



HOUSING HELP FOR AMERICAN COMMUNITIES TAX-EXEMPT BOND AUTHORITY AIDS STATES TO SHORE UP LOCAL HOUSING MARKETS WITH AFFORDABLE LOANS

Mortgage revenue bonds are issued by state and local governments to help first-time home buyers finance mortgages. These bonds are often used to invigorate communities by financing homes that are owner-occupied, and that fall in a targeted area or price range. The Baucus-Grassley tax package in the Senate housing bill provides an additional \$10 billion of Federal tax-exempt private activity bond authority to help states and municipalities shore up local housing markets. State and local finance authorities estimate that 87,000 homebuyers will benefit from this provision.¹

Expanding states' ability to issue mortgage revenue bonds can help families hit by the housing crisis, including:

- ***Subprime mortgage holders in trouble*** – The Baucus-Grassley proposal expands the allowable use of bond proceeds to current homeowners who need to refinance certain loans, particularly families hit by the subprime mortgage crisis.
- ***Prospective homebuyers*** – The Baucus-Grassley proposals also increases the number of mortgage revenue bonds available to first-time homebuyers.
- ***Renters*** – The provision also allows the use of bond proceeds to finance multifamily rental housing.

The Finance Committee first approved a \$10 billion increase in Federal tax-exempt private activity bond authority in January, as part of the panel's economic stimulus package earlier this year.

¹ As estimated by the National Council of State Housing Agencies.