

September 2, 2015

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Boehner, Minority Leader Pelosi, Majority Leader McConnell, and Minority Leader Reid:

The undersigned organizations—all national for-profit and nonprofit corporations and associations that finance, develop, or otherwise support affordable housing financed with the Low Income Housing Tax Credit (Housing Credit)—write to express our strong support for the HOME Investment Partnerships (HOME) program, and to call upon you and your colleagues in Congress to support private investment in affordable housing by rejecting the very serious cuts to this critical resource proposed in fiscal year (FY) 2016 appropriations bills.

The Housing Credit is the nation's most significant affordable housing development tool. Since its establishment in 1986, the Housing Credit has leveraged more than \$100 billion of private capital to finance the creation of nearly 2.8 million affordable rental homes and more than 3 million jobs. The Housing Credit continues to leverage private investment into affordable housing, creating between 90,000 and 95,000 critically needed affordable rental units each year. This creation of affordable homes is vital at a time when almost half of all renter households are cost burdened and the demand for rental housing is rapidly growing.

As successful as the Housing Credit has been at attracting private capital into affordable housing, additional sources of soft financing are oftentimes used to supplement Housing Credit equity; most notably to finance properties in high cost areas and to make units available to the lowest income populations, including housing for special needs populations, such as homeless veterans. HOME funds are one of the top sources of this critically needed gap financing. Between 2003 and 2012, more than 23 percent of all Housing Credit properties placed in service utilized HOME funds. HUD's data shows that in the past five years, 37 percent of HOME funds have been used in projects with the Housing Credit. HOME funds are particularly suited as a source of gap financing for Housing Credit properties because they are more flexible than private loans, provide deeper income restrictions that allow targeting to those households that need it most, and allow state and local governments to align funding with their housing priorities.

Severe underfunding or elimination of the HOME program would have a devastating effect on the development and preservation of affordable housing using private equity incentivized by the Housing Credit. Without adequate funding for the HOME program, some proposed Housing Credit developments

would not be financially feasible. Other Housing Credit developments would be more costly to complete because HOME funds will be replaced by more costly private loans. More costly financing reduces the overall funding available and could reduce the total number of affordable homes produced. Such a loss in affordable housing investment would be particularly devastating given the severe affordable housing shortage our country faces today.

While we appreciate the very difficult job the Appropriations Committees faced when drafting their bills, funding for HOME under the House and Senate Transportation, Housing and Urban Development (THUD) appropriations bills has been reduced to unsustainable levels. The Senate THUD appropriations bill funds HOME at \$66M, which is just 7 percent of FY 2015 funding levels. With over 650 participating jurisdictions, the HOME program cannot be administered at this level and would effectively be eliminated by this funding. The House THUD FY 2016 appropriations bill also cuts HOME funding and provides only \$767M, down from \$900M in FY 2015 and a reduction of 58 percent since FY 2010.¹

We therefore urge you and your fellow members of Congress to restore HOME funding to at least the level of \$1.06 billion contained in the Administration's budget request. This program is simply too valuable a resource to drastically cut, particularly in a time of such high need for affordable housing throughout the country.

Sincerely,

Affordable Housing Tax Credit Coalition

CohnReznick

Corporation for Supportive Housing

Council for Affordable and Rural Housing

Enterprise Community Partners

Housing Advisory Group

Housing Partnership Network

Local Initiatives Support Corporation/National Equity Fund

National Apartment Association

National Association of Affordable Housing Lenders

National Association of Homebuilders

National Association of Housing and Redevelopment Officials

National Association of State and Local Equity Funds

National Council of State Housing Agencies

National Development Council/NDC Corporate Equity Fund

National Housing & Rehabilitation Association

¹ We note that the House bill provides for redirection of approximately \$133M designated for the National Housing Trust Fund in an attempt by the THUD Subcommittee to fund HOME at its FY 2015 level, but these are not appropriated funds and were not designed nor intended to be a replacement source of funding for HOME.

National Housing Conference

National Housing Trust

National Leased Housing Association

National Multifamily Housing Council

Novogradac & Company

Stewards of Affordable Housing for the Future

Volunteers of America

Cc:

Hon. Thad Cochran

Hon. Barbara Mikulski

Hon. Hal Rogers

Hon. Nita Lowey

Hon. Susan Collins

Hon. Jack Reed

Hon. Mario Diaz-Balart

Hon. David Price