

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

DATE XX

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 [##] mayors representing communities across [##] 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 2021-30 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, WA*

[Additional Mayoral Signatories]