



May 15, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi:

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB), I write to commend your efforts to produce comprehensive economic recovery legislation that will help small and medium-sized residential construction businesses endure the COVID-19 national emergency. NAHB supports the provisions in H.R. 6800, *The Heroes Act*, that will increase aid for state and local governments; extend unemployment and emergency paid leave benefits for impacted workers, self-employed individuals, and independent contractors; and alleviate various financial and tax burdens on struggling American businesses and taxpayers.

NAHB appreciates the legislation's expansion of the Small Business Administration's Paycheck Protection Program (PPP) loan eligibility to 501(c)(6) organizations. NAHB is a federation of over 700 state and local associations, many of which are desperate for financial assistance to help cover payroll costs and other obligations. These entities provide crucial guidance and resources to construction businesses trying to weather the pandemic-induced economic downturn. The majority of, if not all, our affiliated associations generate most of their operating resources from events and functions that have been canceled due to social distancing requirements and public gathering limitations. Access to PPP loans is critical to their continued operation and support of the home building industry.

NAHB welcomes the inclusion of rental assistance funding in H.R. 6800. It is essential that the federal government provides emergency rental assistance to families who have been economically displaced as a result of the pandemic. An eviction moratorium is a short-term band-aid; rent payments and mortgage obligations will eventually become due. Rental assistance funding will allow the stability of a tenant's long-term housing and ensure small business multifamily owners are able to pay their mortgage and employees. NAHB supports the goals of the program and looks forward to working with Chairwoman Maxine Waters and House leadership to ensure the funding reaches those most impacted by COVID-19.

A growing area of concern within multifamily development is the Low-Income Housing Tax Credit (LIHTC) and the COVID-19 economic crisis' direct impact on the production of affordable housing through the 4% credit. There are two subsidy levels for LIHTC, including the 4% credit which is used to finance existing property acquisition and preservation. This credit rate floats based on government borrowing costs. With the actions taken by the Federal Reserve to stabilize our economy, this

rate quickly fell to an all-time low. For May, the rate is 3.08 percent, which translates into a reduction of nearly 25% of equity flowing in a 4% LIHTC project. Unfortunately, we do not expect these record-low rates to materially change anytime soon. Congress must address this urgent issue now, and NAHB is disappointed that a fix for the 4% credit was not included in the bill.

NAHB opposes the changes included to the Net Operating Loss (NOL) provisions established by the CARES Act. A sudden, retroactive change to the rules of the game is not what the business community needs, particularly the struggling businesses that have already worked the expanded NOL provisions into their business plans. Furthermore, we expect that as rent payments for multifamily and commercial properties lag, the expanded NOL provision in the CARES Act may prove to be the difference between survival and foreclosure of these properties.

NAHB appreciates your recognition of the importance of workforce investment to rebuilding the economy and getting Americans back to work in the home building industry. Additional investments in federal workforce training programs – especially those benefiting our most vulnerable populations – will help job seekers gain the skills needed for well-paying, in-demand careers in residential construction.

Finally, it is imperative that the federal government support our state and local governments impacted by the COVID-19 crisis and we appreciate the inclusion of important stabilization funds in H.R. 6800. Home builders rely on the services provided by state and local governments for their regular business operations. Without federal aid, critical government services, such as planning approvals, building permits and timely inspections, are at risk of being curtailed or eliminated, resulting in construction delays and increased costs to home buyers.

While we strongly urge Congress to work in bipartisan fashion to address several remaining small business concerns in the bill, NAHB commends the introduction of *The Heroes Act* and appreciates the opportunity to comment on this proposal. We look forward to working collaboratively to advance the next phase of economic recovery legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III". The signature is stylized and cursive.

James W. Tobin III