

August 16, 2021

Ms. Nicole Cimino
Branch Chief
Office of Chief Counsel
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Mr. Michael Novey
Associate Tax Legislative Counsel
Office of Tax Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Ms. Cimino and Mr. Novey:

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I would like to express our gratitude for the flexibility your agencies have provided under IRS Notice 2020-53 and 2021-12 with regard to the Low-Income Housing Tax Credit (LIHTC) program. Many of our members continue to struggle with unparalleled challenges due to COVID-19, and with the newfound uncertainty arising from the spread of the Delta variant, I am again requesting that the Department of Treasury and Internal Revenue Service extend the relief previously provided in IRS Notice 2021-12.

Of critical importance is a further 12-month extension of the carryover allocation 10% test deadline as required by Section 42(h)(1)(E)(ii), the placed in service deadline under Section 42(h)(1)(E)(i), and the rehabilitation expenditure deadline under Section 42(e)(3) and 42(e)(4). Furthermore, NAHB supports extending the deadlines identified by the National Council of State Housing Finance Agencies in their letter dated August 13, 2021.

Due to the uncertainty COVID-19 presents as we head into the fall and winter, NAHB believes that all of the deadline extensions in IRS Notice 2021-12 should be extended. For example, early in the summer few would have predicted that some state and local governments would reinstate restrictions on vaccinated Americans, or that the country would see a rise in cases in some states that exceed caseloads prior to the availability of vaccines. We hope this current wave is the last, but there remains much uncertainty about the fall and winter.

Our members continue to report that approval delays are common, particularly in jurisdictions where local government continues to function virtually. Additionally, construction costs remain a challenge, and while state agencies have been proactive in working with developers, this is another point of delay.

The unprecedented nature of the ongoing surge in building material prices due to the COVID-19 pandemic cannot be overstated. The Bureau of Labor Statistics' July Producer Price Index reported building material prices have increased 14.7% year-to-date, led by increases in steel mill products (+87.6%), iron and steel (+55.1%), and asphalt (+27.0%).

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At the peak, NAHB estimated the higher lumber prices added nearly \$13,000 to the cost of every multifamily unit under construction. A typical LIHTC project might have seen their lumber costs increase by tens and even hundreds of thousands of dollars, depending on the size of the project. Although lumber prices have recently declined, the drop has been outweighed by year-to-date price increases for almost every other building material.

According to the 2020 Survey of Construction from the Census Bureau, the average length of construction of a multifamily building, after obtaining authorization, was 17.4 months, and buildings with 20 or more units averaged 19.7 months. Considering the additional complexity of a LIHTC project, managing delays arising from COVID-19 places tremendous strain on the development process. For these reasons, NAHB is requesting extensions of all deadlines included in IRS Notice 2021-12, particularly an additional 12-month extension of the 10% test deadline, placed in service deadline, and the rehabilitation expenditure deadline. This will ensure much-needed affordable rental housing is completed and delivered in spite of the challenges the pandemic presents.

Thank you for considering our request.

Sincerely,



Gerald M. Howard
Chief Executive Officer
National Association of Home Builders