

Legislation Text

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Calling on Congress to reject the GOP tax plans, which eliminate or shrink programs that promote housing affordability.

WHEREAS, Ensuring housing affordability is a core priority of this legislative body; and

WHEREAS, Housing affordability has become an increasingly critical issue in recent years. Philadelphia saw a 20% drop in affordable housing between 2000 and 2014, losing 23,628 units with rents that fell below the \$750 monthly threshold. Since 2014, nearly 70% of new construction has been on the high end, with apartment rents averaging \$1,795 monthly; and

WHEREAS, Approximately 50% of the production of affordable rental housing is achieved through the Low Income Housing Tax Credit ("LIHTC"). These tax credits are offered at two levels: the 4% credit and the 9% credit; and

WHEREAS, The 4% LIHTC requires issuance by developers of tax-exempt Multi-Family Housing Bonds. The House tax plan eliminates all tax-exempt Private Activity Bonds including the Multi-Family Housing Bond. This change would cripple the 4% LIHTC, which creates or preserves over 1,200 units of affordable housing across Pennsylvania every year; and

WHEREAS, Both House and Senate tax bills lower the top corporate tax rate from 35% to 20%, which will substantially reduce the value of the 9% LIHTC to the corporations that purchase them. That reduction in value will result in an estimated 15% drop in the production of new affordable housing units; and

WHEREAS, The House tax plan also eliminates the Historic Tax Credit Program ("HTCP"), various energy credits including wind and solar, and the New Markets Tax Credit ("NMTC"). These credits are essential to preservation and improvement of existing housing stock, a core strategy for maintaining housing affordability. In Pennsylvania, the NMTC and HTCP together have leveraged more than \$4.6 billion in outside investment and created tens of thousands of jobs; and

WHEREAS, The Senate bill keeps the Historic Tax Credit Program but reduces the credit from 20% to 10%; and

WHEREAS, Estimates of the combined effect of the changes in the proposed tax plan have found that the policies could reduce the production of affordable rental housing by as much as two-thirds; and

WHEREAS, We on this Council recognize affordable housing as essential to ensuring a more prosperous and equitable City for all Philadelphians; and

WHEREAS, Elimination and reduction of federal tax credit and bond programs will deepen the City's housing affordability crisis, a catastrophic and unacceptable policy failure; now, therefore, be it

RESOLVED, BY VIRTUE OF THIS CITATION, THE COUNCIL OF THE CITY OF PHILADELPHIA, Calls on Congress to reject the GOP tax plans, which eliminate or shrink programs that promote housing affordability.