



# LEGISLATIVE UPDATE

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## Legislative Update

### Nooley Reinhardt & Associates

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A Washington Report

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The president has released his FY 2013 budget proposals to Congress. Key provisions related to affordable housing follow below. I will provide updates as necessary. (The budget numbers noted are in comparison to the current fiscal year.)

### LOW INCOME HOUSING TAX CREDIT

In addition to once again proposing an income-averaging option for the Housing Credit program, the administration calls for a **30 percent basis boost** for the rehabilitation, preservation or recapitalization of properties originally financed with federal funds. A long-term use agreement would be required.

The president's recommendations also include capping the value of municipal bond interest for high income investors.

### HUD

- Project-based rental assistance, cut by \$640 million
- HOME and CDBG, level, no change.
- \$1 billion to capitalize National Housing Trust fund
- No funding for HOPE VI, but an increase of \$30 million in the Choice Neighborhood grants program.
- Aligns all HUD programs to require a minimum rent of \$75 per month, with exception authority.  
\*The administration considered a similar proposal for **Section 515** but rejected it in the end.
- Consolidates the Public Housing Operating and Capital Funds.



## USDA

- Reduces Section 515 funding to zero, from \$64.5 million. The budget submittal does include \$26 million for farm labor housing loans and \$8.9 million in grants.
- The Obama administration opted to increase funding for the Multi-Family Revitalization program, moving the emphasis from multifamily new construction. The budget recommends \$46.9 million for rural housing vouchers, up from \$13 million. Of that amount, \$12,595,000 is for tenants displaced by prepayments after Sept. 30, 2005 and \$34, 370,000 for a demo from for preservation and revitalization of Section 514, 515 and 516 properties.
- Rental Assistance would increase from \$904.7 million to \$907.1 million.
- The Section 538 program with no interest-credit and the necessary fees to “cover projected costs” would be increased to \$150 million (from \$130M).
- The single-family home ownership program, also financed by fee, would be funded at \$24 billion.
- The Section 502 direct program would be slashed from \$900 million to \$652.8 million, continuing its downward spiral.

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