NATIONAL LOW INCOME
HOUSING COALITION

www. nlihc.org
Dedicated solely to achieving socially just public policy that assures with the lowest incomes in the United States have affordable and decent homes
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December 8, 2017

The Honorable Orrin Hatch
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Kevin Brady
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

To Chairman Hatch, Ranking Member Wyden, Chairman Brady, and Ranking Member Neal:

On behalf of the National Low Income Housing Coalition (NLIHC), I write to express my deepest concerns about the ways that the House and Senate tax bills could worsen the already severe shortage of affordable homes throughout the country. The current tax bills would, in different ways, eliminate or weaken critical tools that are used by states and local communities to address this growing need, including the tax exemption on private activity bonds, the Low Income Housing Tax Credit, the national Housing Trust Fund, and federal housing programs administered by the U.S. Departments of Housing and Urban Development (HUD) and Agriculture (USDA). Instead of expanding resources for affordable rental housing for people with the greatest needs, the tax bills use housing dollars to pay for lowering tax rates for corporations and wealthy individuals. We urge you to ensure that any legislation offered for a final vote by the House and Senate will not increase the severity of the affordable rental housing crisis.

NLIHC is dedicated solely to ensuring that people with the lowest incomes in the United States have affordable and decent homes. Our members include state and local housing coalitions, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, public housing agencies, private developers and property owners, local and state government agencies, faith-based organizations, residents of public and assisted housing, and concerned citizens working with and on behalf of extremely low income households who receive or are in need of housing assistance.

Nationally, there is a shortage of 7.4 million rental homes affordable and available to the lowest income seniors, veterans, people with disabilities, and families with children. For every 100 of the lowest income people, there are just 35 affordable homes available to them. Due to chronic underfunding of critical affordable rental housing programs, just one in four low income households in need receives any housing assistance. The rest either live on the cusp of homelessness – most paying more than half of their income on rent – or they are one of the hundreds of thousands of people who have no homes at all.

Eliminating the tax exemption on private activity bonds would remove an important tool used by states and communities to build and preserve affordable rental homes and would directly harm hundreds of thousands of low income families who desperately need an affordable place to live. Private activity bonds generate about half of all Low Income Housing Tax Credit investments. Without this resource, communities will find it less financially feasible to develop and preserve affordable rental homes for people with the lowest incomes, resulting in 80,000 fewer affordable rental homes built or preserved each year.

The lowered corporate tax rate will also have a negative impact on the production and preservation of affordable rental homes. Lowering taxes for corporations so significantly lessens the value of the Low Income Housing Tax Credit, the largest affordable housing production program in the country. This means that there will be less private financing available, resulting in 200,000 fewer affordable rental homes built or preserved over 10 years. The current tax bills do not include the legislative adjustments that are needed to ensure that the reduction in the corporate tax rate does not the lower the amount of equity investments the Low Income Housing Tax Credit program is able to generate.

Moreover, the bills miss an important opportunity to include bipartisan-supported reforms from the Hatch-Cantwell Affordable Housing Credit Improvement Act that would make it easier for Housing Credit developers to serve the lowest income people who have the greatest housing needs, including people experiencing homelessness.

We are also deeply concerned that tax reform will trigger automatic funding cuts to the national Housing Trust Fund, as reported by the nonpartisan Congressional Budget Office. The Housing Trust Fund is the only federal housing resource that is exclusively targeted to serve people with the lowest incomes and one that was specifically designed to address the housing needs of people most impacted by the housing crisis. It provides a lifeline to struggling families who are forced to choose between paying their rent and buying groceries, visiting their doctor, paying for medications, or saving for a rainy day.

By greatly increasing the debt, the tax bill also puts HUD and USDA Rural Housing investments – which have a proven track record of lifting millions of families out of poverty and which are already chronically underfunded – at risk of even deeper funding cuts. Today, three out of four families in need of assistance are turned away. Without this help, too many low income families are experiencing homelessness, living in substandard or overcrowded conditions, or struggling to meet other basic needs because too much of their limited income goes to paying rent. Further budget cuts will make it even harder for these families to afford a place to call home.

One of the greatest economic barriers for struggling families is the lack of decent, accessible, and affordable rental homes. I urge you to take steps to ensure that any final tax bill does not make this problem worse for millions of America's poorest families.

Sincerely,

Diane Yentel
President and CEO
National Low Income Housing Coalition