



LIHC Increase Fails; Incremental Bond Boost Okayed

By Michael J. Novogradac, CPA

President Clinton signed a \$500 billion spending bill last month that includes an incremental increase in the private activity bond cap, but not an increase in the low-income housing tax credit (LIHC) cap. Industry observers say there will be a big push during the 106th Congress to increase the LIHC cap from the current \$1.25 per capita to \$1.75 per capita. The current \$50 per capita bond cap will be raised by \$5 a year for five years beginning in 2003. And the current \$150 million per state bond cap minimum will be raised by \$15 million a year starting in 2003 to reach \$225 million in 2007. The bond bill increase translates to roughly \$32 billion more in bond cap authority during the next 10 years than the \$150 billion states would had under the existing cap, according to the National Council of State Housing Agencies (NCSHA).

Meanwhile, lawmakers failed to pencil in an increase in the LIHC cap. A last minute White House counter proposal would have raised the state LIHC cap in 10 cents increments over five years to \$1.75 per capita beginning in 1999. Although less than what affordable housing professionals wanted, many see it as a victory. "This is a huge victory," said Jim Tassos, NCSHA legislative policy associate. "The [budget process] puts Congress and the president on record for bond and credit increases."

Affordable housing advocates hope to introduce new accelerated bond cap and LIHC cap increase bills in January. ❖

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