



Housing Advisory Group



LIHTC Modernization Update

In the most recent HAG update we relayed the message we received from Ways and Means staff that as soon as economic stimulus was off their plate they would resume work on the housing modernization proposal. Well, the stimulus package was finally signed into law this week by the president and as promised, modernization appears to be on the table.

Tad Davis (our HAG Tax Counsel), Jack Manning and I had a number of calls with Jon Sheiner, Ways and Means Chairman Rangel's chief counsel and the individual that has been spearheading the modernization proposal. In those conversations, Jon indicated the modernization proposal was moving forward, with the Chairman billing it as Stimulus II and hoping to bring it before the committee in April, following the March congressional recess. Jon indicated corporate AMT reform is foremost on the list. We also discussed the potential for a boost in basis for some projects pending approval by the allocating agency as well as on what they may base the effective date of the legislation (allocation date or placed in service).

There is a sense of momentum behind the modernization effort now and we are guardedly optimistic that we can get this done this year. It is going to take the support of the entire industry and we will solicit your assistance with members of congress with which you have relationships. As we have said a number of times, an election year is the most difficult climate for progress on legislation. Pending we can keep the proposal clean of other non-germane issues, we feel we can gather the necessary support to succeed.

As for the Senate proposal, we understand Senator Cantwell's housing bill may be introduced soon, potentially as soon as the end of February. Despite not seeing final language in the House, we do not believe there are significant differences between the House and Senate versions. We have already been discussing the modernization effort with our friends in the Senate. Bob Moss met with Senator Snowe and received her pledge of support. I had lunch with Senator Kerry last week at which point he promised his support as well.

More to come.

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