



**Statement of the A Call to Invest in Our Neighborhoods (ACTION) Campaign
for the Record**

**House Ways and Means Committee
Tax Reform Working Group on Real Estate
April 9, 2013**

Chairman Johnson, Vice Chairman Pascrell, and Members of the Working Group:

Thank you for the ability to provide comments on our current tax code as the House Ways and Means Committee considers comprehensive tax reform. We provide these comments on behalf of over 450 organizations dedicated to protecting and strengthening the Low-Income Housing Tax Credit (Housing Credit) as members of the A Call to Invest in Our Neighborhoods (ACTION) Campaign.

The ACTION Campaign was founded in 2009 by a broad cross-section of Housing Credit stakeholder organizations that work with the Housing Credit directly or through partners, and understand the program's positive impact on affordable housing production, state and local economics, and job creation. We speak in a unified voice in calling on Congress to protect and strengthen the Housing Credit through tax reform.

The Housing Credit is the nation's largest and most successful rental housing production tool, supporting jobs for 95,000 Americans annually through the production and preservation of about 100,000 affordable homes each year. Through public-private partnerships, the program has leveraged near \$100 billion of private equity capital to help finance more than 2.6 million affordable homes throughout the program's 26-year history.

The Housing Credit is vital to the creation and preservation of affordable housing in every state in the Union. In 2010, half of all multifamily starts were financed by the Housing Credit, according to the National Association of Home Builders (NAHB). Housing Credit properties are very well managed, with an extremely low foreclosure rate over the program's history of 0.62 percent, according to CohnReznick.

The need for affordable rental housing is acute and growing. Renters are constrained by a lack of income growth, and as more people decide to rent, there has not been an accompanying increase in the supply of affordable apartments. According to HUD's Summary of Worst Case Housing Needs, a record 8.5 million very low-income families nationwide are considered to have worst case housing needs in 2011, meaning they are very low-income renters who either paid more than half of their income for rent, lived in severely inadequate conditions, or both. The number of cases in 2011 rose from 7.1 million in 2009 and has been steadily growing since 2007. In the types of jobs currently hiring new workers, four out of the five most prevalent jobs do not pay workers enough to afford to rent or buy housing at typical prices nationwide, according to the Center for Housing Policy.

In addition to creating affordable homes, supporting jobs, and expanding local economies, the Housing Credit brings well-designed rental housing to a wide variety of communities, from inner cities to rapidly growing suburbs to rural towns. It builds new affordable apartments and saves valuable at-risk existing affordable housing, preventing displacement as rents outpace incomes. It provides affordable homes to working families and vulnerable populations with special needs—the elderly, people with disabilities, and people who are homeless. It



addresses the housing needs of acutely underserved communities, such as farmworkers and Native Americans, and it is the key housing resource for transformative community redevelopment and revitalization efforts nationwide.

As Congress considers various options for tax reform and deficit reduction, it should recognize that the Housing Credit is a proven, efficient means for creating affordable housing through public-private partnerships. For more than 26 years after President Reagan signed it into law in 1986, the Housing Credit has leveraged private capital, private development expertise, and private asset management to create affordable housing under the guidance of individual state allocating agencies. The Housing Credit's place in the tax code is an essential part of its long-term success. Indeed, it has been so successful that it has become a model for subsequent programs.

In addition to protecting and preserving the Housing Credit as a permanent part of the tax code, the ACTION Campaign supports the following legislative proposals to improve the efficiency and effectiveness of the Housing Credit at a negligible cost to the federal government:

1. Make the 9 percent Housing Credit fixed floor rate permanent

The Housing and Economic Recovery Act of 2008 (HERA) set the rate for new construction and substantial rehab Housing Credits (also known as 9 percent Housing Credits) from each state's allocation at no less than 9 percent, the amount originally envisioned when the program was created in the Tax Reform Act of 1986. This experiment proved successful—it removed the uncertainty and financial complexity of the floating rate system, simplified state administration, and facilitated development of affordable housing after HERA's enactment. The provision was then extended for projects allocated by the end of 2013 through the American Taxpayer Relief Act of 2012. However, this provision will expire for apartments placed in service after 2013. If this provision is not extended by the end of 2013, developments will need to be underwritten at the floating rate, which would mean a sudden and substantial reduction in the amount of equity that a development could receive for its allocation (though with no change in the amount of credits allocated overall). In the current budget environment where gap financing from HOME, Community Development Block Grant (CDBG), and other local sources are at risk, such a cut in equity would make the development of affordable housing more difficult. Making the fixed floor rate permanent would not increase the number of Housing Credits allocated, as they are capped annually. It just affects how much allocation each project may receive.

2. Make the Housing Credit floor rate for acquisition fixed at no less than 4 percent

In addition to the new construction and substantial rehab Housing Credits, states are allowed to provide Housing Credits from their capped allocation for the acquisition of existing property, an important tool for affordable housing preservation. Acquisition Housing Credits are currently set by the floating rate system just like new construction and substantial rehab Housing Credits were before HERA. Applying the fixed floor rate for acquisition Housing Credits at no less than 4 percent would similarly remove the uncertainty and financial complexity of the floating rate system, simplify state administration, and facilitate preservation of affordable housing at little or no cost to the federal government. Acquisition Housing Credits are less than 10 percent of all allocated Housing Credits according to the National Council State Housing Agencies, so the incremental additional cost of extending the fixed floor rule to acquisition Credits would be minimal.



Thank you again for this opportunity to explain the importance of retaining the Housing Credit in the tax code and strengthening it through the minimum credit rates. We look forward to working with you as Congress pursues comprehensive tax reform.

Signatories:

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- Affordable Housing Tax Credit Coalition
- AHEAD, Inc. (NH)
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- American Covenant Senior Housing Foundation (GA)
- AmeriNational (FL)
- AMCAL Multi-Housing, Inc. (CA)
- Arbor Housing Development (NY)
- Arbour Valley Development (AL)
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Community Frameworks (WA)
Community Housing Assistance Program, Inc. (CA)
Community Housing Initiatives, Inc. (IA)
Community Housing of Maine (ME)
Community League of the Heights (NY)
Community Realty Agency & Information Group (FL)
Community Revitalization and Dev. Corp. (CA)
Comprehensive Housing Assistance, Inc. (MD)
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Council of State Community Development Agencies
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DHIC, Inc. (NC)
Disability Advocates of Kent County (MI)
Diversified Equities Corporation (MN)
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D.W. Jones, Inc. (MN)
EAH Housing (HI, CA)
Eden Housing, Inc. (CA)
Edgemere Development (NY)
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Episcopal Community Services of San Francisco (CA)
ERS Consulting Group, LLC. (PR)
Ewing Planning Services (NY)
Excel Development Group (NE)
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Fecteau PLLC (NY)
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The Gatehouse Group, Inc. (FL)
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Global Development Initiatives, LLC. (FL)
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Great Lakes Capital Fund (IL, IN, MI, WI, NY)
Greater Minnesota Housing Fund (MN)
Greater Rochester Housing Partnership (NY)
Green Mills (FL)
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Homestead Affordable Housing, Inc. (KS)
HOPE of Kentucky, LLC. (KY)
Horizon Development and Management (UT)
House of Hope CDC (RI)
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Housing Advisory Group
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Housing Authority of Jackson County (OR)
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Housing California (CA)
Housing Colorado (CO)
Housing Corporation of Arlington (MA)
Housing Dev. Consortium of Seattle-King County (WA)
Housing Hawaii (HI)
Housing Partnership, Inc. (KY)
Housing Partnership Network
Housing Preservation Project (MN)
Housing Resource Connection (CA)
Housing Trust Group, LLC. (FL)
Housing Trust of Rutland County, Inc. (VT)
Housing Trust of Santa Fe (NM)
Housing Vermont (VT)
Housing Visions (NY)
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HTA Development, LLC. (MD)
Ibero-American Development Corporation (NY)
Illinois Housing Council (IL)
Imagine Housing (WA)
The Ingerman Group (NY)
Inner City Christian Federation (MI)
Innovation, LLC. (WV)
The Institute for Human Services, Inc. (NY)
Institute for Responsible Housing Preservation (DC)
Institute of Real Estate Management
InterIm Community Development Association (WA)
James A. Saad, LLC. (OH)
JBH Ministries, Inc. (GA)
JPM Development, LLC. (FL)
JL Gray Company (NM)
Kansas City Equity Fund, LLC. (MO, KS)
Keller Development, Inc. (IN)
Kelly & Close Engineers (PA)
Kevin P. Martin & Associates, P.C. (MA)
Kiss & Company, Inc. (FL)
Klein Hornig LLP
La Fundacion del Perpetuo Socorro (PR)
Laborers' Home Development Corp. (IL)
Laconia Area Community Land Trust (NH)
Lamoille Housing Partnership (VT)
Landmark Companies, Inc. (FL)
Laurin Associates (CA)
LeadingAge
LDG Development, LLC. (KY)
Lee and Co, PC (MT)
Leon N. Weiner & Associates, Inc. (DE)
LIFE Senior Services (OK)
LifeSTEPS (CA)
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Locke Lord LLP (TX)
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Louisiana Community Reinvestment Coalition (LA)
Low Income Investment Fund
Low Income Housing Institute (WA)
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MaGrann Associates (NJ)
Maine Affordable Housing Coalition (ME)
Maine Workforce Housing, LLC. (ME)
Management Specialists Co. (HI)
Marian Development Group, LLC. (KY)
Maryland Affordable Housing Coalition (MD)
Maryland Asset Building & Cmty. Dev. Network (MD)
Massachusetts Housing Investment Corp. (MA)



- MB Financial Bank (IL)
- MEND, Inc. (NJ)
- Mercer Alliance to End Homelessness (NJ)
- Mercy Housing, Inc.
- Merritt Community Capital Corporation (CA)
- MetroPlains, LLC. (MN)
- The Metropolitan Consortium of Cmty. Developers (MN)
- Michaels Development Company
- Michigan Disability Housing Work Group (MI)
- Michigan Housing Council (MI)
- MidPen Housing Corp. (CA)
- Midwest Housing Equity Group, Inc. (IA, KS, NE, OK)
- Minnesota Housing Partnership (MN)
- Mississippi Assoc. of Affordable Housing Providers (MI)
- Missoula Housing Authority (MT)
- Monarch Housing Associates (NJ)
- Monroe Group Ltd. (CO)
- Montgomery Housing Partnership (MD)
- Morrow Companies (AL)
- Mortgage Bankers Association
- Mountain Plains Equity Corporation (MT)
- Mutual Housing Assoc. of Southwestern Connecticut (CT)
- National Affordable Housing Management Association
- National Alliance of Cmty. Economic Dev. Associations
- National Apartment Association
- National Assoc. of Affordable Housing Lenders
- National Assoc. of Local Housing Finance Agencies
- National Assoc. for County Community Economic Dev.
- National Assoc. of Home Builders
- National Assoc. of Housing and Redevelopment Officials
- National Assoc. of State and Local Equity Funds
- National Church Residences (OH)
- National Council of State Housing Agencies
- National Development Council
- National Housing & Rehabilitation Association
- National Housing Conference
- National Housing Law Project
- National Housing Trust
- National Leased Housing Association
- National Multi Housing Council
- National NeighborWorks Association
- National Trust Community Investment Corporation
- NDC Corporate Equity Fund, LP.
- Nebraska Housing Developers Association (NE)
- Neighborhood Service Organization (MI)
- NeighborWorks Blackstone River Valley (RI)
- NeighborWorks Capital (MD)
- NeighborWorks of Greater Manchester (NH)
- Network for Oregon Affordable Housing (OR)
- New Beginnings Housing, LLC. (ID)
- New England Housing Network (MA)
- New Generation Management, Inc. (IN)
- New Mexico Coalition to End Homelessness (NM)
- New Neighborhoods, Inc. (CT)
- New York Housing Conference (NY)
- New York State Assoc. for Affordable Housing (NY)
- NH Community Loan Fund (NH)
- Nixon Peabody LLP
- Non-Profit Housing Assoc. of Northern California (CA)
- Norstar Development USA (FL)
- North Carolina Housing Coalition (NC)
- North Shore Community Development Coalition (MA)
- Northern New England Hsg. Investment Fund (NH)
- Northwest Housing Alternatives (OR)



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The NRP Group (FL)
The NuRock Companies (FL)
Office of Rural and Farmworker Housing (WA)
Ohio Capital Corporation for Housing (OH)
Ohio Housing Council (OH)
Ojibway Development, LLC. (MI)
Olneyville Housing Corporation (RI)
ORION Real Estate Services, Inc. (GA)
ORO Development Corporation (OK)
Oti Kaga, Inc. (SD)
Paces Foundation (GA)
The Pacific Companies (ID)
PathStone (NY)
Partnership Property Management (NC)
PDC Companies (AR)
Penquis Housing, Inc. (ME)
Pennrose Properties (PA)
Perennial Property Management (IA)
Picerne Development Corp of Florida (FL)
Pinellas County Housing Authority (FL)
Pinnacle Housing Group, LLC. (FL)
Plymouth Housing Group (WA)
Podawiltz Development Corporation (MN)
Pressly Development Company, Inc. (NC)
Project for Pride in Living (MN)
Project Freedom, Inc. (NJ)
Providence Community Housing (LA)
Providence Housing Development Corp. (NY)
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R4 Capital, LLC. (NY)
Raymond James Tax Credit Funds, Inc. (FL)
RBC Capital Markets – Tax Credit Equity Group
REACH Community Development, Inc. (OR)
Real Estate Equities, Inc. (MN)
Recap Real Estate Advisors
Red Stone Equity Partners (TX)
Regan Development Corporation (NY)
Related California (CA)
Related Urban (FL)
Reliance Housing Foundation (NC)
Religious Coalition for Community Renewal (WV)
The Renaissance Companies (IL)
Resources for Community Development (CA)
The Resurrection Project (IL)
The Richman Group of Florida, Inc. (FL)
Rochester’s Cornerstone Group, Ltd. (NY)
Rocky Mountain Development Council (MT)
Roots of Mankind Corp. (MD)
ROSE Community Development Corporation (OR)
Rosedale Corporation (MS)
Roundstone Development, LLC. (FL)
Royal American (FL)
Rural Community Assistance Corporation (CA)
Rural Rental Housing Assoc. of Louisiana, Inc. (LA)
Rural Rental Housing Assoc. of Texas, Inc. (TX)
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S & A Homes (PA)
San Diego Housing Federation (CA)
San Fernando Valley Homeless Coalition (CA)
Sand Companies, Inc. (MN)
SCI Associates, LLC. (MN)
SECDE Ventures, LLC. (MS)
Seldin Company (Nebraska)



- Senior Services (WA)
- Settlement Star Services, LLC. (OH)
- Selfhelp Community Services
- The Shelter Group (MD)
- Smart Growth America
- Somerset Pacific (ID)
- South Florida Community Development Corp. (FL)
- Southeastern Affordable Housing Management Assoc.
- Southern California Assoc. of Non-Profit Housing (CA)
- Southern Tier Environments for Living (NY)
- Southport Financial Services, Inc. (FL)
- Southwest Minnesota Housing Partnership (MN)
- Spokane Housing Ventures (WA)
- Spokane Low Income Housing Consortium (WA)
- SRO Housing Corporation (CA)
- St. Louis Equity Fund, Inc. (MO)
- Star Title Agency, LLC. (OH)
- Steele Properties, LLC. (CO)
- Stewards of Affordable Housing for the Future
- Strategic Tax Credit Investments, LLC. (MA)
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- Summit Management Group, Inc. (MT)
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- Tapestry Development Group (GA)
- Tenderloin Neighborhood Development Corp. (NY)
- Texas Affiliation of Affordable Housing Providers (TX)
- The TheoPRO Group (WI)
- Thomas Development Co. (ID)
- Thomas Safran & Associates (CA)
- T.M. Associates, Inc. (MD)
- Tonalea Chapter (AZ)
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- UAH Property Management, Inc. (TX)
- United Developers, Inc. (NC)
- Urban Housing Communities, LLC. (CA)
- Urban Housing Partners, LLC. (NE)
- Urban Initiatives (CT)
- Urban Residential Partners (CO)
- Valley National Bank (NY)
- Vermont Affordable Housing Coalition (VT)
- Vesta Corporation (CT)
- Vestcor Development Corp, Inc. (FL)
- Victory Housing, Inc. (MD)
- Vintage Construction, LLC. (KS)
- Virginia Community Development Corporation (VA)
- Virginia One Development (VA)
- Vitus Group
- Volunteers of America
- Wakeland Housing and Development Corp. (CA)
- The Wallick Companies (OH)
- Wasatch Advantage Group, LLC. (CA)
- The Washington Low Income Housing Alliance (WA)
- Weaver Cooke Construction (NC)
- Weaver-Kirkland Housing, LLC. (NC)
- Wendover Housing Partners, Inc. (FL)
- West Harlem Group Assistance, Inc. (NY)
- West Palm Beach Housing Authority (FL)
- Western Community Housing, Inc. (CA)
- William S. Robinson & Associates, Inc. (NC)
- Winters Construction, LLC. (MS)



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(WI)

Wisconsin Housing Preservation Corp. (WI)

The Wishcamper Companies, Inc. (ME)

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Women's Inst. for Housing & Economic Dev. (MA)

Woodlawn Trustees, Inc. (DE)

Workforce Homestead, Inc. (NC)

Wyoming Housing Network (WY)

YES Housing, Inc. (NM)