WASHINGTON D.C. UPDATE WEBINAR SERIES

TOPIC: Federal Community Development Update from Capitol Hill
Monday, June 24, 2019

Panelists

• Dan Marsh, President, National Development Council
• Bob Rapoza, President, Rapoza Associates
• Stefanie Dearie, Senior Legislative Counsel, Office of Senator Roy Blunt (R-MO)
• Elise Tollefson, Legislative Director, Office of Rep. Tom Reed (R-NY)
• Jennifer Schwartz, Director of Tax and Housing Advocacy, National Council of State Housing Agencies
• Mike Phillips, Director of Public Policy, National Trust Community Investment Corporation
New Markets Tax Credit Extension Act of 2019

H.R. 1680 and S. 750

- Indefinite extension of the NMTC
- Increases allocation to $5B with inflation adjustments in out years
- AMT relief for NMTC investors
Missouri Projects

City Garden Montessori Charter School, St. Louis

T-REX Technology Entrepreneur Center, St. Louis

Senator Roy Blunt (R-Missouri)

"The New Markets Tax Credit Program has a history of success nationwide. In Missouri, the NRTC has made a real difference in economically distressed communities, including financing for the first new grocery store in the Pagoda community in 40 years, expanding and helping improve the operation of a number of manufacturing businesses, and filling the funding gap for the construction of 65 home ownership units in a St. Louis neighborhood with very high unemployment."

S. 750 – Blunt + 22 cosponsors
We've seen the New Markets Tax Credit deployed across the country," said Rep. Tom Reed. "The NMTC is a policy that has broad bipartisan support. It is a tool in the toolbox that is changing communities. It's all happening with the NMTC."

H.R. 1680 – Sewell, Reed + 81 cosponsors
**Affordable Housing Credit Improvement Act (S. 1703/H.R. 3077)**

Introduced June 4 — Includes all unfinished provisions from last Congress, plus several new ones

**Goals of the legislation:**
- Increases Housing Credit resources
- Supports the preservation of existing affordable housing
- Facilitates development for hard-to-reach populations and in challenging markets (ELI, rural, and Native American)
- Strengthens state oversight
- Provides new flexibility and simplifies program requirements

**Affordable Housing Credit Improvement Act: Senate Champions**

Maria Cantwell (D-WA)  Ron Wyden (D-OR)  Johnny Isakson (R-GA)  Todd Young (R-IN)
Affordable Housing Credit Improvement Act: House Champions

- Suzan DelBene (D-WA)
- Don Beyer (D-VA)
- Kenny Marchant (R-TX)
- Jackie Walorski (R-IN)

AHCIA — Returning Highlights

- 50 percent cap increase phased-in over 5 years in both the Senate and House bills; builds 12.5 percent increase from 2018 into the baseline
- 4 percent minimum rate for both Housing Bond-financed developments and for acquisition
- State-determined 30 percent basis boost for Housing Bond-financed developments
- 50 percent basis boost for units reserved for ELI households in properties that reserve at least 20 percent of units for ELI households
- Preservation provisions: flexibility for existing tenant income eligibility; Ten Year Rule; relocation expenses basis eligible
AHCIA — What’s New this Year?

- Adds income averaging as a minimum set-aside for multifamily bonds
- Includes protections for victims of domestic violence
- Clarifies right of first refusal for nonprofit sponsors
- Clarification of general public use rule for veterans
- Simplifies related party rule
- Adds selection criteria for cost reasonableness
- Provides a basis boost to properties in rural areas
- Expanded multifamily Housing Bond recycling authority

AHCIA — Advancing the Legislation

- Last year 40% of Congress cosponsored; This year we already have 30 House members and 4 Senators
- AHCIA — or provisions from AHCIA — will likely move as part of a larger legislative package
- Infrastructure legislation
- Corrections to Tax Cuts and Jobs Act
- Appropriations/Budget Deal/Debt Ceiling
AHCIA — What Can You Do to Help?

- Urge your Senators and House members to cosponsor the bills
- Focus first on your Republican members, as our sponsors want to maintain party balance to the greatest extent possible
- Write letters, invite members to tour properties, and engage your board members and other stakeholders in your state
- Use NCSHA or ACTION materials to help make your case: www.rentalhousingaction.org

Federal Historic Tax Credit

Initially enacted in 1978 and made permanent in the tax code in 1986, the HTC is administered by the National Park Service (NPS) and the Internal Revenue Service in conjunction with State Historic Preservation Offices. A 20% credit applies to qualified rehabilitation costs for certified historic structures, which is distributed over 5 years (4% per year).

The HTC encourages private investment in the rehabilitation of historic buildings. The credit attracts private capital—approximately $150 billion since inception—to revitalize often vacant, abandoned and underperforming properties that have a financing gap between what banks will lend and the total development cost of the transaction.

The HTC is the largest federal investment in historic preservation, and it is market driven.

The credit in turn generates new economic activity by leveraging private dollars to preserve historic buildings and create jobs; through 2018, the rehabilitation of 44,000 historic buildings

The HTC has created more than 2.5 million jobs.
Historic Tax Credit Growth and Opportunity Act (HR 2825)


• Making it easier to complete small deals (defined as qualified rehabilitation expenses of $2.5 million or less) by increasing the credit from 20% to 30% for these projects and allowing these credits to be transferred by a certificate;
• Making more buildings eligible for the credit by lowering the substantial rehabilitation threshold;
• Eliminating the back-end HTC basis adjustment that decreases the value of the credit; and
• Making the HTC easier to use for non-profits, which many times use the credit to create community health centers, local art centers, workforce development opportunities and community services. These projects are often the first to occur in a neighborhood and they become catalysts for increased investment in economically distressed areas.

Please ask your Members of Congress to co-sponsor the Historic Tax Credit Growth and Opportunity Act (HR 2825)

To take action and for more information go to:

https://ntcic.com/news-blog/htcbillannouncement/
How is Community Development Faring?

Spending Cliff


- FY 2019 Caps from Budget Agreement
- FY 2020 Austerity-Level Caps
- House FY20 Proposed

Appropriations for Selected Financial Services and Commerce Programs
Final FY 19, FY 20 Budget, and FY 20 House
-- $ in millions

SBA Micro TA
SBA Micro Loans (ba/loan)
PRIME

FY 19 Final
FY 20 Budget
FY 20 House

Appropriations for Selected Financial Services and CDFI Fund Programs, Final FY 19, FY 20 Budget, and FY 20 House-- $ in millions

FY 19 Final
FY 20 Budget
FY 20 House
Economic Development Assistance Programs
Final FY 19, FY 20 Budget, and FY 20 House
-- $ in millions

FY 19 Final: $262.0
FY 20 Budget: $30.0
FY 20 House: $498.5

HUD Appropriations
Final FY 19, FY 20 Budget, and FY 20 House
--$ in millions

HOME
FY 19 Final: $1,250
FY 20 Budget: $1,750
FY 20 House: $- 

CDBG Formula funding
FY 19 Final: $- 
FY 20 Budget: $- 
FY 20 House: $3,600
HUD Appropriations
Final FY 19, FY 20 Budget, and FY 20 House
– $ in millions

Agriculture Appropriations -- Selected Programs
FY 20 House, Senate and Final, FY18 Budget -- $ in millions