

Keynote Address

for the Ohio Housing Council Fall Symposium

Peter Lawrence

Director of Public Policy and Government Relations

Novogradac Consulting LLP

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October 8, 2024

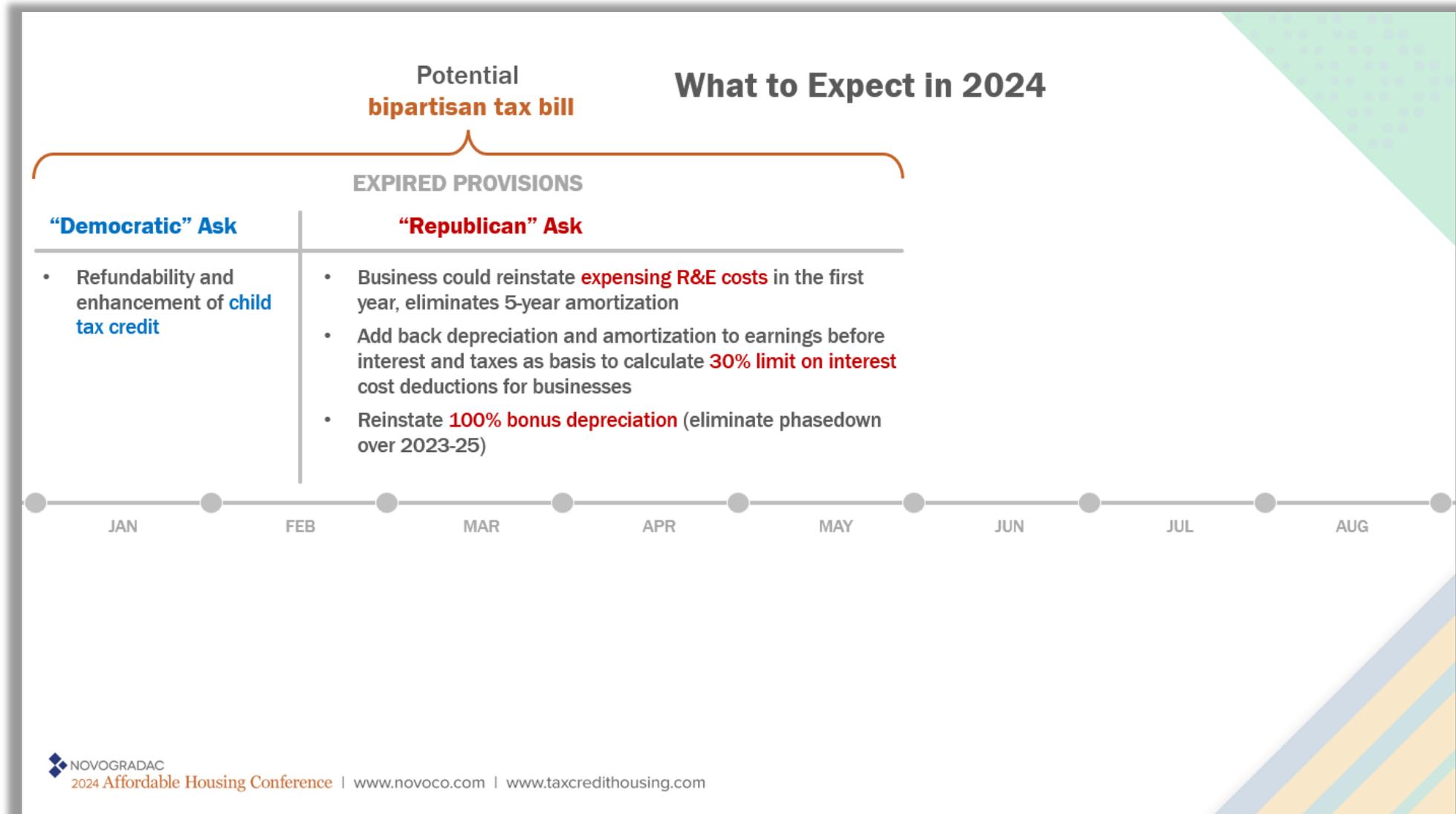
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Agenda

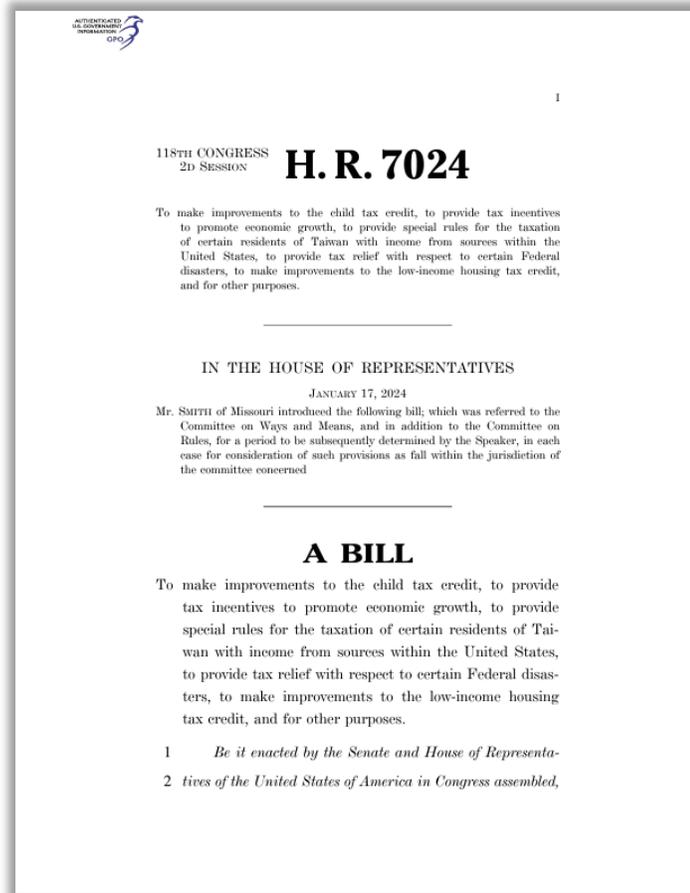


Earlier this year...

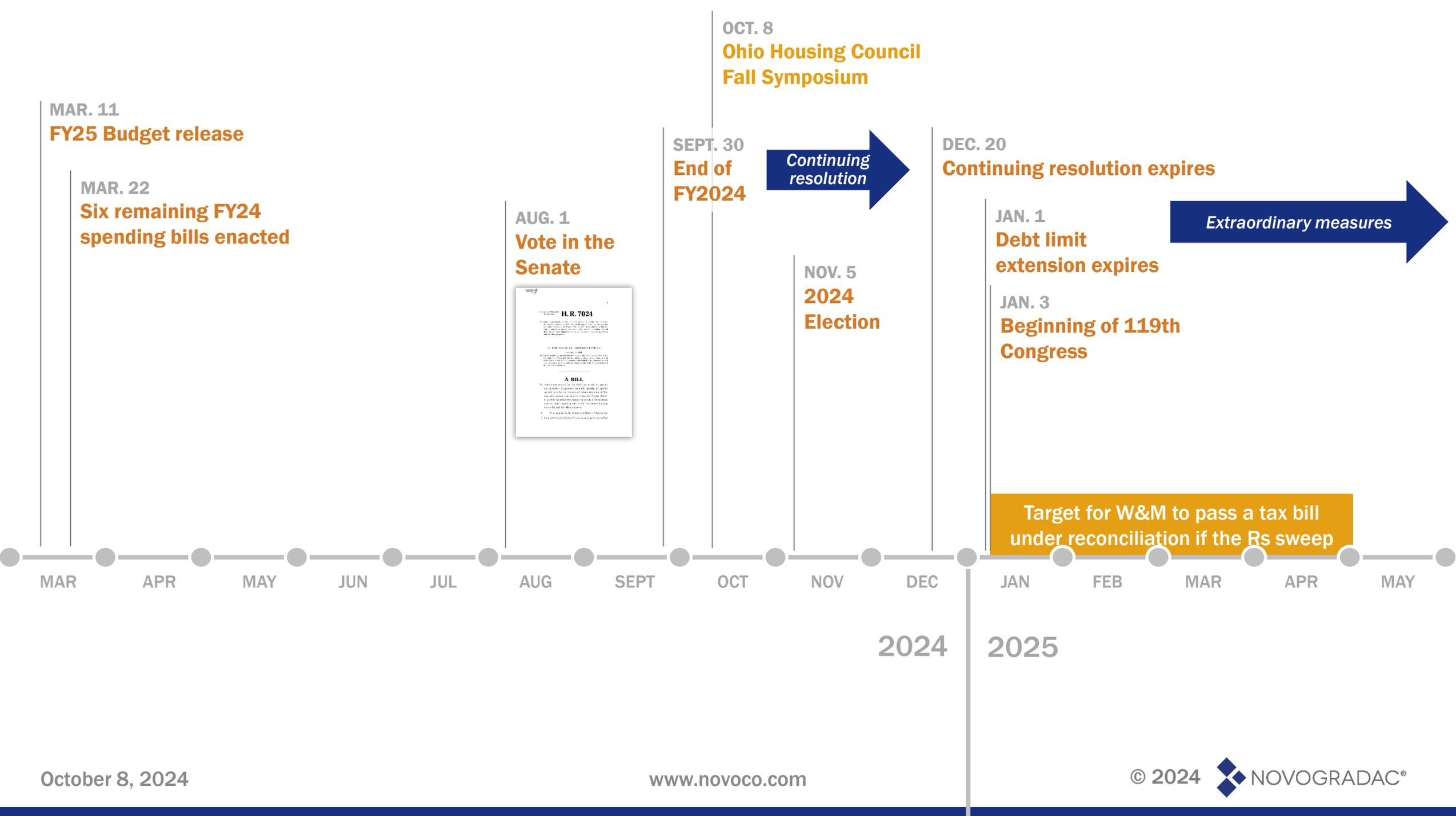


Tax Relief for American Families and Workers Act of 2024

Introduced Jan. 17, 2024 | Passed House Ways & Means Committee Jan. 19, 2024 | Passed full House Jan. 31, 2024



- Low-Income Housing Tax Credit Provisions
 - Restoration of **12.5% increase in 9% allocations** for 2023-2025
 - Reduction in Private Activity Bond financing threshold from **50% to 30%** for 2024-2025
- Restoration of **100% bonus depreciation** for 2023-2025, retains 20% for 2026
- Adding back depreciation and amortization (EBITDA) to calculation on limit of deducting debt under Section 163(j) – 2023 - 2025
- Restoring expensing for R&D
- Allowing more low-income households to receive refund from Child Tax Credit
- Taiwan
- Disaster relief for individuals
- Accelerating the end of the **Employee Retention Tax Credit (pay for)**

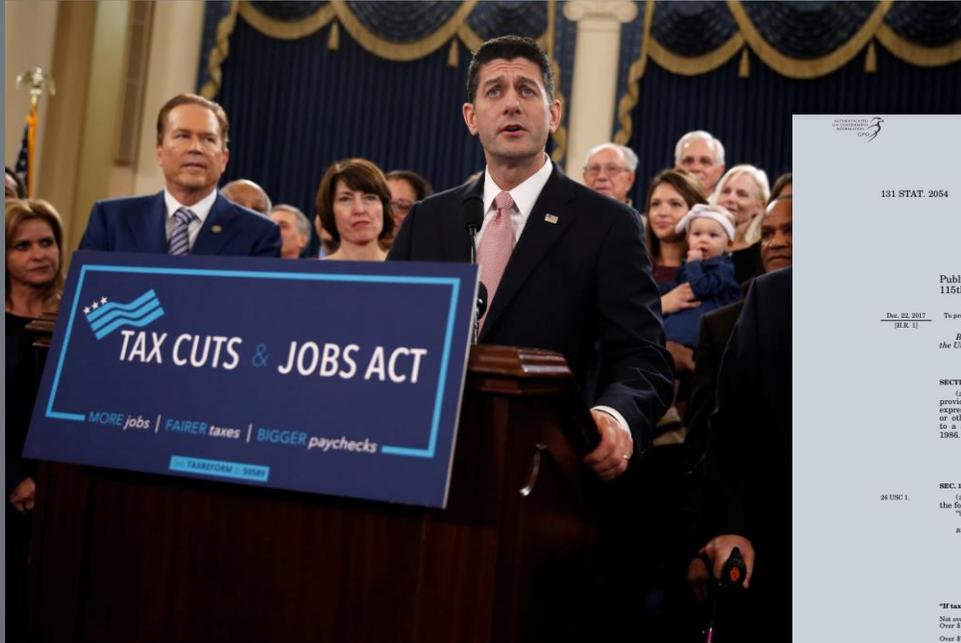


HUD Budget

Note: amounts in millions

	FY2023 Enacted	FY2024 Enacted	President FY2025 Request	FY2025 House	FY2025 Senate	% Change FY25 Sen. – FY24 Enacted
Housing Choice Vouchers	\$30,253	\$32,387	\$32,756	\$32,272	\$35,260	8.9%
Project Based Section 8	\$14,907	\$16,010	\$16,686	\$16,595	\$16,654	4.0%
Public Housing Fund Total	\$8,514	\$8,811	\$8,540	\$8,214	\$8,783	-0.3%
Operating Subsidies	\$5,109	\$5,476	\$5,050	\$5,097	\$5,366	-2.0%
Capital Subsidies	\$3,200	\$3,200	\$3,200	\$3,047	\$3,200	0.0%
Section 202	\$1,075	\$913	\$931	\$931	\$1,046	14.6%
Section 811	\$360	\$208	\$257	\$257	\$257	23.4%
HOPWA	\$499	\$505	\$505	\$505	\$524	3.8%
CDBG	\$3,300	\$3,300	\$2,900	\$3,300	\$3,300	0.0%
HOME	\$1,500	\$1,250	\$1,250	\$500	\$1,425	14.0%
Homeless Assistance	\$3,633	\$4,051	\$4,060	\$4,060	\$4,319	6.6%
Choice Neighborhoods Initiative	\$350	\$75	\$140	\$0	\$100	33.3%
Gross HUD discretionary appropriations	\$68,534	\$73,416	\$72,616	\$74,305	\$86,540	6.3%
<i>Emergency spending included in gross</i>	<i>\$2 billion</i>	<i>\$8 billion</i>	<i>\$10.37 billion</i>		<i>\$11.03 billion</i>	

Expiring Provisions Dec. 31, 2025



131 STAT. 2054 PUBLIC LAW 115-97—DEC. 22, 2017

Public Law 115-97
115th Congress

An Act
To provide for reconciliation purposes to title II and V of the concurrent resolution on the budget for fiscal year 2018.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 1100. SHORT TITLE, ETC.

(a) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 1101. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

(1) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

(i) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

(A) subsection (1) shall not apply, and

(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (6).

(2) RATE TABLES.—

(A) MARIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The following table shall be applied in lieu of the table contained in subsection (a):

"If taxable income is:	The tax is:
Not over \$12,000	10% of taxable income.
Over \$12,000 but not over \$17,000	\$1,200, plus 12% of the excess over \$12,000.
Over \$17,000 but not over \$105,000	\$2,820, plus 22% of the excess over \$17,000.
Over \$105,000 but not over \$315,000	\$23,170, plus 24% of the excess over \$105,000.
Over \$315,000 but not over \$400,000	\$64,170, plus 32% of the excess over \$315,000.



Deficit Impact of Extending Tax Cuts and Jobs Act Provisions

EXPIRING PROVISIONS DEC. 31, 2025

Policy (First Year Policy Expires of Changes)	2024-2033 Cost/Savings (-)
Reduced Individual Income Tax Rates (2026)	\$1.8 trillion
Elimination of Personal Exemptions (2026)	-\$1.6 trillion
End of Alternative Minimum Tax (AMT) for most taxpayers (2026)	\$1.1 trillion
Doubled Standard Deduction (2026)	\$1.0 trillion
\$10,000 SALT Deduction Cap and Other Deduction Changes (2026)	-\$935 billion
Increased Child Tax Credit from \$1,000 to \$2,000 (2026)	\$604 billion
20 Percent Pass-Through Deduction (2026)	\$548 billion
Limit on Pass-Through Business Loss Deduction (2029)	-\$137 billion
Doubled Estate Tax Exemption Threshold (2026)	\$126 billion
Opportunity Zone Capital Gains Deferrals (2027)	\$67 billion
Subtotal, Extend TCJA Individual and Estate Tax Extensions	\$2.6 trillion
100 Percent Bonus Depreciation (2023)	\$325 billion
Reinstated R&E Expensing (2022)	\$200 billion
Reduced Foreign-Derived Intangible Income (FDII) Deduction (2026)	\$111 billion
Looser Limit on Qualified Business Interest Deduction	\$50 billion
Other Changes (2026 and 2028)	\$39 billion
Subtotal, Extend TCJA Business Provisions	\$720 billion
Interest	\$420 billion

\$3.8
TRILLION

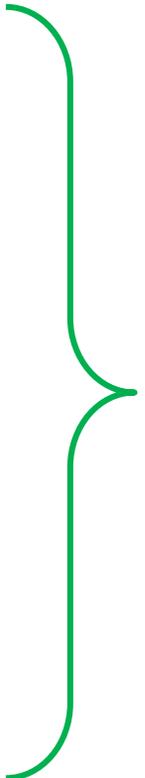
Total, Extend TCJA
Individual, Estate,
and Business
Provisions with
Interest

Sources: Congressional Budget Office, Joint Committee on Taxation, and Committee for a Responsible Federal Budget. Numbers may not sum due to rounding

Potential Revenue Raisers

MOST LIKELY

Selected potential revenue raisers for 2025 tax legislation	2025-2034 Revenue
Corporate: Raise the corporate income tax rate to 28 percent	\$1.35 trillion
<i>Individual: Extend \$10,000 SALT deduction cap and other deduction changes</i>	\$1.24 trillion
<i>Individual: Impose a minimum income tax on the wealthiest taxpayers</i>	\$503 billion
<i>Individual: Increase the net investment income tax rate and additional Medicare tax rate for high-income taxpayers</i>	\$404 billion
<i>Individual: Apply the net investment income tax to pass-through business income of high-income taxpayers</i>	\$393 billion
<i>Corporate: Revise the global minimum tax regime, limit inversions, and make related reforms</i>	\$374 billion
Individual: Reform the taxation of capital income	\$289 billion
<i>Corporate: Expand limitation on deductibility of employee remuneration in excess of \$1 million</i>	\$272 billion
<i>Individual: Increase the top marginal income tax rate for high-income earners</i>	\$246 billion
<i>Corporate: Increase the excise tax rate on repurchase of corporate stock and close loopholes</i>	\$166 billion
<i>Corporate: Increase the corporate alternative minimum tax rate (CAMT, a.k.a. minimum book tax) to 21 percent</i>	\$137 billion
2023-2033 Revenue	
Total revenue raised if the selected IRA energy tax incentives in the initial House-passed version of the debt limit bill are repealed	\$515 billion

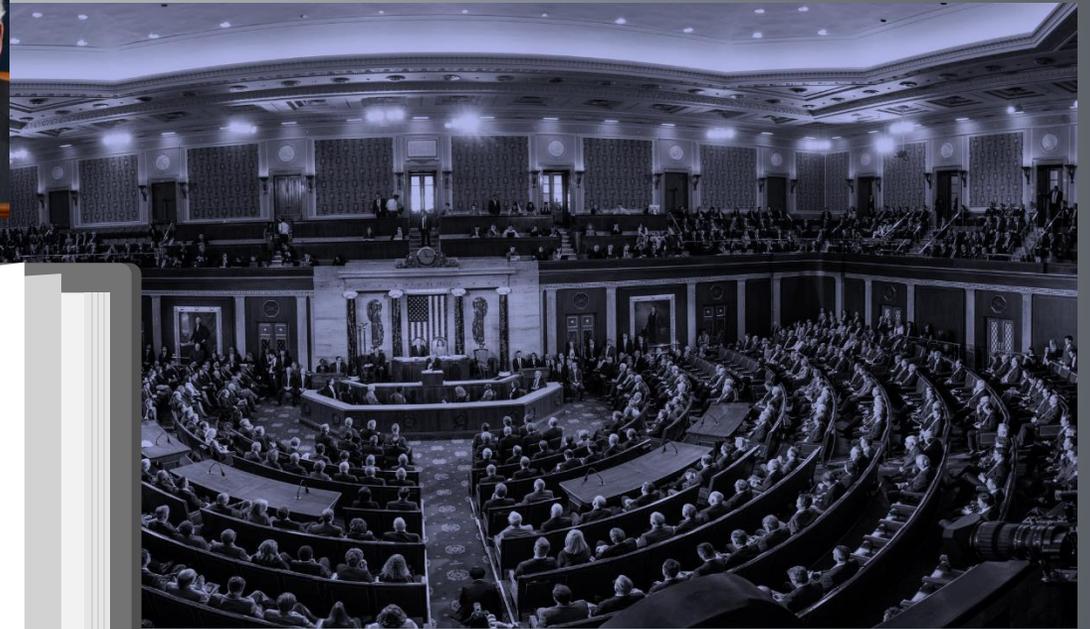


\$5.4
TRILLION

Total potential revenue raisers

Sources: U.S. Office of Management & Budget, Treasury, Congressional Budget Office, Joint Committee on Taxation

Current House Happenings



House Ways and Means Tax Teams

★ HR 3238 Cosponsors
118th Congress as of 9/11/24

AMERICAN MANUFACTURING

- ★ Chair: Rep. Buchanan
- ★ Vice Chair: Rep. Murphy
Rep. Arrington
- ★ Rep. Tenney
- ★ Rep. Malliotakis

WORKING FAMILIES

- ★ Chair: Rep. Fitzpatrick
- ★ Vice Chair: Rep. Malliotakis
- ★ Rep. Moore
- ★ Rep. Steel
- ★ Rep. Carey

AMERICAN WORKFORCE

- ★ Chair: Rep. LaHood
- ★ Vice Chair: Rep. Carey
- ★ Rep. Wenstrup
- ★ Rep. Smucker
- ★ Rep. Fitzpatrick

MAIN STREET

- ★ Chair: Rep. Smucker
- Vice Chair: Rep. Steube
- ★ Rep. Buchanan
- Rep. A. Smith
- Rep. Arrington
- ★ Rep. Van Duyne

NEW ECONOMY

- ★ Chair: Rep. Schweikert
- ★ Vice Chair: Rep. Van Duyne
- ★ Rep. Murphy
- ★ Rep. Tenney
- ★ Rep. Steel

RURAL AMERICA

- Chair: Rep. Adrian Smith
- Vice Chair: Rep. Fischbach
- ★ Vice Chair: Rep. Feenstra
- ★ Rep. Kustoff
- Rep. Steube

COMMUNITY DEVELOPMENT

- ★ Chair: Rep. Kelly
- ★ Vice Chair: Rep. Tenney
- ★ Rep. LaHood
- ★ Rep. Moore
- ★ Rep. Carey

SUPPLY CHAINS

- ★ Chair: Rep. Miller
- ★ Vice Chair: Rep. Kustoff
- ★ Rep. Wenstrup
- ★ Rep. Ferguson
- Rep. Fishbach
- ★ Rep. Feenstra

U.S. INNOVATION

- ★ Chair: Rep. Estes
- ★ Vice Chair: Rep. Steel
- ★ Rep. Schweikert
- ★ Rep. Ferguson
- Rep. Hern
- ★ Rep. Murphy

GLOBAL COMPETITIVENESS

- Chair: Rep. Hern
- ★ Vice Chair: Rep. Moore
- ★ Rep. Kelly
- ★ Rep. Estes
- ★ Rep. Miller
- ★ Rep. Feenstra

House Ways and Means Tax Teams

★ HR 3238 Cosponsors
118th Congress as of 9/11/24

COMMUNITY DEVELOPMENT

- ★ Chair: Rep. Kelly
- ★ Vice Chair: Rep. Tenney
- ★ Rep. LaHood
- ★ Rep. Moore
- ★ Rep. Carey



← JULY 25, 2024

Rep. Kelly led the House Ways and Means Committee's Community Development Tax Team on an affordable housing site visit in Washington, D.C.

"As we prepare for the 2025 tax talks, visits like these are vital so we can see first-hand just how these policies are impacting Americans both today and for generations to come." - Kelly

House Ways and Means Tax Teams

★ HR 3238 Cosponsors
118th Congress as of 9/11/24

COMMUNITY DEVELOPMENT

- ★ Chair: Rep. Kelly
- ★ Vice Chair: Rep. Tenney
- ★ Rep. LaHood
- ★ Rep. Moore
- ★ Rep. Carey

Community Development Tax Credit Incentives

Prepared for the House Ways and Means Committee Community Development Tax Team

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June 5, 2024

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Briefings held
May 29 and **June 5**

Community Development Tax Credits



HTC
Historic
Tax Credit



LIHTC
Low-Income
Housing Tax Credit



NMTC
New Markets
Tax Credit



NHTC
Neighborhood
Homes
Investment Act



PAB
Private Activity
Bond



WHTC
Workforce Housing
Tax Credit

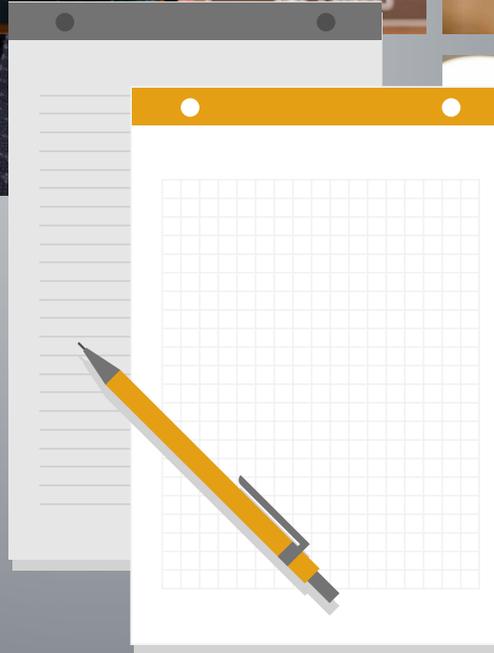
June 5, 2024

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Current Senate Happenings



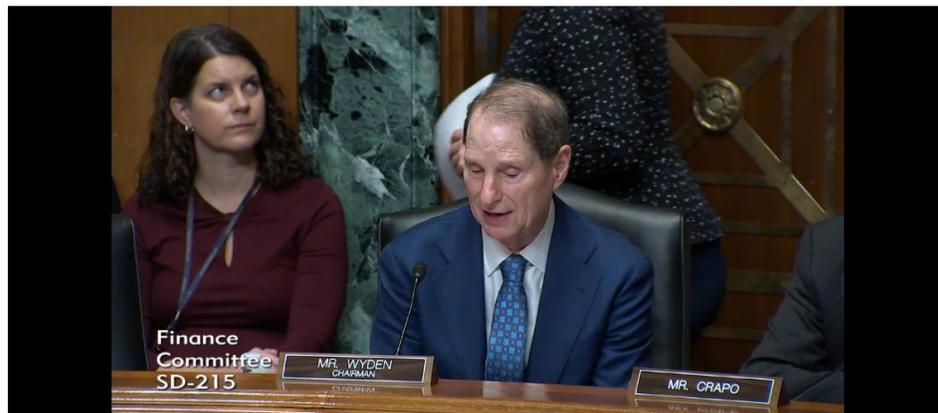
Tax Policy's Role in Increasing Affordable Housing Supply for Working Families

Date: Tuesday, March 7, 2023
Time: 10:00 AM
Location: 215 Dirksen Senate Office Building



Lower Health Care Costs for Americans: Understanding the Benefits of the Inflation Reduction Act

Date: Tuesday, September 17, 2024
Time: 10:00 AM
Location: 215 Dirksen Senate Office



Senate Finance Committee Hearings

Tax Tools for Local Economic Development

Date: Tuesday, July 30, 2024
Time: 10:00 AM
Location: 215 Dirksen Senate Office Building



ELECTION 2024



October 8, 2024

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2024 House & Senate Outlook

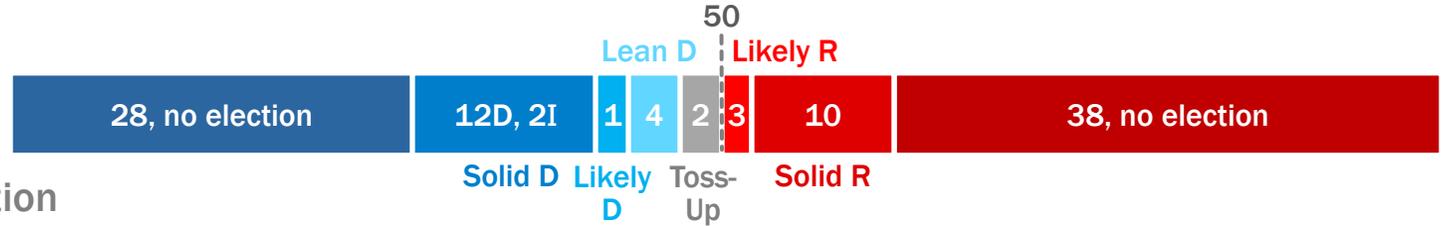


Current Senate

47D 4I 49R

19D, 4I, 11R seats up for reelection

Senate Race Ratings



Notable Races

Open Seat - WV (currently held by Joe Manchin-I), **Open Seat - MI** (currently held by Debbie Stabenow-D), **Open Seat - AZ** (currently held by Kyrsten Sinema, I), **Rosen - NV**, **Tester - MT**, **Brown - OH**, **Menendez - NJ**, **Baldwin - WI**, **Scott - FL**, **Cruz - TX**



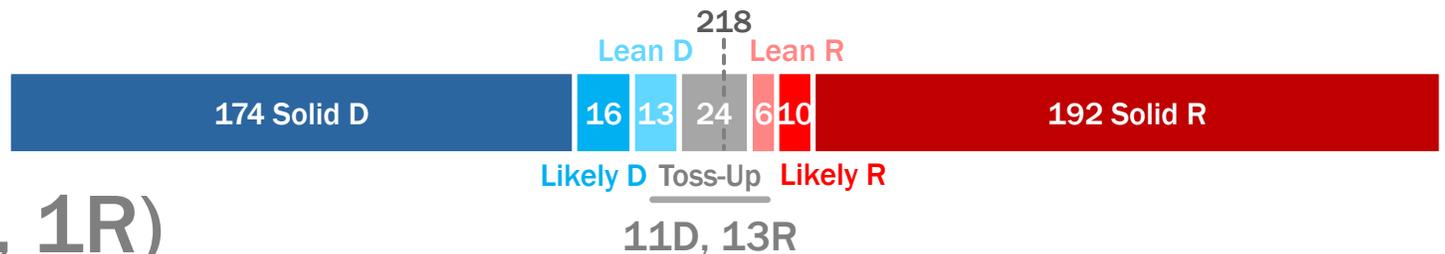
Current House

220R 211D

3 Vacancies (2D, 1R)

WI-08 (former seat of Mike Gallagher, R), TX-18 (former seat of Sheila Jackson Lee, D), NJ-9 (former seat of Bill Pascrell, Jr., D)

House Race Ratings



2024 Key Senate Races

LEAST VULNERABLE

MOST VULNERABLE

REPUBLICAN SEATS

Cruz (TX)

Scott (FL)

Rep. incumbents in red states

OPEN SEATS

Michigan

- *Currently held by Debbie Stabenow-D*
Formerly held dem. seat in a purple/blue state

Arizona

- *Currently held by Kyrsten Sinema-I*
Formerly held dem./Ind. in a purple state

Maryland

- *Currently held by Ben Cardin-D*
Formerly held dem. seat in a blue state

DEMOCRATIC SEATS

Rosen (NV)

Casey Jr. (PA)

Baldwin (WI)

Dem. incumbents in purple/blue states

DEMOCRATIC SEATS

Tester (MT)

Brown (OH)

Dem. incumbents in red states

INDEPENDENT SEAT

Open Seat (WV)

- *Currently held by Joe Manchin-I*

Ind. incumbent in red states

Democrat



Democrat



Republican



RDD

<1%

DRR
5%

RRR
28%

DDR
28%

Source:
Polymarket

DDD
20%

RDR
16%

DRD
<1%

RRD
<1%

Republican



Republican



Republican



Democrat



Democrat



Democrat



Republican



Democrat



Republican



As of Sept. 30, 2024

Three Potential Outcomes

REPUBLICAN SWEEP



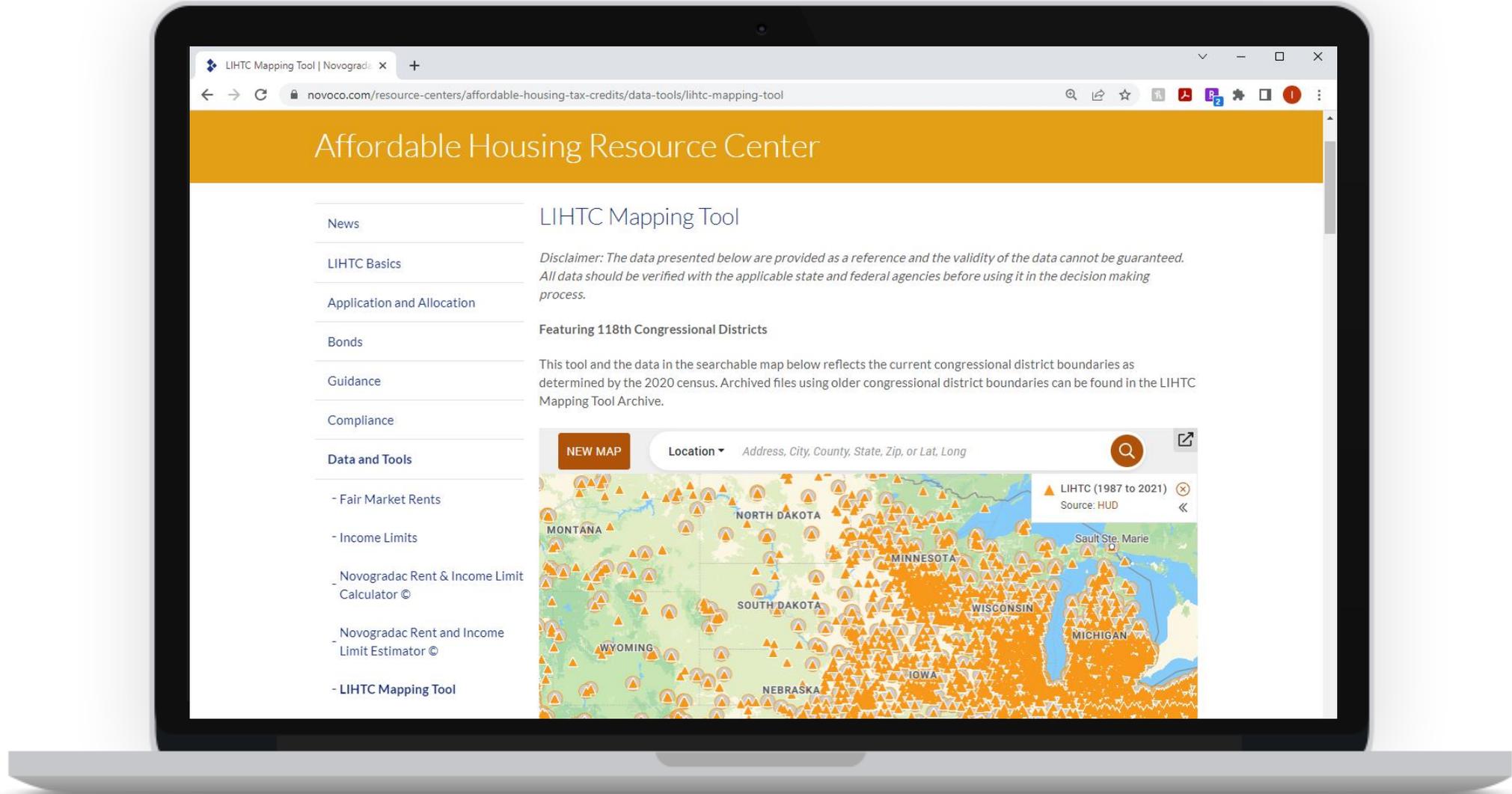
DEMOCRATIC SWEEP

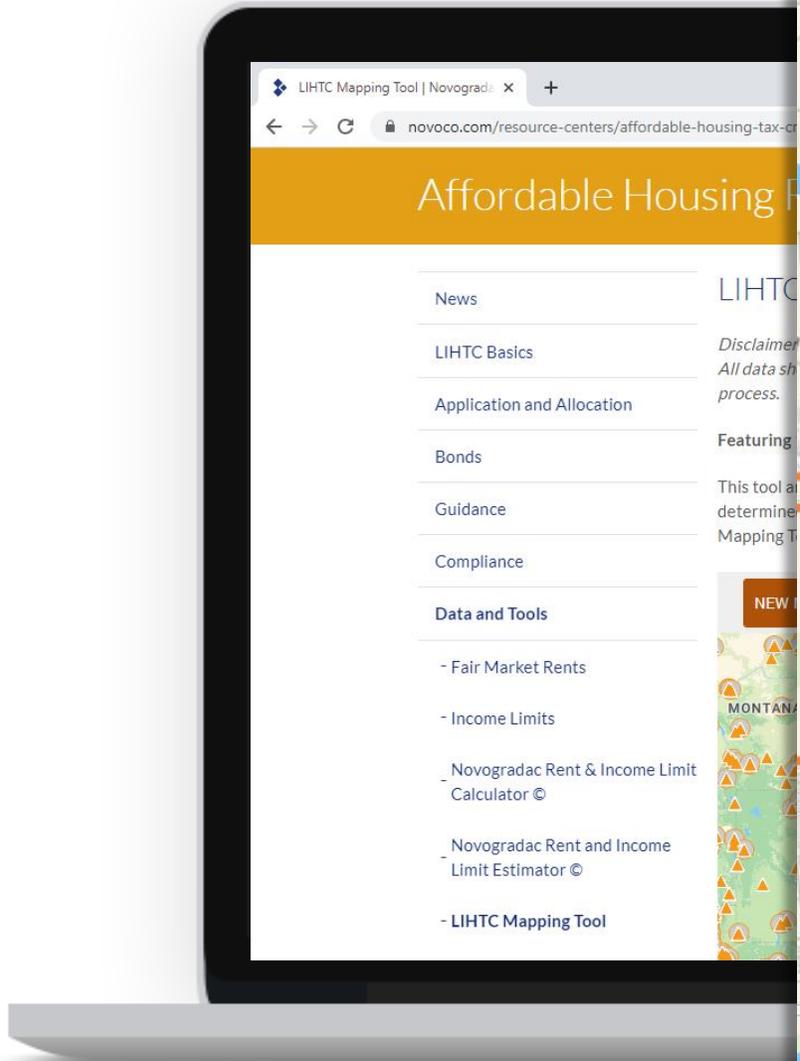


DIVIDED GOVERNMENT



ADVOCACY STRATEGY & RESOURCES





NEW MAP Location ▾ Dublin, OH

▲ LIHTC (1987 to 2022) Source: HUD

▲ AVONDALE II

Site Info

Project Details

Allocation Year: 2016
 Annual Allocated Amount: \$920,000
 Year Placed in Service: 2018
 Construction Type: New Construction
 Total Units: 51
 Low Income Units: 100
 Rent or Income Ceiling: 60% AMGI
 Number of Rooms: 0 Eff,28 1BR,23 2BR,0 3BR,0 4BR
 Number of Units Below Rent or Income Ceiling: 0

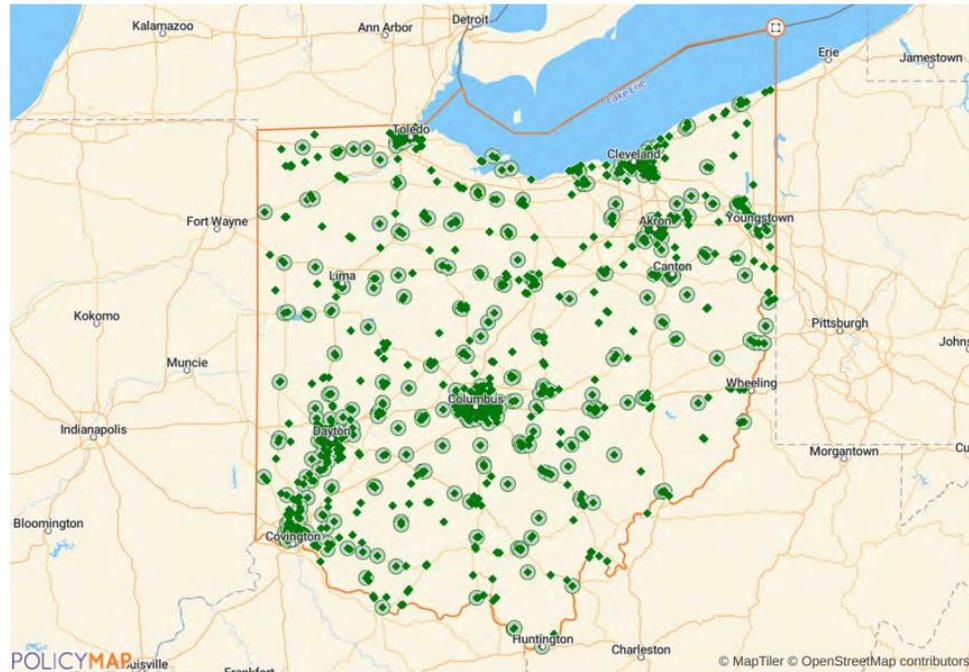
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Reports of LIHTC Properties by State and Congressional District

www.taxcredithousing.com



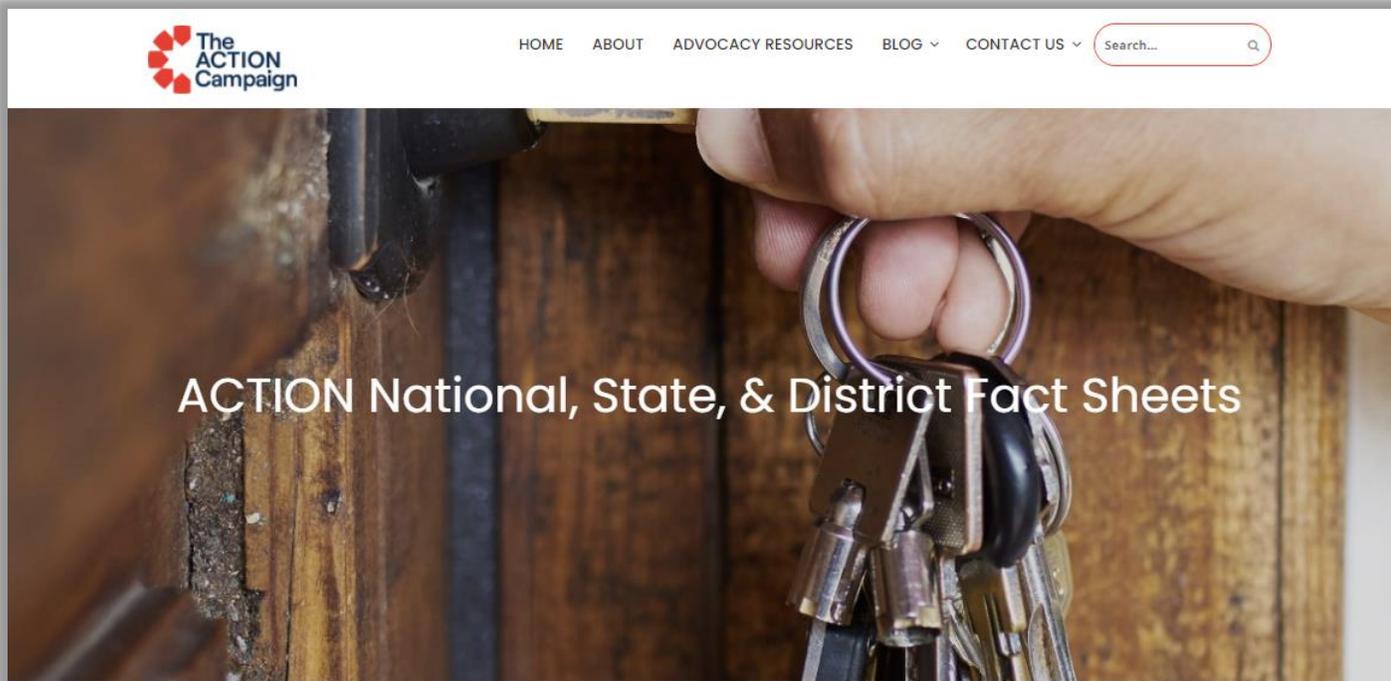
LIHTC Properties in Ohio Through FY 2022



LIHTC Properties in Ohio Through 2022

Project Name	Address	City	State	Zip Code	Nonprofit Sponsor	Allocation Year	Annual Allocated Amount	Year P15	Construction Type	Total Units	Low Income Units	Rent or Income Ceiling	Credit %	HUD Multi-Family Financing/Rental Assistance
BARNETT PLAZA	1400 BARNETT RD	COLUMBUS	OH	43227	Yes	2010	0	2009	Acquisition and Rehab	50	50	60% AMGI	TCEP Only	
BURNET PLACE	3642 ALASKA AVE	CINCINNATI	OH	45229	Yes	2011	0	2009	Acquisition and Rehab	62	62	60% AMGI	Both 30% and 70% present value	
CALLIS TOWER	730 CALLIS DR	AKRON	OH	44311		2010	0	2009	Acquisition and Rehab	277	276	60% AMGI	30% present value	
DUBLIN HOUSE	1425 CENTRAL AVE	MIDDLETOWN	OH	45044	Yes	2010	0	2009	Acquisition and Rehab	40	39	60% AMGI	TCEP Only	
FAIRWAY CROSSING	65 DALLAS ST	TIFFIN	OH	44883	Yes	2011	0	2009	New Construction	35	35	60% AMGI	Both 30% and 70% present value	
MALLORY MEADOWS	409 E PATTERSON ST	DUNKIRK	OH	45836		2010	0	2009	Acquisition and Rehab	24	24		TCEP Only	
MAPLEWOOD VILLAGE (STREETSBORO)	1638 MAPLEWOOD DR	STREETSBORO	OH	44241	Yes	2010	0	2009	Acquisition and Rehab	50	50	60% AMGI	Both 30% and 70% present value	
MOCCASIN RUN	390 EIGHTH AVE	GALION	OH	44833		2010	0	2009	Acquisition and Rehab	36	36		TCEP Only	
FLAINS PLAZA	45 E FOURTH ST	THE PLAINS	OH	45780	Yes	2011	0	2009	Acquisition and Rehab	60	60	60% AMGI	TCEP Only	
NEW SETON KENTON	699 MORNINGSIDES DR	KENTON	OH	43326		2010	0	2009	Acquisition and Rehab	50	50		TCEP Only	
NEW SETON LANCASTER	232 GAY ST	LANCASTER	OH	43130		2010	0	2009	Acquisition and Rehab	33	33		TCEP Only	
NEW SETON SQUARE DOVER II	139 FILMORE AVE	DOVER	OH	44622		2010	0	2009	Acquisition and Rehab	90	90		TCEP Only	
NEW SETON SQUARE EAST	1235 BRIARCLIFF RD	REYNOLDSBURG	OH	43068		2010	0	2009	Acquisition and Rehab	100	100		TCEP Only	

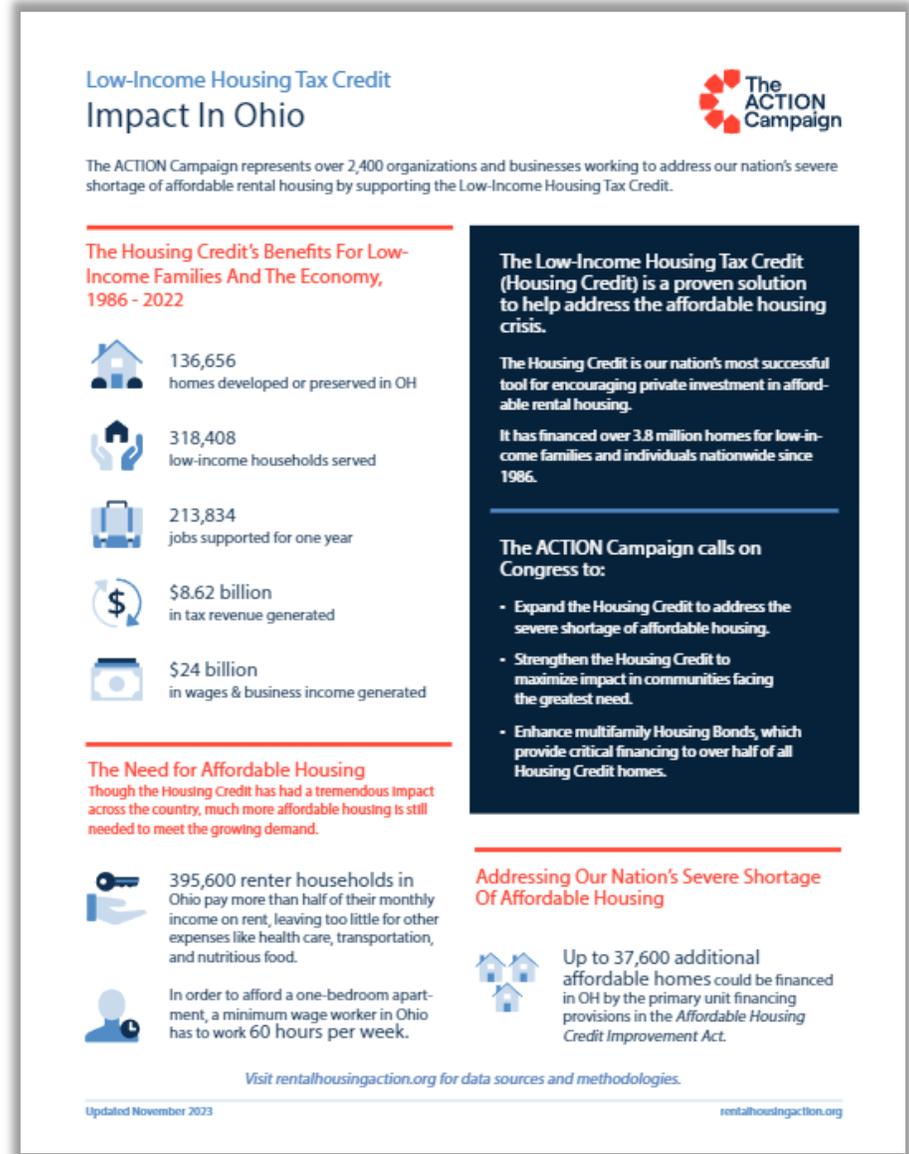




HOME ABOUT ADVOCACY RESOURCES BLOG CONTACT US Search...

ACTION National, State, & District Fact Sheets

Check out ACTION's **National Fact Sheet** to see the impact of the Housing Credit across all US states and territories. Click on your state below to access ACTION's State and Congressional District Fact Sheets:



Low-Income Housing Tax Credit Impact In Ohio

The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.

The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2022

- 136,656 homes developed or preserved in OH
- 318,408 low-income households served
- 213,834 jobs supported for one year
- \$8.62 billion in tax revenue generated
- \$24 billion in wages & business income generated

The Need for Affordable Housing

Though the Housing Credit has had a tremendous impact across the country, much more affordable housing is still needed to meet the growing demand.

- 395,600 renter households in Ohio pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.
- In order to afford a one-bedroom apartment, a minimum wage worker in Ohio has to work 60 hours per week.

Addressing Our Nation's Severe Shortage Of Affordable Housing

Up to 37,600 additional affordable homes could be financed in OH by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

The Low-Income Housing Tax Credit (Housing Credit) is a proven solution to help address the affordable housing crisis.

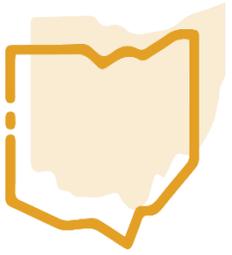
The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing. It has financed over 3.8 million homes for low-income families and individuals nationwide since 1986.

The ACTION Campaign calls on Congress to:

- Expand the Housing Credit to address the severe shortage of affordable housing.
- Strengthen the Housing Credit to maximize impact in communities facing the greatest need.
- Enhance multifamily Housing Bonds, which provide critical financing to over half of all Housing Credit homes.

Visit rentalhousingaction.org for data sources and methodologies.

Updated November 2023



Ohio Delegation on Key Committees

TAX - WRITING

House Ways and Means Committee

DEMOCRATS

REPUBLICANS

Brad Wenstrup, OH-2nd
(HR 3238/AHCIA lead sponsor)

Mike Carey, OH-15th
(HR 3238/AHCIA cosponsor;
HR 6686/Workforce Housing
cosponsor; HR 9002/office
conversion cosponsor)

Senate Finance Committee

DEMOCRAT

REPUBLICAN

Sherrod Brown
(S 1557/AHCIA cosponsor)



Ohio Delegation on Key Committees

APPROPRIATIONS

House Appropriations Committee

DEMOCRATS

Marcy Kaptur, OH-9th
(HR 3238/AHCIA cosponsor)

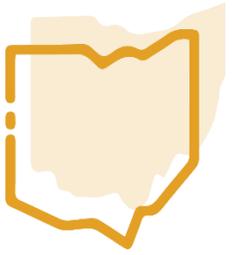
REPUBLICANS

David Joyce, OH-14th
(HR 3238/AHCIA cosponsor)

Senate Appropriations Committee

DEMOCRAT

REPUBLICAN



Ohio Delegation on Key Committees

BANKING

House Financial Services Committee

DEMOCRATS

Joyce Beatty, OH-3rd
(HR 3238/AHCIA cosponsor)

REPUBLICANS

Warren Davidson, OH-8th

Senate Banking, Housing and Urban Affairs Committee

DEMOCRAT

Sherrod Brown
Committee Chair
(S 1557/AHCIA cosponsor)

REPUBLICAN

JD Vance



Other Ohio Delegation Members

REPUBLICANS

Jim Jordan, R-OH-4th

Bob Latta, R-OH-5th

Michael Rulli, R-OH-6th

Max Miller, R-OH-7th

Mike Turner, R-OH-10th
(HR 3238/AHCIA cosponsor)

Troy Balderson, R-OH-12th
(HR 3238/AHCIA cosponsor)

DEMOCRATS

Greg Landsman, D-OH-1st
(HR 3238/AHCIA cosponsor)

Shontel Brown, D-OH-11th
(HR 3238/AHCIA cosponsor)

Emilia Sykes, D-OH-13th
(HR 3238/AHCIA cosponsor)

REGULATORY ISSUES & GUIDANCE



Recent Tax Legislation

- *More energy tax credits*
- *Transferrable tax credits*
- *Refundable tax credits*
- *Book minimum tax*



Future Tax Legislation



Inflation & Higher Interest Rates



ESG, Impact Investing & Public Commitments



Recession?

Supply & Demand Factors affecting
INVESTOR EQUITY PRICING



Additional factors?



Global Minimum Tax? *Guidance released July 17, 2023*



FASB Changes *Final FASB Accounting Standards Update (ASU) released March 29, 2023*



Community Reinvestment Act *OCC, FDIC and Fed released final regulations Oct. 24, 2023*

Basel III
Endgame
Capital requirements for large banks

Keynote Address

for the Ohio Housing Council Fall Symposium

Peter Lawrence

Director of Public Policy and Government Relations

Novogradac Consulting LLP

peter.lawrence@nc-llp.com

October 8, 2024

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