

WILLIAM J. JEFFERSON
SECOND DISTRICT
STATE OF LOUISIANA
WAYS AND MEANS COMMITTEE
SUBCOMMITTEES:
INTERNATIONAL TRADE
SELECT REVENUE MEASURES
NICOLE Y. VENABLE
CHIEF OF STAFF



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

2113 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D. C. 20515
(202) 225-6636

1012 HALE BOGGS FEDERAL BUILDING
500 POYDRAS STREET
NEW ORLEANS, LOUISIANA 70130
(504) 589-2274

3200 DERBIGNY STREET
SUITE 200
GRETNA, LOUISIANA 70053
(504) 368-7019

WWW.HOUSE.GOV/JEFFERSON

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Expand and Improve America's Affordable Housing Inventory
Co-Sponsor the Affordable Housing Tax Credit Enhancement Act of 2005

Dear Colleague:

The Low Income Housing Tax Credit (LIHTC) program was created as part of the Tax Reform Act of 1986. Today, the LIHTC program is widely regarded as the nation's most successful housing production program resulting in the construction and rehabilitation of more than 1.3 million housing units for lower income households. As a direct result of the LIHTC program, 130,000 new affordable housing units come online every year.

In addition to producing housing, the LIHTC program is unparalleled in contributing to the revitalization of distressed neighborhoods and communities throughout the United States. LIHTC properties are frequently among the first investments in a concerted revitalization strategy. The credit drives and catalyzes public/private/community partnerships that replace blight with safe, affordable housing, attract private capital, and prime the market for other activities, including increased homeownership and expanded retail development.

Moreover, the construction of housing also creates jobs. It is estimated that building 100 units of affordable housing generates 112 local jobs during the first year of construction and 46 jobs every year thereafter.

The redirection of capital to affordable housing through a tax incentive creates net economic efficiencies, because the housing credit more effectively marshals private sector capital than would be accomplished through any direct spending program. Because it sets up competition among developers for credit allocations and among corporations for access to investment opportunities, the LIHTC is considerably more efficient than a direct spending program.

The success of the LIHTC program is virtually unmatched. However, as a nation, we still confront a serious affordable housing deficit—a gap that we must bridge to ensure that our most vulnerable families have access to quality, affordable housing and safer neighborhoods in which to live and prosper.

Accordingly, this week, I plan to introduce the *Affordable Housing Tax Credit Enhancement Act of 2005*. This legislation would make two important changes to current law. Most significantly, the bill would double the current LIHTC from \$1.85 per capita to \$3.70 per capita beginning in 2006, which would yield twice the number of affordable housing units annually and begin to close the current gap. Second, the legislation would rename the LIHTC the "Affordable Housing" tax credit to remove any negative connotation and more accurately describe this effective program.

To become an *original co-sponsor* of this legislation or for additional information, please contact me or Todd Metcalf of my staff by phone (5-3118) or email (todd.metcalf@mail.house.gov) by COB on Thursday, May 26.

Sincerely yours,

William J. Jefferson
Member of Congress

Current Original Co-Sponsor: Rep. Phil English (R-PA)