

Georgia ACT Final 2017 Legislative Report

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This is the end of the first of a two year session, so legislation that did not pass this year remains available for action next year. This summer and fall are ideal times to connect with your Senator and Representative back in the district. Please thank them for voting for the bills that passed and share with them why affordable housing is a priority for you and your organization. This is an easy way to begin to build a relationship with your elected officials that will deliver great dividends when the legislature convenes again in January.

Keep in mind that 2018 will see the election of a new Governor, Lt. Governor, all state Constitutional office holders, all members of the Georgia House and Senate, and our House Congressional delegation. Candidates have already begun to announce their intentions and those races will play a decisive role in what happens next session and beyond. It is important that we work to be sure that housing is front and center in these races and the choices voters make.

We will be in touch to keep you informed about key Study Committees that will be meeting over the interim on housing matters.

Thank you for your engagement and advocacy this session. Your voice is the key to our advocacy successes!

Below are highlights about the bills that address affordable housing priorities:

AFFORDABLE HOUSING

[HB 285](#) Fair Valuation of Low Income Housing Tax Credit Properties (Rep. David Knight, R-Griffin)

HB 285 revises the criteria used to determine the fair market value of low income housing tax credit property in response to a recent Georgia Supreme Court decision. The bill provides specific guidance to tax assessors on how to value these properties and addresses some egregious situations that have occurred with inflated valuations. HB 285 passed the House overwhelmingly (vote was 168-2) and passed the Senate Finance Committee with compelling testimony from DCA Commissioner Camila Knowles, but was stymied in the Senate Rules Committee in the final days of the session. Ultimately HB 285 (and two other bills) were substituted on to an unrelated bill (originally dealing with tax exemptions for royalties paid to musical artists) and passed by a Conference Committee Substitute to [HB 196](#). HB 196 was the very last bill to pass this session at just minutes before 1 am on the final night.

The bill provides that property with a low-income housing tax credit may only be compared to other low-income housing tax credit properties for the purpose of determining fair market value. When using the sales comparison approach to value these properties, tax credits may be considered provided that comparable sales of property used for valuation had unused income tax credits at the time of the sale. When using the income approach to valuing such property actual income and expense data supplied by the property owner must be considered, and any tax credits may be considered provided that such credits generate actual income to the property owner of record.

- This legislation will stabilize ad valorem tax assessments of properties regulated by the Department of Community Affairs' low income housing tax credit program, a key part of Georgia's support for affordable housing developments.
- Low income housing tax credit properties bear rent restrictions intended to increase access to housing for lower income households.
- This measure will guide local tax assessors in their consideration of income tax credits as a part of the valuation of the properties to support increased access to affordable housing.
- But for the tax credits that are awarded by DCA through a competitive process, these high-quality residential properties would not be built.

Status: *HB 196 passed and was signed into law by the Governor.*

Please thank these legislators who took the lead in passing this bill: [Sponsor Rep. David Knight](#), [House Ways & Means Chairman Rep. Jay Powell](#), [Senate Finance Chairman Sen. Chuck Hufstetler](#), and [Senate Conferee Nan Orrock](#).

[HB 434 Eminent Domain and Blight Amelioration](#) (Rep. Wendell Willard, R – Sandy Springs)

This Bill amends the eminent domain law to allow a local government to seek the condemnation of property that is blighted, i.e., uninhabitable, unsafe or abandoned, an imminent harm to life or property, the site of repeated criminal activity, etc., and after demolition, to recommit the property to the same usage for five years. The bill outlines a process to petition the Superior Court to determine that the property is blighted and determine its current or last lawful use that will restrict future usage to that same purpose for five years.

Status: *Passed and signed into law by the Governor.*

Please thank the legislator who took the lead in passing this Bill: [Sponsor and Judiciary Chairman Rep. Wendell Willard](#)

[HR 798 House Study Committee on Low Income Housing Tax Credits](#) (Rep. Dale Rutledge, R-McDonough)

Introduced on Day 39 and passed by the House on Day 40, this measure creates a House Study Committee to determine the effectiveness of low-income housing tax credits. Such credits are essentially the only funds that Georgia dedicates to affordable housing in the state. It is unclear what prompted this initiative.

Status: *Passed House. [Committee members to be appointed.](#)*

FY 2018 BUDGET

The FY 2018 Budget passed the House and the Senate with few changes and the Conference Committee Report was adopted by both sides on Day 38 – a legislative record. Here is a link to the Conference Committee Report on [HB 44](#).

Department of Community Affairs:

- Homeownership Programs:
Expand supply of affordable housing through rehabilitation and construction financing, promote homeownership for low and moderate income individuals by providing sustainable housing grants to

local governments, administer mortgage and down payment assistance programs for low and moderate income homebuyers, and offer homeownership counseling and home buyer education programs by partnering with private providers.

State funds: 0 Federal funds: \$3,839,989

- Rental Housing Programs:

Housing tax credits, low interest loans for affordable rental housing, tenant assistance for rentals.

State funds: 0 Federal funds: \$125,867,471

- State Housing Trust Fund for the Homeless:

State funds: \$3,187,794 Federal funds: \$2,378,301

Includes Senate appropriation of an increase of \$100,000 for Statewide Independent Living Council for special housing home modifications.

Department of Human Services:

- Community Development Block Grants:

Provide services and activities through local agencies to assist low income people with employment, education, nutrition and housing services.

State funds: 0 Federal funds: \$16,110,137 (CDBG)

Tax Credits and Tax Deductions for Housing:

The state's largest contribution to affordable housing comes in the form of its grant of low income housing tax credits. The state's [Tax Expenditure Report for FY 18](#) shows that Georgia granted developers \$217 Million in low income housing credits last year. These are sums that the state foregoes collecting because of the grant of the tax credit. They are not reflected in the appropriations budget, but only in the Tax Expenditure Report. The Report highlights why its analysis is important:

“Tax expenditures are an allocation of government revenue that are intended to achieve a particular policy outcome or encourage some activity...The benefits of tax expenditure provisions are usually targeted to higher income taxpayers compared to direct expenditure programs [which are reflected in the state Budget] so that the absence of tax expenditures in the overall analysis [of government spending] may lead to the conclusion that government resources are targeted toward less affluent taxpayers.”

Tax Expenditure Report at pp. 3-4. It is important to note that by far the largest expenditure of state funding for housing is in the form of the individual tax deduction for the mortgage interest paid on a primary residence. Last year in Georgia, the mortgage interest deduction for home ownership totaled \$630 Million -- one of the largest tax expenditures made by the state. No comparable deduction or tax advantage is available to renters, who tend to have lower incomes.

President Proposes Massive Affordable Housing Cuts

The [President's FY 18 Budget proposal](#) includes massive cuts to affordable housing programs administered by HUD (15% cut totaling \$7.4 Billion) and USDA programs for rural housing, eliminates the national Housing Trust Fund, reduces tenant based rental assistance, cuts vouchers for people with disabilities and veterans, lowers homeless assistance funding, eliminates the Community Development Block Grant program and the HOME Investment Partnership Program and others, while simultaneously cutting healthcare, food and energy assistance programs for low income Georgians. Most funding for affordable housing in Georgia comes from the federal government. Proposed cuts to affordable housing, HUD and Community Development Block Grants (CDBG) proposed in the President's federal budget will have a negative impact in Georgia.

Please contact your Members of Congress in the House and Senate.

Meet with your Member in their District during the Congressional Recesses.

Oppose cuts that would reduce support for affordable housing for Georgians.

HOUSING TO SUPPORT HOMELESSNESS AND RE-ENTRY

SR 352 Senate Study Committee on Homelessness (Sen. Renee Unterman, R- Buford)

Health and Human Services Chair Sen. Renee Unterman's SR 352 creates a Senate Study Committee to address the cost of homelessness to the state, identify and assess federal and state agency initiatives addressing homelessness, evaluate federal funding Georgia currently receives that could be available to address homelessness, and form recommendations to coordinate efforts across state agencies, including DCA, DBHDD, DHS and DCH. The measure identifies the lack of affordable housing as one of the causes of homelessness. (This is likely intended to look at the options to secure Medicaid 1115 waivers for special programs to reduce healthcare costs in innovative ways and housing has been identified as fertile ground in this area.)

Status: Passed Senate. [Awaiting appointment of committee members.](#)

SB 174 Georgia Council on Criminal Justice Reform This was part of Governor Deal's criminal justice reform package recommendations from the Council, including our recommendation that the Department of Community Supervision administer a certificate program to confirm that people under probation or parole supervision are in compliance, as a tool to assist individuals to secure housing and employment.

Status: Passed and signed into law by the Governor.

Governor Deal's **Criminal Justice Reform Council's 2017 Report** (see pp. 11-12, 35, 40-44) included a number of the recommendations that Housing Georgia spearheaded on **housing necessary to prevent homelessness and support successful return to the community for persons leaving prison**:

Strengthen supports for re-entry, including increasing housing opportunities for people leaving prison.

- Expand the Reentry Partnership Housing program in under-served areas.
- Clarify that blanket bans on renting to persons based on a prior arrest or incarceration are prohibited by federal law.
- Dept. of Community Supervision should develop standards for local reentry collaboratives that involve sheriffs, policy, public defenders, community service boards, legal services, nonprofits, faith based organizations and officials representing corrections and mental health, using the Family Connection model to develop effective reentry programs.
- Issue program and treatment completion certificates for people on community supervision demonstrating compliance in order to assist with access to jobs and housing. ([SB 174](#))

Looking Deeper: *The best source of information about legislation of concern to you may be found at the General Assembly website where you can track legislation by bill number, author, key word, etc.; find information about your legislators and how to contact them, find bills they have sponsored and the committees they serve on; access archived copies of floor debates and key House Committee meetings; link to the floor votes on legislation, etc. at www.legis.ga.gov.*

To find out who represents you go to www.openstates.org.