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Commentary: Don't gut U.S. housing help for young families and the elderly

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Guest Columnist

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One of the most successful housing programs in the United States is also one of the lesser-known ones. Tax-exempt loans to moderate-income first-time homebuyers and loans to developers who build or renovate apartments that are rented to working families and the elderly.

In its current form, House Bill 1, the proposed tax legislation in the U.S. House of Representatives, would eliminate all private activity bonds. Private activity bonds — sometimes called PABs — are used to finance activities where the government is not the owner of the facility that is financed — including housing. This type of financing uses a public-private partnership model, rather than a government-only approach.

Housing bonds would be eliminated, as would financing for other activities such as nonprofit hospitals, nonprofit universities, ports and airports. The policy justification for the elimination: none. In the middle of an affordable-housing crisis that will impact the economy of Florida, the House tax plan proposes to eliminate a massively successful program that directly benefits moderate-income families.

That point bears closer examination. This isn't public housing. This is housing for young working families struggling to buy their first home and realize the American Dream. This is housing for families working every day who cannot find an apartment they can afford to rent.

You have met the people who benefit from housing bonds. They are the people who have full-time employment in jobs that aren't high wage — the exact group that we so often say deserves help. They work in banks, hotels, hospitals, restaurants and schools.

U.S. House leadership touts the bill's purported $1,000 in annual tax savings for a middle-class family. How ironic that a tax bill being pushed as a benefit to the middle class includes a provision that would gut the ability to finance the affordable housing they desperately need. How does a short-term $1,000 annual tax savings compare to a real rent increase of $500 to $1,000 per month?

Since this program began in the early 1980s, in Florida alone more than 175,000 families bought their homes through bond programs and more than 190,000 units of affordable apartments have been built or rehabilitated. The Orange County Housing Finance Authority alone has provided $3.3 billion of bond financing, housing more than 35,000 working families in Central Florida. At any given time in Florida, nearly 1 million people live in housing that was bond financed.

When the bonds are used for rental housing, they also receive federal housing credits (4 percent low-income housing tax credits). More than 45 percent of the affordable rental housing produced in Florida from 2011-2015 utilized housing bonds and the 4 percent housing credit (the other 55 percent utilize the 9 percent housing credit). The current House bill would eliminate the 4 percent housing credit along with private activity bonds.

Housing bond allocation may also be exchanged for mortgage credit certificates. Many bond issuers in Florida have utilized this exchange in recent years, giving first-time homebuyers an income tax credit each year that they live in their home — as opposed to a bond-financed loan. This program gives first-time homebuyers up to a $2,000 per year tax credit. HR 1 would repeal this program, taking away a real $2,000-per-year tax credit and replacing it with a short-term $1,000 in tax savings. What a deal.

Housing bonds are needed in Florida. We cannot address our growing housing-affordability crisis without them. The programs are successful and serve our working families and the elderly. The U.S. House should remove the provision in HR 1 that would repeal housing bonds.

Failing in that, U.S. Sens. Marco Rubio and Bill Nelson need to work to make sure that the Senate's tax bill protects housing bonds, and that no tax legislation is adopted if it includes the repeal of this critical resource.

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