



House Passes LIHC, Bond Cap Increase: White House Promises Veto

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In Washington, history often repeats itself. Once again, the House has passed a minimum wage hike bill that would also boost the low-income housing tax credit (LIHC) and private activity bond caps. Once again, the White House has promised to veto the package.

The House passed H.R. 3081, sponsored by Rep. Rick Lazio (R-N.Y.) on March 9 by a vote of 257-to-143. Under the legislation, the LIHC would increase from \$1.25 per capita to \$1.65 per person for the period 2001 to 2004, and be indexed to inflation after 2004. The bond cap would increase from \$50 per capita to \$70 per capita, or \$210 million per state, from 2001 to 2004 and then \$75 per capita, or \$225 million per state, in 2007. While Clinton has supported raising both the LIHC and bond caps, the president said he opposes the minimum wage bill because of other GOP-supported tax and policy provisions. "This bill repeals key overtime protections, could reduce pension coverage for many families and includes risky tax giveaways that threaten our prosperity and the future of Social Security and Medicare," Clinton said in a statement. Last fall, Clinton vetoed Lazio's minimum wage bill that included language to incrementally increase the LIHC and bond cap citing similar reasons. The prognosis for the tax credit hike remains hazy. It seems unlikely that lawmakers will push through a large-scale tax cut bill, like the 10-year, \$792 billion bill that received a presidential veto. Instead, the congressional leadership this year will attempt to pass discrete pieces of tax legislation. Affordable housing advocates' best chances to enact a tax credit and bond cap increase this year would be to attach the language to less politically charged tax legislation such as the proposed new set of community development credits. Republican leadership has voiced support for the concept and the Clinton administration already proposed a New Markets initiative designed to use tax incentives to stimulate investment in low-income urban and rural communities. A legislative package containing both the cap increases as well as this new initiative would be a safer way to bolster affordable housing production during an otherwise politically partisan election year. ❖

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