



LOUISIANA Housing Corporation

Update on 2015 Federal and State Legislative Priorities

In pursuit of the mission of rebuilding the American Dream, LHC recognizes the need to effectively collaborate with federal, state, and local government. In late 2014, the Office of Policy, Planning and Governmental Affairs prepared a series of local, state, and federal fact sheets which gave an overview of pending policy issues which could impact the way affordable housing is developed in Louisiana. A deliberate outreach effort was launched to pair policymakers at every level to stakeholders in each region. Those efforts have gained traction as evidenced by the actions of members of the state and congressional delegation to drive legislation that provides a more stable future for affordable housing development.

The policy priorities as listed below now have corresponding bills in the Louisiana Legislature and Congress. Should they pass, they will be critical instruments that will help to move our state forward in developing safer, smarter, and stronger housing. These items will assure that LHC can continue to make a deep economic impact statewide by funding more projects that in turn increase the creation of jobs, local zoning and permitting fees, and recurring post-construction tax revenue.

Federal

Finance/Funding

- To make permanent the temporary 9 percent Credit fix included in the Housing and Economic Recovery Act of 2008 (HERA).
- A fixed 4 percent Credit in addition to the 9 percent Credit.
- Protect and restore HOME funding, while working to increase program flexibility, improve efficiency, and eliminate needless bureaucracy.
- Dedicated and sustainable funding for the state-administered Housing Trust Fund, with maximum flexibility for state program administrators and limited federal regulation.

S. 1193 (introduced on May 5) by Senators Maria Cantwell (D-WA) and Pat Roberts (R-KS)

A bill to amend the Internal Revenue Code of 1986 to make permanent and expand the temporary minimum credit rate for the low-income housing tax credit program. Referred to the Senate Finance Committee.

H.R. 1142 (introduced on February 26) by Rep. Pat Tiberi (R-OH) and Richard Neal (D-MA)

Amends the Internal Revenue Code, with respect to the low-income housing tax credit, to make permanent the minimum 9% credit rate for new buildings that are not federally-subsidized and to establish a minimum 4% credit rate for existing buildings that are not federally-subsidized. Rep. Charles Boustany is listed as a co-sponsor. Referred to the House Committee on Ways and Means.



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[FY 2016 THUD Funding Bill](#)

On April 29, the House Transportation-Housing and Urban Development (THUD) Appropriations Subcommittee unanimously voted to favorably report the FY 2016 THUD bill to the full Committee of Appropriations. The bill contains a provision that would effectively eliminate the Housing Trust Fund by transferring its funds into the HOME account in order to maintain HOME funding at last year's level. Additionally, the measure would prohibit the transfer, reprogramming, or credit of any funds to the HTF.

More information regarding the proposal can be found [here](#).

[H.R.1662 \(introduced on March 26\) by Rep. Keith Ellison \(D-MN\)](#)

Common Sense Housing Investment Act of 2015

Amends the Internal Revenue Code, with respect to the tax deduction for mortgage interest, to: (1) allow, in lieu of such deduction, a tax credit for 15% of mortgage interest paid in a taxable year for the taxpayer's principal residence and one other residence; (2) provide for a phase-out of the tax deduction for mortgage interest between 2016 and 2020; (3) allow a deduction for interest and taxes relating to land for dwelling purposes owned or leased by cooperative housing corporations; and (4) increase the state housing credit ceiling for the low-income housing tax credit.

Directs the Department of the Treasury to apply the savings from the enactment of this Act to the Housing Trust Fund, for assistance under the Section 8 low-income housing program, and for the Public Housing Capital Fund.

Referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services

[H.R.2194 \(introduced on April 30\) by Rep. Peter Welch \(D-VT\)](#)

Reauthorizes the Low-Income Home Energy Assistance Program for FY2016-2020. Referred to the Subcommittee on Energy and Power.

Flood

- Partner with the Congressional Delegation to monitor closely the implementation of the Homeowner Flood Insurance Affordability Act, particularly as several provisions go into effect on April 1.
- Mitigate the effects of the Biggert-Waters Act. The Act has caused serious affordability concerns within the housing industry due to the increased cost of flood insurance premiums and remapping of the Flood Insurance Rate Maps.

[H.Amdt.197 to H.R.2028 by Rep. Ralph Abraham](#)

An amendment to prohibit use of funds to implement Executive Order 13690 and Federal Flood Risk



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Management Standard.

[H.R.2028](#) makes appropriations for energy and water development and related agencies for the 2016 fiscal year. The resolution passed the House on May 1 and has been placed on the Senate Legislative Calendar. Rep. Ralph Abraham was successful in offering an amendment that will defund the President's Executive Order released on January 31 which establishes [Federal Flood Risk Management Standards](#).

These standards represent a fundamental shift away from flood control and protection to a risk management strategy that directly and indirectly discourages development in coastal and riverine floodplains. The new standard is intended for all federal agencies in all actions and applies to any federally funded or approved projects. This Executive Order requires federal agencies to enforce the following new standards for federally funded or approved projects:

1. **Climate Informed Science Approach** - A climate informed science approach that uses best available actionable data and methods that integrate current and future changes in flooding based on climate science (preferred standard)
2. **Freeboard Value Approach** – Expanding the floodplain by requiring building an additional two feet above the FEMA map base flood elevation for non-critical actions and three feet for critical actions
3. **500 Year Elevation Approach** – The area subject to flooding by the 0.2% chance annual flood; requires building to 500 year standards

The new standards will be required to be updated every 5 years. This Executive Order moves well beyond the long accepted 100 year flood protection standard and will greatly increase the area in which federal programs and regulations apply, including the NFIP, Clean Water Act, and Endangered Species Act. Furthermore, it leaves interpretation up to the individual agencies, which will result in inconsistencies and confusion and make it very difficult for stakeholders to have input.¹

The Louisiana Congressional Delegation has been very engaged in efforts to thwart the potential impact that the Executive Order as well as the National Flood Insurance Program, may have on coastal Louisiana. Congressman Richmond has indicated that Congressman Schuster could appoint a working group to work on making the program permanent and that Congresswoman Waters is already on board.

¹ Excerpt from an overview provided by Caitlin Berni, Vice President of Policy & Communications at Greater New Orleans, Inc.



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State

- Advocate for dedicated and sustainable funding for the Housing Trust Fund through a partnership with emerging capital investments.
- Ensure that taxation and other fiscal policies are conducive to developing and sustaining affordable housing.
- Support and encourage the development of regional housing and transportation plans.

Finance/Tax

[SB 265](#) Sen. Sharon Broome

Pending Senate Judiciary A

Requires the recordation of certain instruments regarding real property rights and provides for the allocation of fees and penalties concerning the recordation requirement. In its present form, 40% of certain fees shall be allocated to the Housing Trust Fund and shall serve as recurring revenue.

[SR 120](#) Sen. Sharon Broome

Passed the Senate

Requests the Senate Committee on Local and Municipal Affairs to study and make recommendations to the legislature on or before February 1, 2016 on how to establish recurring funding for the Louisiana Housing Trust Fund.

[HB 682](#) Speaker Chuck Kleckley

Returned to the Calendar

Establishes guidelines for use by an assessor in the valuation of affordable rental housing for purposes of ad valorem property tax assessment.

Other Impacting Legislation

[HB 376](#) Rep. Ronnie Harris

Pending in Conference Committee (House)

Grants public and private postsecondary institutions greater participation in receiving and monitoring contracts and federal grants.

[HB 387](#) Rep. Walt Leger

Pending in Conference Committee (House)

Extends the sunset of the tax credit for the rehabilitation of historic structures for nonresidential property and provides eligibility requirements.

[HCR 127](#) Rep. Robert Billiot

Sent to the Secretary of State

Creates the Task Force on Youth Aging Out of Foster Care to study public policy and financing options for youth aging out of foster care. The Executive Director or his/her designee is included on the task force.

A photograph of the Louisiana Housing Corporation building, a large, modern, light-colored structure with many windows. An American flag and a Louisiana state flag are flying in front of the building. The text "LOUISIANA HOUSING CORPORATION" is visible on the building's facade.

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Recommendations

It is recommended that the Board of Directors and the Corporation staff stay actively engaged with state and federal officials in order to provide information relative to the impact of the bills that have been introduced and/or passed. Some members of the congressional delegation have communicated a desire to tour their respective districts with LHC and see examples of successes and greatest need.

It is further recommended that the Corporation staff continues to engage stakeholders such as the National Association of Realtors, the National Homebuilders Association, the Louisiana Associate of Affordable Housing Providers, the Louisiana Municipal Association and the Louisiana Bankers Association, in order to keep the housing community at-large abreast of changes in the industry.