



# Renewal Communities Initiative Includes LIHC and Bond Cap Increase

By Michael J. Novogradac, CPA

Thanks to the recently introduced New Markets and Renewal Communities Initiative, an increase to the low-income housing tax credit (LIHC) cap may occur this year. President Clinton and House Speaker Dennis Hastert (R-Ill.) unveiled the New Markets and Renewal Communities Initiative, a bipartisan community revitalization bill that includes a boost to the LIHC and private activity bond caps, May 23.

The New Markets and Renewal Communities Initiative includes a proposal to increase the LIHC cap by 40 percent in January 2001, from the current \$1.25 per capita to \$1.75 per capita, with an index to inflation thereafter. This is expected to help create approximately 180,000 affordable housing units over the next five years and will cost \$1 billion over five years and \$6 billion over 10 years. Reps. Nancy Johnson (R-Conn.) and Charles Rangel (D-N.Y.) originally introduced H.R. 175, which called to increase the credit cap to \$1.75 per capita last year (See July 1999 LIHC Monthly Report, pg. 20).

The legislation also includes an increase to the tax-exempt private activity bond cap, phased in over five years. The bond cap would be increased from the current \$50 per capita or \$150 million minimum per state to \$75 per capita or \$225 million over the next five years. Industry trade groups, such as the National Council of State Housing Agencies (NCSHA) have asked Congress and the White House to increase the bond cap at the same pace as the LIHC cap, pointing out that a full bond increase costs just half as much.

Urge your member of Congress to push through this legislation this year. Call your member through the congressional switchboard at (202) 224-3121. ❖

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