NCSHA 2014 Business, Legislative, and Regulatory Priorities

The National Council of State Housing Agencies (NCSHA) is a national, nonprofit organization created by the nation's state Housing Finance Agencies (HFAs) to advance through advocacy and education their efforts to provide affordable housing to those who need it. NCSHA's priorities, adopted annually by its Board of Directors after consultation with all state HFAs, set the agenda for NCSHA's business development activities and advocacy before Congress, the Administration, and the federal agencies concerned with housing, including HUD, USDA, and the Treasury.

NCSHA is committed to assisting HFAs in maximizing their effectiveness and leading advocacy efforts on its priorities in collaboration with other housing stakeholders who share them. Its member HFAs in turn recognize their responsibility to engage actively in the pursuit of NCSHA's priorities.

NCSHA's overarching goal is an affordably housed nation. To achieve this, NCSHA is committed to protecting, expanding, and increasing the effectiveness of federal affordable housing programs responsive to the wide range of housing needs HFAs serve, including the need for homeowner and rental housing, affordable housing in rural areas, and supportive housing for persons with special needs and individuals and families that are experiencing homelessness. NCSHA also supports efforts to streamline, better coordinate, and realign federal housing programs to increase their effectiveness and simplify state and user administration of them. In addition, NCSHA seeks maximum flexibility for states to administer the resources entrusted to them in a manner responsive to their unique needs and circumstances.

In addition to the priorities listed below, NCSHA also recognizes the importance of affordable housing preservation, the Federal Housing Administration, and a strong secondary mortgage market that engages HFAs as preferred affordable lending partners and responds to their capital and liquidity needs. NCSHA also supports programs that help HFAs improve affordable housing energy-efficiency and facilitate sustainable development, including directing revenues generated by energy-related legislation to HFAs. NCSHA also supports Community Reinvestment Act (CRA) reform that increases investor interest in purchasing Housing Bonds and Credits and enhances rural and smaller markets' access to CRA-motivated investment while not negatively impacting investment in other such areas. NCSHA recognizes that disaster-affected areas may need additional resources and program flexibility to address their disaster-related housing needs.

Business Priorities

In 2014, to assist HFAs improve the execution of their business activities, maintain their relevancy, and promote business-oriented innovation, NCSHA will:

- Help HFAs develop potential new lending executions and facilitate their capital access options, which might include alternative pass-through bond structures and a private label security product for HFA loans, for example, in addition to traditional tax-exempt bond issuance.

- Investigate the possibility of HFA cooperative arrangements to leverage their collective strength and combined capacity.

- Enhance the availability and disclosure of HFA performance data to demonstrate the value of HFA lending programs.

- Retain existing and pursue new preferred HFA lending relationships with HUD, Rural Development, the Federal Housing Finance Agency, Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and Private Mortgage Insurance (PMI) companies.

- Continue to execute NCSHA's *Power of Housing at Work* communications plan, with priority focus on more proactive outreach to the media, with the goal of getting the HFA brand and success story communicated more broadly; maximizing the impact of NCSHA's *Faces of Home* campaign; and refreshing NCSHA messaging with the latest affordable housing impact and needs analyses and data, including economic impacts.

- Encourage and facilitate HFA adherence to the Board-adopted *HFA Advocacy Compact*, asking for HFAs' continued commitment to their federal advocacy work.

Legislative and Regulatory Priorities

In 2014, in pursuit of its goal of an affordably housed nation, NCSHA will seek:

- To protect, strengthen, and expand the production potential of the tax-exempt Housing Bond program (and its Mortgage Credit Certificate option) and the Low Income Housing Tax Credit.

- A strong secondary mortgage market system with a robust affordable housing mission that engages HFAs as preferred affordable housing lending partners in meeting the needs of low and moderate-income families, enables them to maximize their lending potential, and responds to their capital and liquidity needs, including through any successor entities to Fannie Mae and Freddie Mac.

- To work with the Federal Housing Finance Agency and the Federal Home Loan Banks (FHLBs) it regulates to strengthen and expand HFA-FHLB partnerships.

- Protect and restore HOME funding, while working to increase program flexibility, improve efficiency, and eliminate needless bureaucracy.

- Section 8 funding adequate to renew all authorized vouchers; provide for new ones; compensate PHAs fairly for their administrative costs; and honor and, if expiring, extend existing project-based assistance commitments.

- To aggressively represent the interests of HFAs in HUD's Performance-Based Contract Administration (PBCA) program and ensure that HUD recognizes HFAs' proven capacity and track record to serve as PBCAs.

- New state-administered funding for project-based operating subsidies to support affordable rental housing development and preservation and tenant-based rental assistance to support state-determined priorities unmet under the Housing Choice Voucher program, with maximum flexibility for program administrators and limited federal regulation.

- Dedicated and sustainable funding for the state-administered Housing Trust Fund, with maximum flexibility for program administrators and limited federal regulation.

- Expanded federal commitment to address the preservation of affordable rental housing in a comprehensive manner, including additional resources, changes to existing housing programs, and the creation of new ones to support state and federal preservation efforts.

- To preserve and expand HFAs' authority to provide secondary financing and other forms of down payment and closing cost assistance in transactions involving FHA single-family mortgage insurance and to secure authority for Ginnie Mae to securitize multifamily FHA-HFA risk-sharing loans.

- To advance HFA interests in federal agency implementation of the Dodd-Frank financial reform legislation, including its Qualified Mortgage, Qualified Residential Mortgage, and ability-to-repay regulations. NCSHA should also seek opportunities to minimize the administrative burden on HFAs of these and other federal single-family lending rules and regulations.

- To advance HFA interests to modify the definition of rural areas for purposes of USDA program eligibility, including maintaining USDA rural housing funding and guarantee program eligibility for jurisdictions needing such assistance at-risk of losing their eligibility as USDA incorporates data from the 2010 Census into its program eligibility criteria.

- To ensure that USDA does not administratively remove existing Section 521 Rental Assistance units from the program or cancel Section 521 Rental Assistance contracts from assisted properties that USDA removes from the program.

Appendix: NCSHA's Housing Bond and Credit Priorities

- Make permanent the temporary 9 percent Credit fix included in the Housing and Economic Recovery Act of 2008 (HERA).

- Fix the 4 percent Credit in addition to the 9 percent Credit.

- Establish a state-determined basis boost for 4 percent Credits.

- Increase access to Housing Credit apartments for working families that cannot afford decent, reasonably priced rental homes and for extremely low-income families that cannot afford most Housing Credit apartments without assistance.

- Extend the HERA 9 percent Credit rural income limit flexibility to 4 percent Credit deals.

- Eliminate the MRB purchase price limits. Meanwhile, work with Treasury to improve its proposed safe harbor purchase price methodology.

- Repeal the MRB refinancing limitation.

- Increase the MRB home improvement loan limit by an amount at least adequate to reflect the rise in construction costs since it was first established and index it for construction cost inflation annually thereafter.

- Exempt all refunding Housing Bonds from the Alternative Minimum Tax (AMT).

- Strengthen the Mortgage Credit Certificate (MCC) program by making it more efficient and easier to administer, including by:

    - Allowing HFAs to recycle MCCs.
    - Allowing HFAs the flexibility to shorten the MCC term and/or to "front-load" its benefits.
    - Simplifying the MCC calculation.
    - Eliminating the annual credit cap.
    - Allowing HFAs to restrict MCC eligibility to homebuyers using HFA mortgage products.
    - Extending the MCC revocation period.
    - Extending the MCC expiration period.
    - Reducing the MCC public notice requirement.
    - Modifying or eliminating the lenders' annual reporting requirement.
    - Changing the program name.

- Support the Administration's proposal to give states the option of converting up to 7 percent of their annual PAB authority into Housing Credit authority, with the conditions that it remain a voluntary state determination that provides states the maximum flexibility possible in deciding what PAB authority to convert, and is not considered a sufficient response to the need for more Housing Credit authority.

- Oppose the Administration's proposal to add to the ten Housing Credit Qualified Allocation Plan (QAP) selection criteria an eleventh criteria for preservation of federally assisted affordable housing.