

March 21-22, 2024 | InterContinental, Boston MA

Washington Update

IPED's Learn the Basics: Housing Tax Credits 101



Our Speakers

Washington Update



Nate Cushman

Nixon Peabody LLP

Moderator



Emily Cadik

Affordable Housing Tax
Credit Coalition



David Gasson

Housing Advisory Group



Peter Lawrence

Novogradac

Agenda

HUD Budget

Legislative Priorities & Timeline

Other Affordable Housing Tax Incentive Bills

2025 Major Tax Bill

2024 Election

Regulatory Environment & More

Advocacy Strategy & Resources

HUD Budget

HUD Budget

Note: amounts in millions

	FY2022 Enacted	FY2023 Enacted	President FY2024 Request	FY2024 Enacted	President FY2025 Request	% Change FY25 Request – FY24 Enacted
Housing Choice Vouchers	\$27,370	\$30,253	\$32,703	\$32,387	\$32,756	1.1%
Project Based Section 8	\$13,985	\$14,907	\$15,904	\$16,010	\$16,686	4.2%
Public Housing Fund Total	\$8,452	\$8,514	\$8,893	\$8,811	\$8,540	-3.1%
Operating Subsidies	\$5,039	\$5,109	\$5,133	\$5,476	\$5,050	-7.8%
Capital Subsidies	\$3,200	\$3,200	\$3,225	\$3,200	\$3,200	0.0%
Section 202	\$1,033	\$1,075	\$1,023	\$913	\$931	2.0%
Section 811	\$352	\$360	\$356	\$208	\$257	23.6%
HOPWA	\$450	\$499	\$505	\$505	\$505	1.2%
CDBG	\$3,300	\$3,300	\$3,300	\$3,300	\$2,900	-12.1%
HOME	\$1,500	\$1,500	\$1,800	\$1,250	\$1,250	0.0%
Homeless Assistance	\$3,213	\$3,633	\$3,749	\$4,051	\$4,060	0.2%
Choice Neighborhoods Initiative	\$350	\$350	\$185	\$75	\$140	86.7%
Gross HUD discretionary appropriations*	\$65,702	\$68,534	\$73,301	\$73,416	\$72,616	-1.1%

*does not include one-time emergency spending designation

Legislative Priorities & Timeline

What to Expect in 2024

JAN. 1
Continuing resolution could be subject to **1% across-the-board cuts**

JAN. 17
HR 7024
introduced

JAN. 19
HR 7024 (as amended)
passes House Ways & Means
Committee by a 40-3 vote

JAN. 31
HR 7024 (as amended) passes
full House by a 357-70 vote

MAR. 7
State of the Union Address

MAR. 8
FY24 THUD and five other spending bills enacted

MAR. 11
FY25 Budget release

MAR. 22
IPED Tax Credits
101
Deadline for
remaining six
spending bills
(potential vehicle
for tax bill)

APR. 30
Deadline for OMB to implement the **1% across-the-board cuts**

MAY 10
FAA authorization and aviation tax extender expires

JAN. - APR. Potential "year-end" tax bill

JAN. - JUN. States and territories hold primaries and caucuses

JAN FEB MAR APR MAY JUN JUL AUG

JAN. 15
IA Rep.
caucus

FEB. 8
NV Rep.
caucus

FEB. 24
SC Rep.
primary

JAN. 22
NH Rep. primary

MAR. 5
Super Tuesday:
16 states + American Samoa to hold primaries/caucuses

JAN. – APR.
Potential
“year-end” tax bill

What to Expect in 2024

EXPIRED PROVISIONS

“Democratic” Ask

- Refundability and enhancement of **child tax credit**

“Republican” Ask

- Business could reinstate **expensing R&E costs** in the first year, eliminates 5-year amortization
- Add back depreciation and amortization to earnings before interest and taxes as basis to calculate **30% limit on interest** cost deductions for businesses
- Reinstates **100% bonus depreciation** (eliminate phasedown over 2023-25)

JAN

FEB

MAR

APR

MAY

JUN

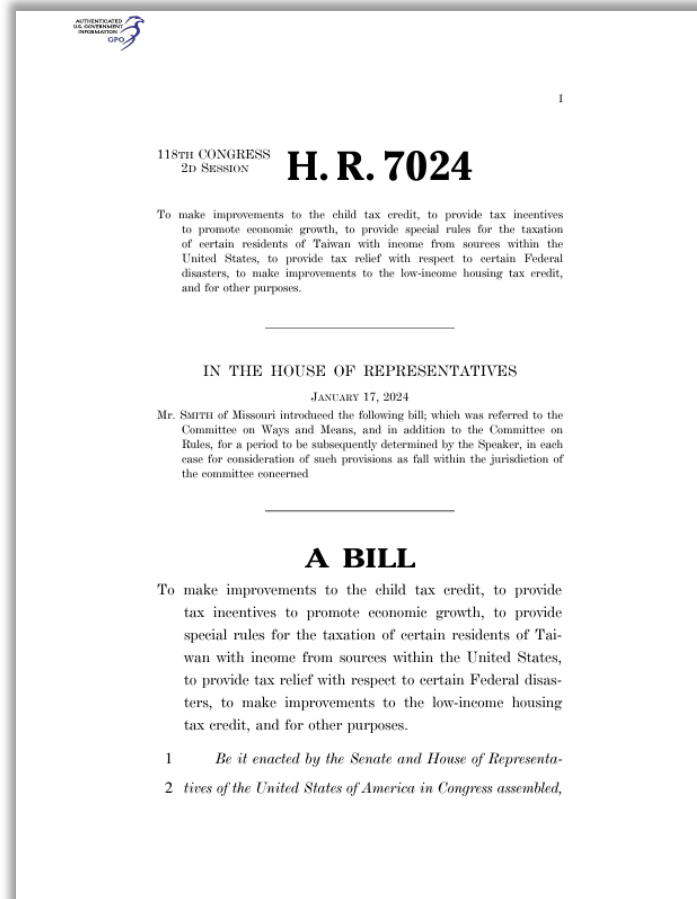
JUL

AUG

Tax Relief for American Families and Workers Act of 2024

H.R. 7024

Introduced Jan. 17, 2024 | Passed House Ways & Means Committee Jan. 19, 2024 | Passed full House Jan. 31, 2024



- Low-Income Housing Tax Credit Provisions
 - Restoration of **12.5% increase in 9%** allocations for 2023-2025
 - Reduction in Private Activity Bond financing threshold from **50% to 30%** for 2024-2025
- Restoration of **100% bonus depreciation** for 2023-2025, retains 20% for 2026
- Adding back depreciation and amortization (EBITDA) to calculation on limit of deducting debt under Section 163(j) – 2023 - 2025
- Restoring expensing for R&D
- Allowing more low-income households to receive refund from Child Tax Credit
- Taiwan
- Disaster relief for individuals
- Accelerating the end of the **Employee Retention Tax Credit (pay for)**

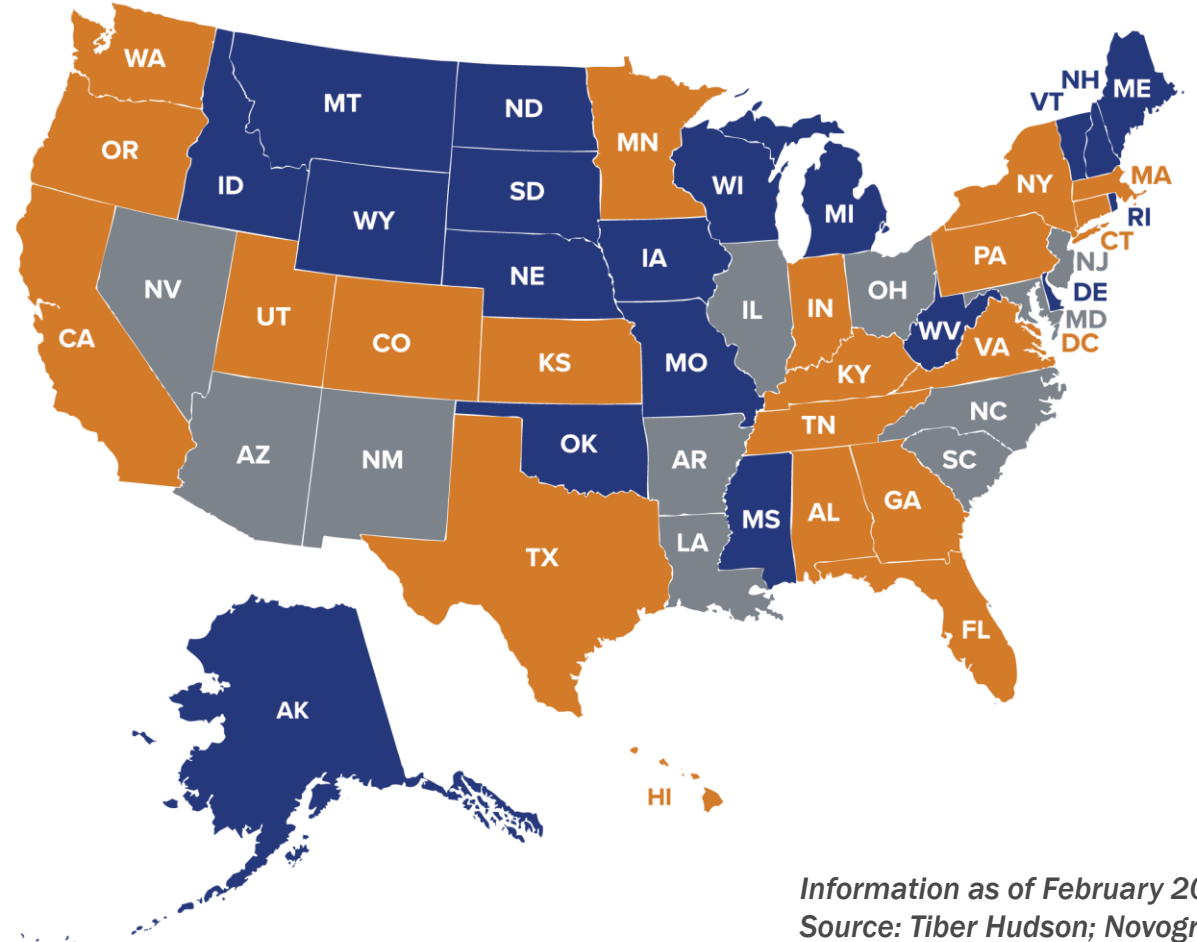
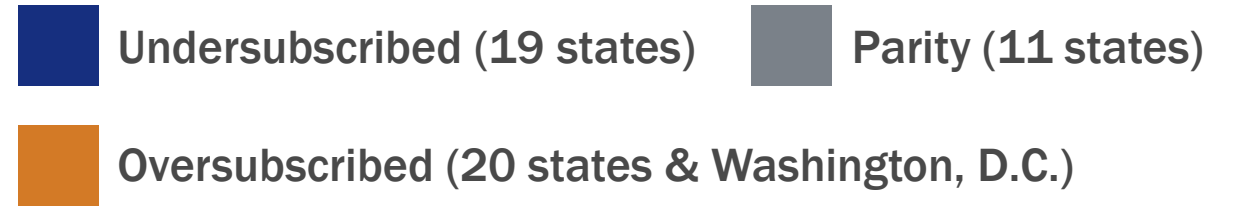
Tax Relief for American Families and Workers Act of 2024

EFFECT OF PRIMARY PROVISIONS

Lowering the 50% Test to 30%

186,310 units for 2024-2025
(estimate as of Jan. 2024)

850,670 units 2024-2033
(estimate as of Jan. 2024)



Information as of February 2024
Source: Tiber Hudson; Novogradac

Tax Relief for American Families and Workers Act of 2024

EFFECT OF PRIMARY PROVISIONS

Increase in 9% allocations

Restoring the 12.5% increase in 9% allocations for 2023-2025:

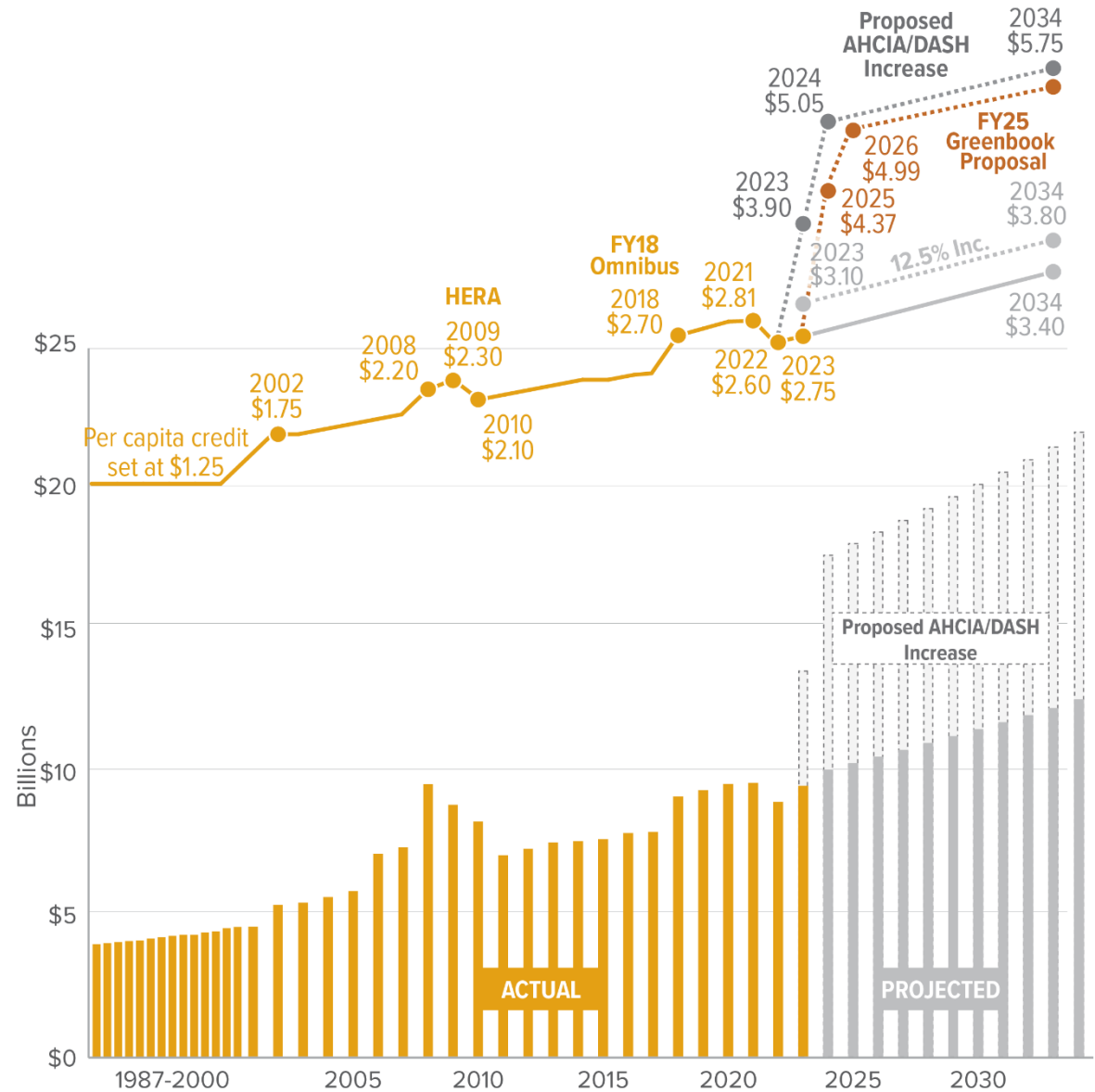
16,263 units

(estimates as of Jan. 2024)

Restoring the 12.5% increase in 9% allocations for 2024-2033:

61,940 units

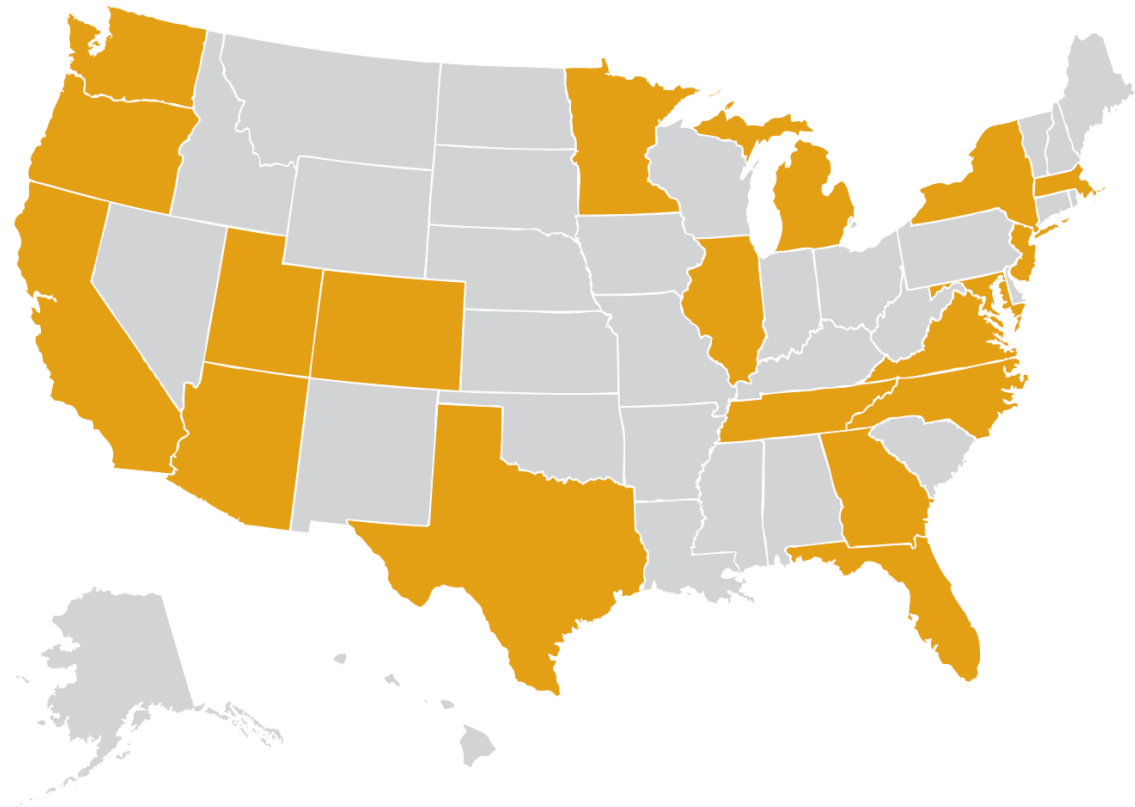
9% LIHTC Allocations



Tax Relief for American Families and Workers Act of 2024

ESTIMATE AS OF JAN. 2024

		Temporary	Additional Homes Over 10 Years
1	California	39,620	179,510
2	New York	19,460	88,150
3	Texas	17,830	80,320
4	Florida	12,600	56,740
5	Georgia	8,750	39,570
6	Virginia	7,170	32,410
7	Washington	6,890	31,180
8	Oregon	6,640	30,160
9	Tennessee	6,190	27,990
10	Illinois	5,750	25,810
11	Massachusetts	5,140	23,220
12	Minnesota	4,820	21,790
13	Maryland	4,810	21,760
14	North Carolina	4,740	21,250
15	Colorado	4,170	18,850
16	New Jersey	4,120	18,490
17	Arizona	3,430	15,390
18	DC	3,260	14,840
19	Michigan	2,850	12,640
20	Utah	2,700	12,210



Affordable Housing Credit Improvement Act

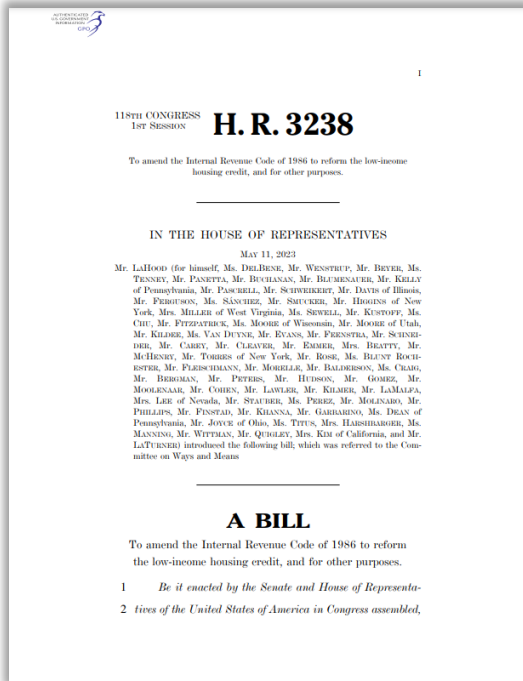
REINTRODUCED MAY 11, 2023

117th Cosponsors : H.R. 2573: 71R 137D

118th Cosponsors : H.R. 3238: 110R 110D as of 3/14/2024

117th Cosponsors : S. 1136: 11R 33D

118th Cosponsors : S. 1557: 15R 14D 1I as of 2/15/2024



LAHOOD
R-IL



WIENSTRUP
R-OH



TENNEY
R-NY



DELBENE
D-WA

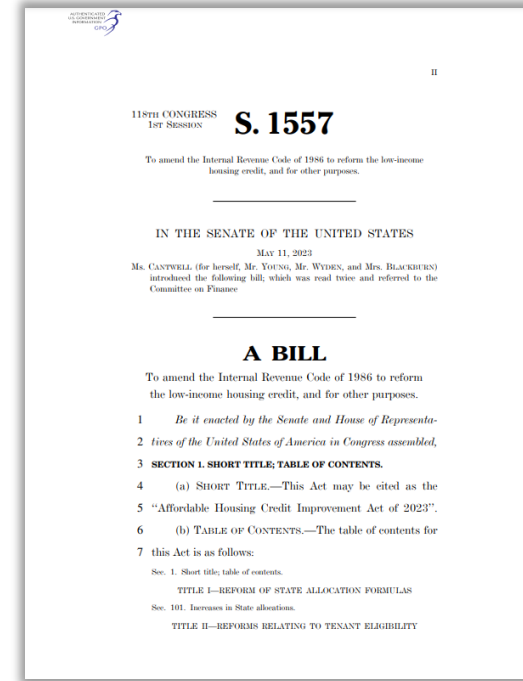


BEYER
D-VA



PANETTA
D-CA

Retiring at the
end of 2024



CANTWELL
D-WA



WYDEN
D-OR



BROWN
D-OH



YOUNG
R-IN



BLACKBURN
R-TN



TILLIS
R-NC

House Ways and Means Committee Roster

★ HR 2573 Cosponsors
117th Congress

★ HR 3238 Cosponsors
118th Congress as of 3/14/2024

Announced
retirement/resignation

DEMOCRATS

Richard Neal, Ranking Member, MA

Lloyd Doggett, TX

Mike Thompson, CA

★ John Larson, CT

★ Earl Blumenauer, OR

★ Bill Pascrell, NJ

★ Danny Davis, IL

★ Linda Sánchez, CA

★ Terri Sewell, AL

★ Suzan DelBene, WA

★ Judy Chu, CA

★ Gwen Moore, WI

★ Dan Kildee, MI

★ Don Beyer, VA

★ Dwight Evans, PA

★ Brad Schneider, IL

★ Jimmy Panetta, CA

★ Jimmy Gomez, CA

REPUBLICANS

★ *Jason Smith, Chair, MO*

★ Vern Buchanan, FL

Adrian Smith, NE

★ Mike Kelly, PA

★ David Schweikert, AZ

★ Darin LaHood, IL

★ Brad Wenstrup, OH

Jodey Arrington, TX

★ Drew Ferguson, GA

★ Ron Estes, KS

★ Lloyd Smucker, PA

Kevin Hern, OK

★ Carol Miller, WV

★ Greg Murphy, NC

★ David Kustoff, TN

★ Mike Carey, OH

★ Randy Feenstra, IA

Michelle Fischbach, MN

★ Brian Fitzpatrick, PA

★ Nicole Malliotakis, NY

★ Blake Moore, UT

★ Michelle Steel, CA

Greg Steube, FL

★ Claudia Tenney, NY

★ Beth Van Duyne, TX

Senate Finance Committee Roster

★ S 1136 Cosponsors
117th Congress

★ S 1557 Cosponsors
118th Congress as of 3/14/2024

Up for election
in 2024

Announced
retirement

DEMOCRATS

★ *Ron Wyden, OR, Chair*

★ Debbie Stabenow, MI ★ Mark Warner, VA

★ Maria Cantwell, WA ★ Sheldon Whitehouse, RI

★ Bob Menendez, NJ ★ Maggie Hassan, NH

★ Tom Carper, DE ★ Catherine Cortez Masto, NV

★ Ben Cardin, MD Elizabeth Warren, MA

★ Sherrod Brown, OH

★ Michael Bennet, CO

★ Bob Casey, PA

REPUBLICANS

Mike Crapo, ID, Ranking Member

Chuck Grassley, IA Steve Daines, MT

John Cornyn, TX ★ Todd Young, IN

John Thune, SD John Barrasso, WY

Tim Scott, SC Ron Johnson, WI

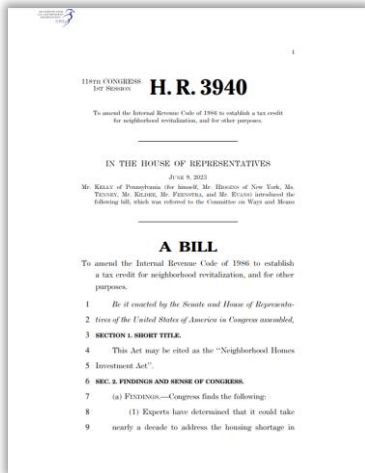
★ Bill Cassidy, LA ★ Thom Tillis, NC

James Lankford, OK ★ Marsha Blackburn, TN

Other Affordable Housing Tax Incentive Bills

Neighborhood Homes Investment Act

H.R. 3940 introduced 6/9/23 | S.657 introduced 3/6/23



KELLY
R-PA

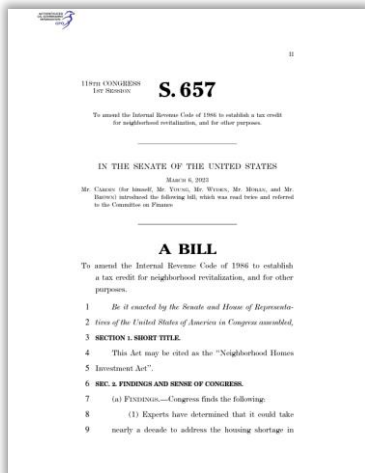


TENNEY
R-NY



LARSON
D-Ct

117th Cosponsors : H.R. 2134: 31R 78D
118th Cosponsors : H.R. 3940: 23R 42D
as of 3/14/2024



CARDIN
D-MD



YOUNG
R-IN

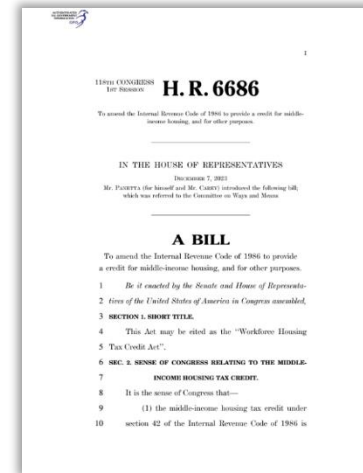


WYDEN
D-OR

117th Cosponsors : S. 98: 7R 17D
118th Cosponsors : S. 657: 5R 6D
as of 3/14/2024

Workforce Housing Tax Credit Act a.k.a. Middle-Income Housing Tax Credit (MIHTC)

H.R. 6686 and S. 3436 introduced December 7, 2023



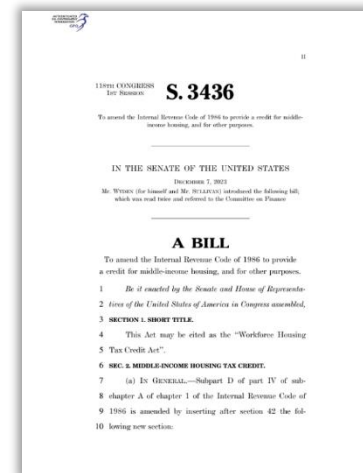
PANETTA
D-CA



CAREY
R-OH



SALINAS
D-OR



WYDEN
D-OR

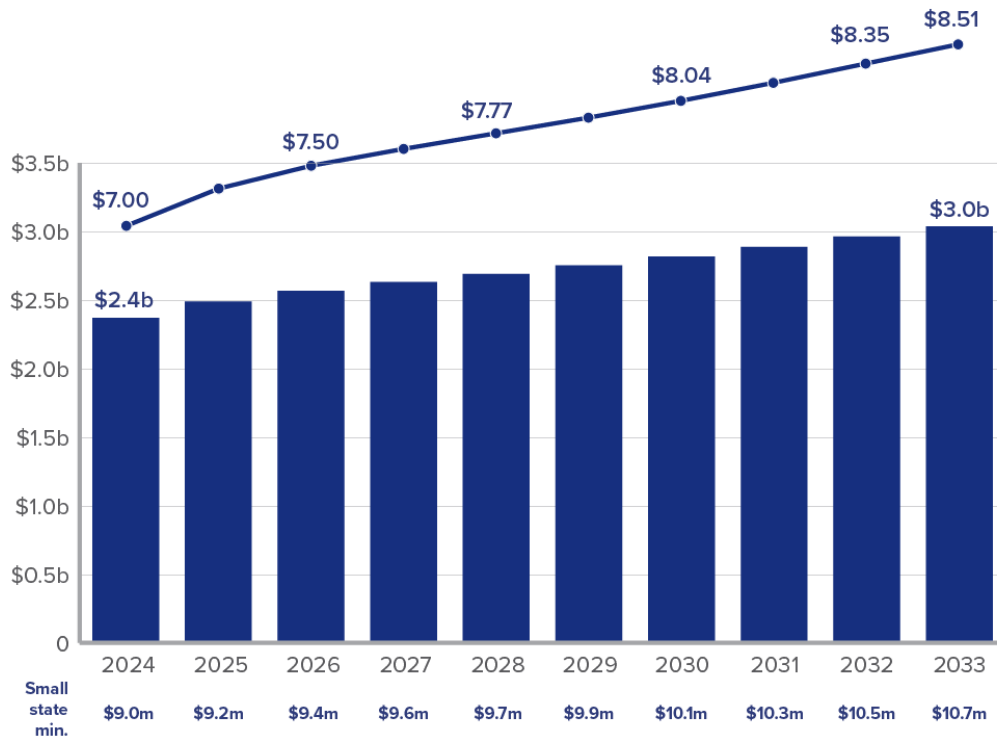


SULLIVAN
D-AK

Neighborhood Homes Investment Act

H.R. 3940 introduced 6/9/23 | S.657 introduced 3/6/23

Projected NHTC Allocation from 2024 to 2033



Source: Novogradac

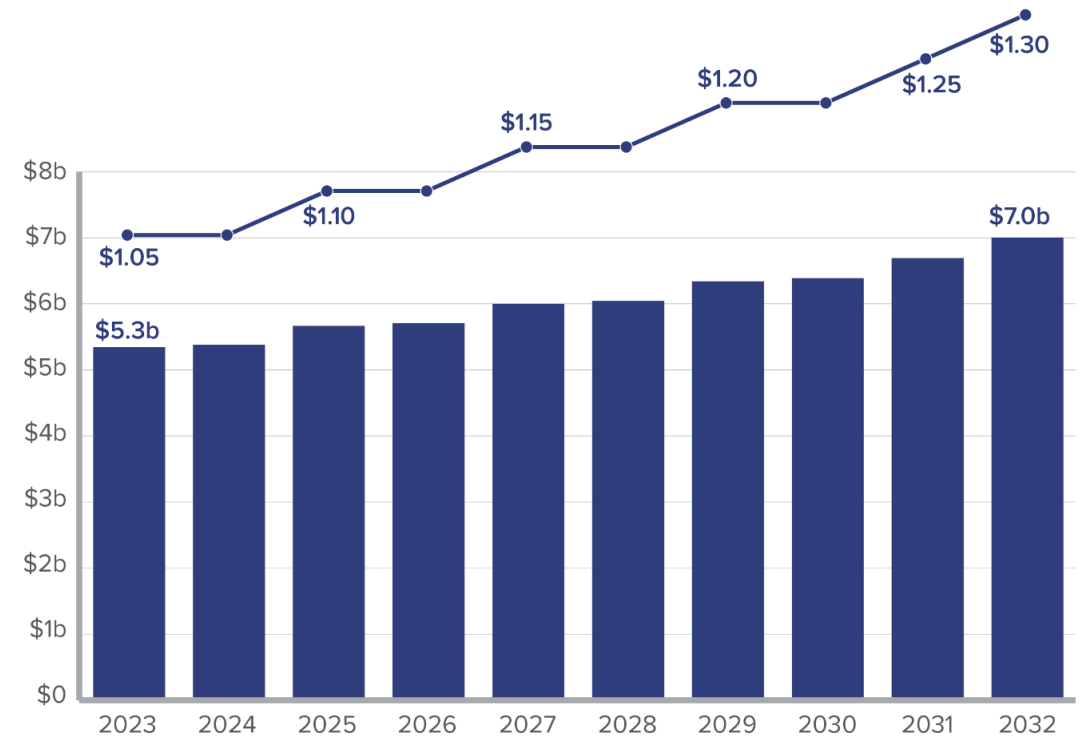


Workforce Housing Tax Credit Act

a.k.a. Middle-Income Housing Tax Credit (MIHTC)

Introduced December 7, 2023

Projected 5% MIHTC Allocation from 2023 to 2032



Source: Novogradac



2025 Major Tax Bill

March 22, 2024

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Deficit Impact of Extending Tax Cuts and Jobs Act Provisions

EXPIRING PROVISIONS DEC. 31, 2025

Policy (First Year Policy Expires of Changes)	2024-2033 Cost/Savings (-)
Reduced Individual Income Tax Rates (2026)	\$1.8 trillion
Elimination of Personal Exemptions (2026)	-\$1.6 trillion
End of Alternative Minimum Tax (AMT) for most taxpayers (2026)	\$1.1 trillion
Doubled Standard Deduction (2026)	\$1.0 trillion
\$10,000 SALT Deduction Cap and Other Deduction Changes (2026)	-\$935 billion
Increased Child Tax Credit from \$1,000 to \$2,000 (2026)	\$604 billion
20 Percent Pass-Through Deduction (2026)	\$548 billion
Limit on Pass-Through Business Loss Deduction (2029)	-\$137 billion
Doubled Estate Tax Exemption Threshold (2026)	\$126 billion
Opportunity Zone Capital Gains Deferrals (2027)	\$67 billion
Subtotal, Extend TCJA Individual and Estate Tax Extensions	\$2.6 trillion
100 Percent Bonus Depreciation (2023)	\$325 billion
Reinstated R&E Expensing (2022)	\$200 billion
Reduced Foreign-Derived Intangible Income (FDII) Deduction (2026)	\$111 billion
Looser Limit on Qualified Business Interest Deduction	\$50 billion
Other Changes (2026 and 2028)	\$39 billion
Subtotal, Extend TCJA Business Provisions	\$720 billion
Interest	\$420 billion

\$3.8
TRILLION

Total, Extend TCJA
Individual, Estate,
and Business
Provisions with
Interest

Sources: Congressional Budget Office, Joint Committee on Taxation, and Committee for a Responsible Federal Budget. Numbers may not sum due to rounding

ELECTION 2024



March 22, 2024

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2024 House & Senate Outlook

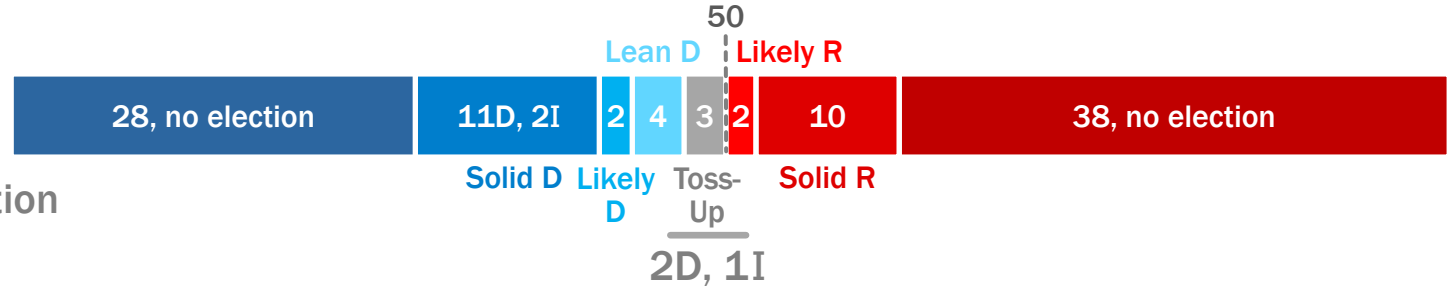


Current Senate

48D 3I 49R

20D, 3I, 11R seats up for reelection

Senate Race Ratings



Notable Races

Open Seat - WV (currently held by Joe Manchin-D), **Open Seat - MI** (currently held by Debbie Stabenow-D), **Open Seat - AZ** (currently held by Kyrsten Sinema, I), **Rosen - NV**, **Tester - MT**, **Brown - OH**, **Menendez - NJ**, **Baldwin - WI**, **Scott - FL**, **Cruz - TX**



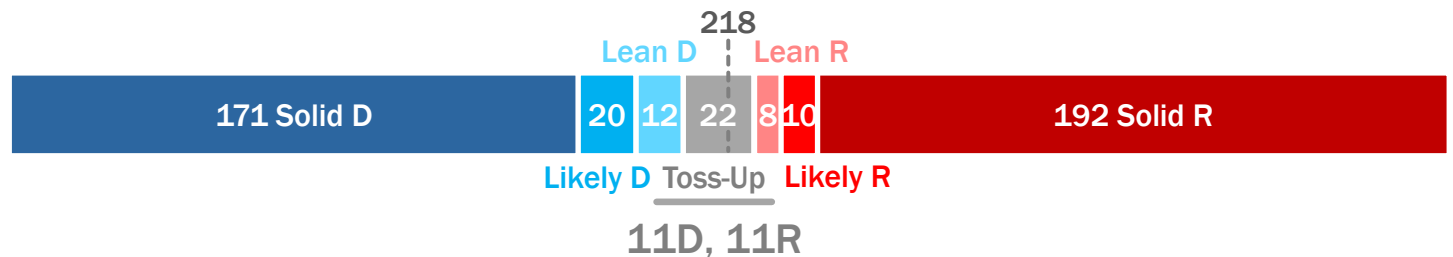
Current House

218R 213D

4 Vacancies

CA-20 (former seat of former Speaker Kevin McCarthy, R), **OH-06** (former seat of Bill Johnson, R), **NY-26** (former seat of Brian Higgins, D), **CO-4** (former seat of Ken Buck, R)

House Race Ratings



2024 Key Senate Races

LEAST VULNERABLE

MOST VULNERABLE

REPUBLICAN SEATS

Cruz (TX)

Scott (FL)

Rep. incumbents in red states

DEMOCRATIC SEATS

Open Seat (MI)

- *Currently held by Debbie Stabenow-D*

Formerly held dem. seat in a purple/blue state

Open Seat (AZ)

- *Currently held by Kyrsten Sinema*

Formerly held dem./Ind. in a purple state

DEMOCRATIC SEATS

Casey Jr. (PA)

Menendez (NJ)

- *Facing federal indictment and significant primary opposition*

Rosen (NV)

Baldwin (WI)

Dem. incumbents in purple/blue states

DEMOCRATIC SEATS

Open Seat (WV)

- *Currently held by Joe Manchin-D*

Tester (MT)

Brown (OH)

Dem. incumbents in red states

2024 Election Scenarios



Regulatory Environment & More

March 22, 2024

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Recent Tax Legislation

- *More energy tax credits*
- *Transferrable tax credits*
- *Refundable tax credits*
- *Book minimum tax*



Inflation & Higher Interest Rates



ESG, Impact Investing & Public Commitments



Recession?

Supply & Demand Factors affecting INVESTOR EQUITY PRICING



Additional factors?



Global Minimum Tax? Guidance released July 17, 2023



FASB Changes Final FASB Accounting Standards Update (ASU) released March 29, 2023



Community Reinvestment Act OCC, FDIC and Fed released final regulations Oct. 24, 2023

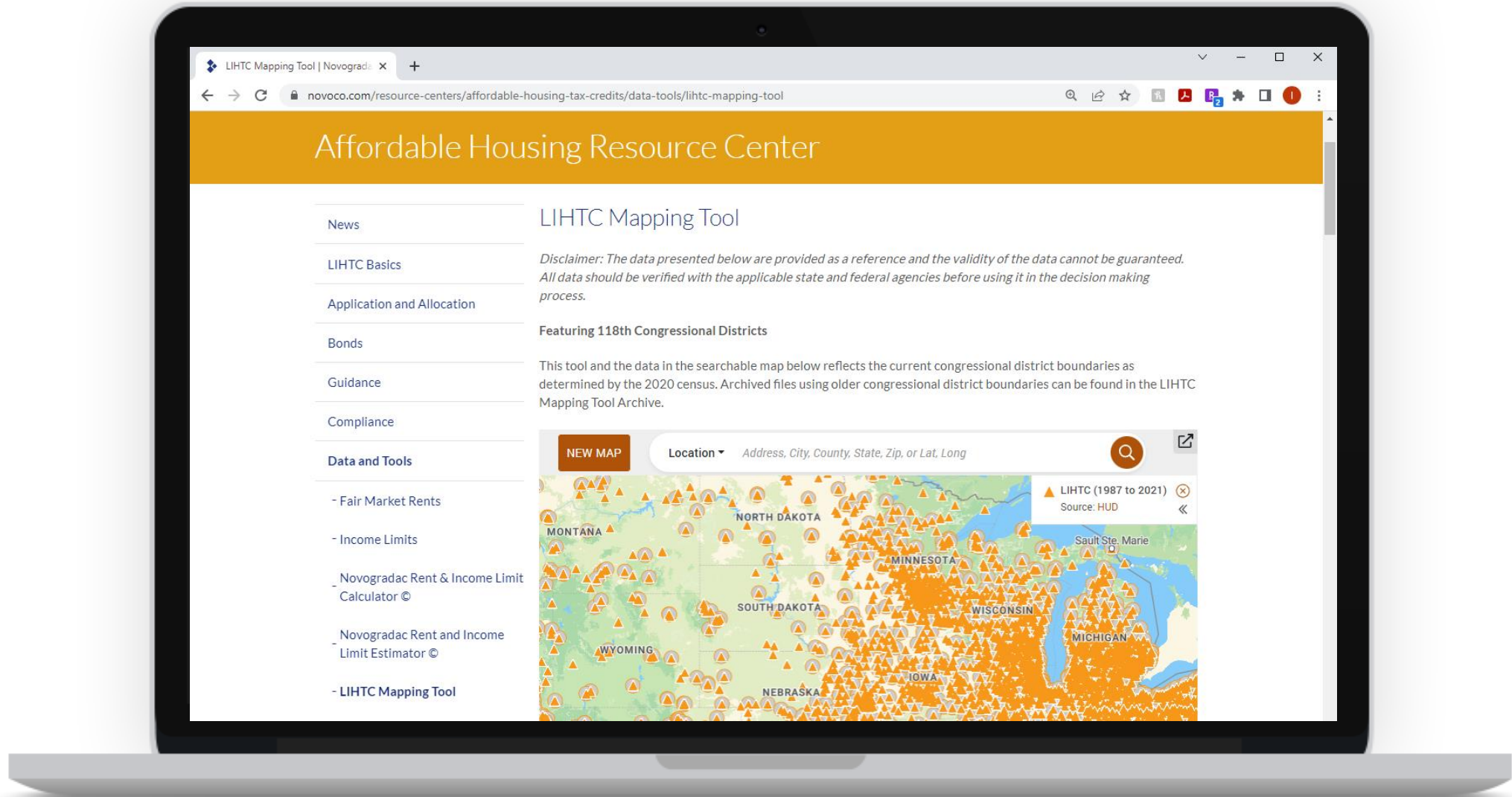
Basel III Endgame Capital requirements for large banks

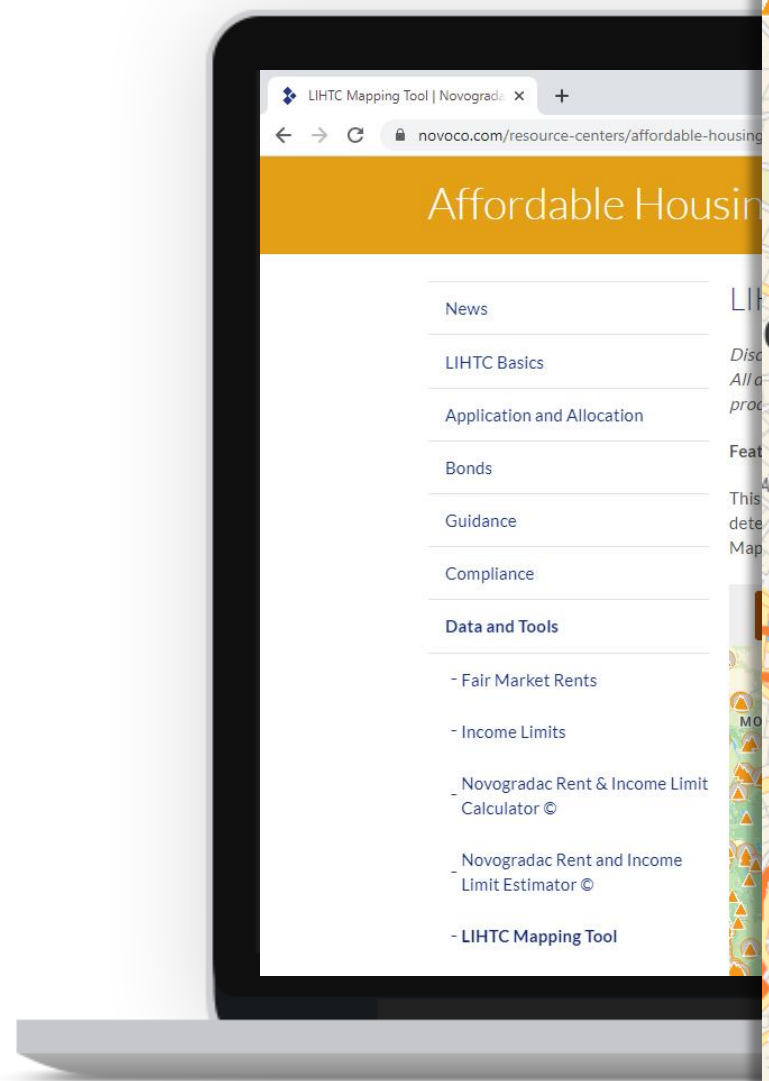
Advocacy Strategy & Resources

March 22, 2024

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The map interface shows a location of Boston, MA. A pop-up window for 'EAST CANTON STREET APTS' provides the following details:

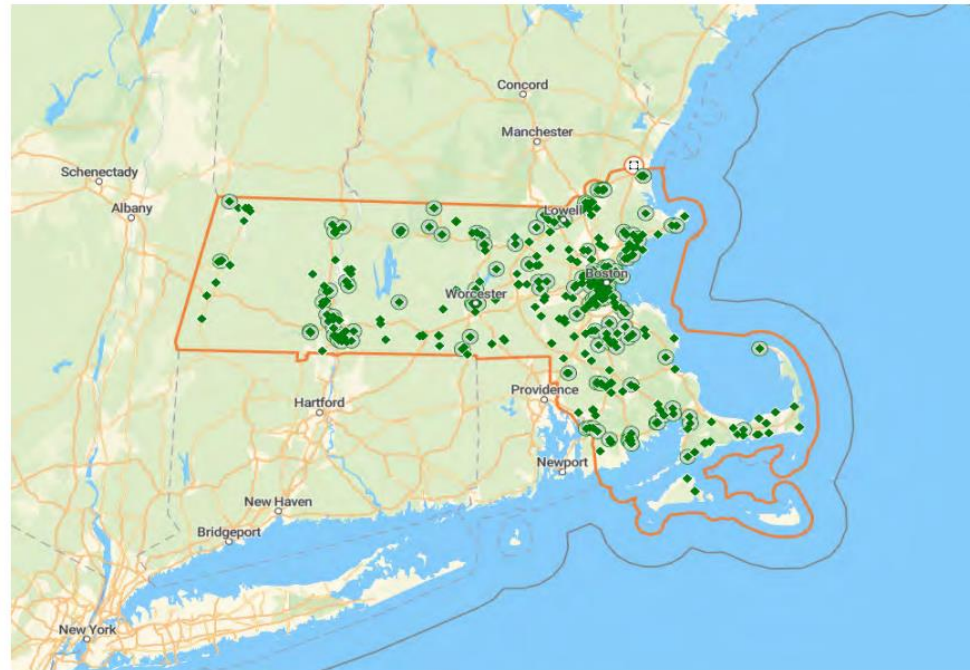
- Site Info** (expanded)
- Project Details** (collapsed)
- Allocation Year: 2006
- Annual Allocated Amount: \$601,401
- Year Placed in Service: 2006
- Construction Type: Acquisition and Rehab
- Total Units: 80
- Low Income Units: 80
- Rent or Income Ceiling: 50% AMGI
- Number of Rooms: 0 Eff, 36 1BR, 40 2BR, 4 3BR, 0 4BR
- Units Below Rent or Income Ceiling: Yes
- Number of Units Below Rent or Income Ceiling: (partially visible)

Reports of LIHTC Properties by State and Congressional District

www.novoco.com/resource-centers/affordable-housing-tax-credits



LIHTC Properties in Massachusetts Through 2021




POLICYMAP

30 mi | © MapTiler © OpenStreetMap contributors


LIHTC Properties in Massachusetts's Through 2021

Project Name	Address	City	State	Zip Code	Nonprofit Sponsor	Allocation Year	Annual Allocated Amount	Year PHS	Construction Type	Total Units	Low Income Units	Rent or Income Ceiling	Credit %	HUD Multi-Family Financing/Rental Assistance
COES POND VILLAGE	39 FIRST ST	WORCESTER	MA	1602	No	1998	\$0	1999	Acquisition and Rehab	250	227	60% AMGI		Both 30% and 70% present value
FREELAND APTS LP	979 MAIN ST	WORCESTER	MA	1603	Yes	1997	\$0	1999	Acquisition and Rehab	21	21	60% AMGI		70% present value
GRANT MANOR	1812 WASHINGTON ST	BOSTON	MA	2118	Yes	1997	\$0	1999	New Construction	181	151	60% AMGI		70% present value
HAMPSHIRE PINE APTS PHASE II	100 HAMPSHIRE ST	HOLYOKE	MA	1040	No	1997	\$0	1999	Acquisition and Rehab	50	50	60% AMGI		Both 30% and 70% present value
HARBORLIGHT HOUSE	1 MONUMENT SQ	BEVERLY	MA	1915	Yes	1997	\$0	1999	Both - New Construction and A/R	35	30	60% AMGI		Both 30% and 70% present value
HOLYOKE HILL	360 1/2 TOKENEKE RD	HOLYOKE	MA	1040	No	1998	\$0	1999	Acquisition and Rehab	165	165	60% AMGI		Both 30% and 70% present value
MANDELA HOMES LP	1855 WASHINGTON ST	BOSTON	MA	2118	No	1998	\$0	1999	Acquisition and Rehab	202	190	60% AMGI		Both 30% and 70% present value
NEIGHBORHOOD HOMES	19 21 CAMBRIDGE ST	SPRINGFIELD	MA		Yes	1996	\$0	1999	Acquisition and Rehab	102	102	60% AMGI		70% present value
SOMERSET NORTH FARM LP	3200 CNTY ST	SOMERSET	MA	2726	No	1998	\$0	1999	New Construction	90	90	60% AMGI		70% present value
ORCHARD PARK OFF SITE PHASE I	206 DUDLEY ST	ROXBURY	MA	2119	No	1997	\$0	1999	New Construction	76	64			70% present value
ST JAMES MANOR	744 ST JAMES AVE	SPRINGFIELD	MA	1104	No	1998	\$0	1999	Acquisition and Rehab	48	48	60% AMGI		Both 30% and 70% present value
THIRD STREET PROJECT	465 THIRD ST	FALL RIVER	MA	2721	No	1998	\$0	1999	Acquisition and Rehab	12	12	60% AMGI		70% present value




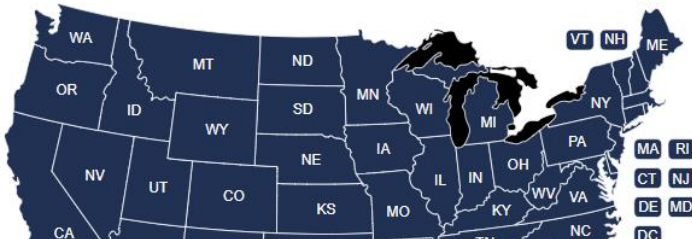


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ACTION National, State, & District Fact Sheets






Check out ACTION's **National Fact Sheet** to see the impact of the Housing Credit across all US states and territories. Click on your state below to access ACTION's State and Congressional District Fact Sheets:



Low-Income Housing Tax Credit Impact In Massachusetts



The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2022

-  72,527 homes developed or preserved in MA
-  168,988 low-income households served
-  110,224 jobs supported for one year
-  \$4.42 billion in tax revenue generated
-  \$12.3 billion in wages & business income generated

The Need for Affordable Housing


Though the Housing Credit has had a tremendous impact across the country, much more affordable housing is still needed to meet the growing demand.

-  293,075 renter households in Massachusetts pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.
-  In order to afford a one-bedroom apartment, a minimum wage worker in Massachusetts has to work 91 hours per week.

Visit rentalhousingaction.org for data sources and methodologies.

Updated November 2023. rentalhousingaction.org

Addressing Our Nation's Severe Shortage Of Affordable Housing

-  Up to 54,400 additional affordable homes could be financed in MA by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

Questions?



Nate Cushman

Nixon Peabody LLP

Moderator



Emily Cadik

Affordable Housing Tax
Credit Coalition



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