



October 30, 2017

Honorable Elizabeth Warren
United States Senate
317 Hart Senate Office Building
Washington, DC 20510

Hon. Richard E. Neal
United States House of Representatives
340 Cannon House Office Building
Washington, DC 20515

Dear Senator Warren and Representative Neal:

As Congress turns its focus to tax legislation, the Massachusetts Association of Community Development Corporations (MACDC) urges you and your colleagues in the Massachusetts Congressional Delegation to fight against any proposals that will have a disproportionately adverse impact on Massachusetts' taxpayers and especially upon the low- and moderate-income families that we serve across the Commonwealth.

MACDC is an association of mission-driven community development organizations dedicated to working together and with others to create opportunities for people of diverse incomes and backgrounds to access housing that is affordable, benefit from economic opportunities, and fully participate in the civic life of their communities. We represent all 60 state-certified CDCs in Massachusetts as well as 30 other non-profit organizations that share our mission of expanding economic opportunity across the Commonwealth.

Several far-reaching tax-related changes have been openly discussed, if not widely debated over the past few weeks, some of which may be harmful to individuals and families in communities we serve. Other changes will make it much harder for our members and others to build affordable housing, restore historic buildings, undertake economic development initiatives and help families increase their personal savings.

As the proposed tax legislation is prepared for House and Senate debate and consideration, we respectfully request that you undertake a thoroughgoing review of the following issues: **Low-Income Housing Tax Credit (LIHTC):** We urge your continued support for and protection of LIHTC. Since its creation in 1986, LIHTC has helped produce or preserve 90,000 to 95,000 affordable apartments each year for families, veterans, seniors and people with special needs. Overall, it has provided financing for the development or rehabilitation of 2.71 million homes in the United States between 1987 and 2012. Congress should preserve the Housing Credit and establish permanent minimum housing credit rates to help reduce affordable housing finance gaps and eliminate future uncertainty to investors for this extremely successful housing production and job creation resource. While we understand that the current

Republican tax plan indicates support for the continuation of the LIHTC, we are concerned with changes that could occur through the legislative process, and the potential impact of the anticipated cut in the corporate tax rate to the affordable housing dollars generated by the program. We are also concerned about the possible elimination of private activity bonds, including the so called 4% low income housing tax credits, which have been vital to efforts to preserve affordable homes at risk of being converted to market rents, and could result in additional displacement and further hardship. On the other hand, tax legislation could also be an opportunity to improve and strengthen the program by adopting the provisions included in legislation filed by Senators Hatch and Cantwell that would increase the program by 50% and provide greater flexibility to developers so they can serve a broader range of income tiers.

Historic Tax Credit (HTC): HTC encourages private investment in the rehabilitation of historic buildings to revitalize often abandoned and underperforming properties that have a financing gap between what bank will lend and the total project development costs. CDCs and others often pair HTC with the LIHTC to make projects work to achieve both the housing and preservation outcomes, and it especially beneficial to our urban core and to rural areas. Over 40% of projects financed in the last fifteen years are in communities with populations of less than 25,000. And, between 2002 and 2016, HTC has leveraged nearly \$4.1 billion in development, created over 47,000 jobs and brought in over \$839 million in local, state and federal taxes just in Massachusetts. We urge your continued support for and protection of HTC.

New Markets Tax Credit (NMTC): We urge Congress to include a permanent extension and expansion of the New Markets Tax Credit (NMTC), along the lines of the bipartisan New Markets Tax Credit Extension Act of 2017 (H.R. 1098 / S. 384). The NMTC program attracts capital to eligible communities by providing private investors with a federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation. Under the statute, NMTC investments are limited to low-income communities. NMTC is an essential tool for community revitalization. It is the only federal tax incentive generally available to economically distressed communities to promote economic revitalization. Between 2003 and 2015, \$42 billion in NMTC investments leveraged over \$80 billion in total investments to businesses and revitalization projects in low-income rural and urban communities, generating some 750,000 jobs.

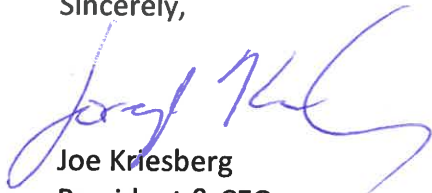
Earned Income Tax Credit (EITC): MACDC is grateful for your strong support of the federal EITC, a vital tool for boosting incomes and reducing hardship to children and families. In 2015, EITC helped lift 6.5 million people – more than half of them children – out of poverty, and we are actively engaged with a statewide coalition to increase MA state EITC to help low-wage workers in the Commonwealth meet basic needs for their families and further improve the educational and economic opportunities for their children. Last year, MACDC Members helped 5,576 families access the credit, helping to put \$4,033,807 dollars into the pockets of low-income working families here in Massachusetts. We urge your continued support for and protection of EITC.

Mortgage Interest Deduction (MID): MACDC supports the National Low Income Housing Coalition's *United for Homes* campaign, which calls for reducing the amount of a mortgage eligible for a tax break from \$1 million to \$500,000 – impacting fewer than 6-percent of mortgage holders nationally – and converting the deduction into a credit, allowing an additional 15 million low- and moderate-income homeowners to get additional tax relief. It is well-documented that the MID, one of the largest tax expenditures in the U.S. tax code, does not help bring households into homeownership because benefits are concentrated among high income households, rather than enhancing first-time homeownership, further exacerbating income inequality and the nation's racial wealth gap.

Finally, any adoption of a proposed repeal of the federal itemized deduction for state and local taxes would have a harsh impact on most Massachusetts taxpayers statewide, and could further damage our cities and towns abilities to fund local services, such as education and public safety.

As always, we thank you for your kind attention to our interests and concerns and remain grateful for your strong support of our sector and our communities. Our members look forward to working with you and your staffs to advance additional shared priorities in the 115th Congress.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Kriesberg", is written over the typed name and title.

Joe Kriesberg
President & CEO

Cc: MA Congressional Delegation