



Homeownership – Time for Action

By Michael J. Novogradac, CPA

October was an active month for affordable housing. A House committee and subcommittee met on the VA/ HUD/Independent Agencies FY 2003 spending bill, HR 5605, and President George W. Bush held a White House conference on minority homeownership. But these actions have not calmed the funding concerns of those in the affordable housing industry.

The House VA/ HUD/Independent Agencies Appropriations subcommittee on October 7 approved its FY 2003 spending bill. The bill would fund HUD at \$36.1 billion, \$4.1 billion more than the version approved by the Senate Appropriations Committee on July 25. On October 9, the House Appropriations Committee passed the spending measure without making any changes to the HUD portion of the bill.

On October 15, the White House conference on minority homeownership spotlighted possible solutions to the obstacles many minority families face when trying to purchase a home. At that conference, Department of Housing and Urban Development Secretary Mel Martinez released an economic impact study, "Economic Benefits of Increasing Minority Homeownership," that found that adding 5.5 million minority homeowners would pour \$256 billion into the U.S. economy.

The National Association of Home Builders (NAHB) and the Mortgage Bankers Association of America (MBA) applauded the efforts of Bush and HUD.

According to the NAHB, "President Bush has recognized a serious problem, brought the stakeholders together and said, 'We're going to do whatever it takes to give all minority families the opportunity to own a home.'" The MBA also praised Bush in its recognition of HUD's efforts on behalf of minorities. "Increasing minority homeownership is an important societal and economic goal. We applaud President Bush and HUD Secretary (Mel) Martinez for their strong commitment to both," said John A. Courson, MBA's incoming chairman.

The four-pronged "Blueprint for the American Dream Partnership" that includes homebuyer education, increased affordable housing production, downpayment and closing cost assistance and more financing options for low-income families, drew criticism from six members of the U.S. House of Representatives Committee on Financial Services, who characterized the conference as "long on rhetoric, short on action." In July, the House Financial Services Committee approved an omnibus housing bill and Democrats accuse the House Republican leadership of blocking its consideration.

A statement issued by Reps. Barney Frank (D-Mass.), Julia Carson (D-Ind.), Nydia Velazquez (D-N.Y.), Jan Schakowsky (D-Vt.), Michael Capuano (D-Mass.) and Bernard Sanders (I-Vt.), described the Administration's Downpayment Assistance initiative as a "so-called commitment" and chastised the administration for its "benign neglect" in not submitting authorizing legislation.

The affordable housing community and Democrats in Congress should be pleased that the Bush Administration is voicing concern about the level of minority homeownership. The housing community and Democrats should also look for action in addition to words. Up to election day, November 5th, we should expect more vitriolic rhetoric from both Republicans and Democrats. After election day, the rhetoric on both sides should lessen, and it will be up to the affordable housing community to ensure that the debate continues and actions result. ❖

For the latest updates and information on tax credit programs and resources, visit our web site at www.taxcredithousing.com. For further inquiry, contact Jane Zastrow at telephone 415.356.8034, facsimile 415.356.8090 or e-mail cpas@novoco.com. Novogradac & Company LLP, 246 First Street, 5th Floor, San Francisco, California 94105.