



# Housing Advisory Group



Earlier today, House Ways and Means Chairman Charlie Rangel released the [Housing Assistance Tax Act of 2008](#). This is the much-anticipated housing modernization bill the industry has been working on with Chairman Rangel's staff since early last year. The Ways and Means Committee will begin marking up the legislation tomorrow.

Many of the provisions we had previously anticipated being in the bill are indeed contained in the legislation including:

LIHTC can be used to offset both individual and corporate AMT (effective 12/31/07).

- Tax-exempt bonds can be used to offset AMT.
- The 70% present value credit would be the greater of nine percent or the amount determined under current law.
- States could allocate up to 130 percent of basis in state designated areas.
- Repeal prohibition against Section 8 mod rehab and LIHTCs.
- Repeal of recapture bonds.
- Conformity between bond and credit rules for students, SROs and next available units.
- Repeal prohibition on 9 percent credits used in deals with below market federal loans.
- Operating subsidies and IRPs would not be considered federal grants requiring reduction in basis.
- Related party rule would allow 50 percent common ownership instead of 10 percent.

Additional provisions include:

- The 9 percent credit could be used for acquisition costs provided the minimum rehab threshold were the greater of \$6,000 per unit or 20 percent of adjusted basis.
- Eligible basis for community service facilities in QCTs would be increased to 15 percent of eligible basis for the first \$5 million.
- The 10 percent carryover allocation rule would be extended to one year from date of allocation.
- A first-time homebuyer refundable credit of 10 percent (up to \$7,500) to be used as a down payment. Taxpayer would repay the interest free loan amount over a 15-year period.

The proposal also includes a temporary cap increase of .20 per capita for calendar years 2008 and 2009. Also included is a temporary \$10 billion increase in mortgage revenue bond authority for 2008.

There are a few items that were included in Senator Cantwell's *Housing Investment Act of 2008* (S. 2666) that are not included in the House legislation. Those include:

- Change the name from LIHTC to the **Affordable Housing Credit**.
- Repeal of the ten-year rule on acquisition credits.
- Allows mixed-income units in scattered site communities.
- Base income rules for rural areas on greater of national non-metropolitan median income or area median income.

We are doing a full assessment of the language and will get a more complete update to you shortly. To view the bill summary, please click [here](#). To view the legislative language, please click [here](#). If you have comments on any of the provisions please get those to us as quickly as possible so that we may address them with Ways and Means staff. Thank you.

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