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November 15, 2017

Dear Representative,

We, the undersigned members of the National Community Reinvestment Coalition (NCRC), are writing to urge you to oppose H.R. 1, the Tax Cuts and Jobs Act. Among other reasons, the bill includes several provisions that would undermine incentives in the nation's tax code for low- and moderate-income (LMI) families to become homeowners and critical tax subsidies for affordable rental housing, and community and economic development projects in underserved communities. When combined with an overall declining federal budget and the strict caps imposed on non-defense discretionary spending through the annual appropriations process, the shrinking tax subsidies included in H.R. 1 raise even greater concerns about the state of investment in the nation's underserved communities.

Less for Low- and Moderate-Income Homeowners, Renters, and Communities

Homeownership remains the best vehicle for LMI families and people of color to build wealth and enter the middle class. H.R. 1 undermines key tax advantages for LMI families to become homeowners. The bill also repeals several provisions in the tax code that help finance the development of affordable rental housing as well as other community and economic development projects.

- **On the Mortgage Interest Deduction:** H.R. 1 reduces the size of mortgage that would qualify for the mortgage interest deduction from \$1 million to \$500,000, but it fails to redirect the savings from that reform to LMI homeowners and renters. The deduction should have been converted to a tax credit to benefit more LMI homeowners and the savings from the reform should have been invested in the creation of more affordable rental housing stock in the country.
- **On the Low-Income Housing Tax Credit/Private Activity Bonds:** While the proposal preserves the Low Income Housing Tax Credit (LIHTC) program, it eliminates the tax exemption for private activity bonds, which are critical to the production and preservation of affordable housing across the country through the 4% LIHTC program.
- **On the New Markets Tax Credit and Historic Tax Credit:** The bill also eliminates the New Markets Tax Credit program and the Historic Tax Credit. Both credits are designed to encourage investments in low-income communities in the nation's urban core and rural areas that traditionally have had poor access to debt and equity capital.



NCRC

OPENING DOORS TO
ECONOMIC OPPORTUNITY

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The bill also ends the deductibility of state and local income and sales taxes (SALT). SALT helps state and local governments fund public services and will make it more difficult for states to raise sufficient revenues in the coming years to fund K-12 and higher education, health care, public infrastructure improvements and other services.

H.R. 1, Combined with Declining Investments Elsewhere, Creates A Perfect Storm for Underserved Communities

Underserved communities are facing a perfect storm of a disinvestment: declining “soft subsidies” in the federal tax code that facilitate homeownership, affordable rental housing and economic development; shrinking spending annually through the Congressional appropriation process for community development; revenue pressures limiting state investments around the country; and, a declining commitment by the nation’s financial institutions to lend and invest in underserved communities. At the same time, income and racial wealth gaps are growing, homeownership hovers at a historic low, and the lack of affordable rental housing reaches crisis levels.

H.R. 1 fails to maintain a tax code that is fair to the nation’s working families; that preserves and strengthen features in tax law that supports homeownership for LMI households and that helps underserved and disinvested communities attract and finance community development projects. For these reasons and more, we urge you to oppose H.R. 1, the Tax Cuts and Jobs Act when it is considered on the House floor.

Sincerely,

National Community Reinvestment Coalition (NCRC)

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Affordable Homeownership Foundation Inc.

Baltimore Neighborhoods Inc

Baptist Ministers Conference of Cinti. & Vicinity

Beechview Area Concerned Citizens

Bloomfield-Garfield Corporation

California Coalition for Rural Housing

California Reinvestment Coalition

CASA of Oregon

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Community Housing Fund
Consumer Action
County Corp
Detroit Shoreway Community Development Organization
Financial Justice Coalition
First World Architects Studio
Friends of the African Union
Global Network CDC
Greater New Orleans Housing Alliance
H.O.P.E. Through Divine Intervention Inc
Hamilton County Community Reinvestment Group
Harlingen CDC
Hazelwood Initiative, Inc.
Higher Self Lifestyle
HOPE of Evansville
Housing and Education
Housing Authority of the City of High Point
Housing Coalition Educators
Housing NOLA
The Institute of Minority Economic Development
J-RAB Inc
L.A Keyz Financial Services
Metropolitan St. Louis Equal Housing and Opportunity Council
Multi-Cultural Development Center
National Association of American Veterans, Inc.
National Housing Counseling Agency
National Housing Institute
Neighborhood Housing Services of South Florida
Neighborhood Housing Services of Waterbury
PathStone Enterprise Center
The Pittsburgh Project
R Pace Tax Service
Rebuild Durham Inc
The Resurrection Project
Sacramento Housing Alliance
Scott County Housing Council
Universal Housing Solutions CDC

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Woodstock Institute
Working In Neighborhoods