Building a Future: George M. Hezel Honored for Innovative Use of Tax Credits

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A happy accident of timing laid the groundwork for some groundbreaking legal work in UB Law School's Affordable Housing Clinic – initiatives that have now been recognized with special recognition from a most grateful client.

UB Law Clinical Professor George M. Hezel was honored by the Heritage Christian Home Inc., at its sixth annual dinner in January 2001. Heritage Christian Home Inc. is a non-profit agency serving people with developmental disabilities.

The happy accident was that both Hezel and Ronald Little, vice president of finance and acting director of Heritage Christian Home, were in the same UB Law Class of 1973. Little had read about the Affordable Housing Clinic in UB Law Forum, and he called his old friend with a challenge: How could the nonprofit agency leverage the investment money necessary to build non-institutional housing for its clients?

The problem was a tricky one. New York State, through its Office of Mental Retardation and Developmental Disabilities, had been trying to create housing for developmentally disabled people in the state. Gov. George E. Pataki's New York Cares program was created in an attempt to "outplace" 5,000 disabled individuals within five years from the big institutions where they traditionally have lived. There was also the problem of disabled people living at home with aging parents who were less and less able to provide the care that they needed.

But New York Cares was extremely expensive – "a strain on the state budget," Hezel said – and it was falling far short of the needed statewide. At Little's request, Hezel and Disare, with students in the Affordable Housing Clinic, set out to investigate alternative ways to finance new housing for developmentally disabled people.

They finally settled on Section 142 of the Internal Revenue Service Code, under which bond investors (both individuals and corporations)
can get a dollar-for-dollar tax write-off for investing in projects that create affordable housing for low-income people. Why not, the professors and students reasoned, use these federal tax credits for the developmentally disabled as well? After all, many developmentally disabled people have low incomes.

"We were told over and over that it would not work," Hezel said, "and we were not matching programs. But we puzzled over it and found a way to make the gears mesh."

The result, he said, was that in 2000, three applications for housing development "sailed" through the competitive round, and all three were funded. It is a use of federal tax dollars instead of state, but more importantly, Hezel said, "what it means is that you can build twice as many units using tax credits as without." That is important, he noted, because there may be as many as 15,000 individuals statewide awaiting an opportunity to move into these newly built "nurturing centers."

In the end, the work was a direct result of his efforts. "As a direct result of his efforts, millions of new dollars will be available for low-income housing for people with special needs," Little said. He praised Hezel's command of the complex IRS code, his problem-solving abilities and his willingness to learn the unique funding system for developmentally disabled people.

For his part, Hezel applauded "the wonderful students who really came up with very creative ideas. They really deserve the roses."

Heritage Christian Home serves about 1,000 people in the Buffalo and Rochester areas. It operates 34 homes, respite programs, service coordination and day habilitation programs for its clients.