



Final Stimulus Package

Friday afternoon, the House passed the final version of the Stimulus bill, called the American Recovery and Reinvestment Act of 2009. The vote was 246 to 183, with all Republicans and 7 Democrats voting against the package. The Senate is scheduled to vote on the measure tonight.

This was a contentious process that left almost no one entirely satisfied with the result. After working day and night to get a balanced LIHTC package included in the final bill, we find ourselves included in this camp. That being said we cannot proceed without singling out the efforts of Senators Snowe and Collins of Maine. They fought until the end for the acceleration and came very close to securing the provision for the industry. We would also like to thank the myriad of HAG members and industry organizations that assisting in rallying support for our agenda with the Congress.

First, the good news. The conference agreement includes the gap funding provision and the LIHTC “exchange” program originally part of the House bill. However, despite the best efforts of the industry and our Senate and House champions, the credit acceleration provision, which was in the Senate version of the bill, did not make it in the final package. The 5 year business credit carry back provision also was not included.

As you know, the acceleration proposal certainly did not go down without a fight. In the final hours before the conference agreement was struck, we, and our industry partners, contacted dozens of Senators and House Members who pushed strongly for incorporation of the provision. Senators Snowe, Cantwell, Collins, and Kerry, as well as Representatives Frank, Rangel and Neal fought to the end to include the acceleration proposal. Now, even as the dust settles, we are regrouping with our Hill supporters to look for another legislative vehicle.

With respect to the good news, the gap funding provision in the final agreement provides for \$2.25 billion to help fill capital investment “gaps” in LIHTC projects. The funds are to be made available to state housing credit agencies, apportioned among the states based on the percentage of HOME funds apportioned to the state and the participating jurisdictions. Subject to certain limitations, the state housing credit agencies will distribute the funds to owners of projects who have received or will receive simultaneously an award of LIHTCs.

As previously reported, the House LIHTC exchange proposal allows a state to elect to substitute grant money at 85 cents on the dollar to be used for low-income housing projects in lieu of a portion of its LIHTC allocation for 2009. They may also exchange 100% of their unused and returned 2008 credits for 85 cents. In brief, under the proposal, the Secretary of Treasury would make a grant to state housing credit agencies that the state could then allocate to finance the construction, or acquisition and rehabilitation of qualified low-income buildings. Grant money under the proposal would not be taxable income to recipients. The grant money would be allowed to be awarded to finance qualified low-income housing even if the building does not receive an allocation of low-income housing tax credits. However, if the building has not received such an allocation, the state would need to make a separate determination that the award would increase the total funds available to the state to build and rehabilitate affordable housing. In all cases, any building receiving grant money is required to satisfy the LIHTC rules.

While we had hoped to win the battle to include the accelerator, there is an upside. We have solidified a core group of Congressional support that will serve us well in the next legislative round and have received overtures from Capitol Hill that they want to address our issues in the next housing bill. So, onto the next battle.

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