



December 6, 2007

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The Honorable Maria Cantwell
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Gordon Smith
United States Senate
404 Russell Senate Office Building
Washington, DC 20510

Dear Senators Cantwell and Smith:

The Affordable Housing Tax Credit Coalition strongly endorses the Affordable Housing Investment Act of 2007. We look forward to working with you and your colleagues in the Senate to ensure passage of this legislation. It is greatly needed to streamline the Low Income Housing Tax Credit (Housing Credit) program in order to better address our Nation's increasing need for affordable multifamily rental housing.

While all provisions in the legislation are important, a few are particularly noteworthy for their potential to have a very significant positive impact on the program. As an initial matter, provisions which conform program rules across federal housing programs and between the Housing Bond and Housing Credit programs will benefit state and federal agencies tasked with monitoring these properties for compliance as well as investors and developers by reducing confusion and the potential for error. Additionally, fixing the annual Housing Credit percentage at the greater of 1) current law or 2) 9 percent and 4 percent, rather than using a discounted rate, will eliminate uncertainty and unnecessary administrative burdens from the program.

Creating more flexibility within the Housing Credit program will make greater numbers of low- and moderate-income Americans eligible to live in Housing Credit properties allowing them to find safe, affordable housing. Additionally, permitting the state agencies responsible for allocating the Housing Credit greater flexibility will allow each state to better target this limited resource in ways which will most benefit their state's particular needs. States are uniquely aware of the housing challenges facing their communities and should be afforded the flexibility to react appropriately to those challenges. State allocating agencies already have a proven track record of efficiently and effectively allocating the Housing Credit program and should be allowed greater flexibility to continue their outstanding efforts.

Eliminating obsolete or overly burdensome requirements associated with the Housing Credit program will allow the Credit to function more efficiently leading to greater production and preservation of affordable rental housing. Removing the prohibition against combining Section 8 Moderate Rehabilitation Funds with Housing Credits, revising the 10 year rule for qualification for the acquisition Credit, and modifying the related party and placed-in-service rules will allow preservation of affordable units and allow more units to become affordable.



Perhaps most important, exempting Housing Credits from the corporate alternative minimum tax (AMT) would help ensure investors continued support of the program. As more and more corporate taxpayers are, or become, subject to the AMT, they will either pay less for Housing Credits, reducing the total dollars available to finance affordable rental housing from the Credit, or refuse to buy Housing Credits at all as some corporations do now because of their concern of projecting 10 years out that they will not be subject to AMT. Finally, eliminating the recapture bond provision will provide more liquidity in the marketplace encouraging more investors to participate in the program.

The Affordable Housing Tax Credit Coalition thanks you for this very significant initiative and commends you for your leadership. We stand ready to offer any additional information or assistance that may be required. We look forward to working with you on this important legislation.

Sincerely,

Ronne Thielen
President

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The Affordable Housing Tax Credit Coalition is a trade organization based in Washington, DC comprised of most of the major private sector participants in the Low Income Housing Tax Credit program. Its members include syndicators, institutional investors, for profit and nonprofit multifamily developers, lenders, public agencies, and state Housing Credit allocating agencies. Coalition members are responsible for the vast majority of the six billion dollars invested annually in affordable rental housing properties.