



ACTION Campaign Statement on the House Tax Cuts and Jobs Act

Stop Tax Reform from Devastating Affordable Housing Production

The ACTION (A Call to Invest in Our Neighborhoods) Campaign represents more than 2,150 businesses and organizations across the nation that support the Low Income Housing Tax Credit (Housing Credit) and tax-exempt private activity multifamily Housing Bonds. ACTION appreciates that the Tax Cuts and Jobs Act, H.R. 1, preserves the Housing Credit. We are deeply concerned, however, that the bill eliminates private activity bonds, including multifamily Housing Bonds, which are responsible for approximately half of Housing Credit production annually. **ACTION calls on the House Ways and Means Committee to restore multifamily Housing Bonds** when it acts on tax reform legislation next week.

Working together, the Housing Credit and multifamily Housing Bonds are our nation's most powerful response to the affordable housing crisis. These programs are public-private partnerships central to the production and preservation of affordable housing for families, seniors, people with special needs, veterans, and other needy populations.

While the Tax Cuts and Jobs Act retains the Housing Credit program itself, it would devastate production under the program by eliminating private activity bonds. Multifamily Housing Bonds significantly increase Housing Credit production because their use triggers the so-called 4 percent Credit, which is not limited by the Housing Credit volume cap. Without bonds, this housing simply will not be built.

The Tax Cuts and Jobs Act further impedes Housing Credit production by not making programmatic changes to the Housing Credit to offset the negative impact the 20 percent corporate tax rate envisioned under the bill would have on pricing for the Credit.

The loss of tax-exempt multifamily Housing Bonds coupled with the 20 percent corporate tax rate will reduce Housing Credit production by as much as two-thirds. A large majority of this loss can be attributed to the elimination of multifamily Housing Bonds.

Further, the Tax Cuts and Jobs Act misses an opportunity to strengthen the Housing Credit by not including the program modifications contained in the Affordable Housing Credit Improvement Act, H.R. 1661, sponsored by Ways and Means Committee member Pat Tiberi (R-OH) and Ways and Means Ranking Member Richard Neal (D-MA). This bipartisan legislation has the support of over one-quarter of the House of Representatives and two-thirds of the Ways and Means Committee.

The Ways and Means Committee, at a minimum, must restore private activity multifamily Housing Bonds. We also urge you to take steps to ensure that the Housing Credit is not damaged by other tax reforms.