



Federal Housing Policy Update

Florida ALHFA Annual Conference

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Agenda

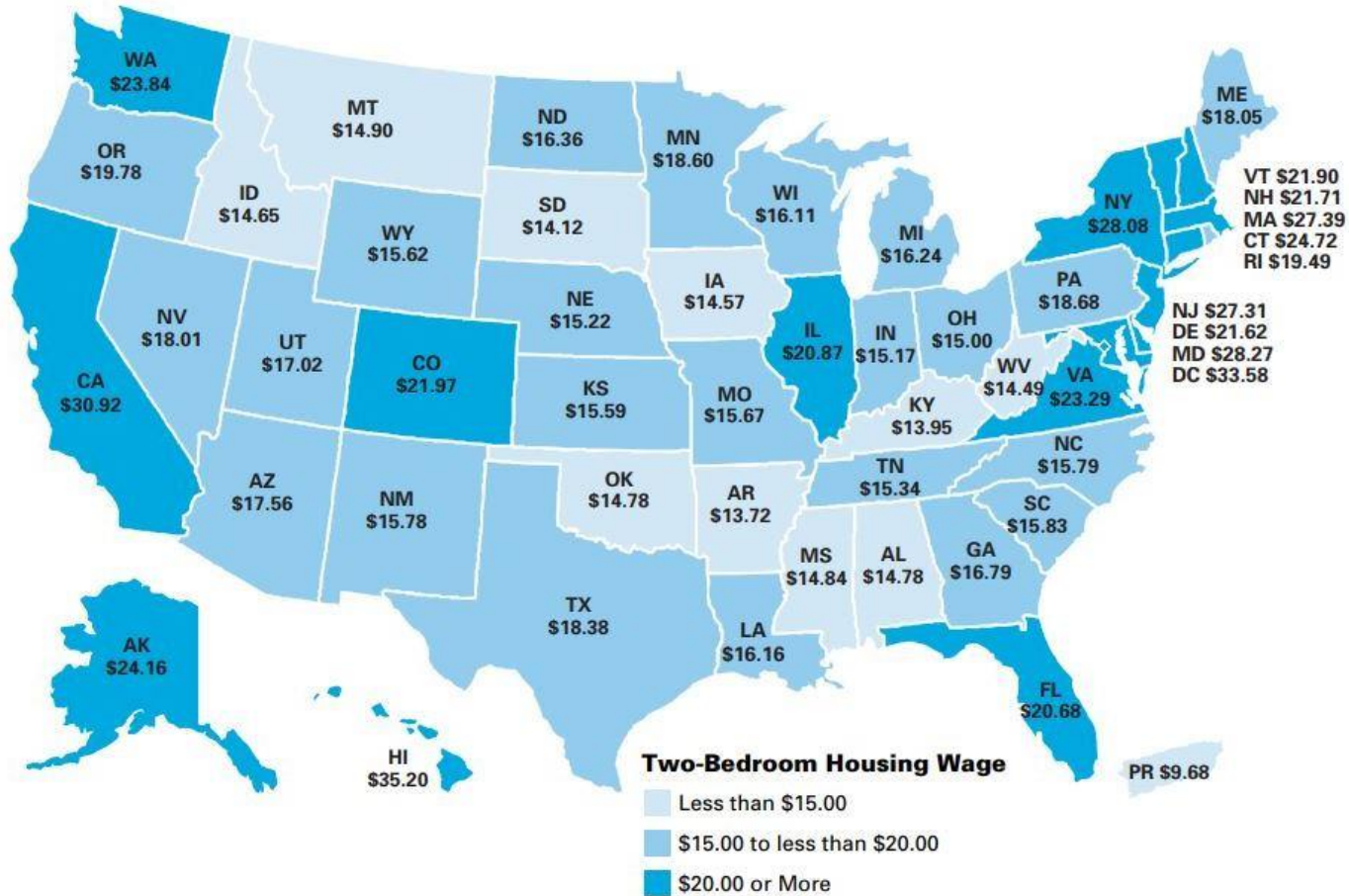
Lots to cover...

- Affordable housing = nationwide issue
- Federal government's role
- Budget
- Tax
- Policy

A Nationwide Housing Crisis

2017 TWO-BEDROOM RENTAL UNIT HOUSING WAGE

Represents the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a **TWO-BEDROOM RENTAL HOME**, without paying more than 30% of their income.

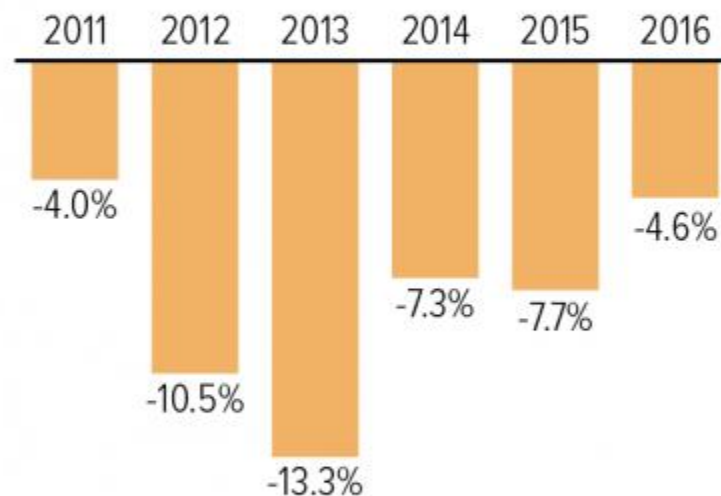


OUT OF REACH 2017 | NATIONAL LOW INCOME HOUSING COALITION

Growing problem, shrinking resources

Federal Housing Assistance Funding Remains Well Below 2010 Level

Discretionary budget authority for housing assistance, relative to 2010, adjusted for inflation



Note: "Federal housing assistance" includes the Section 8, public housing, homeless assistance, Section 521, HOME, Native American Housing, HOPWA, and Section 202 and 811 programs, as well as many smaller programs, but does not include community development programs.

Source: Office of Management and Budget.



Federal Role in Affordable Housing: Providing resources and adding strings



TAX

Despite improvements, the Housing Credit took a big hit during tax reform, so we are very focused on advancing the **Affordable Housing Credit Improvement Act** and increasing **Private Activity Tax-Exempt Bond Volume Cap**.

BUDGET

While the omnibus spending package included a 10% increase in HUD funding, after years of cuts we need to make up for lost ground so will continue to fight for **increased funding** in future years.

POLICY

We are closely watching several proposals to change the rules for key federal programs affecting New Yorkers, including **rent reforms**, delays on **fair housing** and potential threats to the **Community Reinvestment Act**.

Regular Congressional Budget and Appropriations Process

Step 1: President Submits Budget to Congress, due first Monday in February

Step 2: Congressional Budget Office submits economic outlook & budget report to Congress

Step 3: Congress sets overall spending levels for upcoming fiscal year in budget resolution

BUDGET



APPROPRIATIONS

Step 4: House and Senate Appropriations committees begin work on 12 appropriations bills- funding must be at or below levels set by budget resolution

Step 5: House and Senate resolve differences and pass each of the 12 appropriations bills

Step 6: The President signs the bills. The deadline is October 1st





Federal Budget:

2018 Omnibus spending package

HUD Budget – The bill increases HUD funding by 10% over FY2017 levels, including:

- Increase in **public housing capital** of over 40% after years of funding decreases
- **Section 8** funded at levels to renew all existing vouchers
- A 10% increase in **Community Development Block Grants**
- A nearly 43% increase in **HOME Investment Partnerships**



Federal Budget:

2018 Omnibus spending package

Low Income Housing Tax Credit Program changes include:

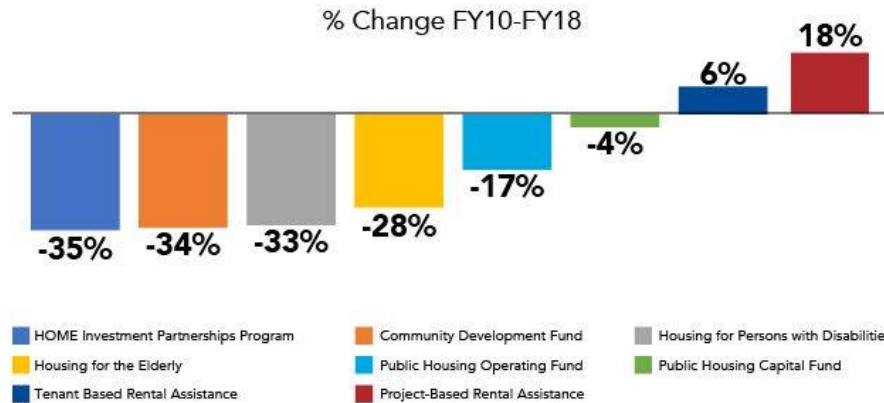
- **An increase of 12.5% in 9% Housing Credits**, translating to an estimated \$20M annually in additional affordable housing financing for New York City.
- **Income Averaging** is now allowed in the Housing Credit program, which means units can now serve families earning up to 80% Area Median Income, as long as the average income served in the property is at 60% AMI.

FY 19 Budget Outlook

Federal 2019 Budget Request Select HUD Programs (all funding levels in millions)						
<u>Program</u>	<u>FFY17 Funding Level</u>	<u>FFY18 Funding Level</u>	<u>POTUS FFY19 Request</u>	<u>House FFY19 THUD Bill</u>	<u>Senate FFY19 THUD Bill</u>	<u>FFY19 Funding Level</u>
Community Development Block Grant (CBDG)	3,000	3,300	0	3,300	3,300	
HOME	950	1,362	0	1,200	1,362	
Housing Choice Vouchers Section 8 Rental Assistance	20,292	22,015	Includes Addendum of \$700M for HCV: 20,550	22,476	22,780	
<i>Renewals</i>	18,355	19,600	18,749	20,106	20,529	
<i>Admin</i>	---	---	---	1,800	1,956	

Federal Budget: The bad news, though...

**Changes in Enacted Funding Levels for Key HUD Programs:
Recent Gains and Long Term Challenges**



Note: Adjusted for inflation.



MORE jobs | FAIRER taxes | BIGGER paychecks



Tax Reform

Impacts on LIHTC

- Retained 4%, 9% Housing Credits and PABs
- Retained New Markets Tax Credits and Historic Tax Credits
- Lowered corporate tax rate to 21%

Based on 2016 data, a drop in the corporate tax rate to 21% would lead to a loss of **more than \$200 Million in Housing Credit equity in New York City every year.**



Still to do for the Housing Credit

S. 548, HR 1661

Affordable Housing Credit Improvement Act would be a game-changer for NYC

- Setting 4 percent permanent minimum rate
- Additional funds for extremely low-income households
- Lifting caps on QCTs and DDAs



Still to do for the Housing Credit

Playing Defense



United States Government Accountability Office

Testimony

Before the Committee on Finance,
U.S. Senate

Limitations on Bond Financing

Increasing Volume Cap

What can we do?



Expand Bond Recycling

Allow recycled bonds to be used for economic development projects, freeing up new bonds to generate 4% Housing Credits for affordable rental housing.



Create a national reallocation pool

Allow unused volume cap from some states to be used by states that need more.



Grow Bond Cap

Raise or eliminate the volume cap on housing bonds to help states and localities meet their affordable housing needs.



Policy Issues

Threats & Opportunities on the Horizon

- Rent Reforms
- CRA
- GSE Reform
- Opportunity Zones



HUD Rent Hikes Threaten

Most Vulnerable New Yorkers

The Making Affordable Housing Work Act of 2018 would dramatically raise rents on more than 300,000 NYC households receiving assistance through these federal programs:

Public Housing



Section 8



HUD-Assisted Properties





Questions?

Keep the conversation going

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