

November 4, 2016

Issue 16-43

## Capitol Watch

### **New Class War Erupts Over Housing**

A proposal submitted by Sen. Ron Wyden (D-OR) to ease homeownership opportunities for the middle class has run head on into a wall of opposition from his ideological compatriots, surprising many.

Wyden, a liberal Democrat in the Senate since 1996 and a former House member (1981-1996), is considered a mild-mannered policy wonk not given to open political warfare. But S 3384, the proposed Middle-Income Housing Tax Credit, has ignited a firestorm of opposition from the liberal-left, largely the politically potent low-income housing lobby.

The proposal, modeled on the popular Low-Income Housing Tax Credit, is intended to spur development of rental homes affordable to moderate-income families. It would allocate money to states based on population. State housing agencies would apply a competitive system to allocate tax credits to developers for new construction or rehabilitation projects.

The tax credit would be worth up to \$3 billion over 10 years to encourage builders to provide new and rehabbed homes for families earning anywhere between 60% and 100% of their local median income. Unused MIHTCs would be rolled over into the companion LIHTC program the following year.

But the proposal immediately triggered heated opposition from low-income housing advocates and some municipal leaders and prompted a personal statement from new National Low-Income Housing Coalition President/CEO Diane Yentel.

“If enacted, Senator Wyden’s bill would divert much-needed resources to higher-income households who, the data show, do not face significant housing challenges,” Yentel says. “Just 2% of middle-income renters nationwide are severely cost-burdened, compared with 75% of the poorest renters paying more than half of their incomes towards their rent.”

The data Yentel refers to is NLIHC’s internally generated study -- *The Gap: The Affordable Housing Gap Analysis 2016* -- providing justification data for NLIHC’s policy strategies.

“There is no sound rationale for investing billions of dollars of scarce federal resources targeted toward the development of housing for higher-income households, when the evidence makes

overwhelmingly clear that the need for affordable housing is primarily concentrated among the lowest income families,” Yentel concludes.

While the issue is generating much heat, there is no chance the bill will go anywhere this year. Wyden intends the bill as a point of discussion now, with legislation introduction likely early next year.

The bill’s opponents face equally challenging backers when the issue rises again next year. Builders say affordable housing production would surge.

“The new MIHTC would serve as a great complement to the LIHTC, which represents the best of public-private partnerships and is the most successful tool for financing affordable housing,” National Association of Home Builders Chairman Ed Brady says.

**Info:** See S 3384 at [www.cdpublications.com/docs/9022](http://www.cdpublications.com/docs/9022)  
11/3/16 10:12 PM