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**National Association of Federally-Insured Credit Unions**

March 6, 2023

The Honorable Ron Wyden  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Mike Crapo  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

**Re: Tomorrow's Hearing: "Tax Policy's Role in Increasing Affordable Housing Supply for Working Families"**

Dear Chairman Wyden and Ranking Member Crapo:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's hearing, "Tax Policy's Role in Increasing Affordable Housing Supply for Working Families." As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 135 million consumers with personal and small business financial service products. We would like to take this opportunity to highlight our support for the Neighborhood Homes Investment Act and Affordable Housing Credit Improvement Act, as these two pieces of legislation would help address America's housing affordability crisis and provide commonsense housing solutions for underserved communities. Credit unions continue to focus on serving rural, low-income, and underserved communities and increasing our presence in these areas.

The housing market is a critical aspect of our nation's economy, and the future availability of affordable housing is of great importance to our nation's credit unions and their 135 million members. In the years since the Great Recession and hardships during the COVID-19 pandemic, it has become increasingly clear that the status quo is an unsustainable long-term option. Before, during, and after the financial crisis and COVID-19 pandemic, credit unions provided and continue to provide quality loans through solid underwriting practices, and we look forward to continue being a part of affordable housing solutions.

**Neighborhood Homes Investment Act**

In urban, rural, and all underserved areas, the absence of quality homes undermines both neighborhood stability and the opportunity for families to build wealth through homeownership. Too often the major impediment to building new homes or rehabilitating abandoned or deteriorated ones in these communities is that the cost exceeds the homes' market value upon completion. The Neighborhood Homes Investment Act would address this problem by providing a tax credit to cover a portion of the construction and rehabilitation costs of homes for owner-occupancy.

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The new tax credits would be administered by state agencies through annual competitive application rounds. Tax credits would only be available for modestly priced homes in communities characterized by high poverty, low incomes, and low home values. The credits could not be claimed until the construction is completed, and the home is occupied by an eligible homeowner, and would only cover the difference between the eligible development costs and the final sales price. We ask for your support of this commonsense measure aimed at increasing accessibility and the volume of quality homes in underserved communities.

### **Affordable Housing Credit Improvement Act**

This bill would help address the affordable housing crisis by building or preserving an estimated two million additional affordable homes through an expansion of the Low-Income Housing Tax Credit. Specifically, this legislation would increase the current annual Low-Income Housing Tax Credit allocation by 50 percent, allow for a more efficient use of bond resources resulting in even more Low-Income Housing Tax Credit production and preservation, and boost resources for states to better serve rural, tribal, and underserved communities.

Since the Low-Income Housing Tax Credit's inception in 1986, it has been responsible for virtually all the production and preservation of affordable housing in the United States. NAFCU urges you to support the expansion of this tried-and-true method for increasing and preserving affordable housing.

We thank you for your leadership and appreciate the opportunity to share our thoughts on improving housing affordability. Should you have any questions or require any additional information, please contact me or Jake Plevelich, NAFCU's Associate Director of Legislative Affairs, at [jplevelich@nafcu.org](mailto:jplevelich@nafcu.org).

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Senate Committee on Finance