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September 19, 2024

The Honorable Catherine Cortez Masto
United States Senator
520 Hart Senate Office Building
Washington, DC 20510

The Honorable Jacky Rosen
United States Senator
713 Hart Senate Office Building
Washington, DC 20510

The Honorable Dina Titus
United States Representative
2464 Rayburn House Office Building
Washington, DC 20515

The Honorable Mark Amodei
United States Representative
104 Cannon House Office Building
Washington, DC 20515

The Honorable Susie Lee
United States Representative
365 Cannon House Office Building
Washington, DC 20515

The Honorable Steven Horsford
United States Representative
406 Cannon House Office Building
Washington, DC 20515

Re: Low-Income Housing Tax Credit (26 U.S.C. § 42 [2024]) (LIHTC)

Dear Senators and Members of Congress:

As the Chair of the Joint Interim Standing Committee on Commerce and Labor (*Nevada Revised Statutes* [218E.320](#)), I am writing to express the Committee's support for federal legislation to address the 15-year "escape hatch" authorized under the federal LIHTC program.

The escape hatch, formally known as the Qualified Contract process, authorizes an owner of a LIHTC property to leave the program at the end of the 15-year initial compliance period. This process allows the owner to ask their housing finance agency to find a buyer, at a formula-determined price, who will agree to maintain the property under affordability restrictions. If no such buyer is found, affordability restrictions phase out over three years. This Qualified Contract process introduces the potential for an owner to build a property with the benefit of tax credits and leave after 15 years, reducing the availability of affordable housing at the detriment of taxpayers.

Many jurisdictions, including Nevada, require LIHTC applicants to waive the Qualified Contract process prohibiting them from leaving after the 15-year initial compliance period, but it remains in federal statutes. Federal legislation to address the escape hatch can close a loophole and maintain the supply of affordable housing.

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Thank you for considering this issue. If you have questions, please contact me at Pat.Spearman@sen.state.nv.us or Cesar Melgarejo, Principal Policy Analyst, Research Division, Legislative Counsel Bureau, at Cesar.Melgarejo@lcb.state.nv.us.

Sincerely,

Senator Pat Spearman, Chair
Joint Interim Standing Committee on
Commerce and Labor
2023–2024 Interim

PS/cr:W242323