

Date: April 15, 2005
City: Washington, D.C.

NAHB Resolution

Title: Modify Income Limits in the LIHTC and Tax-Exempt Bond Programs
Original Sponsor: NAHB Multifamily Housing Credit Group

WHEREAS, multifamily housing developments financed with Low Income Housing Tax Credits (Section 42 of the Internal Revenue Code) or Tax-Exempt Bonds (Section 142 of the Internal Revenue Code) may only be rented to tenants with incomes below a certain limit, currently measured by reference to the greater of the area median gross income or the gross income in the non-metropolitan portion of the state;

WHEREAS, in many rural and other areas, this formula often excludes a significant number of families with modest incomes, and that factor alone makes it difficult to maintain reasonable occupancy rates in properties built using these two programs;

WHEREAS, the rents that can be charged under these programs are tied to the income limits, and the current formula also can produce rent restrictions that are simply too low to justify new construction of needed affordable rental housing units or to cover costs on existing properties; and

WHEREAS, the use of the area, the statewide non-metropolitan or statewide (including both the metropolitan and non-metropolitan portions of the state) median gross income, whichever is greatest, in computing income limits would greatly improve the ability of these two programs to serve those who are in dire need of safe and affordable housing,

Resolution No. 8

Modify Income Limits in the LIHTC and
Tax-Exempt Bond Programs – April 15, 2005

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the Congress to amend Sections 42 and 142 of the Internal Revenue Code to specify that income limits shall be calculated as the greatest of area median, statewide non-metropolitan median or statewide median gross income.

Board of Directors Action:	Approved
Joint Executive/Resolutions Committee Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Taxation Subcommittee of the Federal Government Affairs Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Multifamily Finance Subcommittee of the Housing Finance Committee Action:	Recommends Approval
Multifamily Council Board of Trustees Action:	Recommends approval
Housing Credit Group of the Housing Credit Group Action:	Recommends approval