



**The Low-Income Housing Tax Credit Program
Providing Quality Affordable Rental Housing for a
Quarter Century**



Its successful 25 year history

*Its importance to low income
people and the economy*

*It has earned bi-partisan
Congressional support*

Low-Income Housing Tax Credit Program — Section 42 of the Internal Revenue Code

- **The Housing Credit does what Congress intended it to do.** Originally enacted as part of the Tax Reform Act of 1986, it generates private capital investment to support the development of new and rehabilitated affordable rental homes for low and very low-income families. The Housing Credit is administered mostly by the States, which allows them to adapt the program to their unique housing needs under broad Federal guidelines.
- **The Housing Credit is a very effective and efficient use of federal subsidy.** Credits are awarded to developers through a competitive allocation process in each state: applications greatly exceed the volume of available Housing Credits in most states; the Housing Credit leverages other private capital in addition to investor equity; and, the Housing Credit is priced competitively in the market.
- **The program creates immediate and permanent jobs for small business.** Architects, plumbers, electricians, carpenters, concrete fabricators, bricklayers, roofers and other specialties all benefit when a Housing Credit property is being built. Property managers, maintenance workers, service providers and others benefit when the property is occupied.
- **The private sector takes all of the development and marketing risk associated with the Housing Credit, not the government.** Strong oversight and accountability enforced by the private sector is a distinguishing feature of the Housing Credit. The private sector faces powerful credit recapture penalties for non-compliance with allowable income and rent levels and other occupancy requirements.
- **The Housing Credit provides affordable housing solutions.** Working-class families, seniors, the homeless, and underserved and rural communities all benefit.
- **The program addresses the continued need for affordable housing.** Housing Credit properties experience an average vacancy rate of 4.2%, compared to 10.6% in the overall rental market: there is a shortage of homes for extremely low-income families; nationwide, just 37 units are available for every 100 extremely low-income families.
- **The program employs a pay-for-performance policy.** There is ongoing risk borne by the private sector participants. Investors only get to claim and keep the tax credits if affordable housing units are built, leased and maintained as affordable housing throughout the compliance period (15 years). Additionally, there is a 15 year extended use period with many states requiring much longer affordability. Developers provide guaranties throughout the 15 year compliance period, including operating deficit and tax credit guaranties.
- **Foreclosure risk is minimal.** Foreclosures have occurred in less than 1% of all Housing Credit properties over the last 25 years of the program, outperforming all other classes of real estate.

Facts about the Housing Credit

- \$75 billion was invested in housing tax credits between 1987 and 2008. (Ernst & Young, Low-Income Housing Tax Credit Investment Survey, pg. 9).
- Over 2.4 million affordable apartment units have been placed in service since 1986 (NCSHA's 2009 Factbook)
- Building and rehabilitating each 100 Housing Credit apartments generates 116 jobs and more than \$3.3 million in federal, state, and local revenue.
- Even at reduced levels of investment and production, the Housing Credit represented half of all multifamily starts in 2010. (Crowe, David, *Housing and Economic Outlook*, National Association of Home Builders, September 16, 2010)
- According to a recent study by Harvard University, the Housing Credit program is "widely regarded as the most successful federal housing production and preservation program in the nation's history." (Joint Center for Housing Studies of Harvard University, December 2009).



Members of Congress Express Strong Support for the Housing Credit

"Many of us are familiar with the Low Income Housing Tax Credit program's importance; indeed, I consider it the most successful affordable housing production program in our nation's history." (Senator Jeff Bingaman, D-NM, Press Release dated March 18, 2010)

"The creation and reform of the LIHTC is an example of both political parties jointly recognizing a public need—an increase in the supply of affordable housing for low-income people—and blending the ideological contributions of liberals and conservatives." (Senator Jack Danforth, R-MO, Faith and Politics (Viking Press, 2006), p. 149)

"The Low Income Housing Tax Credit program was created as part of the Tax Reform Act of 1986 and made permanent in 1993. Designed as a public/private funding partnership, largely administered by the states, this program built its way into the history books as the most successful production program in existence. These tax credits have created 23 million homes for families in need — homes with restricted rents for terms of at least 30 years that would have otherwise been impossible." (Senator Maria Cantwell, D-WA, Press Release dated July 10, 2008)

"The LIHTC has a long history of success in generating the capital needed to produce low-income housing units and it has enjoyed broad, bipartisan support in Congress." (Dear Colleague Letter Published on Dec. 17, 2009 signed by Senators Cantwell (D-WA) John Kerry (D-MA), Ron Wyden (D-OR), Danial Akaka (D-HI), Charles Schumer (D-NY), Ben Cardin (D-MD), Robert Menendez (D-NJ), Bingaman (D-NM), Jack Reed (D-RI), Jeffrey Merkley (D-OR), Chris Dodd (D-CT), Olympia Snowe (R-ME), and Debbie Stabenow (D-MI)

The Affordable Housing Tax Credit Coalition. The Coalition is comprised of developers, syndicators, lenders, nonprofit groups, public agencies, and others concerned with the low-income housing tax credit. The Coalition is a nonprofit corporation chartered under the laws of the District of Columbia and governed by an elected Board of Directors.

The Coalition plays a major role in assuring the continuance of the low-income housing tax credit. It was founded in 1988 with the primary goal of achieving permanent extension of the low-income housing tax credit program. From that time until the credit was permanently extended in 1993, the Coalition worked tirelessly to achieve that end by taking a leading role in coordinating the efforts of many concerned groups and individuals, both on Capitol Hill and throughout the country. The Coalition now focuses on educating law makers at the federal, state and local level about the impressive successes of the program over the past 25 years. The Housing Credit achieves the goals for which it was created and deserves recognition and support.





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AHTCC 2011 Membership List

Syndicator:

Alliant Companies
Boston Financial Investment Management
Centerline Capital Group
City Real Estate Advisors, Inc.
Enterprise Community Partners, Inc.
Hudson Housing Capital LLC
National Equity Fund, Inc.
PNC Real Estate - Tax Credit Capital
RBC Capital Markets
Red Stone Equity Partners

Investor:

AEGON USA Realty Advisors, Inc.
Bank of America
John Hancock Realty Advisors, Inc.
JP Morgan Capital Corporation
U.S. Bancorp Community Development Corporation
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Professionals:

Ballard Spahr Andrews & Ingersoll, LLP
Bateman Seidel Miner Blomgren Chellis & Gram, P.C.
Bocarsly Emden Cowan Esmail Parker & Arndt, LLP
Bryan Cave LLP
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Edwards Angell Palmer & Dodge LLP
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Greenberg Traurig
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Kutak Rock LLP
Locke Lord Bissell & Liddell LLP
Meridian Investments
Nixon Peabody LLP
Novogradac & Company LLP
Paul, Hastings, Janofsky & Walker LLP
Pillsbury Winthrop Shaw Pittman, LLP
Reznick Group
Sidley Austin Brown & Wood LLP
Sonnenschein Nath & Rosenthal
Squires Sanders & Dempsey LLP
Tax Credit Asset Management

Developer:

Barker Management, Inc.
Chelsea Investment Corp.
Forest City Ratner Companies
KDF Communities LLC
MacFarlane Costa Housing Partners LLC
Metroplex, Inc.
Michaels Development Company
Palm Desert Development Company
Pennrose Properties, LLC
PIRHL Developers, LLC
The NRP Group, LLC
The Shelter Group
Urban Housing Communities, LLC
USA Properties Fund, Inc.
Vitus Group, Inc.
Winn Development
The Woda Group, LLC

State Housing Credit Allocating Agencies:

Alabama Housing Finance Authority
Arizona Department of Housing
California Tax Credit Allocation Committee
Colorado Housing and Finance Authority
District of Columbia Housing Finance Agency
Idaho Housing & Finance
Louisiana Housing Finance Agency
Maryland Department of Housing and Community Development
Massachusetts Department of Housing and Community Development
Mississippi Home Corporation
Nebraska Investment Finance Authority

New Hampshire Housing Finance Authority
New Jersey Housing and Mortgage Finance Agency
New Mexico Mortgage Finance Authority
New York City Housing Development Corporation
Ohio Finance Agency
Pennsylvania Housing Finance Agency
Tennessee Housing Development Agency
Texas Department of Housing and Community Affairs
Vermont Housing Finance Agency
Virginia Housing Development Authority
West Virginia Housing Development Fund
Wisconsin Housing & Economic Development Authority

Public Agency/Nonprofit/Independent Consultants:

Affordable Housing Access, Inc.
Affordable Housing Institute
Affordable Housing Solutions For Florida, Inc.
AHC, Inc.
Belmont Shelter Corp.
BRIDGE Housing Corporation
California Community Reinvestment Corporation
California Council for Affordable Housing
Central Valley Coalition for Affordable Housing
Community Housing Initiatives, Inc.
Community Revitalization & Development Corp.
Cook Inlet Housing Authority
Corporation for Supportive Housing
EAH Housing
Eden Housing, Inc.
Elizabeth Bramlet — Affordable Housing Consultant
Family Scholar House, Inc.
Homes for America
Housing Alliance of Pennsylvania
Housing Authority of the County of Santa Clara
The Housing Partnership, Inc.
Housing Resources Group
Local Initiatives Support Corporation
Merritt Community Capital Corp
Mid-South Housing Foundation
National Affordable Housing Management Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Church Residences
National Council of State Housing Agencies
National Development Council, Inc.
National Housing & Rehabilitation Association
National Leased Housing Association
NHT/Enterprise Preservation Corporation
Ohio Capital Corporation for Housing
Project GO, Inc.
Riverside Charitable Corporation
Victory Housing
Western Community Housing, Inc.
Wisconsin Housing Preservation Corp.

