

AFFORDABLE RENTAL HOUSING A.C.T.I.O.N. A Call To Invest in Our Neighborhoods

May 20, 2021

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Leader Schumer, Speaker Pelosi, Leader McConnell, and Leader McCarthy:

As 81 mayors representing communities across 28 states and the District of Columbia, we write to urge Congress to enact the *Affordable Housing Credit Improvement Act (AHCIA) of 2021*, S. 1136 and H.R. 2573, which would strengthen and expand the Low-Income Housing Tax Credit (Housing Credit). The Housing Credit is our nation's primary tool for encouraging private investment in affordable rental housing. While rental assistance is critical for keeping renters in their homes during this time of financial instability, the need for more affordable housing production and preservation in cities and towns preceded the pandemic.

Since its creation in the Tax Reform Act of 1986, the Housing Credit has been the primary financing source for the production and preservation of affordable rental housing. It has financed nearly 3.5 million apartments since 1986, providing affordable homes to approximately 8 million low-income households, including families, seniors, veterans, and people with disabilities. The Housing Credit brings together private-sector resources and oversight by state agencies, resulting in a durable solution to the need for affordable housing.

The *AHCIA of 2021* includes a number of provisions that would enhance the program and enable cities like ours to better serve the affordable housing needs in our communities. Specifically, the legislation would:

- **Lower the "50 percent test" bond financing threshold for 4 percent Housing Credit developments.** The "4 percent" Housing Credit is available for developments that receive 50 percent or more of their financing from Private Activity Bonds, and such developments are responsible for roughly half of all Housing Credit developments. However, unexpected and increased project development costs due to delays caused by the pandemic are jeopardizing properties' ability to assemble enough bond financing to meet the "50 percent test," which puts their access to Housing Credit equity at risk. Lowering the 50 percent threshold would allow more developments to move forward despite these pandemic-related disruptions. It would also increase affordable housing production by allowing more developments to access 4 percent Housing Credits.
- **Expand the 9 percent Housing Credit.** *The AHCIA of 2021* would increase the annual Housing Credit allocation authority by 50 percent, phased in over two years (25 percent in 2021 and 2022, plus an inflation adjustment in 2022). The current level of Housing Credit authority includes a temporary 12.5 percent cap increase in the baseline, enacted in 2018 and expiring at the end of 2021. This additional allocation would increase affordable rental housing production and preservation by 299,000 more homes over 2021-2030 than we are able to finance under present law.

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- **Basis boosts to better serve hard-to-reach communities.** The legislation includes provisions that would allow basis boosts for extremely low-income tenants, bond-financed Housing Credit properties, Difficult Development Areas, tribal areas, and rural communities. By allowing certain projects a “boost” on their eligible basis, this would make more projects financially feasible for these harder-to-serve groups. It is estimated that together, the basis boosts in the *AHCIA of 2021* would finance an estimated 222,000 affordable rental homes over 2021-2030. These enhancements to the Housing Credit would allow states to more effectively address the unique affordable housing needs in cities and towns across the country.

We, as mayors, see firsthand the need for affordable rental housing among families in our communities. Together, we urge Congress to enact the bipartisan, bicameral *AHCIA of 2021* to expand and strengthen the Housing Credit, a proven public-private investment in our nation’s housing infrastructure. Thank you for your consideration.

Sincerely,

Mayor Jenny A. Durkan, Seattle, Washington

Acting Mayor Austin Quinn-Davidson, Anchorage, Alaska

Mayor Corey D. Woods, Tempe, Arizona

Mayor Kate Gallego, Phoenix, Arizona

Mayor Regina Romero, Tucson, Arizona

Mayor John Giles, Mesa, Arizona

Mayor Paul Deasy, Flagstaff, Arizona

Mayor Barbara Halliday, Hayward, California

Mayor Eric Garcetti, Los Angeles, California

Mayor Darrell Steinberg, Sacramento, California

Mayor Esther Sanchez, Oceanside, California

Mayor London Breed, San Francisco, California

Mayor Libby Schaaf, Oakland, California

Mayor Sue Himmelrich, Santa Monica, California

Mayor Todd Gloria, San Diego, California

Mayor Robert Garcia, Long Beach, California

Mayor Paul Fadelli, El Cerrito, California

Mayor Sam Liccardo, San Jose, California

Mayor Evelyn Mitchell, Healdsburg, California

Mayor Bob Woerner, Livermore, California

Mayor Ellen Kamei, Mountain View, California

Mayor Rachelle Arizmendi, Sierra Madre, California

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Mayor Michael B. Hancock, Denver, Colorado

Mayor Adam Paul, Lakewood, Colorado

Mayor John Suthers, Colorado Springs, Colorado

Mayor Herb Atchison, Westminster, Colorado

Mayor Mike Coffman, Aurora, Colorado

Mayor Muriel Bowser, Washington, District of Columbia

Mayor Jane Castor, Tampa, Florida

Mayor Francis Suarez, Miami, Florida

Mayor Lauren McLean, Boise, Idaho

Mayor Lori E. Lightfoot, Chicago, Illinois

Mayor Greg Fischer, Louisville, Kentucky

Mayor Anne-Marie Mastraccio, Sanford, Maine

Mayor Kate Snyder, Portland, Maine

Mayor Michael T. Foley, Westbrook, Maine

Mayor Alan Casavant, Biddeford, Maine

Mayor Brandon M. Scott, Baltimore, Maryland

Mayor Ruthanne Fuller, Newton, Massachusetts

Mayor Kim Janey, Boston, Massachusetts

Mayor Mike Duggan, Detroit, Michigan

Mayor Emily Larson, Duluth, Minnesota

Mayor Jacob Frey, Minneapolis, Minnesota

Mayor Cynthia Andrus, Bozeman, Montana

Mayor Hilary Schieve, Reno, Nevada

Mayor Ras J. Baraka, Newark, New Jersey

Mayor Ben Walsh, Syracuse, New York

Mayor Svante Myrick, Ithaca, New York

Mayor Lovely Warren, Rochester, New York

Mayor Bill de Blasio, New York, New York

Mayor Esther Manheimer, Asheville, North Carolina

Mayor Mary-Ann Baldwin, Raleigh, North Carolina

Mayor Joe Begeny, Reynoldsburg, Ohio

Mayor Andrew Ginther, Columbus, Ohio

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Mayor Lucy Vinis, Eugene, Oregon

Mayor Ted Wheeler, Portland, Oregon

Mayor Jim Kenney, Philadelphia, Pennsylvania

Mayor William Peduto, Pittsburgh, Pennsylvania

Mayor Jorge Elorza, Providence, Rhode Island

Mayor Donald R. Grebien, Pawtucket, Rhode Island

Mayor John Cooper, Nashville, Tennessee

Mayor Indya Kincannon, Knoxville, Tennessee

Mayor Jim Strickland, Memphis, Tennessee

Mayor Tim Kelly, Chattanooga, Tennessee

Mayor Joe Pitts, Clarksville, Tennessee

Mayor Ron Nirenberg, San Antonio, Texas

Mayor Kristine Lott, Winooski, Vermont

Mayor Miro Weinberger, Burlington, Vermont

Mayor David Meyer, Fairfax, Virginia

Mayor Justin M. Wilson, Alexandria, Virginia

Mayor Levar M. Stoney, Richmond, Virginia

Mayor Seth Fleetwood, Bellingham, Washington

Mayor Lynne Robinson, Bellevue, Washington

Mayor Cassie Franklin, Everett, Washington

Mayor Victoria R. Woodards, Tacoma, Washington

Mayor Mary Lou Pauly, Issaquah, Washington

Mayor Angela Birney, Redmond, Washington

Mayor Anne McEnerny-Ogle, Vancouver, Washington

Mayor Armondo Pavone, Renton, Washington

Mayor Penny Sweet, Kirkland, Washington

Mayor Tony Nordin, Raymond, Washington

Mayor Tom Barrett, Milwaukee, Wisconsin