



FEDERAL POLICY PROJECT

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FPP Partners

California Housing Authority Association (CHAA)

California Coalition for Rural Housing (CCRH)

Housing Authority Association of Southern California (HAASC)

Housing California

Los Angeles Coalition to End Hunger and Homelessness

NAHRO Northern and Southern California Chapters

NonProfit Housing Association of Northern California (NPH)

Northern California Nevada Executive Directors' Association

Southern California Association of Nonprofit Housing (SCANPH)

The San Diego Housing Federation

Action Alert: *Federal Stimulus Bill Moves in Senate, Affordable Housing Funds Cut*

What Happened in the Senate this Weekend?

Last Friday, there were not enough votes in the Senate to approve the package of spending and tax amendments that the Senate Committee had approved earlier in the week. A small group of Senators crafted a compromise package of amendments to the House Bill (H.R. 1), to court the backing of a few moderate Senators and assure the 60-vote majority needed to end debate and approve a bill.

On the tax side, the stimulus bill that the Senate is likely to approve would expand the current First Time Home Buyer Tax Credit from \$7,500 repayable over 15 years to a \$15,000 tax credit that is not repayable. There is no income limit or targeting of any kind. The total cost of this expanded credit is estimated to be \$39 billion. For additional information about the First Time Home Buyer Tax Credit, go to: <http://www.cbpp.org/2-9-09hous.htm>

To pay for this expanded tax break that benefits mostly middle and upper income families, while reducing the cost of the total package, the Senate made the following changes to housing-related items: (1) dropped the five-year carryback that would have benefitted Low Income Housing Tax Credit investors (as well as other industries) at a savings of \$11 billion; (2) substituted a provision to accelerate only 9% LIHTC investments in place of one which would have accelerated both the 4% and 9% LIHTC, at a savings of \$1.2 billion; (3) decreased funding for Green Retrofits of Privately Owned Federally Assisted Housing by \$1.25 billion; and (4) eliminated previously proposed funding for the Neighborhood Stabilization Program at a savings of \$2.25 billion.

LIHTC Update

One positive change made by the Senate was to designate \$2 billion of the HOME funds for LIHTC gap financing. On the negative side, besides eliminating the 5-year carryback in favor of the slimmed down acceleration of 9% Tax Credits, the Senate did not act on an amendment introduced by Senator Schumer (NY) to set a floor rate of 4% for the 4% LIHTC. The Senate also did not allow the exchange of a limited amount of 9% LIHTCs for cash grants to state allocating agencies as the House had done, let alone consider expanding the 9% LIHTC exchange to include 4% credits.

What Happens Next?

The Senate is scheduled to vote on the compromise amendments Tuesday, February 10 at 12:00 ET. Assuming passage, the package will then be forwarded to a Conference Committee composed of leaders from both houses. At press time, the following people were expected to participate in the Conference: House of Representatives: Appropriations Chair David Obey (WI), Ways and Means Chair Charles Rangel (NY), Education and Labor Chairman George Miller (CA), Transportation and Infrastructure Chairman James Oberstar (MN) and House Budget Chairman John Spratt (SC). Speaker Pelosi will continue to influence the proceedings. In addition, it is rumored that Oversight and Government Reform Chair Henry Waxman (CA) will also be added. Senate Conferees are expected to be named after the bill is passed.

What Can I Do?

Call your Representative and Senators and ask them to tell the House and Senate Conferees to:

1. Fund affordable housing stimulus measures that benefit lower income households at the maximum level possible. These expenditures will lead directly to rapid job creation while providing affordable homes to those most in need.
2. Restore stability to the LIHTC market by: (a) include and allow the \$2 billion of HOME gap financing for stalled LIHTC developments and (b) allowing state agencies to exchange 100% of unusable 9% credits from 2007 and 2008 and up to 40% of unusable 9% credits from 2009 (already in the House bill) and 100% of 4% credits requested but unused from 2007 and 2008 and up to \$250 million of 4% credits in 2009.

Take action: Tools to support you in making calls to Congressional offices may be found on CHPC's website: <http://www.chpc.net/policy/fpp.html> - ACTION