

United States Senate

WASHINGTON, DC 20510

September 1, 2021

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Majority Leader Schumer and Chairman Wyden:

We write to urge you to ensure that the final budget reconciliation package will help address the shortage of affordable housing in California and across the United States.

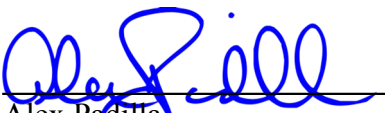
Specifically, we ask that you strengthen the Low-Income Housing Tax Credit to address the affordable housing shortage that has been exacerbated by the ongoing COVID-19 pandemic and is a leading factor that causes homelessness. The National Low Income Housing Coalition estimates that the United States has a shortage of 6.8 million affordable homes available to extremely low-income renters and California faces a shortage of over 2.3 million affordable rental homes.

The Low-Income Housing Tax Credit is our nation's primary tool to produce and preserve affordable housing. However, accessing the 4% tax credits for the rehabilitation of affordable housing is constrained by the requirement that at least 50% of such projects are financed by tax-exempt bonds. Yet, these bonds are subject to a private activity bond volume cap and are currently oversubscribed in a growing number of states—including California—which ultimately limits the amount of affordable housing projects that can move forward.

That is why we urge you to reduce from 50% to 25% the minimum threshold of tax-exempt bonds needed to receive an automatic 4% Low-Income Housing Tax Credit award. This change is a critical step to combating the affordable housing crisis by allowing states to fund nearly twice as many affordable housing developments and finance the construction of an estimated 1.4 million additional affordable homes for low-income households over ten years.

Thank you for your attention to this matter, and we look forward to working together to address our nation's affordable housing crisis as part of the upcoming reconciliation process.

Sincerely,



Alex Padilla
United States Senator



Dianne Feinstein
United States Senator