



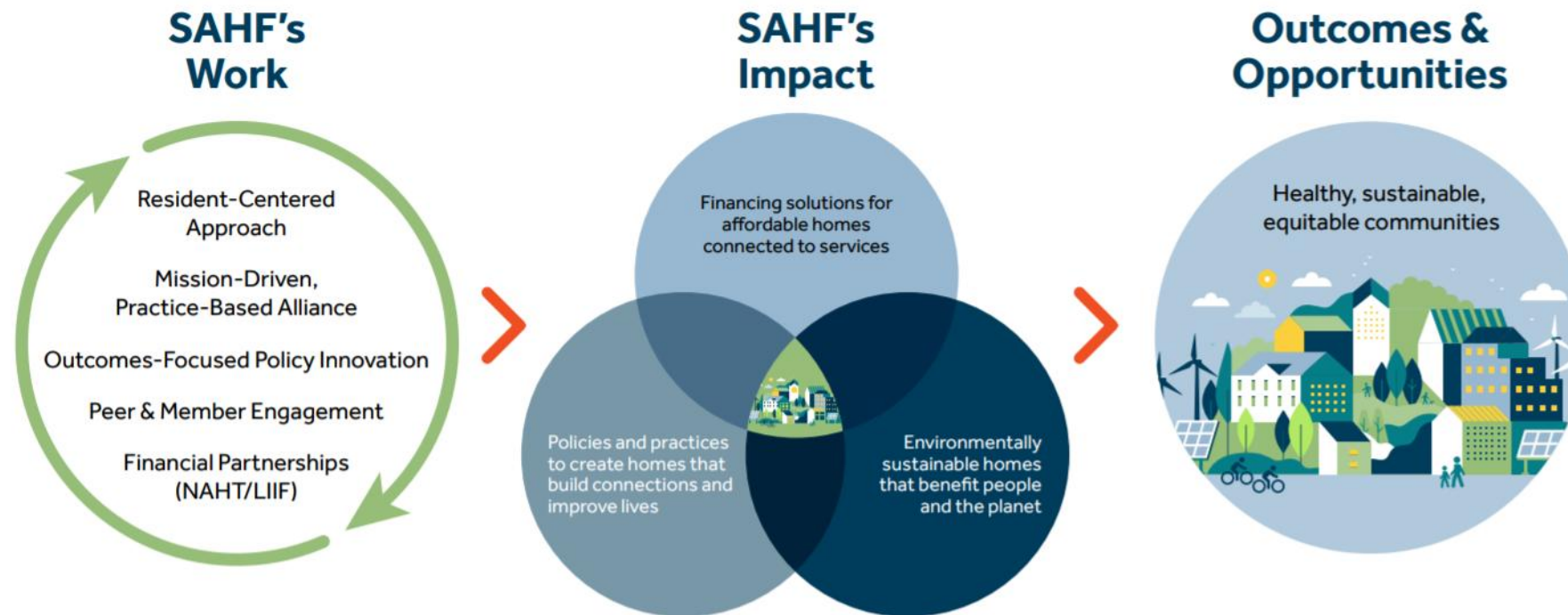
What's Ahead for Medicaid & Housing: LIHTC & Other Housing Priorities in H.R. 1

Althea Arnold, SVP and COO



Stewards of Affordable Housing for the Future (SAHF)

SAHF is a **mission-driven collaborative** of nonprofit housing providers. We work to advance the creation and preservation of healthy, sustainable, affordable rental homes so that every person has a home in a flourishing community.



16K+ jobs supported each year by operating SAHF member housing and **\$960M+** generated in business owners' income and wages, resident spending and taxes.

161K+ individuals connected each year with the supports and services they need to thrive through resident service coordination at SAHF member homes

Our Members



SAHF by the Numbers



231,000+

People Served by SAHF Members



13*

Non-Profit
Housing Providers



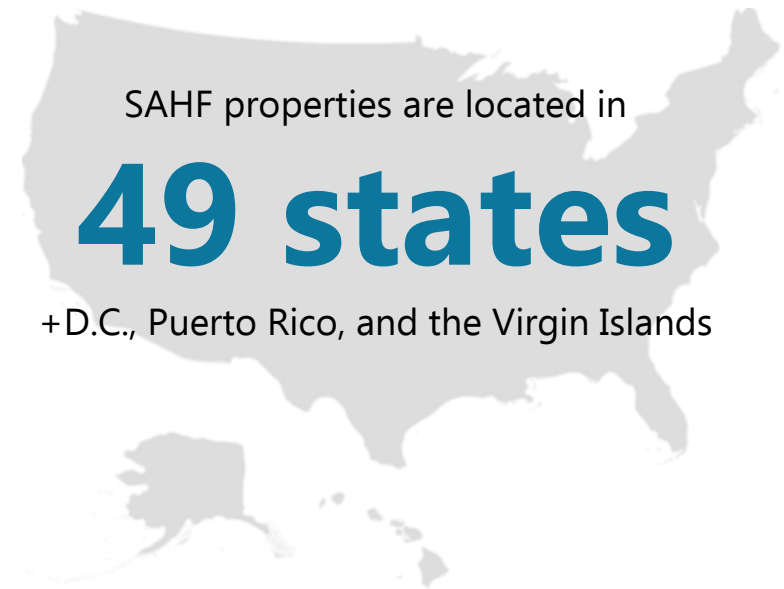
151,364 (+573)

Rental Homes for Families, Seniors,
and Special Needs Populations



1,977 (+11)

Multifamily Properties Across the
U.S.



SAHF properties are located in

49 states

+D.C., Puerto Rico, and the Virgin Islands

“One Big Beautiful Bill” Act Highlights

- **Signed into law July 4** following party-line votes (House -July 3; Senate -July 1)
- **"Budget Reconciliation"** process allowed simple majority vote in Senate; limited to direct tax, spending and debt limit provisions (Byrd Rule)
- CBO estimates: budget **deficit will increase by \$3.4 trillion** over 2025-2034.
- **Big Picture Highlights:**
 - Extends key provisions of the 2017 **Tax Cuts and Jobs Act**
 - Some made permanent (e.g., individual tax rates), others temporary
 - Increases the **debt ceiling** by \$5 trillion
 - Reduces funding for **safety net programs** (SNAP, Medicare) and increases limits (work requirements, immigrant status)
 - Rolls back **clean energy provisions** of Inflation Reduction Act
 - Boosts spending for **immigration and border enforcement**



OBBA: Affordable Housing & Community Development Provisions

- **Permanent Low Income Housing Tax Credit Provisions!**

- **Lowers private activity bond (PAB) financing threshold from 50% to 25%** of land and building costs for properties placed in service after Dec. 31, 2025, *as long as at least 5% of the aggregate land and building costs are financed with PABs issued after Dec. 31, 2025*
- **Increases 9% allocations for the Housing Credit by 12%** (not 12.5% as included for four years in the House-passed reconciliation bill), starting in 2026

Impacts "As of Right"/ 4% LIHTC

Impacts Competitive/ 9% LIHTC

- **Other tax provisions:**

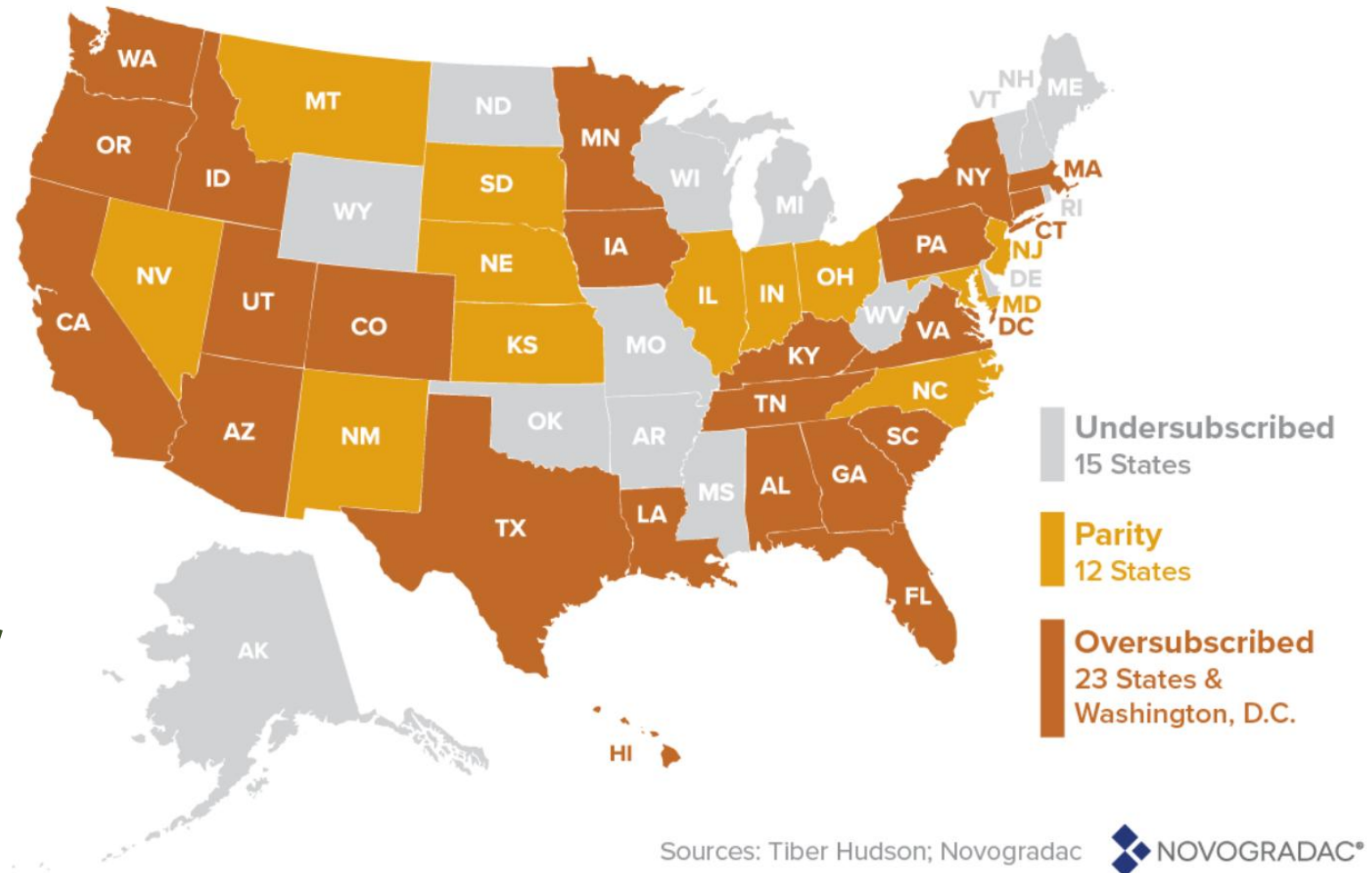
- Permanent **100% bonus depreciation** for qualified properties, *which should benefit Housing Credit investors and boost pricing*
- Permanently extends the **Opportunity Zone** tax incentive
- Permanently extends the **New Markets Tax Credit** Program (locks in \$5billion annual authorization)

Deeper Dive Into Impact of OBBA Bond Test Provision

Novogradac estimates this change will finance **1.14 million additional affordable rental homes** over 2026-2035 *if*:

- States used all the “freed” PAB cap for rental housing
- Sufficient scalable gap financing is available

Impact of change greater for oversubscribed and states at parity



How States are Implementing Bond Threshold Changes

Guidance Published Already:

- California
- Georgia
- Illinois
- Indiana
- Iowa
- Wisconsin

Anticipated Publishing:

- Hawaii – 2026
- Kentucky – Fall 2025
- Michigan – 4th quarter 2025
- Minnesota – 4th quarter 2025
- Nevada – Fall 2025
- New Hampshire - 4th quarter 2025
- New Jersey – 2026

- New Mexico - 4th quarter 2025
- North Dakota – 2026
- Oregon – Fall 2026
- Pennsylvania - 4th quarter 2025
- Tennessee - 4th quarter 2025
- Utah - 4th quarter 2025
- Vermont - 4th quarter 2025
- Virginia – 3rd quarter 2025
- Wyoming - 2026

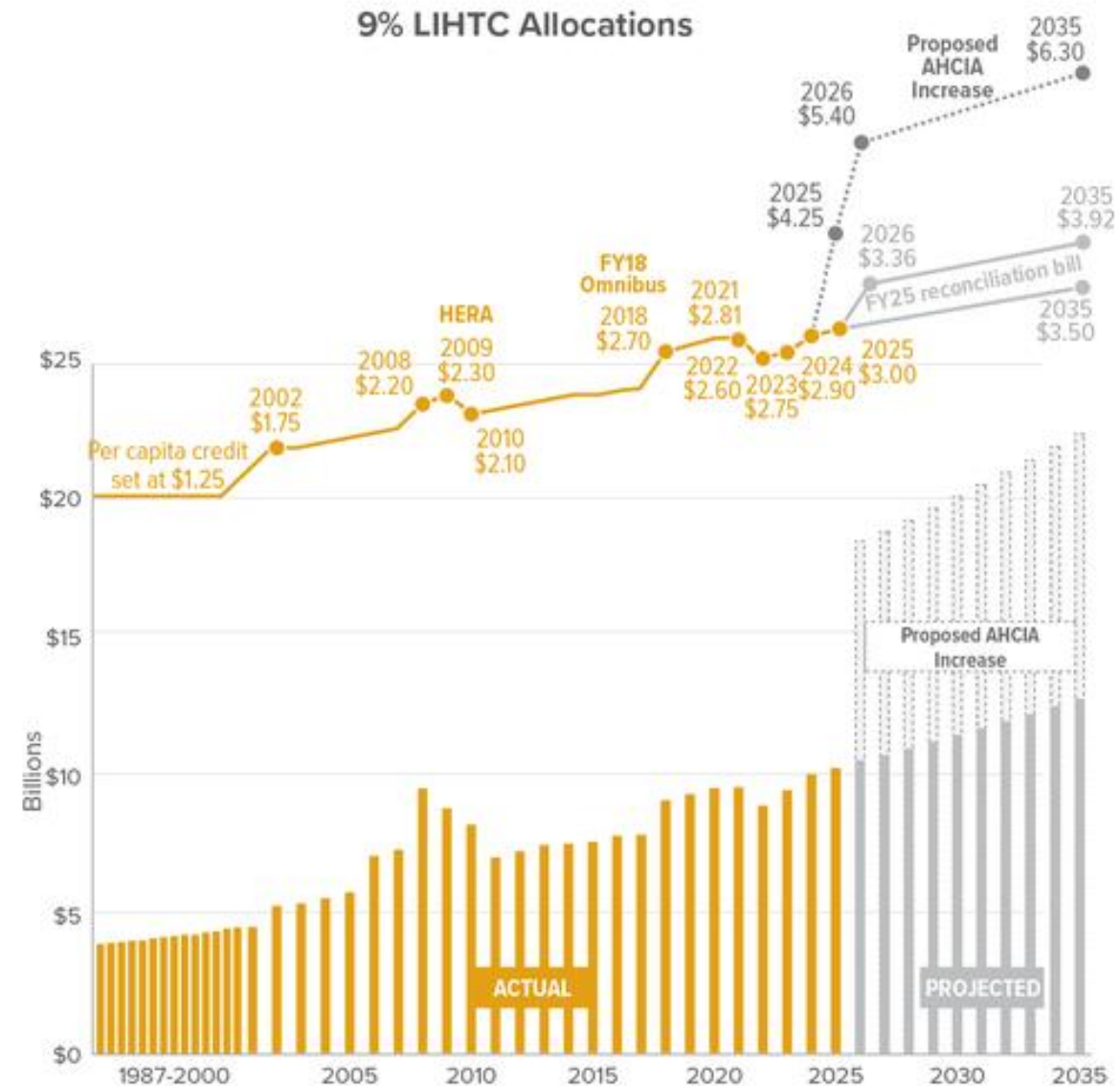
State considerations/ areas for advocacy:

- 1) How much gap financing/ perm debt is available/needed?
- 2) How can we prioritize preservation transactions?
- 2) How will bond cap authority be directed?

Deeper Dive Into Impact of OBBA 9% Housing Credit Provision

This Novogradac chart shows 9 percent allocations by year, impacted by statutory changes including OBBA

- **Estimates change will finance 800,000 additional affordable rental homes over 2026-2035**
 - Estimate includes Census projections of stat pop growth and inflation but not tariffs which will likely add to development costs



Sources: Novogradac; Calculated based on data from National Council of State Housing Agencies' Annual State HFA Factbooks, Census, IRS, Congressional Budget Office and Bureau of Labor Statistics

Additional Housing Considerations in OBBBA

Clean Energy Provisions

- Accelerates phase-outs of some Inflation Reduction Act of 2022 (IRA) energy tax credits
 - Terminates investment tax credit eligibility of wind, solar and energy storage projects for projects placed into service after Dec 31, 2027. Under IRA, it was originally until 2032. * Geothermal can still be used through 2032.
 - Wind and solar projects must now be placed in service before 2028 to claim Production Tax Credits.
- Broadens domestic content restrictions
- Rescinds unobligated funds from IRA funds including GRRP (\$138m), GGRF, Climate Justice
- Terminates authorization of GGRF and rescinds unobligated funds (99% of funds are officially obligated so unclear on impact of this provision)



Additional Housing Considerations in OBBBA

Clean Energy Provisions Considerations & Questions:

Time is of the essence: Builders and developers hoping to claim the 45L credit must ensure that the homes are completed and acquired (sold or leased) before June 30, 2026.

Potential Impact on Planning: This change may impact existing planning and construction timelines, particularly for projects that were counting on the credit through 2032.



Additional Housing Considerations in OBBBA

Medicaid & Social Safety Net Provisions

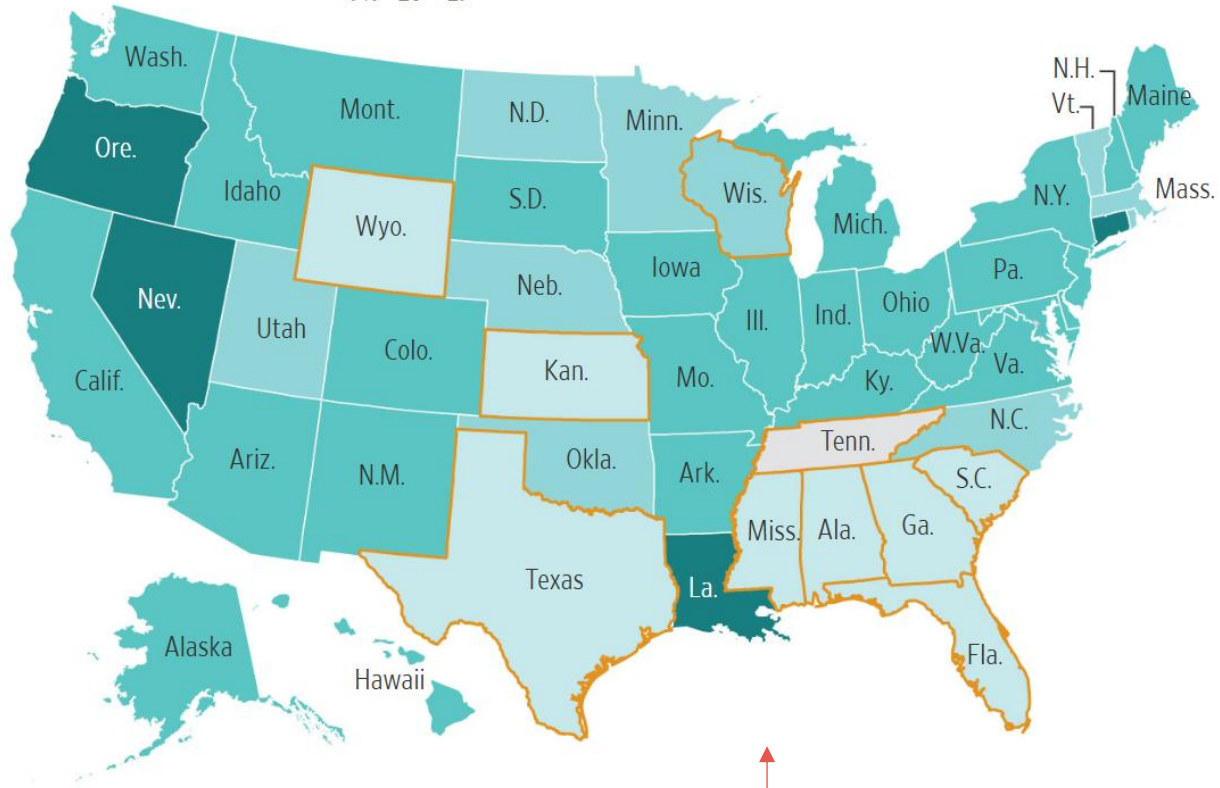
- Medicaid: CBO estimates that OBBBA will cut federal spending on Medicaid by \$1.02 trillion. 12-20 million people could lose coverage by 2034.
 - Adults eligible for Medicaid through ACA expansion must meet work and reporting requirements
 - Repealing the Biden Administration's rule simplifying Medicaid eligibility and renewal processes
 - Establishing a moratorium on new or increased provider taxes and reducing existing provider taxes in expansion states
 - Revising the payment limit for state directed payments
 - Increasing the frequency of eligibility redeterminations for the ACA expansion group
- SNAP: Expands work requirements and reverses paperwork-requirement exemptions for vulnerable groups. CBO estimates that this would cut SNAP by nearly 20% and remove 270,000 people off food assistance for three years.



Deeper Dive Into OBBA Medicaid and ACA Changes

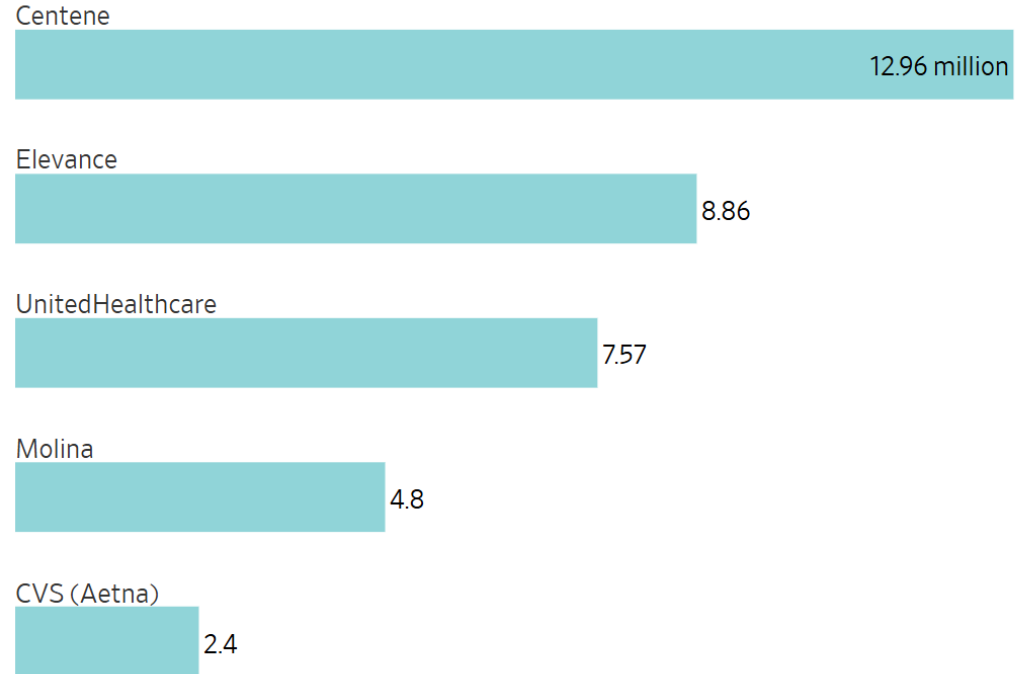
Projected reductions in Medicaid coverage, by state, FY 2025-2034

Change in enrollment* -10% Total U.S. Non-Medicaid-expansion states



*From baseline. Note: No data for Tennessee.
Source: Manatt Health

Major Medicaid insurers, by number of enrollees



Impacts Expected: Loss of coverage ; Hospitals will lose funds; State budgets tighten; Fewer customers for insurers/payors

Additional Housing Considerations in OBBBA

Medicaid & Social Safety Net Provisions Considerations & Questions:

- Impact on Medicaid cuts to affordable housing partnerships, services unclear– could be more of a push for evidence-based outcomes
- People in the lowest 10% of income distribution in the U.S. (WHICH IS THE SAHF MEMBER PORTFOLIO) stand to lose noncash government benefits such as Medicaid coverage and food stamps worth nearly \$1,600 per year (CBO Estimate).
- Loss of benefits and increased costs will further squeeze affordable housing residents who must make difficult decisions between paying for rent or other basic needs

