

as Lawmakers Prepare to Campaign

By Michael J. Novogradac, CPA



SAN FRANCISCO—The fate of the long awaited increase to the low-income housing tax credit (LIHC) cap hangs in the balance, as the remaining working days of the 106th Congress dwindle. Although almost 85 percent of House and Senate lawmakers have endorsed legislation to increase the LIHC cap from \$1.25 per capita to \$1.75 per capita, time is running out before the legislature is scheduled to adjourn Oct. 6. "The long and the short of it is that the prospects look good," Boston Capital Vice President of Public Affairs told Novogradac & Company LLP's 7th Annual Affordable Housing Conference, Sept. 14. "Lawmakers feel panicked and need to go home to campaign." With Republican presidential nominee George W. Bush's polling numbers dropping in recent weeks, many GOP lawmakers don't feel as secure in maintaining their seats, Gasson said. "Now, the Republicans don't want to battle the White House anymore so they can go home and campaign, now that [GOP lawmakers] can't go home and ride on the shirttails of the Republican ticket," he said. The need to have a major policy accomplishment to campaign on may prompt Washington lawmakers to push through community renewal legislation that includes a full and immediate increase to the LIHC cap, plus indexation to inflation, said Gasson. Earlier this year, the House overwhelmingly passed a community renewal bill that included a phased-in cap increase. Once the Republican polling numbers started to decline, the majority wanted to consider some tax legislation. Senate Finance Committee Chairman Sen. William Roth (R-Del.) pulled a community renewal bill that included a full and immediate LIHC cap increase from his committee before it could be marked up. To hasten the process, he sent it directly to the full Senate for a vote. But it remains unclear whether or not Washington lawmakers can move beyond election year politics to enact meaningful tax legislation. ❖

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