CRESCENT CITY
COMMUNITY LAND TRUST

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May 29, 2013

Michael Airhart, Chairman

Don J. Hutchinson, Interim Executive Director

Louisiana Housing Corporation
2415 Quail Drive
Baton Rouge, LA 70808

Re. A Recommendation for Improving Louisiana's Low Income Housing Tax Credit Program through QAP Modifications

Dear Mr. Airhart & Mr. Hutchinson:

The Low Income Housing Tax Credit (LIHTC) program is our country's largest source of federal investment for affordable housing. Since inception, the program has financed more than 2.2 million housing units, one-sixth of all rental housing in the U.S. Fifteen years after construction many of these homes become unaffordable. And the cycle begins all over again.

What if LIHTC homes were built to last a long time and designed to be attractive homeownership units at the expiration of tax credits? Organizations like community land trusts already provide permanently affordable housing and long-term supportive relationships to help families transition successfully from renting to owning. Ninety-seven percent of CLT homeowners are still owners after 5 years – compared to only 50% for all other first-time buyers. By combining the LIHTC program with the most effective homeownership programs, Louisiana could provide high quality affordable rental housing and then turn those units into thousands of affordable homes-for-sale. This would dramatically increase the return on investment of the LIHTC program. If ever there was a time in our country when we need to take a hard look at how our National Treasure is invested – that time is now. Louisiana could help lead the way in this longer-term way of investing in homes and in families. And millions more families would have a shot at the American Dream.

Problem: The affordable rental housing inventory created through the LIHTC program creates a demand for continually mounting reinvestment of additional LIHTCs and supporting funds at the expiration of credits. This demand exceeds supply of tax credits and supporting funds, placing the units at risk of being lost to market rate rentals. When a unit converts to market rate there is a double impact - there is one less affordable unit in the statewide inventory and the family who used to occupy the unit needs a new affordable home. This increasing demand creates difficult choices for the Louisiana Housing Corporation (LHC) when deciding how to allocate tax credits between construction of new units and preservation of existing housing. With the forecast of straight-line or perhaps decreased funding in the years ahead, new, innovative solutions are needed to ensure maximum availability of affordable housing for low-income Louisiana families.

A Proposed Solution: Modify the QAP to incentivize permanent housing preservation through partnerships between tax credit developers and entities that are in the business of permanent or long-term affordability like community land trusts. Community land trusts are a proven, effective model that helps low-income households transition safely from rental to homeownership, build wealth, and in many cases go on to purchase market rate homes - all with far less demand for on-going public resources.

Specific QAP Recommendation:

To incentivize conversion of LIHTC units to permanent affordability we recommend changing the point system to the QAP selection criteria as follows:

Affordability Period	Current QAP Points	Suggested QAP Point Scale
25 years	2	1
30 years	3	2
35 years	4	3
Permanent affordability	none	**7**

We strongly urge the Louisiana Housing Corporation to adopt a strategy to incentivize permanent affordability through the LIHTC program.

Sincerely,

Van Temple
Executive Director

cc. Brad Sweazy