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STATEMENT OF

BALTAS E. BIRKLE, DEPUTY DIRECTOR  
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

BEFORE THE

SUBCOMMITTEE ON MANPOWER AND HOUSING  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES

HSE01507



ON

[GAO'S CURRENT WORK ON  
THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S  
HUD TROUBLED PROJECTS STRATEGY] ID A600023

MADAM CHAIRWOMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE ARE HERE TODAY AT YOUR REQUEST TO DISCUSS OUR ONGOING  
WORK ON THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S  
(HUD) TROUBLED PROJECTS STRATEGY, A KEY FEATURE OF WHICH IS  
THE FLEXIBLE SUBSIDY, AND THE POTENTIAL EFFECT CERTAIN TAX  
PROVISIONS MAY HAVE ON THE MANAGEMENT OF HUD SUBSIDIZED  
HOUSING PROJECTS. BEFORE I GET INTO THE DETAILS OF OUR WORK  
I WOULD LIKE TO PROVIDE SOME BRIEF BACKGROUND ON THE TROUBLED  
PROJECTS STRATEGY.

BACKGROUND

IN JUNE 1977, SECRETARY HARRIS ESTABLISHED A DEPARTMENTAL  
TASK FORCE ON MULTIFAMILY PROPERTY UTILIZATION TO DETERMINE THE  
CAUSES UNDERLYING THE INCREASE IN THE NUMBER OF PROJECTS EXPERI-  
ENCING DEFAULT, ASSIGNMENT, AND, ULTIMATELY FORECLOSURE. THIS

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TASK FORCE WAS MANDATED TO RECOMMEND POLICIES SENSITIVE TO BOTH THE NEEDS OF CURRENT TENANTS OF THE PROJECTS AND THE NEIGHBORHOODS WHERE THE PROJECTS WERE LOCATED. THE TASK FORCE REPORTED IN MAY 1978 THAT, IF PRESENT TRENDS CONTINUED, THE INVENTORY OF ASSIGNED AND HUD-OWNED SUBSIDIZED PROJECTS COULD RISE TO MORE THAN 3,000 BY 1982--THE EQUIVALENT OF TWO YEARS PRODUCTION OF NEW GOVERNMENT ASSISTED APARTMENT UNITS. THE TASK FORCE REPORTED THAT OF THE AFORESTATED 3,000 PROJECTS HUD COULD EASILY FIND ITSELF OWNING 1,286 PROJECTS--AN ESTIMATED 150,000 UNITS--AND THE LOSSES TO THE INSURANCE FUND ALONE WOULD BE OVER \$3 BILLION. THE TOTAL LOSS, ACCORDING TO THE TASK FORCE, WOULD ACTUALLY BE FAR GREATER WHEN THE IMPACT ON SURROUNDING NEIGHBORHOODS AND THE LOSS OF AFFORDABLE UNITS FOR LOW-AND MODERATE-INCOME FAMILIES WERE CONSIDERED. THE FINDINGS OF THE TASK FORCE INDICATED THAT AS PROJECTS PASS THROUGH THE STAGES OF DEFAULT, ASSIGNMENT, AND ULTIMATELY FORECLOSURE, THEY DETERIORATE SO THAT BY THE TIME HUD ACTUALLY OWNS THEM, THEY REQUIRE EXTENSIVE REPAIRS.

THE TASK FORCE CITED THREE MAJOR CAUSES FOR FINANCIAL DISTRESS IN SUBSIDIZED PROJECTS:

- INADEQUATE PROJECT INCOME DUE BASICALLY TO THE FAILURE OF TENANT INCOMES TO ADVANCE AT A RATE EQUAL TO OR GREATER THAN PROJECT OPERATING EXPENSES;
- INADEQUATE HUD MANAGEMENT DUE TO INSUFFICIENT STAFF SKILLS AND TOOLS AND AN INEFFICIENT MANAGEMENT ENVIRONMENT; AND

--INADEQUATE ON-SITE PROJECT MANAGEMENT DUE TO  
INEFFECTIVE HUD OVERSIGHT AND THE LACK OF SKILLED  
MANAGERS IN THE PRIVATE SECTOR.

TO MEET THESE PROBLEM AREAS, THE TASK FORCE PROPOSED A  
TROUBLED PROJECTS STRATEGY WHICH ENCOMPASSED:

--A FLEXIBLE SUBSIDY MECHANISM TO ENSURE PROJECT  
FINANCIAL STABILITY AND MAINTAIN REASONABLE LEVELS  
OF RENT FOR THE TENANTS,

--ANNUAL HUD MANAGEMENT REVIEWS; CREATION OF HUD FIELD  
TEAMS TO HELP OWNERS ANALYZE AND CORRECT DEFICIENCIES  
UNCOVERED IN ANNUAL REVIEWS; ESTABLISHMENT OF MANAGE-  
MENT AND FINANCIAL INFORMATION SYSTEMS; AND STRICT  
ENFORCEMENT OF HUD REGULATIONS, AND

--INITIATIVES TO IMPROVE ON-SITE PROJECT MANAGEMENT,  
INCLUDING INCREASED EMPHASIS ON MANAGEMENT PLANS,  
A RATING SYSTEM FOR MANAGEMENT PERFORMANCE AND FINANCIAL  
REWARDS FOR SUPERIOR MANAGEMENT, IMPROVED TENANT/  
MANAGEMENT RELATIONS, AND IMPROVEMENTS IN HUD OVERSIGHT  
PROCEDURES.

FLEXIBLE SUBSIDY

THE TASK FORCE'S RECOMMENDATION FOR A FLEXIBLE SUBSIDY  
MECHANISM TO INSURE PROJECT FINANCIAL STABILITY WAS INCORPORATED  
INTO SECTION 201 OF THE HOUSING AND COMMUNITY DEVELOPMENT  
AMENDMENTS OF 1978 (P.L. 95-557) SIGNED BY THE PRESIDENT  
ON OCTOBER 31, 1978. SECTION 201 PROVIDES FOR A PROGRAM OF  
OPERATING ASSISTANCE, GENERALLY KNOWN AS THE FLEXIBLE SUBSIDY,

TO ASSIST CERTAIN MULTIFAMILY PROJECTS INSURED UNDER PROGRAMS ADMINISTERED BY HUD WHICH ARE EXPERIENCING FINANCIAL OR OPERATING DIFFICULTIES.

THE FLEXIBLE SUBSIDY PROGRAM PROVIDES AUTHORIZATION FOR OPERATING SUBSIDIES FOR FINANCIALLY TROUBLED MULTIFAMILY SUBSIDIZED PROJECTS TO RESTORE OR MAINTAIN FINANCIAL SOUNDNESS, TO ASSIST IN MANAGEMENT IMPROVEMENT, AND TO MAINTAIN THE LOW-TO-MODERATE-INCOME CHARACTER OF THESE PROJECTS. ELIGIBLE PROJECTS WOULD INCLUDE THOSE WITH HUD INSURED OR HUD-HELD MORTGAGES DEVELOPED UNDER SECTIONS 236 AND 221 OF THE NATIONAL HOUSING ACT OF 1934 OR UNDER SECTION 101 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1965.

THE AMOUNT OF SUBSIDY PROVIDED FOR THESE PRIVATELY OWNED, HUD-SUBSIDIZED PROJECTS IS DETERMINED AFTER HUD'S REVIEW OF MANAGEMENT OPERATIONS AND THE ANNUAL OPERATING BUDGETS OF THE PROJECTS. PROJECT OWNERS ALSO ARE REQUIRED TO PROVIDE HUD WITH AN ACCEPTABLE MANAGEMENT PLAN FOR EACH PROJECT TAILORED TO THE PARTICULAR NEEDS OF BOTH THE PROJECT AND THE TENANTS. SUBJECT TO THE AVAILABILITY OF APPROPRIATIONS, HUD MAY RENEW ASSISTANCE FROM YEAR TO YEAR IF ITS REVIEW INDICATES THAT THERE IS A CONTINUING NEED AND THAT THE OWNERS HAVE BEEN ADEQUATELY RESPONSIVE TO A MANAGEMENT IMPROVEMENT PROGRAM.

CONGRESS AUTHORIZED \$74 MILLION IN FISCAL YEAR 1979 FOR THE FLEXIBLE SUBSIDY. THE TASK FORCE ESTIMATED THE FIVE YEAR COST OF THE PROGRAM, BEGINNING IN 1979, AT \$563 MILLION.

GAO'S AUDIT OF THE FLEXIBLE  
SUBSIDY PROGRAM

AS YOU KNOW, WE ARE CURRENTLY MAKING A REVIEW OF THE DECISIONMAKING PROCESS HUD USED TO DEVELOP THE TROUBLED PROJECTS STRATEGY. OUR REVIEW IS FOCUSED ON THE FOLLOWING OBJECTIVES:

1. WHETHER THE EVALUATIONS AND THE DECISIONMAKING PROCESS USED TO DEVELOP THE STRATEGY WERE EFFECTIVE,
2. WHETHER THE STRATEGY IS BEING IMPLEMENTED EFFECTIVELY, AND
3. WHETHER THERE ARE ANY DEFICIENCIES IN THE STRATEGY DESIGN OR IMPLEMENTATION WHICH WILL PREVENT THE STRATEGY FROM ACHIEVING ITS STATED GOAL OF SELF SUSTAINING PROJECTS WITHIN THE PROJECTED FIVE YEAR TIMEFRAME.

WE HAVE COMPLETED ABOUT 20 PERCENT OF OUR WORK ON THIS REVIEW AND PLAN TO ISSUE OUR REPORT ABOUT JANUARY 1980.

AS PART OF OUR REVIEW WE ARE EXAMINING NOT ONLY HUD'S INITIATIVES TO IMPROVE ON-SITE MANAGEMENT PERFORMANCE AND ITS OWN MONITORING OF SUCH PERFORMANCE, AS MENTIONED EARLIER, BUT THE OWNERS' INCENTIVES TO PERSONALLY ENSURE GOOD PROJECT MANAGEMENT. OUR WORK TO DATE INDICATES THAT CERTAIN OPPORTUNITIES EXIST FOR IMPROVING THE MANAGEMENT OF HUD SUBSIDIZED HOUSING PROJECTS. ONE OF THESE OPPORTUNITIES CALLS FOR AN EXCHANGE OF INFORMATION BETWEEN HUD AND THE INTERNAL REVENUE SERVICE (IRS) CONCERNING THE TAX RECAPTURE PROVISIONS OF THE INTERNAL REVENUE CODE.

INCENTIVE FOR EFFECTIVE  
MANAGEMENT

WE WOULD LIKE NOW TO DISCUSS THE POTENTIAL EFFECT OF CERTAIN TAX PROVISIONS CONTAINED IN 26 U.S.C. 1250 ON THE MANAGEMENT OF HUD SUBSIDIZED HOUSING PROJECTS.

AS PART OF OUR REVIEW OF THE TROUBLED PROJECTS STRATEGY, AND THE DECISIONMAKING PROCESS USED TO DEVELOP IT, WE REVIEWED THE SYSTEM OF FINANCIAL INCENTIVES FOR OWNERS OF SUBSIDIZED PROJECTS TO ENSURE GOOD MANAGEMENT. ACCORDING TO HUD STUDIES, THE MAIN REASONS INVESTORS INVEST IN HUD SUBSIDIZED LOW-INCOME HOUSING PROJECTS ARE LOW EQUITY REQUIREMENTS AND TAX SAVINGS AVAILABLE FROM REAL ESTATE TAX SHELTERS. ACCORDING TO A 1977 CONGRESSIONAL BUDGET OFFICE (CBO) STUDY, HOWEVER, INCENTIVES FOR GOOD MANAGEMENT AND MAINTENANCE ARE GENERALLY LOW IN ALL REAL ESTATE TAX SHELTERS BECAUSE MOST OF THE BENEFITS TO INVESTORS COME AUTOMATICALLY THROUGH THE TAX SYSTEM, REGARDLESS OF WHETHER MANAGEMENT AND MAINTENANCE IS GOOD, BAD, OR INDIFFERENT, OR WHETHER THE OWNER DEFAULTS ON THE MORTGAGE PAYMENTS. BENEFITS ARE RELATED ALMOST ENTIRELY TO CHARGING OFF DEPRECIATION AT A HIGHLY ACCELERATED RATE ON THE INITIAL COST OF THE BUILDING, NOT ON THE SUBSEQUENT SUCCESS OF THE PROJECT AS A VIABLE HOUSING PROJECT. HOWEVER, IF A PROJECT CHANGES OWNERSHIP OR IS SO POORLY MANAGED AND MAINTAINED THAT IT GOES INTO FORECLOSURE EARLY IN ITS LIFE, THE RECAPTURE PROVISIONS OF THE TAX LAW WILL SUBSTANTIALLY REDUCE OR ELIMINATE THE TAX SHELTER BENEFITS. BECAUSE OF THE FURTHER LIMITATIONS IN SUBSIDIZED HOUSING OF NORMAL INCENTIVES FOR

GOOD RENTAL HOUSING MANAGEMENT, SUCH AS LIMITATIONS ON PROFITS AND INVESTOR PERCEPTIONS OF LOWER PROSPECTS FOR BUILDING APPRECIATION, THE THREAT OF HAVING TO REPAY ALL OR PART OF THESE SIGNIFICANT TAX WRITEOFFS THROUGH RECAPTURE IS VERY IMPORTANT AS A FINANCIAL INCENTIVE FOR GOOD MANAGEMENT IN THIS TYPE OF RENTAL HOUSING.

THE KEY TO REALIZING TAX SHELTER BENEFITS, AS JUST NOTED, IS THE ALLOWABLE DEPRECIATION ON THE COST OF THE PROJECT. THE INTERNAL REVENUE CODE <sup>154</sup> (26 U.S.C. 167) PERMITS SEVERAL METHODS BY WHICH DEPRECIATION MAY BE CHARGED OFF AT AN ACCELERATED RATE. IN ESSENCE, ALL NEW RENTAL HOUSING CAN BE DEPRECIATED FOR TAX PURPOSES AT RATES WHICH ARE INITIALLY ABOUT TWICE THE NORMAL RATE. THESE DEPRECIATION METHODS, KNOWN AS THE DOUBLE DECLINING-BALANCE METHOD AND SUM OF YEARS-DIGITS METHOD, CREATE PROJECT LOSSES FOR TAX PURPOSES, WHICH MAY THEN BE USED BY THE OWNERS TO LOWER THEIR ANNUAL PERSONAL TAX LIABILITIES.

IF A SUBSIDIZED PROPERTY IS SOLD OR FORECLOSED PRIOR TO THE PHASEOUT PERIOD OF THE RECAPTURE PROVISION, THEN ALL OR A PORTION OF THE GAIN EQUAL TO THE ACCELERATED DEPRECIATION IN EXCESS OF THE AMOUNT CLAIMABLE USING STRAIGHT LINE DEPRECIATION IS TAXED AT THE ORDINARY INCOME RATES OF THE INVESTORS WHO ARE GENERALLY IN THE 50-70% TAX BRACKETS, RATHER THAN THE MORE FAVORABLE CAPITAL GAINS RATE.

FOR RECAPTURE TO REALIZE ITS FULL POTENTIAL AS A MANAGEMENT INCENTIVE, THE INVESTORS MUST UNDERSTAND THE TAX RECAPTURE PROVISIONS, AND THEY MUST BELIEVE IT WILL BE ENFORCED. FOR THIS

REASON IT IS IMPORTANT THAT ADMINISTRATION OF THESE TAX PROVISIONS ENSURE THAT THESE TWO CONDITIONS ARE PRESENT.

BECAUSE IRS IS CHARGED WITH COLLECTING THE TAXES TO BE RECAPTURED UNDER THESE CIRCUMSTANCES, WE INTERVIEWED IRS OFFICIALS TO DETERMINE WHAT CONTROLS IRS HAS TO ENSURE COLLECTION OF THESE TAXES.

INFORMATION DEVELOPED DURING OUR INTERVIEWS SHOWED THAT IRS HAS NO MEANS TO READILY IDENTIFY OWNERSHIP CHANGES FOR THESE PROJECTS, OR THE IDENTITY OF INVESTORS SUBJECT TO THE RECAPTURE PROVISIONS UNDER THESE CIRCUMSTANCES. IRS BECOMES AWARE OF THE APPLICABILITY OF THESE TAXES ONLY THROUGH EXAMINATIONS ASSOCIATED WITH ITS NORMAL REVIEW OF INCOME TAX RETURNS.

A LIMITED PARTNERSHIP IS A TYPICAL ORGANIZATIONAL FORM USED FOR PURPOSES OF INVESTING IN SUBSIDIZED PROJECTS. BEING FACED WITH LIMITED AUDIT RESOURCES, IRS ALLOCATES THOSE RESOURCES AMONG THE VARIOUS TYPES OF TAX RETURNS FILED SUCH AS INDIVIDUAL, CORPORATE, ESTATE, GIFT, FIDUCIARY AND PARTNERSHIP RETURNS. PRIOR TO 1978, HOWEVER, IRS AUDITED ONLY A SMALL PERCENTAGE OF PARTNERSHIP RETURNS AND GENERALLY INITIATED THESE AUDITS ONLY AS A RESULT OF FIRST AUDITING THE RETURNS OF THE INDIVIDUAL PARTNERS.

BECAUSE OF ITS CONCERN OVER THE GROWING USE OF PARTNERSHIPS AS ABUSIVE TAX SHELTERS, IRS INCREASED ITS AUDIT COVERAGE OF PARTNERSHIP RETURNS IN FISCAL YEAR 1978. THESE AUDITS ARE CONDUCTED IN A MANNER SIMILAR TO AUDITS OF OTHER TYPES OF RETURNS. HOWEVER, IT IS UNCERTAIN WHETHER IRS' REGULAR PROCEDURES ARE SUFFICIENTLY EFFECTIVE FOR ASSURING RECAPTURE OF ACCELERATED

DEPRECIATION BECAUSE IRS GENERALLY DOES NOT MAINTAIN EXAMINATION RESULTS BY TYPE OF TAX ISSUE OR ADJUSTMENT. THUS, IRS LACKS RELIABLE STATISTICAL DATA ON TAXPAYER COMPLIANCE LEVELS RELATED TO THE RECAPTURE PROVISIONS.

TAX RETURNS DO NOT PROVIDE READY IDENTIFICATION OF OWNERSHIP CHANGES FOR SUBSIDIZED PROJECTS NOR THE IDENTITY OF THE INVESTORS SUBJECT TO THE RECAPTURE PROVISIONS OF THE TAX LAWS. HUD, HOWEVER, HAS INFORMATION IN ITS RECORDS WHICH COULD ASSIST IRS IN IDENTIFYING OWNERSHIP CHANGES AND THE INVESTORS INVOLVED. THUS, IT SEEMS TO US THAT IT SHOULD BE FEASIBLE TO ESTABLISH A SYSTEM WHEREBY IRS COULD USE THE HUD INFORMATION.

IN RESPONSE TO OUR SUGGESTION IN THIS REGARD, THE COMMISSIONER OF INTERNAL REVENUE HAS ADVISED US THAT IRS IS PLANNING A STUDY OF TAXPAYER COMPLIANCE LEVELS AND TAX IMPLICATIONS CONCERNING THE RECAPTURE OF ACCELERATED DEPRECIATION INCLUDING THE FEASIBILITY OF USING HUD INFORMATION TO DETECT NON-COMPLIANCE IN THIS AREA. IRS' PRESENT POSITION IS THAT A JOINT IRS-HUD IDENTIFICATION SYSTEM IS PROBABLY BOTH FEASIBLE AND PRACTICAL ALTHOUGH SOME ADJUSTMENTS TO HUD'S COMPUTERIZED RECORDS MAY BE NECESSARY.

IRS NEEDS TO KNOW MORE BEFORE IT CAN MAKE AN INFORMED DECISION AS TO WHETHER THE RECAPTURE PROVISIONS DESERVE MORE AUDIT ATTENTION. IN THAT VEIN, IRS' PLANS TO ASSESS THE RELATED TAXPAYER COMPLIANCE LEVELS AND TAX IMPLICATIONS ARE A PROPER FIRST STEP. THE ESTABLISHMENT OF A COORDINATED MECHANISM BETWEEN HUD AND IRS SHOULD SIGNIFICANTLY

ASSIST IRS IN GATHERING THE INFORMATION IT WILL NEED TO MAKE THOSE ASSESSMENTS. THIS WOULD ALSO PROVIDE A MEASURE OF THE NUMBER OF PROJECTS SUBJECT TO RECAPTURE EACH YEAR AND THE INVESTORS INVOLVED, WHICH WOULD BE USEFUL FOR STATISTICAL PURPOSES AS WELL AS OVERSIGHT CAPABILITY. THUS, THIS SYSTEM SHOULD BE ESTABLISHED AS SOON AS PRACTICABLE, REGARDLESS OF WHETHER A CONTINUOUS MONITORING SYSTEM IS ESTABLISHED BY IRS.

IN RESPONSE TO OUR REQUEST FOR INFORMATION ON ANY PREVIOUS STUDIES THE SERVICE MAY HAVE DONE ON INVESTOR REPORTING PATTERNS UNDER THE RECAPTURE PROVISIONS, IRS REPLIED THAT A STUDY CONDUCTED IN 1976 SHOWED THAT OUT OF 20 FORECLOSED HUD SUBSIDIZED PROJECTS

--40 PERCENT OF THE INVESTORS INVOLVED DID NOT REPORT THE DEFERRED TAXES, AND

--THE OTHER 60 PERCENT UNDERREPORTED THEIR TAX LIABILITY. COMPLETED EXAMINATIONS OF 14 INVESTOR RETURNS INVOLVED RESULTED IN ADJUSTMENTS OF OVER \$2 MILLION. ALSO, A STUDY OF 200 1974 TAX RETURNS OF PARTNERS ENGAGED IN REAL ESTATE INVESTMENTS SHOWED THAT 87 PERCENT OF THE PARTNERS DID NOT CORRECTLY REPORT THE RECAPTURE OF THE DEFERRED TAX.

IRS POINTED OUT THAT BECAUSE THE SAMPLES USED IN ITS PAST STUDIES WERE LIMITED, NOT SELECTED RANDOMLY, AND THEREFORE NOT STATISTICALLY RELIABLE, THE RESULTS OF THE STUDIES COULD NOT BE USED TO COMPUTE OVERALL COMPLIANCE LEVELS FOR THE RECAPTURE PROVISIONS OF THE INTERNAL REVENUE CODE.

WE WROTE TO HUD'S ASSISTANT SECRETARY FOR HOUSING ON APRIL 25, 1979, ASKING FOR A STATEMENT OF HUD'S POSITION ON THE FEASIBILITY AND ACCEPTABILITY OF AN INTERAGENCY AGREEMENT BETWEEN HUD AND IRS WHEREBY HUD WOULD PROVIDE INFORMATION TO IRS ON PROJECT OWNERSHIP CHANGES AND THE EMPLOYER IDENTIFICATION NUMBERS AND SOCIAL SECURITY NUMBERS OF THE PARTNERSHIPS AND INVESTORS INVOLVED IN CHANGES OF OWNERSHIP. TO DATE WE HAVE NOT RECEIVED A REPLY.

WE WOULD LIKE TO POINT OUT IN CLOSING THAT IN REAL ESTATE TRANSACTIONS, THE USE OF ACCELERATED DEPRECIATION AND THE RECAPTURE CONCEPT HAVE A FAR BROADER APPLICABILITY AND SIGNIFICANCE THAN WE HAVE DISCUSSED HERE TODAY. THEY ALSO APPLY, WITH SOME SLIGHT DIFFERENCES, TO COMMERCIAL PROPERTIES, UPPER AND MIDDLE INCOME HOUSING RENTAL PROPERTIES, AND OF COURSE, GOVERNMENT INSURED AND SUBSIDIZED RENTAL PROPERTIES UNDER OTHER HUD AND FARMER'S HOME ADMINISTRATION PROGRAMS.

IN SUMMARY, WITHIN THE CONTEXT IN WHICH WE HAVE BEEN DISCUSSING HUD'S TROUBLED PROJECTS STRATEGY, WE BELIEVE THAT A JOINT HUD-IRS IDENTIFICATION SYSTEM ON PROJECT OWNERSHIP CHANGES SHOULD BE ESTABLISHED AS SOON AS PRACTICABLE. SUCH COOPERATION COULD RESULT IN STRONGER INCENTIVES ON THE PART OF OWNERS OF SUBSIDIZED HOUSING TO MANAGE THEIR PROJECTS MORE EFFICIENTLY AND THUS RETAIN THIS VITAL SUPPLY OF AFFORDABLE UNITS FOR LOW-TO-MODERATE-INCOME FAMILIES.

THIS CONCLUDES MY TESTIMONY. WE WILL BE GLAD TO RESPOND TO ANY QUESTIONS WHICH YOU OR MEMBERS OF THE SUBCOMMITTEE MAY HAVE.