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## AHTCC News

July 2011

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## Legislative Update from AHTCC

As of this writing, the discussions between the President and the Democratic and Republican Leadership in Congress over raising the debt ceiling are ongoing but without an immediate resolution in sight. The August 2 deadline, at which time the United States could begin defaulting on its debt obligations, is fast approaching. However, to reach that deadline with legislation that passes both the House and the Senate, an agreement must be reached by July 21.



The President is seeking over \$4 trillion in combined spending cuts and increased revenues over a 12 year budget period. The Congressional Budget Office estimates that the President's proposals would cut spending and increase revenues by \$2.5 trillion over the 10 year budget period used by policy makers in previous Administrations and currently by the Congress. The President has committed to unspecified adjustments to Social Security and Medicare to reach his budget numbers. Congressional Democrats, led by Senate Majority Leader Harry Reid (D-NV) and House Minority Leader Nancy Pelosi (D-CA), have objected strongly to putting any cuts whatsoever on the table with regard to Social Security and Medicare. Instead, they believe that spending cuts should be limited to the Pentagon budget and some domestic programs and that at least \$2 trillion should come from tax increases. The Republicans, led by House Speaker John Boehner (R-OH) and Senate Minority Leader Mitch McConnell (R-KY), object to any tax increases and believe that Social Security and Medicare must be modified to secure future spending cuts. The negotiations are at an impasse.

The President and the Speaker had been seeking over several days a "grand bargain" which would produce savings in entitlements which would be politically uncomfortable for Democrats and tax increases which would be politically uncomfortable for Republicans. The central idea on taxes would have been an immediate set of tax increases of \$1 trillion made up of ending the Bush era tax cuts for couples making over \$250,000 and the repeal of several corporate tax expenditures such as oil and gas tax deductions and credits. These would have been followed by an individual and corporate tax reform which would reduce rates. The Republican Conference in the House objected to this concept because it constituted a tax increase which almost all Republicans in the House had pledged not to support. Accordingly, Speaker Boehner simply could not agree to a deal with the President of this nature.

The President is still pressing for a large deal, although the Republicans now say that a short term deal to extend the debt ceiling is more palatable. The budget negotiations led by Vice President Biden had produced spending cuts of around \$1.5 trillion over 10 years, but those

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*Executive Director*  
Victoria Spielman

discussions stalled when House Majority Leader Eric Cantor (R-VA) left the negotiating table due to his refusal to agree to any tax increases as part of the deal. The Administration proposed ending LIFO inventory accounting for tax purposes, terminating oil and gas tax deductions and credits, taxing at ordinary rates the carried interest on managed investments, and special depreciation tax breaks for corporate jets.

Senate Minority Leader McConnell has proposed an alternative "Plan B" which would give the President authority to raise the debt ceiling by as much as \$2.4 trillion in three separate tranches which would require Congress to disapprove in order to prevent them. This alternative does not provide spending cuts or tax increases but places the burden for debt ceiling increases solely on the President and Democrats in Congress. This alternative has met with positive response from Congressional Democratic Leadership. The House Republican Tea Party group of Members opposes it for now. The current thinking in Washington is that the McConnell proposal could be combined with about \$1.5 trillion in spending cuts identified by the Biden group.

The Low Income Housing Tax Credit (Housing Credit), as well as other corporate tax expenditures, will be put at greater risk if a commitment to tax reform results from the now stalled negotiations. Even if the parties reach agreement to reform the tax code, the process will take months. Ways and Means Chairman Dave Camp (R-MI) said last week that he would like to see tax reform result from the negotiations because lower rates will mean economic growth and more jobs. Yet he warns that months of work will be required. He also said that those industries which support certain tax expenditures will have to engage in sustained "blocking and tackling," his term for extensive lobbying.

The Affordable Housing Tax Credit Coalition takes what Chairman Camp has said quite seriously and has been working for months with affordable housing allies in preparation for tax reform. We will continue to do so as we monitor the debt ceiling increase discussions. Additionally, AHTCC is working with industry allies on legislation in the Senate and the House which would extend the fixed 9 percent Credit due to expire next year and also fix the 4 percent rate for allocated Credits. We expect the legislative to be introduced shortly.

## Good News on the Application of the Economic Substance Doctrine

Coalition members may recall that Congress codified the economic substance doctrine as part of the health reform bill that was enacted last year. There had been some lingering concern that, despite language in the legislative history that was intended to clarify that this doctrine was not applicable to Housing Credit transactions, the IRS might attempt to apply it to such transactions. The following newly issued guidance clarifies that the IRS is unlikely to do so:

The IRS Commissioner for Large Business and International Division, Heather Maloy, issued a directive today to the IRS personnel entitled "Guidance for Examiners and Managers on the Codified Economic Substance Doctrine". In it Ms. Maloy directed that in determining whether to apply the Economic Substance Doctrine to a particular transaction, Examiners are to ask: Does the transaction involve tax credits (e.g., Low Income Housing Tax Credits, alternative energy credits) that are designed by Congress to encourage certain transactions that would not be undertaken but for the credits? If so, then the application of the doctrine should not be pursued without specific approval of the examiner's manager in consultation with local counsel.

## AHTCC Publishes Informational Low Income Housing Tax Credit Piece

AHTCC has prepared an educational [brochure](#) intended to inform elected officials about the benefits of the Housing Credit program:

- Key facts about the Housing Credit program and why it is such a successful public/private partnership;
- Information on how the Housing Credit benefits communities such as creating 116 jobs for every 100 multifamily rental units produced under the program;
- and, quotes from notable supporters of the Housing Credit program.

AHTCC encourages its members to use this information when speaking with their Members of Congress about the Housing Credit program.

If you would like hard copies mailed to you please contact Coalition executive director Victoria Spielman at 202-585-8162 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

Please visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) for a complete list of the Coalition's legislative priorities and updated Congressional information. Questions regarding legislative or Congressional activities may be addressed to Coalition legislative counsel James F. Miller (202-799-4379 or [james.miller@dlapiper.com](mailto:james.miller@dlapiper.com)), Coalition general counsel Richard S. Goldstein (202-585-8730 or [rgoldstein@nixonpeabody.com](mailto:rgoldstein@nixonpeabody.com)), or Coalition executive director Victoria Spielman (202-585-8162 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)).

## AHTCC News and Upcoming Events

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### AHTCC Welcomes New Board Member

Jeffrey J. Woda, a Principal at **The Woda Group, LLC**, has joined the AHTCC Board of Directors serving in the role of Vice President. The Woda Group, LLC is a developed based out of Westerville, OH.

### 2011 Fall Meeting

*Plan now to join your Housing Credit industry colleagues at the 2011 Fall Meeting in Washington, DC on September 14, 2011 for informative conference sessions and valuable networking opportunities*

### Tentative Schedule

*Tuesday, September 13:*

2:00 p.m. - 6:00 p.m. Board of Directors Meeting  
(Open to Board Members Only)  
Location: Nixon Peabody, LLP  
401 9<sup>th</sup> Street, NW, Suite 900  
Conference Rooms 9G-H

6:30 p.m. Board of Directors Dinner  
Location: Zola Wine & Kitchen  
505 9<sup>th</sup> Street, NW

*Wednesday, September 14:*

8:00 a.m. - 8:30 a.m. Registration and Breakfast

Location: Nixon Peabody, LLP  
401 9<sup>th</sup> Street, NW, Suite 900  
Conference Rooms 9G-J

8:30 a.m. - 8:45 a.m. Welcome and Introductions

8:45 a.m. - 9:15 a.m. AHTCC Legislative Update

9:15 a.m. - 12:15 p.m. Conference Sessions

12:15 p.m. - 1:30 p.m. Luncheon  
Location: Zola  
800 F Street, NW

2:00 p.m. - 5:00 p.m. Hill Visits

AHTCC strongly encourages **all** attendees to participate in Hill Visits. As discussions of tax reform and the future of tax expenditures progress it is important that Members hear from industry participants about the importance of the Housing Credit program. If there are particular offices you would like to meet with please contact Coalition executive director [Victoria Spielman](#) so that we may assist with scheduling those meetings.

Register now at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org). And, check back frequently as speaker and agenda information is updated.

### 2012 Annual Meeting

The Annual Meeting scheduled for January 24-26, 2012 in Laguna Beach, CA. Check back at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) as more agenda information becomes available.

If you would like to make a speaker or topic suggestion for the Annual Meeting please email Coalition executive director Victoria Spielman at [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

### Conference Hotel:

The Surf and Sand  
1555 South Coast Highway  
Laguna Beach, CA 92651

Room Rate: \$295 single/double

Room reservations can only be made through AHTCC. This rate will not be available to those who call the hotel directly. To be added to the rooming list please contact Victoria at 202-585-8162 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

## 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. Elected offices are most influenced by constituents testimonies on how the program has a difference to citizens and communities in their districts!

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

## Join Now!

Join 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 202-585-8162 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, email Victoria at [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org).

## Save on Subscriptions

The Novogradac Journal of Tax Credit Housing is a premiere national publication, read by affordable housing professionals who turn to its pages for information and strategies on Low Income Housing Tax Credits and tax-exempt bonds. The Journal serves more than 9,000 readers who are dedicated to addressing the critical housing needs of the nation. The monthly 52-page, full color publication offers investors, developers, lenders, owners and other affordable housing professionals an in-depth and unbiased look at the Low Income Housing Tax Credit and how it works with an relates to tax-exempt housing bonds, market studies, and valuation procedures. AHTCC members receive a 20% discount on new subscriptions. Contact Coalition executive director Victoria Spielman, 202-585-8162 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org) for the subscription code of visit [www.novoco.com](http://www.novoco.com) for more information.

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.

AHTCC also encourages its members to download *Affordable Housing Finance Magazine's* special edition "[Housing for All Americans](#)". This special report, prepared with the help of many industry participants, is a great tool for educating new Members of Congress. The publication details the economic impact of the program including vital job creation

information.

Visit [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org) for more details.

## Call for Photos

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 [info@taxcreditcoalition.org](mailto:info@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!

Let the Coalition help with your groundbreaking and ribbon-cutting ceremonies. Create even more excitement surrounding your event by requesting participating 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.

## 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.

Have you recently hosted a grand opening or ribbon cutting ceremony? Send your photos to Coalition executive director Victoria Spielman ([info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)) to be included in a future newsletter.

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 585-8162) to request a printed copy.

## Have Ideas for Additional Ways to Improve [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org)?

Recently the Coalition re-launched its website, [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org), to provide even more information in the most user-friendly format possible. Check out the new AHTCC website to get the latest information on AHTCC legislative priorities, view well

designed Housing Credit properties in the AHTCC exclusive Photo Gallery, and to download advocacy "one pagers" to assist you in Congressional contacts.

New features include a new section on resident testimonials to demonstrate how the Housing Credit changes the lives of residents. Also, AHTCC members can now register for events and pay registration fees online!

AHTCC is always looking for ways to improve your experience at [www.taxcreditcoalition.org](http://www.taxcreditcoalition.org). If you have suggestions for improvements or additional features please contact Coalition executive director Victoria Spielman (202-585-8162 or [info@taxcreditcoalition.org](mailto:info@taxcreditcoalition.org)).

Sincerely,

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President: **Joseph S. Hagan, National Equity Fund, Inc.**

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