2021 Federal Policy Updates

Krista D’Alessandro
Policy Analyst, Enterprise Community Partners
Supportive Housing Association of NJ
Annual Member Meeting
February 3, 2021
AGENDA

1. The Consolidated Appropriations Act, 2021
2. Enterprise 2021 Housing Playbook
3. Looking Ahead
   • Legislative Policy Recommendations
   • Regulatory Policy Recommendations
4. Enterprise Housing Affordability Breakthrough Challenge
What legislation passed at the end of 2020?
Consolidated Appropriations Act, 2021, H.R. 133

- Year-end appropriations and Covid-19 relief package
  - $1.4 trillion in federal funding for FY 2021
  - $900 billion in Covid-19 relief
- Enacted on December 27
FY21 Funding

Consolidated Appropriations Act of 2021, H.R. 133

• $1.4 trillion federal funding for FY2021

• Critical funding for affordable housing and community development:
  • $1.35 billion for the HOME Investment Partnership program
  • $3.475 billion for Community Development Block Grant
  • $41 million for the Section 4 Capacity Building program
  • $270 million for Community Development Financial Institutions
  • $40 million for USDA’s Section 515 Rental Housing program
Covid-19 Relief

*Consolidated Appropriations Act of 2021, H.R. 133*

- $900 billion Covid-19 relief
  - Extension CDC eviction moratorium through end of January 2021
  - Extension of deadline for states and localities to spend down Coronavirus Relief Fund dollars through December 31, 2021
  - $25 billion for rental assistance to be administered by the Treasury Department
  - $12 billion for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs)
    - $9 billion in emergency capital injections to eligible CDFIs and MDIs
    - $3 billion in emergency Covid-19 relief for the CDFI Fund
Tax Provisions

Consolidated Appropriations Act of 2021, H.R. 133

Critical tax provisions included in the final package:

• A permanent, minimum 4 percent Low-Income Housing Tax Credit (Housing Credit) rate
• $1.2 billion allocation of disaster Housing Credits
• A 5-year extension at $5 billion for the New Markets Tax Credit
Enterprise 2021 Housing Playbook
Enterprise 2021 Housing Playbook

• 47 policy recommendations to Congress and the Biden-Harris administration

• 3 recommendation categories:
  • Equitable Covid-19 Recovery
  • Executive Action for Biden administration’s first 100 days
  • Legislative Actions for the 117th Congress
Enterprise 2021 Housing Playbook Highlights

1. Strengthen and Expand the Low-Income Housing Tax Credit (Housing Credit)

2. Enact the Neighborhood Homes Investment Act

3. Permanently extend and expand the New Markets Tax Credit

4. Strengthen data and reporting requirements for Opportunity Zones (OZs)

5. Reinstate Affirmatively Furthering Fair Housing Rule

6. Enact unified Community Reinvestment Act that supports affordable housing and community development in low-income communities
Legislative Policy Recommendations
Strengthen and Expand the Housing Credit
About the Housing Credit

• Public private partnership encouraging investment in affordable rental housing
• Responsible for nearly all the affordable rental housing built and preserved across the country
• Since 1986 has financed 3.3 million affordable rental homes
• Has provided ~8 million low-income families places to live in all 50 states, DC, and US territories

Affordable Housing Need Remains High

Nearly 1 out of every 4 renter families are severely cost burdened, spending more than half their monthly income on rent (over 10.5 million renters)
Strengthen and Expand the Housing Credit

Affordable Housing Credit Improvement Act (AHCIA)

- Bipartisan, bicameral legislation
- 116th Congress:
  - 233 House Cosponsors (H.R. 3077)
  - 41 Senate Cosponsors (S. 1703)
- 117th Congress – pending reintroduction
- Key provisions:
  - Increase of the Housing Credit allocation by 50 percent
  - Provisions to help serve hard-to-reach rural and Native American communities
  - Provision to allow better access to 4 percent Housing Credits
The ACTION Campaign
AHCIA Advocacy Support

- Enterprise co-chairs the ACTION Campaign, a coalition of nearly 2,400 local, state, and national organizations advocating for affordable housing

- ACTION works to strengthen and expand the Housing Credit through grassroots advocacy

- Find advocacy materials and join ACTION for free [www.rentalhousingaction.org](http://www.rentalhousingaction.org)
Strengthen and Expand the Housing Credit

Save Affordable Housing Act

- Bipartisan, bicameral legislation
- Corrects Qualified Contracts (QC) provision in the tax code
  - QCs allow owners to remove properties from the Housing Credit program after 15 years rather than 30
  - QCs are resulting in the loss of well over 10,000 low-income units annually
    - As of 2018, ~65,500 units have been lost
- 116th Congress: S. 1956, H.R. 3479
- 117th Congress – pending reintroduction
Investment in Distressed Neighborhoods

*Neighborhood Homes Investment Act (NHIA)*

- January 28, NHIA introduced – S. 98
  - Federal tax credit to encourage investment in distressed rural, suburban, and urban neighborhoods where there is a “value gap”
    - Value gap = where the cost of rehabilitation or building is more than the post-construction value of that home
  - Modeled after the Housing Credit and New Markets Tax Credit
  - Targets communities with highest poverty rates, low median family incomes, low home values

*Estimated to revitalize 500,000 homes, generate $100 billion in development revenue over the next 10 years*
New Markets Tax Credit & Opportunity Zones
New Markets Tax Credit

- Received a five-year extension at $5 billion (previously $3.5 billion) in year-end package
- Was set to expire at the end of 2020
- Enterprise is advocating for the permanent extension of the credit

Opportunity Zones

- Nothing on OZs included in year-end package
- Enterprise is advocating for strengthened data collection and reporting requirements
- Looking for legislative and regulatory paths to achieve this
Post-Election Breakdown & Legislative Outlook

- Slim Democratic majority in the Senate
  - 50-50 split, VP Harris acting as tie breaker
- Slimmer Democratic majority in House
- Biden-Harris Administration in White House
  - Biden release $1.9 trillion American Rescue Plan, a legislative Covid-19 relief proposal
  - Could act as launching point for negotiations
- Despite Democratic control, slim majorities could provide challenge for Dems
Regulatory Policy Recommendations
Reinstate the Affirmatively Furthering Fair Housing Rule
Reinstate Affirmatively Furthering Fair Housing Rule

- *Fair Housing Act of 1968* – statutory requirement to address housing discrimination and segregation
  - HUD’s 2015 AFFH rule regulates how to fulfill this fair housing law
  - *Trump administration repealed AFFH in July 2020*

- President Biden issued Presidential Memo on January 26 that:
  - Directs HUD to examine previous administration’s actions on fair housing policies and law
  - Directs HUD Secretary to take steps necessary to fully implement *Fair Housing Act* requirements

- This triggers a review of the AFFH repeal
Community Reinvestment Act Modernization
Community Reinvestment Act (CRA) Modernization

- CRA drives financial institutions to invest in affordable housing and community development
  - 85 percent of annual Housing Credit investment is CRA driven

- Three banking regulators who oversee CRA:
  - Office of the Comptroller of the Currency (OCC), Federal Reserve (Fed), Federal Deposits Insurance Corporation (FDIC)

- Recent CRA Updates:
  - OCC issued final CRA rule (independent of the other banking regulators) in May of 2020
  - Fed issued its own advance notice of proposed rulemaking (ANPR) in October
    - Comments on Fed ANPR due February 16
  - OCC, Fed, and FDIC could work towards one final rule in 2021
Six housing innovators receive $2.5 million each to execute next-generation solutions.

- Enterprise and Wells Fargo challenge
- Awarded six organizations $2.5 million each
- Aim is to implement innovative housing solutions
- Learn more at housingbreakthrough.org
THANK YOU

Krista D’Alessandro
Policy Analyst, Enterprise Community Partners
kdalessandro@enterprisecommunity.org

Subscribe to Enterprise federal policy newsletters at
Enterprisecommunity.org/policy-and-advocacy

Follow us on twitter: @E_HousingPolicy