



Housing Advisory Group



There has been substantial activity in the past few days on the housing stimulus bill (H.R. 3221). The House and Senate have been negotiating a package that legislators hope will expedite passage. Senate Majority Leader Reid announced that there is agreement between Senate Democrats and Republicans to proceed and Senate consideration of the housing bill will begin on this (Thursday) morning. The Leader also announced that amendments will be offered.

While there still are some moving parts, legislative language has been circulated on the tax provisions in the package. We understand there is agreement on the LIHTC provisions and these provisions are not expected to change.

The LIHTC provisions closely resemble the House-passed bill and, importantly, include, among other provisions, the credit cap increase in 2008 and 2009 of 10% in small population states and \$.20 per capita increase in large population states; the AMT offset provision; the provision extending the time limit for meeting the 10% test to one year; the tax-exempt bond recycling provision; the repeal of the prohibition on the use of the credits with Section 8 Moderate Rehabilitation developments; and the provision allowing housing credit agencies to provide up to 30% more credits for certain properties in designated areas; the repeal of the requirement to post recapture bonds on disposition of property. Also included in the bill is the 9% credit fix; however, under the bill, this provision will sunset in 2013. The bill also increases the minimum threshold to the greater of \$6,000 per unit or 20% of adjusted basis for rehabilitation requirements, expands eligible basis for community service facilities to 25% of the first \$15 million and 10% thereafter, and excludes military housing allowances from the definition of income for certain qualified buildings. The bill does not include the provision that would allow the 9% credit for the acquisition of an existing property.

While the progress is very encouraging, the situation remains fluid. We understand the package that will be considered by the Senate may not be fully offset and that House Democrats likely will look for additional offsets when it has the opportunity to consider a Senate-passed bill. We, of course, will keep you updated on the legislative activity.

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