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# NH&RA Redefining Deal Execution: Policy Update

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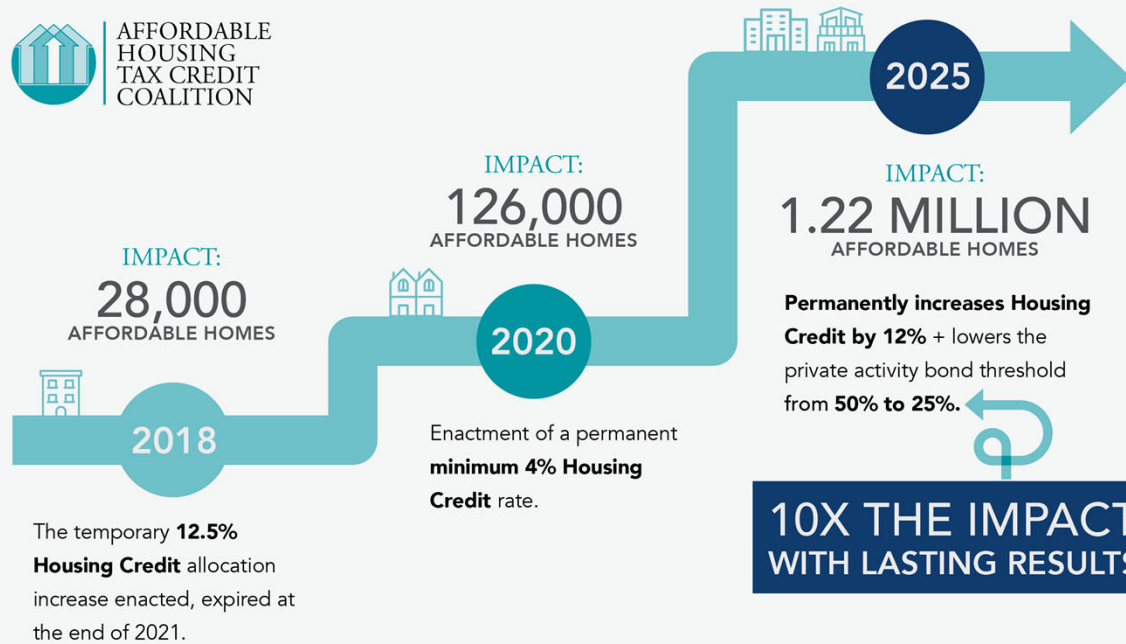
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# Impact of the Recent Housing Credit Expansion



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AFFORDABLE HOUSING'S BIGGEST LEAP IN DECADES

# What's Next for the Housing Credit?

- **Affordable Housing Credit Improvement Act**

- Remaining priorities:
  - Basis boosts: rural, Native, extremely low-income, state designated 4 percent boost
  - Bond recycling
- Preparing for the AHCIA successor

- **Proposals to Increase Demand**

- Lifting banks' PWI cap
- Longer carryback period for the Housing Credit
- Easing the limitation on tax capacity that can be invested in general business credits



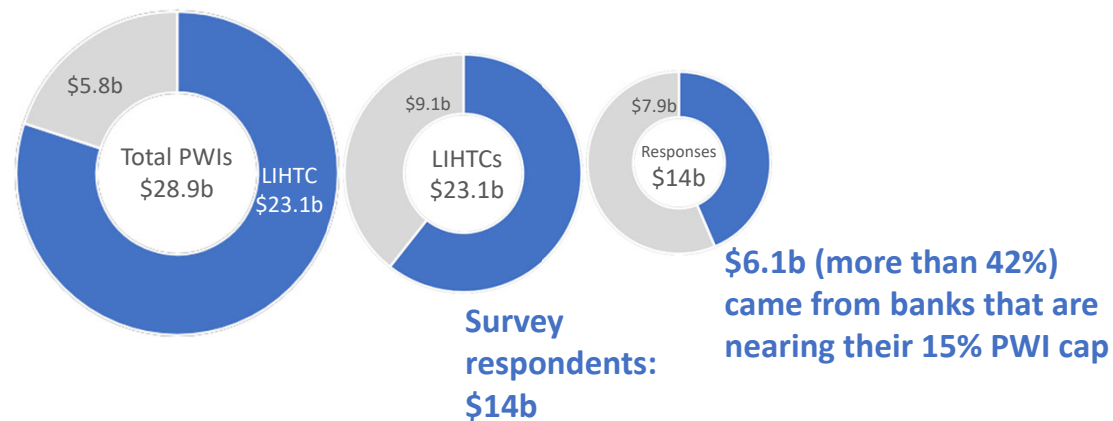
## Lifting the Public Welfare Investment (PWI) Cap

- **Lifting the PWI cap would allow banks to invest billions more in the Housing Credit**
- Banks can hold PWIs of up to 5 percent of risk-adjusted capital and surplus, which can increase to 15 percent with approval from primary regulator
- Proposal would increase the PWI cap from 15 to 20 percent

# Lifting the PWI Cap: Impact

## Affordable Housing Tax Credit Coalition, Affordable Housing Investors Council and National Association of Affordable Housing Lenders PWI Survey Results

- 22 banks responded to the survey, representing over \$14 billion of investment in the Housing Credit in 2024 (nearly 2/3 of all investment in the Housing Credit)
- \$6.1 billion (over 42 percent) of investments came from banks nearing 15 percent PWI cap



## Lifting the PWI Cap: Status

- Proposal to lift the PWI cap is included in both the ROAD to Housing Act (Senate) and Housing for the 21st Century Act (House)
  - ROAD to Housing Act has passed the Senate as an amendment to NDAA
  - Housing for the 21st Century Act passed the House in February by a vote of 390-9
  - House and Senate versions will need to be reconciled
- Senate and House standalone bills to lift the PWI cap: Community Investment and Prosperity Act
  - S. 2464: Senate Banking Committee Chairman Tim Scott (R-SC), and Senators Lisa Blunt Rochester (D-DE), Bernie Moreno (R-OH), and Andy Kim (D-NJ)
  - H.R.5913: Representatives Mike Lawler (R-NY), Joyce Beatty (D-OH), and Young Kim (R-CA)