



SAMPLE LETTER FOR CHANGES TO SECTION 42

The Honorable Bill Thomas
2208 Rayburn House Office Building
Independence Ave. & S. Capitol St., S.W.
Washington, D.C. 20515

May 18, 2001

Dear Representative Thomas:

I am writing to urge you to support H.R. 951, legislation that would greatly improve the availability of low-income housing tax credit (LIHC) projects in rural areas, among other technical refinements.

Under current law, low-wage earners in rural areas often do not qualify for LIHC projects because U.S. Department of Housing and Urban Development (HUD) income limits are too low in rural areas. To bridge this gap, Rep. Amo Houghton (R-N.Y.) has introduced H.R. 951, which would amend Internal Revenue Code Section 42 to allow states to use the high area median income (AMI) or the statewide median income for the purpose of calculating applicable income limits. (Currently, Section 42 requires that the AMI must be used to calculate qualifying income limits.)

A recent Abt Associates study shows that fewer LIHCs are being used to support affordable rental housing. The distribution of tax credit units was 20 percent nonmetropolitan between 1994 and 1998. By 1998, just 15 percent of tax credit units were situated in nonmetropolitan areas.

This technical change to the LIHC program would greatly enhance the tax incentive's ability to help low-income renters that live in the nation's rural areas. Thank you for your support.

Very truly yours,
Novogradac & Company LLP

by

Michael J. Novogradac

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