



ALABAMA HOUSING
FINANCE AUTHORITY

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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June 6, 2005

The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue, NW
Suite 2100
Washington, DC 20220

Dear Chairman Mack and other Panel members:

As you consider proposals to reform the Internal Revenue Code, we urge you to protect the Low-Income Housing Tax Credit and tax-exempt private activity housing bond programs, the most important and effective tools we have to address our nation's growing need for affordable housing. More than 14 million American working families of modest means spend at least 50 percent of their income on housing. Hundreds of thousands more live in substandard housing or are homeless. The Housing Credit and Bond programs help address these unmet needs by making homeownership and rental housing affordable to those families.

The Housing Credit and Multifamily Bond programs have been enormously successful, financing more than 2.7 million apartments for lower-income families since 1986. The two programs finance 130,000 apartments each year and are the only significant producers of affordable rental housing. In Alabama alone last year, the Housing Credit and Multifamily Bond programs were responsible for the creation of nearly 2,300 units of affordable rental housing for low-income families.

Single-family housing bonds—Mortgage Revenue Bonds (MRB)—have made first-time homeownership possible for more than 2.5 million lower income families—more than 100,000 every year. Since 1980, more than \$2 billion in MRBs have been issued to supply mortgage financing to more than 44,000 Alabamians. The average MRB buyer earns \$38,900—less than three-quarters of the national median family income.

Recent significant reductions in federal appropriations for housing programs despite the growing need are exacerbating the problem of affordable housing in many communities across the nation—the rural and Black Belt areas are Alabama's hardest hit, making the Housing Credit and Bond programs even more important. Furthermore, these programs promote economic growth and increase employment. Annually in Alabama, these programs create some 6,000 jobs and produce industry sales and earnings in excess of \$500 million.

It is imperative that you consider the impact of reform proposals on these programs. I urge you to oppose tax reform proposals that would directly or indirectly harm these vital programs.

Sincerely,

Robert Strickland
Executive Director

RS/ahm