

New York Housing Conference



Request for Stimulus Legislation and Suggested Improvements to allow Federal Housing Programs to Work in New York

- 1) We support flexible grants of at least \$5 billion to states and localities to spur housing and community development, provide gap financing for tax credit programs, create jobs and urgently needed affordable housing for New Yorkers. Alternatively, funds could be provided to the State and localities through the CDBG and HOME programs.
- 2) The best way to assure an economic mix in multifamily housing would be to provide 200,000 new Section 8 Housing Vouchers, allowing the Vouchers to be project-based or stand-alone, according to the needs of localities. A further economic stimulus would be to allow families to pay twenty-five percent of their income for rent instead of thirty percent.
- 3) Actions are urgently needed to increase the number and diversity of investors in the Low Income Housing Tax Credit Program. This would save “shovel ready” projects that are stalled because of the economy. Although many suggestions are circulating, there is consensus in New York that:
 - a. Flexible income limits would help in the short and long term health of the program; similarly, the benefits of deep-skewed projects should be available for all mixed-income developments.
 - b. The benefit from the as-of-right four per cent deductions should be fixed at four percent; this is similar to the measure for the deeper nine per cent credits enacted last year.
 - c. The Act should permit investors to claim the Low Income Housing Tax Credit benefit over the first five years of the compliance period, rather than the current ten year credit period.
 - d. It should be possible to claim the Credit against taxes paid, including permanently and retroactively lifting the AMT, for five years prior to when the credits are earned, instead of the current three year period.
 - e. New rules should facilitate investments by wealthy individuals.
 - f. There is concern among investors that purchase of credit by the Treasury would dampen the interest of other investors, and that other measures that would flood the market should be avoided. The mantra is “do no harm.”
 - g. The proposed exchange of credits for cash would have a negative impact in New York.
- 4) Increasing the Volume Cap for Tax Exempt bonds would help with the competition between housing and other economic development programs.
- 5) FHA should, once again, become an effective mortgage insurer. Increased multifamily limits are essential. Ginnie Mae, Fannie Mae, and Freddie Mac must have a revived role and there needs to be improved risk sharing and creative joint ventures between FHA and lenders.
- 6) Public Housing must have adequate funds for repair, maintenance, and access to funding for mixed-income program.
- 7) TARP and other rescue funds should help individual owners and their tenants stay in their homes.