

Congress of the United States
Washington, DC 20515

June 27, 2006

IMPROVE TAX POLICY FOR AFFORDABLE HOUSING

Dear Colleague:

We urge you to cosponsor H.R. 4873, which contains a series of improvements to the Low Income Housing Tax Credit and Housing Bond programs, including Mortgage Revenue Bonds (MRBs) and multifamily bonds.

These successful programs are state-administered federal tax incentives to encourage private investment in first-time homebuyer mortgages for low and moderate-income families and privately developed and owned apartments for low-income renters. The Housing Credit accounts for nearly 90 percent of the country's new rental housing that is affordable for low-income people. It has helped finance 1.9 million apartments for low-income families since Congress created it in 1986 and supports 130,000 additional apartments each year.

State Housing Finance Agencies (HFAs) have used MRBs to make homeownership possible for 3.5 million low- and moderate-income families nationwide. Each year, another 100,000 families buy their first homes with MRB mortgages. HFAs have also financed more than 1 million affordable rental homes with multifamily tax-exempt Housing Bonds, adding more than 130,000 apartments each year.

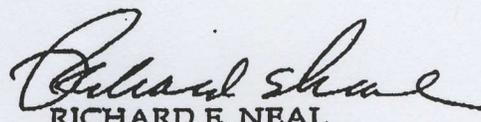
The modifications in H.R. 4873 will make these programs more efficient and increase their reach to meet the housing needs of more lower-income families. H.R. 4873 would improve the Housing Bond and Credit programs by:

- exempting Housing Bond and Credit investments from the alternative minimum tax (AMT);
- allowing states to provide more Credit to properties that achieve state-determined goals;
- eliminating the 4 percent Credit limit when the Credit is used with other federal subsidies, except tax-exempt bonds;
- revising the Housing Credit scattered site rule to allow for mixed-income development;
- eliminating the Credit program's Section 8 Moderate Rehabilitation program prohibition;
- replacing the Credit program's recapture bond requirement with a reporting system;
- renaming the Credit program the "Affordable Housing Credit" program;
- providing relief from the Mortgage Revenue Bond (MRB) Ten-Year Rule;
- exempting from the MRB first-time home buyer requirement single parents, displaced homemakers and families whose homes are destroyed or made uninhabitable by presidentially declared natural disasters; and
- making other technical changes to the Housing Bond and Credit programs to simplify their administration.

We hope you will join us in cosponsoring this important legislation. Please contact Karin Hope in Rep. Ramstad's office (5-2871) or Peg McGlinch in Rep. Neal's office (5-5601).

Sincerely,


JIM RAMSTAD
Member of Congress


RICHARD E. NEAL
Member of Congress