



Summary of Campaign Legislative Proposals

1. **Extend the Exchange Program.** Congress should extend the Section 1602 Housing Credit exchange program to 2010 and modify it to allow states to exchange Housing Credits arising from tax-exempt multifamily housing bonds. This will give each state the resources to continue funding affordable rental housing while the investment market recovers.
2. **Increase the LIHTC Carryback Period.** Congress should enact investment incentives to stimulate Housing Credit investment demand in both the short and long term.
 - A. Investors with existing Housing Credit-financed housing should be permitted to carry back, for up to 5 years, Housing Credits for the 2008-10 tax years IF they immediately reinvest credit amounts into new affordable rental housing.
 - B. Credits generated by new Housing Credit-financed housing should be eligible for carryback up to 5 years. This will help overcome concern about projecting 10 straight years of positive taxable income. Extending the carryback period also puts the Housing Credit on more equal footing with other tax credit programs, which have shorter compliance and holding periods.
3. **Expand the investor base.** Congress should allow some S Corporations, Limited Liability Companies, and closely held C Corporations to use the Housing Credit on the same basis as most corporations IF they satisfy the following tests: (1) have at least \$10 million in annual gross receipts; (2) not created purely to invest in Housing Credits; and (3) have a state-approved asset management plan. This proposal would stimulate investment in rural areas and diversify the investor base to protect the program from economic downturns targeting a particular industry.