

House of Representatives  
Washington, DC 20515-0535

April 29, 2009

The Honorable Timothy Geithner  
Secretary, U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Geithner:

I am writing to request that you permit states to monetize Low Income Housing Tax Credits (LIHTCs) received in response to the recent natural disasters on the Gulf Coast and in the Midwest. The clarification of provisions in the American Recovery and Reinvestment Act of 2009 ("Recovery Act") related to Low Income Housing Tax Credits would allow state housing agencies in the Gulf Zone to exchange a portion of these credits for direct funding, thereby ensuring the construction and continued availability of critical affordable housing.

As you may be aware, several states received additional allocations of LIHTCs under the Gulf Opportunity Zone Act of 2005 and the Emergency Economic Stabilization Act of 2008 to address the loss of affordable housing after devastating hurricanes and floods. However, as a result of the current economy, low investor demand for LIHTCs has delayed numerous projects from receiving the necessary capital to begin construction, placing these projects in jeopardy. Though the Recovery Act allows State Housing Finance Agencies to respond to this problem by monetizing regular allocations of LIHTCs, the Act fails to clarify whether these agencies can do the same for similar disaster-related tax credits. As a result, states have been struggling to secure funding for crucial rebuilding initiatives.

I request that the Treasury Department allow states to monetize disaster-related LIHTCs and if disaster tax credits allocated prior to 2009 are eligible for such an exchange. If the Department finds that the Recovery Act prohibits such monetization, I request that the Department provide me with any legislative changes that may be needed to amend the law in this regard. Allowing states dealing with the aftermath of natural disasters to monetize LIHTCs will ensure that projects in natural disaster areas can continue to provide much needed affordable housing to victims, many of whom are still waiting for relief.

Thank you in advance for your expedient response and consideration. Please contact Keo Chea of my staff at (202) 226-5593 with any questions about this letter.

Sincerely,

Maxine Waters  
Chairwoman  
Subcommittee on Housing and Community Opportunity

cc: The Honorable Shaun Donovan  
The Honorable Barney Frank