

January 22, 2009

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

The Honorable Barbara Boxer
United States Senate
112 Hart Senate Office Building
Washington, DC 20510

RE: SUPPORT the proposal for a tax credit exchange program in The American Recovery and Reinvestment Tax Act (Section 1711) and addition of Affordable Housing Provisions in The American Recovery and Reinvestment Act

Dear Senators Feinstein and Boxer:

California is experiencing a crisis in the Low Income Housing Tax Credit (LIHTC) equity market and hundreds of affordable-home developments are in jeopardy. These developments could provide thousands of construction jobs and increase the supply of affordable rental homes for low-income families. The main barrier to moving forward with these projects is the lack of sufficient tax credit equity. *the name of your organization* supports a package of funding and measures which we believe will jump start these shovel-ready developments.

We urge your support for the proposal for a tax credit exchange program included in The American Recovery and Reinvestment Tax Act (Section 1711). This innovative approach will give the allocating agencies the flexibility they need to make the best use of available 9% credits.

While solving the 9% tax credit problem, Section 1711 does not address 4% tax credit, which represent 60% of the tax credit allocation and are not eligible for participation in the exchange program. Additionally, provisions included so far are not adequate to stimulate the production of the more than 30,000 affordable homes that would be starting construction this year and generating more than 37,000 jobs in California but for the collapse of our financial markets.

As the Senate begins marking up this important bill, we urge you to push for the addition of the following three measures as well:

- 1) \$5 billion in gap financing for hundreds of stalled 2008 Low Income Housing Tax Credit and wait-listed Section 202 and 811 developments that will not be saved by the proposed Treasury program to allow exchanges of 2009 Tax Credits for cash grants.
- 2) Funding for 200,000 incremental vouchers to provide an immediately available safety net for families losing their jobs and homes.
- 3) Seed funding for the National Housing Trust Fund.

These proposals can provide the public capital and private incentives to restart the stalled Low Income Housing Tax Credit market. California's housing crisis is intensifying with the economic downturn and the foreclosure crisis. More families than ever are in desperate need of rental homes they can afford. Affordable home developers are poised to meet the needs of low-income families and generate jobs that will stimulate economic growth.

Thank you for your consideration.

Sincerely,