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FOR IMMEDIATE RELEASE

**HUD'S PROPOSAL TO DISCONTINUE ITS HOLD HARMLESS POLICY
PLACES AFFORDABLE HOUSING IN JEOPARDY**

**LIHTC Working Group Asks Department to Continue Policy to Protect Against
Foreclosures, Lower Loan Proceeds and Additional Administrative Burdens**

San Francisco — The LIHTC Working Group has sent comments to the U.S. Department of Housing & Urban Development (HUD) in response to HUD's proposal to discontinue its Hold Harmless policy in calculating Section 8 income limits. The group's low-income housing tax credit industry participants say in their letter that if HUD discontinued the hold harmless policy "both existing and future affordable housing would be negatively affected" financially and administratively.

"If HUD discontinued its hold harmless policy the financial feasibility of affordable housing projects would be jeopardized by lower income limits that would decrease the number of tenants who would qualify and this could lead to increased vacancies," says Mike Morrison, a partner in the San Francisco office of Novogradac & Company LLP. Additionally, Morrison says, the discontinuation of the policy would lower rent limits that would reduce operating income and could jeopardize the ability of property owners to pay operating expenses and debt service. "Many programs have their rent limits tied to the Section 8 income limits; therefore, as Section 8 income limits decrease, the amount of rent that a project can collect also decreases," he added.

MORE

The letter, which can be viewed at www.lihtcworkinggroup.com, contains an example of the volatility of rental income with the hold harmless policy and the lower net operating income with the policy, describes the administrative burden on owners and managers, and how tenants would be affected should the hold harmless policy change.

The Group writes that it believes that it is in the best interest of the affordable housing community for HUD to continue its hold harmless policy in order to avoid the cost of potential foreclosures of existing affordable housing developments, prevent significantly lower loan proceeds for future affordable housing developments and avert extra administrative burdens for owners, property managers and state and local agencies.

The LIHTC Working Group

Novogradac & Company LLP established the LIHTC Working Group to provide a platform for low-income housing tax credit industry participants to work together to resolve technical and administrative LIHTC program issues that are experienced by the members of the group. Members of the group participate on a conference call each month and participate in discussions and provide input regarding pending action items as agreed to by the members of the group. [Comments and suggestions are agreed to and submitted in writing](#) directly to the U.S. Department of the Treasury and/or various other agencies based upon the group discussions.

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