

December 8, 2023

The Honorable Ron Wyden
United States Senate
Washington, D.C. 20510

The Honorable Dan Sullivan
United States Senate
Washington, D.C. 20510

The Honorable Jimmy Panetta
United States House of Representatives
Washington, D.C. 20515

The Honorable Mike Carey
United States House of Representatives
Washington, DC 20515

Dear Chairman Wyden, Senator Sullivan, and Representatives Panetta and Carey:

The undersigned national associations represent for-profit and non-profit owners, operators, developers, lenders, property managers, and other real estate professionals, as well as housing cooperatives involved in the provision of rental housing, both affordable and conventional. We are writing to thank you for introducing the *Workforce Housing Tax Credit Act* to establish a tax credit for workforce housing. Our industry strongly supports this groundbreaking legislation that represents an integral step to address the severe shortage of workforce housing available to millions of this nation's hardworking families.

Housing affordability is a critical and growing challenge facing many Americans today who are seeking a safe and decent place to call home. In 1985, 28.0 percent of all households were cost-burdened (paying over 30 percent of their income on housing), while 12.1 percent had severe cost-burdens (paying over half of their income on housing). By 2021, these shares of cost-burdened and severely cost-burdened households had increased to 36.9 percent and 18.9 percent, respectively. Multifamily residents have faced even greater challenges: The total share of cost-burdened apartment households increased steadily from 42.4 percent in 1985 to 57.6 percent in 2021, and the total share of severely cost-burdened apartment households increased from 20.9 percent to 31.0 percent.

This issue is not unique to low-income families and, in fact, is encroaching on the financial wellbeing of solidly middle-income households. The median asking rent for an apartment completed in the second quarter of 2023 was \$1,763, a 9.4 percent increase from the same period in 2018. For a renter to afford one of those units at the 30 percent of income standard, they would need to earn at least \$70,520 annually. Furthermore, based on 2021 American Community Survey data, we estimate that more than a quarter (26 percent) of middle-income renter households (81-100 percent of HUD Area Median Income) were cost burdened in 2021. This amounts to more than 1.2 million households. Accordingly, this is an issue impacting those workers who comprise the very fabric of strong communities nationwide, including teachers, firefighters, nurses and police officers.

Our organizations believe that the *Workforce Housing Tax Credit Act* would spur the development of housing targeted to renter households facing affordability challenges but ineligible for federal subsidies. The shortage of available units is making it challenging for millions of households nationwide to find quality rental housing that is affordable at their income level. For many households, the shortage of affordable rental housing makes it even more difficult to pay for basic

necessities like food and transportation. Ultimately, this could have an impact on their future financial success.

According to a study conducted by Hoyt Advisory Services, the United States needs to build 4.3 million more apartments by 2035 to meet the demand for rental housing. This includes 600,000 units (total apartments) to fill the shortage from underbuilding after the 2008 financial crisis. Underproduction of housing has translated to higher housing costs – resulting in a decline of 4.7 million affordable apartments (monthly rents less than \$1,000) from 2015-2020. Your legislation would provide meaningful incentives to spur housing production.

We are aware that some are concerned a Workforce Housing Tax Credit would compete with the Low-Income Housing Tax Credit (LIHTC). We commend you not only for the great pains your legislation has taken to ensure it will not divert resources from LIHTC, but also for your steadfast support of the LIHTC program. We believe that the *Workforce Housing Tax Credit Act* will only serve to complement the LIHTC. We strongly support enacting the *Affordable Housing Credit Improvement Act of 2023*, which you have each cosponsored.

Thank you for your commitment to housing. We support the *Workforce Housing Tax Credit Act* and stand ready to work with you to facilitate passage of this meaningful legislation.

Sincerely,

National Multifamily Housing Council
American Seniors Housing Association
CCIM Institute
ICSC
Institute of Real Estate Management
Manufactured Housing Institute
Mortgage Bankers Association
National Affordable Housing Management Association
National Apartment Association
National Association of Home Builders
NATIONAL ASSOCIATION OF REALTORS®
National Leased Housing Association
The Real Estate Roundtable
Up for Growth Action