



NOVOGRADAC

Journal of Tax Credits™

August 2025 • Volume XVI • Issue VIII

Published by Novogradac

The LIHTC and Bonds Issue

**It's Time We Renovate
Regulations to Solve the
Housing Crisis**
Page 16

**Creative Ways to
Stretch LIHTC Equity**
Page 21

**A Comparison between IRC
Section 142(d) Bond Rules, IRC
Section 42 Tax Credit Rules**
Page 19

**Building Trust, Structuring
Returns: The New Standard in
LIHTC Investment**
Page 23



It's Time We Renovate Regulations to Solve the Housing Crisis

THOM AMDUR, LINCOLN AVENUE COMMUNITIES

The United States is facing a chronic affordable housing crisis. The 2024 State of the Nation's Housing Report by the Harvard Joint Center for Housing Studies, found that homeowners and renters continue to struggle with high housing costs, and that the number of cost-burdened renters is at an all-time high. According to the National Low Income Housing Coalition, there is a structural deficit of affordable housing in United States that exceeds 7.1 million affordable, available homes for renters with extremely low incomes.

Problems Are for Solving

With such dire needs, it is imperative that the affordable housing production ecosystem operate like an efficient production line, churning out hundreds of thousands of new affordable housing units annually where they are needed most. Unfortunately, for practitioners, it often feels more like a Rube Goldberg Machine replete with bespoke processes, head-scratching twists and turns and the constant fear that the whole contraption will collapse if just one more person tinkers with it.

Development is stymied by “regulatory friction” when 60 years of federal, state and local programs, policies regulations and processes are stacked on top of each other, usually without consideration to how they interact with each other or for the collective burden and the effective tax they create. Rube Goldberg Machines are fanciful and fun science, technology, engineering and math teaching tools (my fourth and fifth graders will attest to that!) but they are no way to develop affordable housing. Einstein said it best when he quipped “we cannot solve our problems with the same thinking we used when we created them.”

When Opportunity Knocks, Open the Door and Let It In

President Donald Trump has emphasized that deregulation is a cornerstone of his economic policy. He started his second term in office by issuing Executive Order 14219, which directs agencies to repeal regulations deemed unlawful by the Supreme Court (i.e., the Chevron decision) and April 11, the Office of Management and Budget began soliciting “ideas for deregulation from across the country,” looking for “proposals to rescind or replace regulations that stifle American business and American ingenuity.” There are a numerous areas that the Trump administration can pursue to boost housing production under this mandate.

Simplify Davis-Bacon and Prevailing Wage

Let us start with Davis-Bacon and prevailing wage compliance regulations, which under the current regulatory structure can add anywhere from 10% to 20% to the total cost of an affordable housing project and reduce the competitive bidding environment. In a limited resource environment, Davis-Bacon reduces

the total number of units that can be produced when U.S. Department of Housing and Urban Development (HUD) funds are part of the capital stack. Many stakeholders are calling for Trump to declare an affordable housing emergency and to temporarily suspend the applicability of Davis-Bacon in affordable housing projects. Beyond a suspension, there are still numerous improvements that should be considered, including changes to how wages are surveyed, updating regulations to allow developers to use local wage determinations or project-labor agreement wages as the prevailing wage, repealing and replacing guidance relating to “split-wage decisions” and updating the programmatic definitions of “residential construction” to include buildings taller than four stories.

Reform NEPA and Environmental Reviews

Trump flagged Environmental Review Reform as a major focus when he issued Executive Order 14154, instructing the Council of Environmental Quality to revoke its existing National Environmental Policy Act regulations and shifting responsibility to individual federal agencies. As federal agencies such as HUD and the Department of Transportation consider how to update their regulations and processes, we hope they’ll consider several areas for improvement including repealing and amending regulations governing the applicability and timing of “choice limiting actions,” shorten internal and external environmental review timelines and consider changes to eliminate duplicative third-party reports and reviews where there are federal and local requirements.

Drive Management and Operational Efficiency

The administration can also take steps to help affordable rental communities operate more efficiently and safely. For example, the administration should review and repeal COVID-era federal eviction notification requirements, which are duplicative

and additive to local eviction administrative protections. To enhance resident safety and create more efficient leasing of affordable housing units, it would also be timely to review and update resident screening guidance.

Waive Build American, Buy America for Affordable Housing

Build America, Buy America (BABA) requirements represent another opportunity. While privately owned affordable rental housing benefits the communities it serves, it is not “public infrastructure” and should not be treated as such. Repealing and replacing HUD CPD-25-01 with an updated notice that issues a blanket exemption for affordable rental housing would go a long way to reduce costs where federal funds are used and would be particularly timely given that domestic supply chains are already stressed.

The Only Way Out is Through

It is important to recognize that there is no single way to solve the affordable housing crisis. Federal regulatory reform is just one of many strategies we should implement concurrently to bend the cost and production curve. Regulatory reform will be most impactful when paired with critical legislative initiatives like the Affordable Housing Credit Improvement Act (which will expand and improve our most critical affordable housing production program), adequate funding for community development programs, improvements in the building supply chain, innovative design and construction techniques, local land-use reform and stable capital markets. Strategically targeting federal resources and programs to reward and incentivize communities that implement strategies to remove local regulatory barriers can further amplify production where the federal government does not have direct jurisdiction.

While affordable housing developers are excited about the opportunities described in this article, like many

of our peers, we have serious concerns that dynamics in policy and economic environments could have an adverse impact on affordable housing production. Proposed cuts and consolidations to critical housing programs at HUD as well as the uncertainty and volatility created by the current tariff and trade environment represent significant headwinds that could potentially offset other gains. Affordable housing is an issue that transcends partisan politics and philosophies in part because we embrace the old

proverb that says that “bridges are built from both sides of the river.” Regulatory reform represents an area of potentially fertile and common ground. ❖

Thom Amdur is senior vice president, policy and impact at Lincoln Avenue Communities (LAC), one of the nation's fastest-growing developers, investors and operators of affordable and workforce housing, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors and families nationwide. LAC is a mission-driven organization with a presence in 28 states and a portfolio of 170-plus properties comprising 30,500-plus units housing 80,000-plus residents.

© Novogradac 2025 - All Rights Reserved.

This article first appeared in the August 2025 issue of the Novogradac Journal of Tax Credits. Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.

Notice pursuant to IRS regulations: Any discussion of U.S. federal or state tax issues contained in this article is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the Internal Revenue Code; nor is any such advice intended to be used to support the promotion or marketing of a transaction. Any discussion on tax issues reflected in the article are not intended to be construed as tax advice or to create an accountant-client relationship between the reader and Novogradac & Company LLP and/or the author(s) of the article, and should not be relied upon by readers since tax results depend on the particular circumstances of each taxpayer. Readers should consult a competent tax advisor before pursuing any tax savings strategies. Any opinions or conclusions expressed by the author(s) should not be construed as opinions or conclusions of Novogradac & Company LLP.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.novoco.com.

Editorial Board

PUBLISHER

Michael J. Novogradac, CPA

EDITORIAL DIRECTOR

Alex Ruiz

TECHNICAL EDITORS

Chris Key, CPA

Michael Kressig, CPA

Diana Letsinger, CPA

Matt Meeker, CPA

Stacey Stewart, CPA

Jason Watkins, CPA

Copy

EDITORIAL AND DIGITAL MARKETING DIRECTOR

Teresa Garcia

SENIOR EDITOR

Brad Stanhope

SENIOR COPY EDITOR

Mark O'Meara

SENIOR WRITER

Nick DeCicco

STAFF WRITER

Channing Hamilton

CONTRIBUTING WRITERS

Thom Amdur

Jim Campbell

John DeJovine

Josh Ghena

Cindy Hamilton

Julie Lawrence

Peter Lawrence

Ryan Petter

Doug Sellers

Robert Stark

Karina Vargas

Art

CREATIVE DIRECTOR

Alexandra Louie

GRAPHIC DESIGNER

Brandon Yoder

Contact

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Teresa Garcia

teresa.garcia@novoco.com

925.949.4232

ADVERTISING INQUIRIES

Christianna Cohen

christianna.cohen@novoco.com

925.949.4216

ALL MATERIAL IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS PROFESSIONAL ADVICE OFFERED BY NOVOGRADAC OR BY ANY CONTRIBUTORS TO THIS PUBLICATION.

ADVICE AND INTERPRETATION REGARDING THE LOW-INCOME HOUSING TAX CREDIT OR ANY OTHER MATERIAL COVERED IN THIS PUBLICATION CAN ONLY BE OBTAINED FROM YOUR TAX AND/OR LEGAL ADVISOR.

Advisory Board

OPPORTUNITY ZONES

Dan Altman

SIDLEY AUSTIN LLP

Glenn Graff

APPLEGATE & THORNE-THOMSEN

Shay Hawkins

OPPORTUNITY FUNDS ASSOCIATION

Jill Homan

JAVELIN 19 INVESTMENTS

LOW-INCOME HOUSING TAX CREDITS

Jim Campbell

SOMERSET DEVELOPMENT COMPANY LLC

Tom Dixon

LUMENT

Richard Gerwitz

CITI COMMUNITY CAPITAL

Elizabeth Bland Glynn

TRAVOIS INC.

Rochelle Lento

DYKEMA GOSSETT PLLC

John Lisella III

AFFORDABLE HOUSING TAX CREDITS INVESTMENTS, USB CDC

Derrick Lovett

MBD COMMUNITY HOUSING CORP.

Rob Wasserman

HUNTINGTON NATIONAL BANK

PROPERTY COMPLIANCE

Jen Brewerton

DOMINIUM

Kristin Han

WNC

Michael Kotin

KAY KAY REALTY CORP.

HOUSING AND URBAN DEVELOPMENT

Victor Cirilo

PASSAIC AFFORDABLE HOUSING COALITION

Flynann Janisse

RAINBOW HOUSING

Ray Landry

DAVIS-PENN MORTGAGE CO.

Denise Muha

NATIONAL LEASED HOUSING ASSOCIATION

Nathaniel Cushman

NIXON PEABODY LLP

NEW MARKETS TAX CREDITS

Aisha Benson

NONPROFIT FINANCE FUND

Maria Bustria

US BANK

Elaine DiPietro

BLOOMING VENTURES LLC

Chimeka Gladney

TRUIST

Ruth Sparrow

FUTURES UNLIMITED LAW PC

William Turner

WELLS FARGO

Ashley Wicks

BUTLER SNOW LLP

HISTORIC TAX CREDITS

Heather Buethe

NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

Scott DeMartino

KUTAK ROCK

Cindy Hamilton

HERITAGE CONSULTING GROUP

Irvin Henderson

HENDERSON & COMPANY

Jessica Glynn Worthington

KLEIN HORNIG LLP

RENEWABLE ENERGY TAX CREDITS

Jim Howard

DUDLEY VENTURES

Forrest Milder

NIXON PEABODY LLP