

January 30, 2009

The undersigned organizations urge you to include in the pending economic recovery legislation the comprehensive Low Income Housing Tax Credit (Housing Credit) proposals described below to stimulate affordable rental housing production and create thousands of well paying jobs in the immediate future. We are all active and long-term participants in the Housing Credit program, dedicated to the creation of affordable rental homes for lower-income families and to the highly successful Housing Credit delivery system.

For nearly a quarter of a century, the Housing Credit has served as a shining example of a highly effective Public-Private Partnership that creates and preserves rental housing for lower-income people. The most successful federal housing production program in history, the Housing Credit has resulted in the construction and preservation of over 2 million affordable homes and the creation of millions of good jobs.

However, the financial crisis and recession have dramatically reduced private sector investment in this program. The result is that last year many state approved Housing Credit developments were not able to proceed. Unless Congress takes action very soon, the outlook for this year is no better. This comes at a time when the need for quality affordable rental housing and the economic activity its production generates is great. We are confident that hundreds of "shovel ready" projects could start construction in a matter of weeks, creating thousands of new jobs and generating millions in tax revenue, if the proposals we are advancing are enacted as part of the economic recovery bill.

What is needed at this time is a comprehensive approach that provides new incentives to re-energize investment in the Housing Credit program while simultaneously giving State Housing Credit Allocating Agencies new financing tools to allow Housing Credit developments to proceed in the near term, while the investment market recovers and expands. We are confident that the proposals described below will accomplish these goals. We believe these proposals will work best if all their elements are adopted, but we also recognize that each of the proposals is valuable in addressing different aspects of the problems inhibiting production of this critically needed housing.

HOUSING CREDIT PROPOSALS

FOR INCLUSION IN THE ECONOMIC RECOVERY LEGISLATION

- 1) Congress should appropriate \$5 billion in dedicated funding to be allocated through State Housing Credit Allocating Agencies for the sole purpose of filling financing gaps in developments to which Credits are awarded but cannot raise any equity capital or have generated too little equity with their sale of Credits to make the development financially viable. This proposal is in the jurisdiction of the appropriations committees.

- 2) Congress should adopt a proposal, based on the House-passed provision, to permit Housing Credit Agencies to exchange a portion of their 2009 Housing Credits for cash grants that could be used as a temporary measure to provide gap financing necessary to augment the appropriated funding described above and to be used for the same purpose. This proposal is within the jurisdiction of the tax writing committees.
- 3) On a temporary basis, taxpayers should be permitted to elect to accelerate the Housing Credit by up to 200 percent per year for each of the first three years of the ten-year credit period (i.e., 20 percent of the total credit would be taken in each of the first three years). The remainder would be taken on a straight-line basis for the last seven years of the credit period. This proposal would significantly broaden the existing base of investors, which are almost exclusively financial institutions, by making the return to the investor much more attractive, while maintaining the pricing efficiency of the program. This proposal is within the jurisdiction of the tax writing committees.
- 4) Congress should adopt a proposal, based on the Finance Committee-passed provision, to permit taxpayers to carryback the Housing Credit for up to five years and allow these Housing Credits to offset AMT liability during that period. The Finance Committee proposal applies to all general business credits. This provision will allay concerns by potential new investors about their ability to use Housing Credits in the future if their tax liability changes dramatically and will help discourage wholesale selling of existing portfolios of Housing Credits, which selling would interfere with raising fresh capital for new affordable housing developments. This proposal is within the jurisdiction of the tax writing committees.

Thank you for your consideration of these short-term solutions to the immediate crisis in the affordable rental housing market. We look forward to continuing to work with you to ensure the long-term viability of the Low Income Housing Tax Credit program.



(LIST IN FORMATION)

NATIONAL COUNCIL OF STATE HOUSING AGENCIES
AFFORDABLE HOUSING TAX CREDIT COALITION
AFFORDABLE HOUSING COALITION OF SOUTH CAROLINA
AMERICAN ASSOCIATION OF HOMES AND SERVICES FOR THE AGING
CALIFORNIA COUNCIL FOR AFFORDABLE HOUSING
CALIFORNIA HOUSING CONSORTIUM
CITIZENS HOUSING AND PLANNING ASSOCIATIONS (MASSACHUSETTS)
CORPORATION FOR SUPPORTIVE HOUSING
COUNCIL FOR AFFORDABLE AND RURAL HOUSING
ENTERPRISE COMMUNITY PARTNERS, INC.
GEORGIA AFFORDABLE HOUSING COALITION
HOUSING ADVISORY GROUP
HOUSING ALLIANCE OF PENNSYLVANIA
ILLINOIS HOUSING COUNCIL
INSTITUTE FOR RESPONSIBLE HOUSING PRESERVATION
LOCAL INITIATIVES SUPPORT CORPORATION
MAINE AFFORDABLE HOUSING COALITION
MINNESOTA HOUSING PARTNERSHIP
NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION
NATIONAL ALLIANCE TO END HOMELESSNESS

NATIONAL APARTMENT ASSOCIATION
NATIONAL ASSOCIATION OF HOME BUILDERS
NATIONAL ASSOCIATION OF STATE AND LOCAL EQUITY FUNDS
NATIONAL LEASED HOUSING ASSOCIATION
NATIONAL HOUSING CONFERENCE
NATIONAL HOUSING TRUST
NATIONAL MULTI HOUSING COUNCIL
NATIONAL LOW INCOME HOUSING COALITION
NATIONAL POLICY AND ADVOCACY COUNCIL ON HOMELESSNESS
NEW YORK HOUSING CONFERENCE
NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING
NORTH CAROLINA HOUSING COALITION
STEWARDS OF AFFORDABLE HOUSING FOR THE FUTURE
SUPPORTIVE HOUSING NETWORK OF NEW YORK
VERMONT AFFORDABLE HOUSING COALITION
VOLUNTEERS OF AMERICA