

AFFORDABLE RENTAL HOUSING A.C.T.I.O.N. A Call To Invest in Our Neighborhoods

July 26, 2010

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
Washington, DC 20510

The Honorable John Boehner
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Reid, Speaker Pelosi, Senator McConnell, and Representative Boehner:

The undersigned organizations are writing regarding a critical affordable rental housing program contained in H.R. 4213, the *American Jobs and Closing Loopholes Act of 2010*: the Low Income Housing Tax Credit exchange program. We urge Congress to include an extension of this crucial program as soon as possible in pending tax legislation.

The Low Income Housing Tax Credit (LIHTC) is the nation's largest and most successful affordable rental housing production program, having financed more than two million homes since 1987 and about 120,000 annually in recent years. According to the National Council of State Housing Agencies, approximately 90 percent of all affordable rental housing development is financed through the LIHTC. Housing credit properties are also managed very well, with an extremely low annual foreclosure rate below 0.1 percent, according to Ernst & Young.

Despite this successful history, the recession and financial crisis have drastically reduced investment sources for LIHTC developments. In response to the decline in private sector and GSE investment, Congress created as part of the *American Recovery and Reinvestment Act of 2009* the Section 1602 Tax Credit Exchange Program, which allowed State Housing Finance Agencies to exchange a portion of their available 2009 allocations of LIHTCs for 85 cents of subawards per \$1 of exchanged tax credit authority. These subawards partially fill critical gaps in LIHTC financing throughout the country, especially in rural areas. The program has proved successful in allowing the continued development of needed affordable housing.

The LIHTC investment market remains depressed, and many state agency-approved LIHTC projects are sidelined pending congressional action to extend the exchange program. According to estimates by the National Association of Home Builders, if extended, projects associated with the exchange program will yield approximately 44,000 jobs nationwide in 2011, in addition to generating millions in new wages, business income, and taxes. This proposal is not only good public policy, but will also stimulate the economy at no cost to taxpayers. In fact, the exchange program is estimated by the Joint Committee on Taxation to raise \$11 million for the Treasury.

With the real estate industry struggling, it is crucial that Congress act quickly to extend the exchange program in order for projects to be financed for 2011 development. Thank you for considering our views.

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Affirmed Housing Group
Affordable Housing Tax Credit Coalition
ARC Foundation
Beneficial Communities
California Housing Partnership Corporation
Casa of Oregon
Center for American Progress Action Fund
Community League of the Heights (CLOTH)
Columbus Housing Partnership
Columbus Property Management & Development,
Inc.
Community Access, Inc.
Community Economics, Inc.
Comprehensive Housing Assistance, Inc.
Corporation of Supportive Housing
Council for Affordable and Rural Housing
Council of State Community Development
Agencies
David Layfield and Associates, Inc.
EAH Housing
Edgemere Development, Inc.
Greater Rochester Housing Partnership
Green Street Housing
HANAC, Inc.
Harlem Congregations for Community
Improvement
Homeowners Rehab, Inc. of Cambridge
Massachusetts
Homes for America, Inc.
Homestead Affordable Housing, Inc.
Housing & Community Development Network of
New Jersey
Housing Action Illinois
Housing Advisory Group
Housing Assistance Council
Housing California
Housing Partnership Network
Low Income Investment Fund
Mercy Housing, Inc.
Mid-Peninsula Housing Coalition
Minnesota Housing Partnership
National Alliance to End Homelessness
National Apartment Association
National Association of Home Builders
National Association of Local Housing Finance
Agencies
National Association of State and Local Equity Funds
National Housing Conference
National Housing Institute
National Housing Law Project
National Housing Trust
National Leased Housing Association
National Low Income Housing Coalition
National Multi-Housing Council
National NeighborWorks Association
NCB Capital Impact
Network for Oregon Affordable Housing
New Beginnings Housing, LLC.
New York City Housing Development Corporation
Nonprofit Housing Association of Northern California
Palladia, Inc.
Precise Management, Inc.
REACH
Recap Real Estate Advisors
Rochester's Cornerstone Group, Ltd.
San Diego Housing Federation
Southern California Association of Non-Profit Housing
Stewards of Affordable Housing for the Future
T.M. Associates, Inc.
Tenderloin Neighborhood Development Corporation
The Community Builders, Inc.
The Community Economic Development
Association of Michigan
The Fortune Society
The Summit Group
Townspople
Vermont Affordable Housing Coalition
Volunteers of America, Greater New York
Wakeland Housing and Development Corporation
Werth Development, LLC.

cc: Senator Max Baucus
Representative Sander Levin
Senator Charles Grassley
Representative David Camp