

Memo

To: King County Affordable Housing Committee Members

From: McCaela Daffern, Regional Affordable Housing Implementation Manager

cc: Housing Interjurisdictional Team

Date: May 14, 2021

Re: Affordable Housing Committee Federal Legislative Priorities

Background

At its March 24 meeting, the Affordable Housing Committee (AHC or Committee) determined it would be fitting and beneficial for the Committee to review information on emerging federal legislative issues related to affordable housing as soon as possible and to discuss and consider adopting a statement of federal legislative priorities at its next meeting. King County Housing Authority (KCHA) drafted the requested [statement](#)¹ in April and received written input from several Committee members in response. KCHA responded by preparing a revised statement and recommended advocacy guidance, which are attached as Exhibit 1. At its May 19 meeting, the AHC will decide whether to adopt this statement of legislative priorities.

Summary of Committee Feedback and KCHA Response

Expand Housing Choice Vouchers

KCHA has revised the summary to emphasize the need for new, permanent vouchers to move towards the goal of universal vouchers for all households earning 30% of AMI or below. The priorities describe a budget appropriations request to fund a 200,000-voucher increase in 2022 and the proposed Ensuring a Long-Term Housing Recovery Act, which provides \$25 billion for one-time housing vouchers.

New proposals should not replace existing programs

The revised summary also clarifies that any new vouchers should be in addition to existing ones. The summary stresses the need for adequate renewal funding for existing programs, which is a key to ensuring that all local vouchers can be funded and that new incremental vouchers do not function simply as replacements.

Making 4% LIHTC non-competitive

KCHA received input that it would be preferable if the 4% Low Income Housing Tax Credit (LIHTC) were non-competitive. As KCHA explains in the revised statement, each state is limited on a per capita basis in how many projects may be financed through private activity bonds, the type of

¹ https://kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/AHC_Federal_Issues_04,-d-,13,-d-,21.ashx?la=en

financing that is necessary to take advantage of LIHTC programs. In recent years, demand for private activity bonds in Washington State has outgrown the state's capacity. Given the shortage, a competitive process is unavoidable. There is a push to resolve this problem, which is present in at least six other states as well. In the meantime, Senator Cantwell and Representative DelBene have introduced the Affordable Housing Credit Improvement Act, which includes a reduction in the 50 percent bond test to 25 percent. This adjustment would enable the production and preservation of an additional 1.4 million affordable homes across the country over the next ten years.

Cite support for American Housing and Economic Mobility Act

KCHA has added language to its recommended advocacy document that AHC members may consider asking members of Congress/ Senators to co-sponsor Senator Warren's legislation, the American Housing and Economic Mobility Act, and other efforts to include housing trust fund dollars in the infrastructure package.

Draft Federal Legislative Priorities

(not adopted) Draft last updated April 2021

The King County Affordable Housing Committee of the Growth Management Planning Council is charged with recommending actions and assessing regional progress toward advancing affordable housing solutions recommended by Regional Affordable Housing Task Force in December 2018. The Task Force estimated that by 2040 King County will need to add 244,000 affordable units to ensure that no low-income household pays more than 30 percent of its income on housing. To meet this need equitably and effectively, the Task Force recommended the region act with urgency to expand the resources available to build or preserve the first 44,000 units of housing affordable to households with incomes at or below 50% of area median income (AMI) by 2024.

The Affordable Housing Committee is committed to advancing efforts to implement untapped and generate new revenue sources sufficient to support the funding needed to meet this need and calls on the federal government to scale up its contributions to affordable housing to an amount commensurate with the need in King County.

Last year, the Affordable Housing Committee found that it will cost \$18 billion to build or preserve the 44,000 units. The total amount of funding available for affordable housing capital needs between 2019-2024 if affordable housing revenue funding stayed at current levels is only \$3 billion. Recent historical patterns show the federal government contributing approximately 69% of the funding to build affordable housing in King County, through programs such as the Low-Income Housing Tax Credit, HOME, and CDBG. For these federal contributions to scale at this rate, the federal government's share of the \$18 billion capital cost to build or preserve 44,000 units would be roughly \$12 billion.

The committee of 19 elected, nonprofit, and business leaders adopted these federal legislative priorities, which call for significantly increased federal investments in affordable housing to address the critical need for more affordable homes in King County.

2021 Federal Legislative Priorities

Ensuring a Long-Term Housing Recovery Act (Sponsored by Rep. Adam Smith): Recognizing that the pandemic will have long-term economic impacts on low-income people, Rep. Smith's bill provides for the allocation of \$25 billion in long-term housing assistance through one-time use Housing Choice Vouchers. In contrast to short-term eviction prevention aimed at resolving rental arrears, the stability of a voucher would provide ongoing affordable housing until a household no longer needs it. Nationally, the \$25 billion would result in new, one-time vouchers for 200,000 additional low-income households.

Infrastructure Funding: Congress and the new administration have signaled a desire to pass a substantial infrastructure package to address the backlog of capital needs and accelerate the economic recovery. Housing *is* Infrastructure, and it should be recognized as such through the inclusion of funding for affordable housing development, preservation, and recapitalization programs, including:

- **Expansion of the Low-Income Housing Tax Credit Program (LIHTC):** LIHTC is the single largest driver of affordable housing production and preservation in the region. A national advocacy campaign is currently underway to include provisions from Sen. Cantwell and Rep. Affordable Housing Credit Improvement Act of 2021 (AHCIA). Washington State has seen the demand for 4% Housing Credits increase substantially in recent years, resulting in extremely competitive processes for a finite resource. The AHCIA includes a provision to lower the 50% Bond Test to 25%, which would allow a greater number of projects to access the credits and produce an estimated 1.4 million more affordable homes nationally over the next ten years. The legislation also includes an expansion of

the 9% Credit, which is a critical financing tool for permanent supportive housing projects in King County.

- **\$45 Billion for the National Housing Trust Fund (NHTF):** The NHTF targets 75% of investments to projects serving extremely low-income households earning less than 30% of AMI. While the National HTF has rarely been funded at a high level, it offers an equitable and flexible avenue to accelerate the development of the preservation and construction of new affordable housing. The 2021 national allocation was \$711 million.
- **\$70 Billion for the Public Housing Capital Fund:** For decades, federal funding for housing capital repairs has fallen short of upkeep costs. Providing adequate funds to eliminate this gap will improve the viability of the local and national public housing inventory, ensuring that homes remain available for future generations. In recent years, Congress had provided annual funding of only \$2.8 billion. The Administration's American Jobs Plan makes a major commitment with \$40 billion for the Capital Fund.
- **HUD Community Development Programs:** In 2020, the House introduced a version of an infrastructure package that included **\$5 Billion** in the HOME Investment Partnerships Program (HOME) and a **\$10 Billion** competitive CDBG allocation available to local governments. AHC members should push for similar or greater allocation levels to be included in a future infrastructure package. The American Jobs Plan includes funding for the CDBG program.

As details from the administration's American Jobs Plan become clearer, the AHC may identify additional priorities to support in a final package. The [White House fact sheet](#) on the plan includes **\$213 billion to produce, preserve, and retrofit more than two million homes and commercial buildings to address the affordable housing crisis. These proposals include the following:**

- **Produce, preserve, and retrofit more than a million affordable, resilient, accessible, energy efficient, and electrified housing units** through targeted tax credits, formula funding, grants, and project-based rental assistance.
- **Build and rehabilitate more than 500,000 homes for low- and middle-income homebuyers through a new Neighborhood Homes Investment Act, which** calls for the creation of a new federal tax credit. The proposed tax credit would produce new equity investment dollars for the development and renovation of one-to-four family housing, creating a pathway for more families to buy a home and start building wealth.
- **Eliminate exclusionary zoning and harmful land use policies through** an innovative, new competitive grant program that awards flexible and attractive funding to jurisdictions that take concrete steps to eliminate such needless barriers to producing affordable housing.
- **Address longstanding public housing capital needs through** \$40 billion to improve the infrastructure of the public housing system in America.
- **Put union building trade workers to work upgrading homes and businesses to save families money** through block grant programs, the Weatherization Assistance Program, and by extending and expanding home and commercial efficiency tax credits.

FY 2022 THUD Appropriations Bill

The FY 2022 Federal Budget process has begun with the introduction of the Administration's first budget blueprint, which proposes to increase HUD funding by 15% and expand the Housing Choice Voucher program. Once the House and Senate begin marking up their own proposals, it is critical that they match the increases proposed by the Administration and continue to increase funding for core affordable housing programs.

The AHC should prioritize the following programs in the Transportation and Housing and Urban Development (THUD) FY 2022 budget:

- \$30.4 Billion for Housing Choice Vouchers, including renewal of existing vouchers and sufficient funding to support an expansion for 200,000 additional households. This expansion is a first step towards the administration's stated goal of universal vouchers for low-income households.
- Full Funding for the Public Housing Operating Fund and \$5 Billion for the Public Housing Capital Fund to keep pace with accruing needs (which exceeds the administration's request of \$3.2 Billion).
- Additional incremental vouchers, including Mainstream vouchers that target non-elderly people with disabilities and VASH vouchers that serve veterans experiencing homelessness.
- \$1.9 Billion for the HOME Investment Partnership (which matches the administration's request), and \$4.2 Billion for CDBG (which exceeds the administration's request of \$3.8 Billion).
- Increases to McKinney-Vento Homeless Assistance Grants.

Federal Housing Priorities | Recommended Advocacy

April 2021

Ensuring a Long-Term Housing Recovery Act (Sponsored by Rep. Adam Smith)

1) *The AHC and its members should directly thank Rep. Smith for his advocacy for substantial increases in long-term housing assistance program and ask other members of the Washington State Delegation to sign on to his bill as co-sponsors.*

Infrastructure Funding

1) *The AHC and its members should reach out to local delegation to advocate for affordable housing priorities in the future infrastructure package.*

a. Where applicable, the AHC should note the elements included in the American Jobs Plan, such as the Public Housing Capital Fund, that should be maintained or increased in a final package.

b. In addition, members should encourage members of the delegation to support efforts like Sen. Warren and Rep. Cleaver's American Housing and Economic Mobility Act, which proposes to allocate \$445 billion over ten years to the National Housing Trust Fund.

2) *The AHC and members should directly thank Sen. Cantwell and Rep. DelBene for their advocacy on the LIHTC issue and ask other members of the Washington State Delegation to sign on as co-sponsors to the new versions of the AHCA.*

3) *The AHC and its members should connect with the [ACTION Campaign](#) to locate resources and add their support to these efforts.*

FY 2022 THUD Appropriations Bill

1) *Once the House and Senate THUD committees begin their budget process in May or June, the AHC and its members should recommend and advocate to members of Congress for increased funding levels for critical affordable housing and community development programs.*