



Senate Stimulus Update Part II

This weekend, a coalition of Republican and Democratic moderates, led by Senator Susan Collins (R-ME) and Senator Ben Nelson (D-NE), reached an agreement on an economic stimulus bill.

With a lot of work from individuals and groups within our affordable housing coalition, the compromise bill includes Senator Cantwell's (D-WA) proposal to "accelerate" the LIHTC in the first three years. In addition to Senator Cantwell credit for this effort goes to the proposal's co-sponsors (Senators Snowe (ME), Kerry (MA), Ensign (NV), Schumer (NY), Hatch (UT), Nelson (FL), Stabenow (MI), Carper (DE), Bingaman (NM) and Wyden (OR). Only 9% credit deals will be able to take advantage of the accelerator, as federally subsidized projects were not included for cost cutting purposes. Here is the meat of the proposal as included in the Senate compromise amendment language:

- SEC. 1903. ELECTION TO ACCELERATE THE LOW-INCOME HOUSING TAX CREDIT.

(a) In General.—At the election of the taxpayer, the credit determined under section 42 of the Internal Revenue Code of 1986 for the taxpayer's first three taxable years beginning after December 31, 2008, in which credits are allowable for any non-federally subsidized low-income housing project initially placed in service after such date—

(1) with respect to initial investments made pursuant to a binding agreement by such taxpayer after December 31, 2008, and before January 1, 2011, and

(2) only from allocations of a State housing credit ceiling before 2011, shall be 200 percent of the amount which would (but for this subsection) be so allowable.

Also included in the Collins/Nelson stimulus bill is \$2 billion in ["gap" financing](#) for LIHTC projects "subject to any changes made to a State allocation for the benefit of a State by the Secretary of Housing and Urban Development for areas that have suffered from disproportionate job loss and foreclosure." This is interesting language that may give rise to uncertainty. The timing of the allocation of funds may prove a challenge, but we need more time to study the subtlety of the language.

I am reticent to single out people for their efforts but I would be remiss if I did not credit Bob Moss for working with Senator Collins and her staff on the compromise bill. We also owe a huge debt to Senator Snowe and her staff, Senator Kerry and his staff and Lauren Bazel in Senator Cantwell's office for her exemplary efforts. We also owe a huge debt to our fellow HAG members who contacted their Senators and urged their support of the affordable housing provisions.

The next step is a vote in the Senate today on a cloture motion. If the motion receives the 60 votes necessary to invoke cloture, or end debate on the proposal, the final vote on the Collins/Nelson stimulus package will take place tomorrow. If the Senate approves the package, there will be a conference with the House to work out the differences between the two bills. This will prove very interesting as the two packages are different in many respects. As we reported earlier, the House bill does not include the accelerator or the gap funding. Instead the House package has the LIHTC "exchange" provision, which is not in the Senate package. We will be advocating for all three provisions in the final package.

The coalition of Senate moderates that negotiated the Senate stimulus package have made it clear they will walk away from any conference proposal that strays too far from the Senate package they helped negotiate. As the President would like to sign a final stimulus bill by President's Day (Monday, February 16), this conference will be a challenge for all involved.

We need to begin work immediately to convince Chairmen Rangel (Ways and Means Committee) and Frank (Financial Services Committee) that the House should accept the accelerator and the gap financing provisions in the Senate bill and keep the House "exchange" provision. We have every reason to believe Chairman Frank will push hard for the gap financing since he tried to have similar funding included in the original House package. We encourage members to [call and/or email](#) the offices of both Chairmen and ask them to include the accelerator and gap financing, as well as the exchange funding in the final bill.

More to come.

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