

Federal Pulse – Update on Policy & Financing

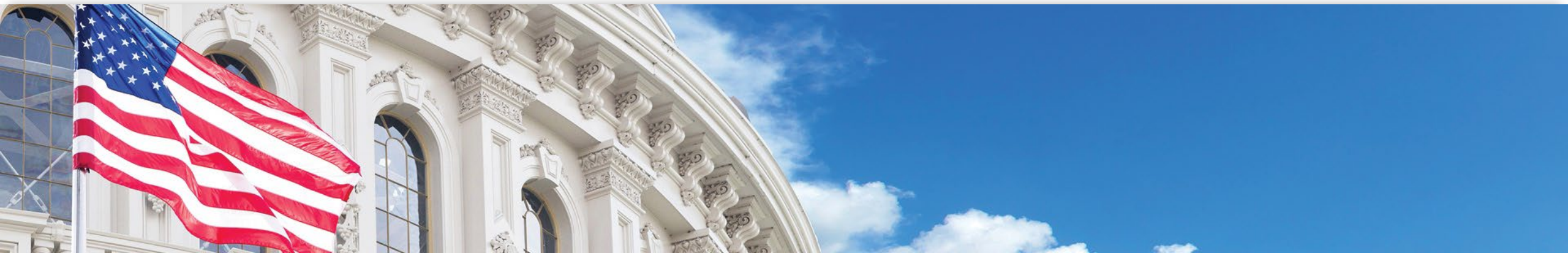
2025 New Mexico Housing Summit

Peter Lawrence, Chief Public Policy Officer | Novogradac Consulting LLP

Jennifer Schwartz, Director of Tax and Housing Advocacy |
National Council of State Housing Agencies

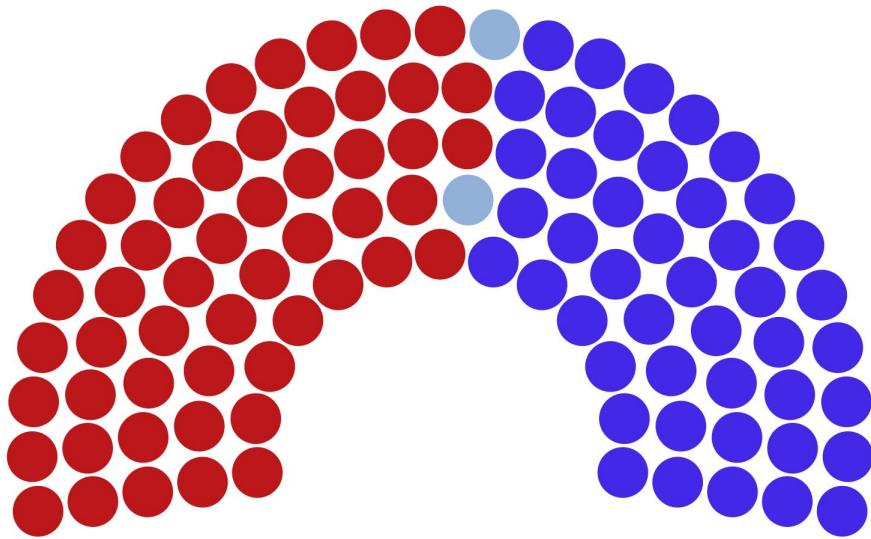
The Political & Economic Environment

- Republicans control the White House and both chambers of Congress, but with an especially slim majority in the House.
- One Big Beautiful Bill Act passed, enacting significant elements of Trump Administration agenda; includes expansion of the Housing Credit.
- FY 26 spending is expected to be especially tight; White House seeking rescission of some already appropriated funds from previous years.
- Tariffs contributing to economic uncertainty; increasing housing development costs.



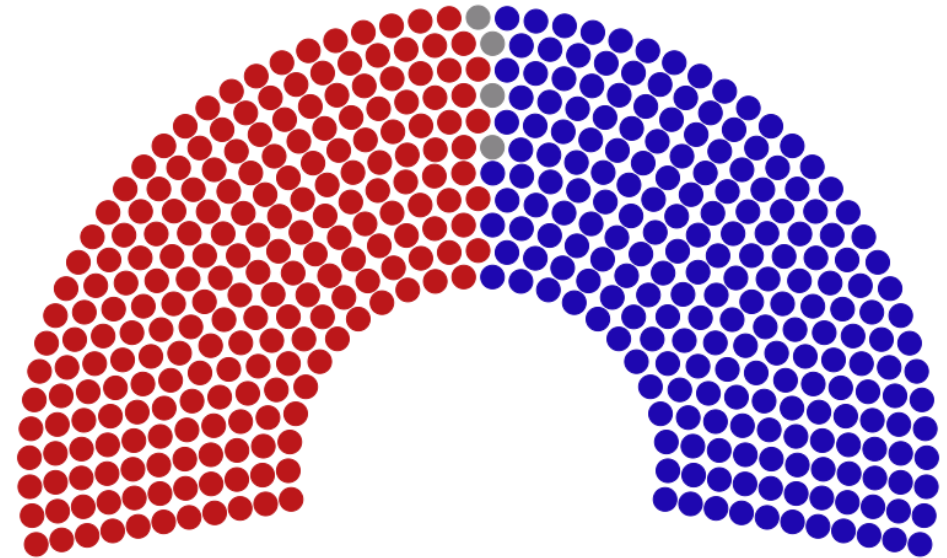
Party Breakdown in 119th Congress

Senate



Party	2025
Republican	53
Independent (Caucus with Democrats)	2
Democrats	45

House

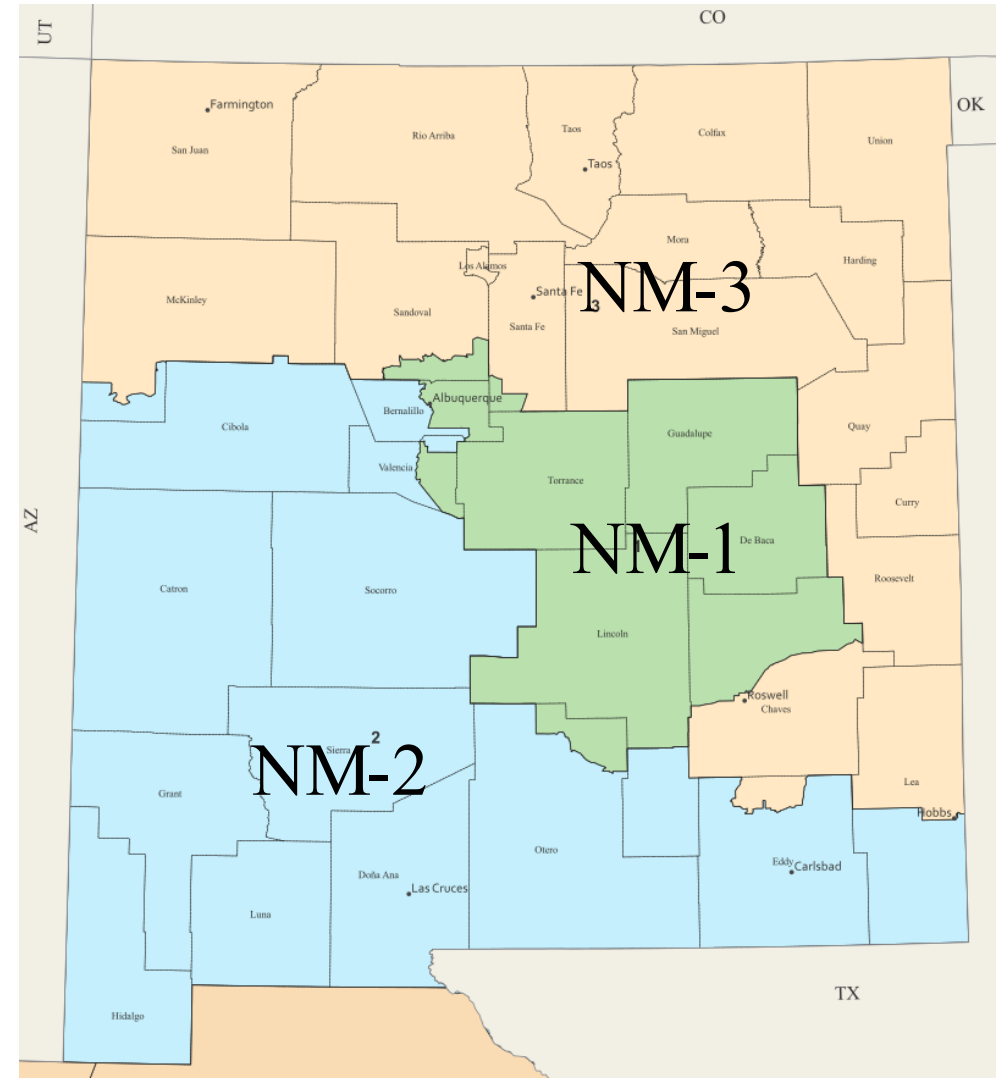


Party	2025
Republican	219
Vacancies	1R, 3D (TN-7, VA-11, AZ-7, TX-18)
Democrats	212

The New Mexico Delegation – Key Committees



- **Sen. Martin Heinrich (D)**
 - Member, Senate Appropriations Committee
- **Sen. Ben Ray Luján (D)**
 - Member, Senate Finance Committee
- **Rep. Melanie Stansbury (D), District 1**
- **Rep. Gabe Vasquez (D), District 2**
- **Rep. Teresa Leger Fernandez (D), District 3**



One Big Beautiful Bill: Housing Highlights

What's In

- Permanent 12 percent expansion of 9 percent Housing Credit authority
- Permanent lowering of bond financing threshold to 25 percent
- Permanent 100 percent bonus depreciation for qualified properties placed in service on or after January 19, 2025
- Permanent extension of New Markets Tax Credit program
- Permanent Opportunity Zone tax incentive with new zones chosen once every 10 years, reforms narrowing the definition of “low-income community,” and more generous benefits in rural areas than prior law
- Termination or expedited phase out of various Inflation Reduction Act clean energy tax credits

One Big Beautiful Bill: Housing Highlights

What's Not In

- Housing Credit basis boosts for rural and tribal areas (included in House version of legislation on a temporary basis, but left out of final bill)
- Other Housing Credit improvements and basis boosts from the AHICIA
- Neighborhood Homes Investment Act
- MRB program enhancements

Prior Law Unchanged

- Tax exemption for private activity bonds
- 21 percent corporate tax rate

Qualifications for the 25% Test

SEPT. 17, 2025

2025 New Mexico Housing Summit

■ 50% Test

■ 25% Test

JAN. 1, 2026

If property has been or is placed in service (PIS) prior to Jan. 1, 2026, must meet 50% test

Note: special rule for acq/rehab properties where acquisition CAN be PIS prior to Jan. 1, 2026, as long as the rehab portion is PIS after Dec. 31, 2026

25% Test applicable for:

- Property PIS after Dec. 31, 2025
- Bonds issued that finance at least 5% of aggregate basis must be issued after December 31, 2025

Draw Down Bonds with an initial issue date prior to Jan. 1, 2026 would not qualify for 25% Test

Carryforward Bonds issued after Dec. 31, 2025 would qualify

JULY

AUG

SEPT

OCT

NOV

DEC

2025

JAN

FEB

MAR

APR

MAY

JUN

JULY

2026

Source: Tiber Hudson; Novogradac

OBBBA Housing Credit Expansion Impact

Proposed Increase in Affordable Rental Homes Financed Due to FY25 Reconciliation Bill

OVER 10 YEARS

12% increase in 9% LIHTC	Lowering the 50% Test	TOTAL
80,000	1,143,000	1,223,000

Source: Novogradac



Estimates of Rental Homes, Jobs, Wages & Business Income and Tax Revenue Generated Due to FY25 Reconciliation Bill Over 10 Years

	Rental Homes	Jobs	Wages and Business Income	Federal, State and Local Taxes
New Mexico	9,300	14,000	\$1,575,785,400	\$544,714,300

Affordable Housing Resource Center

[News](#)

[LIHTC Basics](#)

[Application and Allocation](#)

[Bonds](#)

[Guidance](#)

[Compliance](#)

[Data and Tools](#)

[Fair Market Rents](#)

[Income Limits](#)

[Novogradac Rent & Income Limit Calculator®](#)

[Novogradac Rent and Income Limit Estimator ©](#)

[LIHTC Mapping Tool](#)

[QCTs and DDAs](#)

[Novogradac DDA and QCT Mapping Tool](#)

[LIHTC Equity Pricing Trends](#)

[Regional and State-Level Equity Pricing](#)

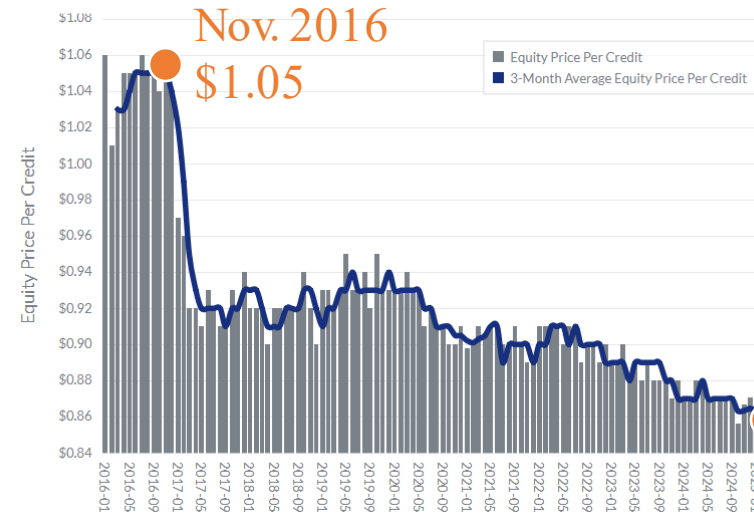
LIHTC Equity Pricing Trends

Equity Price Per Credit Averages History

January 2016 through March 2025

Interactive graphic:

- For more detail, hover over or tap on each bar to display information pop-up.
- To zoom in on a mobile device use the standard "pinch and zoom" method. To zoom in on desktop, hover over the graphic and scroll.



Housing Credit Equity Pricing Dynamics

- \$ Increase Supply of Housing Credits
- \$ Bonus Depreciation
- \$ GSEs' annual equity cap raised to \$2 billion each
- \$ Phasing down of Energy Credits
- \$ Interest Rates / Inflation
- \$ Economy / Corporate Profits / New Investors
- \$ Bank Regulation – CRA/ Capital Charges
- \$ Future Tax Bills?



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Recent Tax Legislation

- Transferable tax credits
- Refundable tax credits
- Book minimum tax



Inflation & Higher Interest Rates



ESG, Impact Investing & Public Commitments



GSE Annual LIHTC Investment Cap

Aug. 5, 2025: Cap Doubled to \$2B each

Supply & Demand Factors affecting
INVESTOR EQUITY PRICING



Additional factors?



Global Minimum Tax?
Guidance released Aug. 13, 2025



FASB Changes
Final FASB Accounting Standards
Update (ASU) released March 29, 2023



Community Reinvestment Act
July 16, 2025: Joint Proposal to Rescind

Basel III
Endgame
Capital requirements
for large banks

Opportunity Zones 2.0 Key Provisions



Permanence

- New OZs designated every 10 years
- New determination period begins July 1, 2026
- First new designations will be active Jan. 1, 2027



Eligibility criteria

- Definition LIC is narrowed from 80% to 70% of AMI
- Contiguous tracts are no longer eligible
- Census tracts with a median family income of 125% of the AMI not eligible
- Governors are still limited to designating 25% of their state's eligible LICs, so there will be approximately 30% fewer
- 25% limit would apply to Puerto Rico in 2027



Deferral and basis step up

- Capital gains invested in OZ funds can be deferred from paying taxes on a rolling basis for up to five years
- In non-rural OZs, there will be 10% step up in basis for investments held at least five years



Rural provisions

- As long as at least 90% of qualified OZ property of an OZ fund are in rural OZs then the investments in those funds will have a 30% step up in basis for investments held at least five years
- Substantial improvement threshold in rural OZs has been reduced from 100% to 50%

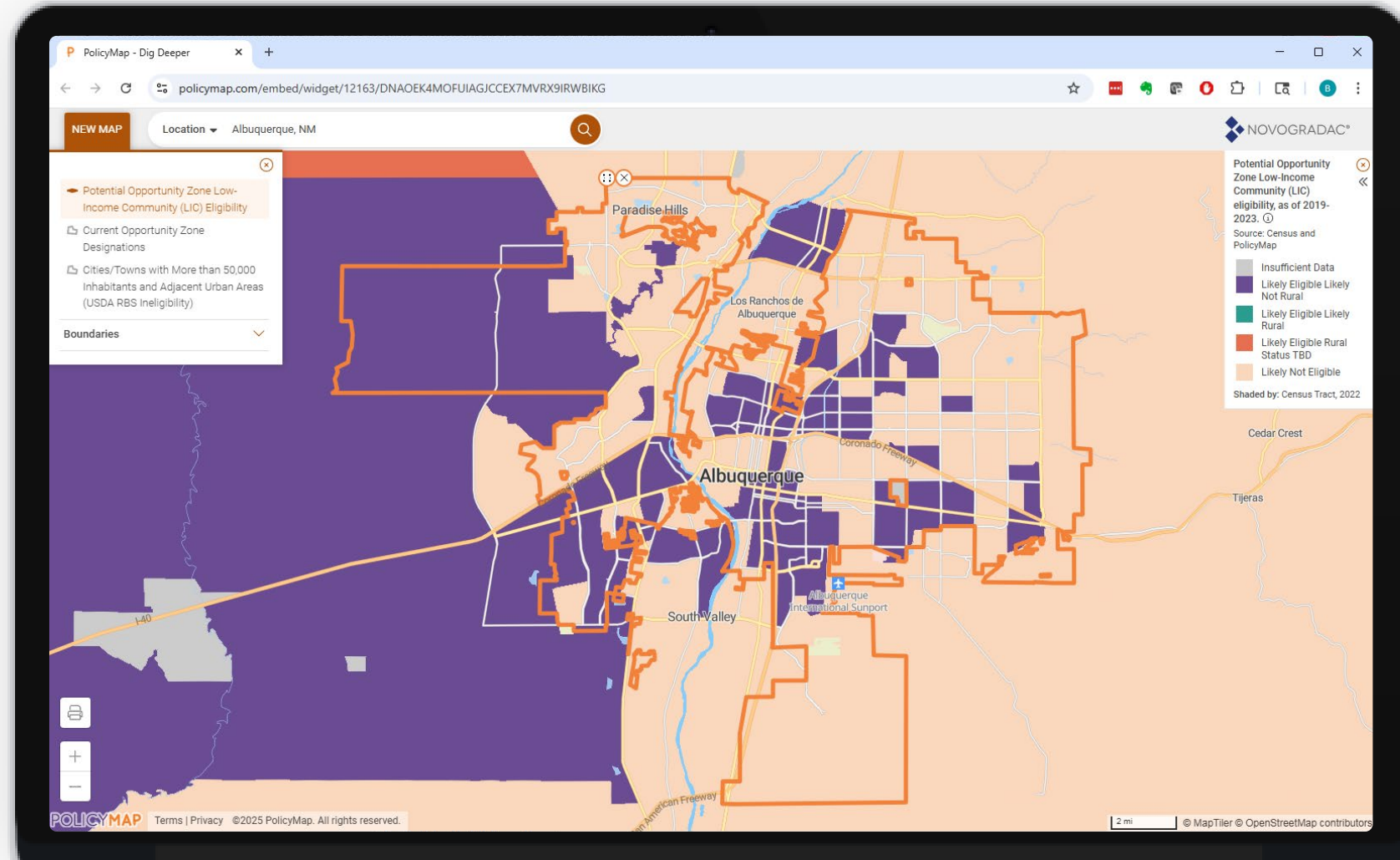


Reporting requirements

Reporting and transparency requirements of the OZ Transparency Extension and Improvement Act (OZTEIA) and provides \$15 million for implementation

Novogradac Opportunity Zones 2.0 Mapping Tool

<https://www.novoco.com/resource-centers/opportunity-zones-resource-center/novogradac-opportunity-zones-20-mapping-tool>





June 25, 2025

The Honorable Scott Turner
Secretary U.S. Department of Housing and Urban Development

Via email

Re: Legislative Recommendations to Spur Affordable Housing in Opportunity Zones

Dear Secretary Turner:

On June 16, the Senate Finance Committee released legislative text within the Finance Committee's jurisdiction for inclusion in Senate Republicans' budget reconciliation bill. The Novogradac Opportunity Zones Working Group (OZ Working Group) sees the Senate OZ proposal as several marked enhancements and expansions of the OZ provisions passed in the House and we are pleased to see the Senate proposal to make the OZ incentive permanent. Unfortunately, none of the enhancements specifically incentivize investment into affordable housing.

The OZ incentive has proven to be particularly impactful in driving investment into residential rental housing located in urban and suburban opportunity zones. Based on the availability data, the investment to date has been concentrated in market rate rental housing properties. To encourage more development of affordable housing in OZs, the OZ Working Group is providing the recommendations below which we believe are critical to incentivize investors to develop affordable housing properties.

We are hopeful such provisions can make their way into the final bill.

The OZ Working Group includes investors, syndicators, lenders, qualified opportunity funds (QOFs), community development entities (CDEs), community development financial institutions (CDFIs), for-profit and nonprofit developers, consultants, accountants, attorneys and other community development stakeholders. Its members work together to suggest consensus solutions to technical OZ incentive issues and provide recommendations to make the OZ incentive more efficient in delivering benefits to low-income communities.

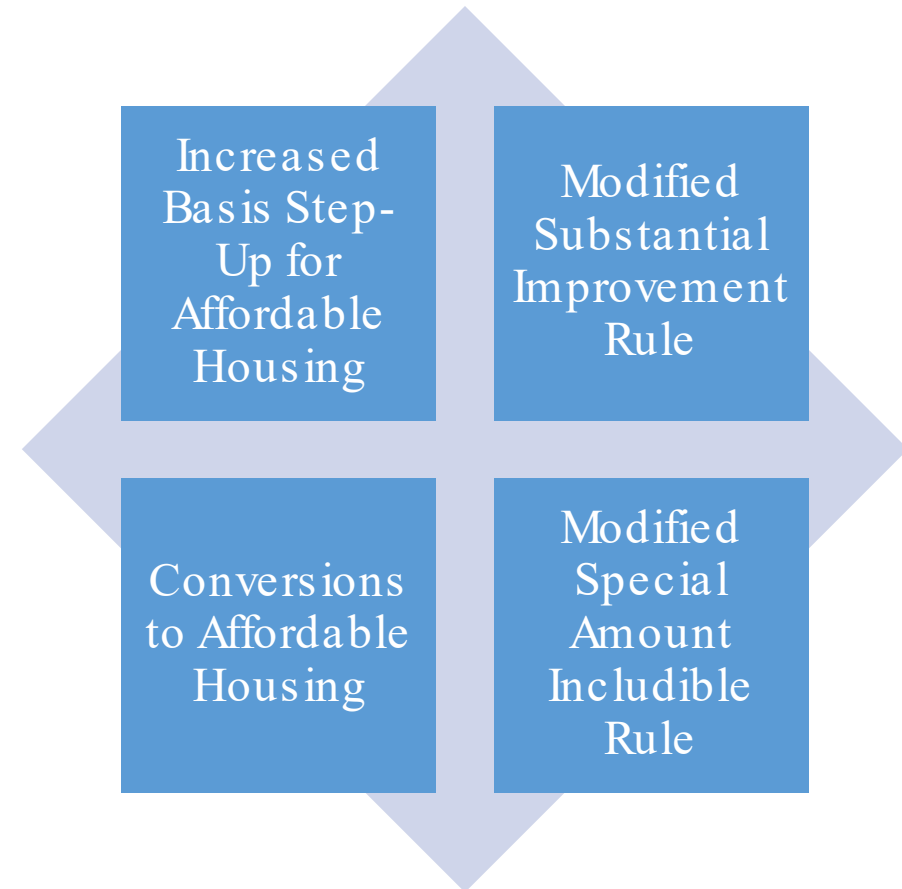
The OZ Working Group recommends the following affordable housing-specific modifications to the OZ incentive:

Increased Basis Step-Up for Affordable Housing

By the nature of the reduced cash flows inherent in affordable housing properties, many investors do not consider affordable housing as a viable OZ investment strategy. To incentivize these investors, we recommend a not less than 30 percent basis step-up be made available for investors in affordable housing that is both income and rent restricted for at least 30 years, with the affordability threshold set at 50% of units available to households at or below 80 percent of AMI. This provision would operate similarly to the OZ provisions in both the House and Senate versions

Facilitating Affordable Housing with Opportunity Zones

Recommendations:



Housing-Related Standalone Tax Bills

- Affordable Housing Credit Improvement Act (S.1515 / H.R. 2725)
- Affordable Housing Bond Enhancement Act (S.1511)
- Neighborhood Homes Investment Act (S.1686 / H.R. 2854)
- Preserving Rural Housing Investments Act (S. 1603)
- Revitalizing Downtowns and Main Streets Act (H.R. 2410)
- Workforce Housing Tax Credit
- HOPE Act (Housing Opportunity and Preservation Enhancement Act)



Affordable Housing Credit Improvement Act

Introduced in the House on April 8, 2025 | Introduced in the Senate on April 29, 2025

119th Cosponsors: H.R. 2725: 80R 79D as of 9/10/25

118th Cosponsors : H.R. 3238: 121R 152D

119th Cosponsors : S. 1515: 21R 21D as of 9/10/2025

118th Cosponsors : S. 1557: 17R 16D 1I

119th CONGRESS
1st Session

H. R. 2725

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2025

Mr. LAHOOD (for himself, Ms. DELBENE, Ms. TENNEY, Mr. BREYER, Mr. FEENSTRA, Mr. PANETTA, Mr. TRIVANAN, Mr. LARSON of Connecticut, Mr. KELLY of Pennsylvania, Mr. DAVIS of Illinois, Mr. ROYCE, Ms. SANCHEZ, Mrs. MILLER of West Virginia, Ms. SENECLA, Mr. MURPHY, Ms. CHU, Mr. KUSTOFF, Ms. BOGGS of Wisconsin, Mr. FITZPATRICK, Mr. EVANS of Pennsylvania, Mr. MOORE of Utah, Mr. SCHNEIDER, Mr. MALLORY, Mr. GOMEZ, Mr. CARR, Mr. HOFFORD, Mr. YAKIM, Mr. SVOZI, Mr. MILLER of Ohio, Mr. LEE, Mr. ENRICH, Mr. NEVOUSE, Mr. HUBSON, Mr. MIVAN, Mr. RESIDENTIALER, Mr. MCCOLLUM, Mrs. HOYTEN, Ms. MURPHY, Mr. FLORES, Ms. KELLY of Illinois, Mr. PINTO, Ms. SCHLAWINSKY, Mr. KILY of California, Ms. OBAR, Ms. SALAZAR, Mr. PETERS, Mr. HUTENLO, Mrs. RAMIREZ, Mr. HALLIBURTON, Mr. BUDENSKI, Mr. MOOREHEAD, Mr. PAPPAS, Mr. GORDON, Mrs. BRATTY, Mr. LA MALFA, Mr. GARCIA of California, Mr. BROWMAN, Mr. GOODLANDER, Mr. FLEISCHMANN, Mrs. DENVER, Mrs. KIM, Mr. CARTER, Mr. GARRARD, Mr. BERTHE, Mr. COLE, Mr. YARMAN, Mr. VALADAO, Ms. BARRAGAN, Mr. CARTER of Georgia, Ms. TIAH, Mr. WALBERG, Mr. BEKA, Mr. CALVERT, Mr. COSTA, Mr. ROYER, Mr. HOVLAKIAN, Mr. RAB, Mr. FOSTER, Mr. LAWLER, Mr. QUIGLEY, Mr. GUEST, Ms. DEAN of Pennsylvania, Mr. TAYLOR, Mr. GOLDMAN of New York, Mr. EVANS of Colorado, Mr. MORELLE, Ms. MALOT, Mr. TORRES of New York, Mr. ZINKE, Mr. CHOW, Mr. SENECHOS, Ms. PETERSEN, Mr. ISSA, Mr. MULLIN, Mr. NYSEN of Iowa, Mr. VASQUEZ, Mr. LANDWORTHY, Ms. STEVENS, Mr. GUTHRIE, Mr. CLEAVELAND, Mrs. HINSON, Mr. DELUCA, Mr. WYTERMAN, Mr. MAGAZEN, Mr. JOHNSON of South Dakota, Ms. MAYNE, Mrs. KOWANS of Virginia, Mr. THANDAR, Mr. COMER, Mrs. McIVER, Mr. ROBERTS of Kentucky, Mr. AMO, Mr. MANN, Ms. BAILEY, Mr. DOST, Mr. HOFFMAN, Mr. REZIEL, Ms. CRAIG, and Mr. FEENSTRA introduced the following bill, which was referred to the Committee on Ways and Means

LAHOOD
R-IL

TENNEY
R-NY

FEENSTRA
R-IA

DELBENE
D-WA

BEYER
D-VA

PANETTA
D-CA



LAHOOD
R-IL



TENNEY
R-NY



FEENSTRA
R-IA



DELBENE
D-WA



BEYER
D-VA



PANETTA
D-CA

119th CONGRESS
1st Session

S. 1515

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2025

Mr. YOUNG (for himself, Ms. CANTWELL, Mrs. BLACKBURN, Mr. WYDEN, Mr. CASSIDY, Mr. BENNETT, Mr. TELLES, Mr. WARNER, Mr. MARSHALL, Mr. WHITEHOUSE, Mr. BOGGS, Ms. HASSAN, Mrs. CARPIS, Ms. CORTES MATEO, Mr. CRAMER, Mr. SMITH, Ms. COLLINS, Mr. LEAHY, Mrs. HYDE-SMITH, Mr. WARREN, Mr. JUDITH, Mr. WELCH, Mr. MORAN, Mrs. SCHAHR, Mr. MURKOWSKI, Mrs. GILLIBRAND, Mr. HURST, Mr. SCHUMER, Mr. BROWN, and Ms. KLOBUCHAR) introduced the following bill, which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

1 *Be it enacted by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**
4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Affordable Housing Credit Improvement Act of 2025”.
6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

YOUNG
R-IN

BLACKBURN
R-TN

CANTWELL
D-WA

WYDEN
D-OR



YOUNG
R-IN



BLACKBURN
R-TN



CANTWELL
D-WA



WYDEN
D-OR

AHCIA Highlights



42 Senate cosponsors / 157 House cosponsors, including Sen. Lujan and Rep. Vasquez

- Expands the 9% authority by 50 percent (building 12.5 percent increase into baseline and accounting for inflation during two-year phase-in).
- Lowers the bond “financed-by” threshold from 50 to 25 percent and Expands multifamily Housing Bond recycling authority
- Basis boosts: New 30% boosts for rural areas, Native American lands, & state-determined boosts for bond deals; modifies QCT and DDA methodology; establishes 50% boost for properties with ELI restrictions.
- Makes the Credit a more effective tool for preservation and streamlines program rules
- Ensures protections for veterans and survivors of domestic violence, dating violence, and human trafficking.

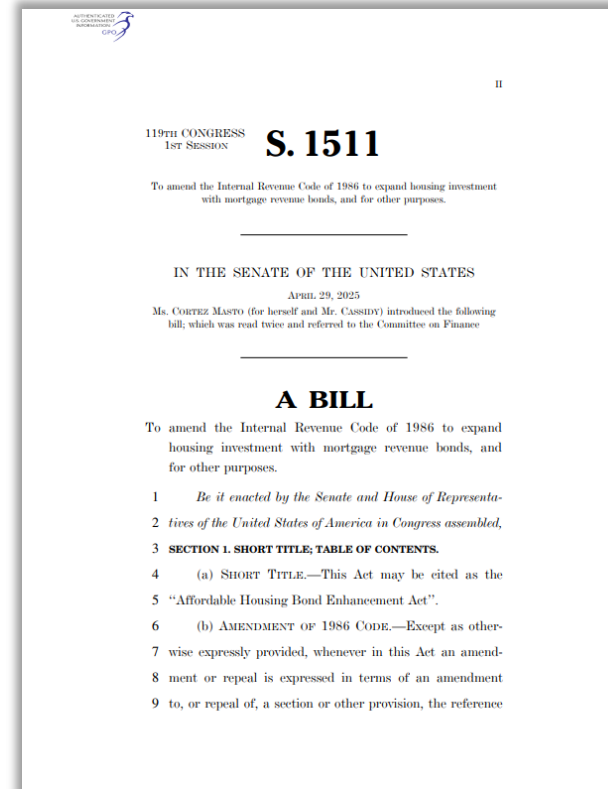
Affordable Housing Bond Enhancement Act

House bill introduction
pending republican lead

R Lead
TBD



MOORE
D-WI



CORTEZ
MASTO
D-NV



CASSIDY
R-LA

AHBEA Highlights

- Strengthens MRBs and MCCs.
- Increases the MRB home improvement loan limit from \$15,000 to \$75,000 and indexes the limit for inflation.
- Permits states to re-designate carryforward authority and use it for either single-family or multifamily housing during the carryforward period.
- Allows MRBs to be used to fund refinancing loans.
- Extends the MCC expiration period from two years to four and the MCC revocation period from one year to two.

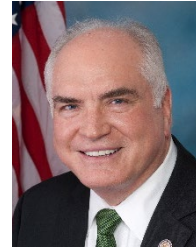
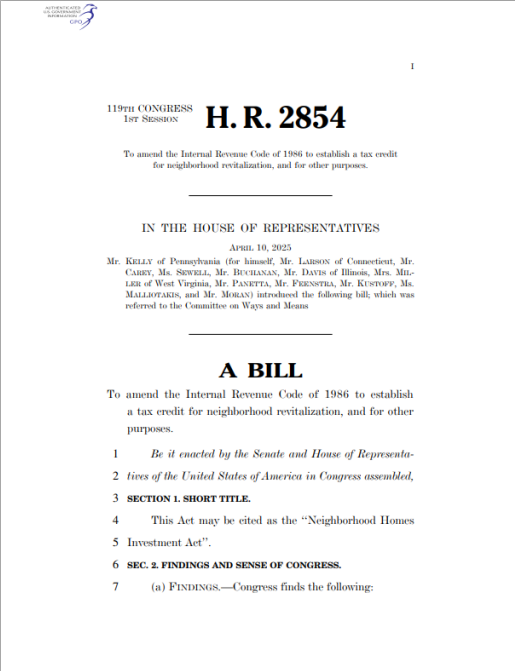


Neighborhood Homes Investment Act

Introduced in the House on April 10, 2025 | Introduced in the Senate on May 8, 2025

119th Cosponsors as of 8/27/2025: H.R. 2854: 19^R 35^D

118th Cosponsors: H.R. 3940: 31^R 64^D



KELLY
R-PA



CAREY
R-OH



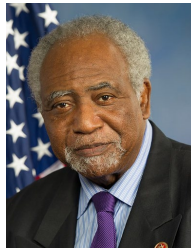
BUCHANAN
R-FL



LARSON
D-CT



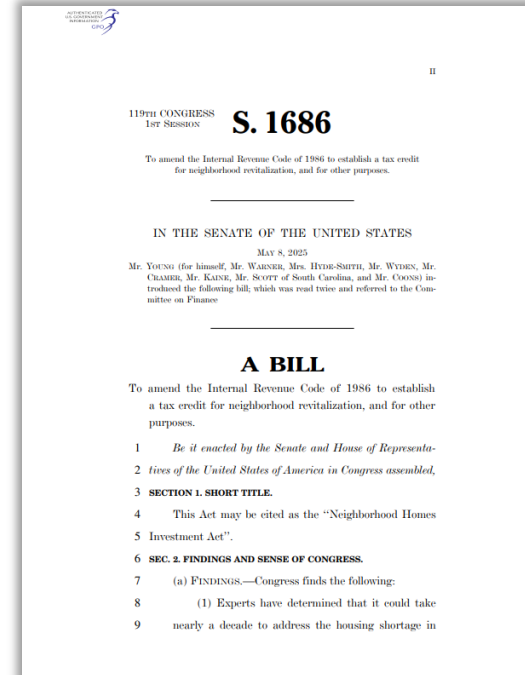
SEWELL
D-AL



DAVIS
D-IL

119th Cosponsors as of 8/27/2025: S. 1686: 4^R 4^D

118th Cosponsors: S. 657: 8^R 9^D



YOUNG
R-IN



MORAN
R-KS



SCOTT
R-SC



WARNER
D-VA



WYDEN
D-OR



CORTEZ MASTO
D-NV

NHIA Highlights

S. 1686: 8 Cosponsors (4 Rs and 4 Ds)

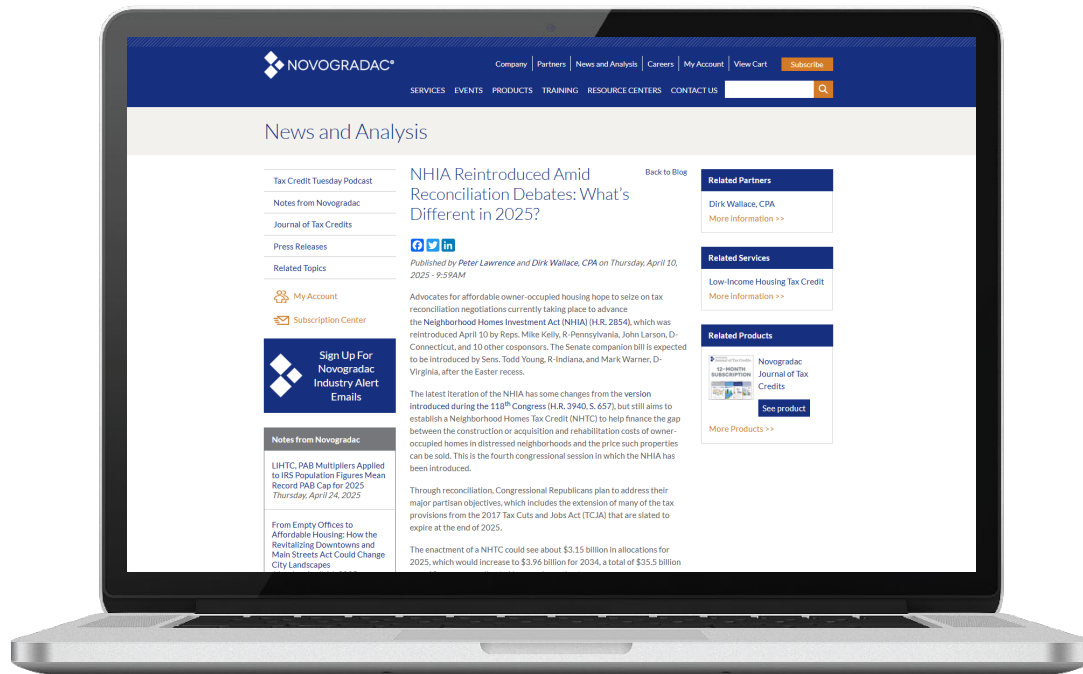
H.R. 2854: 50 Cosponsors (17 Rs and 33 Ds)

- Neighborhood Homes Investment Act authorizes the Neighborhood Homes Credit.
- Tax credit for production of single-family affordable housing in distressed areas.
- State administered.
- Eligible area maps available at neighborhoodhomesinvestmentact.org.

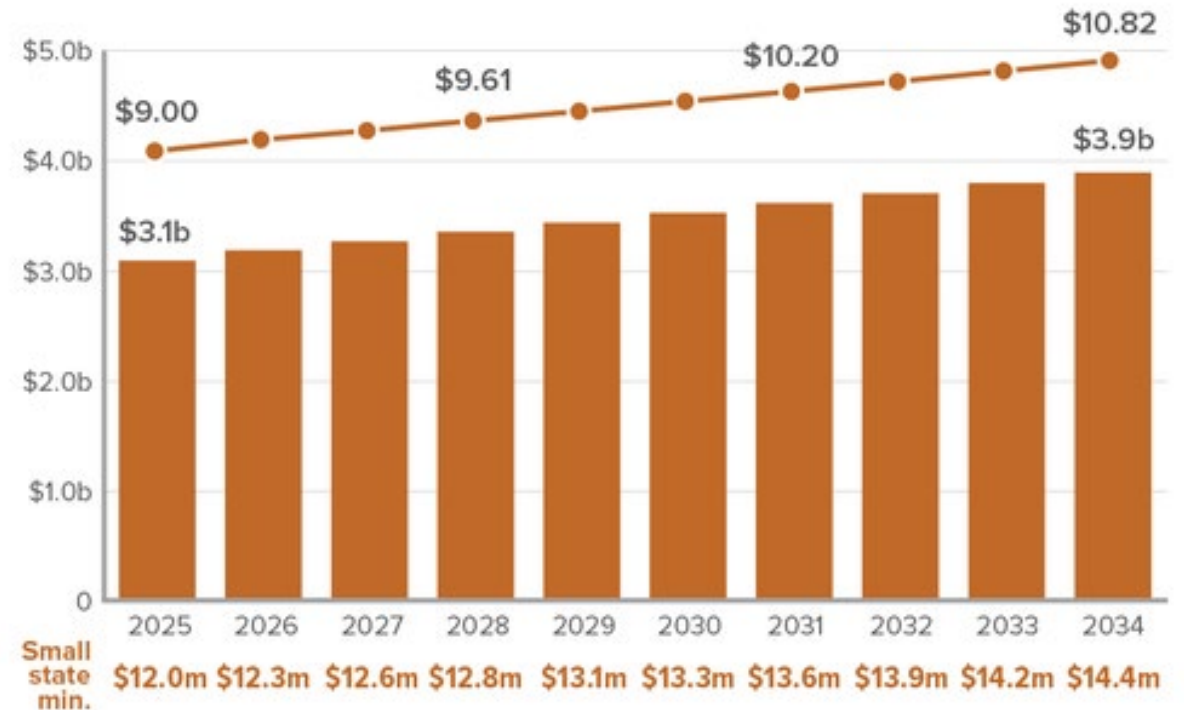


Neighborhood Homes Investment Act

www.novoco.com/notes-from-novogradac



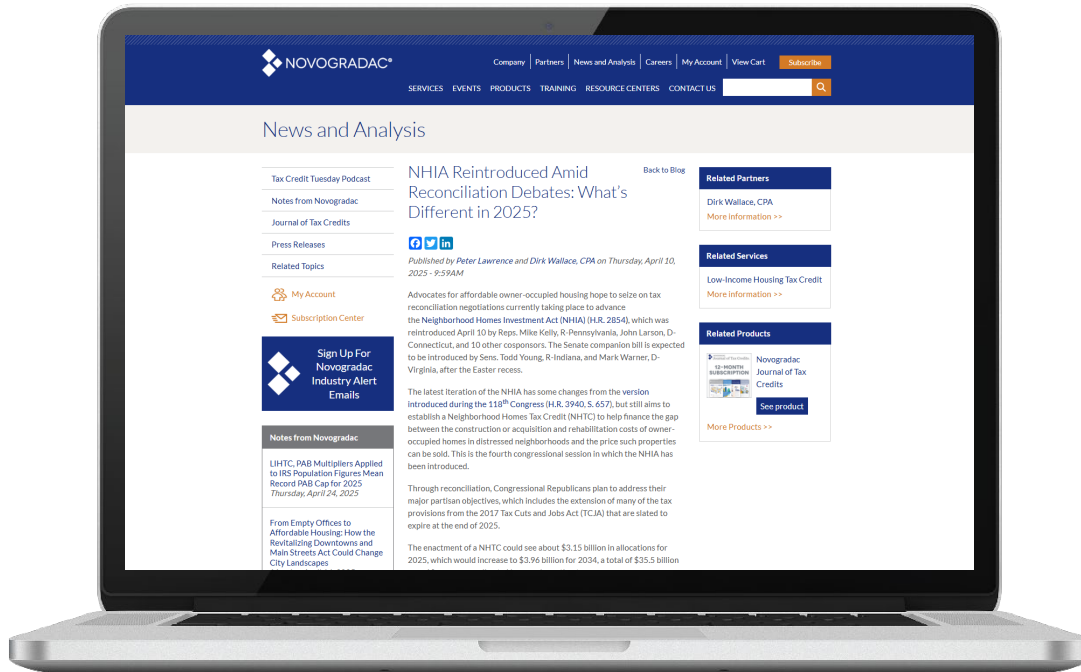
Projected NHTC Allocation from 2025 to 2034



Sources: Novogradac; Calculated based on data from National Council of State Housing Agencies' Annual State HFA Factbooks, Council of Development Finance Agencies' Annual Volume Cap Reports, Census, IRS, Congressional Budget Office and Bureau of Labor Statistics

Neighborhood Homes Investment Act

www.novoco.com/notes-from-novogradac



Estimated NHIA Impact Over 10 Years, 2025-2035

Homes Built or
Substantially
Rehabilitated

503,500 

Total
Development
Activity

\$151.1B 

Wages and
Salaries

\$102.7B 

Federal Tax
Revenue

\$32.2B 

State and Local
Government
Revenue

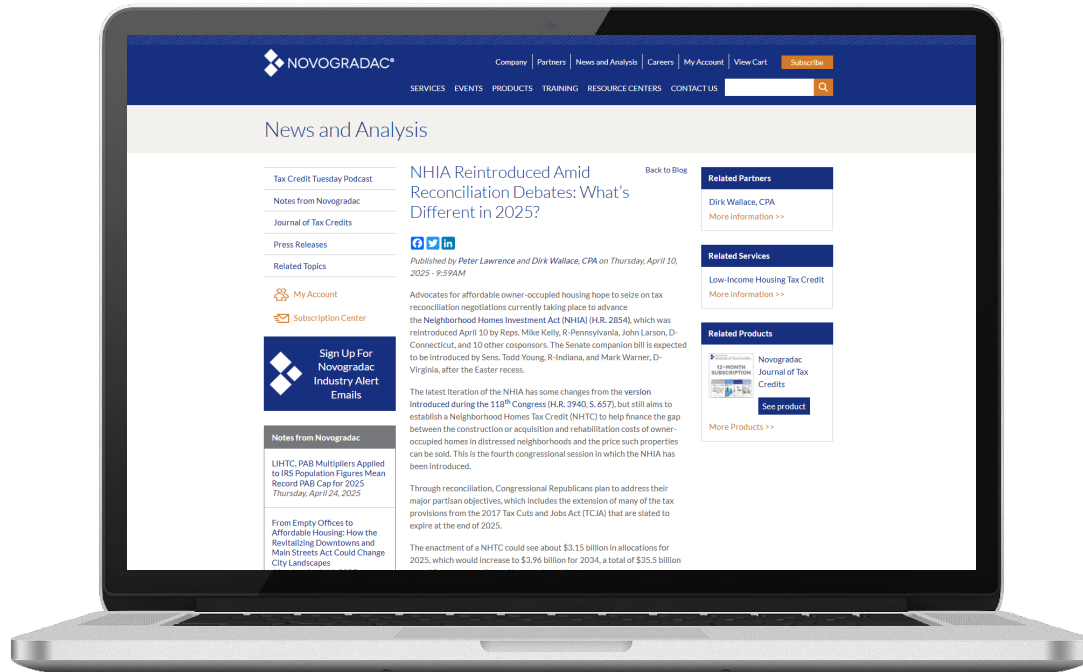
\$13.4B 

Jobs in Construction
and Construction-
Related Fields

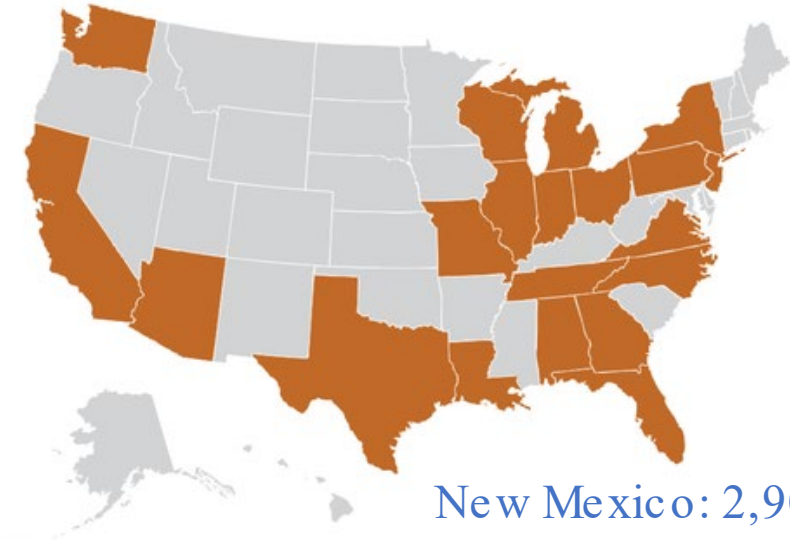
1,096,623 

Neighborhood Homes Investment Act

www.novoco.com/notes-from-novogradac



States Seeing the Largest Increase in Affordable Homes Over 10 Years Due to NHIA



New Mexico: 2,900 homes

Additional Affordable Homes			Additional Affordable Homes		
1	Texas	46,400	11	Indiana	13,500
2	California	44,000	12	Missouri	11,600
3	Florida	28,700	13	New Jersey	10,500
4	Ohio	23,500	14	Virginia	10,400
5	New York	22,100	15	Tennessee	10,000
6	Illinois	21,200	16	Louisiana	9,700
7	Pennsylvania	21,100	17	Alabama	9,600
8	Michigan	19,400	18	Wisconsin	9,400
9	North Carolina	15,500	19	Washington	9,300
10	Georgia	15,400	20	Arizona	9,100


Sources: Novogradac; Calculated based on data from National Council of State Housing Agencies' Annual State HFA Factbooks, Council of Development Finance Agencies' Annual Volume Cap Reports, Census, IRS, Congressional Budget Office and Bureau of Labor Statistics

Revitalizing Downtowns and Main Streets Act

a.k.a. Office Conversion Bill

119th Cosponsors as of 8/26/2025: H.R. 2410: 20^R 20^D

118th Cosponsors : H.R. 9002: 12^R 12^D



119th CONGRESS
1st SESSION

H. R. 2410

To amend the Internal Revenue Code of 1986 to provide an investment credit for converting non-residential buildings to affordable housing.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2025

Mr. CAREY (for himself, Mr. GOMEZ, Mr. LARSON of Connecticut, Mr. FITZPATRICK, Ms. SEWELL, Ms. TENNEY, Mr. BREYER, Mr. KUSTOFF, Ms. CHU, Mr. KELLY of Pennsylvania, Mr. PANETTA, Mrs. MILLER of West Virginia, Mr. DAVIS of Illinois, Mr. MOORE of Utah, Mr. EVANS of Pennsylvania, Ms. MALLORY, Mr. SPOZZI, Mr. MOLLAN, Mr. BOYLE of Pennsylvania, Mr. LAMMON, Ms. SANCHEZ, Mr. MILLER of Ohio, Ms. MOORE of Wisconsin, Mr. ADAMS of Nevada, Mr. SCHNEIDER, Mr. CHURCH, Mr. HOFMEIER, and Ms. DELBENE) introduced the following bill, which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide an investment credit for converting non-residential buildings to affordable housing.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the “Revitalizing Down-
5 towns and Main Streets Act”.



CAREY
R-OH



FITZPATRICK
R-PA



TENNEY
R-NY



GOMEZ
D-CA




LARSON
D-CT



PANETTA
D-CA

118th Cosponsors : S. 4693: 6^D



118th CONGRESS
2^d SESSION

S. 4693

To amend the Internal Revenue Code of 1986 to provide an investment credit for converting non-residential buildings to affordable housing.

IN THE SENATE OF THE UNITED STATES

JULY 11 (legislative day, JULY 10), 2024

Ms. STABENOW (for herself, Mr. HAWEN, Mr. PETERS, and Mr. PADILLA) introduced the following bill, which was read twice and referred to the Committee on Finance

A BILL

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CORTEZ MASTO
D-NV



PETERS
D-MI



PADILLA
D-CA

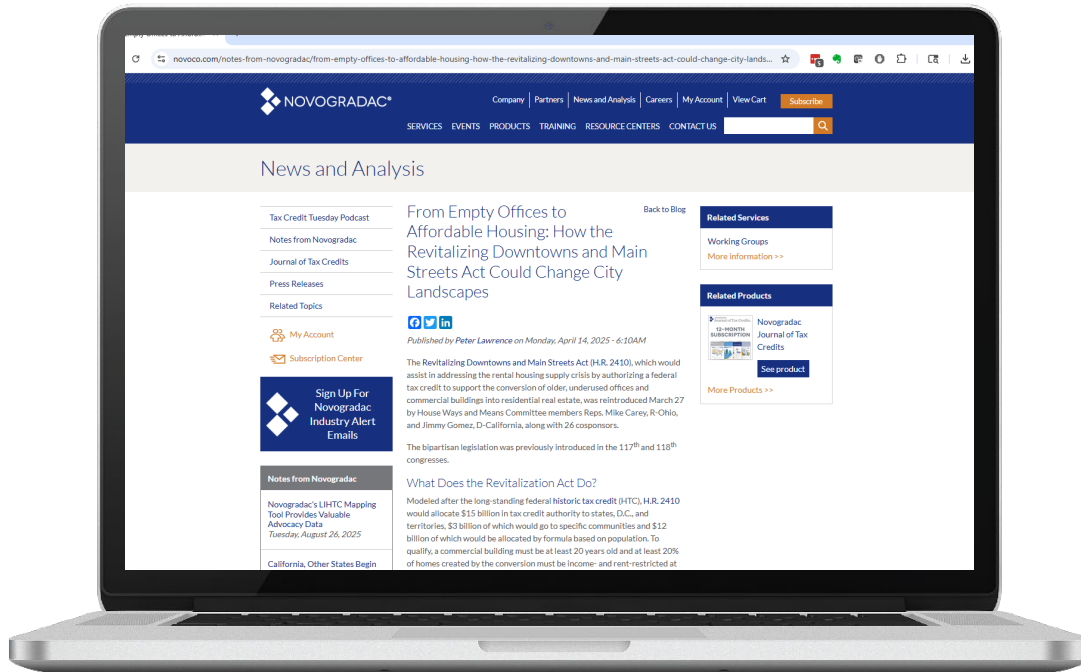


COONS
D-DE

Revitalizing Downtowns and Main Streets Act

a.k.a. Office Conversion Bill

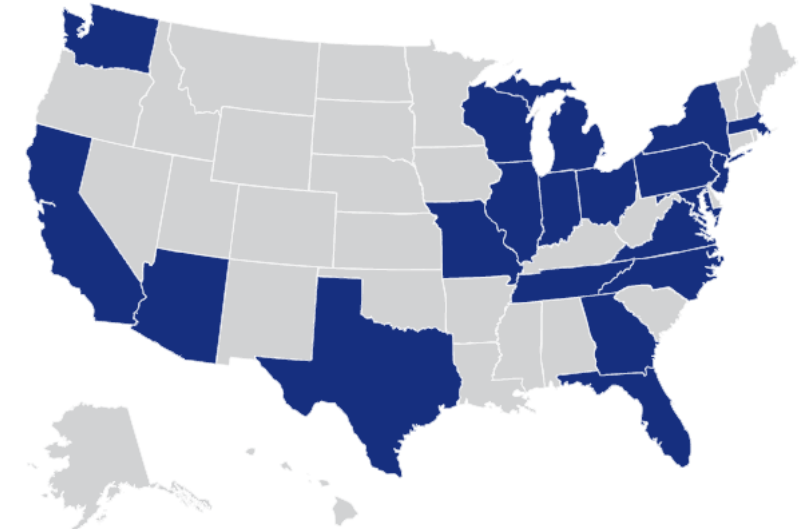
www.novoco.com/notes-from-novogradac



State	Conversion Credit Estimate
1. California	\$1,376,777,070
2. Texas	\$1,092,546,760
3. Florida	\$816,061,349
4. New York	\$693,682,358
5. Pennsylvania	\$456,656,042
6. Illinois	\$443,786,294
7. Ohio	\$414,915,963
8. Georgia	\$390,390,144
9. North Carolina	\$385,681,599
10. Michigan	\$354,063,004
11. New Jersey	\$331,730,531
12. Virginia	\$307,650,588
13. Washington	\$277,866,822
14. Arizona	\$264,745,576
15. Tennessee	\$252,363,219
16. Massachusetts	\$249,165,658
17. Indiana	\$241,767,124
18. Maryland	\$218,685,810
19. Missouri	\$218,065,913
20. Wisconsin	\$208,132,661

States Expected to Receive Largest Conversion Credit Authority

New Mexico: \$74,379,753



Source: IRS; US Census Bureau; Novogradac

Workforce Housing Tax Credit Act

a.k.a. Middle Income Housing Tax Credit (MIHTC)

1

118TH CONGRESS
1ST SESSION

H. R. 6686

To amend the Internal Revenue Code of 1986 to provide a credit for middle-income housing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 7, 2023

Mr. PANETTA (for himself and Mr. CAREY) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for middle-income housing, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the “Workforce Housing
5 Tax Credit Act”.
6 **SEC. 2. SENSE OF CONGRESS RELATING TO THE MIDDLE-**
7 **INCOME HOUSING TAX CREDIT.**
8 It is the sense of Congress that—
9 (1) the middle-income housing tax credit under
10 section 42 of the Internal Revenue Code of 1986 is



PANETTA
D-CA



CAREY
R-OH

11

118TH CONGRESS
1ST SESSION

S. 3436

To amend the Internal Revenue Code of 1986 to provide a credit for middle-income housing, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 7, 2023

Mr. WYDEN (for himself and Mr. SULLIVAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for middle-income housing, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 **SECTION 1. SHORT TITLE.**
4 This Act may be cited as the “Workforce Housing
5 Tax Credit Act”.
6 **SEC. 2. MIDDLE-INCOME HOUSING TAX CREDIT.**
7 (a) IN GENERAL.—Subpart D of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by inserting after section 42 the fol-
10 lowing new section:



WYDEN
D-OR

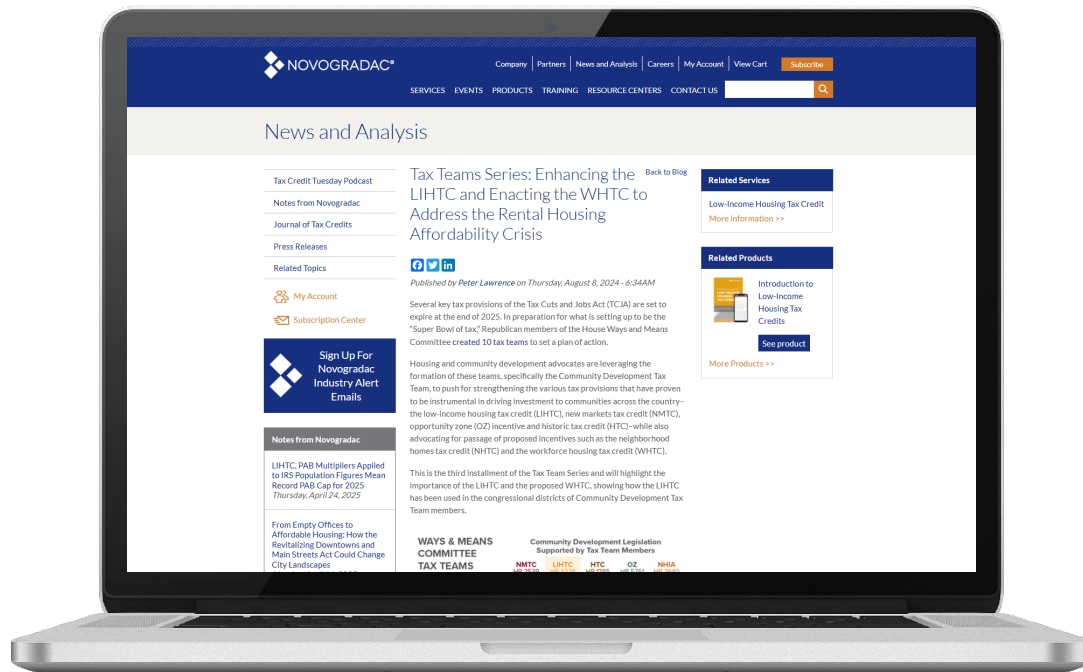


SULLIVAN
D-AK

Workforce Housing Tax Credit Act

a.k.a. Middle Income Housing Tax Credit (MIHTC)

www.novoco.com/notes-from-novogradac



Proposed Increase in Rental Homes Financed and Overall Economic Impact Due to WHTC Provisions Over 10 Years

WHTC Rental Homes

Economic Impact

2% Units	5% Units	Total Rental Homes	Jobs	Wages & Business Income	Taxes
127,900	216,100	344,100	560,400	\$63,473,156,600	\$22,030,191,800

*Estimate assumes at least 15% of multifamily private activity bond issuance includes WHTC assistance.

 **NOVOGRADAC***
Source: Novogradac

Tax Incentives for Affordable Rental Housing Preservation

"Housing Opportunities and Preservation Enhancement Act of 2025"
[HOPE Act]

BACKGROUND

As Congress begins debate on major tax legislation, affordable rental housing preservation should be a key component of a final bill.

Housing advocates are rallying behind a boost in the low income housing tax credits (LIHTC), which is increasingly used to build **new** affordable rental homes. Such a provision should be complemented by tax incentives to generate funds to rehabilitate, renovate and preserve our **existing** stock of aging affordable rental housing. By preventing the loss of affordable rental homes, at a lower cost than building new rental homes, the HOPE Act would tap private sector individual investments to increase the supply of housing and ensure that low income families live in safe, decent housing.

HOPE ACT PRESERVATION TAX PROVISIONS

The **"Housing Opportunities and Preservation Enhancement Act of 2025"** would preserve aging affordable rental housing properties, by creating tax incentives for individual investors that fund rehabilitation and preservation of existing affordable rental housing:

- Preservation tax benefits are limited to the preservation of affordable rental housing, as follows:
 - Owner must be a qualified nonprofit, public housing agency, state or local government, or tribal housing agency.
 - Must have 20-year use restriction under which rental homes remain affordable to low-income families.
 - Property must have been constructed at least 15 years ago.
 - Renovation costs must exceed the greater of 20% of the initial property cost or \$20,000/unit (adjusted annually for inflation).
- Qualified investments in qualified properties are eligible for the following tax treatment:
 - Narrow exemption from the passive loss restrictions in Section 469 of the Internal Revenue Code (IRC).
 - Exemption from the profit motive requirements in Sections 162, 183, and 212 of the IRC.
 - Capital gains exclusion for a 10-year + investment and transfer of partnership interest to an eligible non-profit.
 - Accelerated depreciation for rental housing (15 years).
 - Expensing for 15-year or less property under Section 168(k) of the IRC.
 - Federal/state/local government rehab grants used to help finance renovation excluded from taxable income and do not reduce depreciable basis.
 - Energy incentives – including the Section 45L energy efficient home credit, the Section 179D energy efficient commercial buildings deduction, and the renewable energy investment tax credit, typically used to finance solar panels also do not reduce depreciable basis, similar to current law for the low-income housing tax credit.

A copy of the bill text and Section-by-Section is available upon request

SUPPORTERS OF THE BILL

- Local Initiatives Support Corporation/National Equity Fund (LISC/NEF)
- Stewards of Affordable Housing for the Future (SAHF)
- LeadingAge
- Council of Large Public Housing Agencies (CLPHA)
- Wakeland Housing & Development Corporation
- National NeighborWorks Association (NNA)
- Preservation of Affordable Housing (POAH)
- National Community Renaissance
- Enterprise Community Partners
- National Housing Trust (NHT)
- True Ground Housing Partners
- National Church Residences
- Community HousingWorks
- Bellwether Housing
- Up For Growth
- Mercy Housing
- Eden Housing
- EAH Housing

Housing Opportunity and Preservation Enhancement Act



GOMEZ
D-CA



CAREY
R-OH

Appropriations

- Appropriations Committees in both House and Senate have reported their respective HUD and USDA spending bills, but no floor action yet.
- HUD spending bills do not act on Administration proposal to block grant and cut rental assistance programs.
- Key difference: House bill zeroes out HOME, Senate bill maintains level funding at \$1.25 billion.
- Appropriations bills require the support of 60 members in the Senate.
- Fiscal year ends on September 30. Congress must act to pass bills or enact a continuing resolution by then or the government will shut down.

Budget Chart for Select U.S. Department of Housing and Urban Development (HUD) Programs (numbers in millions)



HUD Programs (set asides indented & italicized)	FY25 Full Year Continuing Resolution	FY26 President's Budget Request	FY26 House Committee	FY26 Senate Committee
Community Development Block Grant (CDBG)	3,430	0	3,300	3,300
HOME Investment Partnerships Program (HOME)	1,250	0	0	1,250
Homeless Assistance Grants	4,051	4,024	4,158	4,530
State Rental Assistance Program	N/A	36,212*	N/A	N/A
Housing Choice Vouchers	36,041**	0***	35,268	37,355
Housing for the Elderly (Section 202)	931	0***	950	972
Housing for Persons with Disabilities (Section 811)	257	0***	296	296
Project-Based Section 8	16,490	0***	17,127	17,804
Housing Counseling Assistance	57.5	0	0	57.5

*Includes \$4.4 billion in advance appropriations to be available in FY27

**Includes \$6 billion designated as emergency funding

***Would be subsumed and consolidated under the new State Rental Assistance Program

ROAD to Housing

On July 29, Senate Banking Committee **unanimously** advanced comprehensive housing legislation sponsored by Chairman Tim Scott (R-SC) and Ranking Member Elizabeth Warren (D-MA)

- Includes the Community Investment and Prosperity Act, which raises the cap on banks' public welfare investments (like affordable housing) from 15% to 20%
- Permanently authorizes the HOME program with reforms
 - Eliminates 24-month commitment deadline
 - Streamlines property inspections
 - Simplifies homeownership rules for active-duty service members
 - Modifies CHDO requirements so more nonprofits may qualify
- Removes the RAD cap and makes the program permanent



ROAD to Housing (Continued)

- Includes several rural housing proposals, including codifying Section 515 decoupling pilot program and requiring USDA and HUD to work together to combine environmental reviews and inspections
- Includes elements of the Housing Supply Frameworks Act, directing HUD to promote zoning and land use best practices
- Simplifies voucher inspection requirements
- Permanently authorize the CDBG Disaster Recovery (CDBG-DR) program
- Includes Whole-Home Loan Repairs Act: a 5-year pilot program providing forgivable loans to low- and moderate-income homeowners and qualifying landlords to address home repair needs and health hazards for single-family homes
- Permanently reauthorizes PRICE program to help preserve, maintain, and stabilize manufactured housing communities
- Includes other provisions to boost affordable homeownership and the development of affordable for-sale housing

HOME Reauthorization

On July 16, the House Financial Services Housing Subcommittee held a hearing to consider draft legislation sponsored by Chair Mike Flood (R-NE) to reauthorize and modernize the HOME program.

- Increases Davis-Bacon applicability threshold from 12 to 50 HOME units
- Eliminates BABA applicability from HOME
- Streamlines NEPA requirements for HOME properties
- Increases eligibility to “Workforce-Income Families” (100 percent of AMI) for homeownership activities
- Increases the purchase price limit for HOME homeownership projects to 110% of area median
- Adjusts CHDO definition
- Allows HOME to be used for infrastructure improvements directly related to HOME or Housing Credit properties in non-entitlement areas

Advocacy “Asks”

Housing Tax Advocacy

- Encourage Iowa delegation members to cosponsor the AHCIA, AHBEA, and NHIA if they have not already. Support for standalone tax bills like these positions these bills to advance in larger legislative tax packages when opportunities arise.

HUD Spending

- **HOME:** Urge Congress to adopt the Senate Appropriators’ proposal to level fund HOME at \$1.25 billion
 - Make sure lawmakers understand differences between HOME and HOME-ARP
 - Importance of robust funding for HOME to ensuring historic investment in the Housing Credit program achieves its full potential.
- **Rental Assistance:** Fully fund Section 8 contract renewals and provide sufficient funding to renew all authorized Housing Choice Vouchers and support new ones in FY 2026.

Housing Authorizing

- Encourage Iowa delegation to support the ROAD to Housing and HOME reauthorization if Congress considers further advancing either bill.

Avenues to Get Involved

Take advantage of advocacy professionals to help you keep up to date on the things that matter to you most!

- Join coalitions like the ACTION Campaign, the HOME Coalition, the Neighborhood Homes Coalition, the Campaign for Housing and Community Development Funding, and the Public Finance Network,
- Participate in trade associations and working groups

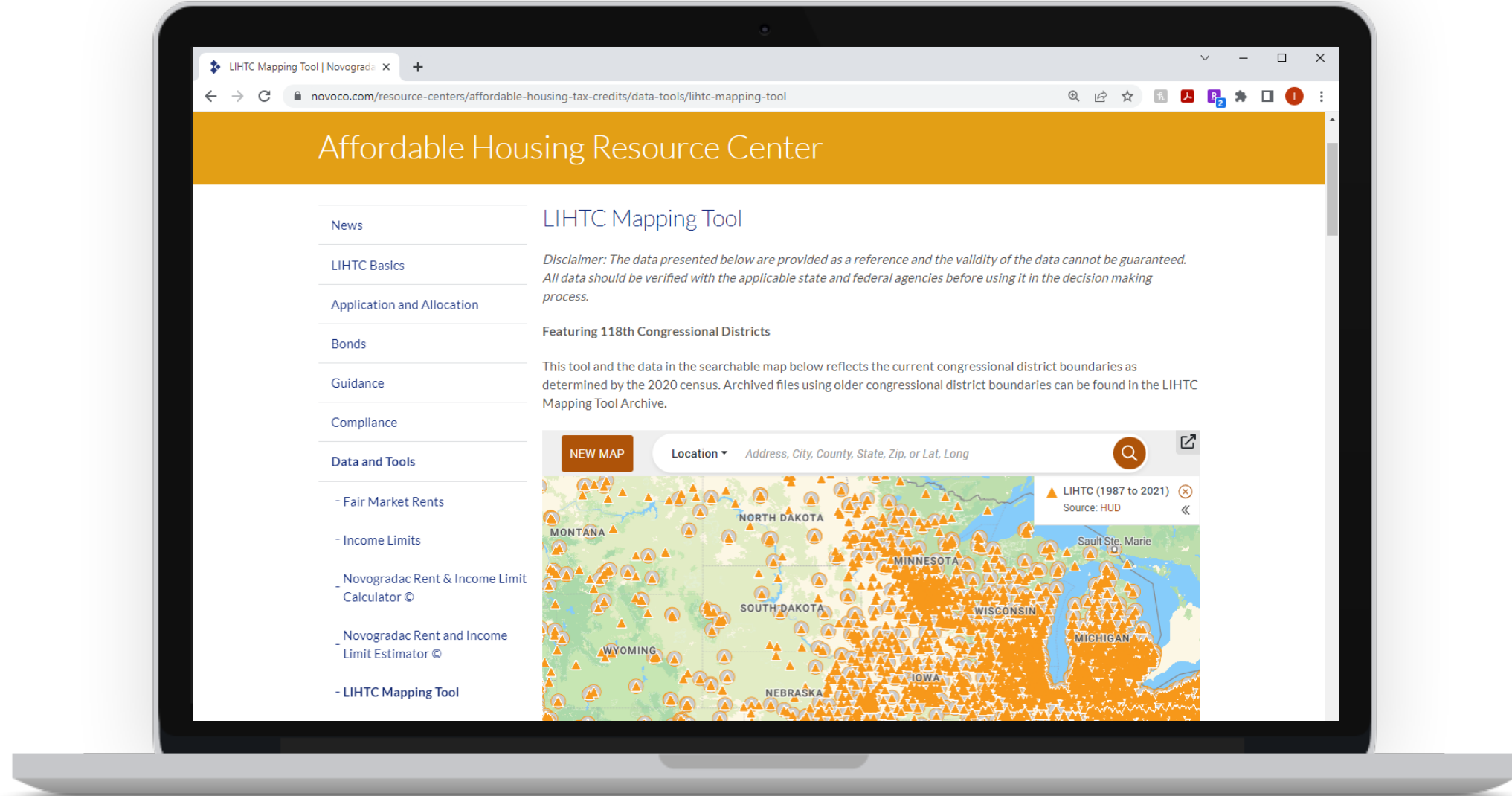


Campaign for Housing and Community Development Funding
Working to ensure maximum federal resources for housing and community development.



**AFFORDABLE
HOUSING
TAX CREDIT
COALITION**





WWW.1

NEW MAP

Location 800 rio grande blvd.



NOVOGRADAC®

VOGRADAC®

▲ LIHTC (1987-2023)
Source: HUD

▲ SAWMILL LOFTS

Site Info

Project Details

Allocation Year: 2004

Annual Allocated Amount: \$598,993

Year Placed in Service: 2006

Construction Type: New Construction

Total Units: 60

Low Income Units: 59

Rent or Income Ceiling: 60% AMGI

Number of Rooms: 0 Eff, 28 1BR, 18 2BR, 14
3BR, 0 4BR

Units Below Rent or Income Ceiling: Yes

Number of Units Below Rent or Income Ceiling:

Affordable Housing R

News

LIHTC Basics

Application and Allocation

Bonds

Guidance

Compliance

Data and Tools

- Fair Market Rents

- Income Limits

- Novogradac Rent & Income Limit
Calculator ©

- Novogradac Rent and Income
Limit Estimator ©

- LIHTC Mapping Tool

LIHTC

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Albuquerque

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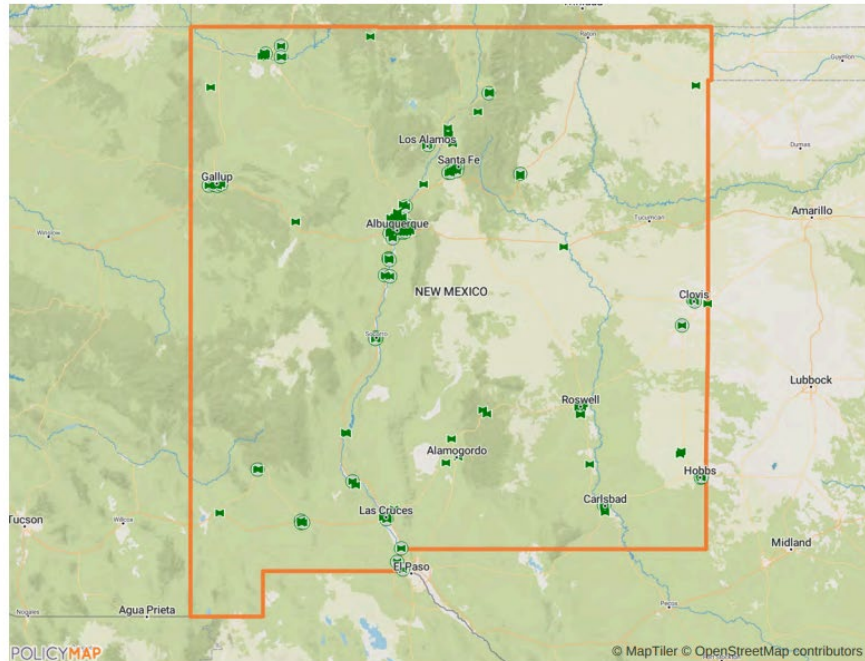
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Reports of LIHTC Properties by State and Congressional District

www.taxcredithousing.com



LIHTC Properties in New Mexico Through 2023



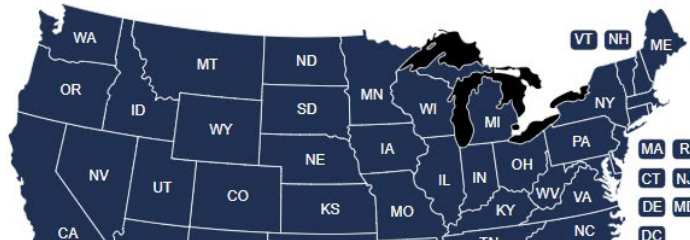
LIHTC Properties in New Mexico Through 2023

Project Name	Address	City	State	Zip Code	Nonprofit Sponsor	Allocation Year	Annual Allocated Amount	Year PIS	Construction Type	Total Units	Low Income Units	Rent or Income Ceiling	Credit %	HUD Multi-Family Financing/Rental Assistance
WALNUT STREET COURTYARD HOMES	110 WALNUT ST	CLAYTON	NM	88415	Yes	2000		2003	Both - New Construction and A/R	25	25		Both 30% and 70% present value	
AZTEC VILLAGE	4321 MONTGOMERY BLVD NE	ALBUQUERQUE	NM	87109	No	2003	\$432,596	2004	Acquisition and Rehab	228	228		30% present value	
CASA BONITA APTS (ALBUQUERQUE)	4540B CARLISLE BLVD NE	ALBUQUERQUE	NM	87109	No	2004		2004	Acquisition and Rehab	140	140		30% present value	
DEMING MANOR	1000 S ZINC ST	DEMING	NM	88030	No	2003	\$43,820	2004	Acquisition and Rehab	52	51	60% AMGI	30% present value	
DESERT SUN APTS II	1101 EIGHTH ST NW	DEMING	NM	88030	Yes	2003		2004	New Construction	56	55		30% present value	
PASEO DEL SOL (LOS RANCHOS)	291 EL PUEBLO RD NW	LOS RANCHOS	NM	87114	No	2003		2004	New Construction	124	124		30% present value	
KING ARTHUR'S COURT	428 GALE ST	LORDSBURG	NM	88045	No	2003	\$27,952	2004	Acquisition and Rehab	28	28	60% AMGI	30% present value	
LADERA VILLAGE	3500 N BUTLER AVE	FARMINGTON	NM	87401	Yes	2002		2004	New Construction	60	45		70% present value	
SANDIA VISTA APTS	901 TRAMWAY BLVD NE	ALBUQUERQUE	NM	87123	No	2003	\$172,583	2004	Acquisition and Rehab	138	138	60% AMGI	30% present value	
SANTA TERESA FAMILY HOMES	100 COMERCIANTES BLVD	SANTA TERESA	NM		No	2002		2004	New Construction	74	60		70% present value	
SUNNY ACRES	5821 MOUNTAIN RD NW	ALBUQUERQUE	NM	87104	No	2003	\$118,062	2004	Acquisition and Rehab	75	75	60% AMGI	30% present value	
TRADEWINDS CARRIAGE	1301 N PERSHING ST	TRUTH OR CONSEQUENCES	NM	87901	No	2003	\$34,422	2004	Acquisition and Rehab	32	32	60% AMGI	30% present value	
VISTA GRANDE APTS	12801 COPPER AVE NE	ALBUQUERQUE	NM	87123	No	2003		2004	Acquisition and Rehab	96	95		30% present value	



ACTION National, State, & District Fact Sheets

Check out ACTION's **National Fact Sheet** to see the impact of the Housing Credit across all US states and territories. Click on your state below to access ACTION's State and Congressional District Fact Sheets:



Low-Income Housing Tax Credit Impact In New Mexico



The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2023

- 29,271 homes developed or preserved in NM
- 68,201 low-income households served
- 47,151 jobs supported for one year
- \$1.91 billion in tax revenue generated
- \$5.3 billion in wages & business income generated

The Need for Affordable Housing

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

- 60,822 renter households in New Mexico pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.
- In order to afford a one-bedroom apartment, a minimum wage worker in New Mexico has to work 64 hours per week.

Visit [rentalhousingaction.org](#) for data sources and methodologies.

Updated August 2025

The Low-Income Housing Tax Credit (Housing Credit) is a proven solution to help address the affordable housing crisis.

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing.

It has financed 4 million homes for low-income families and individuals nationwide since 1986.

The ACTION Campaign calls on Congress to:

- Expand the Housing Credit to address the severe shortage of affordable housing.
- Strengthen the Housing Credit to maximize impact in communities facing the greatest need.
- Enhance multifamily Housing Bonds, which provide critical financing to over half of all Housing Credit homes.

Addressing Our Nation's Severe Shortage Of Affordable Housing



Up to 11,900 additional affordable homes could be financed in NM by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

[rentalhousingaction.org](#)



Learn more about the
Housing Credit

The ACTION Campaign
rentalhousingaction.org

Contact: Ayrienne Parks

Email: aparks@enterprisecommunity.org

Contact: Jennifer Schwartz

Email: jschwartz@ncsha.org

Join the ACTION Campaign!



Appendix: Advocacy Approaches

So, you want to be an advocate...

Key Advocacy Channels to Deliver Your Message

- **Hill Meetings** – Direct, strategic, and customized to the Member.
- **Sign-On Letters** – Collective power from local leaders and businesses.
- **Local Media & Op-Eds** – Influence what Members read at home.
- **Social Media** – Tag Members with stories, photos, impact.
- **Events & Tours** – Invite Members to properties in their districts.
- **Coalitions** – Align with the ACTION Campaign, AHTCC, NCSHA, and local alliances.



So, you want to be an advocate...

- If you're coming to D.C., reach out to your delegation as soon as you can to set up your meetings, at least a week or two before you arrive.
- **But you don't need to travel!** Request a meeting when Congress is home on a recess.
- Ask if the member is available for the meeting. If they aren't, ask to meet with senior staff who cover the key issues.
- **Education is key!** Make sure the member/staff understand your organization's role in the programs you're discussing. Avoid acronyms, jargon, or lingo with which they may not be familiar.



So, you want to be an advocate...

- If you will be discussing a particular bill, know its name, bill number, and lead sponsors. Know if other members of your delegation have cosponsored.

Make your Ask!

- Bring leave-behind materials that emphasize outcomes and data. If possible, personalize the materials to reflect the member's district (or the full state for Senators).



So, you want to be an advocate...

Making Connections and Communicating Effectively

Know your member's interests. What committees do they serve on? What is their background? What might make them care most about your priorities?

Key affordable housing committees in Congress:

- **Senate Finance and House Ways and Means Committees:** jurisdiction over tax-related issues
- **Senate Banking and House Financial Services Committees:** jurisdiction over HUD policy and the GSEs
- **Senate and House Appropriations Committees:** jurisdiction over HUD and USDA program funding



So, you want to be an advocate...

Messaging Affordable Housing Policy to Congress

Transcend Politics with Strategic Messaging

✓ Focus on What Matters Most:

- **Local Impact** – Highlight benefits to constituents, not programs.
- **Economic Value** – Jobs, tax revenue, community development.
- **Bipartisan Framing** – Public-private partnerships, market solutions.
- **Human Stories** – Personalize the need: seniors, veterans, families.
- **Legislative Alignment** – Link to reconciliation, tax priorities, or district interests.

🔄 Words that Work:

- “Community investment” vs. “federal subsidy.”
- Emphasize “growth,” “resilience,” “housing stability.”



So, you want to be an advocate...

One and Done? Not Quite!

- Follow up to thank them and reiterate your main priorities/requests. Send any additional information they requested. A short, handwritten thank-you note with your business card is memorable.
- Coordinate with your partners and take advantage of the messengers who may be most salient to your member. This can take the form of individual actions or organizing a sign-on letter.
- Invite them to visit a property, attend a ribbon cutting, or come to a groundbreaking. Attend town hall events your members put on when they are home.
- If you meet with a member or they attend your event, take photos to share on social media; tag the member in your post.



thank you

So, you want to be an advocate...

- If the member follows through on what you've asked them to do, thank them on social media and include a write up in your organization's newsletter or other publications.
- Advocacy doesn't happen just once. Keep the lines of communication open and develop a relationship that lasts.
- Email the staff if you've done something new that you want to highlight, even when you aren't asking them to do something for you.



Invite Policymakers to a property event



Senator Thom Tillis (R-NC)
tours the Renaissance in
Charlotte, NC



Representative Mike Carey (R-OH)
meets with residents at Avondale
Senior Village in Dublin, OH

