



Housing Advisory Group



End of Year HAG Update December 23, 2007

Before many of you head out for the holidays, we wanted to provide you with a quick legislative update.

With the close of this Congressional Session, a \$555 billion spending bill was sent to President Bush for signature on Wednesday, December 19, 2007, which President Bush is expected to sign. As would be expected, the most contentious provision was for funding to continue the wars in Iraq and Afghanistan. The \$70 billion war funds were approved in the House by 272-142 vote, over the objections of many anti-war democrats. Separate from the omnibus package, the core Defense budget is the only Fiscal Year 2008 appropriations bill to be signed into law separately. Certain cuts in many programs that Bush had proposed were held off by Democrats, including grants to local agencies servicing the poor, elderly, and disabled, and low-income housing vouchers. Other programs, such as the clean water state revolving grants, which were cut by \$395 million from last year, were not as lucky.

On other important fronts, any meaningful fix to the alternative minimum tax (“AMT”) was again punted by a one-year AMT “patch.” Like the appropriations bill, the AMT patch was cleared for President Bush’s signature on Wednesday, December 19. The patch was not paid for (i.e. no new tax on “carried interest”). The legislation extends for one year AMT relief for nonrefundable personal credits and increases the AMT exemption amount to \$66,250 for joint filers (\$44,350 for individuals).

The “HEROES” bill, which allows military personnel to exclude their housing allowance in determining eligibility for low-income housing and other tax benefits, passed the Senate. But, the Senate version did not pass the House because Chairman Rangel (Ways and Means Committee) and Chairman Frank (Financial Services Committee) objected to the housing allowance change. It will be taken up again in early 2008.

There is much to anticipate in the next Congressional Session, with the housing modernization bill at the top of our list. Best wishes for the holidays and happy New Year.

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