Boston Capital

David S. Gasson
Vice President

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Boston Capital appreciates the opportunity to comment on the ***Enterprise Duty to Serve Underserved Markets Proposed Rule***. Our comments are in response to questions 41 – 45.

Boston Capital is a syndicator of tax credit investments and has participated in the affordable housing industry for over 42 years and in the low income housing tax credit (LIHTC) program since its inception. Our portfolio stretches across 49 states, the District of Columbia, the U.S. Virgin Islands and Guam. We have invested in over 3,300 properties located in rural, urban and suburban communities and ranging in size from five units to several hundred.

In addition to our core business of providing financing for affordable housing production, Boston Capital has taken an active role in advocating for policies at all levels of government that would maintain and increase resources for the preservation, rehabilitation and production of affordable housing. It is in this regard that we offer our thoughts on the ***Duty to Serve Underserved Markets*** proposed rules.

Our comments also take into account the potential for changes to the LIHTC program as well as ongoing efforts in Congress around tax reform. Both of these scenarios portend change to the LIHTC program that could provide opportunities and pose challenges to the current LIHTC investor base.

41. Should FHFA allow the Enterprises to resume LIHTC equity investments? Would the resumption of LIHTC equity investments by the Enterprises benefit the financial feasibility of certain LIHTC projects or would it substitute Enterprise equity funding for private investment capital without materially benefiting the projects?

We do support the Enterprises reentry into the equity investment market. The banks and financial institutions that make up the Community Reinvestment Act (CRA) investor market have done an excellent job filling the void left when the GSE's exited the market in 2008. The CRA market has flourished and these markets are seeing very efficient pricing which has bolstered the track record and reputation of the LIHTC program. Nonetheless, we see a lack of investment in certain areas of the country that could be filled by the Enterprises reentry into non-CRA markets. We do not believe this would adversely affect the CRA

Boston Capital Corporation One Boston Place Boston, Massachusetts 02108-4406 Phone: 617-624-8896 Fax: 617-624-8996

marketplace but instead would bring much needed resources to potential developments and developments that are in need of additional resources.

In addition, the likely enactment of tax reform which could include lower corporate tax rates raises the potential of decreased investor appetite for LIHTC's. At a minimum, pricing in the market place could suffer due to tax reform, further eroding resources in non-CRA markets and Difficult to Develop Area's (DDA's).

42. If FHFA allows the Enterprises to resume LIHTC investments, should FHFA limit investments to support for difficult to develop projects in segments of the market with less investor demand, such as projects in markets outside of the assessment areas of large banks or in rural markets or for preservation of projects with expiring subsidies? Are there other issues that FHFA should consider if limiting the types of LIHTC projects appropriate for equity investment by the Enterprises?

As we stated above the Enterprises should focus their investments in DDA's and underserved markets. These should include rural areas, Indian reservations and tribal lands. Equity investment should be considered for any qualifying development that is in need of resources, is underserved and where the market dictates a need for housing.

43. If FHFA permits the resumption of LIHTC equity investments, should *Duty to Serve* credit be provided only for LIHTC equity investments in projects with expiring subsidies or projects in need of refinancing, or should *Duty to Serve* credit also be given for LIHTC equity investments in new construction projects with regulatory agreements that assure long-term rental affordability?

Considering the above referenced areas in which there is a lack or absence of equity investment, we would support the Enterprises investing in both existing and new affordable housing developments.

44. If FHFA allows the Enterprises to resume LIHTC investments, should FHFA limit such investments to those that promote residential economic diversity, for example, by investing in LIHTC properties located in high opportunity areas, as proposed to be defined in § 1282.1, to address concerns raised about the disproportionate siting of LIHTC housing (non-senior) in low-income areas and the effect on residential segregation?

We believe the location of the investment is only relevant if there is a lack of available investment. State allocation agencies determine the placement of eligible developments and in as much as they might consider the availability of equity investment in these decisions, they would benefit from the knowledge that the Enterprises may invest if other sources are not available.

45. Should FHFA consider permitting the Enterprises to act as the guarantor of equity investments in projects by third-party investors provided any such guarantee is safe and sound and consistent with the Enterprise's Charter Act? If so, what types of guarantees should the Enterprises offer?

Allowing an Enterprise to guarantee would be beneficial to the marketplace at different points in the cycle. Although not as valuable today, it could be a resource in the coming years.

We appreciate the opportunity to comment on the *Duty to Serve* proposed rules. The LIHTC program has survived many trials and remains the single most successful program for providing affordable housing. If the Enterprises can aid in providing much need resources to underserved markets then we are in favor of their participation and partnership.

Thank you.