

NAHMA Public Policy Positions 108th Congress

HR 4263 and S 2467 - To clarify the calculation of per-unit costs payable under expiring annual contributions contracts for tenant-based rental assistance that are renewed in fiscal year 2004

Sponsors: Rep. Barney Frank (D-MA) and Sen. Charles Schumer (D-NY)

These bills were introduced in response to the major change in the 2004 renewal funding formula for the Section 8 Housing Choice Voucher Program announced in HUD Notice PIH 2004-7. In this notice, HUD announced, "Renewal calculations will be based on the unit months under lease -- up to a PHA's authorized baseline -- as reported to HUD as of August 2003. Renewal units will be funded on a per unit cost as reported to HUD as of August 2003 and adjusted for inflation for 2004." The inflation factor HUD chose was the Annual Adjustment Factor (AAF). HUD said it was required to make these cost containment measures by language in the FY 2004 consolidated appropriations bill.

HR 4263 and S 2467 clarify the calculation of per-unit costs payable under expiring annual contributions contracts for Section 8 tenant-based rental assistance that are renewed in fiscal year 2004. They would restore the practice of renewing vouchers based on a housing agency's actual per unit costs in the prior quarter, adjusted by inflation for the intervening months. They also provide that this method be used for all renewals funded with FY 2004 money.

NAHMA's Position: Strongly Support.

HR 1102 and S 1411-- National Affordable Housing Trust Fund Act.

Sponsors: Rep. Bernard Sanders (I-VT) and Sen. John Kerry (D-MA)

Each of these bills uses excess sums from the FHA Mutual Mortgage Insurance Fund and the Government National Mortgage Association to create a national affordable housing trust fund. These bills each seek to provide for approximately 1,500,000 additional affordable, low-income housing units over 10 years.

Under HR 1102, HUD will distribute money from the trust fund to state and local governments for development, rehabilitation, preservation of affordable rental housing, and homeownership opportunities. There is a 25% match requirement for state and local governments, but allowances are provided for fiscal distress. Funds could be made available as capital grants, loans, guarantees, or other forms of assistance. "Eligible entities" who may apply for the funds distributed by state and local governments include public and private for-profit and non-profit organizations. Applicants would be required to certify that they will satisfy several long-term affordability restrictions.

While the Senate bill S 1411 is similar to HR 1102, it does differ in some respects from the House bill. For instance, S 1411 allocates 75 percent of available trust fund money to state and local governments, but sets-aside 25 percent for national competitive grants.

NAHMA endorsed similar trust fund legislation introduced in the last Congress, HR 2349 and S 1248.

NAHMA's position: Support.

HR 3485 - Affordable Housing Preservation Tax Relief Act. Sponsor: Rep. Jim Ramstad (R-MN).

Current tax laws are hindering efforts to preserve the nation's stock of affordable housing. Owners wishing to leave the affordable housing business often find opting-out of federal housing programs a preferable alternative to paying the "exit" taxes which would result from selling the property to a willing buyer.

According to a press release issued by Rep. Ramstad, the bill "... would provide a tax incentive to encourage the transfer of affordable housing to owners who agree to maintain the properties and keep them affordable. The bill would forgive part of the tax liability for owners who sell their properties to purchasers who agree to maintain them for a 30-year period and keep them affordable."

The bill creates a federal "Affordable Housing Preservation Credit." The credit is to be administered and allocated by State housing finance agencies. The amount of the credit available to each state (the ceiling) is based primarily on population. States will allocate the credit to taxpayers who sell their properties to entities who agree to preserve the affordable housing for 30 years. The exit tax relief cannot exceed the taxpayer's gain from the sale. Buyers may be for-profit or non-profit entities. Generally speaking, eligible properties are federally assisted multifamily developments, with exceptions. HR 3485 also includes a recapture for non-compliance.

NAHMA's Position: NAHMA supports "exit tax" relief as an effective preservation tool in cases where owners sell their property to buyers who will continue operating the property as affordable housing. We are encouraged that Rep. Jim Ramstad and leading co-sponsor Rep. Ben Cardin have introduced an exit tax relief bill, HR 3485. We welcome the introduction of this legislation as a first step in the beginning of this important discussion.

**HR 284 and S 595 - Housing Bond and Credit Modernization and Fairness Act
Sponsor: Rep. Amo Houghton (R-NY) and Sen. Orrin Hatch (R-UT)**

The bill has 3 main components: It repeals the "Ten Year Rule" on Mortgage Revenue Bonds (MRBs), which will allow states to use their money for additional mortgages for low income people, rather than buying back outstanding bonds; it replaces the unworkable limits on prices of homes purchased with MRBs with a simple formula limiting the purchase price to 3.5 times the qualifying income under the MRB program; and most importantly for us, it makes LIHTC production viable in rural areas by allowing states to use the higher of state or area median incomes in setting income limits. The current income limits inhibit LIHTC development in over 1300 non-metropolitan counties nationwide.

NAHMA endorsed this bill in the last Congress when it was HR 951 and S 677.

NAHMA's position: Support.