

# America Needs Private Activity Bonds For Affordable Housing!



The House Ways and Means Committee recently released the text for the Tax Cuts and Jobs Act, outlining their plan for tax reform. This proposal calls for the termination of private activity tax exempt bonds (PABs), which would be a devastating blow to the affordable housing industry. Outlined below are some of the many reasons PABs must be preserved in order to develop much needed affordable housing across the country.

- The Tax Cuts and Jobs Act claims to preserve the Low-Income Housing Tax Credit, but it would effectively eliminate half of the program by repealing Private Activity Bonds
- Private Activity Bonds include Single-Family Mortgage Revenue Bonds, which local Housing Finance Agencies use to support homeownership opportunities nationwide
- Private Activity Bonds also generate 4% Low-Income Housing Tax Credits, which finance approximately 50% of all Housing Credit developments
- Repealing Private Activity Bonds would mean nearly 1 million affordable homes go unbuilt in the next ten years
- Private Activity Tax Exempt Bonds and the 4% Housing Credits they generate are among the most successful models of public-private partnerships because they:
  - o Leverage additional public and private resources for housing
  - o Create tens of thousands of jobs every year
  - o Help address the affordable housing crisis ravaging every city and state in the country
- One in four American renters pay over half of their income on housing costs
- The lack of affordable housing means holding back families, communities, and the US economy
- The US cannot afford to eliminate this critical housing resource
- At a time when our country is facing an affordable housing crisis, NALHFA urges Congress to preserve Private Activity Tax Exempt Bonds

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.



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