

June 11, 2015

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Minority Member
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

The undersigned organizations urge you to support H.R. 2482, the "Preservation, Enhancement and Savings Opportunity Act of 2014." The bill provides technical changes to the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) while ensuring long-term preservation of these affordable multifamily housing properties.

When LIHPRHA was enacted, property owners were provided incentives to maintain the affordability of the properties for low and moderate income renters for the remaining useful life of the properties in exchange for relinquishing the right to prepay the mortgage after 20 years. As part of the process, the owners' equity contributions in the property were redefined but a contractual limitation on property income distributions remained, even though all surplus funds belong to the ownership entity. Such a limitation was workable twenty years ago, but as the mortgages mature the annual distribution becomes insufficient to address increasing tax liabilities.

The bill would remove the limitation on distributions and provide the ownership entity/sponsor access to its own funds to address tax liabilities or other expenses while ensuring continued preservation and adherence to the properties' use agreements. Such action provides additional incentives for future investors to recapitalize these multifamily properties, therefore extending their useful life and the continuation of a scarce housing resource for years to come. For the last 15 years, HUD has administratively removed limitations on distributions where it had the authority to do so. HUD has concluded that it lacks this authority with the LIHPRHA portfolio.

The bill's changes to LIHPRHA have no associated budgetary or tax cost to the Federal Government and ensure the preservation of an important housing resource. We urge you to support H.R 2482. Please contact Denise B. Muha at NLHA with any questions, 202/785-8888 or dmuha@hudnlha.com.

Sincerely,

Council for Affordable and Rural Housing (CARH)
Institute of Real Estate Management (IREM)
Institute for Responsible Housing Preservation (IRHP)
Mortgage Bankers Association (MBA)
National Affordable Housing Management Association (NAHMA)
National Apartment Association (NAA)
National Association of Home Builders (NAHB)
National Leased Housing Association (NLHA)
National Multifamily Housing Council (NMHC)