



Neighborhood Housing Services of New Haven, Inc.

February 23, 2009

SD 933

Hon. Eileen Daily
Hon. Cameron Staples
Co-Chairs, Finance Committee
Connecticut General Assembly
300 Capitol Avenue
Hartford, CT 06106

Dear Sen. Daily and Rep. Staples:

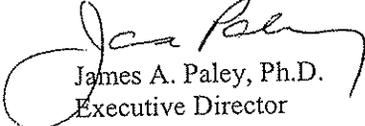
Thank you for giving me the opportunity to testify in support of preserving the Historic Homes Rehabilitation Tax Credit Program. This program, used extensively by Neighborhood Housing Services of New Haven since its inception, has facilitated the rehabilitation of approximately 40 units of affordable housing in New Haven and has generated more than \$7 million of private reinvestment. It has been an integral component of our organization's financing packages and without this tax credit program, the affordable units in these historic homes could never have been produced.

The Historic Homes Rehabilitation Tax Credit Program is an innovative tool developed by the State Legislature to create public-private partnerships that motivate private investment in historic preservation projects. In the case of Neighborhood Housing Services of New Haven, each of the houses restored under this program has been used for affordable homeownership for low- and moderate-income families. By definition, every dollar of tax credits under this program leverages at least 2.33 dollars of private investment. In our case, each tax credit dollar has produced more than six dollars of private reinvestment. The tax credits are used to keep the homes that are being purchased by our clients affordable. Every day we read about the current mortgage crisis and the burgeoning rates of foreclosures throughout the country. It should be noted that none of the families who have benefited by the subsidies provided by the Historic Homes Rehabilitation Tax Credit Program has faced foreclosure precisely because this program has enabled NHS to keep the houses we sell affordable to our homebuyers.

Connecticut, along with most other states, is currently facing a budget crisis of epic proportions. It is clear that the state legislature must take bold steps to create a balanced budget. What frequently happens in a climate of cutting expenses, however, is the elimination of programs that actually stimulate the economy, produce jobs, and generate additional state revenue through tax proceeds. It is most important for every program to be evaluated based on its ability to generate revenue for the state. I am pleased to report that the Historic Homes Rehabilitation Tax Credit Program actually creates revenue and its elimination would not at all be in the best interests of the state budget. Historic homes that could not and would not be restored without this program would be left to decay throughout the state. Workers would not be earning taxable income; municipalities would not be receiving property tax revenue; blighted properties would continue to dot the landscape of municipalities throughout Connecticut, thereby inhibiting additional private reinvestment in our neighborhoods. Simply put, there would be no incentive for additional reinvestment in historic properties. Allowing this important program, which is capped at just \$3 million per year, to die would be extremely counter-productive and would have a deleterious effect on the State budget. In addition, it would threaten the very existence of Neighborhood Housing Services of New Haven, which has been providing affordable homeownership opportunities to low-income families and creating revitalized neighborhoods in New Haven for the past 29 years.

Thank you very much, in advance, for your decision to leave this important program intact.

Sincerely,


James A. Paley, Ph.D.
Executive Director

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