

Affordable Housing &
Community Development Law



The Honorable Mitch McConnell
317 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Paul Ryan
1233 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Orrin Hatch
104 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Kevin Brady
1011 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

November 30, 2017

Re: Tax Cut and Jobs Act Impact on Affordable Housing and Community Development Outcomes

Dear Leader McConnell, Speaker Ryan, Chairman Hatch, and Chairman Brady:

We, the below signed members of the American Bar Association Forum on Affordable Housing and Community Development Law,¹ want to emphasize the devastating impact that proposed tax law changes to the low-income housing tax credit (LIHTC), historic rehabilitation tax credit (HTC) and New Markets tax credit (NMTC) programs will have on affordable housing production and community revitalization efforts in the United States.

Through the termination of private activity bonds and changes to the LIHTC program, the House version of the proposed Tax Cuts and Jobs Act legislation (H.R. 1) would eliminate the production of approximately 938,100 new affordable rental units or two-thirds of the overall affordable rental housing stock in the country, while also costing 1,110,900 jobs.² Although slightly better through the preservation of private activity bonds, the Senate version would still cost 293,100 affordable housing units and 331,200 jobs due to changes to features of the LIHTC program.³

	<u>Lost Affordable Housing</u>	<u>Lost Jobs</u>
House Version	938,100 units	1,110,900
Senate Version	293,100 units	331,200

¹ This letter does not represent an official policy position of the American Bar Association or any of its Forums or Committees, but solely represents the view of the signatories to the letter.

² <https://www.novoco.com/notes-from-novogradac/senate-tax-reform-bill-would-reduce-affordable-rental-housing-production-nearly-300000-homes>

³ <https://www.novoco.com/notes-from-novogradac/see-how-many-jobs-affordable-rental-homes-each-state-would-lose-under-house-tax-reform-bill>

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Community Development Law



In a time when there are *only 12 counties* in the country where a person making minimum wage can afford a one bedroom apartment, we cannot afford to damage the most important source of affordable housing production in the country.⁴ We ask that Congress take note of this substantial impact and retain private activity bonds as a means of supporting affordable rental housing production.

The termination of the HTC and NMTC as called for in H.R. 1, would eliminate valuable tools that support community revitalization and bring about jobs and development to areas in most need of it while carrying a limited budgetary effect. The HTC, for example, has created more than 2.4 million jobs, leveraging \$131 billion in private investment and restoring over 42,000 historic buildings since it was created in 1978, while generating nearly \$30 billion in federal tax revenue, offsetting the cost of the \$25.2 billion in credits allocated.⁵ The NMTC also generates jobs and key investment in communities. Since 2003, the NMTC program has created or preserved approximately 358,800 jobs and has generated \$8 in private funding for every \$1 invested by the federal government. NMTC-funded projects have built 17.1 million square feet of manufacturing space, 49.4 million square feet of office space, and 42.7 million square feet of retail space.⁶

We urge you to support smart tax reform that preserves the positive outcomes to housing production, job creation and community revitalization leveraged with significant private investment through the LIHTC, HTC and NMTC programs. In particular, preserve private activity bonds to ensure that 4% LIHTC financing remains a valuable tool to support affordable housing and do not eliminate the HTC and NMTC programs. Implement means to compensate for the lower tax benefits that come with a lower corporate tax rate by taking a two-step approach of (1) increasing the national cap on credits allocated to states by 14.5% and (2) modernizing the formula for calculating the amount of the credit provided under the LIHTC program as described by A Call To Invest In Our Neighborhoods (A.C.T.I.O.N.) Campaign.⁷

Sincerely,

Amy M. McClain
Chair

George Weidenfeller
Chair-elect

Together with the undersigned members of the Forum on Affordable Housing and Community Development Law as identified on the following page:

⁴ http://nlihc.org/sites/default/files/oor/OOR_2017.pdf

⁵ <https://www.novoco.com/notes-from-novogradac/house-tax-reform-legislation-retains-lihtc-repeals-nmtc-and-htc-after-2017>

⁶ https://www.mycdfi.cdfifund.gov/docs/factsheets/CDFI_NMTC.pdf

⁷ <https://static1.squarespace.com/static/566ee654bfe8736211c559eb/t/5a13354b53450af92379ea73/1511208268094/Proposal+to+Address+the+Reduced+Value+of+the+Housing+Credit.pdf>

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