

The ACTION Campaign Calls on Congress to Retain Multifamily Housing Bonds

Housing Bonds are a critical tool for the development and preservation of affordable rental housing.

- Multifamily Housing Bonds (Housing Bonds) are tax-exempt private activity bonds (bonds with private ownership that serve a public purpose) used by state Housing Finance Agencies to acquire, construct, and rehabilitate affordable multifamily housing units for low-income renters.
- Housing Finance Agencies and governmental entities sell Housing Bonds to investors, who accept a lower rate of return than they would receive on other investments because the interest on the bonds is exempt from federal income tax. Developers then benefit from a lower interest rate on affordable rental housing, which ultimately translates to lower rent prices.

Housing Bonds are vital for addressing our nation's severe shortage of affordable rental housing.

- More than 11 million low-income households – roughly one in four renters – spend over half their income on rent, and this number is expected to rise by at least 11 percent by 2025.
- Developments financed by Housing Bonds must set aside at least 40 percent of their apartments for families with incomes of 60 percent of AMI or less, or 20 percent for families with incomes of 50 percent of AMI or less.
- **State Housing Finance Agencies have used Housing Bonds to finance nearly 12,500 properties across the country, providing affordable rental housing to over 1 million families**, including low-income families, seniors, people with special needs, veterans, and other vulnerable populations.

Housing Bonds are a critical source of financing for over half of all Housing Credit projects.

- Housing Bonds provide roughly half of all financing for the Low-Income Housing Tax Credit (Housing Credit) annually. Together, the Housing Credit and Housing Bonds finance approximately 50,000 affordable apartments each year.
- Housing Bonds trigger the 4 percent Housing Credit, which is not limited by the Housing Credit volume cap. In 2015, the 4 percent Housing Credit financed 49,380 affordable homes. **Without Housing Bonds, this housing simply would not be built.**

Housing Bonds have a proven track-record as a successful revenue-spurring program.

- JCT estimates that Housing Bonds cost \$1.1 billion in 2017. However, the economic benefits generated by Housing Bonds outweigh their cost.
- Based on models from the National Association of Home Builders and National Association of REALTORS, the National Council of State Housing Agencies estimates that in the ten-year period between 2005 and 2014, construction and rehabilitation of rental homes financed with HFA Housing Bonds generated approximately 27,000 jobs and added over \$2 billion to GDP annually on average.

We urge Congress to protect Housing Bonds and strengthen the Housing Credit in tax reform.

- **The effect of repealing Housing Bonds would be devastating. It would mean a loss of between 788,000 and 881,000 affordable rental homes** over the next ten years.
- Eliminating Housing Bonds would mean higher borrowing costs for state and local governments, significantly less investment in affordable housing, and fewer jobs. The tax exemption on Housing Bonds must be retained in order to sustain the Housing Credit's production potential.