



Affordable Housing Advocates Must Prepare for Second Session of the 106th Congress

By Michael J. Novogradac, CPA

As the U.S. House of Representatives and Senate prepare to reconvene for the second session of the 106th Congress on Jan. 24, affordable housing professionals should take this window of opportunity to drum up support for issues that affect the industry.

Low-income housing tax credit (LIHC) practitioners must continue their push to increase the tax credit cap, which has lost more than 50 percent of its purchasing power since its enactment in 1986. Despite the fact that tax credit legislation was one of the most well supported pieces of legislation in Congress last year, the bill failed enactment. House and Senate legislation would have raised the cap from the current \$1.25 per capita to \$1.75 per capita. Despite the tremendous bipartisan support for a LIHC cap increase, enacting any change to the tax code will be an uphill battle during a presidential election year.

In addition to the cap increase, the White House Office of Management and Budget last month passed back to the U.S. Department of Housing and Urban Development (HUD) its current recommendations for President Clinton's fiscal year 2001 budget request. Decisions will be made prior to the start of the New Year to allow for final review and printing of the budget blueprint. The budget is usually sent to Congress during the first week of February, right after the president's State of the Union Address. Although affordable housing professionals have been eyeing efforts to expand the LIHC cap, it is essential that sources of soft financing receive adequate funding in the coming fiscal year. Federal efforts such as the Community Development Block Grant and HOME programs play a pivotal role in allowing affordable housing developers enough favorable financing to ensure their deals pencil out. ❖

*This article first appeared in the January 2000 issue of Novogradac & Company's **LIHC Monthly Report** and is reproduced here with the permission of Novogradac & Company LLP.*

© Novogradac & Company LLP 2000 - All Rights Reserved.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.taxcredithousing.com

For the latest updates and information on tax credit programs and resources, visit our web site at www.taxcredithousing.com. For further inquiry, contact Jane Zastrow at telephone 415.356.8034, facsimile 415.356.8090 or e-mail cpas@novoco.com. Novogradac & Company LLP, 246 First Street, 5th Floor, San Francisco, California 94105.