



New Community Renewal Legislation Includes Full LIHC Cap Increase

By Michael J. Novogradac, CPA

Sen. Charles Robb (D-Va.) introduced community renewal legislation July 26 that includes a full and immediate increase to the low-income housing tax credit (LIHC) and private activity bond cap.

S. 2936, known as the Creating New Markets and Empowering America Act of 2000, would provide tax breaks and other incentives to encourage the renewal of low- and moderate income communities. This bill is modeled after the House-passed community renewal bill, H.R. 4923, by Reps. J.C. Watts (R-Okla.) and Jim Talent (R-Mo.). But unlike the House version, the Robb bill includes a LIHC cap increase from \$1.25 per capita to \$1.75 per capita, effective January 2001, with indexation to inflation thereafter. In addition, the Robb bill would boost the private activity bond cap to \$75 per resident in 2001, or a minimum \$225 million per state, and index subsequent increases to inflation.

Moreover, the Robb bill includes LIHC programmatic reforms promoted by Rep. Nancy Johnson (R-Conn.) last year. But it does not include Johnson's small state minimum. In addition, the Robb bill includes a requirement that states add the accessibility of proposed LIHC developments to jobs to their qualified allocation plan selection criteria. In addition to the LIHC provisions, the Robb bill calls for a new homeownership tax credit as well as a historic homes renovation tax credit. In June, Sens. Rick Santorum (R-Pa.) and Joseph Lieberman (D-Conn.) unveiled S. 2779, a broader community renewal bill that also includes a full and immediate LIHC and bond cap increase, with indexation to inflation. Now, Senate Finance Committee Chair Sen. William Roth (R-Del.) is considering penning his own community renewal bill, which will incorporate pieces of both the Robb and Santorum-Lieberman bills. Meanwhile, Congress will return from their August recess to Capitol Hill on September 5. Hopefully, progress will be made on both the tax credit and private activity bond cap increases before Congress breaks for the year. ❖

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