



April 22, 2008

Mr. Keith Hennessey  
Assistant to the President for Economic Policy and  
Director, National Economic Council  
The White House  
1600 Pennsylvania Avenue, NW  
2<sup>nd</sup> Floor, West Wing  
Washington, DC 20500

President

Ronne Thielen  
Centerline Capital Group

Vice Presidents

John P. Casey  
Meridian Investments, Inc.  
Todd Crow  
PNC MultiFamily Capital  
Emily Evers  
RBC Apollo Equity Partners  
Robert J. Greer  
Michaels Development Company  
Joseph Hagan  
National Equity Fund, Inc.  
Daniel L. Kraus  
Greenberg Traurig  
Aline Lavelle  
Moors & Cabot  
Peter Lawrence  
Enterprise Community Partners  
James McDermott  
Holland and Knight, LLP  
Michael J. Novogradac  
Novogradac & Company LLP  
Elizabeth Priestley  
SunAmerica Affordable  
Housing Partners  
David Robbins  
MMA Financial, LLC

Mr. Karl Zinsmeister  
Assistant to the President for Domestic Policy  
Domestic Policy Council, Executive Office of the President  
The White House  
1600 Pennsylvania Avenue, NW  
2<sup>nd</sup> Floor, West Wing  
Washington, DC 20500

Dear Mr. Hennessey and Mr. Zinsmeister:

The Affordable Housing Tax Credit Coalition (AHTCC) strongly disagrees with concerns raised in your April 9, 2008 letter to Speaker Pelosi in which you stated the Administration opposes legislation to make tax credits for investment in rental housing (the Low Income Housing Tax Credit program, "LIHTC") more attractive.

AHTCC strongly supports *The Housing Assistance Tax Act of 2008* (H.R. 5720) recently passed by the House Committee on Ways and Means largely because it includes improvements to the LIHTC program. This bill has strong bipartisan support, is expected to pass in the House in the next few weeks, and deserves fair and thoughtful consideration from the Administration.

We agree the primary problem facing homeowners and single-family home builders is an excess of supply over demand. The problem is converse in the affordable housing rental market where demand increasingly exceeds supply and affordable rental housing is increasingly difficult to finance and develop. The LIHTC program, part of the *Tax Reform Act of 1986*, is regarded as the most successful federal rental housing program ever established. However, the LIHTC program is in need of modernization and efficiency measures to improve its productivity and stimulate investment. Without passage of the proposed legislation, financing affordable housing construction will be further constricted and decent housing will move farther out of reach of many deserving Americans.

Contrary to statements in your letter, tax-credit housing has no effect on prices of owner-occupied housing. Nor does the LIHTC program subsidize the investments of affordable multifamily property owners. Instead, it subsidizes rents of low- and moderate-income individuals, families, seniors and people with special needs. Any profits to owners are controlled by the agencies allocating tax credits. The marketplace controls profits to investors. Cash flow is minimal and often used to pay a developer fee (the sole profit center in developing LIHTC properties) that must be used as a financing source and deferred to adhere to rent restriction requirements.

The LIHTC program is restricted to people whose incomes are at or below 60 percent of the median income of the area where they live; income targeting typically varies from 35 to 60 percent. Those eligible for affordable housing include this nation's working poor: nurses, teachers, firemen, police, factory workers, service personnel—responsible hardworking Americans who do not have the resources to achieve the

Secretary

Alan S. Cohen  
Paul, Hastings, Janofsky & Walker LLP

Treasurer

Beth Mullen  
The Reznick Group

Immediate Past President and  
Chairman of the Board

G. David Sebastian  
Capmark Financial Inc.

General Counsel

Richard S. Goldstein  
Nixon Peabody, LLP

Legislative Counsel

James F. Miller  
Hunton & Williams LLP  
Francine E. Friedman  
Hunton & Williams LLP

Executive Director

Victoria E. Spielman



American Dream. Some homeowners who overextended and lost their homes despite measures passed to help them may be eligible for occupancy in LIHTC properties.

Even with a fixed-rate mortgage, home ownership carries with it rising costs such as energy, maintenance, insurance and property taxes that can eventually displace homeowners and de-stabilize neighborhoods. Affordable rental housing can stabilize and sustain neighborhoods in the long term because all such costs are contained in restricted rents. LIHTC properties must remain affordable for at least 30 years, and often as long as 40 to 55 years.

There is a broader economic benefit to the LIHTC program: job creation. One job is created for every new affordable housing unit built. And half of those jobs are sustained every year thereafter. In recent years, more than 125,000 units have been created or rehabilitated each year with the LIHTC program. This public-private partnership to provide affordable housing has resulted in the construction and rehabilitation of nearly 2 million housing units for low-income households over the past 20 years.

The goal of the AHTCC in strongly supporting the current legislation to amend the LIHTC program is to more efficiently meet the housing needs of our country's low- to moderate-income population. Home ownership is not for everyone. Witness the repercussions of home ownership by those who could not afford it throughout the global debt markets. The American Dream should, instead, be an American Right to live in a safe, decent and affordable home.

We urge you to reconsider your position and support *The Housing Assistance Tax Act of 2008*.

Respectfully,

Ronne Thielen  
President, Affordable Housing Tax Credit Coalition  
Managing Director, Centerline Capital Group

cc: The Honorable Nancy Pelosi, Speaker of the House of Representatives  
Committee Chairs and Ranking Members