



## REGULATORY & HOUSING POLICY AREA

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October 18, 2007

Reports Liaison Officer  
Office of Policy Development and Research  
Department of Housing and Urban Development  
Room 8234  
451 7th St, SW  
Washington, DC 20410

Subject: Notice of Submission of Proposed Information Collection to OMB; Low Income Housing Tax Credit Database. OMB Approval Number: 2528-0165.

Dear Sir or Madam:

Pursuant to the notice published in the September 18, 2007 *Federal Register* (72 Fed. Reg. 53254), the National Association of Home Builders (NAHB) would like to take this opportunity to support the proposal by the Department of Housing and Urban Development (HUD) to collect the data required for the Low Income Housing Tax Credit (LIHTC) database.

The National Association of Home Builders is a Washington-based trade association representing more than 235,000 members involved in home building and related activities, including the construction, operation, and management of affordable rental properties developed by using the LIHTC program.

Interest in the LIHTC program is high among NAHB members and others, as the LIHTC program is currently the main vehicle the federal government uses to increase the supply of affordable rental housing in the U.S., and has been for many years. In the decade from 1995 through 2004, the LIHTC program was used to produce nearly one million rental housing units. Other federal subsidies that are used to produce affordable rental housing over that time span, such as tax-exempt bonds or the Home Investment Partnerships program, were used primarily in combination with the LIHTC program.

The LIHTC database provides key information about the LIHTC program that is needed by stakeholders in both the public and private sectors. The figure of nearly one million units placed in service from 1995 through 2004, for example, can only be obtained from the LIHTC database. Congress and the Treasury Department need LIHTC database information, such as the number of affordable units produced, to evaluate how well the LIHTC program is working. The database also provides information on the use of Section 8 vouchers in LIHTC projects, which is needed by HUD in order to track how well the two programs are interacting. The state housing finance agencies (HFAs) that administer the LIHTC program similarly need access to a national data set like the LIHTC database in order to compare how the program is operating across states. Also, because the database is geocoded

so that the neighborhoods in which LIHTC properties are located can be studied, it allows HFAs to track how incentives to locate projects in low-income areas and other underserved markets are working.

In the private sector, NAHB often uses information from the LIHTC database. When forecasting multifamily housing production, for example, NAHB uses information from the LIHTC database to determine the number of housing units the LIHTC program is generating. This is an important forecast input, as the response of LIHTC production to macroeconomic conditions differs substantially from the response of market-rate rental or multifamily condominium production. This disparity makes it difficult to forecast total multifamily construction without a regularly updated record of when tax credit units are coming online, such as is provided by the LIHTC database.

Also, as an association engaged in housing policy analysis, NAHB turns to the LIHTC database in order to study how the LIHTC program works in combination with other programs, such as tax-exempt multifamily bonds, USDA Section 515 loans, Home Investment Partnership funds, Community Development Block Grant funds, or FHA-insured loans. In order to serve populations with particularly low incomes or special needs, developers often need to use these programs in combination. As each of these programs has its own set of requirements, combining them presents a number of challenges. The LIHTC data base allows NAHB to track trends in the way other programs have been, or have not been, combined with tax credits. This provides evidence in support of advocacy efforts to streamline the requirements of particular housing programs and make them more compatible with the requirements for the LIHTC program.

Because it is a microdata set that provides information about individual projects, the LIHTC database is particularly useful for studying how tax credits in combination with other programs produce housing units of a particular size, serve particular types of populations such as the elderly or disabled, and increase the supply of housing in particular neighborhoods. The detailed geographic information in the LIHTC database, combined with the data on the types of units produced, is especially useful to private developers; it helps them spot areas where the supply of housing is not well matched to the demand of the population and identify desirable locations for new projects.

A recent example of the way NAHB uses the LIHTC database is a study published in the March 2007 issue of NAHB Multifamily Market Outlook. That study used the LIHTC database to investigate trends in the lag between the time credits are allocated and the housing units are placed in service. The same study also looked at trends in the way the LIHTC program has been combined with other government subsidies, and how this differs between non-profit and for-profit developers. None of these phenomenon could have been studied without access to the LIHTC database.

The LIHTC database has proved to be an indispensable research tool, because it provides unique information that is not available from any other source. Although the National Council of State Housing Agencies (NCSHA) produces some useful information on the LIHTC program in its annual *State HFA Factbook*, the information is based entirely on allocation of credits, and does not provide information on units produced and placed in service. For many purposes, characteristics of the units that are produced and go into service are the key statistics. Moreover, all NCSHA data are aggregated at the state level. HUD's LIHTC database, in contrast, provides considerably more geographic detail, enabling researchers to investigate important public policy issues such as the minority and ethnic components of the population in neighborhoods where individual LIHTC projects are built.

In the past, other LIHTC databases have been constructed, but these were one-time efforts that are now considerably outdated and difficult to reproduce. A notable example can be found in the 1997 report by U.S. General Accounting Office (GAO), *Tax Credits: Opportunities to Improve Oversight of the Low-Income Housing Program*, GAO/GGD/RCED-97-55. One of the things GAO discovered in the process of generating this report is that it takes a period of years to learn how to compile LIHTC data and how to clean the data after it has been compiled in order to produce a usable database. Given the steep learning curve and associated start-up delays, were the HUD database to be discontinued, it is highly unlikely an equivalent database could be compiled to answer future policy questions about the LIHTC program that will inevitably arise within a reasonable time frame.

In short, the LIHTC database provides the necessary information for the private and non-profit sectors to best serve the needs of the households and individuals that are the intended beneficiaries of the LIHTC program. Without this data, the program could not be run as effectively and efficiently as it is. NAHB strongly supports the proposed LIHTC information collection and urges OMB to approve it.

Thank you for considering NAHB's comments. If you have any questions about them, please contact Paul Emrath, NAHB's Assistant Staff Vice President of Housing Policy Research (202-266-8449, [pemrath@nahb.com](mailto:pemrath@nahb.com)).

Respectfully,



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