

ADVANTAGE CAPITAL

Chairman Guy Guzzone
Senate Budget & Taxation Committee
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Chairman Kumar Barve
Environment &
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In Favor of Maryland SB715/HB1567 : Affordable Housing Tax Credit

Chairman and Esteemed Committee Members,

We would like to recommend a favorable recommendation on SB715/HB1567 as amended. Maryland is facing an affordable housing crisis, but is not alone in this particular challenge. Fortunately, other states have shown significant progress tackling their own housing crises by implementing a state match for some or all of their annual federal LIHTC allocation. Advantage Capital has worked across the country helping enable such affordable housing projects, as well as consulting with state governments on how to make their LIHTC dollars go further.

Most similarly in size and scope to this proposal in Maryland is the state LIHTC program in Colorado. The 3 year pilot, \$5 million state LIHTC match model was one that Colorado showed could be highly successful. They first passed the program in 2013, extended the program for another eight years and then doubled the program to \$10 million in 2019. The Colorado Housing Finance Agency found that the state LIHTC match has directly supported 15,312 affordable rental units in the state, has raised \$534 million in new private sector investment and has had \$1.9 billion in economic impact in the state.

Colorado isn't the only one who can point to strong outcomes after implementing a state credit match. In 2018, Wisconsin created a 6 year, \$7 million per year state LIHTC program. In the first year of the program, they doubled the creation of affordable units in the state. There are similar success stories that can be told across the county in states like Georgia, Missouri, Nebraska and Oklahoma.

Our tax credit work on affordable housing projects around the country has made us confident both in the need for these projects and in the market for these credits in the state of Maryland. The majority of developers are being turned away each year when they apply for 9% credits from DHCD and another \$5 million per year could build hundreds of new units each year of the program. That directly translates into hundreds of Maryland families being able to live in the communities where they work and enable them to spend their money on important things other than their rent. We truly believe that this is a program that will have significant positive impact on the state.

Sincerely,



Jonathan Goldstein
Managing Director
Advantage Capital

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