

Congress of the United States
Washington, DC 20515

April 16, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy,

The lack of affordable housing has been an ongoing crisis in every state in the nation – in both rural counties and major cities alike. The coronavirus (COVID-19) pandemic has only made this crisis worse. 11 million households in America already paid more than half of their income in rent before COVID-19, and we now have over 22 million and counting who just lost their jobs – meaning our affordable housing needs are at an all-time high.

Exacerbating this problem, the pandemic has caused significant disruptions in the affordable housing industry's ability to operate, build, and preserve affordable housing. From financing for projects falling apart, to construction moratoriums, to broken supply chains, to not being able to move seniors and other residents out of properties in order to do planned rehabilitations - and a host of other barriers, the industry is strained during a time when affordable housing production is crucial.

In addition to the efforts currently underway in Congress to ensure people can stay in their homes during this difficult time via direct appropriations and regulatory flexibilities, we respectfully urge our congressional leaders to also consider the direct and immediate impact of the crisis on affordable housing financing and employment. Specifically, the falling federal borrowing rates has made current Low-Income Housing Tax Credit (Housing Credit) developments financially infeasible, and therefore many of the jobs producing those development unsustainable. **As such, we respectfully request Congress to enact a minimum 4 percent Housing Credit rate in the next COVID-19 response package.** This policy is also estimated to enable the development or preservation of more than 68,000 additional rental homes over 10 years and support thousands of new construction-related jobs by making more projects financially feasible. According to the National Association of Home Builders' economic impact model, for every 100 units built, 125 full-time equivalent jobs are created for one year.

There is precedent for such action as Congress responded immediately during the 2008 financial crisis by enacting a minimum 9 percent Housing Credit rate in recognition of the critical role of affordable housing in the recovery. With federal borrowing rates slashed in response to the pandemic, the "4 percent" Housing Credit rate is dropping precipitously – it is down to 3.12 percent for April, and now set at 3.08 percent for May – and will likely decline even further,

threatening the viability of many critical properties. We hear new examples every day of developments now coming to a halt due to lack of financing, which is especially concerning given the necessity of affordable housing supply in the recovery from this pandemic. The additional equity immediately infused into these developments by fixing the credit rate at 4 percent would help ensure projects remain financially viable.

Together with the fixed minimum 4 percent Housing Credit rate, we additionally urge the adoption of flexibility of bond financing requirements to ensure affordable housing developments are able to more fully utilize the 4 percent credits despite financing disruptions. Specifically, **we request consideration of lowering the “50 percent test.”** Unexpected and increased project development costs due to delays caused by the pandemic are jeopardizing properties’ financial viability. Lowering the 50 percent threshold of bond financing required per development to trigger the 4 percent Housing Credit would provide the much-needed flexibility during this uncertain time in the market.

This pandemic has only exacerbated the affordable housing crisis our country was already facing— we cannot ignore this crucial area of our economy, and more importantly the people that rely on this program for affordable housing during this time. We will continue to be focused on communicating the developing needs of this community during all stages of this stabilization and recovery process. We appreciate your immediate consideration of these priority items.

Sincerely,



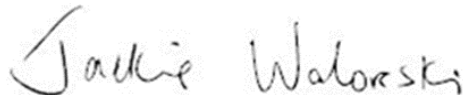
Suzan K. DelBene
Member of Congress



Donald S. Beyer Jr.
Member of Congress



Kenny Marchant
Member of Congress



Jackie Walorski
Member of Congress