



April 12, 2013

The Honorable Sam Johnson  
U.S. Representative of Texas  
1211 Longworth Building  
Washington, D.C. 20515

The Honorable Bill Pascrell  
U.S. Representative of New Jersey  
2370 Rayburn House Office Building (HOB)  
Washington, DC 20515

Dear Representatives Johnson and Pascrell,

The National Housing Conference urges you to sustain and improve the Low Income Housing Tax Credit (the Housing Credit) as you work to reform the tax code. The Housing Credit is the nation's largest and most successful program to create the affordable rental housing needed in communities nationwide. The acute need for affordable housing nationwide—one in four working households faced severe housing cost burdens in 2011—makes the Housing Credit essential for communities, families, and the most vulnerable in America.

#### **About the National Housing Conference**

The National Housing Conference (NHC) represents a diverse membership of housing stakeholders including tenant advocates, mortgage bankers, non-profit and for-profit home builders, property managers, policy practitioners, realtors, equity investors, and more, all of whom share a commitment to a balanced national housing policy. Since 1931, NHC has been dedicated to ensuring safe, decent and affordable housing for all in America—that commitment bringing together our broad-based membership has earned us a reputation as the United Voice for Housing engaging in nonpartisan advocacy on housing issues.

#### **Need for Affordable Rental Housing is Acute**

Nationwide, Americans face severe housing cost burdens, as documented in the forthcoming *Housing Landscape 2013* from our research affiliate, the Center for Housing Policy. One in four working households paid more than half of their income for housing costs in 2011, and housing cost burdens are most widespread among working households earning less than half of the area median income. Furthermore, housing affordability worsened for working renters between 2008 and 2011, as incomes fell and foreclosures increased pressure on rental markets.

#### **The Housing Credit Creates Affordable Homes through Public-Private Partnerships**

The Housing Credit is the nation's largest and most successful rental housing production tool, supporting jobs for 95,000 Americans annually through the production and preservation of about 100,000 affordable homes each year. Through public-private partnerships, the program has leveraged near \$100 billion of private equity capital to help finance more than 2.6 million affordable homes throughout the program's 26-year history.

The Housing Credit is vital to the creation and preservation of affordable housing in every state in the Union. In 2010, half of all multifamily starts were financed by the Housing Credit, according to the



National Association of Home Builders. Housing Credit properties are very well managed, with an extremely low foreclosure rate over the program's history of 0.62 percent, according to CohnReznick.

### **The Housing Credit Serves the Most Vulnerable in America**

Permanent supportive housing, which combines affordable housing with supportive services for vulnerable residents, relies heavily on the Housing Credit for capital costs. Permanent supportive housing is a proven solution that can break the cycle of homelessness and provide a stable home for persons with disabilities, veterans, older adults, and other extremely low-income people. Permanent supportive housing is also capital-intensive and so relies on the Housing Credit in particular among many sources to fund development. In a typical permanent supportive housing property, more than half of the total development costs are supported by the Housing Credit.

### **The Housing Credit is Effective and Efficient in the Tax Code**

Having the Housing Credit as part of the tax code enables the public-private partnerships that have made it so successful for more than 25 years. The investors who claim the Housing Credit provide up-front capital to create affordable housing and then continue to oversee the properties to ensure that they fulfill their affordable housing mission. Residents living in the affordable homes and the developers committed to creating community assets are the primary beneficiaries. State housing agencies allocate Housing Credits according to local need, ensure compliance, and improve the allocation process annually. It is the tax credit mechanism that makes this public-private partnership work, because it aligns the incentives of private investors and developers with the needs of communities. Indeed, the Housing Credit has become a model for subsequent programs.

### **Sustain and Improve the Housing Credit**

We therefore urge you to allow the Housing Credit to continue its vital work creating affordable housing for those in need. To make the program even more effective, NHC supports the proposals of the ACTION Campaign: 1) to make the 9 percent Housing Credit fixed floor rate permanent, and 2) to make the Housing Credit floor rate for acquisition fixed at no less than 4 percent.

We appreciate your work on the many challenges involved in tax reform and the opportunity to add our voice to the discussion. We look forward to working with you as Congress addresses these issues.

Sincerely,

A handwritten signature in black ink that reads 'Chris Estes'.

Chris Estes  
President and CEO