June 15, 2013

Ms. Susan M. Cosper, Technical Director
Chairman, Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. EITF-13B

Dear Ms. Cosper:

The Strength Matters CFO Working Group appreciates the opportunity to provide its views to the Financial Accounting Standards Board on the Proposed Accounting Standards Update Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects.

The Strength Matters collaborative brings together three national networks of nonprofit owners and developers in the affordable housing field – Housing Partnership Network ("HPN"), NeighborWorks America ("NWA") and Stewards of Affordable Housing for the Future ("SAHF"). The CFO Working Group brings together chief financial officers of member organizations from each of the networks to develop best practices in financial reporting and financial management of nonprofit affordable housing developers. Additional information about Strength Matters and the CFO Working Group can be found at www.strengthmatters.net.

Although our members do not make investments in affordable housing projects, they are the sponsors and developers of such projects. Generally for-profit companies seeking tax credits and tax deductions are the investors in these projects. The properties are most often held by a limited partnership and investors obtain a limited partner's interest, often exceeding 99% of the total partnership equity.

We support the proposed change to remove the guarantee by a creditworthy entity of the availability of tax credits. We feel this change will broaden the availability of the effective yield method to investors and as a result should stimulate investment in the low-income housing tax credit program. Previously, the requirement for a creditworthy guarantor precluded most investors from taking advantage of this simplified method for recording their losses and tax benefits. The proposed changes remove the creditworthy requirement, enabling sponsors to have broader access to potential investors. Investors will also be more likely to invest in affordable housing properties since the losses produced by those properties will now flow through their income tax provision, rather than affecting their EBITDA.

We believe that this change is reasonable because the investors do not participate in the day-to-day decision making involved in operating the affordable housing. Their participation is generally limited to protective rights over their investment. For these reasons, most general partners are
deemed to control the limited partnership and prepare consolidated financial statements, showing the limited partner’s interests as non-controlling.

We do not support the proposed requirement to disclose the status of ongoing regulatory reviews. The IRS has delegated authority for awarding and monitoring compliance with IRC Section 42 to agencies within each state. Many such agencies conduct recurring reviews of tenant eligibility every three years and it is not uncommon for those reviews to result in protracted questions and answers before each review is finalized. To disclose the status of all such ongoing reviews would be quite burdensome to the sponsors or property managers of the affordable housing projects. It is rare for such a review to result in the loss of any tax benefits, since inadvertent noncompliance generally is given six months to rectify without any loss of tax benefits.

We would instead support a reduced level of disclosure, such as a statement that no significant compliance issues have arisen or are currently under discussion with the state agencies that monitor compliance with IRC Section 42 that might result in the loss of tax benefits.

Please direct any questions or comments on our position to the Strength Matters CFO Working Group, c/o Mary White Vasys, Vasys Consulting Ltd. She can be reached at 312-641-5109 or by email at mmvasys@vasysconsulting.com.

Very truly yours,

The Strength Matters CFO Working Group

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