

Nancy Bennett, Deputy District Director in San Francisco, presents a letter of acknowledgement from California Governor Arnold Schwarzenegger.



The Crossings at Santa Rosa opened its doors in January 2008 as a result of the Santa Rosa Housing Authority's commitment to increasing its affordable housing stock for the city's workforce families.



John Bigley, Chief Operations Officer, Urban Housing Communities LLC and Cesar Delgado, Executive Director, Heritage Community Housing, Inc., welcome guests to the Crossings at Santa Rosa grand opening event.



\*All photos courtesy of Urban Housing Communities LLC.

### Make Sure Your State is Represented in the AHTCC Photo Gallery

Gain nationwide attention for your Housing Credit properties by submitting photos for the Housing Credit Development Photo Gallery, found exclusively at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org). Pictures of Housing Credit properties from thirty states and the District of Columbia can now be found online. These photos say more than a thousand words could on the success of the Housing Credit program, and the Photo Gallery offers immediate examples of great Housing Credit properties to congressional staff. Don't let your state go unrepresented!

Send in photos of your unique Housing Credit properties worthy of recognition. AHTCC welcomes and encourages submissions of pictures of Housing Credit properties and ribbon-cutting or groundbreaking ceremonies. Show off your success stories in future AHTCC News newsletters, website features, or congressional materials by sending your pictures to Coalition executive director Victoria Spielman at [admin@taxcreditcoalition.org](mailto:admin@taxcreditcoalition.org). Please be sure to include the property name, type, location, number of units, and the name and title of anyone featured in the photo. Pictures of well-developed, successful properties help make the case for how important the Housing Credit program truly is!

### Get Your Copy of the *Grand Opening Guide for LIHTC Developers Today!*

Get Your Copy of the Grand Opening Guide For LIHTC Developers Today!

Need to plan a grand opening event for your newest Housing Credit property? Get tips and suggestions from the Coalition's Grand Opening Guide for LIHTC Developers. Developed in conjunction with Meridian Investments, this valuable guide will walk you through all the essential steps to planning and executing a successful and fun event for the whole community.

Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) to download your copy today. Or, contact Coalition executive director Victoria Spielman ([info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org) or 202-282-5349) to request a printed copy.

Let the Coalition help with your groundbreaking and ribbon-cutting ceremonies. Create even more excitement surrounding your event by requesting participation from your congressional representatives. AHTCC can assist you in inviting Congressional members and their staff. The Coalition can also work with you to arrange site visits for Members and their staff if you have established properties you would like to show off.

### Join Now! Let the Coalition Work for You

Join 116 of your industry colleagues by taking advantage of the benefits of membership in the Affordable Housing Tax Credit Coalition. AHTCC represents Housing Credit industry participants before Congress, the Administration, and other governmental agencies. Stay on top of the latest Housing Credit issues through AHTCC News, industry updates, and regularly held Coalition meetings. The Coalition keeps you informed while serving as your representative on issues that impact the Housing Credit program. With an increasing housing crisis bringing national attention to the housing industry, now more than ever benefit from lending your voice to the always-growing Coalition presence by joining today.

Who should join? Syndicators, developers, lenders, institutional investors, lawyers, accountants, nonprofits, public agencies,

compliance specialists, and other allied professionals who work with the Low Income Housing Tax Credit program. Membership dues are collected on an annual basis.

Contact Coalition executive director Victoria Spielman at 202-282-5349 or [victoria.spielman@taxcreditcoalition.org](mailto:victoria.spielman@taxcreditcoalition.org) to request a membership brochure or for more information on membership dues and benefits. Or, visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) to download a membership application today!

To be added to the Coalition's media list, e-mail Victoria at [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

### Save on Subscriptions

AHTCC members receive a 20-percent discount on new subscriptions to the *HDR Current Developments Newsletter* as well as discounted subscriptions to *Tax Credit Advisor*. Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) for more details.

### Contact Information

**Victoria Spielman,**  
Executive Director  
The Affordable Housing  
Tax Credit Coalition  
1700 K Street, NW  
Washington, D.C.  
Ph: 202-282-5349  
F: 202-282-5100

[www.taxcreditcoalition.org](http://www.taxcreditcoalition.org)  
[info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)

**President: Ronne Thielen, Centerline Capital Group**

**Richard S. Goldstein,**  
Legal Counsel  
Nixon Peabody LLP  
401 9th Street NW, Suite  
900  
Washington, D.C. 20004  
Ph: 202-585-8000  
F: 202-585-8080

**James Miller,**  
Legislative Counsel  
Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, D.C. 20006-3817  
Ph: 202-282-5724  
F: 202-282-5100



# AHTCC NEWS

DECEMBER 2008

#### Inside This Issue

GSE Update .....	3
IRS News .....	3
Coalition News .....	4
Call for Residential	
Testimonials .....	4
Upcoming Events.....	4

## AHTCC Offers Proposals for Economic Stimulus Package

Shortly after the election, President-elect Obama stated that his first priority upon being sworn into office on January 20, 2009, would be to sign into law an extensive economic stimulus package. The Speaker of the House clarified soon afterwards that the stimulus package would be at least \$500 billion and could reach \$1 trillion in magnitude and would include significant expenditures for the states, transportation infrastructure, renewable energy and affordable housing, as well as tax measures aimed at providing jobs and middle income tax relief. The stimulus package will be taken up by the House of Representatives shortly after the new 111th Congress is sworn into office on January 6 with a view toward sending a completed package to the Senate within a matter of days. The Senate is also fully engaged and will seek to pass legislation that can be conformed with the House legislation to produce final legislation which the new President can sign shortly after he takes office.

The AHTCC has developed a set of proposals with full Board and Member participation which it is seeking to have included in the stimulus legislation. These proposals are aimed at generating new investment from current and new investors and include:

- At least \$5 billion in new HOME funds in 2009, \$4 billion in 2010 and \$3 billion in 2011 to fill the investment "gap" for properties which have received Housing Credit reservations or allocations;
- Permitting taxpayers to carryback the Housing Credit for up to five years and using these Housing Credits to offset AMT liability during that period;
- Allowing additional Housing Credits to be claimed in the first year of the Housing Credit period;

- Fixing the 30 percent present value Housing Credit at 4 percent; and
- Permitting Housing Credit Agencies an additional year to make Housing Credit allocations before having to return unused Housing Credits to the "national pool."

In addition, AHTCC supports making the Housing Credit fully refundable in the event that the Congress also makes fully refundable the section 45 production tax credit for wind and other forms of renewable energy and the section 48 investment tax credit for solar energy. The renewable energy tax credits and the LIHTC attract many of the same investors, and AHTCC has strongly advocated that a level playing field must exist for all credit investments.

AHTCC is working on a coordinated basis with other multifamily housing advocates and has conducted a series of meetings to advance its proposals with key policy makers and staffs in the Senate and House Leadership; the Obama transition; the Senate Banking Committee; the Senate Finance Committee; the House Financial Services Committee and the House Ways and Means Committee. All of these policy makers are now convinced that something must be done to generate new investment from new investors while preserving the base of current investors in multifamily rental housing. They propose to do so while not making structural changes to the LIHTC program. AHTCC will continue to work diligently for the above changes through their enactment.

Many of the Coalition's board members have played a pivotal role in developing possible legislative proposals for the Coalition to pursue that would allow the Housing Tax Credit program to continue to meet its goals in providing housing, as well as allow our

*continued on page 2*

### Calling All Accountants and IT Professionals

AHTCC sponsors two subcommittees designed specifically for accounting and IT professionals. Take advantage of this unique opportunity to openly discuss industry issues with your colleagues at other Coalition member companies. Subcommittees generally meet for one hour a month via conference call. Subcommittees are chaired by your colleagues, who solicit your thoughts on agenda items: the success of these subcommittees comes from your participation!

The next subcommittee conference calls will take place in January 2009. Subcommittee participation is limited to Coalition members only. To sign up for either subcommittee contact Coalition executive director Victoria Spielman at 202-282-5349 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

continued from page 1

industry to continue in its efforts to efficiently provide capital to meet those housing goals.

## Economy Takes Center Stage as Democrats Look Toward 2009

Since winning the election on November 5, 2008, the President-elect has repeatedly expressed concern over the current economy and has vowed to take steps to improve the country's economy.

"At this defining moment for our nation, the old ways of thinking and acting just won't do. They call for us to seek fresh thinking and bold new ideas from the leading minds across America. And they demand that as we chart a course to economic recovery, we ensure that our government—your government—is held accountable for delivering results," said President-elect Barack Obama in a recent press release.

As a part of this determination to speed economic recovery, President-elect Obama established the President's Economic Recovery Advisory Board. The Board's primary responsibility will be to offer independent and nonpartisan information, analysis, and advice to the President and Vice President. The Board will consist of two-year terms and will be chaired by Paul Volcker. Volcker was the former Chairman of the Federal Reserve from 1979 to 1987. Austan Goolsbee will serve as Staff Director and Chief Economist for the Board.

President-elect Obama also named his Economic team on November 24, 2008, noting "Vice President-elect Biden and I have assembled an economic team with the vision and expertise to stabilize our economy, create jobs, and get America back on track. Even as we face great economic challenges, we know that great opportunity is at hand—if we act swiftly and boldly. That's the mission our economic team will take on."

Those named to the economic team include:

- Timothy Geithner, Secretary of the Department of the Treasury. Geithner previously served as president and CEO of the Federal Reserve Bank of New York.
- Lawrence Summers, Chair of the National Economic Council. Summers served as Treasury Secretary under President Bill Clinton.
- Christina Romer, Director of the Council of Economic Advisors. Romer previously served as the co-director of the Program in Monetary Economics at the National Bureau of Economic Research.
- Melody Barnes, Director of the Domestic Policy Council. Barnes previously served as executive vice president for policy at the Center for American Progress.
- Heather Higginbottom, deputy director of the Domestic Policy Council. Higginbottom previously served as legislative director for Senator John F. Kerry (D-MA).
- Peter Orszag, Director of the Office of Management and Budget. Orszag previously served as director of the Congressional Budget Office.

Further demonstrating the next Administration's focus on the economy, Vice President-elect Joe Biden created a new office, Chief Economist and Economic Policy Advisor to the Vice President, and appointed Jared

Bernstein to the position. Bernstein is an expert in federal, state, and international politics at the Economic Policy Institute.

## Democrats Gain Strength in Election

As a result of the 2008 national election, the Democrats not only won the office of the Presidency they also increased their majorities in both the Senate and the House of Representatives. President-elect Barack Obama achieved a resounding victory, winning 365 Electoral College votes to Senator John McCain's 173 votes. Further solidifying the Democrats hold over Washington, D.C., the Senate added seven new Democrats to its ranks, with a possibility of adding one more. A recount is currently underway in the state of Minnesota. The outcome of that recount became less significant as Republican Saxby Chambliss (GA) was able to hold onto his hotly contested seat, thus putting a Democrat filibuster-proof majority out of reach. The best the Democrats can hope for now is a 59-41 split. On the House side, Democrats gained twenty-four seats, giving them a 259-176 majority.

## Obama Names NYC's Shaun Donovan Secretary of HUD

On Saturday, December 13, 2008, President-elect Obama announced his appointment for Secretary of the U.S. Department of Housing and Urban Development (HUD) – Shaun Donovan. Mr. Donovan is currently serves as Commissioner of the New York City Department of Housing Preservation and Development. He was appointed to that post by New York Mayor Michael R. Bloomberg in March of 2004.

Before joining the NYC Department of Housing Preservation and Development, Donovan worked at Prudential Mortgage Capital Company in the affordable housing arena and was a visiting scholar at New York University. Donovan also served as a consultant to the Millennial Housing Commission. Donovan also has previous experience at HUD where he served as Deputy Assistant Secretary for Multifamily Housing.

In naming Donovan as Secretary of HUD, President-elect Obama stated "we cannot keep doing things the old Washington way. We cannot keep throwing money at the problem, hoping for a different result. We need to approach the old challenge of affordable housing with new energy, new ideas, and a new, efficient style of leadership." Obama stated he will expect his Administration to "[promote] cities as the backbone of regional growth by not only solving the problems in our cities, but seizing the opportunities of growth in our suburbs, exurbs, and metropolitan areas."

President-elect Obama commended Donovan for his leadership at the NYC Department of Housing Preservation and Development noting "Shaun has lead the effort to create the largest housing plan in the nation, helping hundreds of thousands of our citizens buy or rent their homes." Obama noted Donovan has a wide range of experience which will allow Donovan to "bring to this important post fresh thinking, unencumbered by old ideology and outdated ideas."

The entire text of Saturday's announcement can be found online at [http://change.gov/newsroom/entry/secretary\\_of\\_housing\\_and\\_urban\\_development\\_announced\\_in\\_weekly\\_address/](http://change.gov/newsroom/entry/secretary_of_housing_and_urban_development_announced_in_weekly_address/).



## IRS Publishes Notice on Housing Credit Applicable Percentage Under the Housing and Economic Recovery Act of 2008

On November 13, 2008, the Internal Revenue Service (IRS) issued Notice 2008-106, which clarified that the 9 percent applicable percentage floor for non-federally subsidized new buildings that are placed in service after July 30, 2008 and before December 31, 2013, enacted pursuant to Section 3002 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), applies notwithstanding an irrevocable election by the taxpayer under former tax code Section 42 (b)(2)(A)(ii) made on or before July 30, 2008.

## IRS Publishes Revenue Procedure Regarding Elimination of Recapture Bond Provision

On October 2, 2008, the IRS released Revenue Procedure 2008-60, providing guidance under the *Housing and Economic Recovery Act of 2008* with respect to the repeal of the recapture bond provisions previously found in Section 42.

Prior to July 30, 2008, participants in the Housing Credit program could dispose of their interests in a property provided it was reasonably expected to remain a qualified low-income property for the remaining compliance period and the taxpayer posted a bond to the Department of

the Treasury to offset potential future recapture for noncompliance. As part of the *Housing and Economic Recovery Act of 2008* this recapture provision was repealed and applies retroactively to taxpayers who disposed of their interest in Housing Credit properties who elect to have the provisions of the new law apply to them. Instructions for taxpayers wishing to make such an election are found in Section 4 of the Revenue Procedure.

## Coalition Requests Additional Guidance From IRS on the Housing and Economic Recovery Act of 2008

In September 2008, the Coalition provided a letter to Treasury requesting guidance on several issues as a result of the previously enacted housing recovery bill. The letter requested guidance on:

- Determination of Credit Rate (*guidance provided in November 2008*)
- Modifications of Eligible Basis
- Clarification of the Treatment of Federal Grants
- Exception to the 10-Year Nonacquisition Period of Existing Buildings Applicable to Federal - or State-Assisted Buildings
- Repeal of the Recapture Bond Provision (*guidance provided in October 2008*)

If you have questions concerning these IRS publications or other provisions found in the *Housing and Economic Recovery Act of 2008*, please contact Coalition legal counsel Richard S. Goldstein (202-585-8000 or [rgoldstein@nixonpeabody.com](mailto:rgoldstein@nixonpeabody.com)) or Coalition legislative counsel James F. Miller (202-282-5724 or [jfmiller@winston.com](mailto:jfmiller@winston.com)).



## Federal Reserve Board Announces GSE Debt and MBS Purchase Program

On November 25, 2008, the Federal Reserve Board released a statement announcing it would purchase up to \$100 billion in direct debt issued by Government Sponsor Enterprises Fannie Mae and Freddie Mac as well as the Federal Home Loan Banks. Additionally, the Federal Reserve Board will purchase up to \$500 billion of mortgage-backed securities backed by GSEs Fannie Mae, Freddie Mac, and Ginnie Mae. The Federal Reserve Board expected to start making these purchases immediately. According to a press release the same day, this action is "being taken to reduce the

cost and increase the availability of credit for the purchase of houses, which in turn should support housing markets and improve conditions in the financial markets more generally." The Coalition believes this action should alleviate concerns that the GSE would dispose of their interest in previous Housing Credit investments.

This announcement comes just one week after House Committee on Ways and Means Chair Charles B. Rangel (D-NY) distributed a letter to Treasury Secretary Henry Paulson discouraging any plan which would allow GSEs to sell their Housing Credit portfolios. Congressman Rangel cited concerns that wholesale divestment would further damage the equity market.

# Coalition News and Upcoming Events

## Upcoming Meetings: Save The Date!

AHTCC Annual Meeting - Tentative Agenda

January 26-28, 2009 ~ Key West, FL\*

**Monday, January 26, 2009**

**Board of Directors Meeting** (Open to Board Members Only)

**Board Dinner** (Open to Board Members Only)

**Tuesday, January 27, 2009**

**Registration and Contintal Breakfast**

**Morning Sessions**

- Welcome and Opening Remarks
- Looking at the 111th Congress
- Housing at the Obama Administration

**Luncheon**

**Networking Reception**

**Wednesday, January 28, 2009**

**Registration and Conintental Breakfast**

Coalition Annual Meeting and Election of 2009 Board of Directors

- Discussion of the Coalition's 2009 legislative priorities

**Morning Sessions**

- State Housing Credit Allocating Agency Outlook
- State of the Investor Market

\* Coalition meetings are generally open to members only. Please see registration form for detailed attendance policy.

Register Now for the Affordable Housing Tax Credit Coalition's Annual Meeting and plan to join Coalition members and Housing Credit industry colleagues for two days of informative conference sessions and valuable networking events.

The Westin Key West Resort and Marina is located within walking distance of area attractions, restaurants, shopping, and nightlife. With temperatures averaging a high of 75° and lows of 65°, Key West is the perfect January destination. And, for the more adventurous, Key West is famous for its saltwater fishing, scuba, and diving excursions. Water temperatures average 69° in January.

The Westin Key West Resort & Marina is located at 245 Front Street, Key West, FL 33040. The Coalition has arranged for a discounted rate of \$325 per night. The Coalition is now accepting reservations for the rooming list. Reservations cannot be made directly through the hotel for this reduced rate. To make reservations contact the Coalition at 202-282-5349 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org) and provide your arrival/departure dates and credit card information. HOTEL CUTOFF DATE IS DECEMBER 22, 2008.

**Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) to download your registration form today!**

## How Has Access to Affordable Housing Changed the Lives of YOUR Residents?

As participants in the Housing Credit industry, we know how important the units we allocate credits to, develop, invest in, and manage are to the individuals and families who will live in them. Housing Credit properties allow those with special needs to flourish through support service programming; children to grow up in stable home environments; and the elderly to age in place within their communities. Now, we want to hear from those most helped through the Low Income Housing Tax Credit program.

Please speak with your residents and encourage them to provide Resident Testimonials. The Coalition will publish these testimonials on its website, [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org), and use the information in future legislative campaigns designed to build on the already proven strengths of the Housing Credit program. Lawmakers appreciate hearing from their constituents on programs which have made a difference in the lawmaker's district and the constituent's community!

Testimonials may be submitted to the Coalition through [admin@taxcreditcoalition.org](mailto:admin@taxcreditcoalition.org).