

Explanation of H.R. 1562 -
“Katrina Housing Tax Relief Act of 2007”

H.R. 1562 would modify earlier legislation passed in 2005 for rebuilding in the Gulf region. The bill would:

- (1) Modify the general Low Income Housing Credit (LIHC) requirement that the building be “placed in service” no later than the close of the second calendar year following the calendar year of the allocation. The “placed in service” rule would be extended to December 31, 2010.
- (2) Extend the LIHC “place in service” date for the enhanced credit for “Difficult to Develop” areas (30% bonus credit) provided under the Low Income Housing Credit from December 31, 2008, to December 31, 2010.
- (3) Allow developers to use the 70% present value or 9% credit with below market interest loans funded with Community Development Block Grant Funds provided to the GO Zones states through a special HUD disaster waiver as they would be able to do so with regularly allocated CDBG funds.

These provisions would be effective on the date of enactment.

- (4) Modify certain requirements under the Mortgage Revenue Bonds program to allow homeowners to refinance existing mortgages in the case of homes that were substantially or totally demolished.

These provisions would be effective for owner-financing provided after the date of enactment and before January 1, 2011.

Revenue offset: Amend current law pre-levy Collection Due Process proceedings to exempt employment tax liabilities. These proceedings gives the taxpayer notice and an opportunity for an administrative hearing. This proposal was included in the President’s FY’08 budget. The proposal apply to levies issued on or after 120 days after the date of enactment.