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The 4 Percent LIHTC and the Changing Landscape: An Interview with Thom Amdur of the National Housing & Rehabilitation Association

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A significant percentage of historic tax credit (HTC) transactions twin the low-income housing tax credit (LIHTC) and thus those of us in the HTC arena closely follow affordable housing.

COVID-19 has brought the country's affordable housing crisis to a critical juncture with loss of jobs, declining incomes, eviction moratoriums and impacts on rent collection having significant impact on the affordable housing industry. In this article, we interview Thom Amdur, the president of the National Housing & Rehabilitation Association (NH&RA), to gain a sense of how the industry is reacting. NH&RA is a professional association of affordable housing and multifamily owners, developers and professionals that provides educational and

networking opportunities for members while advocating for industry issues.

Questions:

Q: The NH&RA is coming up on its 50th anniversary and has become a leading advocacy organization for the industry. Please tell us about your history and how the organization has evolved.

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A: NH&RA was formed in 1971 as a national trade organization with roots in the rehabilitation of affordable housing. Over time, our members’ businesses have evolved to use other tax incentives such as HTCs, LIHTCs and new markets tax credits as well as various U.S. Department of Housing and Urban Development-assisted programs. Our organization is comprised of roughly 50 percent developers and 50 percent other industry professionals such as lenders, investors, accountants, attorneys and consultants. We focus our efforts on educating our members on industry and transactional developments, providing networking opportunities, and targeted issue advocacy efforts.

Image: Courtesy of Heritage Consulting Group
Buildings such as Parkview Apartments in Marshfield, Wis., lend themselves to twinning HTC and LIHTC.

Q: How has the pandemic impacted your organization and what actions has NH&RA taken to remain at the forefront?

A: Since March, we have implemented a work-from-home mandate to ensure the safety of our employees and that transition has been smooth. We have amplified our efforts to keep our members informed of changes within the industry by transitioning our in-person conferences to a virtual platform and hosting more frequent webinars and town hall-style meetings. One interesting and positive trend that we have noticed from the virtual events is that we have seen an increase in attendance due to the ease of being able to log in and join from anywhere and a resulting increase in our membership. Our main focus right now is to make sure

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that our members and potential new members continue to be informed.

Q: Like nearly every sector of the commercial real estate industry, the COVID-19 pandemic has impacted affordable housing. What are you hearing from your members about the impacts?

A: Even before the pandemic, there was a critical shortage of affordable housing—the pandemic and the ensuing economic dislocation has only amplified the demand. In other trends, historically low interest rates have benefited debt financings, but at the same time, the floating rate for the 4 percent LIHTC is also at historic lows, making it harder to finance many affordable housing transactions. Tax credit equity pricing across all the major investments has also declined over the past six months and underwriting standards have tightened.

With regards to construction, the initial stay-at-home orders halted construction in many cities, but we have navigated those delays and construction is now progressing. Safety protocols on job sites have increased costs and the construction industry is still plagued by increased materials costs and supply chain issues. On the upside, developers in many markets have more access to construction labor as the downturn in hospitality and commercial construction has resulted in more access to construction labor.

Q: Advocacy is central to your mission and where you focus much of your efforts. Please provide an update on the recent legislation and give us a look into your crystal ball.

A: There are a number of legislative priorities that have been introduced in response to the recent housing crisis and one of the most exciting is the Senate's Emergency Affordable Housing Act, which expands the 9 percent LIHTC and sets a permanent minimum 4 percent

housing credit rate for tax-exempt bond financed developments. We believe that this fix will increase housing production, particularly in smaller markets, as well as high-cost markets where the economics simply don't work. While it is always hard to predict, this is well positioned tax legislation with strong bipartisan support so we remain cautiously optimistic.

Q: What opportunities do you see at the intersection of HTC and LIHTC?

A: The Moving Forward Act provides for significant amendments to the HTC which pairs well with the LIHTC, including a temporary increase of the HTC percentage to 30 percent and an elimination of the basis adjustment. We have an opportunity to rethink HTC advocacy to make the case that the HTC is an important tool for affordable housing. At a time when certain states have prioritized affordable housing, this is an opportunity to educate legislators and policy makers that when incentivizing the production of new units of affordable housing, policy should not be limited to new construction, but should also emphasize the repurpose of existing buildings, which opens the door for tax incentive financing.

Conclusion

COVID-19 has had a significant impact on the affordable housing industry, not only bringing attention to the critical need for more supply, but also providing an opportunity to reframe the vision of affordable housing to include repurposed buildings. Fair housing is headline news and the industry is garnering more attention and positive political will than ever before. Legislative efforts are promising and continuing advocacy efforts are critical to ensure that key provisions are retained. As a leading industry organization, NH&RA plays a critical role in providing vital forums for education and networking to keep its members

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informed, connected and moving forward during these uncertain times.

About Thom Amdur

Thom Amdur is the president of the National Housing & Rehabilitation Association, a professional association of affordable housing and multifamily owners, developers and professionals, fostering business relationships and targeted issue advocacy. Amdur’s role is to direct day-to-day operations within the branches of

advocacy, committee activities, conferences and events, publications, financial management and strategic planning. Amdur’s current and past experience with affordable housing developers and tax credit services has garnered him a knowledgeable understanding of the in-and-outs of the industry. ❖

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Cindy Hamilton is vice president of Heritage Consulting Group.

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