



October 1, 2009

The Honorable Max Baucus
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U. S. House of Representatives
Washington, DC 20515

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
U. S. House of Representatives
Washington, DC 20515

Dear Messrs. Chairmen and Ranking Members,

On behalf of the National Council of State Housing Agencies (NCSHA), which represents the state Housing Finance Agencies (HFAs) that issue tax-exempt Housing Bonds and administer the Low Income Housing Tax Credit (Housing Credit) in every state, I urge you to enact this year provisions to strengthen and expand the Housing Bond and Credit provisions you included in the Housing and Economic Recovery Act (HERA) and the American Recovery and Reinvestment Act (ARRA) to support the housing recovery and preserve the programs' effectiveness in what remains a challenged economy.

We are grateful to you for the additional Housing Bond and Credit resources and authorities provided in HERA and ARRA. They have already contributed significantly and could do much more to support the housing and economic recovery, while providing affordable housing help to those who need it.

We encourage you to build on the success of these provisions by extending those that expire and making small changes to some to increase their effectiveness. Specifically, NCSHA asks you to:

- **Extend, through 2012, the term during which states may use the additional \$11 billion in Housing Bond authority HERA provided to stimulate the housing market and support the recovery.** States have been largely unable to utilize this three-year (available in 2008-2010) authority in 2008 and 2009 due to the Housing Bond market freeze.

- **Extend the two-year (2008 and 2009) 10 percent Housing Credit cap increase HERA provided.** Increased Housing Credit cap is still needed since the flexibility HERA provided states to allocate more Credit to certain hard-to-achieve developments results in an overall reduction in annual Housing Credit production.
- **Extend the Housing Credit Exchange Program created by ARRA.** This extension is necessary to ensure Housing Credit production while the market continues to struggle to come back. Industry experts agree total Credit investment is not likely to increase significantly in 2010.
- **Allow the exchange of GO Zone and Midwestern Disaster Area Credits in the existing Exchange Program and any extension of it.** Developments financed with Disaster Credits as part of affected states' relief efforts are facing the same difficulties moving forward as other Credit-financed developments, and they deserve the same assistance under the Exchange Program.
- **Authorize the exchange of 4 percent Credits in any extension of the Exchange Program.** A significant amount of affordable housing production is at risk if states cannot exchange 4 percent Credits for grants under the Exchange Program.
- **Incentivize increased Credit investment, including through a five-year Credit carry-back and tax code changes that allow individual investors to take advantage of the Credit.** Steps must be taken to bring additional capital into the Credit investment market to secure equity for much-needed affordable housing development.

We have also shared with your staff several additional provisions that we believe will significantly strengthen the Housing Bond and Credit programs and enhance their ability to contribute to the economic recovery and affordable housing opportunity.

Thank you for your consistent leadership and stalwart support of the Housing Bond and Credit programs and your consideration of these requests.

Sincerely,



Barbara J. Thompson
Executive Director