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MARKETS | PROPERTY REPORT

GOP Tax Plan Could Stymie Veterans Housing Provider

Invest in America's Veterans Foundation recently financed purchase of a roughly \$51 million portfolio using tax-exempt private activity bonds, which the tax bill would eliminate



U.S. House Speaker Paul Ryan speaks during a news conference with Republican House members after voting on the Tax Cuts and Jobs Act bill at the U.S. Capitol in Washington, D.C., on Nov. 16. PHOTO: ANDREW HARRER/BLOOMBERG NEWS

By *Laura Kusisto*

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A nonprofit that offers housing and services to veterans this week purchased a 528-unit portfolio in suburban Chicago, but officials said similar deals could be imperiled by the House tax-overhaul bill passed last week.

Florida-based Invest in America's Veterans Foundation financed the purchase of the roughly \$51 million portfolio using tax-exempt private activity bonds, which the tax bill would eliminate.



The Cove in New Orleans, which Invest in America's Veterans Foundation, purchased in April. PHOTO: THE GROVE AT NOLA

The nonprofit, which was founded in 2008, has acquired a portfolio of more than 2,600 units in six states targeted toward veterans and low-income tenants. It looks for properties near military bases or veterans centers and offers services ranging from lunch for World War II and Korean War veterans to a museum of military history.

Ralph Santillo, who founded Invest in America's Veterans Foundation, said the group is stepping up its pace of acquisitions after hiring Lynd Company, a real-estate developer and management company, in 2016. It plans to acquire an additional 5,000 to 7,000 units over the next 18 months. Since 2016, the group has closed on \$180 million of assets.

The model, however, relies on tax-exempt bonds, which offer investors yield while allowing the group to serve lower-income tenants.

Republicans are looking for ways to finance tax cuts for individuals and corporations and some uses of the bonds, such as for stadium construction, have been controversial.

"If the private activity bond program goes away, it puts a major complication in our efforts to service veterans," said Christopher Walker, a lawyer and board member for

the foundation.

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