



AHTCC NEWS

SEPTEMBER 2006

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Congressional Staff Tour Award Winning Properties

Tuesday, August 15, 2006, AHTCC representatives hosted Congressional staff members on a tour of two Housing Credit properties located in Arlington, VA. The Coalition tour included visits to The Gates of Ballston and Hunter's Park at Cherrydale—two properties developed by AHC, Inc. Hunter's Park at Cherrydale received a 2006 Charles L. Edson Tax Credit Excellence Award honorable mention in the Seniors Housing category.

AHC Management LLC President and CEO, Rick Leeds, lead the group through both properties explaining the many layers of financing that often go into Housing Credit deals. The Gates of Ballston is a 464 unit, 43 building development spread over 18 acres. The development was financed with \$30 million in Housing Credit equity, \$29 million in IDA variable rate bonds, \$21 million in Virginia Housing Development Authority Bonds, and an \$8.5 million

Arlington County loan, among other financing resources. Hunter's Park at Cherrydale offers 74 units of senior housing and included \$4.75 million in Housing Credits in its financing package.

Raising public awareness of the successes of the Housing Credit program is a part of AHTCC's mission. To achieve this end, the Coalition will continue to work with local developers and property owners to host future property tours. If you are interested in AHTCC inviting Congressional staff to tour your property, please contact Coalition executive director Victoria Spielman at 202-419-2025 or vspielman@hunton.com.

AHTCC extends a special thanks to AHC, Inc.'s extraordinary staff, Rick Leeds; Catherine Bucknam, Director of Community Relations; and Alan Goldstein, Senior Project Manager, for helping to make the property tour a great success.

Save the Date!

Plan now to join your colleagues at AHTCC's Fall Meeting and Open House Event, September 19, 2006 in Washington, DC.

(Details Inside)



◀ AHC, Inc. development The Gates of Ballston a 464 unit mixed-income development.

AHC, Inc. award-winning property Hunter's Park of Cherrydale a 74-unit senior housing development. ▶





AHTCC NEWS

GO Zone Update

As Hurricane season reaches high gear, AHTCC remains involved in the rebuilding efforts taking place along the Gulf Coast. Thanks to the additional Housing Credit authority provided in H.R. 4440, rebuilding efforts are beginning to take shape in the affected states.

Alabama Housing Finance Authority reports it has allocated all of its 2006 GO Zone Credits and has issued forward commitments for approximately half of its 2007 GO Zone authority. Alabama HFA issued a total of \$35,792,094 Housing Credits in 2006, which is expected to create 4,265 units of much needed affordable rental housing.

On August 14, 2006, Louisiana Housing Finance Agency released its second list of 2006 GO Zone Housing Credit awardees. A total of \$34,144,644 of the available \$34,721,129 in GO Zone authority has been allocated for 2006. Louisiana HFA expects to issue forward commitments for available 2007 and 2008 GO Zone Housing Credits by January 2007.

Mississippi Home Corporation reports it is in the process of reviewing applications and market studies for available GO Zone Housing Credit authority. An amendment to the notification requirement contained in Mississippi HC's qualified allocation plan allows the agency an addition-

al 45 days to make all notifications. Due to the overwhelming number of applications, the agency does not expect to have a second funding round. The funding cycle ended on March 20, 2006 and allocation announcements are expected in early September 2006.

On July 28, 2006, the Texas Department of Housing and Community Affairs awarded \$48.9 million in Housing Credits to fund 73 buildings. This is expected to create 6,899 units of affordable rental housing. Included in that are 7 properties that will be located in hurricane affected areas. Those properties received \$3,620,828 in GO Zone and per capita Housing Credits and are expected to produce 397 units.

Despite the good start provided in H.R. 4440, necessary technical corrections have been identified and brought to the attention of Members of Congress. Louisiana HFA has noted among their priorities: 1) with respect to National Flood Insurance, place multifamily properties in the same category as commercial structures, increasing coverage by 100%; 2) Allow for GO Zone Bonds to be combined with 4 percent Housing Credits; 3) Allow for flexibility in selecting either the national non-metropolitan median gross income or area median gross income (whichever is greater); 4) Change the GO Zone Housing Credit income limits to mirror the GO Zone Bonds income limits; and 5) Allow for properties to be treated as difficult development areas if allocated Housing Credits by 2008 not placed in service by 2008.

Additional GO Zone Updates:

- **To date, more than \$13.2 billion has been paid out to policy holders through the National Flood Insurance program in Louisiana.**
- **The Small Business Administration has approved 78,237 loans to renters and homeowners totaling more than \$5 billion.**
- **FEMA has issued more than 1.6 million housing assistance checks totaling more than \$3.6 billion in Louisiana alone.**
- **\$11,500,000,000 in Community Development Block Grant funding was made available to Alabama, Florida, Louisiana, Mississippi, and Texas.**
- **As of July 21, 2006, more than 101,000 people are being temporarily housed in 37,432 FEMA-provided trailers and mobile homes.**

In late July, the House of Representatives passed a bill that included a provision that would have amended the GO Zone Act and extended through 2009 the bonus depreciation eligibility deadline for nonresidential real and residential rental property in the Gulf Opportunity Zone. The bill (H.R. 5970), was referred to as the 'Trifecta' bill because it included estate tax relief, the tax extenders package (including the bonus depreciation provision) and an increase in the minimum wage. Just before the Senate left for the August recess, the bill failed to gain the necessary votes to proceed on the bill. Supporters of the "extenders package" are hopeful the provisions will be included in legislation considered in September when Congress returns from its summer recess. The Coalition will continue to monitor the GO Zone Act amendments and will provide updates as the tax extenders progress in the Fall.



WASHINGTON WATCH

H.R. 4873 Gains Momentum

Introduced on March 2, 2006 by Representative Jim Ramstad (R-MN), H.R. 4873, the Housing Bond and Credit Modernization Act, has been steadily gaining support among House Members since its inception. The legislation contains several provisions concerning the Low Income Housing Tax Credit (Housing Credit) and the Mortgage Revenue Bond (MRB) programs. Counted among the Bill's 30 cosponsors are eight members from the House Ways and Means Committee including: Eric Cantor (R-VA), Benjamin Cardin (D-MD), Rahm Emanuel (D-IL), Phil English (R-PA), J.D. Hayworth (R-AZ), William Jefferson (D-LA), Richard Neal (D-MA), and Jim Ramstad (R-MN).

On June 27, 2006, lead cosponsors Jim Ramstad and Richard Neal circulated a "Dear Colleague" letter to encourage other House Members to sign on and support this legislation. In the letter, the Congressmen noted "the Housing Credit accounts for nearly 90 percent of the country's new rental housing that is affordable for low-income people. It has helped finance 1.9 million apartments for low-income families since Congress created it in 1986 and supports 130,000 additional apartments each year."

A copy of the letter along with the bill text and a summary of important provisions, can be found on the Coalition's website at www.taxcreditcoalition.org.

AHTCC is continuing to work with the National Council of State Housing Agencies (NCSHA) to build support for this important legislation. NCSHA expects that Senator Orrin Hatch (R-UT) will introduce companion legislation for H.R. 4873 in the Senate soon. AHTCC Members are encouraged to contact their Representatives and urge them to cosponsor H.R. 4873 by contacting Karin Hope or Noah Jacobson in Representative Ramstad's office at 202-225-2871. For more detailed information concerning H.R. 4873 visit www.taxcreditcoalition.org or contact Francine Friedman (ffriedman@hunton.com or 202-995-1536) or Victoria Spielman (vspielman@hunton.com or 202-419-2025) with questions about the legislation.

Congress Looks Toward Tax Reform

On Thursday, August 3, 2006, the Senate Finance Committee held a hearing on tax reform to examine the recommendations of the President's Advisory Panel on Federal Tax Reform. The Panel, created by executive order in January 2005, included two recommendations in its November report intended to make the Tax Code simpler, more fair, and pro-growth. Witnesses at the Committee hearing included:

- Former Senator Connie Mac (Advisory Panel Chair)
- Former Senator John Breaux (Advisory Panel Vice-Chair)
- Elizabeth Garrett (Advisory Panel member)
- James Poterba (Advisory Panel member)
- David Walker, Comptroller General, U.S. Government Accountability Office
- Jane Gravelle, Senior Specialist in Economic Policy, Congressional Research Service.

Committee Chairman Charles Grassley (R-IA) noted the hearing was the first step for the Committee undertaking proposals for fundamental tax reform. Chairman Grassley instructed Committee staff to develop tax reform proposals and added his support for eliminating the over-reaching Alternative Minimum Tax (AMT). The Chairman noted that the Treasury Department was also invited to send a representative; however, the Department declined in deference to the newly appointed Treasury Secretary. Senator Grassley explained that the Department did not want to have a witness attend until the Secretary and his staff had been able to review the Panel's recommendations and reach their own conclusions. The Committee intends to hold additional tax reform hearings in the coming year in hopes of offering a proposal in the next Congress.

When asked if there was a particular piece of the Advisory Panel's proposals which could potentially be passed individually rather than as a part of the entire package, Tax Reform Advisory Panel Chairman Mack suggested the mortgage interest deduction proposal could stand alone. Additionally, witnesses Breaux and Garrett encouraged Committee members to replace the current savings incentives with the three savings plans proposed by the Advisory Panel.

AHTCC representatives worked with Senate Members to submit questions for the record focusing on the tension between broadening the tax base (by eliminating tax incentives) and keeping tax preferences that are clearly more successful than any direct spending program. Once responses to the questions are received, AHTCC will update its members. The Coalition will con-





WASHINGTON WATCH

tinue to monitor Congressional interest in tax reform and will work to protect the Housing Credit program from any unintended consequences of federal tax reform.

As previously reported, members of the House Ways and Means Committee have expressed concern surrounding the Advisory Panel's recommendations. Committee Member Nancy Johnson (R-CT) expressed concern about eliminating all tax credits and stated in a November 2, 2005 letter "the Low Income Housing Tax Credit program has been an unmitigated success in channeling private investment to build needed, quality housing for low-income Americans."

For up-to-the-minute information, visit www.taxcreditcoalition.org or contact Francine Friedman (ffriedman@hunton.com or 202-995-1536) or Victoria Spielman (vspielman@hunton.com or 202-419-2025).

President's Advisory Panel on Federal Tax Reform

As previously reported by AHTCC, the President's Advisory Panel on Federal Tax Reform released its report on November 1, 2005. Panel members have expressed frustration that, to date, no action has been taken on behalf of the Treasury Department to push forward reform recommendations to the President.

The Advisory Panel put forward two recommendations: the Simplified Income Tax Plan and the Growth and Investment Tax Plan. Both proposals would eliminate most tax credits and deductions and repeal the controversial AMT. While recommending to eliminate most credits, the panel did not comment on the worthiness of particular tax preferences and, in fact, left the door open for adding certain programs back into the tax code provided they meet a specific worthy social need.

Simplified Income	Growth & Investment
Four tax brackets - 15%, 25%, 30%, and 33%.	Three tax brackets - 15%, 25%, and 30%.
Exclude 100% of dividends of U.S. companies paid out of domestic earnings.	Dividends taxed at 15% rate.
Exclude 75% of corporate capital gains from U.S. companies (tax rate would vary from 3.75% to 8.25%).	Capital gains taxed at 15%.

Cosponsorship Update

As Congress returns in September to focus on passing legislation prior to the November mid-term elections, AHTCC will continue to work with Members supportive of the Housing Credit to encourage inclusion of Housing Credit priorities in any tax vehicle.

H.R. 3159, The Community Restoration and Revitalization Act of 2005 would remove disincentives to combining the rehabilitation credit and the Housing Credit programs by increasing to 125 percent the applicable percentage used to calculate Housing Credit amounts for buildings eligible under both programs. Introduced on June 30, 2005 by Representative Phil English (R-PA), the bill has added nine new cosponsors since AHTCC's last update increasing total cosponsorship to 67.

H.R. 1468 would repeal the "recapture bond" provision found in Section 42(j)(6) provided the property is reasonably expected to remain a qualified low-income development for the remainder of the property's compliance period. The bill was introduced on April 5, 2005 by Representatives Nancy Johnson (R-CT), Charles Rangel (D-NY), and Kenny Hulshof (R-MO) and has a total of 10 cosponsors. Each of the cosponsors are members of the House Ways and Means committee. Current cosponsors include: Johnson, Rangel, Hulshof, Xavier Becerra (D-CA), Rahm Emanuel (D-IL), Phil English (R-PA), Mark Foley (R-FL), John Lewis (D-GA), Jim McCrery (R-LA), and Jim McDermott (D-WA). Coalition members should urge their Representatives interested in cosponsoring the bill to contact Representative Johnson's office at 202-225-4476.

S. 2366, the Senate companion bill to H.R. 1468, would repeal the recapture bond provision included in the Housing Credit program. S. 2366 was introduced on March 3, 2006 by Senator Blanche L. Lincoln (D-AR) and is currently cosponsored by fellow Senate Finance committee members Rick Santorum (R-PA) and Olympia J. Snowe (R-ME).

H.R. 2681, The Affordable Housing Tax Credit Enhancement Act of 2005 proposes to double the per capita Credit cap nationwide. The bill was introduced on May 26, 2005 by Representatives William Jefferson (D-LA) and Phil English (R-PA) and is holding steady at 61 cosponsors. Members interested in cosponsoring this legislation should contact Todd Metcalf in Representative Jefferson's office at 202-225-6636.

*Complete copies of each bill and updated cosponsorship information can be found online at www.taxcreditcoalition.org. If you have questions concerning legislation which may impact the Housing Credit program contact Francine Friedman (202-995-1536 or ffriedman@hunton.com) or Victoria Spielman (202-419-2025 or vspielman@hunton.com).



IN THE ADMINISTRATION

AHTCC Submits Comments on IRS Notice 2006-65

In an August 11, 2006 letter to the Internal Revenue Service and U.S. Department of Treasury, AHTCC requested the agencies publish guidance clarifying that the intent of new Internal Revenue Code Section 4965 and amendments to Sections 6011(g), 6033(a)(2), and 6652(c)(3), was not designed to discourage tax-exempt entities from participating in programs such as the Low Income Housing Tax Credit.

The Americans Jobs Creation Act of 2004, as enacted on October 22, 2004, created new penalties for taxpayers failing to provide information regarding “reportable transactions.” Under Code section 6011, “reportable transactions” are defined and include transactions with contractual protections. New Code Section 4965 imposes excise taxes on certain tax-exempt entities that enter into “prohibited tax shelter transactions” which include “prohibited reportable transactions.” IRS Code Section 6707A(c)(1) includes transactions with contractual protections as “prohibited reportable transactions.”

The Coalition submitted comments due to a concern that common business structures included in Housing Credit partnership agreements

(i.e., tax credit adjusted clauses) may constitute contractual protections. The Coalition maintains that the level of participation by tax-exempt entities, even in the most simple Housing Credit transactions, may be significantly diminished if the IRS does not publish guidance stating that Housing Credit transactions are not considered “prohibited reportable transactions” or transactions with contractual protection.

The Coalition recommended that the IRS and the Department of Treasury prepare a list of transactions, such as Housing Credit transactions, that are not considered transactions with contractual protection or transactions which would otherwise be reportable. In addition to recommending Housing Credit transactions be specifically excluded from the list of prohibited transactions, the Coalition encouraged the Service to treat New Markets Tax Credit and Historic Tax Credit transactions in a similar fashion.

To view AHTCC’s comments in their entirety, visit www.taxcreditcoalition.org.



Not a Member of AHTCC? Join Now!

Let the Coalition work for you—the Coalition represents Housing Credit industry participants before Congress, the Administration, and other government agencies. Stay on top of the latest Housing Credit news through the Coalition newsletter, 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 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 Victoria Spielman (202-419-2025 or info@taxcreditcoalition.org) for information on membership dues or with questions on member benefits. Or, visit www.taxcreditcoalition.org to download a membership application today.

To be added to the Coalition’s media list, please email Victoria at info@taxcreditcoalition.org.



AHTCC Celebrates Housing Credit Excellence

On June 7, 2006, Senator Rick Santorum (R-PA) greeted over 140 Coalition members, Members of Congress, and housing industry friends at the 12th Annual Charles L. Edson Tax Credit Excellence Awards luncheon. Gathered to celebrate four award and nine honorable mention winners, luncheon guests celebrated some of the best Housing Credit developments from across the nation. In his opening remarks, Senator Santorum noted the success of the Housing Credit program and said it exemplifies how the tax code can encourage much needed development. He added the Housing Credit was an example of how Congress should not be afraid to “muck up” the tax code with tax incentives that are proven to be much more efficient than any direct spending program.

Winners were selected through a nationwide competition that garnered a record number of entries in 2006. Judging Committee Chair David Reznick, Reznick Group, P.C., applauded each entry and noted the difficult decisions the judges faced when selecting the winners.

Awards were presented in four categories: metropolitan/urban housing, rural housing, special needs housing, and senior housing. A panel of Housing Credit industry professionals selected the winning entries based on several criteria. Each award-winning development received a cash award of \$5,000 which is to be used to bring additional services, facilities, or amenities to the development for the benefit of the tenants.

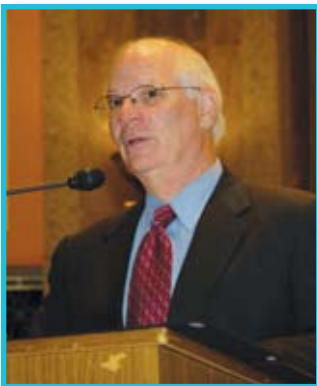
AHTCC was proud to welcome many of our most vocal Housing Credit supporters as award presenters. Congressional Members who attended included: Senator Santorum, Representative Nancy L. Johnson (R-CT), Senator John F. Kerry (D-MA), Senator Paul S. Sarbanes (D-MD), Senator Susan Collins (R-ME), Senator Patty Murray (D-WA), Representative Benjamin Cardin (D-MD), Representative Jeb Bradley (R-NH), and Representative Chris Van Hollen, Jr. (D-MD).

AHTCC thanks the 2006 CLETCE Awards judges:

David Reznick (Chair), Reznick Group, P.C.; Michael Bodaken, National Housing Trust/Enterprise Preservation Corporation; Charles L. Edson, Nixon Peabody, LLP; Richard H. Edson, Housing Capital Advisors, Inc.; and John C. Hughes, National Council of State Housing Agencies.

Additionally, the Coalition expresses great appreciation for its 2006 sponsors:

Boston Capital Corporation; Cargill Investment Group; CharterMac Capital Solutions; Enterprise Community Investment; Capmark Financial Group; Housing Capital Advisors, Inc.; Holland and Knight, LLP; John Hancock Realty Advisors, Inc.; Meridian Investments, Inc.; MMA Financial, LLC; Moors & Cabot; National Equity Fund, Inc.; Nixon Peabody, LLP; Novogradac & Company LLP; Paul, Hastings, Janofsky & Walker LLP; PNC Multifamily Capital; Reznick Group, P.C.; The Richman Group, Inc.; Simpson Housing Solutions, LLC; SunAmerica Affordable Housing Partners, Inc.; and Victory Housing, Inc.



Congressman Benjamin Cardin (D-MD) congratulates both Maryland winners.



Senator Rick Santorum (R-PA) welcomes attendees and thanks them for their hard work bringing affordable housing to low-income Americans.



Senator John Kerry (D-MA) applauds the 2006 CLETCE Award winners and notes the importance of affordable housing nationwide.



Senator Susan Collins (R-ME) and Coalition Board Member Bob Moss, Boston Capital Corporation, discuss the Housing Credit program over lunch.



COALITION NEWS

Upcoming Coalition Events

Register NOW for AHTCC's Fall Meeting and Open House Event

Please join AHTCC in Washington, DC on September 19, 2006 for the Coalition's Fall Meeting and Open House Event. AHTCC will brief its members on legislative initiatives and other issues impacting the Housing Credit Community. After the morning briefing meeting attendees will have the opportunity to visit with Congressional staff and members of Congress to discuss AHTCC's legislative priorities. AHTCC will help attendees identify Hill meetings they would like to attend, and help prepare you for the meetings. AHTCC is also offering special tours on September 18th of the U.S. Capitol Building for any interested members. Visit www.taxcreditcoalition.org to download a registration form today.

Tentative Meeting Schedule

Tuesday, September 19, 2006

- 9:00 a.m. – 9:30 a.m. Registration and Continental Breakfast
Location: Nixon Peabody, LLP
401 9th Street, NW, Suite 900
- 9:30 a.m. – 11:30 a.m. Morning Sessions
Washington Update
- 12:00 p.m. – 2:00 p.m. Special Luncheon (Invitation to be provided separately. Or contact Hunton & Williams' Francine Friedman for more information: 202-995-1356 or ffriedman@hunton.com)
- 2:30 p.m. – 4:30 p.m. Hill Visits
- 3:00 p.m. – 4:30 p.m. Open House Event
Location: To Be Announced

AHTCC Goes South for the Winter

AHTCC's Annual Meeting will head back to Florida in January 2007. Dates and location will be announced very soon so check www.taxcreditcoalition.org for future details.

Don't Miss Your Chance to Make Groundbreaking News

Are you breaking ground on a new Housing Credit property? If so, create even more excitement surrounding your event by requesting participation from your Congressional representatives. Let AHTCC help with your upcoming groundbreaking events and work with you to secure Congressional participation and make your event even more special. We can also work with you to invite staff or Members to site visits if you have established developments to show off.

And, don't wait to get a copy of AHTCC's Grand Opening Guide for LI-HTC 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 to download your copy today—or contact Coalition executive director Victoria Spielman (202-419-2025 or vspielman@hunton.com) to request a hard copy.

AHTCC Welcomes New Members

National Association of Home Builders Housing Credit Group

The Housing Credit Group will be hosting a conference, *Surviving the High Cost Squeeze: Strategies for Tax Credit Developers*, on September 13, 2006 in Salt Lake City, UT. Contact NAHB's Carmel McGuire for more details (202-266-8207 or cmcguire@nahb.com).

Massachusetts Departments of Housing and Community Development

Massachusetts DHCD is responsible for allocating all state and federal Housing Credits for the state.



See Your Successes in Pictures

Have pictures from recent groundbreaking or ribbon cutting ceremonies? Have a unique development worthy of recognition? Show off your success stories in future Coalition newsletters, website features, or Congressional materials by sending your pictures to Victoria Spielman at 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 pictures. Pictures of well developed, successful properties help make the case of how successful the Housing Credit program truly is!

**Pictures provided by CharterMac Capital Solutions*



▶ Belmont Heights I & II provides 358 units of affordable rental housing in Tampa, Florida.



▶ Located in Norman, Oklahoma, Chapel Ridge at Norman is a 144 unit garden style complex.

◀ Allapattah Gardens, located in Miami, Florida provides 128 Housing Credit units.



◀ Preston Pointe Apartments offers 192 garden style apartments in Fort Wayne, Indiana.

