

**The VAHCDO Times Newsletter – January 2024**

**EXTRA, EXTRA, READ ALL ABOUT IT!!!**

Welcome to the very first edition of the VADCDO Times Newsletter. We will start sending this out to our members and affiliates periodically to inform you on the latest and greatest happenings in the housing and community development world. We will include events and networking opportunities, upcoming educational classes, government affairs updates, member and sponsor spotlight’s, and other news that impacts our industry.

If you stumble upon any noteworthy news that you think should be included, please feel free to send the info to our new Executive Director, Troy Garrett. Any information ideas for future newsletters can be sent to tgarrett@LSGteam.com.

**SAVE THE DATE: THE 2024 VAHCDO SPRING CONFERENCE**

The 2024 VAHCDO Spring Conference, “Healthy Housing/Strong Communities” will be held at the newly renovated [Cavalier Marriott Resort](https://www.marriott.com/en-us/hotels/orfak-the-historic-cavalier-hotel-and-beach-club-autograph-collection/overview/) in Virginia Beach, April 3rd – 5th. Exceptional speakers, including Matt Heckles and Robert Davenport from HUD, Tim Kaiser of PHADA, Dennis DiBello of American Property Consultants, Delphine Carnes, and representatives from EVMS, Spark Mill, Loud & Clear Marketing, HAI, Virginia Housing, DBO, and EVMS are lined up to deliver presentations on the latest in public housing and community development. Informative sessions will cover compliance, LIHTC transactions, fair housing for maintenance and front-line staff, marketing and outreach, NSPIRE/REAC, HOTMA, gang violence, grants and layering deals, continuity and succession planning as part of strategic planning, housing and legislative updates, and mental health initiatives to name a few.

This event offers a great opportunity to network and mingle with your industry professionals and of course our sponsors. Don’t forget about the scholarship luncheon where we will award scholarships to very deserving students from assisted housing across the Commonwealth to help them with their higher educational pursuits.

We will also be supporting the scholarship program with a fundraiser at Top Golf opening night of the conference. Get your teams together, and also locate possible candidates for the scholarship within your communities. Please help us raise money to send deserving students to college all while being able to send those golf balls flying down the middle, or hard right like mine.

**GOVERNMENT AFFAIRS UPDATE**

**STATE**

It’s a very busy time at the Virginia General Assembly legislative session.We are working with Delegate Rodney Willett to enhance the Communities of Opportunity Tax Credit. [HB 1203](https://lis.virginia.gov/cgi-bin/legp604.exe?241+sum+HB1203) seeks to increase the funding pool for tax credit from $250,000 to $1,000,000. The bill also seeks to earmark $100,000 for a pilot program in which the tax credit is only accessible by the localities outside of the three major metropolitan statistical areas (Washington-Arlington-Alexandria; Virginia Beach-Norfolk-Newport News; Richmond). The pilot program will allow housing providers in small cities, and suburban and rural localities to qualify for the tax credit when less than 40% of the residents in a statistical area live below the poverty level threshold. The remaining $900,000 will require less than 10% of residents below the poverty level. Finally, the bill seeks to extend the sunset date of the program from 2025 to 2026 to allow for more data collection on the utilization and subscription of the tax credit.

VAHCDO is currently tracking other bills that may affect the Housing and Community Development industry. For more details on those bills, please join us for our weekly Legislative Update Call held at 11:45 AM every Tuesday until the end of session. For more information, or to be sent a link for these updates, please contact Troy Garrett at tgarrett@LSGteam.com.

**FEDERAL**

**News From Our Housing Partner: The Action Campaign**

### Tax Package with Housing Credit Provisions Introduced, Passed by Key Committee

On January 16, House Ways and Means Committee Chair Jason Smith (R-MO-08) introduced tax legislation reflecting the compromise he reached with Senate Finance Committee Chair Ron Wyden (D-OR). The bill, the Tax Relief for American Families and Workers Act of 2024 ([H.R. 7024](https://www.congress.gov/bill/118th-congress/house-bill/7024)), contains two key Housing Credit provisions, which are largely based on provisions from the AHCIA. The first would restore the 12.5 percent increase to the 9 Percent Credit that expired in 2021, retroactively expanding the credit for calendar year 2023 and applying the increase to 2024 and 2025. While Calendar Year 2023 is over, State Housing Credit agencies would still be able to use the additional 2023 authority in 2024 because states have two years to use annual authority before it is redistributed through the National Pool. The second provision would lower the 50 percent threshold for 4 Percent Credit properties financed with tax-exempt Private Activity Bonds to 30 percent. To qualify, buildings must be placed in service after December 31, 2023, and have bond financing from an issue with an issue date before 2026.

The tax package negotiations centered on balancing Democrats’ priority to expand the Child Tax Credit and Republicans’ priorities to restore three business tax credits from the Tax Cuts and Jobs Act of 2017 (TCJA). One of those business tax provisions, the temporary restoration of 100 percent bonus depreciation for certain qualified properties, will also benefit Housing Credit investors, particularly for investors in bond-financed 4 Percent Credit properties, for which tax losses are a larger component of investors’ overall yields than they are in 9 Percent Credit properties.

With demands from conservative lawmakers for any tax package to be paid for, negotiators found savings through the early phase-out of the Employee Retention Tax Credit, which has been subject to allegations of fraud. In addition to the Housing Credit, negotiators included a few other provisions in the $78 billion tax package to provide relief for communities recovering from certain recent disasters and for U.S. businesses with operations in Taiwan.

If enacted, this bill would represent the biggest single federal investment in affordable housing in decades. The Housing Credit provisions would finance the construction and preservation of an [estimated](https://www.novoco.com/notes-from-novogradac/tax-legislation-announced-by-tax-writing-chairs-wyden-and-smith-would-temporarily-reduce-50-financed-by-test-to-30-for-2024-2025-restore-125-lihtc-boost-for-2023-2025) 200,000 additional affordable rental homes nationwide; generate over $34 billion in wages and business income; support over 304,000 jobs; and generate almost $12 billion in federal, state, and local tax revenue.

On January 19, the Ways and Means Committee held a [markup](https://waysandmeans.house.gov/event/markup-of-h-r-7024-the-tax-relief-for-american-families-and-workers-act-of-2024/) for the bill and passed it with overwhelming bipartisan support in a 40-3 vote. Throughout the hearing, the Housing Credit provisions received support from members of both parties. A few Democratic members of the committee lamented the absence of certain other AHCIA provisions. However, revenue constraints meant that other AHCIA provisions could not be included. ACTION will continue to press for their advancement in future tax bills.

During the markup, the AHCIA House lead, Rep. Darin LaHood (R-IL-16), submitted a letter into the Congressional Record signed by 88 national and statewide affordable housing and community development groups that was sent to the committee the day before the markup (after the letter was submitted, additional organizations signed on, bringing the [total](https://rentalhousingaction.org/wp-content/uploads/2024/01/Housing-Provisions-in-Tax-Bill-Letter-1.25.24.pdf) to over 90 organizations).

### What's Next

On January 23, the bill was “noticed” on the House Clerk’s [website](https://docs.house.gov/floor/), which is a necessary step for floor consideration. The Speaker is expected to bring it to the floor under suspension of the rules, bypassing the Rules Committee, and allowing the Speaker to limit debate and prevent amendments that could jeopardize the compromise. This procedure requires a two-thirds vote and five days’ notice, which means the bill could be voted on by the full House as early as January 30.

Assuming the House passes the bill, the direct path forward in the Senate remains unclear. Senate Majority Leader Chuck Schumer (D-NY) has endorsed the tax package and indicated that it must include the Housing Credit. As noted above, any amendments to that agreement could derail the bill. The next real opportunity for tax legislation will likely be in late 2025, when most of the TCJA provisions expire. Given the current housing crisis, Congress cannot afford to wait that long to act.

Learn more about the bill from the [official technical summary](https://waysandmeans.house.gov/wp-content/uploads/2024/01/The-Tax-Relief-for-American-Families-and-Workers-Act-of-2024-Technical-Summary.pdf), from Congress’ Joint Committee on Taxation’s (JCT) [description](https://www.jct.gov/getattachment/3763558f-3900-4814-8d45-e20b0ad3ec13/x-2-24.pdf) of the tax package, and from JCT’s [estimated revenue effects](https://www.jct.gov/getattachment/9cda098d-1d39-4512-a18e-59d9ac628650/x-5-24.pdf) of the bill (known as its “score”).

### National Governors Association Endorses Tax Package

On January 29, the National Governors Association (NGA) endorsed the tax package. Founded in 1908, it is a bipartisan organization representing the leaders of 55 states, territories, and commonwealths. In a [press release](https://www.nga.org/advocacy-communications/governors-urge-congress-to-pass-tax-measures-to-advance-american-competitiveness-disaster-resiliency-and-affordable-housing/), the NGA urged Congress to pass the bill as soon as possible, in part because of the Housing Credit provisions in the legislation.

### What Can You Do to Support this Essential Expansion of Affordable Housing Resources?

It was a huge victory to have the Housing Credit included in H.R. 7024 given the relatively narrow scope of the legislation — it is one of few bipartisan additions to the party-specific priorities that formed the core of the tax committee chairs’ deal. While ACTION took a broad approach to outreach in the lead up to the package’s introduction, we now encourage a more targeted approach.

Outreach to the House:

* All Democrats who are **not** members of the Ways and Means Committee.
* Republican AHCIA Cosponsors who are **not** on the Ways and Means Committee only.

Ask these House members to support the bill when the Speaker brings it to the floor. The strong support in the Ways and Means markup means that outreach to off-Committee Members of Congress is a better use of your time. We have the support we need from members on the Committee.

Outreach to the Senate:

* All Democrats, including Finance Committee members.
* Republicans who are AHCIA cosponsors and any other Republican who is supportive of affordable housing and who you think could be persuaded to vote for the bill.

Again, we are asking Senators to support the bill when the chamber takes it up for consideration, which we hope will happen soon.

We need housing advocates to keep up your advocacy by continuing to stress the need for these critical resources in the states and districts these Members of Congress represent. **To assist advocates, ACTION created a**[**webpage**](https://rentalhousingaction.org/tell-congress-to-pass-tax-package-with-key-housing-credit-provisions/)**with links to templates and other materials for your outreach. Be sure also to include the**[**support letter**](https://rentalhousingaction.org/wp-content/uploads/2024/01/Housing-Provisions-in-Tax-Bill-Letter-1.25.24.pdf)**signed by the national and state coalitions of affordable housing and community development organizations.** If you have any questions or need help contacting your Senators and Representatives, please don’t hesitate to email us.

**IN OTHER NEWS**

**Do you have suggestions for items you’d like to see here? Send them to Troy Garrett at** **tgarrett@LSGteam.com**