Restore Private Activity Bonds and the New Market Tax Credit

Dear Senator,

As a member of the National Community Development Association, I urge you to preserve Private Activity Bonds and the New Market Tax Credit in tax reform legislation that is currently being negotiated between the House and the Senate. These bonds and credits are critical to producing affordable housing and spurring public-private partnerships in community development.

NCDA is deeply concerned that the House bill eliminates Private Activity Bonds, which are tax-exempt bonds issued by state and local governments to drive private investment in community development, housing, infrastructure, and schools. The bill would remove the tax exemption for Private Activity Bonds, which would seriously impact private investment in communities. Luckily, the Senate bill preserves these critical bonds.

The elimination of Private Activity Bonds would also impact Multifamily Housing Bonds, which are responsible for approximately half of Low-Income Housing Tax Credit production annually and would essentially eliminate the 4 percent Low-Income Housing Tax Credit. While the Tax Cuts and Jobs Act preserves the Low-Income Housing Tax Credit overall, the loss of Private Activity Bonds and the 4 percent credit would devastate production of affordable housing during a national housing affordability crisis.

Additionally, the New Market Tax Credit attracts private capital to low-income communities by providing federal income tax offsets for investments in housing, schools, and other projects. The New Market Tax Credit has a proven track record in low-income communities and its loss would be devastating for revitalization efforts in these neighborhoods. It is eliminated in the House version of the bill, but preserved by the Senate.

[insert success stories of Private Activity Bonds, New Market Tax Credit]

I urge you to restore Private Activity Bonds and the New Market Tax Credit in the conference report of tax reform legislation. Our community is relying on these credits to continue to attract private investment in our neighborhoods.

Thank you,