

FEDERAL POLICY DISCUSSION

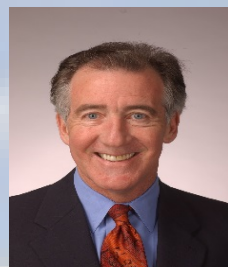
David
AND *David*

EXPLAIN IT ALL FOR YOU

David Gasson will explain what's going on in Washington, and David Smith will explain how you can thrive even when everything in Washington changes (again).



The Players



The Disrupters



Largest Federal Tax Expenditures 2016 - 2020

Defined benefit and contribution plans, IRAs, and Keoghs	\$1208.3 billion
Health insurance	\$863.1 billion
Reduced rates of tax on dividends and LTCG	\$677.7 billion
Income deferral controlled foreign corporations	\$587.2 billion
Earned income credit	\$373.4 billion
State & local sales, income, personal property tax deductions	\$368.8 billion
Deduction for mortgage interest on owner-occupied residences	\$357.0 billion
Subsidies for insurance purchased through health benefit exchanges	\$326.6 billion
Deduction for charitable contributions	\$313.4 billion
Credit for children under age 17	\$270.5 billion
Expensing under section 179 of depreciable business property	\$248.2 billion
Exclusion of untaxed Social Security and railroad retirement benefits	\$213.8 billion
Exclusion of interest on public purpose State and local government bonds	\$194.7 billion
Deduction for property taxes on real property	\$180.0 billion
Exclusion of capital gains at death	\$179.4 billion
Exclusion of benefits provided under cafeteria plans	\$168.8 billion
Exclusion of capital gains on sales of principal residences	\$166.3 billion
Exclusion of amounts received under life insurance contracts	\$128.3 billion
Deduction for income attributable to domestic production activities	\$102.1 billion
Credits for tuition for post-secondary education	\$98.2 billion
Deferral of gain on like-kind exchanges	\$90.2 billion
LIHTC	\$45.1 billion
NMTC	\$5.9 billion
HTC	\$4.8 billion

Joint Committee on Taxation

Boston Capital

Big Issues for Us

- Corporate Rate – 20%, 25%, ?
- Depreciation vs (100%-50%) Immediate Expensing
- Structure of “New” LIHTC
- PAB’s
- Transition Rules – how long and covering what?
- Effective date – 1/1/2017 or 1/1/2018
- Timing – when will certainty return?



“Ways and Means Republicans believe the low-income housing tax credit is important and they are working through how this credit will fit in our next system.”

Emily Schillinger, communications director for the House Ways and Means Committee.

WSJ – March 21, 2017

A White House Perspective



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Affordable Housing Credit Improvement Act of 2017

S. 548



Sen. Maria
Cantwell

- 50% LIHTC Cap Increase
 - Phased in over 5 Years
- Fixed 4% LIHTC for Acquisitions and Bond financed developments.
- Income Averaging allowing up to 80% AMI



Sen. Orrin
Hatch

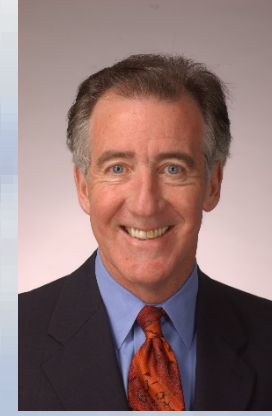
Affordable Housing Credit Improvement Act of 2017

H.R. 1661



Cong. Tiberi
(R-OH)

- Fixed 4% LIHTC for acquisitions and bond financed developments.
- Income Averaging allowing up to 80% AMI
- Provide 50% basis boost for ELI and homeless families/individuals.



Cong. Neal
(D-MA)

Thank You!

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Affordable housing in interesting times
Reorient away from subsidy and to value

California Housing Consortium ♦ Policy Forum and Hall of Fame Awards
Santa Monica, CA ♦ 11 May 2017

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LIHTC is a **different kind of money**

It enables Mee's to provide 'last mile delivery'



Three benefits – the LIHTC has

- 1. Risk transfer**, pay **after** performing
 - a. "Do. Or do not. There is no try."
 - b. No appropriated program can duplicate that
- 2. Outcome** compliance
 - a. Process compliance = "Did you follow the recipe?"
 - b. Outcome compliance = "Does the food taste good?"
 - c. Much easier to certify to, comply with
- 3. Collectible recapture**
 - a. Investors are large public corporations
 - i. The IRS knows where they file their taxes
 - b. "How many HUD asset managers does it take to administer the LIHTC?"
4. These features enable PPP handoffs
 - a. Gov't provides incentives, sets rules, enforces



Three sets of housing challenges LIHTC *doesn't* solve



Social savers

1. Elderly retrofit
2. Permanent supportive housing
3. Veterans' recovery campus
4. Formerly incarcerated
5. Aging out of foster care

Economic aspirants

6. Workforce housing
7. Employer-assisted housing
8. Off-campus dormitories
9. Entrepreneurial rooming houses
 - 'WeLive'
10. Refugee landing pads

Community health

11. 'Orphan properties'
12. Mobile home parks
 - resident co-op's
13. Foreclosure homesteading
14. 'Flats over shops'
15. NOAH's
 - Naturally occurring affordable housing

Where is the Federal government in addressing these problems?



Don't sell what housing *is* Sell what housing *does* ... 9 ways



1. Want to boost the **economy**?
 - Creates **construction, investment, jobs**
 2. Boost **blue-collar employment**?
 - Creates **entry-level jobs, job training**
 3. Help **veterans**?
 - Veterans campus enables **emotional demobilization**
 4. Reduce **homelessness**?
 - Where **supportive services** are brought home
 5. Reduce **inequality** and **exclusion**?
 - Overcome **opportunity barriers**: excl. zoning, environmental reviews
 6. Revitalize **downtowns**?
 - Turn **derelict** historic hotels and **warehouses into 24/7 vitality**
 7. Rebuild **American infrastructure**?
 - Where **blue-collar jobs go to sleep at night**
 8. Boost **poor children's future**?
 - Bringing School Home **changes the trajectory of lives**
 9. Cut **healthcare costs**?
 - Retrofit to extend elderly **"independent healthspan"**
- **Housing is the key that opens doors**





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