AFFORDABLE HOUSING TAX CREDIT COALITION

LEGISLATIVE PRIORITIES FOR 2016

Proactive Opportunities

- Increase the Housing Credit cap for each state by 50%.
- Set a minimum 4% Housing Credit rate for developments financed with the proceeds of multifamily tax-exempt Housing Bonds.
- Establish a minimum 4% Housing Credit rate for the acquisition of existing housing when the Housing Credits are allocated under the State's Housing Credit cap.

Protect Current Resources in any tax reform proposals

- Preserve both the 9% and 4% Housing Credit programs.
- Continue to allow the tax-exemption on private activity multifamily Housing Bonds.
- Retain the current 27.5 year depreciation period for Housing Credit properties.
- Make any adjustments needed to maintain current levels of investments in the Housing Credit, notwithstanding lower corporate rates that might be enacted as part of tax reform.

Modernization Refinements to make the Housing Credit Program function even better

- Simplify the Housing Credit Student Rule by aligning it more closely with the HUD student rule, which better achieves the intended targeting.
- Clarify the ability to claim Housing Credits after casualty losses so that owners have a reasonable amount of time to repair and reoccupy properties after damage, regardless of whether it results from a major disaster.
- Provide flexibility around existing tenant income eligibility in order to eliminate tension between allowing existing tenants to stay in their homes and recapitalizing Housing Credit properties.
- Modify the "10 Year Rule" by replacing it with a limit on the acquisition basis of Housing Credit properties if last placed in service in the prior 10 years, thus supporting the preservation of properties in need of rehabilitation.
- Include relocation expenses in eligible basis, consistent with the treatment of other indirect costs, in order to avoid adding unnecessary costs or sacrificing resident safety during rehabilitation.
- Encourage the development of affordable housing in Native American communities by creating a selection criteria for Indian housing, exempting NAHASDA grants from the eligible basis disallowance rule and treating qualifying Indian housing developments as Difficult to Development Areas.
- Standardize rural income limit rules for tax-exempt bond financed properties to facilitate more rural Housing Credit development.
- Repeal the QCT population cap, enabling properties in more areas to receive a basis boost and thus become more financially feasible.