



Kevin P. Martin & Associates, P.C.

KPM Affordable Housing Newsletter

Season's Greeting from the Managing Director

December 2010

During this special season, many are filled with the spirit of giving, the importance of family and friends, and a sense of healing, renewal and new opportunity. That spirit lives year-round at KPM. I am proud, and grateful, to work with such a talented and dedicated staff. Everyone exhibits an unwavering commitment to their clients and all strive for unsurpassed ex-



Kevin with Olympia Snowe

cellence in their work.

In keeping with the spirit of the season, I am also proud and grateful to those whom we provide a service to. Some of you have known us for years and some only for a brief time, yet you all sustain us in so many ways. KPM's pledge to you is to continue to provide outstanding client service. We will stay involved in the pulse of politics – to watch the global effect on your industry and will keep on top of the ever changing tax laws. We will accomplish this pledge through our national association with BKR and the strength of our KPM collaborative team.



Kevin with John Kerry

We look forward to the year ahead with great optimism and thank you for taking this journey with us.

May your days be filled with peace and hope for the New Year.

Kevin P. Martin, JR.

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Washington Update

Both the House and Senate have passed and sent to the President for signature the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

As in all compromise measures the housing industry had some wins and some losses. Most notably, the Section 1602 cash grant exchange program was not

extended nor does the bill allow for the New Markets Tax Credit to offset minimum gain.

On the plus side however, the legislation does extend for the actual New Markets Tax Credit for two years (2010 and 2011). The New Markets Tax Credit will permit 3.5 billion per year in qualified equity investments. The new law also

extends the cash grant in lieu of tax credit for energy property for one year. Application for the grant must be received before October 1, 2011.

Expensing of environmental remediation cost will be continue to be allowed for expenditures paid or incurred before January 1, 2012 and bonus

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Washington Update

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depreciation will be extended and expanded to equal 100% of the cost of qualified property placed in service after September 8, 2010 and before January 1, 2012 and 50% of qualified property placed in service after December 31, 2011 and before January 1, 2013.

The Go Zone is a big winner and received some much needed help in the form of extended placed in service dates. Properties in the Gulf Opportunity Zone that are receiving GO Zone low-income

housing tax credits can extend their placed in service date until January 1, 2012 (although there may be a technical correction to January 1, 2013). In addition, the increased rehabilitation tax credit for expenditures in the GO Zone, as authorized under the Go Zone Act of 2005 is extended through 2011. This increase is from 20% to 26% for certified historic structures and from 10% to 13% for other qualified properties. The use of tax-exempt bonds for rebuilding properties is extended one year and lastly, the additional depreciation deduction for invest-

ments made in this zone is extended until 2011.

Finally, on an individual level, the "Bush" tax cuts are extended for two years and unemployment insurance funding will be extended through 2011. The alternative minimum tax received another patch for two years and the estate tax rate is capped at 35% for thresholds over (\$5 million for single and \$10 million for joint) until the end of 2011.

A more detailed analysis of the entire bill will follow in a future client alert.

HUD Issues Notice Regarding New Reallocation of TCAP Funds

The Housing and Urban Development (HUD) issued notice CPD-10-004 which describes the method and criteria used by HUD to reallocate approximately \$16million of recaptured Tax Credit Assistance Program (TCAP) funds. As a result

of HUDs recapture of TCAP due to failure of Grantees to satisfy regulatory requirements it gives eligible LIHTC projects a potential opportunity to obtain additional TCAP funds. Detailed information regarding the reallocation of

TCAP funds such as application information, funding criteria and overall requirements may be found on HUDs website at <http://portal.hud.gov/portal/page/portal/HUD/recovery/programs/tax>



Because the good will of those we serve is the foundation of our success, it's a real pleasure at this Holiday Season to say "Thank You" and to wish you the very best for the New Year.

The KPM Family

Business Ideas at Work

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