



OHIO DEPARTMENT OF DEVELOPMENT

Bob Taft
Governor

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Director

June 9, 2005

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

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
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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 (Housing Credit) and tax-exempt private activity housing bond (Housing Bond) programs, the most important and effective tools we have to address our nation's growing need for affordable housing.

It is imperative that you consider the impact of reform proposals on these programs. Even proposals that may seem to have no impact on the Housing Credit and Bond programs could have significant unintended consequences, as we discovered in 2003 when the Administration's dividend tax cut proposal threatened to reduce annual Housing Credit apartment production by more than one-third.

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 Housing Bond programs have been enormously successful. Since 1986, they have financed in Ohio over 80,000 apartments for lower-income families. The two programs currently finance approximately 4,000 apartments each year and are the most significant producers of affordable rental housing in the state.

Single-family Housing Bonds—Mortgage Revenue Bonds (MRB)—have made first-time homeownership possible for more than 86,000 moderate and lower income Ohio families (1983 through 2004)— more than 3,900 every year. The average MRB buyer earns \$38,900—less than three-quarters of the national median family income.



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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 making the Housing Credit and Bond programs even more important. The 2000 Census demonstrates that in 1999:

- Nearly one in four – over 951,000 Ohio households – spend over 30 percent of their income on housing.
- Almost one in five owner-occupied households and more than one in three renter households are cost burdened.
- In addition, nearly 17 percent of Ohio renters pay over 50 percent of household income toward housing costs.

Furthermore, these programs promote economic growth and increase employment. For example, according to the National Association of Home Builders, for every 1,000 multifamily units produced nationwide, 1,030 jobs are created, realizing approximately \$33 million in wages, and \$18 million in local, state, and federal taxes.

As you undertake your noble mission of analyzing the nation's tax system and crafting recommendations for reform, I urge you to support proposals that will maintain the effectiveness of these vital programs.

Sincerely,



Douglas A. Garver
Executive Director