



# AHTCC NEWS

JUNE 2007

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### AHTCC Welcomes Eleven New Members

Ashwood Construction, Inc.  
California Council for Affordable Housing  
Community Housing Assistance Program, Inc.  
Eden Housing, Inc.  
Kansas Housing Resources Corporation  
Kantor Taylor McCarthy P.C.  
KDF Communities LLC  
Ohio Housing Finance Agency  
Palm Desert Development Company  
Riverside Charitable Corporation  
Spectrum Enterprises, Inc.

## House Ways and Means Subcommittee on Select Revenue Measures Holds Hearing on Tax Incentives for Affordable Rental Housing

On Thursday, May 24, 2007, The House Ways and Means Subcommittee on Select Revenue Measures held a hearing on tax incentives for affordable housing specifically focusing on the Low Income Housing Tax Credit, historic tax credit, and tax-exempt bond programs.

Three panels—a total of 10 witnesses—discussed the enormous success of the Housing Credit program as well as offered suggestions for ways the program could be improved. In his opening statement, Subcommittee Chairman Richard E. Neal (D-MA) stated that affordable housing is a key element of every successful community adding that the Housing Credit program is an example of a private/public sector partnership that works. Echoing the Chairman's praise for the program, Committee Ranking Member Phil English (R-PA) added that he is a big believer in the Housing Credit program and he has seen how successful the program has been in his own neighborhood and that the Housing Credit is a vehicle for community revitalization.

A consistent theme throughout the testimony was the need to ensure that all federal housing programs are able to work efficiently together by conforming inconsistent rules. Of particular concern to several witnesses were the "student" rules which provide the limited circumstances under which full-time students are eligible to live in federally-assisted housing. Congressman Jim McDermott (D-WA) was concerned with these provisions as they related to young people aging out of foster care who generally have limited means for supporting themselves. He worried that those individuals would become ineligible should they choose to pursue higher education. Others were concerned with the impact of such rules on single-parent families in which children grades K-12 are currently counted as full-time students for purposes of determining eligibility.

Ranking Member English questioned witnesses regarding the current demand for Housing Credits. Several witnesses reported that most states are oversubscribed with many states receiving four or five applications for every one application which is funded. English suggested there may be a case for increasing the per capita amount of available Credits.

Congressman Earl Blumenauer (D-OR) was particularly interested in the witnesses' suggestions for ways Congress could encourage sustainable building through the use of "green" technology tax incentive programs. Wit-

nesses representing Housing Credit allocating agencies reported that green building is already being encouraged by most states through scoring criteria. Additionally, witnesses added that there are existing tax incentives for green building however, they are not targeted towards affordable housing.

It was apparent that many of the proposals put forward for the Committee to consider are broadly supported throughout the industry. And, many of the proposals are included on AHTCC's current list of legislative priorities which can be found online at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org). For more information on the hearing contact Francine Friedman ([ffriedman@hunton.com](mailto:ffriedman@hunton.com) or 202-955-1536) or Victoria Spielman ([vspielman@hunton.com](mailto:vspielman@hunton.com) or 202-419-2025). A link to hearing testimony and a complete hearing summary can be found online at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org).

## Congress Passes HUD 2530 Legislation

On Thursday, May 24, 2007, the Senate passed H.R. 1675, the Preservation Approval Process by Unanimous Consent. This bill was reported out of the Senate Banking, Housing and Urban Affairs Committee on May 16, 2007 and addresses industry concerns with the HUD 2530 filing process. AHTCC has been working for over a year on this issue with the Senate Banking Committee and the House Financial Services Committee. The bill was presented to President Bush on June 6, 2007. The President is not expected to veto the bill. Thus, it is expected to become law in mid-June.

The legislation reduces unnecessary and overly burdensome HUD filing requirements for purposes of participating in HUD programs. The current requirements under the HUD 2530 filing process are discouraging investment in affordable housing and this bill is designed to address that problem. Specifically, the bill will exempt limited liability corporate investors from 2530 filing requirements. Additionally, the legislation will allow for continued paper filings for those required to file until technical issues with the APPS filing system have been addressed and revised regulations delivered to Congress.

H.R. 1675 passed the full House of Representatives on April 24, 2007. Since that time, AHTCC worked with the National Leased Housing Association and other industry groups spearheading an effort to gain support for this legislation in the Senate. Congresswoman Melissa L. Bean (D-IL) and Congressman Paul E. Gillmor (R-OH) introduced H.R. 1675 on March 26, 2007. To view the legislation or for more information visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org).



# LEGISLATIVE NEWS

## GO Zone Update

### Supplemental Spending Bill Contains Extension of Placed-In-Service Deadline for GO Zone Housing Credits

On Friday, May 25, 2007, President George W. Bush signed H.R. 2206—an emergency supplemental spending bill which included \$4.8 billion in small business tax breaks—into law. This is the second version of the supplemental spending bill passed by Congress—the first was vetoed by the President for reasons relating to the Iraq troop withdrawal schedule.

Of interest to Coalition members are the GO Zone provisions which remained intact throughout the process. AHTCC worked with members of the House Ways and Means and Senate Finance Committees to protect these provisions as the legislation passed through both chambers.

The GO Zone provisions included were previously passed by the House (in H.R. 1562 on March 27, 2007) and will extend several important provisions of the GO Zone Act of 2005. Specifically, the new law extends the placed-in-service dates for all GO Zone Housing Credits allocated under the emergency authority granted in the GO Zone Act to December 31, 2010. Further, the legislation extends the difficult to develop area designations provided to GO Zone properties until December 31, 2010. Properties which are allocated GO Zone Housing Credits will also be permitted to combine those Credits with “disaster relief” CDBG funds loans at below-market rates. Finally, the law requires the GAO to conduct a study on the allocation and utilization of tax incentives by the State and local governments under the GO Zone Act and report to Congress within one year of enactment its findings.

Each of these measures were previously identified as obstacles hampering the recovery process in the GO Zone. A previously introduced bill, S. 1180 the Workforce Housing Construction for the GO Zone Act of 2007, included many of the same proposals achieved through the supplemental spending bill. During a floor statement related to the introduction S.1180, Senator Mary Landrieu (D-LA) stated “as the Gulf Coast recovers from Katrina and Rita, rebuilding our housing remains key to our recovery.” She went on to explain that “LHFA [Louisiana Housing Finance Agency] estimates 65 percent of the affordable housing units under development in New Orleans, roughly 11,500, will not make the deadline to be available by the end of 2008.”

Complete copies of HR 2206 and S. 1180 can be found online at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org).

### Exit Tax Legislation Gains Industry Support

In a May 9, 2007 letter to Senator Gordon Smith (R-OR) members of the Housing Credit community expressed support for recently introduced legislation, S. 1318, the Affordable Housing Preservation Tax Relief Act of 2007. The bill would provide taxpayers who own limited partnership interests in qualified affordable housing developments to dispose of their interests without paying a recapture tax if the property is sold to a qualified preservation entity who agrees to maintain the affordability restrictions of the property for

another 30 years. Twenty-three industry groups—including AHTCC—signed on to the letter thanking Senator Smith for introducing the legislation. The bill currently lists 6 additional cosponsors.

The House companion legislation, H.R. 1491, was introduced on March 13, 2007 by Congressmen Artur Davis (D-AL) and Jim Ramstad (R-MN). That bill lists four additional cosponsors.



*Senator Ted Stevens (R-AK) addresses attendees at the 13th Annual Charles L. Edson Tax Credit Excellence Awards.*



*Senator Patty Murray (D-WA) presents a metropolitan/urban housing honorable mention to Buzz Roberts, Local Initiatives Support Corporation, accepting on behalf of the Genesee Apartments, Seattle, WA.*



*Senator Thomas R. Carper (D-DE) congratulates representatives from the Delaware State Housing Authority, Better Homes of Seaford, and East Coast Property Management, winner of a rural housing honorable mention for Chandler Heights I.*

# AHTCC Celebrates 13th Annual Charles L. Edson Tax Credit Excellence Awards Winners

The Affordable Housing Tax Credit Coalition congratulates the winners of the 13th annual Charles L. Edson Tax Credit Excellence Awards. These awards are presented to the most outstanding Housing Credit developments in four categories and honor the best in affordable rental housing development. This year, the Coalition received 48 entries from 23 states. Winners are determined through a highly competitive nationwide selection process. Awards were presented on June 5, 2007 during a Capitol Hill luncheon celebrating the winners.

Awards were presented in four categories: developments located in a metropolitan area, developments located in rural areas, special needs housing, and senior housing. Each winning development received a \$5,000 grant to bring additional services, facilities, or amenities to the property for the benefit of its residents.

Charles L. Edson Tax Credit Excellence Award Winners		
<b>Metropolitan/Urban Housing</b>	Winner:	Solara ~ Poway, CA ~ 56 Units
	Honorable Mentions:	Broadway Crossing ~ Seattle, WA ~ 44 Units
		Kennedy/Olean Townhomes ~ Rochester, NY ~ 144 Units
		Mountain View Village ~ Anchorage, AK ~ 38 Units
		New Columbia ~ Portland, OR ~ 186 Units
<b>Rural Housing</b>	Winner:	New Holland Apartments ~ Danville, IL ~ 46 Units
	Honorable Mention:	Chandler Heights I ~ Seaford, DE ~ 88 Units
<b>Special Needs Housing</b>	Winner:	Treehouse at Easthampton Meadow ~ Easthampton, MA ~ 60 Units
	Honorable Mentions:	Kingsburg Place ~ Grand Rapids, MI ~ 44 Units
		St. Leo Campus for Veterans ~ Chicago, IL ~ 141 Units
<b>Senior Housing</b>	Winner:	Oaks at Riverview ~ Tampa, FL ~ 250 Units
	Honorable Mentions:	Allentown Center Square Apartments ~ Allentown, PA ~ 63 Units
		Cappers/Carrollsborg Seniors ~ Washington, DC ~ 162 Units

## The Coalition extends its warmest thanks to this year's judging committee:

- Trudy McFall, Homes For America (Chair)
- Charles L. Edson, Nixon Peabody, LLP
- Carmel McGuire, National Association of Home Builders
- Denise Muha, National Leased Housing Association
- Haywood Sport, Alabama Housing Finance Authority

## The Coalition also thanks the sponsors of this year's awards program:

- Boston Capital Corporation
- Capmark Financial Inc.
- Cargill Investment Group
- Centerline Capital Group
- Enterprise Community Investment
- Great Lakes Capital Fund
- Hollland & Knight LLP
- John Hancock Realty Advisors, Inc.
- Meridian Investments, Inc.
- MMA Financial, LLC
- Moors & Cabot
- National Association of Home Builders
- National Equity Fund, Inc.
- Nebraska Investment Finance Authority
- NHT/Enterprise Preservation Corporation
- Nixon Peabody, LLP
- Novogradac & Company LLP
- Paul, Hastings, Janofsky & Walker LLP
- PNC MultiFamily Capital
- Reznick Group, PC
- The Richman Group, Inc.
- Simpson Housing Solutions, LLC
- SunAmerica Affordable Housing Partners

1 Solara, Poway, CA - Winner, 2007 Charles L. Edson Tax Credit Excellence Metropolitan/Urban Housing Award

2 New Holland Apartments, Danville, IL - Winner, 2007 Charles L. Edson Tax Credit Excellence Rural Housing Award

3 Treehouse at Easthampton Meadow, Easthampton, MA - Winner, 2007 Charles L. Edson Tax Credit Excellence Special Needs Housing Award

4 Oaks at Riverview, Tampa, FL - Winner, 2007 Charles L. Edson Tax Credit Excellence Senior Housing Award





# WASHINGTON NEWS

## IRS Update

### Coalition Requests Guidance from Internal Revenue Service on “Qualified Contracts”

In an April 30, 2007 letter to Assistant Secretary Eric Solomon, Department of the Treasury, and Commissioner Mark W. Everson, Internal Revenue Service (IRS), the Coalition encouraged the IRS to produce guidance on the requirements for a “qualified contract” as proposed in the Service’s 2006-2007 Priority Guidance Plan. With the IRS scheduled to issue regulations on this topic in the near future, the Coalition submitted comments in advance to encourage the IRS to address certain specific questions raised by this portion of the Internal Revenue Code (the Code).

Section 42(h)(6) of the Code provides a mechanism by which owners and investors can either receive a fair return on their investment, determined by receipt of a “qualified contract” or be permitted to end the low-income use restrictions on the property (after a phase-out period). Under the Code, owners are permitted to request anytime after the fourteenth year of the property’s compliance period that the applicable Housing Credit allocating agency present a “qualified contract” for the acquisition of the low-income portion of the building by any person who will continue to operate that portion of the property as a qualified low-income building. In the event that no qualified contract is presented, the extended use period terminates subject to a three year period during which tenants may not be evicted without good cause and rents may not be raised except as provided for under Section 42.

The Coalition has requested guidance on a number of issues related to the “qualified contract” provision and offered its perspective as to how these questions may be addressed. Included in the letter were questions such as:

- What constitutes a “bona fide contract”?
- What is a reasonable time to acquire the property after the qualified contract is entered into?
- How should the fair market value of the nonlow-income portion of the building be calculated?
- In the calculation of the qualified contract price, what is meant by the term “cash distributions from (or available for distribution from) the project”?
- What information and documentation can the Housing Credit allocating agency require when an owner makes a written request of the agency to locate a buyer?
- How can the qualified contract price be calculated particularly if the project owner does not have complete tax and financial records for the prior 15 years?

Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) to view the letter in its entirety.

## Cosponsorship Updates

### Military Access to Housing Act of 2007

Introduced as S. 839 and H.R. 1481 by Senators Pat Roberts (D-KS) and Sam Brownback (R-KS) and Representatives Jerry Moran (R-KS), Walter Jones, Jr. (R-NC), and Ron E. Paul (R-TX) respectively, the Military Access to Housing Act of 2007 would exclude amounts received as a military basic housing allowance from consideration as income for purposes of the Housing Credit program. The Senate version was introduced on March 14, 2007 and has added two cosponsors Johnny Isakson (R-GA) and Chuck Hagel (R-NE). The House version was introduced two days later on March 16, 2007 and currently has 19 additional cosponsors.

### Community Restoration and Revitalization Act of 2007

Introduced by Representatives Stephanie Tubbs Jones (D-OH) and Phil English (R-PA), H.R. 1043 offers improvements to the historic tax credit program. Specifically, the bill would increase the efficiency of the historic tax credit program with respect to the program’s effectiveness for creating affordable rental housing. Section 2 of the bill would address current disincentives to combining historic tax credits with Housing Credits by amending Section 42 (the Housing Credit statute) to increase the applicable percentage used to calculate Housing Credits for buildings eligible for both Housing Credits and historic tax credits. Currently H.R. 1043 lists 61 cosponsors with ten new cosponsors since our last report in April 2007.

The Senate companion to H.R. 1043, S. 584, was introduced by Senators Blanche L. Lincoln (D-AR), Gordon H. Smith (R-OR), and Mary Landrieu (D-LA) on February 14, 2007.

\*Please visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) for a complete list of the Coalition’s legislative priorities. Questions regarding legislation or Congressional activities may be addressed to the Coalition legislative counsel Francine E. Friedman (202-955-1536 or [ffriedman@hunton.com](mailto:ffriedman@hunton.com)) or Coalition executive director Victoria Spielman (202-419-2025 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)).

## AHTCC Tentative 2007-2008

### Event Calendar

**Fall Membership Meeting:** September 18—19, 2007  
Washington, DC

**Annual Membership Meeting:** January 27—30, 2008  
Surf & Sand Resort, Laguna Beach, CA\*

\* AHTCC will begin accepting reservations for the hotel rooming list in September 2007. Reservations cannot be made directly with the hotel.

# AHTCC Debuts New Photo Gallery

Gain nationwide attention for your Housing Credit properties by submitting photos for the new Housing Credit Photo Gallery found exclusively at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org). Pictures of Housing Credit properties from twenty-seven states and the District of Columbia can now be found online.

Have pictures of 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 [vspielman@hunton.com](mailto:vspielman@hunton.com). 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 of how important the Housing Credit program truly is!



Residents and supporters gather for the grand opening of Meridian Manor, a 34-unit building located in Columbia Heights, MD. (Photo Courtesy of National Housing Trust/Enterprise Preservation Corp.)



Senator Harry Reid (D-NV) speaks at an event for Silver Sky Assisted Living Residence. This 90-unit assisted living Housing Credit Property located in Las Vegas, NV is the first of its kind in Las Vegas. (Photo Courtesy of Nevada HAND)



Residents Gather at Hazel Hill. Located in Fredericksburg, VA, Hazel Hill preserved 147 units of affordable housing for households who earn well below 30% of AMI, with an emphasis on more than just shelter. (Photo Courtesy of National Housing Trust/Enterprise Preservation Corp.)



Jonathan Webb, Board Chairman of Project Access and director of Foundation for Social Resources gives a tour of Warwick Square in Sanrta Ana, CA to Congresswoman Loretta Sanchez (D-CA) on August 3, 2005. (Photo Courtesy of Centerline Capital Group)

## Membership Has Its Benefits!

Let the Coalition work for you—Join now and enjoy all the benefits membership has to offer. The Coalition 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. Lend your voice to the always-growing Coalition presence by joining today.

Who should join? Syndicators, developers, lenders, investment bankers, lawyers, accountants, nonprofits, public agencies, and other professionals who work with the Low Income Housing Tax Credit program.

Contact Coalition executive director Victoria Spielman at 202-419-2025 or [info@taxcreditcoalition.org](mailto:info@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!

### 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.

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

## Get Your Copy of the Grand Opening Guide For 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. Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) to download your copy. Or, contact Victoria Spielman (202-419-2025 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)) to request a hard 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.