



**Social** Mission.  
Private **Enterprise**.

April 15, 2015

The Honorable Dean Heller  
U.S. Senator of New Jersey  
324 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Michael Bennet  
U.S. Senator of Colorado  
458 Russell Senate Office Building  
Washington, DC 20510

Dear Senators Heller and Bennet,

The Housing Partnership Network (HPN) appreciates the opportunity to provide our recommendations to the Senate Finance Committee's Community Development and Infrastructure Working Group. In particular we would like to make suggestions with respect to the Low Income Housing Tax Credit (LIHTC) and the New Markets Tax Credit (NMTC).

HPN is a member-driven organization comprised of nearly 100 entrepreneurial, high capacity nonprofits that operate all across the country. The members are diversified social enterprises combining a mission focus with business acumen. HPN members' businesses include lending, real estate development, property management, and housing counseling. All of our member work to link their communities to services – education, workforce development, and health care.

HPN is best described as a business collaborative. The members' senior leadership comes together with their peers to exchange information, solve problems, and share best practices. Their collaborations have spawned member-owned businesses that improve member operations and advance innovations in the practice of affordable housing and community development. For example, when insurance costs spiked after 9/11, members launched a captive property and casualty insurance company that today insures approximately 60,000 homes with \$7.3 billion of insurance-in-force. Other businesses that have emerged from these collaborations include a group buying service, a new web-based approach to homebuyer education, and a multifamily real estate investment trust.

HPN welcomes the opportunity to provide comments to the working group on LIHTC and NMTC. HPN's high-capacity nonprofit members develop affordable housing for homeowners and renters and work with low-income families to achieve better life outcomes through access to services and revitalizing local communities. As cornerstone housing providers in their communities, our members are keenly aware of the overwhelming demand in underserved communities for rental housing and access to credit, which are helped by the LIHTC and the NMTC respectively.

### **The Low Income Housing Tax Credit**

Since Congress created LIHTC in the Tax Reform Act of 1986, the tax credit has financed almost all the affordable rental housing in the country. To continue LIHTC's record of success, HPN would like to echo the recommendations made by the Affordable Rental Housing ACTION Campaign in their letter to the Senate Finance Committee's Community Development and Infrastructure Working Group.

The demand for affordable rental housing is at an all-time high. In 2012, there were only 3.3 million rental units affordable and available to 11.5 million extremely low income households. According to the Census Bureau's American Community Survey, 47.6% of renters pay over 30% of their income for housing, which leaves low income families with little income for other daily necessities such as food and transportation.

LIHTC is the country's main tool for developing and preserving affordable housing for working families, veterans, seniors and people with special needs. Since its creation in 1986, LIHTC has leveraged nearly \$100 billion in private capital to finance 2.7 million quality affordable apartments. LIHTC is a "pay-for-performance" credit, meaning that investors can claim credits only after properties are built and occupied by qualified residents. The investors, not the taxpayers, bear the financial risk since the credits can be recaptured if a property no longer complies with LIHTC regulations.

#### **In particular HPN supports:**

- **Expanding the current Low Income Housing Tax Credit resources,**
- **Preserving the "9 percent" and "4 percent" LIHTC credits,**
- **Enacting permanent minimum LIHTC credit rates; and**
- **Allowing income averaging within LIHTC developments in order to make the program more flexible while still preserving targeting.**

### **New Markets Tax Credit**

Likewise, the NMTC has proved to be a highly effective tool for stimulating private sector investment in low income communities since it was created by the Community Renewal Tax Relief Act in 2000. The NMTC has generated 744,000 jobs in low income communities between 2003 and 2012 and has resulted in \$63 billion in project investments over that same time

period. HPN urges the Working Group to permanently extend the New Market Tax Credit and to consider an increase in the credit authority.

The NMTC was designed to incentivize the private sector to increase investment in low income communities and the businesses in those communities. The NMTC is a flexibly designed program which can be used for projects which best suit the needs of individual communities. NMTC has been used to finance a variety of projects including health centers, childcare facilities, charter schools and business expansions.

There is substantial evidence that low and moderate income areas continue to be underserved by private sector capital, which is critical to business success and revitalization. From 2003 to 2011 approximately \$27 billion in NMTC were invested in low income communities which resulted in \$55 billion in project costs for NMTC financed businesses. **Congress should make NMTC permanent and increase the allocation available to the program to meet the demand for access to capital in low income communities, both urban and rural.**

#### Conclusion

Thank you, in advance, for your consideration of these comments. Please contact Kristin Siglin HPN's Vice President, Policy at [siglin@housingpartnership.net](mailto:siglin@housingpartnership.net) or (202) 677-4294 if you would like more information on our views or to explore any of the issues raised by this letter in more detail.

Sincerely,



Kristin Siglin  
Vice President, Policy  
Housing Partnership Network