

[Home](#) » [Committee News](#)

Measure Would Help Finance More Affordable Housing Units,Extend More Tax Credits for First-Time Homebuyers & Provide Other Measures to Strengthen Housing Market & Stem Tide of Foreclosures

CRITICAL HOUSING BILL SIGNED INTO LAW

JUL 30, 2008

WASHINGTON – Ways and Means Committee Chairman Charles B. Rangel (D-NY) joined local and national leaders in hailing Tuesday’s signing of H.R. 3221, *The American Housing Rescue and Foreclosure Prevention Act* into law, saying that it will go a long way in addressing the shortage of affordable housing options in cities and towns in New York State and across the United States.

“This is the right thing to do for our country during this economic downturn,” said Chairman Rangel. **“This law expands and improves the low-income housing tax credit, which is the largest source of federal support for the construction and rehabilitation of affordable housing. It also increases volume limits on housing bonds to finance low-income rental housing and first-time homebuyers, while also providing states with greater flexibility on how to use those bonds efficiently.”**

Chairman Rangel, a longtime advocate for improved access to low-income housing, has helped lead the charge in Congress to respond to the current housing crisis. House Speaker Nancy Pelosi thanked Rangel and other Congressional members for assembling the bipartisan coalition that created a comprehensive package of measures aimed at stemming the tide of foreclosures, stabilizing local housing markets, providing incentives for first-time homebuyer and increasing access to affordable housing for low-income communities.

“This bill would not have happened without the outstanding leadership of the principal House authors, Chairman Barney Frank and Chairman Charles Rangel, as well as the strong efforts of Congresswoman Maxine Waters, who ensured that communities across America will receive funds to restore neighborhoods and prevent further declines in home values,” said House Speaker Nancy Pelosi. **“I also want to thank Treasury Secretary Henry Paulson, who worked closely with Democrats in Congress to pass this legislation and ensured that the President would sign it into law.”**

“Homeownership is an essential part of the American Dream,” continued Pelosi. **“By expanding homeownership opportunities and protecting families against foreclosure, we are helping keep the American Dream alive. By restoring confidence in the housing market, our economy can begin to grow and create jobs for the American people again.”**

STATE & CITY BENEFITS

Locally, the bill promises to create thousands of affordable housing units in New York State. It provides a ten percent increase in the credits allocated among states, and an \$11 billion increase in tax-exempt bond authority to support single family and rental housing. Also included in the package is a provision to enable cities and towns to more efficiently use tax-exempt bonds in the effort to develop affordable rental housing, a move that will enable New York City to issue significantly more bonds so that it can support the development of thousands more rental units for low-and moderate-income families.

As a result, as many 10,000 affordable housing units are estimated to be built across the state,

with at least half located within New York City. Housing advocates agree these changes will result in additional units of housing and, especially, more units for lower-income families.

"The National Housing Trust Fund provisions of this bill will provide tenants and their allies with a vital new resource to preserve rapidly depleting affordable housing to ensure that New York's neighborhoods are stable, diverse communities with affordable housing for all - not only for the wealthy," said Patrick Coleman of the city advocacy group Tenants & Neighbors. **"Recognizing that construction of new housing alone cannot solve the housing crisis, Congress took the right step to allocate funds to preserve existing affordable housing."**

Priscilla Almodovar, President and Chief Executive Officer of the New York State Housing Finance Agency, agreed.

"I congratulate Congressman Rangel and the rest of the New York delegation for championing the housing needs of working families in our state," said Almodovar. **"With this Act, New York gets the additional tools it needs to address the backlog of affordable rental units that needs financing and the increased demand for low interest-rate mortgages from first-time homebuyers. The Act is also crucial to our efforts to stabilize endangered neighborhoods across New York by providing millions of dollars to buy and renovate foreclosed homes."**

The Affordable Housing Tax Credit Coalition, a trade group representing many of the public and private sector participants in the affordable housing tax credit industry, also praised Rangel's leadership in getting what they termed as critically important improvements to the federal Low-Income Housing Tax Credit (LIHTC). Over 2 million rental units across the nation have been developed through the LIHTC measure since the Rangel-sponsored measure was passed in 1986.

"The housing tax credit is the single most important federal program supporting the development and preservation of affordable rental housing, the need for which continues to grow," Richard Goldstein. **"Mr. Rangel has long been the champion of this very successful public-private partnership program and he understands how important this housing is for the people of his district, state and for the Nation as a whole. We commend him for his efforts, understanding and vision in helping to make affordable rental housing a reality for millions of low-income people."**

OTHER DETAILS

Overall, *The American Housing Rescue and Foreclosure Prevention Act* will allow hard-working American families in danger of losing their home to refinance into lower-cost government-insured mortgages they can afford to repay – at no cost to the American taxpayer. The legislation also:

- strengthens neighborhoods hardest hit by the foreclosure crisis by providing resources to allow cities and states to buy up and rehabilitate foreclosed properties that are currently driving down home prices, reducing state and local revenues, and destabilizing neighborhoods;
- expands homeownership opportunities for veterans and helps returning soldiers avoid foreclosure and stay in their home;
- provides tax breaks to spur home buying;
- creates a new fund to boost the nation's stock of affordable rental housing in both rural and urban areas for low and very low-income individuals and families.
- Provides the Department of the Treasury with emergency and temporary financing authority for Fannie Mae and Freddie Mac, institutions that hold or guarantee nearly half of all mortgages in the United States.

Chairman Rangel solicited the advice of a variety of local city housing leaders in crafting the tax provisions of the bill, including NYC Housing Preservation and Development Commissioner Sean Donovan and NYS Department of Housing and Community Renewal Commissioner

Deborah Van Amerongen.

Those provisions include:

- **First-time homebuyer tax credit to assist in making a down payment on a home -**

This would provide individuals and families with a refundable credit (equivalent to an interest-free loan) of ten percent of the purchase price of their home (up to \$7,500). Taxpayers would be required to repay any amount received under this provision to the government over 15 years in equal installments. The credit is phased out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 in the case of a joint return).

- **Additional standard deduction for real property taxes** to help homeowners who claim the standard deduction by allowing them to claim an additional standard deduction of up to \$500 (\$1,000 for joint filers) for State and local real property taxes. This provision applies for tax year 2008.

- **Temporary increase in low-income housing tax credit and simplification of the credit -** The bill would increase the current limit of the credit from \$2.00 for each person residing in a state by an additional ten percent. This will help put builders to work to create new options for families seeking affordable housing alternatives. The credit will also be simplified to improve its effectiveness.

- **Temporary increase in mortgage revenue bonds -** The bill would also allow for the issuance of an additional \$11 billion of tax-exempt bonds to refinance sub-prime loans, provide loans to first-time homebuyers and to finance the construction of low-income rental housing.

“Of the problems that were created by the reckless deregulation that led to the subprime crisis and the neglect of affordable housing that has marked Republican rule in Congress, this package of measures is the best response we could make. It cannot solve all of these deep rooted problems immediately but the bill does represent a mutually reinforcing set of approaches that will begin to diminish the problem,” said House Financial Services Committee Chairman Barney Frank (D-MA). **“This will begin to lay the groundwork for a turnaround in the housing market and hopefully in the broader economy as well.”**

Please click here to view [summary](#) of the tax provisions included in H.R. 3221.

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[Top of Page](#)