

United States Senate

WASHINGTON, DC 20510

May 21, 2003

The Honorable Charles Grassley
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

The Honorable Max Baucus
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Chairman Grassley and Ranking Member Baucus:

As you craft a final tax bill with House conferees, we urge you to preserve the Low Income Housing Tax Credit (LIHTC), the nation's primary program for producing affordable rental housing.

During Senate consideration of S. 1054, the Senate passed a Sense of the Senate amendment affirming the value of the LIHTC and the need to preserve its effectiveness. Since its creation by Congress 1986, the LIHTC has generated more than \$6 billion annually in private equity investments in more than 1.5 million affordable housing apartments nationwide for about 3.5 million Americans.

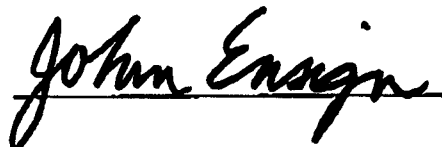
The LIHTC is not only good for housing; it is good for the economy. It produces virtually all of this country's affordable rental housing and is involved in 40 percent of all multifamily housing starts. Each year, the construction and operation of LIHTC properties generates approximately \$8.8 billion of income, creates 167,000 jobs, and produces \$1.35 billion in revenue for local governments.

As currently drafted, the House- and Senate-passed tax bills do not harm the LIHTC. But the Administration's tax cut proposal, which eliminates taxes on dividends paid out of fully taxed corporate earnings, would have a significant adverse impact on the LIHTC. Experts estimate that 40,000 units—about 35 percent of annual LIHTC production—would be lost every year, and the number could be higher.

America cannot afford this loss in low income housing. As of 2001, over seven million American renter families—one in five—spend more than half of their income on rent or live in substandard housing. Meanwhile, more than 150,000 apartments are lost each year due to rent increases, abandonment and deterioration.

We urge you to ensure the final tax bill preserves the continued effectiveness of the Housing Credit. We have attached a list of groups that supported the Sense of the Senate amendment adopted last week and stand together in encouraging Congress to preserve the Housing Credit.

Sincerely,



Paul Surban

Ed Chfee

Robert A. Michalski

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Justin

Carl Levin

Herb Kohl

Janine Peister

Di John

Barbara Byler

Bob Costum

Ron Wyden

John

W. Ginn

Patrick Leahy

Samuel H. Haskin

Paul Kennedy

Erin Boyl

Mark Poyner

Tom F. Kelly

Rehli Stenaw

Blanch L. Linnick

Jim J. J. J.

Bill D.

Supporters

National Council of State Housing Agencies

National Association of Local Housing Finance Agencies

Local Initiatives Support Corporation

The Enterprise Foundation

Affordable Housing Tax Credit Coalition

National Housing Trust

National Housing Conference

United States Conference of Mayors

National Association of Counties

National Community Development Association

Council of State Community Development Agencies

Institute for Responsible Housing Preservation

Corporation for Supportive Housing

McAuley Institute

National Alliance to End Homelessness

Council for HOPE VI and Mixed Finance

Recapitalization Advisors, Inc.

Council for Affordable and Rural Housing

Council of Large Public Housing Authorities

National Leased Housing Association

National Housing & Rehabilitation Association

National American Indian Housing Council

Alliance To End Childhood Lead Poisoning

Technical Assistance Collaborative, Inc.

California Housing Partnership Corporation

Chicago Community Development Corporation

Mercy Housing, Inc.

National Association of Housing and Redevelopment Officials

National Association of State and Local Equity Funds