



Housing Advisory Group



Yesterday, by a vote of 322-94, the House voted to adopt the package of housing tax incentives that includes the LIHTC housing modernization provisions.

The tax package, H.R. 5720, was one of three amendments offered to the Senate housing stimulus bill, H.R. 3221. The three amendments agreed to by the House effectively replaced the Senate housing stimulus language. Under the procedure used, a final vote on the entire package was not required. This parliamentary maneuver was controversial, but the amendments themselves enjoyed bipartisan support.

The Senate is not expected to accept the House-passed bill, and Senate Banking Committee Chairman Christopher Dodd (D-CT) hopes to consider a bipartisan housing package next week. The Senate and House bills contain many differences and the Senate will likely want to reconcile the differences in conference. A Senate of 49 democratic Senators, 49 republican Senators, and 2 independent Senators, creates a difficult environment in which to pass the bill, and the process is further complicated by the Administration's threat to veto the bill if the final version is substantially the same as the House-passed bill.

Yesterday, Jack Manning, along with David Gasson and Tad Davis of Davis & Harman LLP, had meetings in Washington with Banking Committee Chairman Dodd, Finance Committee Chairman Max Baucus (D-MT), Banking Committee Ranking member Richard Shelby (R-AL), and Banking Committee member Jack Reed (D-RI) to discuss the LIHTC housing modernization provisions. We were pleased with the tenor of all the meetings but recognize there is a lot of work ahead in reconciling the House and Senate bills.

We spent a considerable amount of time with Finance Committee Chairman Baucus and his staff. They had excellent questions regarding the effect the AMT provisions would have on the investor market as well as questions on the 9% credit floor and the 30% basis boost. The Chairman appreciates the improvements to the program that the House bill provides and also seemed pleased with the scoring of the individual proposals. Even though the low-income housing portion of the housing stimulus bill is relatively small, there was concern expressed about paying for the overall housing stimulus package. The Senate considers the housing legislation "emergency spending" and, therefore, does not think it needs to be paid for. The "Blue Dogs" in the House are determined to have all revenue measures paid for and House Speaker Nancy Pelosi is walking a tightrope between the groups. (The Blue Dog Coalition consists of a group of generally conservative members who are focused on balancing the budget.) The tax package in the House was paid for but it is not certain the Senate will accept those revenue measures.

Senators Dodd, Shelby, and Reed were all supportive of the changes to the LIHTC provisions in the House bill, although they will be focused on the GSE, FHA and mortgage bailout provisions of the larger bill. Senator Shelby was especially versed on what we are working on and very supportive of the effort.

In addition, both the House and Senate are working on tax extenders legislation (expiring provisions), which may complicate and could delay action on the housing bill.

Their staffs asked that we work with them on the housing bills as they continue to have questions on specific provisions. We will continue to do so and cannot encourage all of you enough to contact your Senators and express to them the importance of this legislation to the continued production of affordable housing.

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