

# Webinar on Tax Reform - Empower Missouri

December 12, 2017, 10:30am - 12pmCST

Jeanette Mott Oxford, Executive Director



# Capitol Hill Update:

**National Low Income Housing Coalition  
Sarah Mickelson, Director of Public Policy**

# Tax Reform

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect. The rest of the background is plain white.

	House	Senate
<b>Mortgage Interest Deduction</b>	<ul style="list-style-type: none"> <li>• Doubles standard deduction</li> <li>• Lowers cap to \$500K</li> <li>• No reinvestment</li> </ul>	<ul style="list-style-type: none"> <li>• Doubles standard deduction</li> <li>• Preserves current cap.</li> </ul>
<b>LIHTC</b>	<ul style="list-style-type: none"> <li>• Preserved - No reforms from Tiber/Neal bill</li> </ul>	<ul style="list-style-type: none"> <li>• Preserved - No expansion or reforms from Cantwell/Hatch</li> </ul>
<b>Private Activity Bonds</b>	<ul style="list-style-type: none"> <li>• Eliminated and 4% Housing Credit</li> </ul>	<ul style="list-style-type: none"> <li>• Preserved</li> </ul>
<b>New Markets</b>	<ul style="list-style-type: none"> <li>• Eliminated</li> </ul>	<ul style="list-style-type: none"> <li>• Preserved</li> </ul>
<b>Historic</b>	<ul style="list-style-type: none"> <li>• Eliminated</li> </ul>	<ul style="list-style-type: none"> <li>• Reforms</li> </ul>
<b>Debt/Deficits</b>	<ul style="list-style-type: none"> <li>• Increases debt by \$1.5 T</li> </ul>	<ul style="list-style-type: none"> <li>• Increases debt by \$1T</li> </ul>

# The Cost of the Tax Plan is Homelessness and Housing Poverty:

- ▶ Eliminates or weakens tools to build and preserve affordable housing
- ▶ Triggers automatic spending cuts to programs, including Housing Trust Fund under the 2010 Pay-As-You Go law.
- ▶ Increases the likelihood of deep spending cuts to HUD/USDA programs and other safety net programs.

## We're already hearing Republicans want to enact "welfare reform" legislation in 2018.

Work requirements, time limits, block granting programs, etc.

Budget reconciliation changes to mandatory programs, like the Housing Trust Fund (only needs 50 votes in the Senate), executive orders for HUD/USDA Rural Housing programs, or broad legislation.

## **This Week:**

Conference Committee is negotiating a final bill. The House and Senate are expected to vote on it next week before Congress adjourns for the Christmas break.

## **Biggest Hurdles:**

Healthcare (Collins), Pass-Through (Johnson), SALT Deduction (House Rs), DACA (Flake)

# Ask Members of Congress to Vote “No”

## (1) House Republicans in Blue/Purple states impacted by reductions to the State and Local Tax (SALT) Deduction -

California, New York, Illinois, New Jersey, Pennsylvania, Virginia, Ohio, Minnesota, Wisconsin

## (2) Moderate or Maverick Senate Republicans -

Tennessee (Corker) - Voted “no”

Maine (Collins) - Healthcare

Arizona (Flake and McCain) - Debt, DACA

# Spending Bills



# Where Things Stand:

The government is operating under a Continuing Resolution through December 22.

- ▶ President Trump proposed \$54 billion in cuts to all domestic programs, including a \$7.5 billion cut to HUD.
- ▶ While not as deep as the cuts proposed by Trump, the House bill would underfund HUD by \$1.5 billion.
- ▶ The Senate proposed to fully fund most HUD programs\* and provide a modest increase to some programs.

# President's Budget:

- ▶ 250,000 Housing Choice Vouchers lost;
- ▶ Cuts Public Housing Capital by 68%
- ▶ Eliminates CDBG, HOME, Choice Neighborhoods, SHOP, U.S. Interagency on Homelessness
- ▶ Reduces funding for PBRA, Homelessness Grants, Healthy Homes, and others.
- ▶ Proposals to increase financial burden on very lowest income tenants through higher rents and ending support to help cover the cost of basic utilities.

# House Budget:

- ▶ Underfunds HUD by \$1.5 billion;
- ▶ 140,000 Housing Choice Vouchers lost;
- ▶ Shortfunds PBRA and cuts Healthy Homes, U.S. Interagency Council on Homelessness; and
- ▶ Cuts CDBG and HOME by \$100M each.

# Senate Budget:

- ▶ \$1.9 billion above FY 2017 rates;
- ▶ Fully funds Housing Choice Vouchers\* and PBRA;
- ▶ Modest increases to Public Housing, Homelessness Grants, Healthy Homes;
- ▶ Renews all Section 202 and 811 contracts;
- ▶ Maintains U.S. Interagency Council on Homelessness; and
- ▶ Level funding for CDBG and HOME.

# What's Next:

Will Congress reach a bipartisan deal to lift the spending caps and, if so, how much additional funding will be available?

Will there be a government shutdown? Funding for the wall between the U.S and Mexico, DACA, etc.

# Our Message to Congress:

- (1) Lift the spending caps, equally for defense and domestic programs
- (2) Provide the most funding possible to affordable housing and community development.

# Tax Reform Update and Impact on Affordable Housing

**Olivia Barrow**  
Policy Analyst  
Enterprise Community Partners

December 2017



## Timeline

- ▶ The House and Senate are completing conference negotiations
- ▶ There will be an open meeting of the conference committee tomorrow
- ▶ Voting is expected to take place next week
- ▶ Goal is to send tax reform bill to President's desk by Christmas



# Tax Reform

## Senate Tax Reform Plan

- ▶ Lowers corporate tax rate from 35 to 20%
- ▶ Retains Low-Income Housing Tax Credit
  - ▶ Includes provisions that would:
    - ▶ Treat rural areas as DDAs
    - ▶ Reduce all basis boosts from 130 to 125%
    - ▶ Clarify that Housing Credit properties can exclusively be set aside for veterans while removing such a safe harbor for artists' housing
- ▶ Retains private activity bonds
- ▶ Would eliminate some Housing Credit investors by way of Base Erosion and Anti-abuse Tax



# Tax Reform

## House Tax Reform Plan

- ▶ Lowers corporate tax rate from 35 to 20%
- ▶ Retains Low-Income Housing Tax Credit
- ▶ Repeals private activity bonds, including multifamily Housing Bonds



# Tax Reform

## Affordable housing priorities for conference:

- ▶ Retain private activity bonds
- ▶ Exempt Housing Credit from base erosion tax
- ▶ Keep the Housing Credit basis boost at 30 percent

## After tax reform:

- ▶ Changes to sustain affordable housing production in light of lower corporate rate
- ▶ Affordable Housing Credit Improvement Act

# Tax Reform

## ACTION Campaign

- ▶ More than 2,100 businesses and organizations advocating on behalf of the Housing Credit and Housing Bonds
  - ▶ 45 in Missouri
- ▶ Visit [www.rentalhousingaction.org](http://www.rentalhousingaction.org) for advocacy resources and updates

**THE LOW-INCOME HOUSING TAX CREDIT'S IMPACT IN MISSOURI**

**THE LOW-INCOME HOUSING TAX CREDIT'S BENEFITS FOR MISSOURI'S FAMILIES & THE ECONOMY 1986 - 2015**

- 71,749 homes developed or preserved
- 167,175 low-income households provided affordable homes
- 81,076 jobs supported for one year
- \$7.73 billion local income generated
- \$3.04 billion tax revenue generated

Sources: National Council of State Housing Agencies 2015 Factbook, National Association of Home Builders

**THE NEED FOR AFFORDABLE HOUSING**

Though the Housing Credit has had a tremendous impact in Missouri, much more affordable housing is still needed to meet the growing demand.

In Missouri, **181,238 households** pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation and nutritious food.

And in Missouri, a minimum wage worker has to work **76 hours per week** in order to afford a modest one-bedroom apartment.

Sources: 2015 American Community Survey; National Low Income Housing Coalition's Out of Reach 2015

The ACTION Campaign represents over 2,000 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

[www.rentalhousingaction.org](http://www.rentalhousingaction.org)

**AFFORDABLE RENTAL HOUSING ACTION**  
A Call To Invest In Our Neighborhoods

**AFFORDABLE RENTAL HOUSING**  
**A.C.T.I.O.N.**  
A Call To Invest in Our Neighborhoods

# Tax Reform

**Urge your Republican Representatives and Senators to support multifamily Housing Bonds in any final tax reform bill.**

- ▶ Reach out to your Republican Representatives and Senators about the importance of preserving Housing Bonds
- ▶ Urge your Republican Representatives and Senators to share their support for preserving Housing Bonds with conferees and leadership

# Tax Reform

## House Conferees

- ▶ Conference Chair: Chairman Kevin Brady (R-TX)
- ▶ Rep. Devin Nunes (R-CA)
- ▶ Rep. Peter Roskam (R-IL)
- ▶ Rep. Diane Black (R-TN)
- ▶ Rep. Kristi Noem (R-SD) \**co-sponsor of H.R. 1661*
- ▶ Rep. Don Young (R-AK-at large) \**co-sponsor of H.R. 1661*
- ▶ Rep. Fred Upton (R-MI-6)
- ▶ Rep. John Shimkus (R-IL-15) \**co-sponsor of H.R. 1661*

## Senate Conferees

- Chairman Orrin Hatch (R-UT) \**lead sponsor of Affordable Housing Credit Improvement Act (S. 548)*
- Sen. Mike Enzi (R-WY)
- Sen. Lisa Murkowski (R-AK) \**co-sponsor of S. 548*
- Sen. John Cornyn (R-TX)
- Sen. John Thune (R-SD)
- Sen. Rob Portman (R-OH) \**co-sponsor of S. 548*
- Sen. Tim Scott (R-SC) \**co-sponsor of S. 548*
- Sen. Pat Toomey (R-PA)



Jeff Smith  
Executive Director

# AGENDA

- I. OVERVIEW
- II. DIRECT ADVOCACY
- III. PRESS AND SOCIAL MEDIA



# OVERVIEW

- ▶ How did we get here?
  - 2016
  - Tax Committee
  - New MHDC appts.
- ▶ Political and strategic motivations
- ▶ Goals

# DIRECT ADVOCACY

## SENATE IS FOCUS - WHY?

- ▶ Personal outreach to Senators
- ▶ House members to their senators
- ▶ Property tours
- ▶ Encourage property managers across the state to support grass roots efforts by mobilizing residents and contacting local legislators.
- ▶ Go to [www.senate.mo.gov](http://www.senate.mo.gov) for capitol contact information.
- ▶ All Twitter handles in takeaway

# KEY ADVOCACY POINTS

- ▶ Waitlists continue to grow; Gov. not only stopped future projects, he failed to offer alternative
- ▶ Recently, 75% of awards have assisted veterans, senior and disabled. These vulnerable populations will be left out in the cold.
- ▶ Gov. or senior staff should meet with Legislature and come to a solution instead of unilaterally ending a program enacted and supported by Legislature
- ▶ See addendum for more

# MHDC

## Individual Outreach to Commissioners

- ▶ Thank Parson and Schmitt for their support at the mtg
  - ▶ Greitens, Crowell, and Simpson highly unlikely to change votes.
  - ▶ Bay, Miller, and Hawley's votes may be in play; should be focus.
- 
- Jbay@vomer.com - Jeff Bay, Chair
  - Bmiller007@sbcglobal.net - Bill Miller
  - Jcrowell@ohkylaw.com - Jason Crowell
  - Michelle.Hallford@governor.mo.gov - Gov. Greitens
  - Marylyn.Luetkemeyer@ltgov.mo.gov - Lt. Gov. Parson
  - Kack.Haslag@treasurer.mo.gov - Treas. Schmitt
  - Karen.Bagby@ago.mo.gov - Atty. Gen. Hawley

# MHDC (continued)

- ▶ Key points provided in separate document, but personal stories and data are encouraged.
- ▶ Property managers should get current waitlist #s to Jeff Smith ASAP.

# PRESS AND SOCIAL MEDIA

- ▶ Ed boards, other placements, etc
- ▶ Social media - Sarah Schlemeier
  - Each MOWHA firm should identify someone to organize this effort attached calendar as a prompt for timing and personal messaging.

# SOCIAL MEDIA PROCESS

- ▶ Targeting Senators, Governor, AG, and legislators w/ ads, tweets, comments, etc
- ▶ #SaveMOHousing
- ▶ We need organic sharing of this content throughout your firm and communities.
- ▶ Campaign will stress senior, veteran, and disabled populations as there have been ongoing issues with Greitens and this population.
- ▶ Send press clips to me or [info@mosafehousing.com](mailto:info@mosafehousing.com) for social media distribution
- ▶ We will continuously monitor engagements by legislators. Please check in with our retweets and comments to interact with legislators taking a stance on LIHTC.
- ▶ Every tweet and post needs to be shared. It is important that anyone interested in advocating for our cause sees that there is sufficient support behind the issue.

**QUESTIONS?**



# Contacts

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