

Community & Economic Development

Public/Private Partnerships

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Public Private Partnerships (PPP)

A government service which is funded and operated through a partnership of government and one or more private sector companies.

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Role of Parties

- What does government provide:
 - Payments
 - Tax incentive
 - Subsidies
 - Liability protections
- What does private sector provide:
 - Construction
 - Operation & maintenance
 - Goods

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Example: Affordable Housing

- The Low Income Housing Tax Credit (LIHTC), enacted in 1986, is a federal tax credit that subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.
- Requires that developer dedicate at least either:
 - 20% of its apartments to people who earn less than half of the area median income or
 - 40% of its apartments to people who earn less than 60% of area median income.
- Rents for those apartments must be no more than 30% of the target income level.
- The federal government issues tax credits to states which then award the credits to private developers through a competitive process. Developers generally sell the credits to private investors to obtain funding. Once the housing project is placed in made available to tenants, investors can claim the LIHTC over a 10-year period.
- The LIHTC program has supported the construction or rehabilitation of about 110,000 affordable rental units each year, close to 3 million units since inception.

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Example: PREP Act

- The Public Readiness and Emergency Preparedness Act (PREP Act) is a tort liability shield intended to protect primarily vaccine manufacturers from financial risk in the event of a declared public health emergency.
- Secretary of the Department of Health and Human Services issues a PREP Act declaration which provides immunity from liability (except for willful misconduct) for claims:
 - of loss caused, arising out of, relating to, or resulting from administration or use of countermeasures to diseases, threats and conditions
 - to entities and individuals involved in the development, manufacture, testing, distribution, administration, planning, and use of such countermeasures
- Helpful in moving COVID vaccines and testing more quickly.

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Public Private NGO Partnerships (PPNP)

A PPP that includes NGOs providing sustainable services or products to the beneficiaries in an financially sound way.

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