



THE AFFORDABLE HOUSING TAX CREDIT COALITION

April 16, 2019

Director Mark Calabria
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Re: FHFA's Role in Supporting Affordable Housing

The Affordable Housing Tax Credit Coalition (AHTCC) is pleased to welcome you to your new role as director of the Federal Housing Finance Agency. The AHTCC is a leading trade association of nearly 200 organizations and businesses that advocate for affordable housing financed using the Low-Income Housing Tax Credit (Housing Credit). Established in 1988, the AHTCC membership has grown to represent the full spectrum of the affordable housing field, including syndicators, developers, investors, state allocating agencies, and other affiliated organizations. Our primary mission is to increase our nation's affordable housing supply by protecting, strengthening, and expanding the Housing Credit.

The AHTCC appreciates comments you made during your nomination hearing with the Senate Banking Committee regarding your commitment to promoting access to affordable housing, retaining the Government Sponsored Enterprises' (GSE) affordable housing goals and duty-to-serve requirements, and supporting the GSEs' multifamily portfolio. We encourage you to continue your support for the GSEs' efforts to strengthen the multifamily housing market and address the nation's affordable housing crisis at this critical juncture in housing policy.

We also thank you for your remarks that shelter is one of the most critical of basic human needs, that American families need an affordable place to call home, and that too many American families face significant obstacles to making their monthly rent payments. Nearly 11 million renter households in the United States pay more than 50 percent of their income on rent, leaving little left each month for health care, transportation, food and other necessities. Much of this rental cost burden is caused by a severe shortage of affordable and available homes, including a shortage of seven million homes for households making below 30 percent of area median income.¹

The Housing Credit is essential to addressing our nation's affordable housing shortage, and we encourage FHFA to continue to take steps to support a robust Housing Credit market to ensure its efficiency and impact. Since its inception in 1986, when it was championed by President Ronald Reagan, the Housing Credit has enjoyed broad bipartisan support because of its widespread success. Through public-private partnerships, it has financed the production or preservation of more than three million affordable rental homes for veterans, seniors, working families, and people with special needs. Virtually all affordable housing developed in the United States utilizes the Housing Credit, making it the main tool for creating and preserving affordable rental housing. As rents and the cost of housing development continues to rise, the Housing Credit is becoming an even more essential tool to help meet the needs of low-income Americans.

¹ National Low-Income Housing Coalition, "The Gap: A Shortage of Affordable Rental Homes," (2019). Retrieved from: <https://reports.nlihc.org/gap>

The GSEs' return to investing in the Housing Credit in 2017 has built even greater efficiency into the Housing Credit market by providing additional liquidity in underserved markets. The Housing Credit is the largest investment opportunity for promoting affordable housing and it greatly benefits from a strong network of national investors. Since reentering the market, the GSEs' early investments have been promising, providing investment in communities that were otherwise underserved by the market. Examples of their Housing Credits investment include developments for housing for formerly homeless individuals, families impacted by Hurricane Harvey, and in rural communities in the Midwest and South.² These investments are especially impactful at a time when recent changes to tax law have reduced Housing Credit pricing, meaning some critically needed developments are no longer financially feasible.

The AHTCC appreciates the profound impact of the GSEs on the multifamily market as a whole. As you noted during your nomination hearing before the Senate Banking Committee, the GSEs' multifamily mortgage activities are marked by strong underwriting standards. These standards have contributed to the GSEs' success in providing liquidity and stability for the multifamily market in the wake of the 2008 recession and in continuing to provide critical capital when the private market experiences fluctuations.³ Importantly, the GSEs provide the long-term, low-cost financing that make many affordable housing developments financially feasible.

The AHTCC stands ready to serve as a resource as you and your team at FHFA evaluate the impact of the GSEs in the multifamily housing market, and encourage you to continue to allow the GSEs to make Housing Credit investments that help provide homes for the families and communities that need them most. Any changes made to the role of the GSEs should be based on extensive data showing that neither the Housing Credit market nor housing affordability will be negatively impacted; otherwise, we hope that the GSEs will continue to make more of the types of investments that they have been making since reentering the market. The AHTCC and many of our individual member organizations are monitoring the involvement of the GSEs and are happy to provide data for your reference. We also offer you and your team a standing invitation to visit any Housing Credit properties so that you may see first-hand the importance of these projects in the lives of residents and surrounding communities.

We appreciate the Federal Housing Finance Agency's ongoing leadership in ensuring that our nation continues to have a robust affordable housing market, and look forward to working with you and to a strong continued partnership.

If you have any questions, please contact Emily Cadik, Executive Director, at emily.cadik@taxcreditcoalition.org or 202.434.8288.

Sincerely,



Emily Cadik
Executive Director
Affordable Housing Tax Credit Coalition

² Freddie Mac, "New Freddie Mac NEF LIHTC Fund Finances Supportive Housing for Displaced and Homeless Individuals and Families," (2019). Retrieved from: <https://freddiemac.gcs-web.com/news-releases/news-release-details/new-freddie-mac-nef-lihtc-fund-finances-supportive-housing>; Fannie Mae, "Fannie Mae Announces \$145 Million Investment in Low-Income Housing Tax Credit (LIHTC) Funds," (2019). Retrieved from: <http://www.fanniemae.com/portal/media/corporate-news/2018/lihtc-funds-underserved-rural-markets-6788.html>

³ Government Accountability Office, "Mortgage Financing: Fannie Mae and Freddie Mac's Multifamily Housing Activities Have Increased," (2012). Retrieved from: <https://www.gao.gov/assets/650/647800.pdf>