

Elderly Housing Coalition
Washington, DC

July 31, 2017

Dear Senator,

The undersigned members of the Elderly Housing Coalition **urge you to co-sponsor the Affordable Housing Credit Improvement Act of 2017 (S. 548)**, a bipartisan bill to expand and improve the Low Income Housing Tax Credit program. The housing credit is the federal government's primary tool for incentivizing private investment in affordable housing.

Since 1986, the housing credit has leveraged billions in private dollars to build and preserve affordable housing in every single state. Furthermore, the LIHTC represents a significant and cost-effective investment in affordable housing for the elderly: Of the housing credit's three million homes built since the program's inception, more than 800,000 are headed by older adults.

Nationally, 11.4 million low income households pay more than half of their incomes toward rent, an unsustainable path for families with too little left after the rent is paid for other life necessities. According to a May 2016 report from the Bipartisan Policy Center, "The current supply of housing that is affordable to the nation's lowest-income seniors is woefully inadequate. As more low-income Americans enter the senior ranks, this supply shortage — currently measured in millions of units — will become even more acute." The housing credit is an important tool to address the shortage of affordable housing in the United State.

Overall, this comprehensive legislation aims to expand housing access, streamline housing credit policies, and preserve existing affordable units. Below, we highlight provisions of S. 548 that will be particularly helpful to the housing credit's ability to help older adults afford their housing.

Basis Boost (Section 309) and Income Averaging (Section 201) Provisions Get More Housing Credit Homes to Extremely Low Income Seniors

The provisions in S. 548 that increase the housing credit for certain projects assisting extremely low income households and that allow for income averaging will expand the number of homes affordable to extremely low income seniors.

The majority of the nation's 1.47 million very low income older adult households paying more than half of their incomes for rent or living in severely inadequate housing have extremely low incomes. After paying more than half of their incomes for rent, research has shown that the poorest seniors then spend significantly less on health care and food than their non-housing cost-burdened peers. Finally, housing prevents homelessness, which is on the rise for older

adults. Additional supply of housing affordable to extremely low income seniors is needed to address this problem.

Tenant Income Flexibility Provision (Section 203) Avoids Displacement While Facilitating Preservation

When the housing credit is used to capitalize properties for preservation, the bill would codify existing practice to include existing tenants into eligible basis as long as the property being recapitalized was a means-tested affordable housing property and the tenant's income did not rise above 120% of the area median income. This will facilitate the preservation of affordable housing, including HUD-subsidized affordable housing, using the housing credit.

Minimum 4% Housing Credit Rate Provision (Section 301) Helps Affordable Housing Preservation

The bill would establish a minimum 4% rate for housing credits used to finance acquisitions and Housing Bond financed developments. This provision would provide more predictability and flexibility in housing credit financing, allowing developers to target more apartments to lower income households at rents they could afford and make more types of properties financially feasible, especially for affordable housing preservation. It would also provide parity with the corresponding minimum 9% housing credit rate, which was made permanent in 2015.

Voucher Payment Provision (Section 205) Makes Smarter Use of Limited Voucher Resources

The bill includes a provision to limit the rent charged to the maximum Housing Credit rent instead of the HUD-calculated fair market rent for apartments leased by voucher holders and benefiting from either income averaging (Section 201) or the basis boost (Section 309) for extremely low-income tenants, since both of these options already reduce rents for the lowest-income tenants. By limiting the rental income to the housing credit maximum rents, the excess rental assistance that the voucher would have provided can be used by the public housing authority that issued the voucher to serve other families.

Improve Nonprofit Sponsors' Ability to Keep Properties Affordable After Housing Credit Compliance Period (Section 303)

The bill would replace the current right of first refusal with a purchase option to facilitate the ability of nonprofits to maintain housing credit properties beyond Year 15. Over the years, the right of first refusal hasn't always worked as intended and in some cases, nonprofits have been unable to exercise this right. The bill's language would permit tenants, a resident management corporation, government agency, or a qualified nonprofit organization to purchase a property or the investor's partnership interest at the end of the 15-year compliance period, at the same minimum purchase price as defined in current law.

Expansion of the Housing Credit by 50% (Section 101)

The bill would increase the annual housing credit allocation authority by 50%, to be phased in over five years. States' per capita housing credit allocation was last increased and indexed to inflation by the Community Renewal Tax Relief Act of 2000, which was fully implemented in 2003. The current per capita housing credit allocation is \$2.35. The current small state

minimum is \$2.71 million. The proposal increases these amounts, subject to inflation, to \$3.53 and \$4.065 million, respectively, by 2022.

Older adults have a dire need for affordable housing. An expansion of the housing credit, paired with the provisions above to improve the credit, would significantly improve older adults' ability to age in place in quality homes they can afford, while also delaying or avoiding costlier elder care options, such as nursing homes or institutionalization.

Versions of the Affordable Housing Credit Improvement Act were first introduced in the 114th Congress and have enjoyed significant bipartisan support in both Chambers. We urge you to co-sponsor S. 548, the Affordable Housing Credit Improvement Act of 2017, and to work for its swift enactment.

Sincerely,

AHEPA Management Company (AMC)
American Association of Service Coordinators
B'nai B'rith International
CSH
Enterprise Community Partners
Justice in Aging
Hearth, Inc.
Housing Assistance Council
Housing Partnership Network
The Jewish Federations of North America
LeadingAge
Local Initiatives Support Corporation (LISC)
Lutheran Services in America
National Affordable Housing Management Association
National Association for Hispanic Elderly
National Association of Affordable Housing Lenders
National Association of Housing and Redevelopment Officials
National Coalition for the Homeless
National Community Reinvestment Coalition
National Housing Conference
National Housing Trust
National Leased Housing Association
National Low Income Housing Coalition
NETWORK Lobby for Catholic Social Justice
Stewards for Affordable Housing for the Future
Victory Housing, Inc.
Volunteers of America
The Women's Institute for a Secure Retirement (WISER)