CONGRESSIONAL RECORD—SENATE

SEC. 4. Determination of area median gross income for low-income housing credit projects.

SEC. 1. Short Title.

SEC. 2. Repeal of Required use of Certain Principal Repayments on Mortgage Subsidy Bond Financings.

TEXT OF AMENDMENTS

SA 170. Mr. DOMENICI proposed an amendment to the concurrent resolution H. Con. Res. 83, establishing the congressional budget for the United States Government for fiscal year 2002, revising the congressional budget for the United States Government for fiscal year 2001, and setting forth appropriate budgetary levels for each of fiscal years 2003 through 2011.

AMENDMENTS SUBMITTED AND PROPOSED

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April 2, 2001

Year Rule, to a large extent, offsets gains from the volume cap increase.” Between 1998 and 2002, this same bill resulted in the loss of over $5 billion in mortgage authority, denying over 100,000 qualified lower income homebuyers affordable MRB-financed mortgages. Each year, the Ten-Year Rule will keep tens of thousands of additional qualified lower income homebuyers from getting an affordable MRB-financed mortgage, including many in my home State of Utah.

Second, the bill would replace the current-law unworkable limit on the price of the homes these MRB mortgages can finance with a simple limit that works. Let me explain. Current law limits the price of homes purchased with MRB-financed mortgages to 90 percent of the average area home price. This is an outdated and unworkable requirement that holds back the families many in my home State of Utah.

The problem is that, like many states, the Treasury Department does not have access to reliable and comprehensive sales price data. This has especially been a problem for states, such as Utah, with many rural areas. In fact, Treasury last issued safe harbor limits in 1994, based on 1993 data. Home prices have risen approximately 30 percent in the past eight years, and in some areas of the country by a much higher percentage. This means that the MRB program simply cannot work in many parts of many states because qualified buyers cannot find homes priced below the outdated limits. To have an outdated and unworkable requirement back the families that this program is designed to help is poor public policy that cries out for remedy.

The bill we are introducing today would allow States to determine purchase price limits without reliance on nonexistent sales price data. It does this by limiting the purchase price to three and a half times the MRB qualifying income limit. In the 106th Congress, I joined my friend and colleague from Arkansas, Senator LINCOLN, in introducing this provision as a stand-alone bill.

Finally, the bill would make Housing Tax Credit apartment production more viable in many very low income, and especially rural, areas by allowing the use of the greater of area or statewide median incomes for determining qualifying income and rent levels. This is how income and rent levels are determined under the very successful multi-family Tax Credit program. Current law requires States to use area median income to determine eligible incomes of Housing Tax Credit tenants. In many very low income areas, median incomes are simply too low to generate sufficient rents to make these housing projects feasible. Data from HUD shows that currently existing limits inhibit Housing Tax Credit development in as many as 1,700 of the 2,364 non-metropolitan counties across the country.

The Housing Tax Credit and the MRB programs work and they are important to each State. The Congress recognizes this last year by making the important adjustments in the operating levels of these programs to compensate for past inflation. More than 80 senators joined us in this effort by cosponsoring the legislation. This was a vital first step in improving the ability of these programs to meet the affordable housing needs of millions of Americans. Now, we must finish the job by correcting the problems in the programs that limit their effectiveness in delivering this affordable housing. For those of you that cosponsored these bills last year, and those of our colleagues who are new to the Senate, I am asking you to join this bipartisan effort of Senators from both rural and urban States to see that these important provisions are enacted this year.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 677

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

SECTION 1. Short Title.

This Act may be cited as the “Housing Bond and Credit Modernization and Fairness Act of 2001”.

SECTION 2. Repeal of Required use of Certain Principal Repayments on Mortgage Subsidy Bond Financings.

(a) IN GENERAL.—Subparagraph (A) of section 143(a)(2)(D) of the Internal Revenue Code of 1986 (defining qualified mortgage issue) is amended by striking “and” at the end of clause (ii), by striking “,” and “” at the end of clause (iii) and inserting a period, and by striking clause (iv) and the last sentence.

(b) Effective Date.—The amendments made by this section shall apply to repayments received after the date of the enactment of this Act.


(a) IN GENERAL.—Paragraph (1) of section 143(e) of the Internal Revenue Code of 1986 (relating to purchase price requirement) is amended to read as follows: “(1) IN GENERAL.—An issue meets the requirements of this subsection only if the acquisition cost of the residence (the sum of the original issue price of the bond plus the premium (if any) paid by the issues received after the date of the enactment of this Act) is not more than—

“(A) 90 percent of the average area purchase price applicable to the residence, or

“(B) 3.5 times the applicable median family income (as defined in subsection (f)).”

(b) Effective Date.—The amendment made by this section shall apply to financial providers and mortgage credit certificates issued, after the date of the enactment of this Act.

TITLE I—Recommended Levels and Amounts

SEC. 101. Recommended levels and amounts.

SEC. 102. Major functional categories.