



FEDERAL POLICY PROJECT

Federal Policy Project Staff

Marilyn Wacks
Housing Policy Manager
Ph: (415) 433-6804 x13
Email:
mwacks@chpc.net

Matt Schwartz
President
Ph: (415) 433-6804 x11
Email:
mschwartz@chpc.net

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

Congresswoman Linda Sanchez Introduces Bill to Expand the Low Income Housing Tax Credit Exchange Program!

Yesterday we released a [survey](#) of California LIHTC developers showing that with improvements to the Low Income Housing Tax Credit (LIHTC) program such as the ones advocated by a national coalition <http://www.rentalhousingaction.org/en>, as many as 155 LIHTC developments could move forward this year providing more than 16,000 jobs and nearly 13,000 affordable homes in our state alone. Yesterday, Congresswoman Linda Sanchez, representing California's 39th Congressional District, introduced [H.R.4687](#), the **Low-Income Housing Tax Credit Exchange Expansion and Job Creation Act of 2010**. **Now it is up to all of us who care about the production and preservation of homes affordable to low income households and the jobs that come with them to ask our Representatives to support this critical bill.** The following is a summary of the Bill, it's prospects and what you can do to ensure it becomes law this year.

Key Provisions of Bill

- **Extends the 9% Tax Credit Exchange Program (TCEP)** created by the American Recovery and Reinvestment Act (ARRA) but **with three important improvements** that make this bill superior to the proposed TCEP extension in the Tax Extenders Act already passed by the House (H.R. 4213):
 1. Clarifies that states have the option to loan the TCEP funds, not just grant them, thus correcting misinterpretations of Congressional intent in passing TCEP by various federal agencies and the unintended tax problems and additional wage costs that arose from them.
 2. Makes any recapture of TCEP funds by the Internal Revenue Service proportional to the number of units and amount of time over which these units were not serving eligible LIHTC households, fixing the current interpretation in which the amount of Credits recaptured may have little relationship to the lost public benefit.
 3. Clarifies that Tax Credit Allocating Committees can charge additional fees to administer TCEP so that they can hire additional capacity to process these awards while also running their traditional LIHTC programs.
- **Expands TCEP to Include the Exchange of Unusable 4% Credits and Allows the Return of Difficult/Expensive to Sell Tax-Exempt Bond Authority so that it can be Re-Allocated and Replaced by Taxable Financing.** The Bill authorizes each state to allow LIHTC developers not only to exchange 4% Credits after demonstrating they have made a bona-fide effort to sell, but also to give back the allocation of private activity mortgage revenue bonds and to use taxable financing instead if they can demonstrate that the bonds can't be sold on reasonable terms or that replacing the bonds with taxable financing would likely lead to the creation of more affordable housing. The bond authority could then be re-allocated to other residential projects but would not be eligible to trigger a new allocation of Credits. To be eligible for the exchange of 4% Credits and/or return of the Tax Exempt Bond allocation in lieu of taxable financing, applicants must apply for and receive an allocation of Tax Exempt Bonds in 2010.

Next Steps for the Bill

Because this bill is intended to be part of Jobs legislation that Congress is already considering, this bill will not go through the traditional steps for approval as a stand-alone bill. Instead, it will be up to the leaders of the key Congressional Committees (Ways and Means as well as Financial Services and Appropriations in the House, Finance, as well as Banking and Appropriations in the Senate) to make the case to the leaders of each house that these provisions should be included in the Jobs legislation.

What You Can Do to Support This Bill

Call and email your [Representative's](#) Washington and District Offices urging him/her to co-sponsor this bill (click [here](#) for a sample email). Make sure to copy Speaker [Pelosi](#) and Senators [Feinstein](#) and [Boxer](#) who are critical to the outcome.

HOW DO I GET INVOLVED?

The Federal Policy Project is a coalition of California housing authorities, nonprofit housing developers, local government housing agencies and tenant advocates working to increase understanding for the need for increased federal investment in the creation and preservation of affordable homes for lower income households.

To learn more, please contact our Housing Policy Manager, Marilyn Wacks at mwacks@chpc.net or 415-433-6804x313.