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[Low Income Housing Credit] [3]

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LOCAL INITIATIVES SUPPORT CORPORATION
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November 27, 1995

Mr. Gene Sperling
Deputy Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
2nd Floor, West Wing
Washington, DC 20500

Dear Mr. Sperling:

We are pleased and grateful for the response we have received from various members of the Administration pledging to stand firm on the permanent Low Income Housing Tax Credit.

I thought you would be interested in seeing more evidence of the depth of support for the Low Income Housing Tax Credit. Last week, a number of persuasive pieces came out protesting the sunset of the permanent Housing Credit, including a letter from 42 Democratic Senators to President Clinton, and a compelling article by the National Journal, which I have enclosed.

We will continue to do all that we can to reinforce the importance of the permanent Low Income Housing Tax Credit. We deeply appreciate your leadership on this vital program.

Sincerely,

Patricia A. Foley

Senior Vice President for External Affairs

Hope you enjoyed
The Holiday -

United States Senate

WASHINGTON, DC 20510

November 17, 1995

The President
The White House
Washington, DC 20500

Dear Mr. President:

We are writing to request your strong support for the Low Income Housing Tax Credit in the upcoming budget negotiations. The Low Income Housing Tax Credit is one of the federal government's most valuable tools for encouraging private investment in affordable housing.

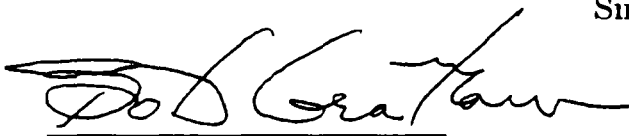
Despite letters from 75 members of the Senate demonstrating strong, bipartisan support, the Conference Committee on budget reconciliation has decided to sunset the tax credit program effective December 31, 1997. (Please see attached letters.) This decision by the Conference Committee reverses one of your Administration's major achievements in housing policy. In Putting People First, you made the permanent extension of the Low-Income Housing Tax Credit one of your priorities for housing policy. When you signed the Omnibus Budget Reconciliation Act of 1993, you made possible a permanent extension of the tax credit program after many years of temporary extensions that limited the program's effectiveness and increased its cost.

As you know, the Low Income Housing Tax Credit program has been extremely successful. Since its inception in 1986, the program has helped produce nearly 800,000 rental units. It has generated an estimated 90,000 jobs, \$2.8 billion in wages, and \$1.3 billion in tax revenues annually.

Today the tax credit fosters public/private partnerships for affordable housing around the nation. The tax credit is part of the financing for nearly one in four rental housing units produced every year and virtually all new apartments built for low-income renters. The Low Income Housing Tax Credit accounts for the production of nearly 100,000 units of decent, affordable housing each year.

We believe that the provision ending the tax credit program is unjustified. We respectfully urge you to join us in working to strike the sunset provision from any final agreement on the budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bob Crutcher", with a horizontal line underneath.A handwritten signature in dark ink, appearing to read "Paul Sarbanes", with a horizontal line underneath.

November 17, 1995

Tom Vachle

J. L. L. L.

Robert A. M. M. M.

M. M. M.

Patrick Leahy

Carl Levin

Shirley Ford

Patty Murray

Wale Brummen

David Bryson

James L. L.

Kent L.

R. L. M. M.

Harry Reid

Jay Byrnes

Barbara Boxer

J. L. L.

Chris Dodd

John H. L.

Chuck Robb

Fritz Hollings

Paul D. Wellstone

John Glenn

Frank R. Lautenberg

Byron L. Dorgan

Samuel R. Hanks

Tom Harkin

~~Butter~~

Nuss Ferrell

Jeff Bryner
Samuel Hanks
Clair Pell

Howell Hefner Low Income Housing T

John Breaux

Herb Kohl

Max Baucus

Carl Hayden

Joe Biden

and Kelly

Simple Math

Even with a federal subsidy, rental housing can cost more than a poor family can afford. And now Congress is ready to toss out the most important indirect federal subsidy—the low-income housing tax credit.

BY ROCHELLE L. STANFIELD

Strip away the politics and posturing, put aside the mind-numbing economic theories and abstruse accounting practices, dispense with the bureaucratic arcana, and the rental housing game comes down to simple arithmetic.

Rent has to cover the landlord's costs, even if the landlord is a nonprofit agency. And if the owner is in the real estate business to make money, as most are, the rent also has to provide some profit. But here's the problem: If the renters are poor, the numbers just don't add up. They never have. Don't now. Probably never will.

A modest two-bedroom apartment, on a national average, rents for about \$500 a month. At \$4.25 an hour for a 40-hour workweek, a minimum-wage worker makes only \$737 a month. So rent consumes 68 per cent of the worker's income (more than double the 30 per cent that the law considers "reasonable") and leaves a bare \$237 a month for food, clothes, transportation, health and day care.

That may not compute, but figures such as these are the stark reality for four million-five million poor households. About 70 per cent of households with extremely low incomes (no more than a fourth of the local median income) spend more than half of their income on rent, according to calculations of government statistics by Harvard University's Joint Center for Housing Studies.

"The private sector cannot build housing that is affordable to a lot of people without some sort of government subsidy," said Lawrence B. Simons, a Washington real estate lawyer who had developed rental housing in New York City and was the Housing and Urban Development (HUD) Department's housing chief in the Carter Administration. "That's just one of the givens."

But government housing subsidies for the poor—which assist less than a fifth of those who are eligible—are expensive. As simple arithmetic dictates, the poorer the assisted households, the costlier the subsidies must be. For the past dozen years,



Less than a fifth of those who are eligible get housing subsidies for the poor.

John Fiske

federal housing programs have focused on the poorest of the poor, and costs have risen exponentially.

F. Barton Harvey III, the president of the Enterprise Foundation, a private nonprofit housing and community development agency in Columbia, Md., called it "the box the HUD budget is in: In essence, if they didn't serve another person, their budget would continue to go up dramatically. They are on a collision course, and the future is very much up for grabs."

Like most domestic spending programs, HUD's direct subsidy programs to operate public housing and support rental assistance are under the budget ax for fiscal 1996—only more so. Wrangling continues on the 1996 appropriations bills, but HUD programs are expected to take very heavy hits.

Indirect housing subsidies for the poor are also in trouble—unlike those for the affluent, such as the mortgage interest income tax deduction, which remain extremely popular on Capitol Hill.

The most important indirect housing subsidy for the poor is the low-income housing tax credit, which has succumbed to a concerted assault led by House Ways and Means Committee chairman Bill Archer, R-Texas. It may be revived in further negotiations, but its long-term future is uncertain. The credit, which a Republican Administration established in 1986 as an antibureaucratic, private-sector alternative to government spending programs, encourages profitable corporations to invest in low-income housing by giving them a credit against their federal income taxes. These investments help finance the construction or rehabilitation of about 100,000 rental units a year.

The low-income housing tax credit has some drawbacks, including its complexity. But a disparate conglomeration of state and local governments and real estate, financial and nonprofit organizations have rallied to the credit's defense because, for all practical purposes, it is the only federal subsidy that supports the production of additional rental units for the poor. HUD's direct-spending programs maintain apartments that are already in the market, and budget reductions will shrink that inventory.

Archer figured that the credit would cost the government \$3.5 billion in lost revenue by 2002 and persuaded the House to vote to eliminate it after 1997 as part of the massive budget deficit reducing reconciliation package. The Senate version would have kept the credit, but that version was rejected in the House-Senate conference.

With the future of government housing subsidies so uncertain, some housing experts are exploring the other side of the rental equation—cost cutting. Many maintain that government regulations—the federal Davis-Bacon rules on paying local prevailing wages, land use restric-

\$280 a month, ostensibly by eschewing such niceties as closet doors and sprinkler systems (required by the fire code for new rental units). But City Homes president Barry I. Mankowitz said that he still can't make ends meet without a government subsidy.

Theorists agree that this is a problem. "I've long been an advocate of reducing the standards and allowing for smaller-sized apartments," said Anthony Downs, a senior fellow in economic studies at the Brookings Institution who has studied and written about housing finance for decades. But even the tiny units that people occupy in Hong Kong or Singapore "are beyond the reach of many people in this country with very low income." Cost cutting "may help, but it would not eliminate the problem by any means."

"Yes, you could probably produce housing cheaper, but somehow all the king's horses and all the king's men have failed to do so in any terms that dispense with the need for subsidy," John T. McEvoy, executive director of the Washington-based National Council of State Housing Agencies, agreed.

Meanwhile, many advocates for the poor dismiss the whole cost trimming exercise as cruel and counterproductive.

"To build cheap is a disservice and is more expensive in the long run," said Robert J. Adams, executive director of the National Low Income Housing Coalition in Washington. "It never makes sense to really scrimp on your building costs because these buildings get wear and tear and you get eaten alive with maintenance costs and end up in trouble." As a former director of the Virginia Housing and Community Development Department, Adams said, he was speaking from experience.

"If you're talking about inner-city neighborhoods," he went on, "you really have to go in and create housing that is in fact

decent housing that's going to last for a while, that's going to be an asset within that community and that's going to create a decent home for that family and give them some sense of pride and self-worth."

Which returns to the original question: How do you pay for it?



Enterprise Foundation president F. Barton Harvey III
"The future [of subsidies] is very much up for grabs."

tions, local building and fire codes, among others—have unnecessarily increased the cost of housing construction. So they want to lower those standards and relax the codes to bring the unsubsidized cost of an apartment down within reach of a poor family's budget. Those who have tried it, however, conclude that at best, it is only a partial solution.

City Homes Inc., a nonprofit developer in Baltimore, for example, has been able to fix up and rent aging row houses for

HIGHER MATH

These days the low-income housing tax credit pays for part of just about every

housing unit that is built or rehabilitated for rental to the poor. But simple arithmetic has nothing to do with it; dealing with the tax credit is an exercise in political, economic and legal higher mathematics.

Because the credit is the only housing production game in town, despite its complexity and other drawbacks, an amazingly diverse army of supporters arose in its defense during its recent fight for survival.

Scrappers such as the AIDS Action Council, the Center for Community

gress, because it appears to be the quintessence of minimalist government conservatism.

"If the Congress were to set out today to create a housing program which mobilized private and public resources, under state direction, with limited federal bureaucracy, to help finance privately owned, affordable rental apartments, it would create something very much like the tax credit," said a fact sheet published by the National Council of State Housing Agencies.

Stripped to essentials, the tax credit

of local median income and whose rent payments are no greater than 30 per cent of their incomes. The corporation loses the credit in any year that these rules are violated; investors and syndicators, therefore, tend to monitor the projects closely.

"It's a pay-for-performance program, and it's the private sector that doesn't get paid if they don't perform. That introduces a whole business discipline that has been missing from previous generations of housing production programs," Benson F. Roberts, vice president for policy in the Washington office of the Local

Initiatives Support Corp. (LISC), said. "You would think that anybody who was genuinely interested in engaging the private sector in addressing important social and economic problems in this country would be in favor of [keeping] the tax credit."

LISC and the Enterprise Foundation are the private, nonprofit parents of the two major syndicators of the housing tax credits. Although the tax credit applies to the federal income tax, the program is run by the states. State housing finance agencies decide which projects should benefit from the tax credit and keep track of the projects and their tenants once the housing is built. Only a handful of Internal Revenue Service employees oversee the credit.

To many, the beauty of the program lies in the absence of a federal bureaucracy. But surprisingly, this does not appeal to Archer. One of his complaints is that the lack of federal oversight leaves the program wide open to fraud and abuse. He has ordered the General Accounting Office (GAO) to scour tax credit projects for possible fraud and report on them by the end of next year.

Supporters of the tax credit see the GAO investigation as a ploy to destroy investor confidence in the credit and as a potential weapon to use against the program in the next few years, when deficit reduction pressures and the campaign for a flat-rate income tax are likely to pose additional threats.

"GAO is directed to look for abuses,



Richard A. Blum

Anthony Downs, the Brookings Institution's resident expert in housing finance
Building cheaper housing units "may help, but it would not eliminate the problem by any means."

Change and the National Neighborhood Coalition joined with such staid trade groups as the Mortgage Bankers Association of America, the National Association of Home Builders and the National Association of Realtors to implore Congress to "spare" the credit. Such conservative Republican governors as Michigan's John M. Engler and Wisconsin's Tommy G. Thompson extolled the credit's virtues, using many of the same words as Democratic Mayor Richard M. Daley of Chicago.

Given the importance of the credit to the real estate market, that was probably to be expected. What was surprising is that the credit would come under assault in the first place in a Republican Con-

gress, because it appears to be the quintessence of minimalist government conservatism.

A corporation that invests, say, \$1 million for 10 years in low-income rental housing development may take an annual credit of \$100,000 against the income tax it owes. That \$1 million (or what's left of it after it is packaged and sold at a discounted rate by syndicators) provides some of the equity in apartment construction or rehabilitation deals, thus reducing the amount the developer must borrow from a bank.

The corporation can take the credit only if the money is invested in housing that is then occupied by households whose incomes don't exceed 60 per cent

and they will find some—as they would in any program,” the Enterprise Foundation’s Harvey said. “That’s fair,” he continued. “And if it’s a fair report, it will also show the positive results of the program.”

“But we’re going to find ourselves on the defensive once again,” Adams of the Low Income Housing Coalition predicted.

That’s a familiar spot for the program’s supporters: The tax credit has lurched from the edge of one political cliff to another since its inception in 1986. Originally given a three-year trial, it had to run the congressional gantlet annually until 1993, when Congress made it permanent.

As many see it, Archer’s anti-credit campaign stems from that 1993 renewal. The same measure that made the housing tax credit permanent left temporary a tax credit for corporate research and development, which Archer preferred. Although he denies it, Archer is said to have launched his war against the housing credit to pay back the Democrats who favored housing over R&D and to secure a hostage for his R&D credit in future budget battles.

“This is not about substance,” a lobbyist said. “It’s all about power and politics.”

Ironically, treating the housing tax credit as a political football has given it an instability that is likely to depress its value.

Since the program was made permanent two years ago, its efficiency has increased by 28 per cent, LISC’s Roberts said. “Permanency brought so many more participants into the process,” he explained. “So you had a lot more people chasing the same credit.” Each state has a limit on the amount of rental housing credit that it can allocate. “With more investors interested,” he continued, “you could drive a harder bargain. And because more developers got in the game, they had to pay more attention to state housing priorities to win a credit.” The attack on the credit, Roberts and others worry, will reverse that dynamic.

As any belle of the ball will admit, popularity has its downside. For the housing

tax credits, having to be all things to all developers has multiplied the program’s already excruciating complexity and driven up the cost of the deals.

The tax credit was intended to help households of moderate means, not the really poor. The target family’s income is 60 per cent of median. The national median income was \$32,264 in 1994, which put the target household income at \$19,358 and the affordable rent at \$483 a month. Not fat city by any means, but not desperate either. Indeed, about two-thirds of the new apartments assisted

“The work involved in accessing the subsidies can add \$5,000-\$8,000 a unit,” explained Peter Werwath, a senior program director for the Enterprise Foundation. “Some subsidies end up being a wash.”

Mankowitz of City Homes in Baltimore, who expects to use the tax credit in a new project he’s planning, figures that it will increase the cost of it by \$10,000 a house.

“We’ve taken programs which were not designed to service only the very poor and forced them to service only the very



John Fische

Benson F. Roberts, a vice president of the Local Initiatives Support Corp. The tax credit “introduces a whole business discipline that has been missing.”

through the tax credit are snapped up by just this sort of household.

That leaves the truly needy out in the cold. So some developers—particularly nonprofit community development corporations and other neighborhood-based groups—worked out deals to add subsidies that would bring the rents down. As a result, about a fourth of the units are rented to households with incomes of 30-50 per cent of the median, and 5 per cent are rented to households with less than 30 per cent of the median.

This layering of subsidies further complicates an already mind-numbing procedure. The process slows down. Fees for lawyers and consultants go up. Investors get skittish. All of this adds costs.

poor—and it’s killing us,” real estate lawyer Simons said. “That same pressure is now going on with the tax credit because it’s the only thing out there. But we’ve gotten to where we are because we’ve done this, and we’re in a lot of trouble now.”

Maybe the housing tax credit comes down to simple arithmetic after all.

ADDITION BY SUBTRACTION

If you can’t add to the subsidy side of the low-income rental equation, try to subtract costs from the construction side.

“The budget cutters are going to force us to give up this hypocrisy that everybody has the right to a unit as good as

new," said William C. Apgar Jr., the executive director of Harvard's Joint Center for Housing Studies.

That's what Mankowitz has been doing for nearly a decade at City Homes, an Enterprise Foundation demonstration project. The bottom line: He rents 243 modest homes at an average rate of \$280 a month. That's very cheap—affordable by a household with an annual income of only \$11,200. But they're not pretty, as Mankowitz is the first to admit. The floors are uncarpeted and the walls are not smooth. There's no air conditioning, and much of the ductwork is exposed.

"We're giving you a 1985 Ford, not a '95 Ford," he said. "But it still runs, and it is maintained well. What we've done is provide clean, decent affordable houses, but they're not for everybody."

In the search for places to cut, the favorite first targets are government regulations: HUD housing standards, Davis-Bacon prevailing wage rules, federal and state environmental restrictions and local building, fire and land use codes.

"The system has become inefficient because of regulatory excess," Apgar said. "We have a set of standards which are either so high that they are ignored or so unenforceable that their true effect of deterrence is minimal."

But the cost-raising effects of regulations may be more in the perception and politics of the beholder than in the lawbooks of federal, state and local governments. For all of HUD's dark reputation as the grandmother of bureaucratic inefficiency, for example, its regulations in this area are modest. "HUD's been in the forefront in liberalizing building standards," Werwath said. "They're not the problem."

An even bigger hobgoblin is Davis-Bacon, the federal law requiring that all but the smallest federally subsidized projects pay local "prevailing wages." Conventional wisdom in the housing game equates prevailing wages with union wages (they're not; officially, they are determined by a survey of what local construction workers make) and assumes that Davis-Bacon drives up construction costs.

"Davis-Bacon is a very expensive regulation, forcing up the cost of assisted housing," said Robert C. Rosenberg, chairman of Grenadier Realty Corp. in New York City, who manages about

30,000 units of low-income housing. "Davis-Bacon was probably a bad mistake."

Davis-Bacon is a touchy issue for many housing activists who rely on labor support for their lobbying efforts. "The one thing this Congress could do that I would greatly appreciate is to eliminate Davis-Bacon," a lobbyist for a nonprofit organization said. "But if you quote me saying that, I'm dead."

Others see Davis-Bacon as a convenient excuse to damn the unions. "Davis-

cutting models for fixing up older buildings. "All of them have some value, but taken together they've gotten way too costly and way too complicated for development of rehab in a timely and predictable fashion."

Others say that the principal problem is the insensitive administration of the codes rather than the letter of the law. In Baltimore, for example, code administrators routinely hold rehabilitation jobs to the same standards as new construction. But Mankowitz worked out an arrangement in which the buildings he fixed up would have to meet the safety criteria for existing structures, which were substantially lower. "It sounds logical, but they had never allowed anyone to do that before," he said.

Building code experts acknowledge that this problem exists in older cities. A typical code would require two stairwells for fire safety. A 50-year-old apartment building probably has just one. It would be very expensive for the developer to install a second staircase when alternatives exist to make the building just as safe in case of a fire, said David Listokin, a professor at the Center for Urban Policy Research at Rutgers University. He is working on a rehabilitation building code for New Jersey municipalities.

That's part of a long-term effort by New Jersey state government to standardize and rationalize municipal codes and plans. "There are 600 municipalities in the state, and six years ago, every one had a separate subdivision and site plan ordinance," Listokin said. "Within a year or two, there will only be one."

But add up all the savings from deregulation, say those who try to do so, and you are still dealing with the margins of affordability.

"You can do some meaningful things in the area of building codes, but it will not reduce the cost" of housing to a range most poor people can afford, said McEvoy of the Council of State Housing Agencies. In fact, it would probably be a bigger boon to the wealthy. "The dollar drop in the cost of housing will rise as the cost of the housing rises: The bigger the house, the greater the savings," he said. Cost cutting efforts and simplified codes "are not going to replace the need for subsidy for lower-income people."

You just can't get away from simple arithmetic.



National Council of State Housing Agencies' John T. McEvoy
Cost cutting efforts won't "replace the need for subsidy."

Richard A. Bloom

September 15, 1995

MEMORANDUM FOR GENE SPERLING

FROM: SUSAN BROPHY 

SUBJECT: LIHTC

Attached is a document regarding Low Income Housing Tax Credit from Paul Grogan, President of Local Initiatives Support Corporation. I thought that you might find this information helpful.

September 13, 1995

URGENT ALERT-- IMMEDIATE ACTION REQUIRED

Low Income Housing Tax Credit Under Attack

The Low Income Housing Tax Credit (LIHTC) is under attack in the House Ways and Means Committee. Your immediate action is requested.

Republicans on the House Ways and Means Committee are now meeting among themselves to prepare for a markup of tax legislation that is expected to begin on Monday, September 18. The tax legislation involves extending certain expiring tax provisions which have broad support in Congress, including the R&D tax credit, the exclusion for employer provided educational benefits, the targeted jobs tax credit, and other provisions. It also includes various tax simplification provisions and a bill known as the Taxpayers Bill of Rights. The intent is to fold this into the massive deficit reduction legislation Congress will soon be considering.

The provisions described above cost money which the Ways and Means Committee will offset with other tax provisions that raise revenue. As of Wednesday morning staff to Chairman Bill Archer (R-TX) has indicated that such legislation will include a provision which would terminate the Low-Income Housing Tax Credit, either at the end of 1996 or 1997. The revenue raised from that provision would be used to help fund an extension of the expiring tax provisions. Archer has shared his plans with committee Republicans and he is expected to release his proposal as early as Thursday. The proposal is known as the "Chairman's Mark".

Between now and then, it is critical that Republican members of the Ways and Means Committee, including Archer, hear from as many people as possible to express the strongest opposition to his plans to sunset the Credit. If his members tell him that this is not going to fly, that there is too much opposition to his proposal, we have a chance of having it dropped out of the Chairman's Mark. While members of the committee are critical, it would be helpful to contact any Republican member of the House to urge their immediate opposition to this proposal.

1. If you are from a state with a Republican Ways and Means Committee member -- see list attached -- please mobilize as many contacts as possible to that member's office. Contacts should be made by people from the entire state, not just the

2

member's district. We want to get as many calls and faxes as possible from community groups, elected officials, private sector leaders and others.

2. If you are from another state, focus on Ways and Means Committee Chairman Bill Archer (phone 202/225-3625) and Speaker Newt Gingrich (phone 202/225-0600; fax 202/225-7733), and any Republican member from your state.

Do not accept a response to the effect that a sunset is nothing serious. A sunset would not only be extremely disruptive, but could also be the beginning of the end of the LIHTC.

Attached are: (1) a list of Ways and Means Committee Republicans; (2) talking points you can use in making contacts; and (3) additional background on the LIHTC.

Additional information is available from Carol Anderson, Sheila Maith, and Buzz Roberts in LISC's Washington, D.C. office (phone 202/785-2908; fax 202/861-1294)

September 13, 1995

LIHTC TALKING POINTS

- The Low-Income Housing Tax Credit was just made permanent in 1993 and it has been tremendously successful across the nation revitalizing neighborhoods and providing affordable housing where it is most needed.
- The program cannot operate effectively -- and state governments cannot make appropriate planning decisions -- if we go back to the old problem of not knowing whether the program will be extended from year-to-year. Housing takes a long lead time to plan and develop and it is particularly inappropriate and disruptive to make the Credit subject to annual extension.
- It does not make sense to take on this program which enjoys such broad support among both Democrats and Republicans as a program that works. The Credit is celebrated among state and local governments as a model federal program free of federal bureaucratic control. The Credit is a form of tax block grant that provides local state and local governments with the resources to accomplish their housing needs free of the kind of federal interference that has so burdened other programs.
- Because the Low-Income Housing Tax Credit is a program that depends on investor capital rather than just direct government subsidies, it has imposed extremely beneficial market discipline that makes these housing investments fundamentally sound for the long term.
- At the same time, Congress is now in the process of approving very deep cuts in HUD managed affordable housing program, deeper than almost any other part of the budget. That makes this the worst time to threaten the one federal housing program that everyone agrees is working well -- the Low-Income Housing Tax Credit.

6/28/95

Low-Income Housing Tax Credit

What is the Low Income Housing Tax Credit?

The LIHTC is a tax incentive created in the Tax Reform Act of 1986 that is designed to attract equity capital for investment in rent restricted affordable housing. The program encourages the production of affordable housing by offering its owners tax credits for a ten year period based on the cost of development and the number of low income units produced.

What Role Does the Credit Play in Federal Housing Policy?

The LIHTC is the federal government's primary tool for attracting private investment to affordable rental housing. The LIHTC produces about 100,000 housing units annually which represents virtually all affordable rental housing development, and about one-half of all new multifamily construction nationwide. Since the program began in 1987, the LIHTC has generated about \$12 billion in private investment that has financed more than 750,000 housing units for lower income families. This stimulates jobs in the construction industry. According to estimates from the National Association of Home Builders, the 106,000 units of affordable housing produced by the Credit program in 1993 resulted in about 90,000 jobs, \$2.8 billion in wages and salaries, and \$1.3 billion in tax revenues.

What is the LIHTC's Legislative History?

When the tax system was reformed in 1986, the LIHTC was created as a new approach to affordable housing tax incentives. Previous incentives were open ended, poorly targeted tax subsidies that were susceptible to abuse and long term financial problems. The Credit was created to respond to those problems. Compared with previous housing tax incentives, the LIHTC is better targeted, provides housing for a longer term, is limited in volume, and is more closely monitored. The 1986 Act created the LIHTC's for a period of three years in order to permit the program to be evaluated. The LIHTC was significantly modified in 1989 and temporarily extended for a period of years until it was made permanent in 1993. The Credit has enjoyed very strong support in Congress as evidenced by the 86 Senators and 332 Representatives who cosponsored legislation to make the program permanent during the 102nd Congress.

How is the LIHTC Administered?

The LIHTC is essentially a tax incentive block grant that is administered at the state level, in almost all cases by state housing finance agencies. Each state is permitted

to allocate a certain amount of tax credits annually based on its population (\$1.25 of credits per capita). States devise tax credit allocation plans that reflect their housing needs. The plans serve as guidelines under which credits will be awarded to projects. Priority must be given to projects serving the lowest income tenants and to those promising to serve qualifying tenants for the longest periods of time. In most states, demand from project sponsors for LIHTCs far exceeds their availability, thus creating an environment where sponsors compete against one another to receive credits. States are required to evaluate each project to ensure it receives only the LIHTCs it needs, and to monitor project compliance with LIHTC requirements. The state agencies, through the National Council of State Housing Agencies, have voluntarily undertaken efforts to strengthen administration and improve the efficiency of the program through adoption of best practice standards. A skeletal staff at the IRS and Treasury interpret policy issues and provide additional oversight.

How Does the LIHTC Work?

Projects are awarded tax credits based on the cost of development. The maximum credit rates that states may award are approximately 9 percent for substantial rehabilitation and new construction costs, and approximately 4 percent for building acquisition and federally subsidized construction and rehabilitation costs, provided annually for 10 years. In exchange for providing equity capital for projects, investors are permitted to use the tax credits against income tax liability. Market rate mortgage financing and public subsidies complete the financing of most developments.

How Does the LIHTC Benefit Low Income Tenants?

Credits are available only for units occupied by low-income tenants at restricted rents, usually for 30 years. At least 20% of each development must serve tenants with incomes below 50% of the area median, or at least 40% of the development must serve tenants with incomes below 60% of the area median. In practice, however, most developments are occupied 100% by qualifying tenants and the Credit is serving households earning significantly less than required by the program. In 1993, 22 percent of all units in Tax Credit projects were targeted to households earning between 30 and 50 percent of median income, and 5 percent were targeted to households earning less than 30 percent of median income, or less than \$11,910 nationally. The LIHTC subsidy is what makes it possible to cover development costs and still keep rents low. The LIHTCs are subject to recapture by the IRS during the first 15 years if occupancy rules are violated.

What Kinds of Housing Are Provided?

The LIHTC produces a wide range of rental housing to suit local needs. It works well in urban, suburban and rural areas. It serves working families, the elderly, the homeless, and other special populations. It produces apartment buildings, townhouses, and single-family homes. It stimulates both new construction and rehabilitation. It has been particularly effective serving as a catalyst for community based development and neighborhood renewal.

What is the Role of Investors and Developers?

Both nonprofit and for-profit developers construct and operate LIHTC housing owned by investors. Developers begin with a project proposal and if that proposal is allocated LIHTCs, equity participation by investors is then secured. Each state is required to set aside at least 10% of its LIHTC volume for nonprofit sponsored housing, however, nationwide, nonprofits sponsor about 30% of all LIHTC housing. Nonprofit sponsored housing is more likely to be located in distressed inner-cities and rural areas as part of broader community development programs, or serve the homeless, disabled, or other special tenant populations.

Investors participate in affordable housing to obtain the tax credits, since rent restricted, low-income housing cannot generate sufficient cash flow or capital appreciation to otherwise attract investment. The LIHTC is a performance-based incentive, because investors can claim the LIHTC only if housing is built on schedule, occupied by qualified tenants at restricted rents, and maintained properly. As a result, investors assume significant risks and assert strict business discipline in selecting projects and overseeing their development and long term operations.

Is There A Need for New Rental Housing Construction?

Yes, but certainly not in all areas of the nation. That is why under the Credit program States are required to develop housing plans to determine what their housing needs are and then to award credits only to projects which fill the housing needs of the state.

Is the LIHTC Cost-Efficient?

Yes. There are two ways to measure cost-efficiency.

The first is to compare the value of the LIHTC to the amount of investment it generates. Since investors claim LIHTCs over a ten year period, it is necessary to discount the stream of tax benefits to calculate their real "present value". After discounting the value of receiving the dollar of tax benefit over ten years, the amount invested is about 86% of the present value of the 10 year stream of LIHTCs.¹ This is a very high cost-efficiency ratio. Sponsors are naturally motivated to seek the greatest possible investment for the LIHTCs available to a project.

Second, the average housing unit serves low-income tenants for 30 years and receives \$40,000 in LIHTCs - an average cost per year of \$1,333. This is an extremely low cost per year of service.

¹ Assumes a 9 percent discount rate (equal to the current prime lending rate) and a typical investment level of 55 cents per dollar of LIHTC claimed over 10 years.



THE ENTERPRISE FOUNDATION

November 21, 1995

Gene Sperling

Deputy Assistant to the President for Economic Policy
1600 Pennsylvania Avenue
Washington D.C. 20500

Dear Mr. Sperling:

As Co-Chair of the Advisory Board for the New York City office of The Enterprise Foundation, and as a National Trustee, I am deeply alarmed by Congressional action to sunset, and effectively eliminate, the Low-Income Housing Tax Credit by the end of 1997.

The Housing Credit has been tremendously successful across the nation, providing affordable housing and revitalizing urban neighborhoods and rural communities. It currently provides partial funding for nearly half of all multi-family housing built in the U.S. and virtually all of the affordable rental housing. From 1987-1994, the Housing Credit produced 750,000 housing units nationwide and currently produces over 100,000 units per year.

The program is widely celebrated as a model federal program, and it has enjoyed broad bipartisan support. Legislation to make the Housing Credit permanent - which Congress enacted in 1993 - was co-sponsored by 86 Senators and 332 Representatives. They supported the program because it is decentralized and is administered by state and certain local housing finance agencies. Depending upon private capital rather than government subsidies, it has imposed market discipline that makes the housing fundamentally sound for the long term.

The Housing Credit has financed homes that bring stability to the lives of both the homeless and the working poor and has provided an anchor for economic growth, private investment and jobs. Each year, the Credit generates 90,000 jobs, \$2.8 billion in wages and salaries, and \$1.3 billion in tax revenues.

I understand that the President plans to veto the budget reconciliation bill passed by Congress. I ask you to urge the President to include a statement of support for the Housing Credit in his veto message. It is crucial to let Congress know that the Low Income Housing Tax Credit is a vital program that has worked to bring decent housing - and hope - to millions of low-income Americans.

I greatly appreciate your consideration on this most important matter.

Sincerely,

Andrew Heiskell
Co-Chair, Advisory Board
The Enterprise Foundation New York City

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New York City Partnership

New York City Partnership, Inc.
One Battery Park Plaza
New York, NY 10004-1479
Tel: 212 493-7400
Fax: 212 344-3344

Date 11/20/95

To Gene Sperling

From Bob Kellogg

of Pages (INCLUDING THIS PAGE) 3

Our FAX# 1-212-344-3344

New York City Partnership

November 20, 1995

New York City Partnership, Inc.
One Battery Park Plaza
New York, NY 10004-1479
Tel: 212 493-7400
Fax: 212 344-3344

Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear President Clinton:

The New York City Partnership, the leading business and civic organization in the City, is greatly concerned about a provision in H.R. 2491, the "Seven Year Balanced Budget Reconciliation Act of 1995," to sunset the Low-Income Housing Tax Credit (LIHTC) in 1997.

The LIHTC is the primary federal incentive for new construction and rehabilitation of low-income housing, financing over 300,000 units nationwide since its inception. The program is the cornerstone of efforts in New York State and the City to address the pressing need for affordable housing opportunities for low and moderate income families. Nearly \$250 million has been invested in the development of over 10,000 City-sponsored housing units since 1988.

The Partnership has been active for over a decade in the development of affordable housing in New York City and in promoting public-private housing partnerships throughout the State and in other parts of the country. We believe the LIHTC is a model for a new era of federal involvement, because it minimizes the role of government funding and oversight and maximizes the role of localities and the private sector.

The current proposal to sunset the Tax Credit in 1997 would lead to uncertainty for localities and developers now taking advantage of the program, undercutting its success. Moreover, a premature sunset is tantamount to a repeal, given the difficulty of securing financing for the initiative in the future.

We understand that you plan to veto the budget reconciliation bill that has been passed by Congress. We would urge you to include a statement of support for the Low Income Housing Tax Credit in your veto message. Your action would send a strong signal to Congress about the importance of this initiative and greatly assist ongoing efforts by the Partnership and other groups nationwide to

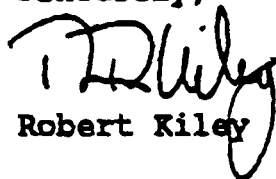
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Loews Corporation
Charles Urkin
AJ Contractors Company, Inc.
Anthony Watson
Health Insurance Plan of Greater New York
Fred Wilbur
Quintessence

ensure that the Low Income Housing Tax Credit is made permanent in the final budget reconciliation bill.

We greatly appreciate your consideration of this request.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Kiley", written over the printed name "Robert Kiley".

Robert Kiley

cc: Harold Ickes
Leon Panetta
Alice Rivlin
Robert Rubin
Gene Sperling ✓



LOCAL INITIATIVES SUPPORT CORPORATION
1825 K STREET, N.W., SUITE 1100, WASHINGTON, D.C. 20006
TEL: (202) 785-2908
FAX: (202) 835-8931

November 15, 1995

Mr. Gene Sperling
Deputy Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
2nd Floor, West Wing
Washington, DC 20500

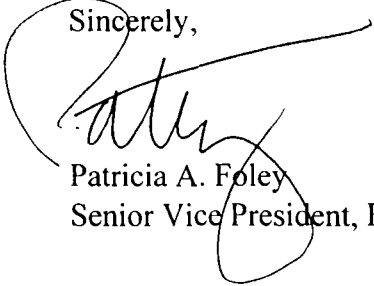
Dear Mr. Sperling:

Attached is a letter to President Clinton requesting his support of the Low Income Housing Tax Credit (Housing Credit). As you know, despite widespread support, the Conference Committee has called for a December 1997 sunset of the Housing Credit. The sunset would disable the program in the coming two years, and ultimately result in repeal, because the Congress will be hard pressed to find funds to continue the program in 1997.

As you will see from the attached letter, the Housing Credit is an immensely important tool for the production of low-income housing and it embodies the effective public/private partnerships which the Administration so enthusiastically promotes. The resounding support which the Housing Credit has generated is a testament to its success across party lines, among investors, the media and local development organizations.

We continue to do all that we can to avoid the sunset. I urge you to do everything possible to keep this tremendously successful program on the President's short list of priorities in the upcoming negotiations on the budget package. I hope and trust that we can continue to count on your leadership.

Sincerely,


Patricia A. Foley
Senior Vice President, External Affairs

GS — Hope you are
well — We need
your leadership on
this one.



LOCAL INITIATIVES SUPPORT CORPORATION
733 THIRD AVENUE, 8TH FL., NEW YORK, NY 10017
TEL: (212) 455-9822
FAX: (212) 682-5199

PAUL S. GROGAN, PRESIDENT

November 15, 1995

The Honorable William Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

I am writing you with a sense of urgency to ask your assistance in preserving the Low Income Housing Tax Credit (LIHTC), the nation's primary means of attracting capital to affordable housing development.

As a result of your strong leadership efforts in 1993, the LIHTC was made a permanent part of the tax system. Since that time, the program has matured into a tremendously successful means of providing housing to lower income families and revitalizing urban neighborhoods. Now, however, the Housing Credit is under serious threat; the budget bill making its way through Congress would terminate this highly successful program at the end of 1997. On behalf of the Local Initiatives Support Corporation, and the millions of Americans in need of quality, affordable housing, I ask that you make preservation of a permanent LIHTC one of your top priorities as you negotiate a budget package with Congress after your veto.

The Housing Credit helps finance virtually every new apartment built for low-income renters in the United States, and is responsible for the construction of about a quarter of all multi-family construction nationwide. Since its creation in 1987, it has produced 750,000 units of housing and 114,000 units last year alone. In addition, it anchors economic growth in depressed communities, generating 90,000 jobs, \$2.8 billion in wages and salaries and \$1.3 billion in tax revenues each year. At LISC alone, in the last two years we have raised over \$600 million for low-income housing through the credit, which exceeds the amount we raised in the previous five years before permanency. An outstanding advantage of the program is that it directs private sector capital to economically depressed areas; funding that would be impossible without the encouragement of the federal government.

I am enclosing materials that highlight the widespread support for the program -- support of federal, state and local government officials from all parts of the political spectrum, the news media, community based organizations and investors. The speed and facility with which we have been able to mobilize forces on behalf of the credit during the recent debate in Congress is testament to the program's success. The enclosures include letters of support from members of Congress (including three-quarters of all Senators), the National Governors Association, the Republican Governors Association (which accompanied letters from 26 governors opposing the sunset), a sampling of media support, and a copy of a letter of support signed last week by over 1300 non-profit and for-profit organizations nationwide.

Because of the tremendous success of the Housing Credit, we have been able to generate very strong support for this program across the nation and in Congress. For that reason, we cannot understand why Congress would take this action to terminate the program. As you sit down with Congressional leaders in the weeks ahead to negotiate a budget agreement, we ask that you maintain your long-standing commitment to affordable housing and work hard to preserve the Housing Credit.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul", written in a cursive style.

Paul S. Grogan

United States Senate

WASHINGTON, DC 20510-0903

October 5, 1995

The Honorable William V. Roth, Jr.
Chairman
Senate Committee On Finance
Washington, D.C. 20510

Dear Senator Roth:

We are writing to express our opposition to the decision by the House Ways and Means Committee to sunset the Low Income Housing Tax Credit (LIHTC) program at the end of 1997.

The LIHTC has been extremely successful since its enactment as part of the Tax Reform Act of 1986. Today, the LIHTC is one of the primary government tools for attracting private investment in affordable rental housing. Nearly one in four apartments constructed use the LIHTC as part of its financing package. The National Association of Home Builders estimates that the construction activity associated with the program creates about 90,000 jobs each year, paying \$2.8 billion in wages and generating \$1.3 billion in tax revenues.

The LIHTC works well because it supports a public-private partnership approach to affordable housing production. The states administer the program according to their housing needs and their partners bring investments, management discipline, and development expertise. For many nonprofit housing developers, the tax credit provides critical access to much-needed equity. Since the program began, the LIHTC program has mobilized more than \$12 billion in private investment in affordable housing.

As the Senate Finance Committee proceeds to work on tax legislation this month, we urge you to do everything you can to ensure that the legislation does not include any provisions that would end the Low Income Housing Tax Credit.

Sincerely,


Paul Sarbanes


Bob Graham

October 5, 1995

Patrick Leahy

Carol Moulton

Jan Radcliffe

Chuck Robb

~~Robert~~

~~Samuel~~

David Dwyer

Walt

Raymond

Robert H.

John Glenn

Patty Murray

Tom Vucelja

Max Baucus

Barbara A. Mikulski

W. J.

Paul Wellstone

Tom Harkin

Herb Kohl

Ch. D.M.

John Breaux

Carl Levin

John F. Kennedy

Burbank

J. Hill

Dale Gribble

October 5, 1995

John Hollings

Ed Kennedy

Samuel R. Studd

Wendell

Thurmond

Clair Fe

My O'Connor

Frank R. Lautenberg

Frank Lautenberg

JACK METCALF
2D DISTRICT, WASHINGTON
COMMITTEE ON BANKING AND
FINANCIAL SERVICES
SUBCOMMITTEES
FINANCIAL INSTITUTIONS AND
CONSUMER CREDIT
DOMESTIC AND INTERNATIONAL
MONETARY POLICY

Congress of the United States
House of Representatives
Washington, DC 20515-4702

COMMITTEE ON RESOURCES
SUBCOMMITTEES
FISHERIES, WILDLIFE AND OCEANS
NATIVE AMERICAN AND INSULAR AFFAIRS
COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON TAX AND FINANCE

October 30, 1995

The Honorable Newt Gingrich
Speaker of the House
H232 Capitol
Washington, D.C. 20515

Dear Speaker Gingrich:

We are writing to express our concerns regarding the elimination of the permanent status of the Low-Income Housing Tax Credit (LIHTC) in the Reconciliation bill and the possibility of sunseting this program at the end of 1997.

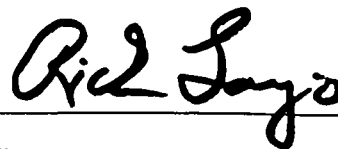
Since its inception in 1986, the LIHTC has been successful at attracting private investment for affordable rental housing. Both nonprofit and for-profit developers compete for these credits to construct or renovate affordable housing for low income individuals. According to the National Association of Home Builders, this program creates approximately 90,000 jobs a year, resulting in \$2.8 billion in wages and \$1.3 billion in tax revenue.

The LIHTC is a decentralized program administered by states according to their specific housing needs. The LIHTC is successful because it is a market driven program, free of interference from Washington. Investors exercise strict business discipline over the operation and development of this housing. As you know, building housing requires a great amount of time. A developer or builder needs adequate time to obtain the appropriate forms and meet building codes before constructing or renovating a unit. Ending LIHTC permanent status would make it difficult for state and local governments, investors and developers to make appropriate long-term planning decisions. Consequently, this would hinder the effectiveness of this program and reduce the number of participants willing to invest in, and build affordable housing.

We would like an opportunity to review all tax credits next year. However, we see no reason why we can't achieve this task while maintaining the permanent status of LIHTC. Once the GAO reports its recommendations, we can make administrative changes to safeguard this program.

We are asking you to please restore the permanent status of the Low-Income Housing Tax Credit. This credit is a form of a tax block grant which provides state and local governments with the resources to meet housing needs. The Low-Income Housing Tax Credit is a valuable program and critical in providing affordable housing for our citizens.

Sincerely,
cc: Reconciliation Conferees



Doug Brunton

Margaret Neithardt

Jim Walsh

Michael A. Cottle

Dick Chrysler

Mike Croso

Kelly Calvert

Allen Chenoweth

D. Hayworth

Peter G. Tachildan

Mary Rankin

Nancy L. Johnson

Colin Smith

Christopher Shays

Steve Barrett

Tom Ke

Frank A. LeBardo

JDG

William H. Baker

Bob Ng

Screw Kelly

Kevin Z. H.

Pete Blute

Jim McHenry

Brian Bellamy

Stephen Horn

Walter B. Jones Jr.

Charles H. Taylor

Randy J. Cunningham

Sam Silman

Phil English

Earl F. Hilliard

David Underbush

Louis V. Guertler

W. P. Langley

Lyndie Myrella

Jim Longley

Pete King

Tom Davis

Fred Heirman

Hal Rogers

Chung Baht

Neil Abernethy

Andrew Seastand

Sonny Bono

Harold Cable

W. P. Langley

Walt Linn

John Lewis

Jim Bann

William H. Clay

Bang Frank

Ed Mackey

Bart Shurech

L F Payne

Robert H. Patton

Al Brander

Frank Maxara

Joe Knollenberg

Marty Mullan
Jack Reed
Ed Whitfield

Ron Wynn
Tom Lantos

Art Felsen

Mark Foley

Marc Furr

Dan Ayon
Ray Well
Randy Tate
Sam Farr

Carrie P. Meek

Barbara B. Kennedy

Bobby Hark

Joe Sp

Phil Daddace

R + L M.

W. R. R.

Ernest C. C.

Di. Johnson

Lane Evans

Jim Oberstar

Pat. R. R.

Chas. G. G.

Th. E. B.

Tom Barrett

Tim Holden

Ben. L.

Di. Minge

Jim B.
Room Dicks

Pat Williams

Bruce P. Vento

Howard L. Serman

Rosa L. DeLuca

Spence T. Parker

Pete Putsch

Samuel Meyer

Charles L. Watson

Tom Lewis

Dave Hobbs

Mike Forbes

Ken Jell

Chas. T. Conady

Jane Camp

James McFarlane

Jack Quinn

Charles Kroschke

John T. Doolittle

Eel Bryant

Mike Diaz-Torres

Jay Orshen

Bob Gould

Bob White

Low Income Housing Tax Credit
Members signing Mr. Mecalf's letter to Speaker Gingrich

Member
Republicans

1. Mr. Lazio
2. Mr. Young (AK)
3. Ms. Johnson (CT)
4. Mr. McCrery
5. Mr. Nethercutt
6. Mr. English
7. Mr. Camp
8. Mr. Chrysler
9. Mr. Baker (LA)
10. Mr. Fox
11. Mr. LoBiondo
12. Mr. Smith (NJ)
13. Mr. Bereuter
14. Mr. Calvert
15. Ms. Roukema
16. Ms. Chenoweth
17. Mr. Ney
18. Mr. Hayworth
19. Mr. Klug
20. Mr. Torkildsen
21. Ms. Kelly
22. Mr. Blute
23. Mr. Hoke
24. Mr. Whitfield
25. Mr. Foley
26. Mr. Bunn
27. Mr. Walsh
28. Mr. Barrett (NE)
29. Mr. Salmon
30. Mr. Taylor (NC)
31. Mr. Castle
32. Mr. Bono
33. Mr. King
34. Mr. Jones (NC)
35. Mr. Horn
36. Mr. Weller
37. Mr. Bateman
38. Mr. Davis
39. Mr. Knollenberg

Member

40. Mr. Longley (ME)
41. Mr. Bilbray
42. Mr. Tate
43. Ms. Morella
44. Mr. Cunningham
45. Mr. Gilman
46. Mr. Forbes
47. Mr. Bartlett (MD)
48. Mr. Heineman (NC)
49. Ms. Seastrand
50. Mr. Shays
51. Mr. Upton
52. Mr. Rogers
53. Mr. Boehlert
54. Mr. Bachus
55. Mr. Quinn
56. Mr. Funderburk
57. Mr. Flanagan
58. Mr. Colbe
59. Mr. Lewis (KY)
60. Mr. Moorhead
61. Mr. Doolittle
62. Mr. Hobson
63. Mr. Bryant
64. Mr. Diaz-Balart
65. Mr. Dickey
66. Mr. Ehlers
67. Mr. Canady
68. Mr. Bonilla
69. Mr. White
70. Mr. Crapo

Member
Democrats

1. Mr. Matsui
2. Ms. Kennelly
3. Mr. Barrett (WI)
4. Mr. Luther
5. Mr. Holden
6. Mr. Pomeroy
7. Mr. Baldacci
8. Mr. Berman
9. Mr. Rush
10. Ms. Lofgren
11. Mr. Fattah
12. Ms. Meek (FL)
13. Mr. DeFazio
14. Mr. Oberstar
15. Mr. Evans
16. Mr. Johnson (SD)
17. Mr. Dicks
18. Mr. Costello
19. Mr. Williams
20. Mr. Bentsen
21. Mr. Barcia
22. Mr. Vento
23. Mr. Minge
24. Ms. DeLauro
25. Mr. Lantos
26. Mr. Frank (MA)
27. Mr. Wyden
28. Mr. Menedez (NJ)
29. Mr. Stupak
30. Mr. Frost
31. Mr. Meehan
32. Mr. Clay (MO)
33. Mr. Markey
34. Mr. Lewis (GA)
35. Mr. Reed
36. Mr. L.F. Payne
37. Mr. Farr
38. Mr. Mascara
39. Mr. Browder
40. Mr. Mfume
41. Mr. Abercrombie
42. Mr. Hilliard

Member

43. Mr. Deutsch
44. Mr. Gutierrez
45. Mr. Torricelli
46. Mr. Conyers



September 27, 1995

Honorable William V. Roth Jr.
Chairman
Committee on Finance
United States Senate
SD-219 Dirksen Senate Office Building
Washington, D.C. 20510

Honorable Daniel Patrick Moynihan
Ranking Member
Committee on Finance
United States Senate
SD-203 Hart Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman and Senator Moynihan:

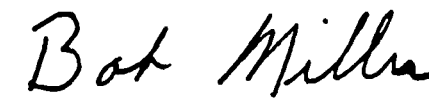
We are writing to seek your support for maintaining the permanent Low Income Housing Tax Credit (LIHTC). As you develop the Senate Finance Committee's reconciliation legislation, we urge you not to change this valuable program which has assisted states in financing the construction of 800,000 decent, affordable apartments for Americans whose family incomes are lower than 60 percent of the area median. The LIHTC reduces the taxes of any corporation which invests in affordable housing that otherwise would not be built. It is a good example of leveraging limited public resources with private money for an important public good.

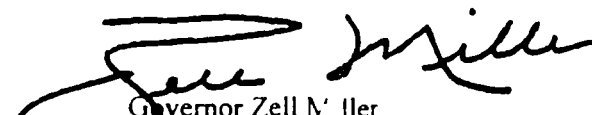
As the attached policy statement of the National Governors' Association points out, Governors expressly support the tax credit and have asked the federal government to promote public-private partnerships to increase the construction of affordable housing. The permanent LIHTC is one of the best examples of a public-private partnership and a federal-state partnership. This tax credit is the only incentive the federal government makes available to invest in affordable apartment construction and rehabilitation. The loss of permanency in the program will significantly weaken the effectiveness of the tax credit as corporations will be unable to plan future investments, leaving states with fewer options for developing financing packages for affordable housing projects.

We urge you both in the Senate Finance Committee and in Conference Committee to insist that this year's Reconciliation process not interrupt this successful and efficient affordable housing program.

Sincerely,


Governor Tommy G. Thompson
Chairman
National Governors' Association


Governor Bob Miller
Vice Chairman
National Governors' Association


Governor Zell Miller
Chairman
Committee on Economic Development
and Commerce



REPUBLICAN GOVERNORS ASSOCIATION

Now America's MAJORITY

September 27, 1995

The Honorable William V. Roth, Jr.
Chairman
Finance Committee
United States Senate
Washington, D.C. 20510

Dear Bill:

You know how much we share the balanced budget goal. However, we strongly urge you not to sacrifice the Low Income Housing Tax Credit -- our states' most effective tool for providing affordable housing to our low income families.

We urge you to sustain the Tax Credit's permanence in the Senate Finance Committee's budget Reconciliation Bill, and to insist on its inclusion in the conference with the House. To accept the House Ways and Means Committee's Tax Credit sunset is to accept the Tax Credit's repeal.

Since Congress created it in 1986, the Tax Credit has generated more than 730,000 new apartments nationwide, more than 110,000 each year at current rates. The Tax Credit currently accounts for one out of every four new apartments constructed nationwide and virtually every one of the new apartments built for low income renters. It is a key element in the recovering real estate industry.

Sunsetting the Tax Credit will profoundly disrupt an industry that has just come into maturity as a result of the credit's permanency. Permanence for the Tax Credit has attracted high quality developers into low income apartment construction and has increased the amount of equity generated by each Tax Credit dollar invested in such apartments.

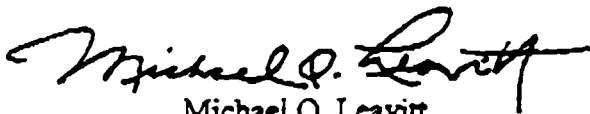
Sunset sends the message to investors that Congress has given up on the program -- despite its overwhelming success. The very threat of sunset may have already begun to undermine investor confidence that the Tax Credit will continue to be a reliable way to earn a fair return and help families in need.

The Tax Credit is by no means "corporate welfare" and was not particularly designed for corporate investors at all. Corporations had not been major low income housing investors and accounted for only about 20 percent of Tax Credit use until recent years. Individuals' investments accounted for about 80 to 100 percent of the Tax Credit until then.

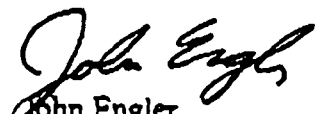
Corporate Tax Credit investment has increased because the passive loss limitations in the 1986 Tax Reform Act strictly limit individual taxpayer Tax Credit investments. Nonprofit syndicators, such as The Enterprise Foundation and Local Initiatives Support Corporation, originally pioneered increased corporate investment in nonprofit projects, as individual investment dried up.

We urge you on behalf of our nation's lower income families to preserve the permanent status of the Low Income Housing Tax Credit.

Sincerely,



Michael O. Leavitt
Governor of Utah
Chairman



John Engler
Governor of Michigan
Vice Chairman

October 31, 1995

The Honorable Bill Archer
Chairman, Ways and Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We are representatives of 1,300 nonprofit and for-profit housing and community development organizations, state and local governments, lenders, low income tenants, disability organizations, planning organizations, and real estate trade organizations writing to urge you to oppose any attempt to weaken or eliminate the Low Income Housing Tax Credit.

The Housing Credit, enacted in 1986, has been tremendously successful across the nation providing affordable housing and revitalizing urban neighborhoods and rural communities where it is most needed. The Housing Credit currently accounts for about 25 per cent of all multifamily housing constructed in the U. S. and virtually all of the affordable rental housing. From 1987 - 1994, the Housing Credit produced 750,000 housing units nationwide and currently produces over 100,000 per year.

The program is widely celebrated as a model federal program free of bureaucratic control and has enjoyed broad bipartisan support. Legislation to make the Housing Credit permanent -- which Congress finally enacted in 1993-- was co-sponsored by 86 Senators and 332 Representatives. They supported the program because it is decentralized and is administered by state and certain local housing finance agencies and unfettered by the kind of federal interference that has so burdened other programs. It is also market oriented, depending on private investor capital rather than direct government subsidies. As a result, it has imposed extremely beneficial market discipline that makes the housing fundamentally sound for the long term.

The Housing Credit encourages partnerships between corporations, state and local governments and affordable housing providers which have successfully transformed a number of declining neighborhoods and rural communities across the country. The Housing Credit has been used to finance housing that brings stability to the lives of community residents and has provided an anchor for further economic growth, private investment and jobs. Each year the Credit generates 90,000 jobs, \$2.8 billion in wages and salaries and \$1.3 billion in tax revenues.

We urge you to ensure that the Housing Credit remains a permanent part of the tax code. A sunset would surely sign the death warrant for the program and devastate efforts to meet the housing needs of America's low-income families.

Thank you for your help with this issue.

Sincerely,

The Honorable Bill Archer

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Alabama

Alabama Council of Rural and Affordable Housing, Tuscaloosa, AL

Alabama Council on Human Relations, Inc., AL

City of Bessemer AL, Quitman Mitchell, Mayor

City of Birmingham, AL, Richard Arrington, Jr., Mayor

City of Huntsville, AL, Steve Hettinger Mayor

City of Tuscaloosa, AL, Alvin P. Dupont, Mayor

Sisters of St. Joseph of Pineapple Alabama, Pineapple, AL

Alaska

Asa'carsarmint Tribal Council, Mt. Village, AK

City of Juneau, AK, Dennis Egan, Mayor

Kuigpagmiut, Inc./Kuigpagmiut CDC, Mt. Village, AK

Marshall Traditional Council, AK

University of Alaska Southeast, Ketchikan Campus, Ketchikan, AK

Yupiit of Andreafski, AK

Arizona

Arizona Planning Association, Phoenix, AZ

Chicanos Por La Causa Self-Help, Nogales, AZ

City of Peoria, AZ, Ken C. Forgia, Mayor

Comite De Bienestar, Inc., San Luis, AZ

Mercy Housing Arizona, Phoenix, AZ

Primavera Foundation, Inc., Tucson, AZ

Arkansas

Arkansas Association of Community Development Corporation, Inc., AR

City of North Little Rock, AR Patrick H. Hays, Mayor

Delta CDC, AR

Delta Research Education & Development Fund, AR

Pulaski County Community Services, AR

Sandflat-Glendale Neighborhood Development Corporation, Texarkana, AR

University of Arkansas at Pine Bluff, AR

California

1010 Development Corporation, Los Angeles, CA

A Community of Friends, Los Angeles, CA

Amador-Tuolumne Community Action Agency, Jackson, CA

Arter & Hadden, Los Angeles, CA

Asian American Drug Abuse Program, CA

Asian Neighborhood Design, San Francisco, CA

Assisted Housing Management Association Pacific Southwest, Costa Mesa, CA

Atlantic Community Economic Development Corp., Long Beach, CA

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Bank of America, Walnut Creek, CA
Bayview CDC, San Diego, CA
Berkeley Oakland Support Services, Berkeley, CA
Bridge Housing Corporation, San Francisco, CA
Burbank Housing Development Corporation, CA
Burbank Housing Development Corporation, Santa Rosa, CA
Calexico Community Action Council, Calexico, CA
California Affordable Housing Advocates, CA
California Center For Housing Priorities, CA
California Coalition For Rural Housing, CA
California Coalition For Special Needs Housing, CA
California Community Reinvestment Corporation, Pasadena, CA
California Housing Partnership Corporation, CA
California Mutual Housing Association, CA
California Rural Legal Assistance Foundation, CA
California-Nevada Community Action Association, CA
Catholic Charities Housing Development Corporation, Oakland, CA
Charo Community Development Corporation, Los Angeles, CA
Christian Church Homes of Northern California, CA
City and County of San Francisco, CA,
City of Alhambra, CA, Mark R. Paulson, Mayor
City of Anaheim, CA, Tom Daly, Mayor
City of Baldwin Park, CA, Fidel Vargas, Mayor
City of Bell Gardens, CA, Maria Chacon, Mayor
City of Berkeley, CA, Shirley Dean, Mayor
City of Brea, CA, Bev Perry, Mayor
City of Campbell, CA, Donald R. Burr Mayor
City of Carlsbad, CA
City of Cathedral City, CA, David W. Berry, Mayor
City of Culver City, CA, Steven Gourley, Mayor
City of El Centro, CA, Gene P. Brister Mayor
City of El Monte, CA, Patricia A. Wallach, Mayor
City of Escondido, CA, Sid Hollins, Mayor
City of Fontana, CA, David R. Eshleman, Mayor
City of Fremont, CA, Gus Morrison, Mayor
City of Gardena, CA, Donald Dear Mayor
City of Glendale, CA, Richard M. Reyes, Mayor
City of Hayward, CA, Roberta Cooper Mayor
City of Lakewood, CA, Wayne E. Poercy, Mayor
City of Lipland, CA, Robert R. Nolan, Mayor
City of Modesto, CA, Richard A. Lang, Mayor
City of Monterey Park, CA, Rita Valenzuela, Mayor
City of Napa, CA, Ed Solomon, Mayor

City of Newark, CA, David W. Smith, Mayor
City of Oakland, CA
City of Oakland Office of Housing and Neighborhood Development, Oakland, CA
City of Oceanside, CA, Dick Lyon, Mayor
City of Palmdale CA, James C. Ledford, Jr., Mayor
City of Palo Alto, CA, Joe Simitian, Mayor
City of Redding, CA, David Kehoe, Mayor
City of Redding Housing, Redding, CA
City of Richmond, CA, Rosemary M. Corbin, Mayor
City of San Buenaventura, CA, Tom Buford, Mayor
City of San Francisco, CA, Frank M. Jordan, Mayor
City of San Jose, CA, Susan Hammer Mayor
City of San Luis Obispo, CA, Allen K. Settle, Mayor
City of Santa Ana, CA, Miguel Pulido, Mayor
City of Santa Barbara, CA, Harriet Miller Mayor
City of Santa Cruz, CA, Katherine Beiers, Mayor
City of Santa Monica, CA, Paul Rosenstei, Mayor
City of South Gate, CA, Albert Robles, Mayor
City of Stanton, CA, Harry M. Dotson, Mayor
City of Stockton, CA, Joan Darrah, Mayor
City of West Covina, CA, Steve Herfert, Mayor
City of West Hollywood, CA, John Heilman, Mayor
Coachella Valley Housing Coalition, Indio, CA
Community Asset Builders, San Francisco, CA
Community Economics, Inc., Oakland, CA
Community Housing Assistance Program, Inc., Orange, CA
Community Housing Opportunities Corporation, Davis, CA
Concerned Citizens of South Central, Los Angeles, CA
Consumer Credit Counseling Service of Inland Empire, Riverside, CA
Contra Costa County Community Services Department, CA
Contra Costa County Office of Education, Richmond, CA
Corridor Economic Development Corporation, Los Angeles, CA
Curry Temple Community Development, Compton, CA
Devine and Geng, Inc., San Francisco, CA
Dignity Housing West, Inc., Oakland, CA
Dunbar Economic Development Corporation, Los Angeles, CA
East Bay Asian Local Development Corporation, Oakland, CA
East Bay Habitat for Humanity, Oakland, CA
East Bay Housing Organizations, Oakland, CA
Ecumenical Association for Housing, San Rafael, CA
Eden Housing, Inc., Hayward, CA
El Pueblo Community Development Corporation, Los Angeles, CA
Emergency Services Network, Oakland, CA

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Page 5

Esperanza Community Housing Corporation, Los Angeles, CA
Esperanza Housing & Community Development Corporation, Solana Beach, CA
Fair Housing Council of Riverside County, Inc., CA
Fair Housing Council of San Bernadino County, Inc., San Bernadino, CA
First Interstate Bank of California
First San Jose Housing, CA
Fresno County Economic Opportunities Commission, Fresno, CA
Greater Bethany Economic Development Corporation, Los Angeles, CA
Greater Richmond CDC, Richmond, CA
H. O. P. E. America, Pacoima, CA
HAND, Napa, CA
Hillview Mental Health Center, Lake View, California,
Hollywood Community Housing Corporation, Hollywood, CA
Housing & Development Consultants, Inc., Bakersfield, CA
Housing California, CA
Housing Conservation & Development Corporation, San Francisco, CA
Human Options, Inc., South Laguna, CA
Innovative Housing, Inc., San Rafael, CA
Kaufman and Broad Multi-Housing Group Inc., Los Angeles, CA
Korean Youth & Community Center, Inc., Los Angeles, CA
Lake County Community Development Department, Lakeport, CA
Latin American Civic Association, San Fernando, CA
Laurin Associates, Citrus Heights, CA
Los Angeles Coalition to End Homelessness, CA
Los Angeles Community Design Center, Los Angeles, CA
Many Mansions, Thousands Oaks, CA
Marin Housing Council, San Rafael, CA
Mercy Charities Housing California, San Francisco, CA
Mid-Peninsula Housing Coalition, Redwood City, CA
Mid-Peninsula Housing Coalition, San Francisco, CA
Mission Housing Development Corporation, San Francisco, CA
Napa Valley Family Homes, Napa, CA
National Partnership Investments Corporation, Beverly Hills, CA
Neighborhood Empowerment & Economic Development, Inc., North Hills, CA
Neighborhood House Association, San Diego, CA
NHP, Inc., Los Angeles, CA
Non-Profit Housing Association of Northern California, CA
North County Housing Foundation, Escondido, CA
Northern California Land Trust, CA
Oakland Community Housing, Inc., Oakland, CA
OCCUR, Berkeley, CA
Oldtimers Foundation, Fontana, CA
Pacific Asian Consortium in Employment, CA

Palo Alto Housing Corporation, Palo, Alto, CA
People's Self-Help Housing Corporation, San Luis Obispo, CA
Project New Hope, Los Angeles, CA
Providence House, Oakland, CA
Public Law Center, Santa Ana, CA
Pyatok Associates, Oakland, CA
Related Equity Corporation, Irvine, CA
Resources for Community Development, Berkeley, CA
Rubicon Programs, Inc., Richmond, CA
Rural Area Non-Profit Community Housing Organization, Del Mar, CA
Rural California Housing Corporation, CA
Rural Community Assistance Corporation, Sacramento, CA
San Diego Community Housing Development Corporation, San Diego, CA
Santa Cruz Community Housing Corporation, Santa Cruz, CA
Self-Help Enterprises, Visalia, CA
Shelter, Inc. of Contra Costa, Concord, CA
Sister of the Holy Name CA Province Justice and Peace Committee, San Francisco, CA
SK Management Company, Los Angeles, CA
Skid Row Housing Trust, Los Angeles, CA
Soledad Local Development Corporation, Soledad, CA
South County Housing, Gilroy, CA
Southern California Association for Non-Profit Housing, Los Angeles, CA
Sun America, Inc., CA
Sutro & Company, Inc., Los Angeles, CA
The City of Stockton, CA
The Related Companies of CA, Irvine, CA
Ujamaa Res. Corporation, San Francisco, CA
Venice Community Housing Corporation, Venice, CA
Vermont Clauson Economic Development Corporation, Los Angeles, CA
Ward Economic Development Corporation, Los Angeles, CA

Colorado

Allied Housing, Inc., CO
Archdiocesan Housing Commission, Denver, CO
Assisted Housing Management Association, Parker, CO
Board of Otero County, CO
City of Arvada, Arvada, CO
City of Fort Collins, CO, Ann Azari, Mayor
City of Loveland, CO, Ray Emerson, Mayor
Denver Office of Planning and Community Development, Denver, CO
Fort Collins Development Corporation, Fort Collins, CO
Hadley Mendel Management Company, Denver, CO
Hope Communities Inc., Denver, Colorado

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Hudson Real Estate, Denver, CO
Larimer County Community Land Consortium, CO
Mendel Allison Construction Company, Denver, CO
Mercy Housing Inc., Denver, CO
MJT Properties, Denver, CO
TRAC-The Resource Assistance Center, Fort Collins, CO

Connecticut

ACF, Inc., Hamden, CT
Action Housing, Inc., Norwalk, CT
Becker and Becker Associates, Inc., New Canaan, CT
Bridgeport Neighborhood Fund, Bridgeport, CT
Bristol Community Organization, Inc., Bristol, CT
Broad Park Development Corporation, Hartford, CT
Central Connecticut Coast YMCA, Bridgeport, CT
City of Danbury, CT, Gene F. Eriquez, Mayor
City of Fairfield, CT, Paul Audley, Mayor
City of Hartford, CT, Michael P. Peters, Mayor
City of Naugatuck, CT, William C. Rado, Sr., Mayor
City of New Britain, CT, Linda A. Blogoslawski, Mayor
City of New Haven, CT, John DeStefano, Jr., Mayor
City of West Haven, CT, H. Richard Borer Jr., Mayor
Co-op Initiatives, Inc., Hartford, CT
Co-Opportunity, Hartford, CT
Co-op Initiatives, Hartford, CT
Community Economic Development Fund, Bridgeport, CT
Community Mental Health Affiliates, Inc., Bristol, CT
Connecticut AIDS Residence Coalition, CT
Connecticut Housing Coalition, CT
Connecticut Housing Investment Fund, Hartford, CT
Department of Economic and Community Development, Hartford, CT
El Hogar Del Futuro, Inc., Hartford, CT
Family Services Woodfield, Bridgeport, CT
Farmington Affordable Housing Committee, Farmington, CT
Housing Development Fund of Lower Fairfield County, Stamford, CT
Human Services Council of Mid-Fairfield, Norwalk, CT
McDillon Holdings, Inc., Bridgeport, CT
Metro Realty Advisors, Farmington, CT
My Sisters' Place, Hartford, CT
Northeastern Connecticut CDC & Rural Homes, Ltd., Danielson, CT
Nuestra Casa Del Pueblo, Bridgeport, CT
Real Estate Solutions, Hartford, CT
Ruth G. Price & Associates, Fairfield, CT

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St. Luke's Community Services, Stamford, CT
Stamford Neighborhood Housing Services, Inc., Stamford, CT
The Community Builders, Inc., New Haven, CT
The Connection Fund, Inc., Middletown, CT
United Services, Inc., Danville, CT
Urban Initiatives, Stamford, CT
Vision Housing, Inc., Hebron, CT
Wentworth Properties, Inc., Darien, CT

Delaware

City of Wilmington, DE, James Sills, Jr., Mayor
Interfaith Housing Delaware Inc., Wilmington, DE
Ministry of Caring Job Placement Center, Wilmington, DE

Washington, DC (includes national organizations)

AFL-CIO Housing Investment Trust, Washington, DC
AIDS Action Council, Washington, DC
Alliance to End Childhood Lead Poisoning, Washington, DC
American Association of Homes & Services for the Aging, Washington, DC
American Friends Service Committee-Community Relations Division, Washington, DC
American Institute of Architects, Washington, DC
American Network of Community Options and Resources, Washington, DC
American Planning Association, Washington, DC
American Seniors Housing Association, Washington, DC
Anacostia Economic Development Corporation, Washington, DC
Association of Local Housing Finance Agencies, Washington, DC
B'Nai B'Rith, Washington, DC
Bazalon Center for Mental Health Law, Washington, DC
CASH PLUS, Washington, DC
Catholic Charities USA, Washington, DC
Center for Community Change, Washington, DC
Church Women United, Washington, DC
Commission on Social Action of Reformed Judaism, Washington, DC
Community Partnership for the Prevention of Homelessness, Washington, DC
Community Preservation & Development Corporation, Washington, DC
Consortium for Citizens with Disabilities Housing Task Force, Washington, DC
Consumers Union, Washington, DC
Council for Affordable Rural Housing, Washington, DC
Council of Large Public Housing Authorities, Washington, DC
Council of State Community Development Agencies, Washington, DC
Housing Investment Trust, Washington, DC
Housing Opportunities for Women, Washington, DC
Institute of Real Estate Management, Washington, DC

Jubilee Housing Inc., Washington, District of Columbia
Latino Civil Rights Task Force, Washington, DC
Latino Economic Development Corporation, Washington, DC
Local Initiatives Support Corporation, Washington, DC
Lutheran Office for Governmental Affairs, ELCA, Washington, DC
National Apartment Association, Washington, DC
National Assisted Housing Management Association, Washington, DC
National Association of Affordable Housing Lenders, Washington, DC
National Association of Community Development Loan Funds, Washington, DC
National Association of Counties, Washington, DC
National Association of Developmental Disabilities Council, Washington, DC
National Association of Housing Cooperatives, Washington, DC
National Association of Housing Redevelopment Organizations, Washington, DC
National Association of Protection and Advocacy Systems, Washington, DC
National Association of Realtors, Washington, DC
National Coalition for the Homeless, Washington, DC
National Community Development Association, Washington, DC
National Community Mental Health Care Council, Washington, DC
National Congress for Community Economic Development, Washington, DC
National Cooperative Bank, Washington, DC
National Cooperative Business Association, Washington, DC
National Council of Senior Citizens, Washington, DC
National Council of State Housing Agencies, Washington, DC
National Housing & Rehabilitation Association, Washington, DC
National Housing Conference, Washington, DC
National Housing Law Project, Washington, DC
National Housing Partnership, Washington, DC
National Housing Trust, Washington, DC
National League of Cities, Washington, DC
National Low Income Housing Coalition, Washington, DC
National Multi Housing Association, Washington, DC
National Neighborhood Coalition, Washington, DC
National Puerto Rican Coalition, Washington, DC
National Rural Housing Coalition, Washington, DC
National Trust for Historic Preservation, Washington, DC
National Urban League, Inc., Washington, DC
NETWORK: A National Catholic Social Justice Lobby, Washington, DC
North Capitol Neighborhood Development, Washington, DC
Paralyzed Veterans of America, Washington, DC
SEEDCO, Washington, DC
Simon Publications, Washington, DC
The Enterprise Foundation, Washington, DC
THE ARC, Washington, DC

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U.S. Conference of Mayors, Washington, DC
United Way of America, Washington, DC
Urban Ventures, Washington, DC
Women & Poverty Project, Washington, DC
Women Work/Network for Women's Employment, Washington, DC

Florida

Advanced Housing Corporation, Miami, FL
Affordable Housing Solutions for Florida, Inc., FL
Board of Monroe County, FL
Central Florida Community Development Corporation, FL
City of Boca Raton, FL, Carol Hanson, Mayor
City of Boynton Beach, FL, Gerald Taylor Mayor
City of Cape Coral, FL, Ralph G. Butler Mayor
City of Clearwater FL, Rita Garvey, Mayor
City of Daytona Beach, FL, Paul A. Carpenella, Mayor
City of Hialeah, FL, Raul L. Martinez, Mayor
City of Hollywood, FL, Mara Giuliani, Mayor
City of Miami, FL, Stephen P. Clark, Mayor
City of Pompano Beach, FL, Emma Lou Olson, Mayor
City of St. Petersburg, FL, David J. Fischer Mayor
City of Tallahassee, FL, Scott Maddox, Mayor
City of Tampa, FL, Dick Greco, Mayor
City of West Palm Beach, FL, Nancy Graham, Mayor
Community Equity Investments, Inc., Pensacola, FL
Dade Employment and Economic Development Corp. Inc. (DEEDC), Miami, FL
Denihan & Associates, Pembroke Pines, FL
East Little Havana Community Development Corporation, Miami, FL
First Union National Bank - Florida, Jacksonville, FL
Florida Housing Coalition, FL
Greater Miami Neighborhoods, Miami, FL
Homes In Partnership Inc., Apopka, FL
Lee County Employment & Economic Development Corporation, FL
Lee Davis NDC, Tampa, FL
Little Haiti Housing Association, Inc., Miami, FL
Madison County Community Development, Edwardsville, FL
Metro - Dade County, Miami, FL
Metro-Miami Action Plan, Miami, FL
Miami Beach CDC Miami Beach, FL
Miami Beach Development Corporation, Miami Beach, FL
Miami Housing's Community Development Corporation, Miami, FL
Orange County Housing Finance Authority, Orlando, FL
Orlando Department of Housing & Community Development, Orlando, FL

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Page 11

Planning & Development Department, City of Orlando, FL
USF Area Community Civic Association, Tampa, FL
William R. Rough & Company, St. Petersburg, FL

Georgia

Atlanta Neighborhood Development Partnership, Atlanta, GA
Atlanta Task Force for the Homeless, Atlanta, GA
Board of Chatham County, GA
Board of DeKalb County, GA
Board of Fulton County, GA
Board of Newton County, GA
City of East Point, GA, Patsy Jo Hilliard, Mayor
Cobb Housing Inc., Marietta, GA,
Georgia Coalition to End Homelessness, GA
Georgia Planning Association, Stone Mountain, GA
Housing Authority of the County of DeKalb, Decatur, GA
Reynoldstown Revitalization Corporation, Atlanta, GA
SE Regional Council of NAHRO, GA
Wholistic Institute, Atlanta, GA

Hawaii

Affordable Housing Corporation of Maui County, Wailuku, HI
Board of Kauai County, HI
Board of the County and City of Honolulu, HI
City of Hilo, HI, Stephen Yamashiro, Mayor
County of Hawaii, HI
County of Maui, Linda Crock, Mayor, HI,
Honolulu Community Action Program, Honolulu, HI

Idaho

Boise Neighborhood Housing Services Inc., Boise, ID
Family Assistance in Transitional Housing, Idaho Falls, ID
Idaho Housing Coalition, ID

Illinois

Bethel New Life, Chicago, IL
Center for Neighborhood Technology, Chicago, IL
City of Anderson, IL, J. Mark Lawler Mayor
City of Chicago, IL, Richard M. Daley, Mayor
City of Evanston, IL, Lorraine H. Morton, Mayor
City of Highland Park, IL, Raymond J. Geraci, Mayor
City of North Chicago, IL, Bobby E. Thompson, Mayor
City of Oak Park, IL, Lawrence Christmas, Mayor

City of Rockford, IL, Charles E. Box, Mayor
Cook County Planning and Development Commission, Chicago, IL
Corver Community Action Agency, Galesburg, IL
County of Lake, Community Development Department, Waukegan, IL
County of Lake, Department of Planning, Waukegan, IL
Greater Roseland Community Development Corporation, Chicago, IL
Lawndale Christian Development Corporation, Chicago, IL
Metropolitan Housing Development Corporation, Chicago, IL
New Cities CDC, Harvey, IL
North River Housing Development Corporation, Chicago, IL
Rock River Valley Peace Action, Rock Falls, IL
Rockford Neighborhood Redevelopment, Rockford, IL
Rural Rental Housing Association of Illinois, Springfield, IL
South Suburban Action Conference, Hazel Crest, IL
Southern Illinois Coalition for the Homeless, Inc., IL
Southwest Chicago Development Commission, Chicago, IL
St. Edmund's Redevelopment Corporation, Chicago, IL
Travelers & Immigrants Aid, Chicago, IL
ZION Development Corporation, Rockford, IL

Indiana

BOS CDC, Indianapolis, IN
CASH PLU\$, South Bend, IN
CICOA The Access Network, IN
City of East Chicago, IN, Robert A. Patrick, Mayor
City of Elkhart, IN, James P. Perron, Mayor
City of Fort Wayne, IN, Paul Helmke, Mayor
City of Gary, IN, Thomas V. Barnes, Mayor
City of Hammond, IN, Duane W. Dedelow, Jr., Mayor
City of Lafayette, IN, James F. Riehle, Mayor
City of New Albany, IN, Douglas B. England, Mayor
City of Shelbyville, IN, Robert W. Williams, Mayor
City of South Bend, IN, Joe Kernan, Mayor
Concord Community Development Corporation, Indianapolis, IN
Eastside Community Investments, Indianapolis, IN
Hayes Realty Inc., Evansville, IN
Housing Futures Institute, Muncie, IN
Housing Partnerships, Inc., Columbus, IN
Indiana Association for Community Economic Development, IN
Indiana Coalition on Housing & Homeless Issues, IN
Indiana Coalition on Housing and Homeless Issues, IN
Indiana Economic Development Academy, IN
KB Parrish & Company, CPA, Indianapolis, IN

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King Park Area Development Corporation, Indianapolis, IN
Martin Luther King Community Development Association, Indianapolis, IN
NDC Douglas Properties, Inc., Hammond, IN
Northwest Indiana Habitat for Humanity, Inc, IN
Pathfinder Services, Inc., Huntington, IN
Sisters of Providence Motherhouse Peace & Justice Group, St.-Mary-of-the-Woods, IN
South Bend Heritage Foundation, South Bend, IN
Southeast Neighborhood Development, Indianapolis, IN

Iowa

Home-In-Stead, Inc., Osecola, IA
Iowa Department of Economic Development, Des Moines, IA
Iowa Institute for Low-Income Housing, IA
Metro Area Housing Program, Cedar Rapids, IA
Mid City Vision Coalition, Inc., Des Moines, IA
Muscatine's Center for Strategic Action, Muscatine, IA
South Central Iowa Development Corporation, IA
South Central Iowa Revolving Loan Fund, Inc., IA

Kansas

Barker Neighborhood Association, Lawrence, KS
Big Brothers/Big Sisters of Douglas County, Lawrence, KS
City of Manhattan, KS, Edith L. Stunkel, Mayor
Housing & Credit Counseling Inc., Topeka, Kansas
Housing & Credit Counseling, Inc., Topeka, KS
Independence Inc., Lawrence, KS
Kaw Valley Chapter Older Women's League & Douglas County Advocacy Council on
Aging's Joint Housing Committee, Lawrence, Kansas
Lawrence Job Service, Lawrence, KS
Mennonite Housing Rehab Services, Wichita, KS
The City of Lawrence, KS
Topeka Housing Partnership, Inc., Topeka, KS
Wichita Indochinese Center Inc., Wichita, KS

Kentucky

City of Covington, KY, Denny Bowman, Mayor
Family Resources, Inc., Winchester, KY
Federation of Appalachian Housing Enterprises, Inc., KY
Mountain Association for CED, Berea, KY
Office of Peace and Justice of the Sisters of Divine Providence, Melbourne, KY

Louisiana

City of Alexandria, LA, Edward G. Randolph, Jr., Mayor

City of Monroe, LA, Robert E. Powell, Mayor
City of New Orleans, LA, Marc Morial, Mayor
City of Shreveport, LA, Robert W. "Bo" Williams, Mayor
E. Hunter & Associates, New Orleans, LA
Mid City Redevelopment Alliance, Baton Rouge, LA
Ronald L. Brignac & Associates, New Orleans, LA
Rural Rental Housing Association of Louisiana, LA
Southern Research and Development Corporation, New Iberia, LA
Starthrowers, Franklin, LA
Xavier Triangle NDC, New Orleans, LA

Maine

Coastal Enterprises, Inc. Wiscasset, ME
Freeport Housing Trust, Inc., Freeport, ME

Maryland

City of Baltimore, MD, Kurt L. Schmoke, Mayor
City of Rockville, MD, James F. Coyle, Mayor
Community Housing Associates Inc., Baltimore, MD
Development Training Institute, Baltimore, MD
Devlin, Inc., Oakland, MD
Ferris Baker Watts, Inc., Baltimore, MD
Garrett County Community Action Committee, Inc., Oakland, MD
Garrettland, Inc., Oakland, MD
Homes for America, Annapolis, MD
Interfaith Housing Development Corporation of the Maryland Eastern Shore, Denton, MD
McAuley Institute, Silver Spring, MD
Neighborhood Rental Services of Baltimore, Inc., Baltimore, MD
Sandtown Habitat for Humanity Inc., Baltimore, MD
Southwest Visions Inc., Baltimore, MD
St. Luke's House, Inc., Chevy Chase, MD
Tri Churches Housing, Inc., Baltimore, MD
Tri-County Community Development Corporation, Hughesville, MD
Victory Housing, Inc., Rockville, MD
The Housing Counseling Clearinghouse, Gaithersburg, MD

Massachusetts

Acre Triangle Community Development Corporation, Lowell, MA
AIDS Housing Corporation, Boston, MA
Berkshire Housing Development Corporation, Pittsfield, MA
Boston Aging Concerns - Young and Old United, Boston, MA
Chelsea Neighborhood Housing Service, Chelsea, MA
City of Beverly, MA, William F. Scanlon, Jr., Mayor

City of Boston, MA, Thomas M. Menino, Mayor
City of Chicopee, MA, Joseph J. Chessey, Jr., Mayor
City of Everett, MA, John R. McCarthy, Mayor
City of Haverhill, MA, James Rurak, Mayor
City of Lynn, MA, Patrick J. McManus, Mayor
City of Springfield, MA, Robert T. Markel, Mayor
Coalition for a Better Acre, Lowell, MA
Community Teamwork, Inc., Lowell, MA
Housing Assistance Corporation, Hyannis, MA
Jamaica Plain Neighborhood Development Corporation, Jamaica Plain, MA
Just-A-Start Corporation, Cambridge, MA
Lena Park Community Housing, Dorchester, MA
Massachusetts Association of CDCs, Boston, MA
Salem Harbor CDC, Salem, MA
South Shore Housing Development Corporation, Kingston, MA
Urban Edge, Roxbury, MA
Worcester Common Ground, Worcester, MA

Michigan

Cass Corridor Neighborhood Development Corporation, Detroit, MI
Christian Outreach Rehabilitation & Development, Benton Harbor, MI
Church of the Messiah Housing Corporation, Detroit, MI
City of Detroit, MI, Dennis W. Archer Mayor
City of Inkster, MI, Edward Bivens, Jr., Mayor
City of Lansing, MI, David C. Hollister Mayor
City of Livonia, MI, Robert D. Bennett, Mayor
City of Oak Park, MI, Gerald Naftaly, Mayor
City of Pontiac, MI, Elick Shorter Mayor
City of Portage, MI, Donald E. Overlander Mayor
Cooperative Services, Inc., MI
Core City Neighborhoods, Detroit, MI
Court Street Village Non-Profit Housing Corporation, Flint, MI
Detroit Neighborhood Housing Services, Detroit, MI
Detroit Shoreway Community Development Organization, MI
Emmanuel Community House, Detroit, MI
First of America, Grand Rapids, MI
Flint Community Development Corporation, Flint, MI
Flint Neighborhood Improvement and Preservation Project, Inc., Flint, MI
Grandmont Rosedale Development Corporation, Detroit, MI
Great Lakes Bancorp, Ann Arbor, MI
Housing Corporation, Detroit, MI
Housing Resources, Inc., Kalamazoo, MI
Hubbard Farms Community Group, Detroit, MI

Human Development Commission, Caro, MI
Human Resources Opportunities, Fowlerville, MI
Independent Management Services, Detroit, MI
Islandview Village Development Corporation, Detroit, MI
Joy of Jesus, Detroit, MI
Kalamazoo County Human Development, MI
Kalamazoo Neighborhood Housing Services, Kalamazoo, MI
Kalamazoo Valley Habitat for Humanity, MI
Mexicantown Commercial Development, Detroit, MI
Michigan Housing Council, MI
New Hope Community Development Non-Profit Housing Corporation, Detroit, MI
New Hope Non Profit Housing Corporation, Detroit, MI
Northwest Detroit Neighborhood Development, Inc., Detroit, MI
Pax Christi Michigan, Sylvan Lake, MI
Peace and National Priorities Center, Sylvan Lake, MI
Portage Community Outreach Center, Portage, MI
REACH, Inc., Detroit, MI
Redeemer Community Development Corporation, Detroit, MI
Saint Ignatius Non Profit Housing Corporation, Detroit, MI
Southwest Alliance for Neighborhood, Detroit, MI
Southwest Detroit Business Association, Detroit, MI
U-SNAP-BAC, Detroit, MI
United Streets Networking & Planning: Building A Community, Detroit, MI
V.I.S.I.O.N., Inc., Detroit, MI
VanCasCap, Lawrence, MI
Warren/Conner Development Corporation, Detroit, MI
Washington Heights Committee for Change, Battle Creek, MI
West Detroit Inter-Faith Community Organization, Detroit, MI
William T. Dobson, Ann Arbor, MI

Minnesota

American Indian Housing Corporation, Minneapolis, MN
Anoka County Community Action Program, Inc., Blaine, MN
Becker County HRA, Detroit Lakes, MN
Board of Olmsted County, MN
Board of Polk County, MN
Central Minnesota Housing Partnership, MN
City of Eden Prairie, MN, Jean Harris, Mayor
City of Hastings, MN,
City of Minneapolis, MN, Sharon Sayles Belton, Mayor
City of Richfield, MN, Martin J. Kirsch, Mayor
Dakota County HRA Rosemount, MN
Dayton's Bluff Neighborhood Housing Services, St. Paul, MN

Duluth Community Action Program, Duluth, MN
Farmers & Merchants State Bank, New York Mills, MN
Farmers State Bank, Waubun, MN
First National Bank, Monahga, MN
Frogtown Action Alliance, St. Paul, MN
Holy Redeemer Church, Marshall, MN
Housing Initiatives, St. Paul, MN
Justice & Service Team, St. Joseph, MN
Koochiching-Itasca Action Council, Grand Rapids, MN
Lyndale Neighborhood Development Corporation, Minneapolis, MN
Mahoney, Ulbrich, Christiansen & Russ, P.A., Minneapolis, MN
Midwest Minnesota Community Development Corporation, Detroit Lakes, MN
Minneapolis Community Development Agency, Minneapolis, MN
Minnesota Community Action Association, MN
Minnesota Housing Partnership, MN
Minnesota's Community Development Corporation, MN
MNCARH, Taylors Falls, MN
Neighborhood Development Center, Inc., St. Paul, MN
Northeast Metro Coalition for Affordable Housing, White Bear Lake, MN
Northstar CDC, Duluth, MN
Northwoods Bank of Minnesota, Park Rapids, MN
Norwest Bank Minnesota, Minneapolis, MN
Office for Social Justice, St. Paul, MN
Overcoming Poverty Together, Mankato, MN
Perham State Bank, Perham, MN
Political Advocates of Affordable Housing Dakota Co., Lakeville, MN
Project for Pride in Living, Inc., Minneapolis, MN
Rochester/Olmsted Community Housing Partnership, Rochester, MN
St. Paul Coalition For Community Development, St. Paul, MN
Tri-County Action Programs, Inc., St. Cloud, MN
Washington County HRA, St. Paul, MN
Western Initiatives for Neighborhood Development, St Paul, MN
Whittier Alliance, Minneapolis, MN
Wilden NIP, St. Paul, MN

Mississippi

American Planning Association, Mississippi Chapter, MS
Big River Housing Development Corporation, Marks, MS
City of Natchez, MS, Larry L. Brown, Mayor
City of Tupelo, MS, Jack L. Marshall, Mayor
Friends of the Children of Mississippi, Jackson, MS
Intervest Corporation, Jackson, MS
Jackson Metro Housing Partnership, Jackson, MS

The Honorable Bill Archer

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Quitman County Development Organization, Inc., Marks, MS
Rural Rental Housing Association of Mississippi, Jackson, MS
United Management Systems, Macon, MS

Missouri

Blue Hills Homes Corporation, Kansas City, MO
City of Independence, MO, Rondell F. Stewart, Mayor
City of Kansas City, MO, Emanuel Cleaver II, Mayor
City of St. Charles, MO, Robert L. Moeller Mayor
City of St. Joseph, MO, Larry R. Stobbs, Mayor
City of St. Louis, MO, Freeman R. Bosley, Jr., Mayor
City of University City, MO, Janet Majerus, Mayor
Community Builders-Kansas City, Kansas City, MO
Community Development Corporation-Kansas City, Kansas City, MO
Hamilton Heights Neighborhood Organization Inc., St. Louis, MO
Historic Northeast Restoration Corporation, Kansas City, MO
Midtown Community Development Corporation, Kansas City, MO
Old Northeast, Inc., Kansas City, MO
Regional Housing Alliance, St. Louis, MO
Sisters of Charity of Leavenworth, Kansas City, MO
St. Louis Association of Community Organization (SLACO), St. Louis, MO
The Kitchen, Inc., Springfield, MO
Twelfth Street Heritage Development Corporation, Kansas City, MO

Montana

Board of McCone County, MT
City of Butte, MT, Jack Lynch, Mayor

Nebraska

City of Grand Island, NE, Ken Gnadt, Mayor
City of Lincoln, NE, Mike Johanns, Mayor
Kennebec Valley Community Action Program, Waterville, NE
Nu-Style Development, Omaha, NE
Platte Valley Community Development Initiative, Scottsbluff, NE

Nevada

Affordable Housing Resource Center of Southern Nevada, NV
American Federal Savings, Las Vegas, NV
Blackthorn Company, Las Vegas, NV
Catholic Charities of Southern Nevada, Las Vegas, NV
City of Las Vegas, NV, Jan Lavery Jones, Mayor
Nevada Community Reinvestment Corporation, Las Vegas, NV
Nevada Fair Housing, NV

The Honorable Bill Archer

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Nevada HAND, NV

Nevada Homes for Youth, Las Vegas, NV

Omaha Economic Development Corporation, Omaha, NV

S.H.A.R.E., Las Vegas, NV

Salvation Army, Las Vegas, NV

Saxton Incorporated, Las Vegas, NV

Southern Nevada Housing Corporation, Las Vegas, NV

The Blackthorn Company, Las Vegas, NV

The Shade Tree, Las Vegas, NV

United Way of Southern Nevada, NV

Womens Development Center, Las Vegas, NV

New Hampshire

Board of Hillsborough County, NH

Community Economic Development Program/ New Hampshire College, Manchester, NH

Laconia Area Community Land Trust, Laconia, NH

New Jersey

Affordable Housing Network of New Jersey, NJ

Board of Camden County, NJ

Catholic Community Services Housing Corporation, Newark, NJ

City of Bayonne, NJ, Leonard P. Kiczek, Mayor

City of Bridgewater NJ, James T. Dowden, Mayor

City of East Orange, NJ, Cardell Cooper Mayor

City of Edison, NJ, George A. Spadaro, Mayor

City of Jersey City, NJ, Bret Schundler Mayor

City of Newark, NJ, Sharpe James, Mayor

City of Patterson, NJ, William J. Pascrell, Jr., Mayor

City of Trenton, NJ, Douglas H. Palmer Mayor

City of Vineland, NJ, Joseph Romano, Mayor

City of West New York, NJ, Albio Sires, Mayor

Community Access Unlimited, Inc., Elizabeth, NJ

Donald Jackson Neighborhood Corporation, Newark, NJ

Enterprise Foundation Newark, Newark, New Jersey

Essex County Division of Housing & Community Development, Cedar Grove, NJ

Felician Sisters, Lodi, NJ

La Casa De Don Pedro, Newark, NJ

O.C.E.A.N., Inc., Toms River, NJ

St. James Community Development Corporation, Newark, NJ

St. Joseph's Carpenter Society, Camden, NJ

St. Paul's CDC, Paterson, NJ

St. James Community Development Corp., Newark, NJ

New Mexico

City of Roswell, NM, Thomas E. Jennings, Mayor
City of Santa Fe, NM, Debbie Jaramillo, Mayor
Los Alamos Housing Partnership Inc, Los Alamos, NM
Rural Housing, Inc., NM
Siste Del Norte CDC, Ombudo, NM

New York

ABCCD, Brooklyn, NY
Abyssinian Development Corporation, New York, NY
Access Development Fund, New York, NY
Addicts Rehabilitation Center, New York, NY
Albany Housing Coalition, Inc., Albany, NY
Alfred Housing Committee, Inc., Alfred, NY
American Planning Association Upstate, New York Chapter, NY
Aquinas Housing Corp., Bronx, NY
Argus Community Inc., Bronx, NY
Arker Companies, Woodmere, NY
Asian Americans for Equality, Inc., New York, NY
B.U.I.L.D., Bronx, NY
Banana Kelly Community Improvement Association, Bronx, NY
Battery Park City Authority, New York, NY
Black United Fund of New York, New York, NY
Broadway Housing Development Fund Company, New York, NY
Bronx Shepherds Restoration Corporation, NY
Brooklyn Neighborhood Improvement Association, Brooklyn, NY
Builders for the Family and Youth Inc., Brooklyn, NY
Capitol Hill Improvement Corporation, Albany, NY
Caroll Gardens Association, Inc., Brooklyn, NY
Carroll Garden Assoc., Inc., Brooklyn, NY
Catherine McAuley Housing, Rochester, NY
Cayuga Development, Auburn, NY
Central Islip Civic Council, Inc., Central Islip, NY
Citizens Alliance, Inc., Buffalo, NY
City of Albany, NY, Gerald D. Jennings, Mayor
City of Auburn, NY, Guy Thomas Cosentino, Mayor
City of Binghamton, NY, Richard A. Bucci, Mayor
City of Buffalo, NY, Anthony Masiello, Mayor
City of Hempstead, NY, James A. Garner Mayor
City of Rochester NY, William A. Johnson, Jr., Mayor
City of Rockville Centre, NY, Eugene J. Murray, Mayor
City of Syracuse, NY, Roy A. Bernardi, Mayor
Clinton Housing Development Co., New York, NY

Clinton Housing Development Company, New York, NY
Coalition for Affordable Transitional Community Housing, Burnsville, NY
Columbia Hall HDFC, New York, NY
Committee for the Heights Inwood Homeless, New York, NY
Common Ground Community, New York, NY
Community Access, Inc., New York, NY
Community Service Society of New York, NY
Community Training & Resources Center, New York, NY
Corporation for Supportive Housing, New York, NY
Cortland Housing Assistance Council, Inc., Cortland, NY
Cowanus Canal Community Development Corporation, Brooklyn, NY
Cypress Hills Local Development Corporation, Brooklyn, NY
East New York Urban Youth Corporations, Brooklyn, NY
Ecumenical Community Development Organization, New York, NY
Ecumenical Community Development Organization, Riverside, NY
El Barrio Operation Fightback, New York, NY
Ellicott District Community Development, Inc., Buffalo, NY
Erasmus Neighborhood Federation, Brooklyn, NY
FEGS, New York, NY
Fifth Avenue Committee, Inc., Brooklyn, NY
Fordham Bedford Housing Corporation, Bronx, NY
Franciscan Sisters of the Atonement, New York, NY
Gema Hall LP, New York, NY
Greater Sheepshead Bay Development Corporation, Brooklyn, NY
Harlem Restoration Project, Inc., New York, NY
Harlem Congregations for Community Improvement, Inc., NY
Harlem Restoration Project, Inc., NY
Health Industry Resource Enterprises Inc., New York, NY
Hill & Vale Affordable Housing, Inc., Schenectady, NY
Housing 2000 LP, New York, NY
Housing 2000, New York, NY
Housing Partnership, Elmsford, NY
Housing Visions Unlimited, Inc., Syracuse, NY
Hudson River Housing, Inc., Poughkeepsie, NY
Human Development Services of Port Chester, Inc., Port Chester, NY
Institute for the Puerto Rican/Hispanic Elderly, New York, NY
Kenmore Mercy Hospital, Kenmore, NY
Lackawanna Housing Development Corporation, Lackawanna, NY
Local Development Corporation of Crown Heights Housing Projects, Brooklyn, NY
Long Island Housing Partnership, Hauppauge, NY
Longwood Historic District Community Association Inc., Bronx, NY
Lower East Side Coalition Housing Development, Inc., New York, NY
Lower West Side Development Corporation, Buffalo, NY

Manhattan Valley Development Corporation, NY
MBD Community Housing Corporation, Bronx, NY
Measaruey Russell & Company CPAs, Hempstead, NY
Met Council, New York, NY
Metro Realty Advisors, New York, NY
Metropolitan NY Coordinating Council on Jewish Poverty, New York, NY
Midwood Development Corporation, Brooklyn, NY
Morrisania Revitalization, Bronx, New York
Mount Hope Housing Co. Inc., Bronx, NY
Mount Vernon United Tenants, Mount Vernon, NY
MTFA Support House Residence, New York, NY
Multi-County Community Development Corporation, Highland, NY
Nassau County OHIA, NY
National Bank and Trust Company, Norwich, NY
Neighborhood Coalition for Shelter Inc., New York, NY
Neighborhood Housing of Rochester, Rochester, NY
Neighborhood Housing Services of New York City, Inc., New York, NY
Neighborhood Initiatives Development Corporation, Bronx, NY
Neighborhood Preservation Coalition of New York State, Inc., NY
Neighbors of Watertown, Inc., Watertown, NY
New Directions in Community Revitalization, Inc., Bronx, NY
New Urban Association, Inc., New York, NY
New York State Coalition for the Homeless, Buffalo, NY
New York State Department of Social Services, Albany, NY
New York State Office of Mental Retardation and Developmental Disabilities, Albany, NY
New York State Tenants and Neighbors Coalition, Albany, NY
Northeast Brooklyn Housing Department, Brooklyn, NY
Northeast Development, Inc., Rochester, NY
Northern Manhattan Improvement Corp., New York, NY
Northern Manhattan Improvement Corporation, New York, NY
Northfield Community LDC, Staten Island, NY
Old First Ward Community Association, Inc., Buffalo, NY
Peoples Mutual Housing, New York, NY
Phase: Piggy Back, Inc., Harlem, NY
Phipps Houses, New York, NY
Polish Community Center of Buffalo, Buffalo, NY
PRATT Planning & Architecture Cooperative, Brooklyn, NY
Project Return Foundation Inc., New York, NY
Pueblo Nuevo HDH Inc., New York City, NY
Queens Community Civic Organization, Flushing, NY
Rockaway Development & Revitalization Corporation, Far Rockaway, NY
Rockland Community Development Council, Inc., Monsey, NY
Rural Opportunities, Inc., Rochester, NY

Rural Ulster Preservation Company, Kingston, NY
Ryer Avenue Housing DFC San Miquel Residence, Bronx, NY
S.E.E.D.S., New York, NY
Saccardi & Schiff Inc., White Plains, NY
Saint Nicholas NPC, Brooklyn, NY
SEBCO, Bronx, NY
SEDS Development Corporation, New York City, NY
Senior Housing Resource Corporation, Staten Island, NY
Settlement Housing Fund Inc., New York, NY
Sheldrake Organization, Hempstead, NY
Simeon Service Foundation Inc., Bronx, NY
Sisters of Charity of St. Vincent de Paul of New York, Bronx, NY
Sisters of Mercy of the Americas- Justice Coordinating Team, Brookland, NY
Southern Brooklyn Community Organization, Brooklyn, NY
Spanish Action League, Syracuse, NY
SRO Providers Group, New York, NY
St. Joseph's Housing Corporation, Albany, NY
St. Marks Housing Development, Brooklyn, NY
St. Nicholas Neighborhood Preservation Corp., Brooklyn, NY
Syracuse United Neighbors, Inc., Syracuse, NY
The Community Preservation Corporation, New York, NY
The Jericho Project, New York, NY
The Urban Group, Bronx, NY
Thorpe Family Residence, Bronx, NY
Time of Jubilee, Inc., Syracuse, NY
Troy Architectural Program, Inc.,
Troy Rehabilitation & Improvement Program, Inc., Troy, NY
Turning Point, H.D.F.C., New York, NY
Turning Point HDFC, Bronx, NY
Two Plus Four Construction Company, East Syracuse, NY
United Jewish Council of the East Side, Inc., New York, NY
University Neighborhood Housing Program, Bronx, NY
Urban Partnership, New York, NY
Urban Pathways, New York, NY
VIP Community Services, Bronx, NY
Volunteers of America Greater New York, NY
Washingtonville Housing Alliance, Namaroneck, NY
West Harlem Community Organization Inc., New York, NY
West Harlem Group Assistance, Inc., New York, NY
West Side Federation for Senior Housing, Inc., New York, NY
West Side Federation, New York, NY
Westhab in Yonkers, Inc., Yonkers, NY
Westhab, Inc., Elmsford, NY

North Carolina

Bennet College CDC, Greensboro, NC
City of Asheville, NC, Russell Martin, Mayor
City of Concord, NC, George W. Liles, Mayor
City of Durham, NC, Sylvia Kerckhoff, Mayor
City of Greensboro, NC, Carolyn S. Allen, Mayor
City of Jacksonville, NC, M.C. (Joe) Choate, Mayor
City of Wilmington, NC, Don Betz, Mayor
Community Developers of Beaufort-Hyde, Belhaven, NC
Downtown Housing Improvement Corporation, Raleigh, NC
Greater Greensboro Housing Foundation Inc., Greensboro, NC
Hayti Development Corporation, Durham, NC
Housing Authority of the City of Asheville, Asheville, NC
Metropolitan Low Income Housing Community Development Corp., Inc., Washington, NC
MNCACDC, Raleigh, NC
Nations Bank, Charlotte, NC
North Carolina Community Development Initiative, NC
North Carolina Rural Economic Development Center, NC
Northwestern Regional Housing Authority, Boone, NC
Rocky Mount/Edgecombe CDC, Rocky Mount, NC

North Dakota

City of Grand Forks, ND, Michael Polovitz, Mayor
North Dakota Council for Rural Housing & Development, ND

Ohio

Avondale Redevelopment Corporation, Cincinnati, OH
Bellaire Puritas Development Corporation, Cleveland, OH
Board of Cuyahoga County, OH
Board of Summit County, OH
City of Akron, OH, Donald L. Plusquellic, Mayor
City of Chillicothe, OH, Joseph P. Sulzer Mayor
City of Cleveland, OH, Michael R. White, Mayor
City of Fairborn, OH, Lynn E. Wolaver Mayor
City of Garfield Heights, OH, Thomas J. Longo, Mayor
City of Kettering, OH, Richard Hartmann, Mayor
City of Lima, OH, David Berger Mayor
City of Lorain, OH, Alex M. Olejko, Mayor
City of Mansfield, OH, Lydia Reid, Mayor
City of Newark, OH, Frank Stare, Mayor
City of Strongsville, OH, Walter F. Ehrnfelt, Mayor
City of University Heights, OH, Beryl E. Rothschild, Mayor
City of Warensville Heights, OH, Raymond J. Grabow, Mayor

Cleveland Housing Network, Inc., Cleveland, OH
Cleveland Neighborhood Development Corporation, OH
Coalition on Homelessness & Housing in Ohio, OH
Corporation for Ohio Appalachian Development, Athens, OH
East Akron Neighborhood Development Corporation, Akron, OH
Fairfield Homes, Inc., Fairfield, OH
Friends of Shaker Square, Cleveland, OH
Glenville Development Corporation, Cleveland, OH
Hallmark Management Associates, Cleveland, OH
Historic Warehouse District Development Corporation, Cleveland, OH
James L. Klear, Inc., Dayton, OH
Kamm's Corners Development Corporation, Cleveland, OH
Miles Ahead, Inc., Cleveland, OH
Mischler Nurre & Waite CPAs, Dayton, OH
Neighborhoods In Partnership, Toledo, OH
Neighbors Organized for Action in Housing, Inc., Cleveland, OH
New England Assisted Housing Management Association, Columbus, OH
NH-Tech Housing Services, Columbus, OH
Northeast Shores Development Corporation, Cleveland, OH
Ohio Capital Corporation for Housing, Columbus, OH
Ohio Department of Development, OH
Portage Area Development Corporation, Ravenna, OH
Ross County Community Action, Chillicothe, OH
Simmit County, Akron, OH
Sisters of Mercy Housing, Cincinnati, OH
Slavic Village Broadway Development, Cleveland, OH
South Lorain Community Development Corporation, OH
Toledo Olde Towne Community Organization, Toledo, OH
Transitional Housing Inc., Cleveland, OH
Union Miles Development Corporation, Cleveland, OH
Walnut Hills Redevelopment Foundation, Cincinnati, OH
Westown Community Development Corporation, Cleveland, OH
Bellaire Puritas Development Corporation, Cleveland, OH

Oklahoma

Little Dixie Community Action Agency, Inc., Hugo, OK

Oregon

Board of Lane County, OR
Catholic Charities of Portland, Portland, OR
CDC of Josephine County, OR
Central City Concern, Portland, OR
Citizens Committed to Community, Portland, OR

City of Beaverton, OR Rob Drake, Mayor
City of Corvallis, OR Helen M. Berg, Mayor
City of Medford, OR Jerry Lausman, Mayor
City of Portland, OR Vera Katz, Mayor
Clackamas County Community Development Department, OR
Clackamas County Department of Human Services, Clackamas, OR
Community Action Agency of Yamhill County, McMinnville, OR
Community Action Team, Inc., St. Helena, OR
Downtown Community Housing, Inc., Portland, OR
Famannka Housing Development Corporation, Woodbarn, OR
Farmworker Housing Development Corp., Woodburn, OR
HOST Development, Portland, OR
Housing Authority of Clackamas County, Oregon City, OR
Housing Development Center, Portland, OR
Housing for People, Inc., Hood River, OR
Human Solutions, Inc., Portland, OR
Innovative Housing, Portland, OR
Jubilee Fellowship Ministries, Portland, OR
Linn County Affordable Housing, Lebanon, OR
Low Income Housing Native Americans of Portland, Portland, OR
Marion County, Salem, OR
Metro CDC, Portland, OR
Neighborhood Economic Development Corporation, Eugene, OR
Neighborhood Partnership Find, Portland, OR
Northeast Community Development Corporation, Portland, OR
Northeast Housing Alternatives, Milauke, OR
Northwest Housing Alternatives, Milauke, OR
Oregon Community Action Team, OR
Oregon Housing Now!, OR
Oregon Office of Mental Health Services, OR
Oregon Rural Housing Coalition, OR
Portland Community Reinvestment Initiatives, Inc., Portland, OR
Portland Development Commission, Portland, OR
Portland Housing Center, Portland, OR
Portland Housing Center, Portland, OR
Portsmouth Community Redevelopment Corp., Portland, OR
PSU Business Outreach, Portland, OR
Reach CDC, Portland, OR
REACH Community Development, Portland, OR
Rose C.D.C., Portland, OR
Sabin Community Development Corp., Portland, OR
Sabin Community Development Corporation, Portland, OR
Saint Vincent de Paul Society/Housing Programs, Eugene, OR

SoCo Development, Klamath Falls, OR
The Neighborhood Partnership Fund, Portland, OR
The Neighborhood Partnership Fund, Portland, OR
The Planning Group, Portland, OR
Tualatin Jauey Housing Partners, Portland, OR
Umpqua CDC, Roseburg, OR

Pennsylvania

Allegheny County Residential Finance Authority, Pittsburgh, PA
Alliance For Better Housing, Kennett Square, PA
Board of Chester County, PA
Board of Dauphin County, PA
Board of Lancaster County, PA
Board of Monroe County, PA
City of Chester PA, Barbara Bohannon-Sheppard, Mayor
City of Erie, PA, Joyce A. Savocchio, Mayor
City of Harrisburg, PA, Stephen R. Reed, Mayor
City of Philadelphia, PA, Edward G. Rendell, Mayor
City of Pittsburgh, PA, Tom Murphy, Mayor
City of York, PA, Charles H. Robertson, Mayor
Community Action Committee of the LV, Bethlehem, PA
Community Human Services Corporation, Pittsburgh, PA
Community Ventures, Philadelphia, PA
Duquesne Business Advisory Corporation, Duquesne, PA
Housing Consortium for Disabled Individuals, Philadelphia, PA
Housing Development Corporation, Lancaster, PA
Hunting Park C.D.C., Philadelphia, PA
Interfaith Housing Development Corporation of Bucks County, Bristol, PA
Jefferson Manor CDC, Philadelphia, PA
Kensington Area Revitalization Project, Philadelphia, PA
Lancaster Housing Opportunity Partnership, Lancaster, PA
Mon Valley Initiative, Homestead, PA
Monessen Community Development Corporation, Monessen, PA
Northern Cambria Community Development Corporation, Barnesboro, PA
Office of Human Relations, Archdiocese of Philadelphia, Philadelphia, PA
Peace & Justice Ministry of Our Lady of Mt. Carmel Church, Doylestown, PA
Pennsylvania Federation of CDCs, PA
Philadelphia Neighborhood Housing Services, Inc., Philadelphia, PA
Pittsburg Area Religion & Race, Pittsburg, PA
Project H.O.M.E., Philadelphia, PA
Sisters Place, Pittsburgh, PA
St. Joseph's Church Parish Community, Wilkes-Barre, PA
St. Mary's Church of the Immaculate Conception, Wilkes-Barre, PA

Susquehanna Valley Development Group, Inc., Turbotville, PA
The West Philadelphia Partnership CDC Philadelphia, PA
Town of Bloomsburg, PA
Urban Redevelopment Authority of Pittsburgh, PA
Warrior Run Development Corporation, Turbotville, PA
Yoder Builders, Inc., Turbotville, PA
York County Planning Commission, York, PA

Puerto Rico

Asociacion de Puertorriquena en Marcha, San Huan PR
City of Abuada, PR Julio C. Roman, Mayor
City of Humacao, PR Julio Cesar Lopez Gerena, Mayor
City of Juana Diaz, PR Santiago Martinez-Irizarry, Mayor
City of San Juan, PR Hector Luis Acevedo, Mayor
Desarollos Metalarte, Inc., Coamo, PR

Rhode Island

Church Community Housing Corporation, Newport, RI
City of Pawtucket, RI, Robert E. Metivier Mayor
City of Providence, RI, Vincent A. Cianci, Jr., Mayor
Housing Network of Rhode Island, Providence, RI
Omni Development Corporation, Providence, RI
Smith Hill Community Development Corp., Providence, RI

South Carolina

Baskerville Ministries, Pawleys Islands, SC
Board of Richland County, SC
Bownman Low Rental Housing Co., Inc., Bowman, SC
City of Charleston, SC, Joseph P. Riley, Jr., Mayor
City of Rock Hill, SC, Elizabeth D. Rhea, Mayor
Clark Estates of Columbia, Columbia, SC
Nehemiah Corporation, Evansville, SC
St. Vincent de Paul Society- Holy Trinity Catholic Church, Orangeburg, SC
The N.E.W. Fund, Charleston, SC

South Dakota

Development For The Disabled, Rapid City, SD
Midwest Assisted Housing Management Association, Sioux Falls, SD
Mills Development Company, Inc., Sioux Falls, SD
Mill Property Management, Inc., Sioux Falls, SD
NESDCAP, Sisseton, SD

Tennessee

Affordable Housing of Nashville Inc., Nashville, TN
Board of Shelby County, TN
City of Memphis Division of Housing & Community Development, Memphis, TN
City of Nashville, TN, Philip N. Bredesen, Mayor
Knox County. The Development Corporation, Knoxville, TN
Network for Community Economic Development, Nashville, TN
Resource Foundation, Nashville, TN
Scott-Morgan Community Development Corporation, Robbins, TN
United Way of the Mid-South, Memphis, TN

Texas

AIDS Services of Dallas, Texas, TX
American Agape Foundation, Inc., San Antonio, TX
Assisted Housing Management Association of East Texas, TX
Board of Fort Bend County, TX
Catholic Charities, Diocese of Fort Worth, Inc., Fort Worth, TX
Centro Para Desarrollo De La Vivienda, Dallas, TX
City of Austin, TX, Bruce Todd, Mayor
City of Beaumont, TX, David Moore, Mayor
City of Forest Hill, TX, Esterlene Griffin, Mayor
City of Galveston, TX, Barbara Crews, Mayor
City of Laredo, TX, Saul N. Ramirez, Jr., Mayor
City of San Antonio, TX, William E. Thornton, Mayor
City of Waco, TX, J. Robert Sheehy, Sr., Mayor
Colonias Del Valle, Inc, Pharr, TX
Community Enrichment Center, Inc., Fort Worth, TX
Cornerstone Housing Corporation, Dallas, TX
Domicile Property Management, Inc., San Antonio, TX
East Austin Economic Development Corporation, Austin, TX
Fifth Ward Community Redevelopment Corporation, Houston, TX
Fort Worth Housing Authority, Fort Worth, TX
Freedmen's Town, Houston, TX
Greater Park Place CDC, Houston, TX
GREENarc Corporation, Dallas, TX
Harlingen Community Development Corporation, Harlingen, TX
Housing Opportunities of Fort Worth, Fort Worth, TX
Houston Chinatown Community Development Corporation, Houston, TX
LaSalle Equity Group, Inc., Dallas, TX
League of United Latin American Citizens District XV, San Antonio, TX
New Community Builders Inc., San Antonio, TX
Oak Cliff Development Corporation, Dallas, TX
Our Casa Resident Council Inc., San Antonio, TX

Panhandle Community Service, Amarillo, TX
San Antonio Housing Authority, TX
Southeast Texas Housing Finance Corporation, Pasadena, TX
Sunnyside-UP, Inc., Houston, TX
Tarrant County ACCESS for the Homeless, Fort Worth, TX
Tenth Street Historic CDC, Dallas, TX
Texas Alliance for Human Needs, TX
Texas Housing Finance Corporation, TX
The Laredo National Bank, Laredo, TX
The Peace Housing Corporation, Dallas, TX
U. U. Housing Assistance Corporation, San Antonio, TX
Visitation House, San Antonio, TX
YWCA of Fort Worth & Tarrant Co., Fort Worth, TX

Utah

Board of Fort Bend County, UT
Board of Davis County, UT
City of Logan, UT, Darla D. Clark, Mayor
City of Salt Lake City, UT, Deedee Corradini, Mayor
Park City Municipal Corporation, Park City, UT

Virginia

Accomack-Northampton Housing and Redevelopment Corporation, VA
Accomack-Northampton Planning District Commission, VA
Accomack-Northampton Regional Housing Authority, VA
American Planning Association, Virginia Chapter, VA
Blue Ridge Independent Living Center, Inc., Roanoke, VA
Board of Accomak County, VA
Board of Bath County, VA
Board of Prince George County, VA
Central Virginia Independent Living Center, Richmond, VA
Church Hill Neighborhood, Inc., Richmond, VA
City of Alexandria, VA, Patricia S. Ticer Mayor
City of Chesapeake, VA, William E. Ward, Mayor
City of Norfolk, VA, Paul Fraim, Mayor
City of Richmond, VA, Leonidas B. Young, II, Mayor
City of Spokane, WA, Jack Geraghty, Mayor
ElderHomes Corporation, Richmond, VA
Fairfax Housing Counseling Services, Inc., Springfield, VA
Interfaith Housing Corporation, Richmond, VA
Junction Center for Independent Living, Big Stone Gap, VA
National Association of State Directors on Developmental Disabilities Services,
Alexandria, VA

Newland Samaritan Inn, Inc. and Miriam's House Inc., Lynchburg, VA
Reston Interfaith, Reston, VA
Richmond Better Housing Coalition, Richmond, VA
Richmond Better Housing Corporation, Richmond, VA
Richmond Neighborhood Housing Services, Richmond, VA
Roanoke Redevelopment and Housing Authority, Roanoke, VA
Southside Community Development & Housing Corporation, Richmond, VA
SRO Housing of Richmond, Richmond, VA

Vermont

Burlington Community Land Trust, VT
City of Burlington, VT, Peter Clavelle, Mayor
Northern Community Investment Corporation, St. Johnsbury, VT

Washington

Board of King County, WA
Capital Hill Housing Improvement Program, Seattle, WA
Central Area Development Corporation, Seattle, WA
City of Auburn, WA, Charles A. Booth, Mayor
City of Everett, WA, Edward D. Hansen, Mayor
City of Seattle, WA, Norman B. Rice, Mayor
City of Tacoma, WA, Harold G. Moss, Mayor
Common Ground, Seattle, WA
Community Action Center, Pullman, WA
Department of Community Services, Vancouver, WA
Eastside Mental Health, Bellevue, WA
Grandview Residents Council, Everett, WA
Harbor Churches Community Outreach, Huguam, WA
Housing Resources Group-Seattle, Seattle, WA
Inland Empire Residential Resources, Spokane, WA
Martin Luther King Ecumenical Center, Tacoma, WA
Minority Executive Directors Coalition of King County, WA
Northeastern Washington Rural Resources, WA
Sisters of the Holy Name, Spokane, WA
SouthEast Effective Development, Seattle, WA
The Compass Center, Seattle, WA
United Indians of All Tribes Federation, WA
Urban Enterprise Center, Seattle, WA
Washington Council for Affordable and Rural Housing, Bellevue, WA

Wisconsin

Ain Dah Ing, Inc., Shell Lake, WI
Almena Business Development Corporation, Almena, WI

Almena Commercial Club, Almena, WI
Amery Land Development Associates, Almena, WI
Bank of Turtle Lake, Turtle Lake, WI
Cathedral Peace & Social Justice Group, Superior, WI
Central Wisconsin Community Action Council, WI
City of Madison, WI, Paul R. Soglin, Mayor
City of Racine, WI, James M. Smith, Mayor
City of Shell Lake, WI
City of Wausau, WI, John D. Hess, Mayor
Franciscan Sisters of Perpetual Adoration, La Crosse, WI
Grandmothers for Peace Northland Chapter, Superior, WI
Impact Seven, Almena, WI
Northwest Wisconsin Community Services, Inc., Superior, WI
Shell Lake Area Industrial Development Corporation, Shell Lake, WI
The Alexander Company, Inc., Madison, WI
Village of Almena, WI
Western Wisconsin Development Corporation, WI
Wisconsin Conference of Churches, WI
Wisconsin Division of Housing, Madison, WI
Wisconsin Housing Ministry Partnership, WI
Wisconsin Partnership for Housing Development, WI

West Virginia

City of Wheeling, WV, John W. Lipphardt, Mayor
Clay Mountain Housing Inc., Clay Mountain, WV
Mental Health Association in Monongalia County, Morgantown, WV
S.A.F.E., Inc., Welch, WV

Wyoming

City of Cheyenne, WY, Leo A. Pando, Mayor
City of Douglas, WY

The Washington Times

WASHINGTON, D.C., THURSDAY, NOVEMBER 9, 1995 **

JOHN DANFORTH

Can Republicans shed the bad rap that we don't care about low income people and communities? Not if we abandon the few social programs that reflect core Republican values, are proven successes and enjoy broad support. That's why it makes no sense that the House Ways and Means Committee has targeted for elimination the low-income Housing Tax Credit.

I helped create the Housing Credit in 1986 when Republicans last controlled the Senate and Ronald Reagan was president. It was the only significant new tax incentive established under the landmark Tax Reform Act, and a dramatic contrast to previous housing programs that were poorly targeted, too expensive, plagued by the worst kind of federal bureaucracy, divorced from the discipline of the marketplace, and rigidly indifferent to local needs and priorities.

The Housing Credit has indeed been different. It is run by the states much like a block grant, not by the Department of Housing and Urban Development. Without federal bureaucratic shackles, the Housing Credit got off to the fastest start of any housing program in American history, and has been running hard ever since. It has produced 750,000 housing units since 1987, and 114,000 units last year alone. The National Association of Home Builders attributes almost half of all

Housing tax credits where it counts

multifamily housing construction, and virtually all affordable rental housing development, to the Housing Credit. Because it is flexible and deployed by the states in consultation with local communities, the Housing Credit works well in a wide range of urban, rural and suburban areas, and has built and rehabilitated not just traditional apartments, but also single family homes, townhouses, and even single-room occupancy hotels for the homeless.

Another strength is the Housing Credit's ability to mobilize entrepreneurial capitalism for public benefit. It has attracted \$12 billion in private investment, none of which would have flowed to low income housing otherwise. The private investors have brought rigorous business discipline to the process. Investors can claim and

keep the tax credits only if the housing performs in the open market as promised, so that housing is built to last, on time and on budget, and is well maintained and operated efficiently. As a policy tool, the Housing Credit has been incredibly efficient; the typical house costs only \$1,333 in tax credits per year for 30 years of service, and about 86 percent of that amount actually goes to build the housing. That's because investors must compete for a limited number of state-designated developments.

But the Housing Credit produces more than just housing. It has become a primary federal resource for rebuilding distressed inner cities. Nonprofit self-help groups, called community development corporations, have artfully used the Housing Credit to revive moribund neighborhoods and a sense of community pride and hope, with remarkable results from South Central Los Angeles to the part of the South Bronx where Colin Powell grew up amid poverty. In my own home state, the Kansas City Neighborhood Alliance uses credit-financed housing to bring stability to the lives of inner-city single parents, enabling them to get jobs, escape from welfare dependency, and even become homeowners. Such housing also anchors further economic growth in depressed and blighted areas, attracting additional private investment and jobs. Nationwide,

the Housing Credit generates 90,000 jobs, \$2.8 billion in wages and salaries, and \$1.3 billion in tax revenues each year.

Moreover, the Housing Credit has shown us how real partnerships among community residents, the private sector, and government at all levels can really work. One nonprofit organization, the Local Initiatives Support Corp., has raised more than a billion dollars in investment for low income community sponsored housing from such prominent and sophisticated companies as the Bank of America, Fannie Mae, Freddie Mac, and Warren Buffett's Berkshire Hathaway. A respected business leadership group, the Committee for Economic Development, recommends that the Housing Credit should be expanded, in part because it "creates a connection of mutual interest between investors and inner-city communities." That kind of corporate-community collaboration is sorely needed at a time of rising social fragmentation and pessimism about our ability to solve America's most intractable problems.

Not surprisingly, so successful a program has attracted broad bipartisan support. By the time the Housing Credit was made a permanent part of the tax code in 1993, it had drawn co-sponsorship from 86 senators and 332 representatives, ranging from lib-

eral Democrats like then-Senate Majority Leader George Mitchell and Rep. Charles Rangel of Harlem to conservative Republicans like now-Speaker Newt Gingrich and Sen. Jesse Helms. The Republican Governors Association calls the Housing Credit "a key element in the recovering real estate industry and the most effective tool we have to see the housing needs of lower income renters." Jack Kemp has said he wouldn't be Jack Kemp if he didn't support the Housing Credit.

So why is the House Ways and Means Committee proposing to end the Housing Credit? The committee cites a single, unsubstantiated charge that some taxpayers may inappropriately be claiming the Housing Credit, and has asked the General Accounting Office to investigate. But the GAO has barely even begun its inquiry, let alone concluded that the program is flawed beyond repair. That kind of justice is straight out of Alice in Wonderland; sentence first, trial later.

Instead of killing the Housing Credit, we should celebrate it as a leading example of a too rare breed: a social program that really works. The Housing Credit proves that Republican values can generate policy that is both effective and compassionate.

John Danforth is a former Republican member of the U.S. Senate from Missouri.

The Washington Post

THURSDAY, OCTOBER 19, 1995

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Successful Housing Credit Program for Poor in Peril

By Guy Gugliotta
Washington Post Staff Writer

It is a program the GOP should love—a federal tax incentive administered by the states that uses private capital to benefit local communities. The program's goal is to produce rental housing for poor people, and by almost any measure it has been wildly successful.

Since its inception in 1986, the Low Income Housing Tax Credit has been used by private investors to build or renovate nearly 740,000 housing units nationwide. In 1995 it will help construct about 110,000 units, well over 90 percent of new low-income housing.

On Sept. 19, however, the House Ways and Means Committee on a party-line vote, approved a proposal by Committee Chairman Bill Archer (R-Tex.) to terminate the housing credit by the end of 1997.

The measure will be included in the House version of the reconciliation bill destined for floor debate next week. "Sunsetting" the tax credit is expected to save the federal government \$3.5 billion over the next seven years.

Archer in July asked the General Accounting Office to see whether the IRS adequately was monitoring the housing credit for fraud. He suggested in his letter that "the lack of a solid compliance program could cost taxpayers as much as \$600 million a year."

Archer's office said the panel intended to examine the report and hold hearings next year, with a view toward relenting on this year's decision. Still, a spokesman acknowledged, the committee has computed the savings for seven years as if the program were dead as of Dec. 31, 1997.

The housing credit grants a 10-year tax credit to corporations and individuals who invest in housing designed to serve families with incomes below 60 percent of the area median.

Until now the federal government has allocated about \$300 million in credits to the states each year. This money has enabled housing providers to leverage about \$12 billion in direct private investment.

In the Senate, reconciliation so far has left the housing credit untouched, and 44 senators, among them 14 Republicans, have registered dismay at the House action. A Sept. 27 letter

signed by the Republicans extolled the credit as a "crucial program" that had been "tremendously successful."

The letter to Senate Finance Committee Chairman Sen. William V. Roth Jr. (R-Del.) also noted the credit fulfilled GOP ideals because it was "a decentralized program, administered by states according to their specific housing needs, free of interference from Washington." It is successful, the letter continued, "because it is market-driven." There is little doubt, the letter said, "that a sunset of this program is tantamount to killing it."

Without agreement by the Senate and House, the ultimate fate of the housing credit will be decided when the two chambers meet in conference on reconciliation bills.

Low-income housing advocates are heartened by the Senate support, particularly since the housing credit "displays a lot of the attributes that the new [Republican] majority would want to see," said Paul Grogan, president of the non-profit Local Initiatives Support Corp., which uses the credit to promote partnerships between business and community housing providers. "But we're scared to death."

The New York Times

SUNDAY, SEPTEMBER 24, 1995

Some See a Neighborhood's Slow Rebirth Stunted by Politics

By FRANCIS X. CLINES

WASHINGTON, Sept. 22 — A mere mile north of the Capitol, up in the Shaw neighborhood's poverty ghetto, the Rev. Jim Dickerson wonders aloud about politicians' enviable power to find certainty in fresh hyperbole.

"They're locked in an ideological battle that's out of touch with the reality down here on the streets," said Mr. Dickerson, a local pastor as steeped in the intricate problems of the poor as any downtown professional is in the arcana of special-interest lobbying.

Mr. Dickerson, whose scorn of welfare dependence is visceral, started organizing the poor 35 years ago as a Christian minister, when the cliché was "the war on poverty" and politicians backed it big. Now, still in the same rough neighborhood, he has survived long enough to see the latest Congress delivering on the "Gingrich revolution" of multiple cutbacks for the poor. It disheartens him not for the motive so much as the lawmakers' scant interest in actually looking into the good effects of the old, suddenly dying social strategy.

"The people doing away with these programs have never been here, never seen the work the money has done," said Mr. Dickerson, standing in the lobby of the Whitelaw Hotel, an exemplar of the Shaw neighborhood's slow, steady attempt to rise from the ashes of the 1968 urban riots.

The Whitelaw was built by pioneer black entrepreneurs at the turn of the century and gutted by poverty and drugs, crime and fire in the modern crisis of the cities. But it stands handsomely renewed now and occupied for the last three years by 35 welfare-free, working-poor families. Their arrival upward was made possible through a Federal community development program that allows tax credits to private-sector developers in building 110,000

'The people doing away with these programs have never been here.'

apartments a year, more than 90 percent of the nation's new low-income housing.

"Amazing," said Mr. Dickerson, speaking not of the program's results but of the fact that it has just been threatened in the dramatic swoop of general cutbacks in programs for the poor that is moving rapidly through both houses of Congress. The housing tax credit and a companion program that requires banks to take part in urban renewal by extending mortgage loans in low-income neighborhoods are on the budget-cutting block. In their vulnerability, they are largely overlooked in the more melodramatic debate over unwed mothers on welfare and the passion to end traditional Federal guarantees of minimal help to the poor.

"The politicians have never seen the people positively affected by this, the community transformed," Mr. Dickerson continued, his voice echoing in the restored lobby of the Whitelaw, a landmark in the city's black history. "If they did, they could not in any good conscience take this away."

Like community development professionals in poor neighborhoods across the United States, from large renewed swaths of the South Bronx to Shaw's wobbly resurrection here, Mr. Dickerson was speaking in open despair at the notion that the low-income housing tax credit program has few defenders, either in Congress or in the embattled Federal bureaucracy, since it is rooted too locally, too undramatically.



Stephen Crowley/The New York Times

A Federal program that encourages the development of low-income housing faces elimination as part of Congressional budget-cutting proposals. For

the last three years, 35 welfare-free, working-poor families have lived at the Whitelaw Hotel, a Washington, D.C., building renovated under the program.

"The poor are going to get a huge pay cut this year, and its going to come in a variety of forms," noted Paul S. Grogan, president of the Local Initiatives Support Coalition, an intermediary group that helps channel expertise and resources to non-profit community development sponsors in impoverished areas. "But we don't have enough good programs to part with this one; that's the insanity of it," he said, describing the move against developers' housing tax credit as an act of "carnage."

Critics in Congress insist the credit program is a hangover from the

era of overly generous Federal tax shelters open to large-scale corruption. They want to "sunset" the program, with a tentative closing two years hence, a device community development professionals say might help the new Congress find budget savings on paper but would instantly freeze construction of all new low-income housing in the nation.

"The change will be dramatic and it will be stark," said Mr. Grogan, drawing a contrast with welfare cutbacks whose effects might prove less discernible than a sudden stop in low-income housing construction.

"This program is the engine that has allowed a great deal of neighborhood stabilization to occur."

Up in Shaw, Mr. Dickerson is desperately inviting any and all lawmakers to come and see the Whitelaw before voting the sunset of the program. "No one is more opposed to the dependency system than the families in the Whitelaw," he said, expressing wonder at how sweeping and indiscriminate politicians can be in delivering on promises of change.

"They're isolated," he said of those politicians. "They're encapsulated."

Chicago Tribune

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Real Estate

SUNDAY, NOVEMBER 5, 1995

Will housing incentive get just credit?

By J. Linn Allen
TRIBUNE STAFF WRITER

From Uptown to the West Side, from Woodlawn to Edgewater, community groups continually point to one federal program as crucial to revitalizing neighborhoods plagued by abandoned or blighted buildings that, besides being eyesores, often are a magnet for drug pushers, gangs and prostitutes.

The program is the low-income housing tax credit, a mechanism that allows corporations and individuals to get 10 years of tax credits when they invest in low-income housing.

The credits, which are administered by states and big cities, are available for units that must be kept at restricted rents for a minimum of 15 years. Tenant income limits are set at varying levels below the median for a given area.

Since they were introduced in 1987 the credits have constituted virtually the only federal program supporting low-income housing, generating about 750,000 housing units around the country since then.

Nearly 23,000 units have been developed through credits allocated through the Illinois Housing Development Authority—some of those in Chicago—and another 10,000 through the Chicago Department of Housing.

The importance of these additions is underlined when it is taken into account that about 69,000 housing units were lost in the city from 1987 through 1991, according to the U.S. Census Bureau.

But these figures only tell half the story. Because the credits are often used to completely make over radically run-down apartment buildings that drag down city blocks and entire communities, they have become essential to efforts at neighborhood turnaround as well.

The program has been such a success that in 1993 Congress made it permanent, meaning that it didn't have to come up for periodic review. But budget-slashing House Republicans have voted to "sunset" the program at the end of 1997, meaning it would have to be reauthorized at that time.

The provision is in the House budget bill that has gone to a House-Senate conference to be reconciled with the Senate budget bill, which doesn't include the "sunsetting" language. The joint budget bill, expected around Thanksgiving, also faces a possible veto from President Clinton.

Whatever happens, the prospect of an interruption of the credits has chilled community groups who have come to depend on the program.

"We take the worst building in an area and renovate it and gut rehab it," said Jean Butzen, director of Lakefront SRO, which specializes in providing housing for the homeless.

She pointed to the 5000 block of Winthrop Avenue in Uptown as a haunt of prostitutes and pushers and the site of frequent violence before the group rehabbed three buildings with 300 housing units on the block.

"Due in large part to our efforts, an entire block was completely turned around," she said.

Credits provided a third of the capital and helped leverage the rest, Butzen said.

"If there were no tax credits, Lakefront SRO wouldn't exist," she said. "We would never develop another unit of housing."

The Rev. Richard Tolliver, rector of St. Edmund's Church at 6105 S. Michigan Ave., in the South Side's Washington Park neighborhood, said the area around the church was "basically a wasteland" characterized by vacant lots and boarded-up buildings when he arrived in 1989. Congregants who had moved out returned only on Sundays.

With tax credits he has been able, starting in 1992, to renovate five buildings with 68 units for a total of \$8.2 million and has submitted an application to rehab 67 more units next year.

The renovations, done through the St. Edmund's Redevelopment Corp., have created a "palpable sense of hope" in the community, he said.

Tolliver said one woman who lost her property insurance because she lived next to an abandoned building had it restored when the group pledged the building would be renovated, and the woman began to fix up her property.

The landlady of an apartment building also began to do repairs after St. Edmund's worked on another empty building next to hers.

"She felt her investment was restored in her own property," Tolliver said.

He said using conventional financing

for the projects—in the unlikely event it could be obtained for ravaged buildings in ravaged neighborhoods—would drive up costs so high that rents would have to be raised beyond the means of local residents. Maximum monthly rents for 4-bedroom apartments in the buildings he has revived are in the mid-\$500s, he said.

"If tax credits were not available we couldn't do this," he said. "In Chicago it's the only way to redevelop inner-city neighborhoods. If it closed down you would watch further deterioration."

He added that St. Edmund's Redevelopment Corp. would go out of business, which would probably mean that even those buildings already rehabbed would deteriorate again, because their management would have to be turned over to a private firm that would take a less personal interest in them.

About 30 percent of the credits go directly to non-profit developers such as St. Edmund's and Lakefront SRO, and a big chunk goes to private developers working with local non-profit groups.

This feature of the program is important in two ways. For one thing, the development is often done by people who have a long-term stake in the neighborhood and are involved with other community development activities that can be dovetailed with housing renovation and management. For another, community residents often get important work experience doing the projects.

Some private developers also make a specialty of working with the credits.

"It's one of the few programs out there for housing that has worked extremely well to accomplish its goals," said Bruce Abrams, president of LR Development, which redevelops both affordable and top-end multifamily housing.

He said his company rehabbed two of the worst buildings on the North Side, including one on Ridge Avenue near Senn High School in which 50 or 60 tenants, mostly drug dealers, had to be evicted.

"It wouldn't have been done if not for credits," he said.

Abrams said the problem of sunsetting the program in 1997, even if it is reauthorized, is that developers won't be able to plan ahead and hire or keep on experi-

enced staff to work on what are almost always very complicated projects—especially from a financial standpoint.

The backers of sunsetting say there have been reports of fraud and abuse in the program and the best way to keep an eye on irregularities is to force its reauthorization every few years.

One draft study by the Internal Revenue Service, which is responsible for checking up on the \$3 billion in credits claimed each year, said improperly claimed credits could total \$600 million a year. That estimate, however, has been attacked by advocates of the program as "fantasy" based on scanty and inaccurate research.

Occasionally cases of fraud or abuse have been documented. A probe of the Chicago Department of Housing in the late 1980s showed credits were given where they weren't needed and for non-low-income projects.

Rep. Bill Archer (R.-Texas), chairman of the House Ways and Means Committee, where the sunsetting provision originated, has requested a report be made by the General Accounting Office on possible irregularities.

A spokesman for Archer said bringing the program up for review again would allow the GAO report to be assessed and

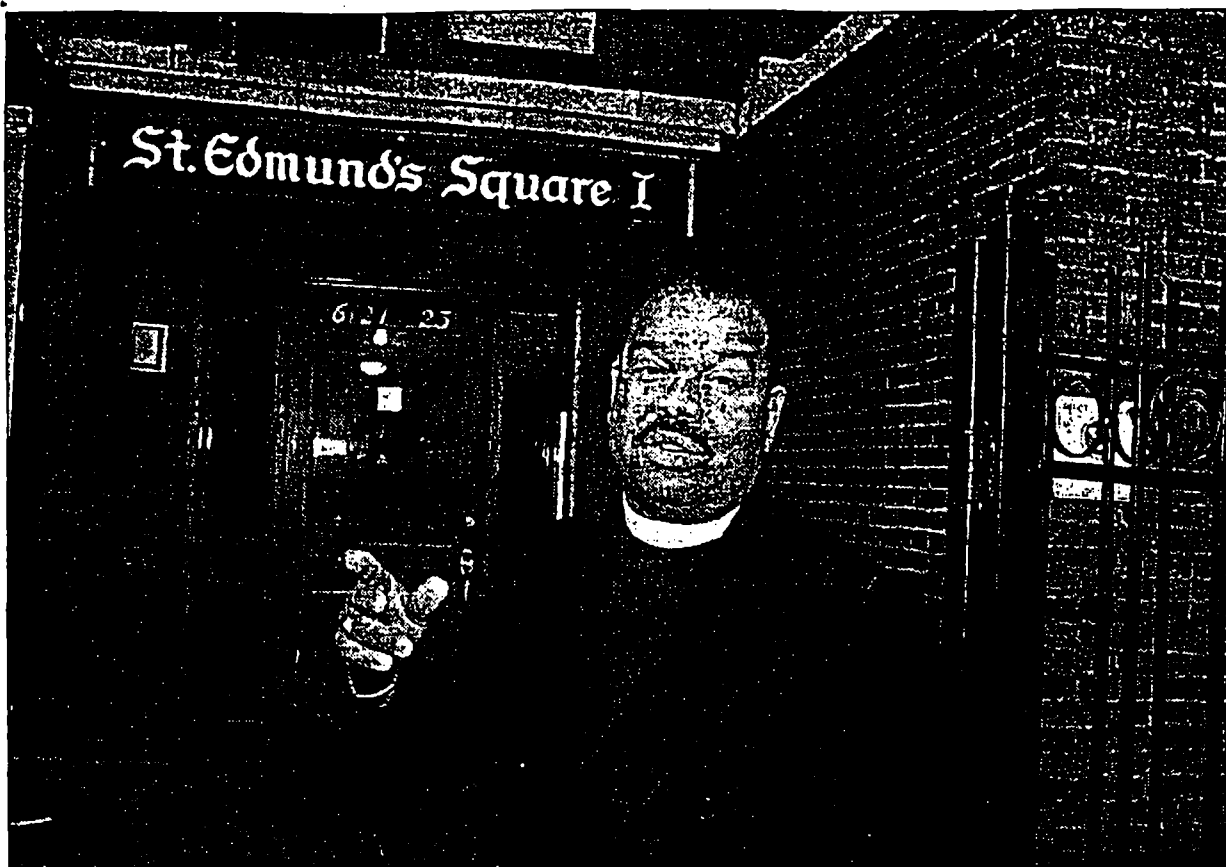


Photo for the Tribune by Karen Kring

Rev. Richard Tolliver, in front of one of the projects his church has rehabbed using low-income housing tax credits. "In Chicago, it's the only way to redevelop inner-city neighborhoods," he said.

could in itself have a "chilling effect" on fraud and abuse.

But beneficiaries of the program fear disruptions like those that occurred in the early 1990s, when reauthorization got snagged in political squabbling, throwing financing into turmoil, choking off development and creating costly delays. The program was made permanent to avoid repeating those problems.

Abrams said it would be more appropriate to investigate cases of abuse but increase the level of credits, because they go along with the Republican policy of transferring control to state and local hands and letting private and non-profit developers do the work rather than having the government provide housing.

One of the neighborhoods in which credits have been used extensively has been South Side Woodlawn, where hundreds of units have been renovated through the Woodlawn Preservation Investment Corp., a non-profit group.

Victor Knight, chairman, said Woodlawn has lost more than half its population and much of its housing stock in the last 20 years, but the vacant lots that remain can't be used for new housing until the existing apartment buildings are fixed up.

One small, single-family development of houses costing about \$150,000 has been built near the University of Chicago campus, which includes a strip along Woodlawn's border with Hyde Park, and they are selling well, Knight said.

"But it wouldn't have been built if we couldn't have rehabbed the multifamily building sitting across the street or across the alley," he added. "Those buyers have the choice to move to the suburbs rather than on a block that's blighted."

Those homes and others being built in the Kenwood-Oakland neighborhood north of Hyde Park are seen as crucial to the long-term preservation of Hyde Park itself—perhaps the city's most solid, prosperous, integrated neighborhood.

"These neighborhoods north and south of Hyde Park have suffered through 40 years of disinvestment, and are being recreated as economically integrated neighborhoods," said Jonathan Kleinbard, University of Chicago vice president for community affairs.

"It's a sea change in urban life," he said, "and up until now, it couldn't have gone forward without tax credits, because no one will invest next to a blighted building."

The Ax Is Poised on Low-Income Housing Efforts

In New York City, loss of tax-credit financing would be a sharp blow.

By ALAN S. OSER

INTO the great kettle of alphabet soup in which the designations of New York City housing programs swim, the Giuliani administration, early on, ladled the letters N.E.P.

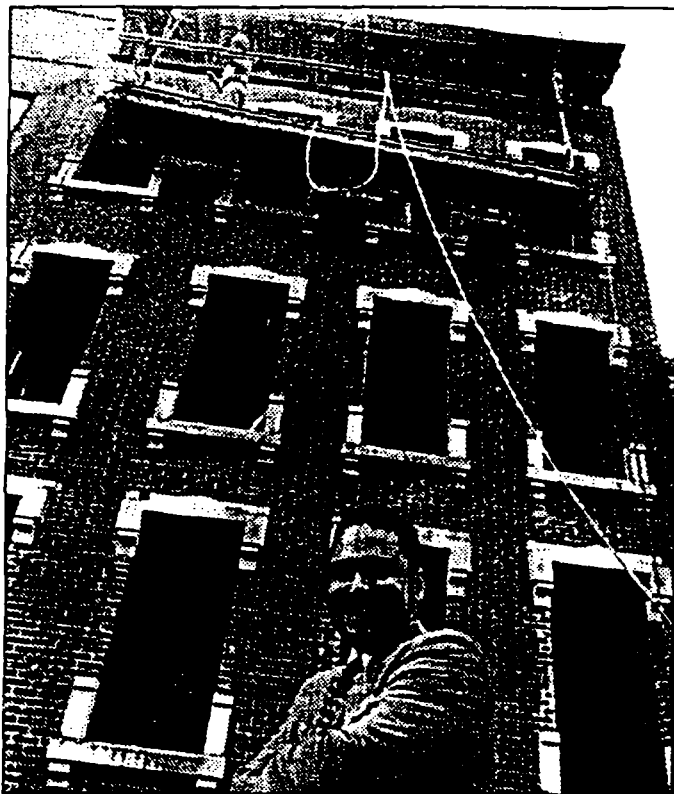
They stand for Neighborhood Entrepreneurs Program. The idea behind this new program was that about half the occupied tax-foreclosed housing units that remain under centralized city management would be rehabilitated at city expense and put in the hands of small local businesspeople to own and manage over a 10-year period.

Potentially about 3,000 buildings with 28,000 low-rent apartments in Harlem, Bedford-Stuyvesant, the South Bronx and other locations with large low-income populations could go in this direction. So far new owners have been chosen for 110 buildings with about 1,000 apartments. Closings, and subsequent rehabilitations with tenants in place, are imminent. The new owners have already started acting as building managers.

It has not been a universally popular approach to rehabilitation in housing circles, but Deborah C. Wright, the commissioner of the Department of Housing Preservation and Development, is gratified. "The tenants are ecstatic about having a live person to call about building problems," she said, as if answering those who worry that low-income tenants will be poorly served by private owners.



Photographs by Don Hogan Charles/The New York Times



Mark S. Alexander, director of Hope Community Inc., a nonprofit community-based housing organization, which will run walk-ups being rebuilt on East 104th Street, including No. 164, above, and No. 157, with scaffolding, left. Use of the Federal tax-credit program will keep rents low.

The critics should more appropriately worry about the future of housing production for low-income tenants at all. The Neighborhood Entrepreneurs Program is merely one of several approaches to rehabilitating blighted tax-foreclosed property. An increasing number of them depend on the Federal tax credit for low-income housing, currently threatened in Congress. Under a tax bill passed by the House of Representatives, it would be phased out over two years.

In New York City, the uses to which the Federal program has been put extend even to new construction in strong market areas such as the West Side of Manhattan. It has become an ingredient in attracting the equity that developers apply to mixed-income rentals that receive tax-exempt bond financing. In these "80-20" projects 20 percent of the tenants must be low-income — that is, household income must be below 50 percent of the median income in the area. In most locations, market rents are still not high enough to attract either equity or debt financing without public assistance, specialists in housing finance say.

But for the most part it has been used flexibly in low-income neighborhoods, either to supply the equity needed to generate construction or to finance operating costs or social services for tenants. Its flexibility has been one of its charms in the housing world. From the standpoint of housing producers, there is a minimum of bureaucracy involved in putting the money to work.

It also has the effect of giving the private sector a stake in the long-term viability of housing and neighborhoods, and corporate America a stake in improving conditions in poor urban areas. Since the tax benefit can be lost if the housing fails, investors exercise oversight of operations for many years through intermediaries like the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, two nonprofit syndicators, and The Related Companies.

Another effect of the tax credit system in New York City is that it has propped up property values in the private sector. Nonprofit developers with a state funding commitment have been able to pay prices for old Manhattan hotels, for example, that the private market would not pay. Without subsidies, prices would fall to a level where a private entrepreneur would eventually buy.

Under the tax credit program, corporations and other large investors can in effect earn a 15 percent return, through savings on

invest in low-income housing. Each state gets an annual allocation of credits — \$1.25 per capita. New York State's allocation for 1995 is \$22.6 million, which commits the Federal Government to forgoing \$226 million in taxes over 10 years.

New York State has been able to generate 30,000 units in about 700 new and substantially rehabilitated developments under this program since it began in 1987, the state's Division of Housing and Community Renewal says. Of that total, 19,000 units are in New York City.

According to Joseph Holland, commissioner of housing and community development, the loss of the tax credit would be a devastating blow to efforts to provide affordable housing. It is being used increasingly to finance these efforts, he said.

THE Federal program began in 1987 and New York State has received \$208 million in allocable credit through 1995. Cumulatively, the Federal Government has thus committed itself to forgoing \$2 billion in taxes to assist the production of low-income housing in the state.

Under the tax-credit program, the city hopes to rehabilitate and divest itself of an average of 2,500 housing units a year over the next 10 years, Ms. Wright said. That would enable it to use Federal community

development grants for housing production instead of housing management, an inefficient use of Federal money.

"Without the tax credits we're out of business," Commissioner Wright said.

The Neighborhood Entrepreneurs Program shows the use of the money as an operating subsidy. The city will pay for the rehabilitation from capital funds, at an anticipated per-unit cost averaging \$60,000. The building would pay neither debt service nor taxes, but tenants' income is so low that their rent cannot even cover operating expenses. These are calculated at \$5,400 a year (\$450 a month), compared with rental income averaging \$226 a month. The tax-credit subsidy makes up the difference.

Without the credits, new construction for lower-income tenants also would wind down. In Brooklyn, the St. Nicholas Neighborhood Preservation Corporation has produced about 1,200 units of housing in the Williams-

burg and Greenpoint sections of Brooklyn over the last 12 years. Currently it is a partner of Los Suros, another nonprofit developer, in a 48-unit new-construction project at Throop Avenue and Whipple Street in Brooklyn.

"Everything we've done in the last four or five years requires tax-credit financing," said Michael Rochford, director of the St. Nicholas corporation. In this case, a third of

equity required for construction will get tax credits from the state for syndication; the rest comes from a state-city capital pool. Sparrow Construction is doing the construction on a turnkey basis, that is, upon completion title will be taken by a company formed by the sponsors.

The tenancy will be half low-income working people and half "homeless" — many probably consisting of families displaced by site consolidation for new-home construction on former Pfizer Corporation land nearby.

In East Harlem, Hope Community Inc., a nonprofit community-based housing organization, is using the program with state money to rehabilitate three buildings on East 104th Street. "We bought the buildings a few years ago from a private owner and we've held them till we could find the right program to finance the work," said Mark S. Alexander, director of Hope Community.

And in Riverdale, Jeffrey E. Levine, a builder and contractor based in Douglaston, L.I., is relying on tax-credit financing to build a mixed-income 170-unit 18-story building on land he has assembled on the east side of the Henry Hudson Parkway south of Johnson Avenue.

"If it were a straight market-rate project I wouldn't be able to get the financing for it," he said. ■

The Washington Post

AN INDEPENDENT NEWSPAPER

Two Bad Ideas

THE ENORMOUS budget-balancing bills that the House and Senate passed last week each contain some corporate tax increases. Two in the House version of the bill are bad ideas and ought to be dropped in the conference that now begins.

One would make it easier for corporations to remove supposedly excess funds from their pension reserves and use the money for other purposes. Though it would result in some increased tax payments, it is less a tax increase than a benefit that corporations actively sought—and that critics say would leave the affected pension funds in weakened condition.

The other would phase out a low-income housing tax credit meant to induce corporations to invest in such housing in return for somewhat lower taxes. Again, it is hardly the corporations that would be the primary losers were it to disappear.

Republicans have pointed to the corporate tax increases—they prefer to call them adjustments or reforms—as evidence that theirs is an even-handed budget in which they squeeze their own traditional constituencies and not just those of the other side. But “corporate tax increases,” the principal burdens of which would likely fall on retired workers and lower-income renters, prove nothing of the kind.

Current law imposes a prohibitive penalty in addition to the corporate income tax on withdrawals of supposedly excess amounts from pension funds unless the money is used to help pay retiree health benefits. The House bill would greatly reduce the penalty and in effect ease the definition of excess while permitting withdrawals for any purpose an employer wished.

Billions would likely be withdrawn, and since the withdrawals would still be subject to tax, it's

true that revenues would go up. But organized labor, the Clinton administration and such groups as the American Academy of Actuaries have warned that the soundness of a significant number of pension funds could well be threatened in the process. They note that the value of pension fund assets are volatile; they go up when the stock and other securities markets are strong but can just as easily turn down again. It's hard to know exactly where to draw the danger line in a matter such as this, but it's easy to know on which side to err. The Senate last Friday wisely decided to err on the side of caution and knocked a similar pension provision out of its bill by a vote of 94 to 5.

The phase-out of the housing credit was never in the Senate bill. The credit is one of the few remaining devices for adding to the stock of low-income housing in the country. The subsidized housing programs on the spending side of the budget are being cut back, if not shut down, even as the need for such housing continues to grow.

The credit is probably not the most efficient way to produce the housing, but it has been a steady source of added supply at relatively modest cost, and it would seem to be the perfect Republican program in that the housing would be provided mainly through private initiative.

The House bill would use the proceeds from both these corporate “tax increases” mainly to finance the extension of other corporate tax breaks. For the corporate sector as a whole, they're a wash, while in social terms they would leave the budget more lopsided, not less. On these two issues, present law should be preserved.

Chicago Tribune

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20 Section 1

Saturday, September 23, 1995

Save the housing tax credit

As populist catch-phrases go, few expressions get the adrenaline pumping as much as "corporate welfare."

Americans tend to distrust bigness, and a lot of taxpayers are prepared to believe that huge, faceless corporations are somehow getting the better of the cloutless under the federal tax system. The paranoia was recently stoked by U.S. Labor Secretary Robert Reich, who pushed the "corporate welfare" button in challenging Republicans to spread evenly the pain of balancing the federal budget.

Now comes someone who should know better—Rep. Bill Archer (R-Texas), the pro-business chairman of the House Ways and Means Committee—with an even more cynical spin on the expression. He wants to eliminate as "corporate welfare" a select few tax breaks that were designed to achieve socially desirable ends, among them the low-income housing tax credit.

A product of the tax reform of 1986, the credit has become the keystone of the complex formula by which low-rent housing is financed and built. It allows corporations and/or private investors with a federal tax liability to lessen their tax bills by investing in the construction or rehabilitation of privately owned housing for the poor. Since its inception the tax credit has spurred the production of 750,000 housing units at an average annual per-unit cost of only \$1,333. No

other federal housing program comes close to that level of efficiency.

Moreover, the credit actually produces a net *gain* in tax revenues if one counts the payroll taxes of the construction workers and the property taxes that the new housing generates for local governments.

Little wonder, then, that rock-ribbed Republicans such as Illinois' Gov. Jim Edgar are firing off letters to Rep. Archer reminding him that: (1) the housing tax credit has been a huge success in their states, and (2) by recruiting the private sector to tackle the affordable housing problem, the credit deserves to be made the centerpiece of any GOP housing plan, not discarded like some big-government holdover of a Democratic past.

Rep. Archer is said to be irked that his predecessor as Ways and Means chairman, former Illinois Congressman Dan Rostenkowski, once favored the housing credit over the Texan's favorite corporate tax incentive, the credit for scientific research and development.

But the chairmanship of one of Washington's most powerful congressional committees is no place for "payback" politics. Nor is the low-income housing tax credit an example of "corporate welfare." The tax credit is an example of a program that works, and as such, it ought to be retained.

The New York Times

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EDITORIALS/LETTERS THURSDAY, SEPTEMBER 21, 1995

G.O.P. Attack on Low-Income Housing

The Republican leadership has found a new way to pummel the poor: Cut programs that benefit them in the name of eliminating "corporate welfare." Embarrassed by accusations that the party's budget victimized the disadvantaged, Representative Bill Archer, chairman of the House tax-writing committee, pledged to go after corporations as well. So his committee passed a closing of tax loopholes that, he says, subsidize rich corporations.

His list of loopholes does include needless hand-outs to poultry farms and Hollywood studios. But it also includes a subsidy that has created most of the country's low-cost housing in recent years. Mr. Archer would eliminate the low-income-housing tax credit, a provision first passed in 1986. The credit goes to investors — mostly corporations — that

provide money to nonprofit groups for construction or rehabilitation of low-income housing.

The credit, which will cost the Treasury about \$3 billion a year at its peak, has led to construction of more than 100,000 housing units a year, or more than 90 percent of all low-income housing built in the country. The credit has financed about 4,000 housing units in New York State a year, 1,000 of them in New York City. Entire blocks of the South Bronx and other blighted neighborhoods have been taken back from addicts and gangs with money provided through the tax credit.

For a Congress that refuses to help urban ghettos directly, the tax credit is the only urban policy around. Yet Mr. Archer gallingly says the credit is a needless giveaway to corporations.

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Wednesday, September 20, 1995

Clarence Page



Congress turns a blind eye to nation's needy

WASHINGTON—Washington's war on the poor and powerless proceeded apace.

Is that too harsh? You be the judge. Take a look at some of the programs

Congress has put on the chopping block while most of the nation's attention has been diverted by debates over Medicare, bilingual education, immigration, school prayer and flag burning.

Take a look at three of the popular programs conservative Republicans have targeted for elimination: the Earned Income Tax Credit, the Low Income Housing Tax Credit and the Community Relations Service in the civil rights division of the Justice Department.

Few Americans walk around with the words "Earned Income Tax Credit" on the tips of their tongues, yet about 35 percent of all Americans benefit from this tax break because of low income.

Enacted in 1975, it provides a tax credit of 7 to 40 cents on every dollar earned for those who have an income low enough to qualify.

Designed to give incentives for adults with children to work instead of relying on welfare, both liberals and supply-side conservatives like it. A Republican president, Gerald Ford, enacted it and two others, Ronald Reagan and George Bush, expanded it in 1986 and 1990. So did President Clinton in 1993.

Under the 1996 benefit schedule, the credit would lift about 4.5 million Americans above the poverty line, according to the Urban Institute.

Leaders of the new Republican Congress have proposed a child tax credit to make up the difference. But under Republican proposals to reduce the EITC, expand Individual Retirement Accounts and enact a \$500 child tax credit, millions of low-income families would pay more taxes,

many upper-income earners would pay less and the income gap between rich and poor children would grow, according to an analysis by the Center on Budget and Policy Priorities.

Sen. Don Nickles (R-Okla.) noted in introducing the bill that it differed from the House version only in one respect: It would not be limited to families with incomes of no more than \$250,000.

As a result, the poorest 40 percent of American children, most of whom live in families that are not on welfare, would receive only 3.4 percent of the benefit from the credit and the poorest third of children—who number 24 million—would receive no credit at all, according to Robert Greenstein, the center's director and head of President Carter's poverty programs.

On the other hand, the 40 percent of children in the uppermost income brackets would receive 65 percent of the benefits, he said, and about a third of the benefits would go to the richest fifth.

But the tinkering with the EITC is modest compared to the execution conservative Republicans are trying to schedule for the Low Income Housing Tax Credit. Successful efforts by last year's Democrat-dominated Congress to make it a permanent budget line item may all be for naught.

Instead of giving housing contractors a handout, the housing credit provides incentives for builders to do what they like to do, which is build houses, for people they otherwise would not be able to afford to build for.

Since it began in 1987, it has provided an incentive for bankers and builders to build something other than high-priced condominiums and town houses for high-income yuppies.

Last year the tax credit was responsible for more than 90 percent of the new low-to-moderate income housing built.

It produced an estimated \$12 billion in private investment, including 114,000 units in 1994 that generated more than 98,000 jobs, \$3.1 billion in wages and \$1.5 billion in tax revenues.

Then there is the Community Relations Service of the Justice Department, a tiny 120-person, \$10 million agency that has helped defuse racial tensions in towns across the country ever since its creation by the 1964 Civil Rights Act.

It is curious that conservatives would go after this agency at this time, unless it is simply another step in rolling back the civil rights gains of the 1960s.

Roger Wilkins, a history professor at Virginia's George Mason University who headed the agency in the mid-1960s, called it "foolish to eliminate CRS, which is one of the few [agencies] in the federal government that really understands police-community relations, at a time when the extent of police malfeasance and excess from Mark Fuhrman to New Orleans to Philadelphia to New York City is really becoming apparent."

Instead of reducing the deficit, critics of the housing tax credit want to channel its funds to research-and-development subsidies for private corporations. Is this the sort of "corporate welfare for 'K Street lobbyists'" that retired Gen. Colin Powell has been talking about lately? Could be. If any of these agencies or programs is not working as well as it should, there is a proper answer: Fix it, don't nix it.

This Congress has its priorities reversed. Maybe the voters will fix that next year.

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30 Section 1

Thursday, September 21, 1995

A myopic assault on a tax credit

Tired of Democratic charges that they're pandering to Corporate America and balancing the budget on the backs of the poor, House Republicans tried to find some political cover Tuesday by voting to end billions of dollars in business tax breaks.

"Every American who pays taxes, everyone who lives in Peoria asks, 'Why don't the big boys give to deficit reduction?'" said House Budget Chairman John Kasich of Ohio. "Well, they're going to give."

Corporations should contribute, but this smoke-screen is so flimsy and transparent as to be damaging rather than helpful to the GOP.

As part of the Republican pledge to balance the budget and provide \$245 billion of tax cuts, the House Ways and Means Committee passed a package of measures aimed at raising nearly \$39 billion in new revenue over seven years.

Most of that—about \$23 billion—will come out of the pockets of the working poor because of cuts in the Earned-Income Tax Credit.

First proposed by President Nixon, enacted under President Ford and expanded by Presidents Reagan, Bush and Clinton, the earned-income credit supplements the incomes of full-time breadwinners whose wages still fall only near or below the poverty level.

Because the credit is greater for families with chil-

dren, goes only to people who work and requires no government bureaucracy beyond the Internal Revenue Service, it has received strong bipartisan support over the years as an efficient way of targeting aid to the poor and encouraging work and family formation.

Yet Republicans now contend that the program is America's fastest-growing entitlement and is beset with fraud by taxpayers who falsely claim dependents to qualify.

Rather than simply curb the abuse, House Republicans would slash spending by lowering the maximum income levels for eligibility, eliminating benefits for childless workers and requiring Social Security and other outside income to be reported.

As a result, the Treasury estimates 9 million households would receive reduced payments, 4 million workers without children would be dropped and another million families declared ineligible because of the lower income cutoff. Proposed cuts by Senate Republicans go even deeper.

A \$30 billion increase in corporate taxes isn't chump change, but it's minuscule when compared with the total Republican spending cuts in Medicaid, welfare and other programs for the poor. There's no cover here, and the folks in Peoria will know it.

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Thursday, September 21, 1995

MetroChicago

THURSDAY, SEPTEMBER 21, 1995

Despite Edgar's support, housing tax credit in peril

By Flynn McRoberts
TRIBUNE STAFF WRITER

It seems an unlikely target in a Congress controlled by Republicans: a tax credit used by corporations that is the darling of some of the nation's most prominent GOP governors, including Jim Edgar of Illinois.

But in the name of budget-cutting, a key House committee this week passed a proposal to eliminate the low-income housing tax credit, which for nearly a decade has been the chief tool for building affordable rental housing in America.

The credit has helped finance more than 90 percent of the affordable apartments built in the U.S. since it became available in 1987, including nearly 30,000 units in Illinois.

Edgar led a ceremony Wednes-

day marking the start of the latest such project—a \$35 million, 20-story apartment building for seniors under construction on the Near North Side.

"Without the tax credit, they wouldn't have been able to do this project probably," Edgar said after a ground-breaking ceremony for Maple Pointe, which will get the largest tax credit allocation in the history of the Illinois Housing Development Authority.

Edgar and Mayor Richard Daley joined other big-city mayors and governors last week in an effort to persuade the House Ways and Means Committee to dump the provision. Edgar wrote to U.S. Rep. Phil Crane (R-Ill.) and hailed the "market-oriented" tax credit as

SEE HOUSING, PAGE 7

"a program that has many core Republican principles," with "little or no involvement of the federal bureaucracy."

Their persuasion didn't work. On a 22-15 party-line vote Tuesday, the committee proposed ending the program after 1997.

Believing the battle is lost in the House, the tax credit's backers are hoping support from Edgar and other Republican governors will help them stop the proposal in the Senate.

Edgar was less effusive in his praise of the program on Wednesday, noting that Ways and Means Committee Chairman Bill Archer (R-Texas) has alleged there is tax-credit fraud in 20 states. But he said Illinois' program is clean.

"They can look to Illinois and see that you can make this program work," Edgar said. "And hopefully you reform the program, you don't eliminate it."

Created under the 1986 Tax Reform Act, the tax credit has become popular with corporations as a way to invest in poor neighborhoods and not lose money.

Nationwide, the program helps create more than 100,000 affordable apartments a year. Though sizable, that still barely makes up for low-rent buildings that are demolished, abandoned or converted to market-rate use, experts say.

But critics of the program contend that it has been misused.

Archer believes the credit "does not benefit the people it's supposed to, mainly the poor. And there's too much fraud and abuse in the program," said Scott Brenner, a spokesman for the House Ways and Means Committee.

The IRS says it can't yet estimate the amount of improper claims. To find out just how much abuse is in the program, Archer has commissioned the General Accounting Office to study it and report back next year.

The credit offers corporations and individuals a dollar-for-dollar reduction in federal tax liability for 10 years.

Chicago community development corporations have been among the nation's most active in using it to develop affordable housing.

From 1987 through 1994, the Chicago-based National Equity Fund has invested \$54.6 million through the tax credits to help build 1,400 units across the city.

The city Department of Housing has awarded nearly \$34 million in tax credits through 1993, assisting about 1,000 units a year of low and moderate-income housing.

"The tax credit has been fundamental in our efforts to turn the neighborhood around," said Rev. Richard Tolliver, whose St. Edmund's Redevelopment Corp. has used the credit to rehab 68 units on the South Side. The group has acquired 67 more units.

Without tax credits, "we're stuck with those buildings," Tolliver said. "And they will remain boarded up."

Brenner predicted that "this credit will not go away" and that it will simply be modified with GAO recommendations.

"But affordable-housing advocates see little chance of restoring money for the credit if the current bill is passed.

Charles Edson, counsel for the Affordable Housing Tax Credit Coalition, put it this way: "There will not be money there [even] if the GAO found that the program is run by angels."

Newsday

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September 26, 1995

Rescue the Urban Investment Law, Sen. D'Amato

Tomorrow the Senate Banking Committee — run by Alfonse D'Amato (R-N.Y.) — is scheduled to consider legislation that could gut the Community Reinvestment Act. This is the law that requires banks to lend money to all communities equally — rich or poor, white or black. Cutbacks in government funds have already made urban life tough enough. So the blow landed all the harder when the House voted earlier to let private lenders off the hook when it comes to community reinvestment. Well, at least the House is consistent. If it's relieving the public sector of its civic duties,

why not give the banks a break along the way?

Answer: Because decent, hard-working neighborhoods citywide — like Jamaica, Queens — will suffer. A redrawn law would allow banks to lend in the deep-rug districts and to downplay their obligation to folks of more modest means. Everyone agrees that the current act inflicts too much paperwork on lenders. That should be corrected. But Washington must keep pressure on banks to lend money in the less-fancy neighborhoods. Opponents say the proposed revisions would let banks count activities like luncheons as

part of their neighborhood "reinvestment."

No sale. D'Amato needs to play the hero and rescue this vital program.

Meanwhile, in other acts of irresponsibility, the House Ways and Means Committee has voted to let the low-income housing tax credit die at the end of 1997. This program gives a tax credit to businesses that ante up money for nonprofit organizations so they can construct low-income housing. In the city, it has generated 170 projects and 8,200 new homes since 1987. It's a keeper. Finance Committee senators, please note: the tax credit needs CPR.

The Miami Herald

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Great program — let's kill it

So here's a federal program that produces 120,000 new apartments for poor families every year, with virtually no bureaucracy. It relies almost entirely on the private sector. And it gets more than \$11 worth of housing for every government dollar that it spends.

Should be a hit in Washington, no?

Better yet: The program brings an above-average share of these dollars into Florida. It builds some 7,000 housing units a year here, at a federal cost of just \$4,500 for each new apartment. And remember: These are apartments that must, by law, be rented to poor families at affordable rates. In a state where such housing is scarce and the low-income population is growing, this is vital stuff.

Ought to be popular in Florida, right?

Well, maybe not. Tomorrow the House Ways and Means Committee — where Rep. E. Clay Shaw, R-Fort Lauderdale, is an influential member — may take the first steps toward abolishing the program. Not trimming it, as everything must be trimmed these days, but wiping it out. Zero. Gone.

Must've been some scandal, you might suspect. Or maybe the committee has an idea for doing the job more economically? Nope. As happens nearly every year, this simple, cost-effective program landed on the chopping block because few politicians understand it.

HOUSING FUNDS FACE AX
An economical, needed, un-bureaucratic program creates housing for poor people. So why is it in trouble year after year?

Here's the problem in a nutshell: When a program isn't a big, bureaucratic extravaganza, when politicians don't get to take all the credit for what it achieves, when there are no armies of government employees to sing its praises in Congress,

the program is sure to be endangered. The politicians evidently don't get it. And frequently, what they don't understand, they kill.

There may also, admittedly, be something more sinister at work here. While the House considers "zeroing out" the housing tax credit, the Senate is taking the same approach to the Community Reinvestment Act. That's the 1977 law that requires banks to lend fairly throughout their communities. The act doesn't impose harsh penalties on banks. In fact, it's usually loosely enforced. But it gives lenders some incentive, at least, for treating all their potential customers fairly.

So why would the Senate — including Banking Committee member Sen. Connie Mack of Florida — want to kill it? Paul Grogan, head of a national non-profit community development group, darkly replies: "It's as if Congress has declared war on neighborhoods."

Surely that's too strong. There certainly must be a more benign explanation. Just now, though, we're at a loss for what that explanation could be.

INDIANAPOLIS STAR

September 23, 1995

Tax credits don't need fixing

**JAMES
PATTERSON**

A small breath of life filled small town Indiana Friday, and in essence, small town America.

In Perrysville, a shrinking hamlet of 243 people in Vermillion County, ground was broken on a project which when completed will help revive a small piece of deflating rural America, and save a bit of dignity along with it. Constructors will begin converting a former grade school into 25 low income, one-bedroom apartments for the elderly.

By selling Low Income Housing Tax Credits to private, (mainly corporate) investors, mixed with other private and public funding sources, qualified seniors will be able to rent one of the apartments for only \$239 per month. The rules say, apartments developed with tax credits must go to those whose incomes are 60 percent of the area median or less.

Unfortunately, Low Income Housing Tax Credits and the \$3.5 billion in annual tax revenue the federal government sacrifices for them may be eliminated. As part of a bill aimed at raising \$38 billion, Rep. Bill Archer, R-Texas, has offered housing credits for the chopping block.

100,000 jobs created

The House Ways and Means Committee, which Archer chairs, adopted the bill this week by a 21-15 party-line vote. In the politically expedient name of cutting "corporate welfare" Archer would cut a very efficient program of high private investment that has helped create more than three-quarters of a million low-income apartments in nine years.

Since it was signed into law by President Reagan in 1986, housing tax credits have been a boon for builders. The program has produced almost half of all rental housing and virtually all low-income housing built in the last decade. Moreover, it generates nearly 100,000 jobs and \$3.1 billion in construction wages annually.

In Indiana alone, where the program is administered by the Indiana Housing Finance Authority, the credits have been used to build more than 15,000 apartments for Hoosiers and attracted \$201,320,000 in tax credit equity investment.

Beside the fact that Congress, including two-thirds of Republican legislators, voted to make Low Income Housing Tax Credits permanent just three years ago, Archer and cohorts would be wise to heed the growing groundswell against cutting the credits — much from within the GOP.

"Although corporations are significant investors in the tax credits . . . the LIHTC is not 'corporate welfare,'" the Republican Governor's Association wrote House Speaker Newt Gingrich. "Corporations are the principal investors because the General Limitations on Credits in the 1986 Tax Act has effectively knocked individual investors out of the Tax Credit market . . ."

Wrong for Indiana

Rep. Rick Lazio, R-N.Y., chairman of the Subcommittee on Housing and Community Opportunity wrote Archer: "The program, in fact, is a great example of incentives — long term incentives — that work." It's "an irreplaceable step for families leaving public and federally-assisted housing to self-sufficiency and home ownership."

The New York Times editorialized Thursday: "The Republican leadership has found a new way to pummel the poor: Cut programs that benefit them in the name of eliminating 'corporate welfare.'"

"This is a wrong idea at the wrong time," stated Lt. Gov. Frank O'Bannon, chairman of IHFA. "The tax credit program has been positive for our state. We cannot balance the budget on the backs of those Americans who are children, poor, or elderly. This is wrong for Indiana and wrong for America."

"We can provide housing to seniors in the area without tax credits," says L. Michael Booe, housing and development director for Community Action covering a six-county area including Perrysville, "but not affordable housing." A chorus of Amens echo all the way from Vermillion County.

Providence Business News

September 25, 1995

Low income tax credits may be victim of budget cuts

By **Brett Davey**
Staff Writer

It looked like any other groundbreaking ceremony: a gathering of neighbors, non-profit coalitions, bankers and politicians. There were speeches given, photographs taken, and plaques handed out.

They were all there under a tent in the Constitution Hill neighborhood in Woonsocket to applaud the beginning of construction on a \$4.5 million housing development. The enthusiasm of the group was tempered, however, by concern for a tax credit program which helped finance the project.

"Very disconcerting news," U.S. Rep. Jack Reed said to Richard Godfrey, executive director of Rhode Island Housing Mortgage and Finance Corp., before the ceremony started.

Reed was referring to the threatened Low Income Housing Tax Credit program, which has helped finance construction or rehabilitation of almost 2,500 units of affordable housing in Rhode Island. The program, created by the Tax Reform Act of 1986, reduces the tax liability for corporations that invest in low-income housing projects.

Rep. Bill Archer (R-Texas), chairman of the House Ways and Means Committee, has the tax credit program in the sights of his budget cutting ax. Archer included a repeal of the program in budget reconciliation legislation that was scheduled to be debated in Congress last week. A vote could come as early as this week.

"This could definitely threaten further projects," said Godfrey. "When the chairman of the Ways and Means Committee is the one talking about it, the threat is very real."

"We need to do more of this, not less," said Reed.

welfare, said Rep. Patrick Kennedy, who pointed out that two-thirds of the Republicans in the House supported the program when it was given permanent status by Congress in 1993.

"They're looking at it as corporate welfare, but I don't think that is what most people would say," Kennedy said. "When one sees the tangible results the program yields, it's hard to paint it as part of the problem with the tax code."

Since the program was created, Rhode Island has received \$8.3 million in tax credits which have raised \$41 million in equity investment, which leveraged \$117.5 million in total investment.

Barbara Fields is state director of Local Initiatives Support

Corp. (LISC). The organization's National Equity Fund (NEF) uses the Low Income Housing Tax Credit program to garner corporate support for affordable housing. Fields said it will be difficult to replace the funds that come from the low-income tax credits and the incentive the program gives to corporations.

"The low-income housing tax credit is the major vehicle used to get private industry involved in housing for low-to-moderate income people," Fields said. "It's the way we've gotten them to invest in Rhode Island."

Fields said that money can also be used to leverage further capital for such projects.

Denise Altay, NEF national underwriting manager, said since 1986 when the legislation was introduced, more than 700,000 units of affordable housing have been built with financing from the tax credit.

"These credits are like gold," she said. "Corporations make a good return on them. If they didn't, they'd go somewhere else."

The threat to the program, said Altay, is "very real, given the current political climate and need to balance the budget. It wasn't a move that was expected by any-

*'When the chairman of
The Ways and Means
Committee is the one
talking about it, the
threat is very real.'*
-Richard Godfrey

Low-Income Housing Tax Credit Facts (1987-1994)

The federal government annually allocates tax credits to the states in the amount of \$1.25 per resident. Rhode Island received about \$1.2 million in 1995.

Rhode Island

Total tax credits allocated	\$8.3 million
Total equity raised	\$41 million
Total financing leveraged	\$117.5 million
Total number of apartments	2,476
Avg. household income of residents	\$12,000

Nationally

Number of units	700,000
Total tax credits allocated	\$2.2 billion
Total equity raised	\$12 billion

DAILY NEWS

450 W. 33d St., New York, N.Y. 10001

September 27, 1995

Bank on it

An important law that has sparked investment in poor neighborhoods for 18 years goes on the Senate chopping block today. It must be spared.

In some areas of the city, the Community Reinvestment Act is all that stands between a thriving neighborhood and a slum. Enacted in 1977, it encourages banks to invest in low-income areas. But the Senate Banking Committee, chaired by New York's Al D'Amato, is set to vote on a bill that would gut it by exempting most banks from compliance and barring community groups from challenging expansion plans on the basis of CRA scores.

That would be disastrous for New York. The law doesn't force banks to make risky loans, only to lend in areas avoided because of the residents' race or income. Banks with low ratings can be blocked from merging or acquiring other banks.

Using the CRA as a wedge, for example, one activist group — Community on the Move — has won commitments for \$90 million in new loans for the South Bronx and upper Manhattan and forced the opening of several new bank branches.

But if the act dies, organizations like Local Initiatives Support Corporation could not help rebuild Harlem. Businesses like South Bronx' Delicioso Coco, which grew from one pushcart to nearly 200 through a Chemical Bank loan, might go bust.

Critics who say the CRA holds banks hostage to communities forget that the banks are supposed to serve those communities. Without CRA, there would be less incentive for them to do so.

THE KANSAS CITY STAR

METROPOLITAN EDITION

TUESDAY, September 19, 1995

Don't 'sunset' this program

It's a mystery why the low-income housing tax credit always seems to be on life-support in Washington. Over the last seven years, the program helped finance about 730,000 units of low-income affordable housing. Every dollar in credit attracts about three dollars from the private sector. Projects are built — and urban neighborhoods redeveloped — with a minimum of involvement by federal bureaucrats.

Unfortunately, House Ways and Means Chairman Bill Archer wants the low-income housing tax credit lumped with a variety of other credit programs, which would subject the LIHTC to review on a regular basis. In other words, he would end its permanent status and make it temporary. Unless reauthorized beyond 1997, it would die.

Since all investment decisions require planning, this move threatens to reduce the amount of capital available for affordable housing projects even if the tax credit survives regular reauthorization fights. Given the vagaries of Washington, a tax credit with temporary status is a program at risk.

Archer has also directed the General Accounting Office to do a study examining, among other things, whether developers are playing games with the system by charging full market rents for units subsidized by the credit, or milking the program by charging inappropriate fees. A study along those lines would be worthwhile, and if problems exist, the program can be fine-tuned. But that's hardly a justification for "sunsetting" the credit. Do the study, but keep the program permanent.

By and large, this has been a successful program, and state and local officials know it. In fact, the Republican Governors Association has written to Archer, begging him not to make the LIHTC temporary.

In a joint letter to House Speaker Newt Gingrich, Govs. Mike Leavitt of Utah and John Engler of Michigan wrote that "The credit . . . is a key element in the recovering real estate industry and the most effective tool we have to serve the housing needs of lower-income renters." They're right. Archer's gambit should be seen as a non-starter.

The Hartford Courant

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EDITORIALS

Housing credits

The House Ways and Means Committee began voting this week on proposals to cut what's sometimes called corporate welfare in the tax code.

On the list: the Low Income Housing Tax Credit, which last year helped produce 1,000 new or renovated housing units in Connecticut.

Many corporate tax credits should indeed be targets for economizing. But this is one credit that budget-cutters have gotten in their cross hairs erroneously.

As its name implies, the program gives companies a tax break for investing in low-income housing. Congress had approved the break annually since 1986. In 1993, the cut was made a permanent part of the tax code. Businesses began planning on housing investments: Corporate participation soared to \$6.5 million in Connecticut alone.

Hartford Democrat Barbara B. Kennelly and New Britain Republican Nancy L. Johnson are both on the Ways and Means Committee. They ought to team up to be sure this incentive for public-spirited investment remains a permanent part of the tax law.

Sunday Newsday

THE LONG ISLAND NEWSPAPER

SUNDAY, OCT. 1, 1995 • \$1.50 • NASSAU

INSIDE LONG ISLAND: AFFORDABLE HOUSING

Tax Credit Program in Jeopardy

By Deborah Barfield
STAFF WRITER

THE DEVELOPERS knew they would come up short when they sought traditional financing for an affordable housing complex for senior citizens in Port Washington.

So, in a move rarely used on Long Island, they turned to the Clorox Co. to pick up the slack, enticing the Fortune 500 company with the promise of \$6 million in federal tax credits over a 10-year period.

"When we looked to finance, we knew all levels of government were suffering cutbacks in housing dollars," said Sydelle Knepper, whose development company eventually built the 68-unit Landmark on Main Street. "We had to fill a gap. So we turned to tax credits, which we knew were effective."

That \$12.3-million project opens in November, but Knepper and other Long Island housing advocates worry they may not have tax credits to lure investors for future projects.

Last week, a House congressional committee approved a measure that threatens to change, or even eliminate, federal low-income housing tax credits. The House is expected to vote soon on a package that includes the measure.

Under the program, for every dollar a company invests, it gets money back in credits, which it later applies against its federal taxes.

Local developers say they already struggle with less government aid, and losing the incentive of tax credits could stifle efforts to build desperately needed affordable housing.

"We're just starting to use them," said Jim Morgo, president of the Long Island Housing Partnership



Newsday / Michael E. Axt

The Rev. Charles Vogeley, right, is president of Landmark on Main Street Housing Development Fund Corp., a group set up to preserve the Port Washington school building. The building will have 68 units for senior citizens.



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Tax break for do-gooders

Can it be that House Ways and Means Chairman Bill Archer (R-Texas) is trying to portray himself as a foe of federal handouts to business? That's as much of a stretch as Sylvester Stallone doing King Lear.

Archer, an unabashed champion of the well-off, undoubtedly recognizes the political danger in gutting programs for the needy without requiring a wee sacrifice by the affluent. In any event, last month he made a solemn oath, hallelujah, to whack away at corporate welfare.

Oh, he deprived some Hollywood studios and chicken ranchers of their tax breaks. But he also stuck it to a group that didn't deserve this fate — developers and investors who build or rehabilitate housing for low-income renters.

This is no minor matter. Archer would dismantle a program that creates 100,000 affordable dwellings each

year, a construction pace that barely keeps up with housing stock lost to demolition, decay and natural disaster. That's 90 percent of all new low-income housing in the United States.

Atlanta participation in the program is gaining momentum. More than 300 low-income rental units have been built here in the past four years under its auspices.

So why kill this tax credit, the heart of the program? The fact is, there is no explanation that makes sense. The program costs the U.S. Treasury \$3.5 billion per year in tax credits that developers, lending institutions and non-profit consortiums use to leverage additional private funds for low-cost housing. It is widely

recognized to be the most cost-effective of the federal government's housing schemes. It is credited with creating 90,000 jobs per year, generating \$2.8 billion in wages and \$1.3 billion in tax revenue.

Not all tax breaks stimulate economic activity and serve an immensely useful social purpose; this one does. It is do-goodism with an absolute minimum of bureaucracy and a maximum of private initiative, local control and financial safeguards.

A coterie of conservative Republican governors of urbanized states implored Archer not to kill the program. George Pataki of New York said it was a model for federal-state relationships. John Engler said it accounts for four-fifths of apartments built in Michigan. Jim Edgar of Illinois said it was built on a foundation of core Republican principles. All to no avail.

It is up to the Senate, once again, to clean up a mess perpetrated in the House. A budget reconciliation bill slated for Senate action contains a provision similar to the Ways and Means' elimination of the low-income housing tax credit. The provision must be defeated and then removed in the Senate-House conference.

Direct federal funding to build low-income housing already has been cut drastically, and now this private approach is gravely threatened. Does Archer honestly think volunteer groups with limited resources — such as Habitat for Humanity, which built 4,900 houses nationally last year — can fill the enormous void he intends to create?



Special

O'Hern House in Atlanta was transformed from a factory into apartments, thanks to the low-income housing tax credit.

South Bend Tribune

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Save low-income housing tax credit

The proposal being pushed in Congress to eliminate the Federal Low Income Housing Tax Credit at the end of 1997 as part of the budget-balancing effort is short-sighted and foolish.

Since its creation by President Reagan in 1986, the low income tax credit has been instrumental in the creation of hundreds of thousands of low-income housing units, most of which blend seamlessly into their communities without creating public housing ghettos.

The high-rise public housing units of the past, like Chicago's Cabrini-Green, became urban nightmares and blueprints of what not to do when it comes to public housing.

The low income housing tax credit program allows private business to purchase federal tax credits at favorable prices. The money paid for the credits can then be used by private developers for housing projects, of which a percentage of the units must be allocated for low-income tenants.

Several hundred low income housing units have been constructed in South Bend as a result of the tax credit program. Two recent apartment complexes in South Bend, the Central High Apartments and the Stephenson Mill apartment project, both include low income units that look just like the other, full-price units. The days when public housing had to look different from private housing are over, or at least they have been.

Support for retaining the credit has been bipartisan. Michigan Gov. John Engler, representing his own state as well as the Republican Governors Association, has implored Speaker of the House Newt Gingrich not to let the tax credit law expire. Indiana Lt. Gov. Frank O'Bannon, who serves as chairman of the Indiana Housing Finance Authority, has also been a strong supporter of the tax credit. "This (allowing the tax credit law to expire) is a wrong idea at the wrong time," said O'Bannon.

In one of two letters he sent to Gingrich, Engler noted that Michigan has made great strides in reforming welfare, adding that the tax credit has been an important part of a statewide strategy to help low income families afford decent housing. Engler estimated that the credit is responsible for creating 22,000 new rental units in Michigan since 1986 and anticipated that it will generate new units at the rate of 4,000 a year if the credit is retained.

Criticism likening the tax credit to "corporate welfare" is nonsense. While the credit uses tax cuts as an incentive for investment, it does not subsidize businesses for expenditures they would make even if there were no tax credit.

Ira Peppercorn, executive director of the Indiana Housing Finance Authority, met recently with public officials from around the state who were attending the Indiana Association of Cities and Towns meeting, which was held in South Bend.

Peppercorn believes that public housing projects of the past didn't work because they alienated and "ghetto-ized" those who lived in them. He's right.

The Federal Low Income Tax Credit program has worked well and can work well in the future if Congress looks before it leaps into another round of budget-cutting rhetoric. Saving where savings can be made without undermining valuable programs that work — a rare federal commodity — makes sense. Slashing blindly in the dark does not.

FOCUS

Real Estate & Development

LISC helping to make central city housing projects feasible

By Robert Mullins

Proponents of a housing project under construction in Milwaukee's central city struggled for months to get financial backing.

The problem, it seemed, was that the development of 24 townhouses was too small a project for most investors to buy the federal tax credits available to make the investment financially viable.

Then along came the Local Initiatives Support Corp. (LISC), which helps make such investments possible, not because of the financial return, but because of their value to the community.

"It's not the deal," said John Williams, LISC's Milwaukee program director. "It's the relationship."

Thanks to the New York City-based LISC, which operates in 30 U.S. cities, ground was broken Sept. 22 for the L.S. Beauchamp Townhouses near North 11th Street and West Meinecke Avenue.

It is the first project LISC has helped make possible in Milwaukee, but it will not be the last, Williams said.

He said by meeting with local community development groups, LISC is going to find out what the needs of the community are and help fulfill those needs. However, LISC does not just help build buildings.

In other cities, Williams said, LISC has helped the development of light manufacturing firms, retail developments, job creation efforts, day care centers and social service programs.

"The (LISC) concept is that you get a neighborhood to the level where it has the services it should have to be vi-



John Williams ... "The (LISC) concept is that you get a neighborhood to the level where it has the services it should have to be viable."

able," Williams said.

Having run a consulting firm in Milwaukee that served nonprofit organizations doing similar projects, Williams had the local experience LISC was looking for when it tapped him in June 1995 to run its Milwaukee office.

LISC is a 15-year-old organization created by the Ford Foundation, New York City, to support local community development efforts. Williams said it helps, not just with grant dollars, but with technical expertise and other sup-

port for development efforts.

A LISC subsidiary, the National Equity Fund (NEF), makes the actual financial investments in development projects. NEF, with offices in St. Paul, Minn., and Chicago, buys federal tax credits offered on various low income housing projects — such as Beauchamp — on behalf of various investors that contribute to the fund.

Because housing projects in central cities are not as financially lucrative as those in more prosperous suburban ar-

cas, federal tax credits are offered to bridge the gap between what a project costs to develop and what it will be worth on the market once it's finished.

The Beauchamp Townhouses are just such an example.

"It costs \$95,000 to build a unit and it's worth \$50,000 the day you're done because the appraiser says, in that location, that's what it's worth," he said.

"How do you bridge the gap between 95 and 50?" Williams asked.

Tax credits are the answer, he said.

For the amount of money donors contribute through NEF to projects such as Beauchamp, they get to deduct about half of the funds from their federal income taxes through use of the credits.

The tax credits bridge the gap between what the developer of the housing project has to pay on the mortgage and the rents the development can reasonably generate from low-income tenants.

The Beauchamp Townhouses deal was put together with the help of LISC and NEF after several "aborted efforts" to make it go locally, said J. Allen Stokes, vice president of Inner City Redevelopment Corp., Milwaukee.

The Inner City Redevelopment Corp. is the local community development organization which received help from LISC to get the Beauchamp project off the ground.

"They are able to do a lot in providing the resources for putting a deal together with the financing," Stokes said of LISC. "They had the resources to do it as well as the knowledge and the expertise."

FOCUS

Real Estate & Development

Central city homes being sold even before they're built

By Robert Mullins

As construction commences on the J.S. Beauchamp Townhouses, work on another central city housing development moves forward.

Two model homes are nearing completion in the CityHomes subdivision, a joint public-private partnership designed to create new housing stock in Milwaukee that is decent, modern, safe and affordable.

Forty to 50 single-family homes are to be built in an area of vacant lots bounded by West Walnut, West Vine, North 20th and North 22nd streets.

Before the model homes were finished, buyers were lining up.

"It is exceeding our expectations in just about every way," said Leo Ries, director of housing and neighborhood development in Milwaukee's Department of City Development.

Before the first home was built, Ries said, CityHomes promoters erected a tent on the site Aug. 13 to tell prospective buyers about the homes and the low-rate financing available to buy them.

From a \$2 million Wisconsin Housing and Economic Development Authority fund, mortgages are being issued at a 4 percent interest rate for the homes.

Ries said the day of that first showing, about 300 people showed up and seven lots were subsequently sold.

"The models were supposed to stimulate buying, but even without the models they certainly have served their purpose," said Michael Hatch, a Milwaukee attorney involved in the project.

Hatch heads the real estate department at Holey & Lardner, a Milwaukee law firm which is a co-sponsor of the Milwaukee Neighborhood Renewal Foundation, a corporate fund drive to help raise money for the housing project.

Already, he said, \$230,000 has been raised to help bridge the gap between what the homes will be sold for, which is about \$75,000 and what it actually costs to build them, estimated to be about \$100,000.

"Everybody's feeling pretty good about it," Hatch said.

The city of Milwaukee established a tax incremental finance district to fund infrastructure development in the subdivision such as streets, landscaping and sewer and water service.

The subdivision is part of a larger redevelopment effort in an area bounded by Walnut Street, North 30th Street, West North Avenue and North Pond du Lac Avenue.

Stokes said the development group had trouble finding investors in Beauchamp just in Milwaukee because there is a relatively small pool of corporations that have been willing to invest in tax credit projects.

LISC, on the other hand, is a nationwide organization with financial resources to match. Williams said in 15 years, the group has invested \$1.7 billion in projects in 30 cities.

With those kind of resources to bring to redevelopment efforts, Milwaukee can find lots of projects for LISC to do, said Michael Hatch, a Milwaukee real estate attorney.

"There's no doubt that LISC will have an increasingly important role to play in developments in this city," said Hatch, who serves on a local advisory board to LISC.

The Beauchamp Townhouse project is a good first effort, Hatch said.

Generally, development experts believe the key to restoring rundown urban housing stock is to create more owner-occupied housing.

Rental properties tend to get neglected by the absentee landlords, while owner-occupied properties don't deteriorate as much.

Hatch said that although the Beauchamp Townhouses will be rental properties they will have several things going for them over other rental properties.

"Townhouses are different than multi-family apartment developments," Hatch said. "They are closer to home style and it's easier for people to take pride in them."

The 1,300-square-foot townhouses will feature three bedrooms, one-and-a-half bathrooms, a full basement, a detached garage, and full appliances.

They also will be professionally managed by Cyden & Co., Milwaukee.

Properly managed and maintained, a rental housing development such as Beauchamp will serve Milwaukee well, Stokes said.

"We need a combination of rental and ownership housing because not every-

body wants a house or can afford it," he said.

Stokes said that whether a housing development is rental or owner-occupied, "they need to be safe and affordable and decent housing (units)."

Housing developments such as Beauchamp do more than just improve the city's housing stock, they stimulate still more development, said Leo Ries, director of housing and neighborhood development for the city of Milwaukee.

"The goal is to stimulate investment and catalyze reinvestment in that neighborhood," Ries said. "To see new buildings going up gives people new confidence in that neighborhood."

LISC is expected to stimulate more redevelopment activity in Milwaukee after the Beauchamp Townhouses are completed, Williams said.

Although it has no specific projects in mind, he said it is going to do a needs assessment of several community development organizations in Milwaukee to see what projects are most important for LISC to pursue.

Which is good news for Milwaukee's central city housing stock.

Don't tear down the housing credit

BY A. ROBERT KUCAS

RALEIGH

In the effort to streamline government at all levels, the federal Low-Income Housing Tax Credit Program stands out as a model. Through incentives to private investors, it has produced 730,000 affordable rental units for lower-wage, working families, including 15,800 in North Carolina — and 2,776 in Wake County.

The housing was produced by private investment, using federal assistance as a catalyst, allowing local decisions and keeping ownership and management in

POINT OF VIEW

private hands. Bureaucracy is minimal: the program is administered by a handful of staff at the U.S. Department of Treasury and by state housing finance agencies, most of which, like North Carolina Housing Finance Agency, are self-supporting.

So why is the Low-Income Housing Tax Credit (LIHC) suddenly on the chopping block — at risk, not of being trimmed, but of being eliminated altogether?

That is a question for House Ways and Means Committee Chairman Bill Archer, R-Texas, who in mid-September introduced a surprise proposal to "sunset" the LIHC in 1997, a back-door way of killing it altogether.

And — thankfully — it is also a question for the Senate Finance Committee, which begins finalizing the tax provisions of its own budget bill this week. The first step in keeping the LIHC's much-needed housing production is to ensure that the Senate Finance Committee leaves the program intact in its own budget package.

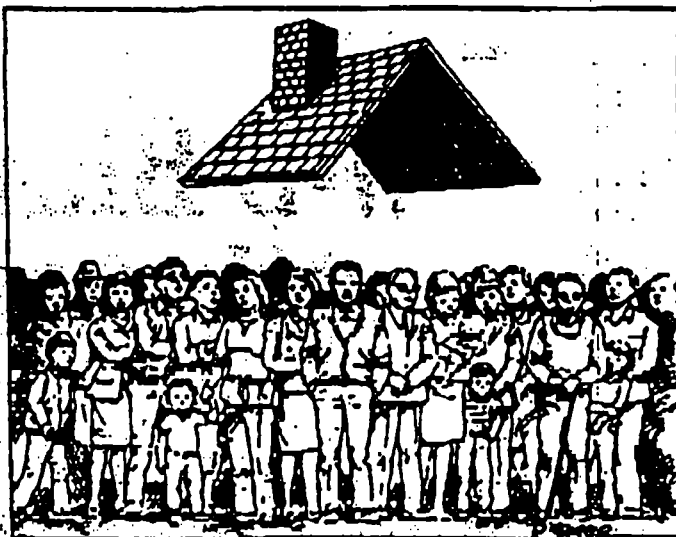
Two reasons were given by Rep. Archer for the "sunset." One (mistakenly) lumps the LIHC with "corporate welfare" provisions to be cut in the

state pay more than they can afford for rent — 30 percent or more of their gross income. That does not leave much for food, health care, child care, transportation and other necessities.

Growing communities — including Raleigh and Wake County — need affordable rental housing for young families, for low-wage workers, for disabled persons and others with special needs, and for elderly persons who require supportive services.

With the LIHC providing an incentive for private investment, Raleigh is enjoying successful low-income developments that would be hard to distinguish from market-rate housing. Two examples are Tryon Grove Apartments for families, off Tryon Road, and Murphy School Apartments for the elderly, the adaptive reuse of an historic downtown school.

Suburban communities like Cary, Wake Forest and Apex have also gained new rental housing, and as a result can offer more choice to low-income families. In Durham, the LIHC helped finance



Preiss-Steele Place, a nationally recognized apartment community that provides elderly persons with services for continued independent living.

Although Archer's Ways and Means Committee voted along straight party lines, the Low-Income Housing Tax Credit Program is not a partisan issue. The program was designed 10 years ago by the Senate Finance Committee under

er.

And — thankfully — it is also a question for the Senate Finance Committee, which begins finalizing the tax provisions of its own budget bill this week. The first step in keeping the LIHC's much-needed housing production is to ensure that the Senate Finance Committee leaves the program intact in its own budget package.

Two reasons were given by Rep. Archer for the "sunset." One (mistakenly) lumps the LIHC with "corporate welfare" provisions to be cut in the House's deficit reduction package. The other argues that suspending the LIHC will allow Congress and the General Accounting Office to review scattered cases of abuse.

The LIHC is not "corporate welfare." Unlike tax deductions for depreciation or entertainment, for example, it does not give a benefit for investments that businesses make in their own interest. The LIHC provides an incentive to invest for the public good, in housing that could not otherwise be produced and rented at such low rates.

As for possible abuses, of course they should be investigated, and the program should be changed if modifications are indicated. The process of review and refinement has been almost continuous during the 10-year life to the LIHC — without requiring a suspension that, in the present budget climate, will make it all but impossible to reinstate any program after a sunset.

North Carolina needs the LIHC. Some 200,000 low-income households in our

A. Robert Kucab is executive director of the N.C. Housing Finance Agency, a self-supporting agency created by the General Assembly. He is also chairman of the state's Housing Policy and Coordination Council.



Preiss-Steele Place, a nationally recognized apartment community that provides elderly persons with services for continued independent living.

Although Archer's Ways and Means Committee voted along straight party lines, the Low-Income Housing Tax Credit Program is not a partisan issue. The program was designed 10 years ago by the Senate Finance Committee under Sen. Bob Dole, R-Kan. After years of sunset and renewal, it was made permanent in 1993 under legislation developed by a Democrat-dominated House Ways and Means Committee. Its current and vocal supporters include the Republican Governors Association, North Carolina's congressional delegation, both Democrats and Republicans, supported "permanency" in 1993.

It would be a mistake to reverse the decision in 1993.

Permanency has made the LIHC operate more efficiently, allowing developers and investors to count on it in planning their work. It has drawn producers of high quality housing into the production of high quality affordable housing.

In the House, parliamentary rules will make it virtually impossible to remove the LIHC sunset provision when the budget bill goes to the full House for a vote. The first step to save the program is to make sure that the Senate budget has no such provision. That will open the way for the House-Senate conference committee to restore the LIHC when it irones out the differences between the two budget packages.

Every person who understands the importance of affordable housing should make sure that our North Carolina senators and representatives hear of their support for the Low-Income Housing Tax Credit Program.

TULSA WORLD

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Lawmaker Backs Effort For Housing Program

By Wesley Brown
World Staff Writer

A Tulsa state representative said tax-credit apartment developments he saw in Yakima, Wash., made him believe that Tulsa can create a low-income housing program that works for everyone.

State Rep. Chris Hastings, R-Tulsa, spent the weekend visiting several apartment complexes, funded with the federal tax credits, and built by Neil Treitman, president of Community Development Services.

Hastings said he came away impressed. The apartments are similar to plans for Woodland Manor Apartments, a 240-unit complex Treitman wants to build at 8600 E. 61st St. for low-income people over age 55.

Treitman spent most of last week in Tulsa visiting with citizens, business people, and city officials, seeking support.

"I am real pleased about going up there," Hastings said. "We definitely (now) agree with Treitman that you can treat non-market rate apartments differently than market rate."

Under the terms of his proposal to build the Tulsa apartments,

Treitman will set aside most of them for low-income people, and rents will be kept lower than the average market rate in Tulsa.

If his proposal is accepted by the Oklahoma Housing Finance Agency, Treitman is to receive \$1.07 million in federal tax credits each year for 10 years, if the property continues to meet state requirements.

"His development is something that without question is a benefit to the surrounding area, the community, and the tenants," Hastings said of the Washington apartments. "I think this can be kind of a road map for the city (of Tulsa) to follow."

Hastings also said, "The critical thing is that I see man who is concerned about Tulsa's future and is willing to work with us. This is not going to be a 61st and Peoria."

Hastings and Gov. Frank Keating have pointed to that area of south Tulsa as an example of poorly planned and maintained low-income housing.

Hastings had been critical this summer of absentee out-of-state developers.

Hastings said he met with more than 50 residents of Treitman's apartments, the city manager of Yakima, and people in the com-

munity.

"I was really impressed with the quality of the communities. I visited one complex that was five years old, and it look like it was (brand-new)," Hastings said of a development for senior citizens. "A complex like this in our community will help low-income elderly people live out the rest of their lives in dignity."

The Oklahoma Housing Finance Agency is scheduled to meet Thursday in Oklahoma City to decide which developers will receive the \$3 million in tax credit available for 1995.

Although state housing officials haven't released any information yet, several sources said Treitman's application will be one of the winners.

In August, Hastings and two Tulsa lawyers wrote a plan that they hoped would settle a controversy over several low-income apartment complexes proposed for south Tulsa, and to be funded with tax credits.

The finance agency's rules allow cities to write ordinances that give them more flexibility in deciding where to locate tax-credit developments.

Hastings wanted a city ordinance that would have required See Housing on News 10

Continued from News 10
developers to build safety and security equipment, conform to city zoning and planning laws, follow certain long-term maintenance rules, and not cause harm to the public good, morals, welfare or safety of the community. Quietly, some city and planning officials have expressed concerns that some sections of Hastings' plan would have violated local zoning laws.

Federal tax credits program has changed lives, restored housing

Lisa Daignault is working her way through college the hard way. A divorced mother, she's doing it on her own while bringing up five kids. The last place she lived had railroad tracks running through the backyard. The bathtub was in her bedroom and the toilet sat in a closet. That was the best she could do with five kids and tuition bills. Well, not any more. Earlier this year they moved into an apartment we financed in Lincoln. The rent is low, so Lisa and the kids can squeak by. Best of all, she says, the apartment is handicapped accessible, making life easier for her developmentally disabled son Adam.

Rhode Island Housing is able to finance low-cost apartments like Lisa's because of a federal program that encourages private corporations to invest in affordable housing. Here's how the Low Income Housing Tax Credit Program works. Rhode Island annually receives \$1.2 million in tax credits, which we then allocate to developers of affordable housing. They then sell the tax credits to private investors, usually corporations, like Citizens, Fleet, CVS and Pawtucket's own Hasbro. Since 1988 the sale of Low Income Housing Tax Credits has raised \$41 million here in Rhode Island. Developers have used that equity to attract an additional \$117 million in other financing. That's nearly \$160 million in construction and other economic activity. Now tax credits are under attack in Washington. Last week, the House Ways and Means Committee voted to kill the program. That would be too bad, because the program does a lot of good.

Over the past few weeks your newspaper has reported on the renaissance that is occurring in Central Falls with the Centennial Houses and Cogswell Homes projects. Last year *The Times* told readers about the renovation of the former Sacred Heart School and Convent in Pawtucket and the apartments in Lincoln where the Daignault family lives. In the case of those projects, developers used \$4.5 million from the sale of tax credits to raise an additional \$10.3 million in financing. That's \$14.8 million flowing into Central Falls, Lincoln and Pawtucket.

The program invigorates our economy, bolsters local tax rolls and creates much needed housing. In an average year, tax

Guest Commentary

By Richard H.
Godfrey Jr.

credits finance the construction of 240 apartments creating 260 jobs generating \$5 million in real estate, sales and payroll taxes. The Lincoln development appropriately is called Project Renew, for it involved the complete rehabilitation of six rundown tenement buildings. The renovations included new windows, kitchens, baths, flooring and heating and electrical systems. Our financing also bailed out Rhode Island taxpayers by recycling property held by DEPCO. Lastly, it gave new hope to Lisa Daignault and the 33 other families that call Project Renew home.

Next year Lisa will graduate from the Community College of Rhode Island with a degree in accounting. Like most of our tenants, she only needs a helping hand. The average stay in one of these apartments is just two years. By then residents have found a new job, recovered from illness or, like Lisa, earned a degree and are ready to move on. If the Low Income Housing Tax Credit Program dies, our efforts to help people like Lisa and cities like Central Falls will, too. But there is hope.

The program's last best chance lays with one of our own. Rhode Island's John Chafee is a senior member of the Senate Finance Committee, which has jurisdiction over tax credits. A vote on the future of the program is expected next week. Local groups like REACH and the Blackstone Valley Community Action Program know Senator Chafee as a long-time friend of housing. That's why they're spending a lot of their time giving Chafee the information he needs to protect tax credits. Even Lisa wrote Washington. She said she had to for all the other Lisa Daignaults who haven't found their way home yet.

(Richard H. Godfrey Jr. is executive director of the Rhode Island Housing and Mortgage Finance Corporation.)

Support low-income housing tax credit

By Richard Godfrey

Lisa Daignault is working her way through college the hard way. A divorced mother, she's doing it on her own while bringing up five kids. The last place she lived had railroad tracks running through the back yard. The bathtub was in her bedroom and the toilet sat in a closet. That was the best she could do with five kids and tuition bills. Well, not anymore. Earlier this year they moved into an apartment we financed in Lincoln. The rent is low, so Lisa and the kids can squeak by. Best of all, she says, the apartment is handicapped accessible, making life easier for her developmentally disabled son Adam.

The Rhode Island Housing and Mortgage Finance Corp. (RIHMF) is able to finance low-cost apartments like Lisa's because of a federal program that encourages private corporations to invest in affordable housing. Here's how the Low Income Housing Tax Credit program works. Rhode Island annually receives \$1.2 million in tax credits, which we then allocate to developers of affordable housing. They then sell the tax credits to private investors, usually corporations like Citizens, Fleet, Hasbro and Woonsocket's own CVS. Since 1988 the sale of Low Income Housing Tax Credits has raised \$41 million here in Rhode Island. Developers have used that equity to attract an additional \$117 million in other financing. That's nearly \$160 million in construction and other economic activity. Now tax credits are under attack in Washington, D.C. Last week the House Ways and Means Committee voted to kill the program. That would be too bad, because the program does a lot of good.

The Call has been reporting on the renaissance that is occurring on Constitution Hill. In May, *The Call* wrote about the renovation of the Hanora-Lippitt Mill Apartments. Last fall the paper told readers about the apartments in Lincoln where the Daignault family lives. In the case of those three projects, developers used \$3.4 million from the sale of tax credits to raise an additional \$7.9 million in financing. That's \$11.3 million flowing into Lincoln and Woonsocket.

The program invigorates our economy, bolsters local tax rolls and creates much-needed housing. In an average year, tax credits finance the construction of 240 apartments, creating 260 jobs generating \$5 million in real estate, sales and payroll taxes. The Lincoln development appropriately is called Project Renew, for it involved the complete rehabilitation of six rundown tenement buildings. The renovations included new windows, kitchens, baths, flooring, and heating and electrical systems. Our financing also bailed out Rhode Island taxpayers by recycling property held by the Depositors Economic Protection Corp. (DEPCO). Lastly, it gave new hope to Lisa Daignault and the 33 other families that call Project Renew home.

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The program's last best chance lays with one of our own. Rhode Island's John Chafee is a senior member of the Senate Finance Committee, which has jurisdiction over tax credits. A vote on the future of the program is expected next week. Local groups like the Woonsocket Neighborhood Development Corp. and the Blackstone Valley Community Action Program know Sen. Chafee as a longtime friend of housing. That's why they're spending a lot of their time giving Chafee the information he needs to protect tax credits. Even Lisa wrote Washington. She said she had to for all the other Lisa Daignaults who haven't found their way home yet.

Richard Godfrey is executive director of the Rhode Island Housing and Mortgage Finance Corp.

Housing agencies push for tax credit

BY EDDIE B. ALLEN, JR.
BLADE STAFF WRITER

For many people, wall-to-wall carpeting, attached single-car garages, and three-bedroom homes bring to mind Toledo's suburbs.

But with help from a federal law called Low-Income Housing Tax Credit, or LIHTC, the vision will become a reality for 50 central-city families by the end of 1996.

Ground will be broken for the 50-unit Toledo Homes in the next several weeks at a lot on Collingwood Boulevard near Dorr Street and next to Warren A.M.E. Church.

But while local community development corporations push for projects like Toledo Homes, many federal government officials want to scrap the LIHTC.

"It's budget time for the whole country, so low-income housing is being swept up in the budget debate," said Hugh Grefe, Toledo program director for the Local Initiatives Support Corp., a national development organization.

"The tax credit was being called corporate welfare," Mr. Grefe noted. "But there is bipartisan support throughout the country, based on the fact that it is a good way to encourage private investment in producing affordable housing for low and moderate-income people."

As the Senate Finance Committee staff meets this week to draft budget bills dealing with the low-income housing tax credit, the Toledo office of LIHTC is trying to generate support for the law among local businesses and developers.

Nearly 50 Toledo businesses and

6 You can't pull off a project like Toledo Homes without the Low Income Housing Tax Credit, and the reason it works is because it's market-driven. 7

Aaron Laramore

executive director of Organized Neighbors Yielding eXcellence

institutions participate in the tax credit program. The tax credit is granted to recipients for 10 years based on the cost of housing development and the number of low-income units produced.

The program, which became law in 1982, was proposed for elimination recently by the House Ways and Means Committee, but has received support from Governor Volnovich, the National Governors Association, and the Republican Governors Association.

Toledo Homes will cost \$4.5 million, of which \$3 million will come from the tax credit funds, Mr. Grefe said. Museum Place, a complex under renovation on Monroe Street near Collingwood, has also been allotted a \$1.5 million tax credit to help with its projected \$6.5 million cost, he said.

Museum Place illustrates that the law can be used for historic preservation as well as urban or rural development, Mr. Grefe added.

"At the very time you're starting to see the biggest increase for affordable housing development in the city's history, if you pull the plug on [the LIHTC] right now, it would all become uncertain," he said.

Aaron Laramore, executive director of Organized Neighbors Yielding eXcellence, the community development corporation overseeing the Toledo Homes project, agreed.

"Toledo's central city hasn't seen significant new construction housing in over two decades," he said.

"You can't pull off a project like Toledo Homes without the Low Income Housing Tax Credit, and the reason it works is because it's market-driven," Mr. Laramore said.

Neighborhood residents outside low-income housing areas should also support the tax credit if they support local economic development, Mr. Laramore said.

"We want to have a strong downtown, and we can't have a strong downtown if the neighborhoods that surround it wither and often die," he said.

Howard Cross, commissioner of housing for the Toledo department of neighborhoods, said the LIHTC was used in numerous projects in the city last year.

"It matters a great deal," said Mr. Cross. "It's hard to understand why the Congress is looking at this in a negative way."

Commentary

EDITORIALS

Panel Wields Wild Ax At Housing Tax Credit

Under the guise of cutting corporate welfare, Congress is threatening to kill a program that is anything but.

The Low-Income Housing Tax Credit would be rescinded at the end of 1997 under a plan already approved by the House Ways and Means Committee. It isn't clear which way the Senate will vote.

The tax credit, first approved in 1986, has helped create nearly 800,000 rental units for more than 2.4 million poor people nationwide; the construction created 90,000 jobs. In 1994, the credit helped create 4,158 affordable housing units in Illinois alone.

Advocates for the poor and home builders alike agree: Without the tax credit, most low-income housing would not be built. Developers simply could not afford to build housing and rent it at a price poor people could pay. Yet the need is greater than ever. For every low-income housing unit built under the program, another unit is lost to gentrification, disrepair or some other affliction.

Congress is rewriting our social policy. Entitlements are becoming block grants. Government work is being privatized. Accountability is king.

For all those reasons, the Low-Income Housing Tax Credit should be saved. It is a flexible block grant program that encourages private sector involvement, punishes those who don't perform and doesn't cost taxpayers a penny until there are results.

In short, the program is everything Congress says it wants, and it's everything taxpayers are willing to support.

The San Diego
Union-Tribune.

Saturday, September 23, 1995

Keep the housing credits

They encourage much-needed construction

There is no question that federal spending must be reduced, and this newspaper applauds the efforts of the Republican-controlled Congress to do so. The \$52 billion tax bill passed out of the House Ways and Means Committee late Tuesday represents a start at reaching a balanced federal budget in seven years.

Recently, in an attempt to spread the necessary sacrifices to achieve this end a bit more fairly, committee chairman Bill Archer, R-Texas, announced the closing of certain corporate tax loopholes. Fine. Few would argue that tax advantages for companies engaging in complex stock buy-back deals with other companies or movie studio film depreciation write-offs should not be curtailed. But eliminating the \$3.5 billion credit for corporations investing in affordable housing?

This credit has led to construction of more than 100,000 housing units a

year, or more than 90 percent of all affordable housing built in this country. At least \$40 million has been distributed by the California Tax Credit Allocation Committee each year since 1987 to build such housing. San Diego County has received \$12 million annually for housing under this program. Local Initiatives Support Corporation (LISC), one of several agencies working to help distribute funds from the state agency, has pumped \$16 million into 512 units for lower-income families since 1991. These units, renting for \$290 to \$640 per month, provide decent housing for individuals and families making no more than 60 percent of the area's \$42,000 annual median income.

Everyone must help in the very necessary effort to balance the federal budget. But working people who otherwise can't afford a decent place to live and raise their families should not bear a disproportionate share of the responsibility.