

March 27, 2007

The Honorable Barney Frank
Chairman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Spencer Bachus
Ranking Member
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Sirs:

We are writing to express our support for H.R. 1675, the Preservation Approval Process Improvement Act of 2007, introduced by Congresswoman Bean and Congressman Gillmor on March 26, 2007. This legislation is very important to ensuring continued investment in safe, affordable rental housing.

The Preservation Approval Process Improvement Act will reduce unnecessary and onerous HUD filing requirements for purposes of participating in HUD programs. The current requirements, under the HUD 2530 filing process, are discouraging investment in affordable housing.

HUD's current 2530 Previous Participation Review process is intended as a risk assessment tool, but has, in fact, been a barrier to housing development and preservation. The current regulations and the accompanying electronic system that processes 2530 submissions do not take into account the complexities of today's real estate transactions. The reporting requirements are unduly burdensome and offer no additional benefit to HUD.

Presently, investors who represent more than half of the investment in the Low-Income Housing Tax Credit program have elected not to invest in HUD multifamily properties if such investment would subject them to the 2530 filing requirements. Investors have reduced their share of investments to below 25 percent in any property, or fund of properties, so as to not trigger the unduly burdensome requirements.

With the assistance of many members of the House Committee on Financial Services, we have been working with HUD for more than a year to try to resolve this issue. The Preservation Approval Process Improvement Act is a significant step toward reducing filing burdens and requires immediate useful action from HUD, whose previous response has been contrary to the goals of encouraging investment in affordable rental housing.

Our organizations strongly support this legislation to reduce filing burdens for, and encourage investment in, affordable rental housing. Please contact Francine E. Friedman, Affordable Housing Tax Credit Coalition, 202-955-1536, or Denise B. Muha, National Leased Housing Association, 202-785-8888, with any questions or concerns.

Affordable Housing Tax Credit Coalition
American Association of Homes and Services for the Aging
Bank of America
Barker Management Incorporated
Boston Capital Corporation
California Council for Affordable Housing
California Housing Partnership Corporation
CharterMac Capital LLC
Council for Rural Housing and Development
G.G. MacDonald Companies
Housing Advisory Group
Institute for Responsible Housing Preservation
Institute of Real Estate Management
The John Stewart Company
Local Initiatives Support Corporation
Mortgage Bankers Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Association of Realtors
National Association of State and Local Equity Funds
National Housing Conference
National Housing Trust/Enterprise Preservation Corporation
National Leased Housing Association
National Multi Housing Council
PNC MultiFamily Capital
The Related Companies of California
Stewards of Affordable Housing for the Future
Texas Affiliation of Affordable Housing Providers

cc: Members, House Committee on Financial Services