



February 17, 2015

Senator Gary Winfield &
Representative Larry Butler
Housing Committee
Connecticut General Assembly
Legislative Office Building, Room 2700
Hartford, CT 06106

Dear Senator Winfield & Representative Butler:

I am writing today regarding Proposed Bill No. 6640 – An Act Concerning Allocations of Low Income Housing Tax Credits. I believe that this bill may have a negative effect on the efforts to revitalize the neighborhoods of Connecticut's cities.

My organization, Local Initiatives Support Corporation (LISC), has worked in Connecticut for over thirty years. LISC works statewide in cities and small towns alike. In the cities, LISC invests in development that will stimulate neighborhood revitalization. LISC also provides affordable housing technical assistance in Connecticut's suburban and rural towns to increase housing choice and opportunity in all communities. Revitalizing urban communities and increasing housing choice for low and moderate income residents are the core goals of the Connecticut LISC programs.

Federal Low Income Housing Tax Credits (LIHTC) have been a vital tool in the production and preservation of quality affordable housing in Connecticut since the late 1980s. These credits encourage private investment in affordable housing and in some of our most distressed neighborhoods. The affordable housing created by LIHTC investment is only one benefit. These developments also create jobs, improve family economic success, reduce blight and abandonment and improve the quality of life in many low and moderate-income communities.

With this as background, I would like to offer the following comments:

- 1) While LIHTC is an important tool, it is not the only tool to promote affordable housing. Our experience has shown that technical assistance can help smaller communities to create housing with support from their own residents. With support from the Connecticut Housing Finance Authority (CHFA) and the Community Assistance Act, LISC operates a program to provide technical assistance to rural and suburban communities seeking to expand affordable housing. This program, called Housing Connections, is working with forty-four local groups

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in forty towns in all eight counties. These groups have 668 affordable housing units in development. An additional 271 units have been completed, representing \$46 million of development.

- 2) LIHTC is well suited for developments that are larger than 25-30 units. The LIHTC program has a relatively high degree of complexity and the compliance demands for 15 years are met by experienced developers. Many of the successful projects in smaller towns are 20 units or less. Additionally, many of the sponsors are dedicated volunteer groups. In most cases, other programs work better than LIHTC for this profile of housing. Targeting the credits to smaller, non-urban towns such as these may not be the best match of the tool to the project.
- 3) CHFA is responsible for creating an annual Qualified Allocation Plan (QAP) that establishes the priorities and scoring mechanism for the LIHTC program. Each year they do a great deal of outreach for input into the plan. In the past few years, CHFA has adjusted the QAP to give greater priority to affordable housing proposals outside urban areas. In my opinion, CHFA has done a good job of developing a policy that is inclusive of all types of communities – urban and rural. If enacted, HB 6640 would constrict the QAP process and limit the ability of stakeholders to have a voice in the QAP.
- 4) While Connecticut's cities have numerous challenges, many residents still affirmatively choose to live in cities for a variety of reasons. These communities have strong traditions and history. They offer residents the opportunity to stay connected to their cultural, faith and family networks. Our urban communities have diversity that includes multiple languages, cultures and lifestyles. The cities also offer public infrastructure of transportation, open space, libraries and educational institutions that residents can access at relatively affordable costs. With all of these benefits, it is important that we continue to invest in our cities to make them vibrant sustainable communities. Narrowing access to LIHTC will make it even more difficult for cities to attract private investment.

In closing, I would ask the Housing Committee not to approve HB 6640. If I may be of any assistance with further information, please do not hesitate to contact me at 860-525-4821 or apereira@lisc.org. Thank you for your consideration of my comments.

Sincerely,



Andrea Pereira
Executive Director
Hartford & Connecticut Statewide LISC