

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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E-NAHMAanalysis 2009-0212

E-NAHMAanalysis 2009-0212: Final Version of the Stimulus Bill (HR 1)

Background

The Senate Appropriations and the Senate Finance Committees have released official summaries of their portions of the American Recovery and Reinvestment Act (HR 1) conference bill. The full summary of spending provisions is available on the Senate Appropriations Committee's website at: [Summary of ARRA Conference Report](#). The tax measures are available on the Senate Finance Committee website at: [Baucus, Rangel Detail Proposals To Create Jobs, Cut Taxes In Final American Recovery And Reinvestment Act](#). The conference bill is the final legislation which resolves differences between the versions of HR 1 passed by the House and Senate.

The conference bill must now be passed by the House and Senate before it can be signed into law. The House is scheduled to vote tomorrow. The Senate will likely vote by this weekend. The bill is expected to pass the House and to narrowly pass the Senate. President Obama will sign HR 1 into law.

Summary

Highlights of the conference bill reflect many of NAHMA's highest priorities for stabilizing the project-based Section 8 and Low Income Housing Tax Credit programs. The Senate Appropriations summary states the bill includes:

- **“\$2.25 billion through HOME and the Low Income Housing Tax Credit program to fill financing gaps caused by the credit freeze and get stalled housing development projects moving.**
- **\$1 billion for the Community Development Block Grant program for community and economic development projects including housing and services for those hit hard by tough economic times.**
- **\$4 billion to the public housing capital fund to enable local public housing agencies to address a \$32 billion backlog in capital needs -- especially those improving energy efficiency in aging buildings.**
- **\$2 billion for full-year payments to owners receiving Section 8 project-based rental assistance.**
- **\$2 billion for the redevelopment of abandoned and foreclosed homes.**

- **\$1.5 billion for homeless prevention activities**, which will be sent out to states, cities and local governments through the emergency shelter grant formula.
- **\$250 million is included for energy retrofitting and green investments** in HUD-assisted housing projects.”

The Finance Committee summary describes an additional tool state agencies may use to fill investor equity gaps for LIHTC properties. NAHMA supported this cash-exchange proposal from the House bill. The excerpt reads:

“Treasury Department Low-Income Housing Grants in Lieu of Tax Credits. Under current law, taxpayers are allowed to claim a low-income housing tax credit for certain investments made in low-income housing. These tax credits help attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income housing buildings. Current economic conditions have severely undermined the effectiveness of these tax credits. As a result, the bill would allow taxpayers to receive a grant from the Treasury Department in lieu of tax credits. Under this provision, States housing agencies would receive a grant equal to up to eighty- five percent of 40 percent of the state’s low-income housing tax credit allocation in lieu of the low-income housing tax credits they would have received. The subawards are subject to the same requirements (including rent, income, and use restrictions on such buildings) as the low-income housing tax credit allocations. The grant program would apply to each state’s 2009 low-income housing tax credit allocation. This provision is estimated to cost \$69 million over 10 years.”

Positive Aspects of this Legislation

NAHMA’s top two policy priorities for 2009 are reflected in this legislation. NAHMA is pleased that funding for 12-month terms of project based Section 8 contracts was retained in this bill. NAHMA has tirelessly advocated for full and timely funding of project-based Section 8 contracts. Likewise, the emphasis in our LIHTC advocacy has been the need for gap funding to address the current shortfalls in investor equity funding. There are two new tools states may use to assist struggling properties. NAHMA supports both of these measures. Finally, we are pleased that funding was retained for energy retrofitting and green investments in HUD-assisted projects.

Concerns About the Bill

NAHMA is disappointed that the LIHTC accelerator amendment which was in the Senate bill did not survive the conference negotiations. Likewise, NAHMA also supported a call from the investor community to include a 5-year carry-back for LIHTC which could be used to offset the alternative minimum tax. A carry-back specific to LIHTCs was not included in either the House or Senate version of HR 1, and it was not included in the final bill. NAHMA will continue working with our industry partners in the LIHTC investor community to push for these and other long-term solutions which will attract investors back to the program and expand the base of investors.

Early summaries of the conference bill released by the House leadership specifically noted that the energy retrofit and green investments were available to Section 8, Section 202 and Section 811 properties. NAHMA had urged conferees to also include Section 236 to the list of eligible properties. At this time, it does not seem Section 236 was added.

NAHMA Position

No bill is perfect, but NAHMA's major priorities for project-based Section 8 funding and LIHTC stabilization fared well. NAHMA strongly urges members to contact their Senators and Representatives and ask them to vote "yes" on HR 1.