



Council for Affordable and Rural Housing

Serving the Affordable Housing Needs of Rural America

June 14, 2013

Technical Director, FASB
File Reference No. EITF-13 – Accounting for Investments in Qualified Housing Projects
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. EITF-13- Accounting for Investments in Qualified Housing Projects

Dear Technical Director:

The Council for Affordable and Rural Housing (CARH) represents the interests of builders, developers, financial entities, managers, owners and suppliers of affordable rural housing throughout the country. CARH supports and urges the Financial Accounting Standards Board (FASB) to implement the proposed change to allow the effective yield or taxable amortization accounting method for non-guaranteed investments in properties financed by the Low Income Housing Tax Credit (Housing Credit) program. The proposed change would be an improvement in the accounting rules making accounting clearer for investors and broaden the pool of Housing Credit investors.

Affordable rental housing issues affect residents and a broad array of local government, non-profit and for-profit participants working together in partnership. The need for affordable housing persists and it cannot be adequately addressed except through current delivery mechanisms, developed and made more efficient over decades of providing affordable housing. In rural areas throughout the country, there continues to be an even more acute need for affordable and decent housing. Rural renters are more than twice as likely to live in substandard housing as people who own their own homes. With lower median incomes and higher poverty rates than homeowners, many renters are simply unable to find decent housing that is also affordable. While the demand for rental housing in rural areas remains high, the supply, particularly of new housing, has decreased.

Rural housing is dependent on several sources of funding for construction and preservation of the existing housing stock. The Housing Credit program is a vital source for this important housing. The Housing Credit program has worked successfully since its creation in 1986. In many transactions, the Housing Credit bridges the gap between what the market provides and what the market demands. In other cases, where further subsidy is needed, the Housing Credit creates the basic federal framework.

The Housing Credit program is an irreplaceable part of the safety net. It is an efficient government program with private market discipline. In short, America's elderly, working families, civil servants and working poor seek to live in or near their jobs, families and communities. In most of America this need cannot be met and homeownership is out of reach or not financially viable for these individuals. Indeed, the cost of providing any new housing or rehabilitating existing housing to current standards without public-private assistance is too expensive for most low-income Americans. The Housing Credit program allows multi-family housing providers to utilize cost effective, energy-efficient housing developments to meet this need. The credit also allows non-profit and for-profit companies to work together with local and state governments to raise private equity and put it to use bridging the financial gap. The savings are passed on to the residents in the form of affordable rental housing.

Investors are long-term partners in Housing Credit properties that play a critical role ensuring the success of the program. The investors provide the upfront capital to create affordable housing and then continue to oversee the properties to ensure that they fulfill their affordable housing mission. Investors make a long-term commitment, and to do that they need to demonstrate both the financial and societal benefits of the investment. The proposed change in accounting treatment would allow costs and Housing Credits to appear together, making a clearer and more neutral presentation. That will help investors evaluate and then sustain their involvement in the program, thereby broadening the pool of investors and making more capital available to support affordable housing.

Thank you for your attention to this critical issue and ask that you implement the proposed change for the reasons outlined in this letter.

Sincerely,

A handwritten signature in cursive script that reads "Colleen M. Fisher". The signature is written in black ink and is positioned above the typed name and title.

Colleen M. Fisher
Executive Director