

Full Plate of Housing Bills: Something for Everyone

By Michael J. Novogradac, CPA

When Reps. Amo Houghton (R-N.Y.) and Richard Neal (D-Mass.) reintroduced the Housing Bond and Credit Modernization and Fairness Act in January that would, among other things, repeal the mortgage revenue bond 10-year rule, the bill joined several other proposals that if passed would signal a very healthy year for affordable housing.

H.R. 284 is among a host of bills that seek to: establish homeownership development tax credits for developers and lenders (H.R. 839 and H.R. 1132), amend Section 42 of the Internal Revenue Code in its treatment of qualified census tract properties (S. 479); amend § 42 to include the availability of high-speed internet infrastructure as a criterion in the allocation of tax credits (S. 305); ease first-time homeownership through the use of bond financing (H.R. 32); provide additional funding for the second round of empowerment zones and enterprise communities (S. 586); establish the National Affordable Housing Trust Fund to provide for the development, rehabilitation and preservations of affordable housing for low-income families (H.R. 1102); enhance the capacity of organizations that work in the United States-Mexico border region to develop affordable housing and infrastructure in the colonias (S. 532); and reauthorize the HOPE VI program (H.R. 1077). For a more in-depth look at some of these bills, see page 16.

Reps. Bernard Sanders (I-Vt.), Robert Simmons (R-Conn.) and Barbara Lee (D-Calif.) on March 5 introduced the bill authorizing creation of a national housing trust fund that would emphasize production and preservation of rental units for the lowest-income tenants. H.R. 1102 was introduced with 161 cosponsors. Supporters, including the National Low Income Housing Coalition, contend that such a fund would build and preserve 1.5 million units of rental housing for the lowest income families over the next 10 years.

Cut from President Bush's budget for fiscal year 2004, HOPE VI would find new life under a proposal set forth by Rep. Melvin Watt (D-N.C.) who in March introduced legislation to reauthorize the program. Created by Congress in 1992, HOPE VI program funding revitalizes severely distressed public housing. H.R. 1077 would extend the program through

September 30, 2005.

New Markets Tax Credit and Dividend Exclusion Updates

New markets tax credit (NMTC) authority in 2003 and 2004 would be increased by \$1 billion under legislation introduced on March 6 by Rep. William Jefferson (D-La.). In addition to providing more credit authority in 2003 and 2004, H.R. 1135 would allow a community development entity (CDE) to treat certain targeted populations as low-income communities under subsection (e) of § 45D of the Internal Revenue Code; the types of targeted populations will be identified through regulations prescribed by the Secretary of the Treasury and will include procedures for determining which entities are qualified low-income community businesses with respect to such populations. It would also provide special status to new markets venture capital companies, adding them to specialized small business investment companies and community development financial institutions, as a group that automatically qualifies for CDE certification.

While it is clear that the Bush administration's controversial proposed exemption of certain corporate dividends from federal taxation would adversely affect low-income housing tax credit (LIHTC) investments, it is still unclear how significant that effect would be. Numerous factors affect LIHTC investment and pricing and it is difficult to assess how great the negative effect of the dividend exclusion proposal would be.

With the world's attention turned to Iraq, it is important that we in the industry strive to keep a focus on our own mission; to provide the nation with affordable housing. Being engaged in the legislative process and supporting affordable housing legislation provides a foundation from which we can work together in our endeavor to produce, preserve and rehabilitate housing that is safe, decent and within the means of all the country's households. ❖