

# What the Midterm Election Results Mean for Affordable Housing

By Michael J. Novogradac, CPA

The midterm elections have left a trail of mixed emotions and many in the affordable housing industry are scrambling to understand the impact that the results of those elections will have on the industry. The effects of the November election not only have us bidding a reluctant farewell to some good friends, but also facing a glass half-full of cautious optimism as Democrats, traditional proponents of housing programs, take control of Congress.

Noting a “good chance” that the new Democratic leadership will be more disposed toward devoting congressional attention and government resources to affordable housing, the National Council of State Housing Agencies (NCSHA) also cautioned that Speaker-elect Nancy Pelosi, D-Calif., and other Democratic leaders have outlined a moderate agenda that does not specifically mention housing. “Dramatic swings in housing policy or funding [is] unlikely,” said NCSHA in its preliminary analysis of the election results. The organization noted fiscal constraints, the razor-thin margin of Senate control and differences of opinion between the Administration and Democratic leaders. Pelosi is a longtime supporter of housing bond and tax credit programs and played an active role in the campaign to make them permanent.

Congress will be controlled by the Democrats for the first time in 12 years. As of this writing they will, in the 110<sup>th</sup> Congress, occupy 229 House seats to the Republican’s 196, with 10 races still undecided; in the Senate, the Republicans and Democrats both have 49 seats with two Independents, Connecticut’s Joseph Lieberman and Vermont’s Bernie Sanders, caucusing with the Democrats.

## Reluctant Goodbyes

The industry owes a great deal of thanks to its friend Rep. Nancy Johnson, who lost her seat in Connecticut’s 5<sup>th</sup> Congressional District. The 12-term Republican, often at odds with the Administration on social issues, was a great advocate for tax credit housing. In this space in October, David Gasson of Boston Capital was quoted as saying, “If [Nancy Johnson] doesn’t win, call 911.” Calling Johnson a true

friend and champion for the industry, Gasson said of Johnson’s loss, “She will be hard to replace and we all owe her a debt of gratitude.”

Sen. Rick Santorum, who lost his race in Pennsylvania, will also be sorely missed for his efforts on behalf of affordable housing, as will Reps J.D. Hayworth, R-Ariz., Harold Ford, Jr., D-Tenn, and Melissa Hart, R-Pa.

## Ways & Means Committee

Aside from Johnson’s and other advocates’ losses, Gasson sees the election as a “big win” for housing. Congressman Charlie Rangel of New York is slated to become chairman of the House Ways & Means Committee and, as Gasson said a couple of months ago, “we could have no greater advocate on Ways & Means.” Calling Rangel the “grandfather of the housing tax credit,” Francine Friedman, an associate with Hunton & Williams’ government relations team in Washington, D.C. and who represents the Affordable Housing Tax Credit Coalition as a lobbyist on Capitol Hill, sees Rangel’s leadership as a means of progressing tax credit housing measures. “We can actually get some things accomplished,” she said, noting that she expects a bipartisan effort. “We have not neglected either party and [operated] in the spirit of bipartisanship that will get things done.”

Gasson suggested that other strong advocates like Sander Levin, D-Mich., and Richard Neal, D-Mass., will provide tax-credit housing support in committee, as will Reps. Kenneth Hulshof, R-Mo., David Camp, R-Mich., Jerry Weller, R-Ill., and Wally Herger, R-Calif. “Jim McCrery, R-La., will probably be the ranking member on Ways & Means, and was also very good to us during the Katrina debate,” said Gasson. Rep. Ben Cardin, D-Md., will leave the committee and move to the Senate, taking the seat being vacated by a retiring Sen. Paul Sarbanes, D-Md.

Rangel, who met with reporters on November 8, said he wanted to work to restore civility so that Republicans and Democrats can work together on issues such as the tax extenders package and AMT

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relief. He expressed hope that the tax extenders issue could be addressed during the lame-duck session of Congress that began on November 13.

NCSHA, for its part, expects little action during the lame-duck session as little has changed. "The same pre-election differences over tax, spending and legislative priorities will likely continue to prevent agreement on most major issues," NCSHA says in its analysis. "Democrats now have even less reason to compromise with Republicans, knowing they'll soon be in charge." NCSHA sees some glimmer of hope that work on the FY 2007 appropriations bill can be completed in the session, including the HUD spending bill, but the organization is concerned that differences over spending priorities may prevent it.

## Senate Finance Committee

On Senate Finance, Gasson said that Sen. Max Baucus, D-Mont. will also be a good chairman for the industry, "not that Senator Grassley was not," said Gasson, of the current chairman, noting that Grassley has been a good friend of affordable housing. Friedman agreed, noting that Baucus understands the housing tax credit program and helped get Hurricane Katrina provisions enacted. "We'll be in great shape on that side too," she said. Other support can be seen coming from returning members Sens. Olympia Snowe, R-Maine, Gordon Smith, R-Ore., Orrin Hatch, R-Utah, Blanche Lincoln, D-Ark., John Kerry, D-Mass., Chuck Schumer, D-N.Y. and Kent Conrad, D-N.D.

## Financial Services Committee

Congressman Barney Frank, D-Mass., another outspoken advocate for affordable housing, will become chairman of the Housing Financial Services Committee. "We're excited to work with him and his staff. He understands housing, the overlap between housing and the housing credit programs, and it's a priority for him," said Friedman.

## Senate Banking Committee

With the retirement of Sarbanes, it is expected that Sen. Chris Dodd, D-Conn., will take over as chairman of the Senate Banking Committee. NCSHA expects that in addition to affordable housing initia-

tives, Dodd will focus on insurance issues.

According to Friedman, the results of the midterm elections were "a good thing for the industry and people needing affordable housing," a sentiment that seems to be shared by many.

"As a result of the election, key housing advocates in Congress are poised to take leadership roles on federal housing policy and funding for public housing," said Shelia Crowley, president of the National Low Income Housing Coalition. "As we look to the 110<sup>th</sup> Congress, the time to act is now to make affordable housing for low-income Americans a top priority in this country."

"As is always the case with a new Congress, and even more so when the balance of power shifts, we have much work to do in preparation for the 110<sup>th</sup> Congress," said Gasson. "We are fortunate that many of our advocates will become committee chairman and leaders in their respective chambers. That being said, we now must begin the task of educating a number of new members of Congress and setting our agenda with the key committee members and staffs."

In that spirit, we urge you to be in touch with your members of Congress, especially the freshman members; they want to hear from you, they want to be involved with you and your concerns. Especially important to the affordable housing tax credit industry are those lawmakers on the House Ways & Means Committee, the Senate Finance Committee, the House Financial Services Committee and the Senate Banking Committee. Let them know your thoughts on the tax reform discussion, and on HUD and SEC oversight, as well as the many other important issues and initiatives before them. ❖