

Congress of the United States
Washington, DC 20515

November 28, 2022

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy,

Our country has been facing an affordable housing crisis for far too long, which has become even more acute due to inflation. Building costs and interest rates have skyrocketed, leading to dramatic rent increases. According to the Harvard Joint Center for Housing Studies' State of the Nation's Housing Report¹, rents increased nearly 12 percent nationwide in the past year. This was the largest year-over-year increase in the cost of rental housing in over twenty years, with rent increases over 20 percent in some metro areas.

Making matters worse, we are currently facing a cut to affordable housing production. The Low-Income Housing Tax Credit (Housing Credit), our nation's primary tool to finance and develop affordable housing, was temporarily expanded in 2018 to meet the growing demand. Due to congressional inaction to extend this increase, every state is now facing a 12.5 percent cut to Housing Credit resources during an affordable housing shortage. In addition to reversing this cut and extending the 12.5 percent increased Housing Credit allocation, more affordable housing resources are desperately needed. We are now at an inflection point in our country which demands an urgent policy response to increase affordable housing production.

We respectfully urge you to include provisions to expand and strengthen the Housing Credit from the bipartisan Affordable Housing Credit Improvement Act (AHCIA) (H.R. 2573), introduced by Representatives Suzan DelBene, the late Jackie Walorski, Don Beyer, and Brad Wenstrup, in any year-end legislative vehicle. **The following provisions from the AHCIA to increase affordable housing production are especially critical now:**

- **RESTORE the cut to the Housing Credit by extending the 12.5 percent Housing Credit allocation increase** that expired at the end of 2021. There is a pipeline of Housing Credit developments that are ready to go, but the program is vastly oversubscribed. In 2020, Housing Credit developers requested nearly 2.5 times as many Housing Credits as there was available authority for. Any restored or new resources can be deployed immediately by restoring and extending the 12.5 percent Housing Credit allocation increase.

¹ https://www.jchs.harvard.edu/sites/default/files/interactive-item/files/Harvard_JCHS_State_Nations_Housing_2022_Key_Facts.pdf

- **LOWER the “50 percent test” to 25 percent to decrease the amount of private activity bonds (PABs) needed to access the Housing Credit.** Currently, to access 4 percent Housing Credits, 50 percent of a development must be funded with private activity bonds. Unfortunately, nearly half of all states have already reached their federally-allocated PAB cap. Without further congressional action, state and local governments and affordable housing developers are limited in their ability to finance critical new housing stock. This barrier makes building affordable housing more costly and burdensome. Lowering the “50 percent test” would allow all states to more efficiently use their PAB cap and quickly unlock desperately-needed resources for shovel-ready developments, which will produce more than one million new affordable homes over the next decade.

By enacting these two provisions, we can have a huge, positive impact on affordable housing production. According to Novogradac, these provisions alone are estimated to build or preserve 1.54 million new affordable homes over the next decade.

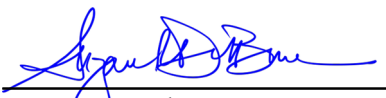
More broadly, the AHCIA would also provide additional Housing Credit basis boosts to allow developments to access additional equity if needed, which is increasingly important as development costs and interest rates continue to rise. These basis boosts would enable the Housing Credit to serve vulnerable populations, including extremely low-income tenants, and difficult-to-serve areas, such as rural and Native communities.

We cannot ignore this crucial area of our economy, and the working families, veterans, seniors, and low-income families who will be able to afford their homes during this time and in the years ahead because of the Housing Credit. The Housing Credit is a proven tool, having financed over 3.6 million homes over the program’s 35+ year history. The AHCIA proposals have broad bipartisan support with more than one-third of Congress cosponsoring the bill.

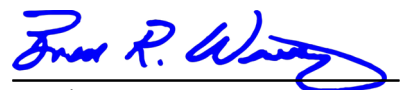
We respectfully ask our congressional leaders to enact these vital provisions by year-end. We appreciate your immediate consideration of these priority items.

Sincerely,

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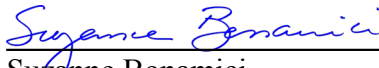
Suzan K. DelBene
Member of Congress



Brad R. Wenstrup, D.P.M.
Member of Congress



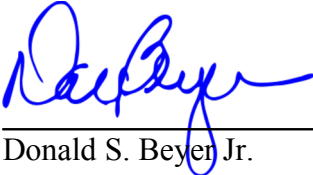
Earl Blumenauer
Member of Congress



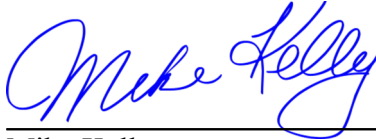
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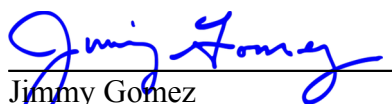
Bill Johnson
Member of Congress

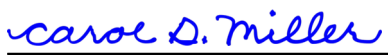



Troy Balderson
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Pete Sessions
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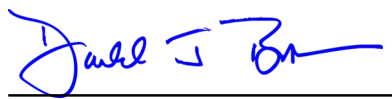

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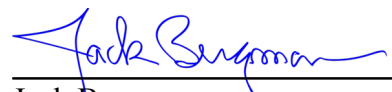

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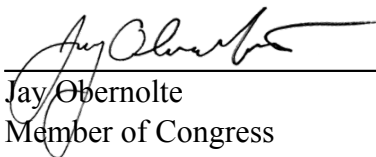

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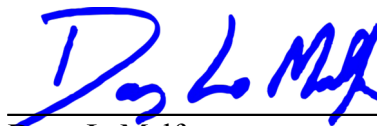

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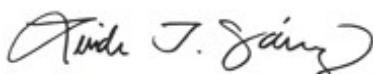
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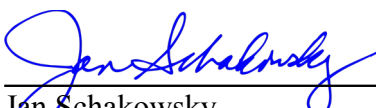
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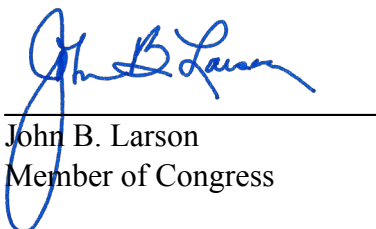
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Barbara Lee
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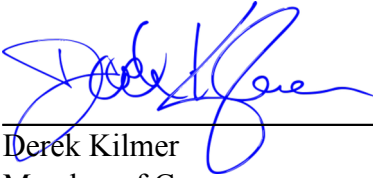
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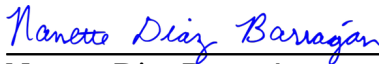
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