capital for healthy
families & communities

October 2, 2017

Dear LIIF Partners,

The Low Income Investment Fund (LIIF) is dedicated to creating pathways of opportunity for low-income people and communities. Serving the most vulnerable populations, LIIF works to create a comprehensive approach to community development, based on a vision for healthy communities where people have access to quality jobs, schools, health care, and transit.

Headquartered in San Francisco, LIIF has worked for over three decades to address poverty and inequity in California, investing over $840 million in the state, resulting in an additional $6.9 billion in capital leveraged to create:

- Over 49,000 of affordable housing units;
- 257,000 child care slots;
- 142,000 people served in healthy clinics; and
- Over 93,000 jobs supported.

The Low Income Housing Tax Credit (LIHTC) program has been essential to this effort, helping LIIF to transform neighborhoods and improve the quality of life for residents. This is why the LIHTC program was prominently featured in the 2012 book ***Investing in What Works for America's Communities***, co-edited by LIIF and the Federal Reserve Bank of San Francisco. LIIF strongly supports the protection, expansion, and strengthening of the LIHTC program.

Recently, the California State Tax Credit Allocation Committee (TCAC) took a major step to improve the effectiveness of the LIHTC program in the state, publishing proposed regulation changes that would incentivize developers to place new construction, large family 9 percent tax credits in higher opportunity areas, based on new regional opportunity maps**. LIIF supports TCAC and the California Department of Housing and Community Development's (HCD) goals of avoiding further segregation and increasing access to opportunity for low-income families by developing more affordable homes for families in areas with greater resources**.

Over the five years since the publication of ***Investing in What Works***, a robust body of research by Stanford professor Raj Chetty and others has emerged showing that low-income children who move to higher-resource, lower poverty areas experience remarkable long term improvements in educational outcomes, college attendance rates, and earnings in adulthood. As I commented recently in an article in the San Francisco Federal Reserve's *Community Development Investment Review*, we must as a field be honest about the unintentional cost of good intentions in community development. In particular, traditional ways of working to

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improve low-income communities had inadvertently promoted discrimination and segregation.

TCAC’s proposed regulation constitutes an important step forward in recognizing the power of this research and redressing an imbalance in the State’s current approach to affordable housing development supported by the LIHTC program. While affordable housing investments should continue to be made in communities across the economic spectrum, families must have the opportunity to choose where to live. Yet, the options in California are not currently balanced, and the current 9 percent tax credit competition does not advantage applications proposing new family projects in higher resource areas.

California has shown its distinguished leadership on policy issues of national importance generally, and affordable housing in particular. Nearly two decades earlier in the LIHTC's history, California was among the first states in the country to modify its Qualified Allocation Plan (QAP) to incentivize investments in the then-emergent strategy to address homelessness of permanent supportive housing. Over time, the compelling evidence of this intervention's cost effectiveness in ending homelessness for California's homeless veterans and persons with disabilities contributed to a revolution in the federal response to homelessness described by then-Secretary of the Department of Housing and Urban Development in his article (co-authored by then-Education Secretary Arne Duncan and Department of Health and Human Services Secretary Kathleen Sebelius) in ***Investing in What Works***.

In retrospect, a clear connection can be drawn from the early leadership taken by California and a handful of other states in their QAPs to the halving of veteran homelessness and double digit reductions in long term and family homelessness America experienced in the five year period from 2010-2015. LIIF believes that TCAC's proposed regulation may one day be regarded as a similarly seminal moment in our nation's struggle to expand economic opportunity, while reducing economic inequity and racial segregation.

For these reasons, LIIF reiterates our strong support for TCAC's proposed regulation and supports the efforts to change the existing mapping system. This will help the state to make the LIHTC program work better at its dual goal of revitalizing economically challenged neighborhoods and expanding affordable housing opportunities in areas which already have greater access to critical resources.

Sincerely,

Nancy O. Andrews
President and Chief Executive Officer
Low Income Investment Fund