



NALHFA 2019 Legislative and Regulatory Priorities

The National Association of Local Housing Finance Agencies (NALHFA), founded in 1982, is the national association of professionals working to finance affordable housing in the broader community development context at the local level. As a non-profit association, NALHFA is an advocate before Congress and federal agencies on legislative and regulatory issues affecting affordable housing and provides technical assistance and educational opportunities to its members and the public. On behalf of our members, NALHFA will concentrate its 2019 advocacy activities on key federal affordable housing and development programs, including:

Increasing the Cap on Private Activity Tax-Exempt Bonds:

Private Activity Tax Exempt Bonds (PABs) generate 4 percent Low-Income Housing Tax Credits (Housing Credits), which finance approximately 50 percent of all Housing Credit multifamily housing developments. PABs are also critical to single-family housing activities, and are used in the form of single-family housing bonds where the proceeds are used to make loans to potential homeowners. PABs are a critical affordable housing resource, leveraging private and public resources, creating tens of thousands of jobs, and facilitating the creation of millions of low-income homes. Currently, the cap on PABs is a major limiting factor for a growing number of states and localities as they seek to preserve existing affordable and public housing and create new housing to meet the growing need. Increasing the cap on PABs for affordable and public housing would help create a public good and support the country's continuously growing housing infrastructure needs.

PRIORITY: In 2019, NALHFA will work to remove or increase the cap on PABs for affordable and public housing activities. This straightforward solution will promote the creation and preservation of rental homes, support job creation and spur economic activity using an effective and established affordable housing tool.

Enhancing Low Income Housing Tax Credits (Housing Credit):

The Housing Credit is the most successful tool available for incentivizing private investment in the production and preservation of affordable housing. The Housing Credit is structured to allow investors in the private sector to provide equity capital in exchange for a credit against their tax liability. Since it was established in 1986, the Housing Credit has financed over 2.8 million homes for 6.5 million low-income families and generated \$100 Billion in private investment in communities nationwide. Every year, the Housing Credit supports more than 90,000 affordable homes and nearly 100,000 jobs every year.

PRIORITY: In 2019, NALHFA will urge Congress to expand the Housing Credit program by 50 percent and set a permanent 4 percent credit rate floor for acquisition and bond-financed projects. These improvements to the Housing Credit would allow for the creation and preservation of hundreds of thousands of affordable

homes over the next ten years and provide much needed resources to combat the nationwide shortage of affordable housing.

Protecting Local HFA Down Payment Assistance Programs:

In 2018, the Department of Housing and Urban Development (HUD) indicated that it would issue an advanced notice of proposed rulemaking (ANPR) regarding the Federal Housing Administration (FHA) insurance rules for down payment assistance (DPA) programs. HUD also recently published its annual report to Congress regarding the FHA mutual mortgage insurance fund (MMIF) for fiscal year (FY) 2018. The report addresses FHA loans that use DPA programs funded by governmental entities and outlines HUD’s concerns about apparent higher default rates attributed to these governmental DPA programs. In this report, HUD notes the need for “swift and decisive” action regarding these programs.

HUD’s FHA plays a central role in providing underserved households with affordable housing financing. The FHA mortgage insurance program insures lenders against mortgage default for single and multifamily housing for low- and moderate-income families. Unlike private originators, local HFAs are government entities, meaning they automatically qualify for FHA-insured loans to use in conjunction with their DPA programs. This means HFAs are able to help creditworthy individuals with a down payment they might not otherwise be able to obtain. At a time when our nation is facing an affordable housing crisis, local HFAs are providing quality affordable housing resources to low- and moderate-income families without reliance on tax-payer dollars. It is important that HUD strengthen these programs through any new guidance, not obstruct them.

PRIORITY: In 2019, NALHFA will work with HUD to strengthen and enhance local HFA DPA programs, specifically focusing on preserving the ability of local HFAs to provide DPA and other secondary financing on a preferred basis with FHA single-family loans.

Restoring and Increasing HUD Funding:

Despite their proven track record, HUD’s affordable housing programs have been chronically underfunded. Today, of the families who qualify for housing assistance, only a quarter will get the help that they need. Low federal spending caps required by the Budget Control Act of 2011 have decreased funding for affordable housing and community development programs. This has only made it more difficult to ensure low income seniors, people with disabilities, families with children, and other vulnerable populations are stably housed. Level and lowered HUD funding threatens affordable housing and community development investments and millions of low income families. More than 85% of HUD’s budget goes directly to renewing housing assistance already in place. When HUD’s resources are not fully funded, families may lose access to stable housing, putting them at increased risk of homelessness. While we must work to reduce our nation’s deficit over the long-term, balancing our budget should not be done on the backs of our nation’s low income families who are already struggling to get by.

PRIORITY: In 2019, NALHFA will continue to protect and restore HUD funding while working with Congress and the Administration to increase program efficiency and flexibility.