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December 19, 2016

The Honorable Maria Cantwell
United States Senate
511 Hart Office Building
Washington, DC 20510

The Honorable Orrin Hatch
United States Senate
104 Hart Office Building
Washington, DC 20510

The Honorable Ron Wyden
United States Senate
221 Dirksen Office Building
Washington, DC 20510

Re: Support for the Affordable Housing Credit Improvement Act of 2016 (S.3237)

Dear Senators Cantwell, Hatch and Wyden:

On behalf of the High-Cost City Housing Forum (HCHF), thank you for your leadership in legislative efforts to strengthen and expand the Low-Income Housing Tax Credit, also known as the Housing Credit.

The HCHF is a peer-to-peer group comprised of the local housing commissioners from nine of the most expensive cities in the United States: Boston, Chicago, Denver, Los Angeles, Miami, New York City, San Francisco, Seattle and Washington, DC. The forum, which is convened by Enterprise Community Partners, serves as a venue for policymakers to discuss housing policy, offer program ideas and exchange best practices. The cities represented in the HCHF share many unifying characteristics, including expensive real estate, robust population and economic growth and a housing stock characterized by more multifamily than single-family housing.

The HCHF strongly supports the Affordable Housing Credit Improvement Act of 2016 (S.3237) as a first step toward addressing the rental housing crisis facing high-cost cities across the country. After years of stagnant wages and skyrocketing rents, more than one in four families who rent their homes – an unprecedented 11.4 million households in total – are “housing insecure,” meaning they pay at least half of their monthly income on housing. As a result, too often America’s renters are faced with impossible tradeoffs – pay rent or buy groceries, pay the electric bill or put gas in the car – with profound impacts on their long-term health and economic prospects. And many are just one unforeseen event from seeing an eviction notice on their front door, which can trigger a devastating cycle of homelessness.

The Housing Credit is the primary tool for building and preserving affordable rental housing in high-cost cities, having financed virtually all of the country’s affordable housing construction since the mid-1980s. The program is an undeniable success story in public-private partnership, but current funding levels fall well short of the need. Developers requested more than twice the amount of Housing Credits than were available in 2014, meaning hundreds of viable developments that would serve low-income families in need were turned down simply because of scarcity of tax credits.

A 50-percent expansion of the program would go a long way toward meeting the growing need for affordable rental housing options in our cities. We also appreciate the provisions in S.3237 that aim to strengthen the Housing Credit program, particularly those that: a) make both 9-percent and 4-percent tax credits more efficient; b) permit “income averaging” to support more mixed-income development; and c) provide a “basis boost” for properties that serve extremely low-income households.

That said, we respectfully urge you to reconsider the following provisions in S.3237:

- *Section 308: Rethink the prohibition against local approval and contribution requirements.* While we appreciate the need to prevent NIMBY opposition from unnecessarily interfering with affordable housing development, the local approval and community engagement process is often a crucial step in the development process. In addition, several states prioritize developments that have strong local support by awarding additional points to projects receiving direct funding or other assistance from the local government. As drafted, this provision of the bill would prohibit states from including such a point system in their Qualified Allocation Plans. We recommend either removing this provision entirely or modifying it to allow states to consider whether a proposed development is receiving financial support from the local government.
- *Section 205: Remove the limitation on voucher payments in certain Housing Credit developments.* This provision understandably seeks to avoid over-subsidization in the Housing Credit program, but if enacted it could have significant unintended consequences in high-cost cities. Often the higher subsidy levels offered by the Section 8 program are required for a Housing Credit development to pencil out, especially those that serve vulnerable populations such as permanent supportive housing for the homeless, housing plus services for low-income seniors and housing for extremely low-income families with children. If enacted, this provision would make it much more difficult to develop these types of housing through the Housing Credit program without additional outside subsidy. We recommend that this provision be removed from the bill.
- *Sections 309 & 310: Technical fix to include all allocating agencies.* We strongly support the decision to remove the current prohibition against granting a basis boost to properties receiving four-percent Housing Credits without a DDA designation. However, these sections of the bill refer to "state housing credit agencies," even though some states have multiple allocating agencies, some of which are local. To ensure clarity, inclusiveness and flexibility to meet local needs, we request that these sections only refer to "housing credit agencies."

Again, thank you for your leadership on this crucial issue. We look forward to working with you and your staffs to strengthen the bill and advocate for its passage in the 115th Congress. If you have any questions about the HCHF or any of the content of this letter, please contact John Griffith, Enterprise's National Director for State & Local Policy, at jgriffith@enterprisecommunity.org.

Sincerely,

The High Cost Cities Housing Forum

Attachment 1: Commissioners of the High-Cost Cities Housing Forum

Sheila Dillon (Chair)
Chief of Housing and Director of the Department of Neighborhood Development
Boston

Vicki Been
Commissioner of the Department of Housing Preservation Development
New York City

Rushmore Cervantes
General Manager of the Housing & Community Investment Department
Los Angeles

Polly Donaldson
Director of the Department of Housing & Community Development
District of Columbia

Eric Enderlin
President of the Housing Development Corporation
New York City

Olson Lee
Director of the Mayor's Office of Housing
San Francisco

George Mensah
Director of the Department of Community & Economic Development
Miami

Rick L. Padilla
Director of Housing & Neighborhood Development
Denver

Anthony Simpkins
Managing Deputy for Housing at the Department of Planning & Development
Chicago

Steve Walker
Director of the Office of Housing
Seattle