

POLICY INNOVATION

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Housing, Health and Energy: the Federal Budget Outlook

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Low-Income Housing Tax Credits & Project-Based Rental Assistance

- **Low-Income Housing Tax Credits (Housing Credits)** provide the private sector with an incentive to invest in producing & preserving affordable rental housing. The federal government issues Housing Credits to states based on their populations each year. States then establish Credit allocation plans & award Credits to developers.
- **Project-based rental assistance (PBRA)** provides affordable housing for over 1.2 million low-income & very low-income households across the country.
- PBRA is administered by HUD, providing private owners of multifamily housing with a long-term rental assistance contract to make units affordable to low-income renters, who pay no more than 30% of their income for rent.



Low-Income Housing Tax Credit at Risk

- The Housing Credit is the most successful tool for producing & preservation affordable rental housing.
- Housing Credits + bonds have financed over 3 million apartments since 1986, which have provided homes for approximately 7 million low-income families, seniors, veterans, and people with disabilities.
- House tax bill, “the Tax Cuts and Jobs Act” (HR1) protects the Low-Income Housing Tax Credit BUT eliminates private activity bonds, which are critical for half of all Housing Credit transactions.
- The draft Senate tax bill protects Housing Credits & bonds, so we must push Congress to adopt a final bill with these protections.



Low-Income Housing Tax Credit at Risk

- Private activity bonds trigger use of 4% Housing Credits – without the bonds, the housing would not be built.
- \$ value of 4% Housing Credits allocated nationally has more than doubled since 2010.
- 4% Credits are responsible for about 50 percent of all Housing Credit production.



Urge Congress to Protect Low-Income Housing Tax Credits

- Both House & Senate bills would impede Housing Credit production by not making programmatic changes to offset the negative impact of the 20% corporate tax rate on the Housing Credit.
- A proposed fix would offset the effect of a lower corporate rate on affordable housing production.
- The fix would increase allocable Housing Credits & modernize the credit percentage formula.
- Urge Congress to protect the Housing Credit in tax reform now!



PBRA needs full funding in FY 2018

- PBRA provides affordable housing for over **1.2 million low-income and very low-income households across the country.**
- 56% of these households have someone with a disability or who is elderly.
- The average household income is less than \$12,000.
- Many owners of HUD-assisted properties provide valuable supportive services which help their residents succeed & maintain their independence. These services help reduce taxpayer expenditures in Medicaid, Medicare and emergency shelter and healthcare services.



PBRA needs full funding in FY 2018

- On 9/8, Congress approved a deal to provide \$15B in disaster relief, fund the government, & raise the federal debt limit through 12/8 at FY 2017 funding levels with a 0.68% across-the-board reduction under spending caps imposed by the 2011 Budget Control Act (BCA).
- By 12/8, Congress will have to pass another spending vehicle to fund federal programs for the rest of FY 2018.
- It is unclear whether Congress will agree to a new budget deal that would raise the spending caps, roll a spending bill into a package with tax reform or legislation to raise the debt ceiling, or if simply pass another continuing resolution.
- **Anything less than 12 full months funding for PBRA will limit a property owner's ability to provide supportive services to their tenants, impede or delay critical rehabilitation, & possibly increase rent burdens on fixed-income populations.**
- **Urge Congress to support a new budget deal raising the spending caps & fully funding PBRA.**



Energy Efficiency for All (EEFA)

- Low-income families can spend 20%+ of their income on energy. The cost of utilities is largest controllable operating expense in multifamily housing, but efficiency measures are far less likely to be taken in multifamily rentals than in other housing.
- EEFA is a coalition of the National Housing Trust, Natural Resources Defense Council, Energy Foundation, & Elevate Energy, with the goal of addressing this challenge.
- EEFA brings together expertise in affordable housing, energy efficiency, community development, finance, & utility engagement.
- We collaborate with state & local groups across the country, delivering tools & resources that help increase energy efficiency investments in their states' affordable multifamily housing.
- EEFA Federal Defense campaign mobilizes state partners to protect federal housing and energy efficiency resources, including Housing Credits, PBRA, the Weatherization Assistance Program (WAP), & Low-Income Home Energy Assistance (LIHEAP)



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