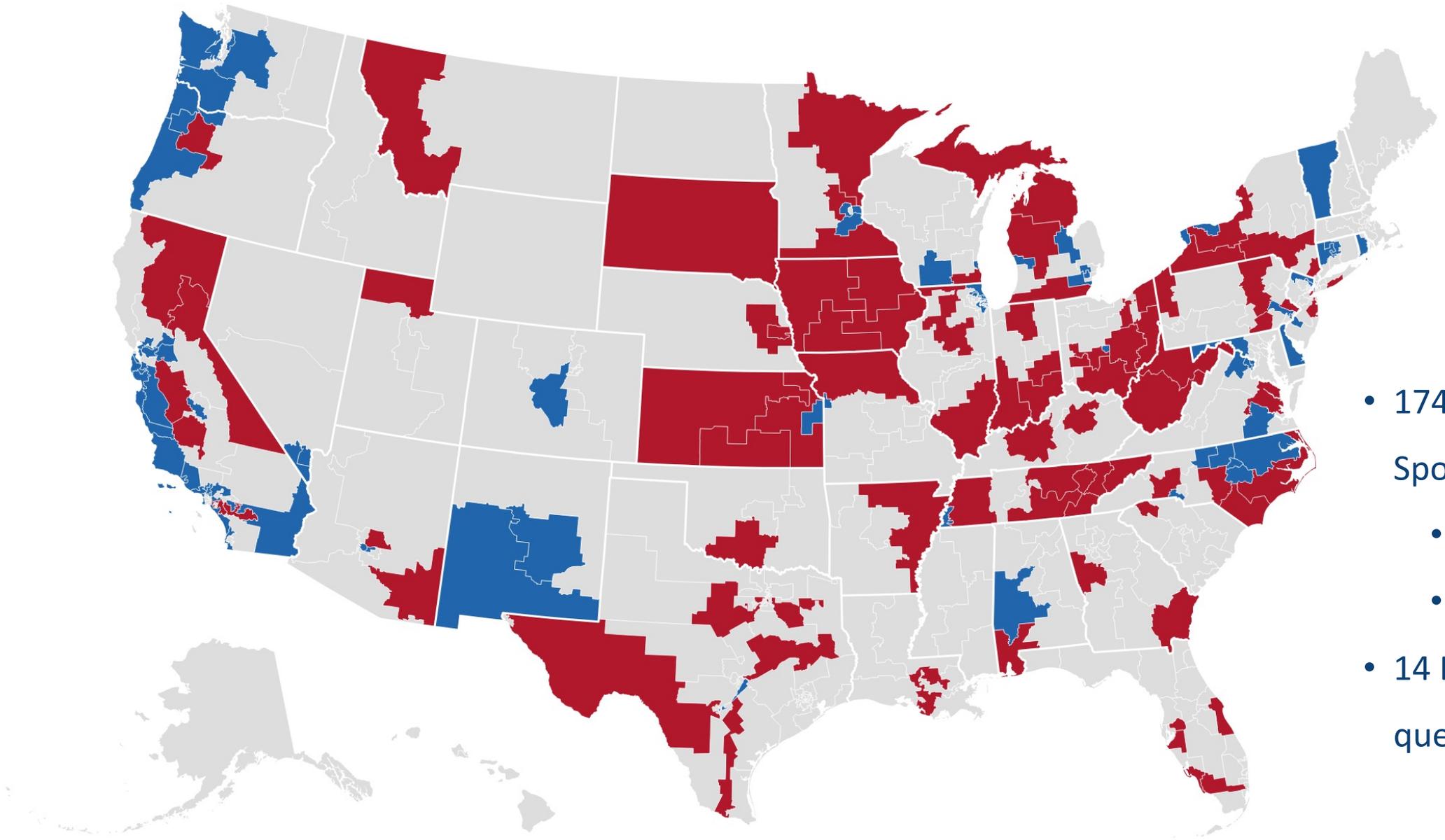
30 Senate Co-sponsors

- 15 Republicans
- 15 Democrats

19 Dems in the queue

House AHCIA (H.R.3238) Cosponsors by District - October 13, 2023

Republican Cosponsor Democrat Cosponsor



- 174 House Co-Sponsors
 - 87 Republicans
 - 87 Democrats
- 14 Dems in the queue

AHCIA Support in Ohio

Support for the House AHCIA by State

*Official Co-sponsors

1. California (33)
2. New York (10)
3. North Carolina (10)
4. **Ohio (8)**
5. Tennessee (7)
6. Texas (7)
7. Illinois (6)
8. Minnesota (6)
9. Pennsylvania (6)
10. Florida/Oregon/Virginia (5)

Low-Income Housing Tax Credit
Impact In Ohio



The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2021

-  133,501 homes developed or preserved in OH
-  287,488 low-income households served
-  206,704 jobs supported for one year
-  \$8.086 billion in tax revenue generated
-  \$23.352 billion in wages & business income generated

The Need for Affordable Housing
Though the Housing Credit has had a tremendous impact across the country, much more affordable housing is still needed to meet the growing demand.

-  367,928 renter households in Ohio pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.
-  In order to afford a one-bedroom apartment, a minimum wage worker in Ohio has to work 58 hours per week.

Addressing Our Nation's Severe Shortage Of Affordable Housing

-  Up to 37,600 additional affordable homes could be financed in OH by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

The Low-Income Housing Tax Credit (Housing Credit) is a proven solution to help address the affordable housing crisis.

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing.

It has financed over 3.7 million homes for low-income families and individuals nationwide since 1986.

The ACTION Campaign calls on Congress to:

- Expand the Housing Credit to address the severe shortage of affordable housing.
- Strengthen the Housing Credit to maximize impact in communities facing the greatest need.
- Enhance multifamily Housing Bonds, which provide critical financing to over half of all Housing Credit homes.

Visit rentalhousingaction.org for data sources and methodologies.

Updated May 2023 rentalhousingaction.org

Ohio Congressional Support for the AHCIA

- **AHCIA Lead Sponsor**
 - Rep. Brad Wenstrup (R-2) **Ways and Means*
- **AHCIA Original Co-Sponsors**
 - Rep. Mike Carey (R-15) **Ways and Means*
 - Rep. Troy Balderson (R-12)
 - Rep. David Joyce (R-14)
 - Rep. Joyce Beatty (D-3) **Financial Services*
- **AHCIA Co-Sponsors**
 - Sen. Sherrod Brown (D)
 - Rep. Michael Turner (R-10)
 - Rep. Bill Johnson (R-6)
 - Rep. Max Miller (R-7)
- **In the queue to co-sponsor the AHCIA:**
 - Rep. Marcy Kaptur (D-9)
 - Rep. Greg Landsman (D-1)
 - Rep. Emilia Sykes (D-13)
- **Top targets:**
 - Sen. J.D. Vance (R)! **Banking*
 - Rep. Warren Davidson (R-8) **Financial Services*
 - Rep. Bob Latta (R-5)
 - Rep. Jim Jordan

HUD Budget

Note: amounts in millions

	FY2022 Enacted	FY2023 Enacted	President FY2024 Request	House FY2024 Bill	Senate FY2024 Bill	% Change FY24 Senate - FY23 Enacted
Housing Choice Vouchers	\$27,370	\$30,253	\$32,703	\$31,133	\$31,738	4.9%
Project Based Section 8	\$13,985	\$14,907	\$15,904	\$15,820	\$15,791	5.9%
Public Housing Fund Total	\$8,452	\$8,514	\$8,893	\$8,363	\$8,875	4.2%
Operating Subsidies	\$5,039	\$5,109	\$5,133	\$5,103	\$5,530	8.2%
Capital Subsidies	\$3,200	\$3,200	\$3,225	\$3,180	\$3,200	0%
Section 202	\$1,033	\$1,075	\$1,023	\$913	\$1,075	0%
Section 811	\$352	\$360	\$356	\$208	\$360	0%
HOPWA	\$450	\$499	\$505	\$505	\$505	1.2%
CDBG	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	0%
HOME	\$1,500	\$1,500	\$1,800	\$500	\$1,500	0%
Homeless Assistance	\$3,213	\$3,633	\$3,749	\$3,729	\$3,908	7.6%
Choice Neighborhoods Initiative	\$350	\$350	\$185	\$0	\$150	-57.1%
Gross HUD discretionary appropriations	\$65,702	\$70,534	\$73,301	\$71,509	\$73,295	3.9%
Net receipts, collections and rescissions	\$12,008	\$10,356	\$2,728	\$2,728	\$2,728	-73.7%
Net HUD discretionary appropriations	\$53,694	\$60,178	\$70,573	\$68,217	\$70,060	16.4%

Visit www.HUDresourcecenter.com for additional HUD budget resources

Other Affordable Housing Regulatory Issues: CRA

- 85% of \$22 billion Housing Credit market is CRA-motivated
- Proposed CRA modernization rule threatens investment in affordable housing
 - Eliminates investment test, and combines investments and loans into one test
 - Prioritizes retail activities
 - Reduces incentive for banks to aim for outstanding rating
- Comments were due August 5, 2022, regulators aiming for final rule “before the first snow falls” in 2023 – maybe October?

In a survey of large bank investors, **42% of respondents thought they might somewhat reduce their Housing Credit investments** because of the elimination of the investment test



Other Affordable Housing Regulatory Issues

- Global minimum tax – could have major impact on Housing Credit investment, but regulations headed in the right direction for now
- GSE – final determination of tax status
 - Determination will dictate level of equity investment in Duty to Serve areas
- Biden Administration is looking for other opportunities to support affordable housing
 - Action to bring down insurance costs?
 - Other ideas?



Insurance Costs

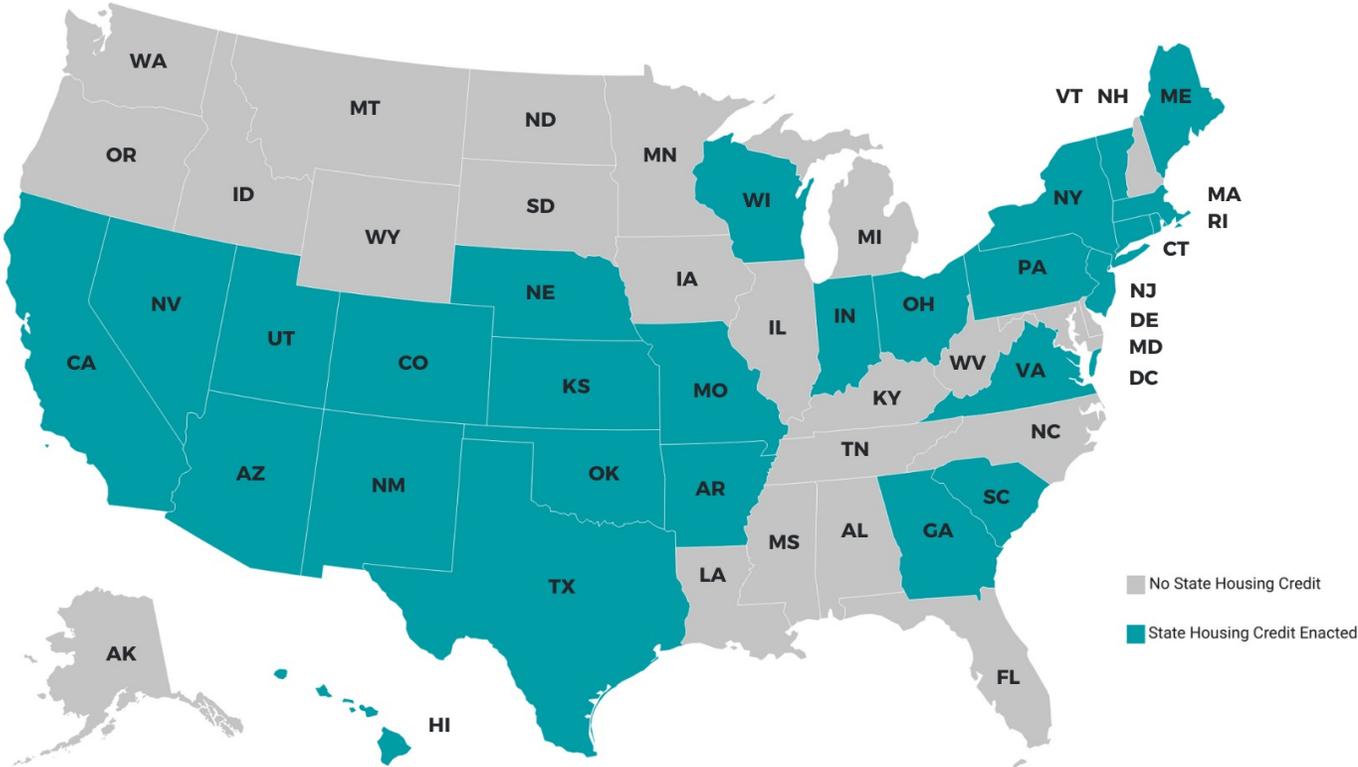
- **Skyrocketing insurance costs** are threatening affordable housing development and operation
- National Leased Housing Association Insurance Survey results
 - For 2022-23 renewals, 29 percent of housing providers experienced premium increases of 25 percent or more, compared to 17 percent the previous year;
 - Limited markets and capacity are responsible for most premium increases; followed by claims history/loss and renter population;
 - 67 percent of respondents reported increasing insurance deductibles to manage the increases followed by decreasing operating expenses and increasing rent.



Michelle Norris from National Church Residences testifies in Senate Banking Committee hearing on insurance costs, September 2023

State Low-Income Housing Tax Credits

Enacted State Housing Credit Programs



STATE LOW-INCOME HOUSING TAX CREDITS: RECOMMENDED PRACTICES & CONSIDERATIONS

The Affordable Housing Tax Credit Coalition is a trade association of housing professionals who advocate for affordable rental housing financed with the federal Low-Income Housing Tax Credit (Housing Credit). Our **more than 250 members**—including syndicators, investors, lenders, developers, legal and accounting professionals, state allocating agencies, public agencies, and coalitions—seek to preserve, expand and improve the Housing Credit. Collectively, AHTCC members have financed or developed well over half of all affordable housing nationwide.

AHTCC members are increasingly financing affordable housing that pairs the federal Housing Credit with state Housing Credit programs. To increase affordable housing production, over 25 states have now created state tax credit programs that supplement the federal Housing Credit. The rules and regulations of these programs vary from state to state, and each state's experience provides valuable lessons as new states consider implementing state Housing Credit programs.

Below is a summary of recommended practices and considerations when implementing a state tax credit program, drawing from AHTCC members' extensive experience with state Housing Credit programs.

RECOMMENDED PRACTICES

Keep it simple. As a general rule, the more discretion a state housing finance agency (SHEA) can exercise in its qualified allocation plan (QAP), which governs the administration of the Housing Credit in the state, the better. Set-aside and other priorities should be left to the QAP framework, not statute. Statutes are much harder to change than QAPs.

Issues that should be left to state discretion in their QAPs, in recognition that local needs will change from year to year, include:

- The ability to pair the state tax credit with the 9% and/or 4% federal Housing Credit
- Geographical distribution between rural and metro areas and other local factors
- Application timing and structure, which will ideally mirror the federal program where possible
- Application scoring, which will also ideally mirror scoring for the federal program where possible
- The minimum allocation per development
- Post-award documentation requirements

AFFORDABLE HOUSING TAX CREDIT COALITION
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Questions?

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