



## Recap: June 5, 2007 HAG Meeting

(To view this email as a pdf with photos from the HAG meeting and reception, please click [here](#).)

The 2007 annual Housing Advisory Group (HAG) meeting was a great success, thanks to the support of our membership, with over 75 attendees and a terrific group of speakers who represented and addressed a wide variety of perspectives on affordable housing issues. The Congressional Forum was held in the Senate Health, Education, Labor and Pensions Committee room, and the speakers included, in order of appearance, Orlando Cabrera, Assistant Secretary for Indian and Public Housing for the U.S. Department of Housing and Urban Development, Senator Jack Reed (D-RI), a senior member of the Senate Banking, Housing and Urban Affairs Committee, Senator Richard Durbin (D-IL), Assistant Majority Leader, Senator Gordon Smith (R-OR), a member of the Senate Finance Committee, and Melissa Mueller, Tax Counsel for the House Ways and Means Committee and Assistant to the Select Revenue Measures Subcommittee Chairman Richard Neal (D-MA).

Our first speaker, Orlando Cabrera, addressed a number of issues currently faced in the affordable housing industry. Specifically, he spoke to the increasing concerns regarding income limits. Mr. Cabrera stated that at this time he only has the authority to give waivers and that beyond such authority he is statutorily barred from changing the income limits. He expressed that it is more helpful and important at the moment to think about a more responsive way to collect more accurate data, noting, however, that in many cases the data that is now being collected is correct. Mr. Cabrera also expressed worry about the state of affairs in New Orleans after Hurricane Katrina. In particular, he stated that there is a lack of demand for housing and that there remain a great number of empty units as a result of people not wanting to move back to the affected areas. The biggest concern, he said, is that additional impediments may arise that will hamper growth and rehabilitation in the area.

Senator Jack Reed (D-RI) first shared that efforts for government sponsored entities (GSE) reform for Fannie Mae and Freddie Mac are continuing and is a top priority. Senator Reed also discussed the Housing Finance Reform Act, which he said would provide tiered financing, first for the gulf coast and then as a national allocation. Also, Senator Reed expressed concern regarding sustainable home ownership and noted that we are facing a very high number of foreclosures now and in the future. He articulated that at this moment we are at the beginning of a “perfect storm,” noting that last year there were 1.2 million foreclosures and that in the first quarter of 2007 there were 430,000 foreclosures, a jump from the number of foreclosures in the first quarter of 2006. Senator Reed stated that, in light of this, he would like to establish home ownership incentives, including establishing state home ownership centers that would provide counseling, creating an affirmative duty of lenders, and providing \$260 million in grants. In addition, Senator Reed discussed the bill that he introduced this Congress to amend the McKinney-Vento Homelessness Assistance Act (S.1518), which would provide federal funding to states that are really “stepping up,” would provide homelessness prevention efforts such as mental support, and would provide a more simplified and efficient approach to providing assistance. A hearing on the bill is expected.

Next, Senator Richard Durbin (D-IL) spoke, first recognizing the critical role housing plays in sustaining life in cities. He noted that this phenomenon is well demonstrated in the city of Chicago and applauded the success of public/private partnerships. In light of the current economic and political environment, Senator Durbin also noted that we must be smart about restoring sanity to the federal budget. In addition, Senator Durbin recognized that there has been a move toward an “ownership society,” recognizing among other benefits that homeowners are more inclined to participate in neighborhood upkeep. However, he also recognizes that some are not able to make the move from renting to home ownership and that it is important to continue to provide affordable rental housing.

Senator Gordon Smith (R-OR) also spoke during the forum, briefly mentioning the Exit Tax bill which, he expressed, would hopefully provide relief for affordable housing inventories, and focusing mainly on the current political environment. Senator Smith opined that tax cuts provide opportunity for greater revenue and he also discussed his views on the Iraq War.

The forum ended with Melissa Mueller providing a more substantive overview of what can be expected legislatively with respect to affordable housing over the next couple of months. Ms. Mueller noted that hot topics for the summer include trade issues, the State Children’s Health Insurance Program (SCHIP), and doctor’s fees. Other items on the agenda include markup of the energy bill, alternative minimum tax (AMT) reform, housing, and climate change issues, including ways to incentivize energy efficient low-income housing.

A current House Ways and Means Committee AMT relief proposal would be revenue neutral over ten years; the fix for the majority of taxpayers will be paid for by a tax increase for very high earners, but this increase would not be more than the amount such individuals paid in 2001. Congressman Jim McCrery (R-LA) has also proposed AMT relief, but is looking instead for spending cuts rather than any tax increase.

Ms. Mueller discussed the hearing held on May 24, 2007, by the House Ways and Means Subcommittee on Select Revenue Measures at which three panels spoke on tax incentives for affordable housing, specifically focusing on the low-income housing tax credit, the rehabilitation tax credit, and tax-exempt bond programs. Ms. Mueller stated that they expect to file an affordable housing reform bill sometime this summer and they are looking to have about two- to three-hundred co-sponsors to show that the bill is highly supported. Ms. Mueller explained that it would be helpful to prioritize items so that they are not bogged down by a large bill and that it is important to try to get the bill in before the end of the year since at the end of the year they are at the end of the budget and next year is an election year. She noted that once they have a consensus on the package, they should be able to move through it quickly.

Following the Congressional forum, we had a very well attended reception in the Capitol Building in the LBJ Room. Among the Members who attended were Senator Hillary Clinton (D-NY), Senator John Kerry (D-MA), Senator Edward Kennedy (D-MA), Senator Olympia Snowe (R-ME), Senator Susan Collins (R-ME), Senator Thomas Carper (D-DE), and Senator Maria Cantwell (D-WA).

In all, it was another very successful and informative Housing Advisory Group annual meeting. We are currently undertaking new initiatives with Congress to modernize the credit, and look forward to working with our partners from other industry groups such as NAHB (Housing Credit Group), National Leased Housing, and others on these initiatives.

## HAG Contact Information:

[David Gasson](#), Executive Director  
(617) 624-8896

[Allison E. Marino](#), Communications Associate  
(617) 624-8678