

SEARCH
ALL[All](#) [Local News](#) [Businesses](#) [Coupons](#) [More »](#)

SPONSORED BY:

[HOME](#) [LOCAL](#) [NATION/WORLD](#) [SPORTS](#) [ENTERTAINMENT](#) [AUTOS/BUSINESS](#) [LIFE](#) [TRAVEL](#) [OPINION](#) [OBITUARIES](#) [EXTRAS](#)[Site Index](#) [Photos](#) [Videos](#) [Add your photos](#) [Lottery](#) [Past headlines](#) [Weather](#) [Subscribe to the Free Press](#) [Site Services](#) [Contests](#)hi, [eliot1959!](#)[Update profile](#) | [Post photos](#) | [Write blog](#) | [Change my account info](#) | [Change my password](#) | [Log out](#)POWERED BY YOU AND THE **Detroit Free Press**
ON GUARD FOR 177 YEARS

IN OUR OPINION

Revise tax credit rules to boost affordable housing

JANUARY 29, 2009

[Read Comments\(5\)](#) [Recommended\(1\)](#) [Print this page](#) [E-mail this article](#) [Share this article:](#)

A nationwide credit crunch has dried up financing for affordable housing projects, even as the continuing mortgage crisis has increased the need for such rental units. [Congress](#) must act to ease the problem, preferably in the new stimulus package, until the economy improves.

Federal tax credits for low-income housing drive the affordable [housing market](#), here and around the country; about a third of all new multifamily construction is federally subsidized. To qualify for low-income housing tax credits, developers must rent to tenants earning 60% or less of the region's median income. Developers get money to pay for their projects by selling credits to investors, who use them as tax breaks.

Even before the current crunch, investors had begun demanding higher returns on those tax credits. But the bottom dropped out of the market late last year, bringing most affordable housing projects to a halt. The reason: Investors in tax credits like Fannie Mae, Freddie Mac, pension funds and banks, don't need the credits because profits are down.

Congress can enact two temporary measures, through amendments to the stimulus package, to make housing tax credits more attractive, even in a depressed market.

First, it can allow investors to carry over unused tax benefits for three years. Otherwise, investors have no incentive to buy credits in years when they have no profits to offset.

Second, Congress should temporarily exempt low-income housing tax credits from counting as income subject to the Alternative Minimum Tax. That would allow investors buying credits to earn additional income without tax liabilities.

Timothy Thorland, executive director of Southwest Housing Solutions, a nonprofit that has developed 400 affordable housing units in Detroit, said the economy, foreclosures and changing demographics will increase the need for affordable rentals in the next decade. Southwest, which closed its last deal in September, has an 18-unit project in a historic warehouse that it cannot finance.

ADVERTISEMENT

ECONOMIC CRISIS!

VOTE NOW!

www.PersonalLiberty.com
Ads by Google

More Opinion headlines

- ▶ Afghan girl's courage shines for all women (10)
- ▶ Some points you can raise to get a conversation flowing this weekend
- ▶ Tell the whole truth about partisan anger (13)

MOST POPULAR

MOST E-MAILED

1. Roy Williams: Lions practiced harder than the Cowboys
2. Hughes: 'Does anybody have anything good to say about Matt (Millen) and what he did?'
3. Hard times driving demand for hard liquor
4. Family of man found frozen says he wasn't homeless
5. Unload gas guzzler, get stimulus cash?
6. The game plan: Take lumps now to win later
7. 2 more injuries in loss to Stars
8. Detroit woman sues police for \$15 million
9. Greektown Casino says it needs \$46 million to stay open
10. Ex-Lion has Hall of Fame potential

ADS BY PULSE 360

[Get Listed Here](#)**AARP Auto Insurance From The Hartford**

Over 50? Save \$363 on Your Auto Insurance In Minutes w/ The Hartford.

AARP.TheHartford.com**I Paid \$2.99 and Got \$12,000**

How I got \$12,000 in 30 Days and a steady \$5,000 a month income.

www.EasyIncomeAdvance.com**Globe Life Insurance**

\$1 Buys \$50,000 Life Insurance. No Medical Exam, No Waiting Period

InsuranceFor1Dollar.com

ADVERTISEMENT

Neither America's cities nor its people can afford to stall such projects. Until the housing tax-credit market improves, Congress must prop it up.