



June 3, 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 (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 over 2.7 million apartments for lower-income families. The two programs finance 130,000 apartments each year and are the only significant producers of affordable rental housing. Last year in Wisconsin, the two programs financed 3,160 low income units through the housing credit and bond programs. These resources are critical to help preserve section 8 properties. An estimated 35,000 low income units are at risk of loss of affordability in the next 3 years as owners are able to opt out of their section 8 contracts.

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. The average MRB household earns \$42,000 in Wisconsin—well below the national median family income. In 2004, over 4,000 households in Wisconsin used MRB financing to buy their first home.

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, such as Dane and Waukesha Counties, making the Housing Credit and Bond programs even more important. Furthermore, these programs promote economic growth and increase employment. Wisconsin Housing and Economic Development Authority programs are estimated to have an economic impact to the state of over \$1 billion annually.

I urge you to oppose tax reform proposals that would directly or indirectly harm these vital programs.

Sincerely,

Antonio Riley
Executive Director

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