

Bingaman Bill Would Increase Affordable Housing for New Mexicans While Creating Construction Jobs

Press Release

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U.S. Senator Jeff Bingaman today introduced legislation aimed at stimulating new affordable housing development in New Mexico, which in turn will create hundreds of high-paying construction jobs across the state.

As a result of the economic downturn, private investment in affordable housing projects has significantly declined, particularly in rural America. This drop-off could not come at a worse time, as more and more working families need affordable housing. Bingaman's Low Income Housing Tax Credit Recovery Act would spur new affordable housing developments by adding incentives to the Low Income Housing Tax Credit program.

"Since its enactment in 1986, the Low-Income Housing Tax Credit program has spurred the creation of more than 1.7 million affordable homes nationwide, including nearly 20,000 in New Mexico," Bingaman said. "But the recession has caused private investment to dry up, just as the need for affordable housing could not be greater. My bill would bring private investment in affordable housing back to our state, helping New Mexico's working families secure affordable housing while creating much-needed construction jobs."

To ramp up private investment, Bingaman's bill increases the tax benefits to investors who build qualified affordable housing. Current law permits investors to use Low Income Housing Tax Credits to lower their tax bills either this year or last year. The Bingaman bill extends the period during which the tax credits can be taken to the current year or the prior five years. To ensure that this benefit flows only to investors who are committed to creating additional housing, all "carried back" proceeds must be invested entirely in new housing developments. The bill also introduces new flexibility into the program by allowing future investment credits to be carried back up to five years.

A number of New Mexico and national affordable housing organizations have endorsed Bingaman's bill and today reiterate the important impact the legislation would have on New Mexicans.

"Enterprise applauds Senator Bingaman for his leadership on this critical legislation, which will help restore private investment in the nation's largest and most successful affordable housing production program and create much needed construction jobs in New Mexico," said Santa Fe-based Ed Rosenthal, director of the Rural and Native American Initiative of Enterprise Community Partners, the nation's leading non-profit provider of capital and expertise for affordable housing and community development.

"This bill will attract an additional \$5 billion of equity investment for affordable rental housing this year and next, generating \$10 billion in construction activity, over 80,000 homes and about 100,000 jobs, especially in the distressed rural and urban communities where they are most needed," said Michael Rubinger, President and CEO of Local Initiatives Support Corporation, a national nonprofit resource for building sustainable communities.

Bingaman is a Senior Member of the Senate Finance Committee, which writes the nation's tax laws, and is Chairman of the Finance Subcommittee on Energy, Natural Resources and Infrastructure. Four other Finance Committee members are cosponsoring his bill: Senator John Kerry (D-MA), Senator Maria Cantwell (D-WA), Senator Debbie Stabenow (D-MI), and Senator Charles Schumer (D-NY).