



NATIONAL
HOUSING
T R U S T

September 28, 2005

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

Dear Sir or Madam:

The National Housing Trust appreciates the opportunity to submit comments to the President's Advisory Panel on Federal Tax Reform. We share the concerns of many other housing groups regarding how any proposed tax reform could impact the preservation of the many at-risk project-based Section 8 and older, FHA insured, multifamily properties.

The National Housing Trust is a national nonprofit organization formed to preserve and improve affordable multifamily homes for low- and moderate-income use. The Trust saves multifamily properties at risk of conversion to market rate housing and resolves the problems of "troubled" properties that suffer from physical deterioration and financial and social distress. Over the past 8 years, the Trust and its affiliate, NHT/Enterprise Preservation Corporation, have saved more than 17,000 affordable apartments in 42 states, involving the acquisition and rehabilitation financing of over \$200 million.

The National Housing Trust urges the President's Advisory Panel on Federal Tax Reform to protect the Low Income Housing Tax Credit (Housing Credit) and tax-exempt private activity housing bond (Housing Bond) programs in any tax reform recommendations you submit.

The Housing Credit and Housing Bond programs are particularly important in the preservation of our nation's **existing, affordable housing stock**. Between 1965 and 1990, the nation invested over \$60 billion in a supply of affordable rental housing. Most of the affordable housing built during this period was financed or subsidized through federal assistance agreements that will expire if they are not renewed. Of the 1.4 million federally assisted units, hundreds of thousands are at risk of being lost through conversion to market rate, gentrification, deterioration, and condo conversion. Over an eight year period from 1995 to 2003, the nation lost 300,000 previously affordable, subsidized apartments. In the next four years alone, the contracts for 8,342 additional Section 8 properties will expire, with more than 616,000 assisted units at risk of being lost forever.

Meanwhile, the country has an increasing need for affordable housing. The Joint Center for Housing Studies at Harvard University describes how the nearly 10 million renters with incomes less than \$17,500 outnumber the existing affordable housing supply by 2 to 1. According to the U.S. Department of Housing and Urban Development, more than five million households in the U.S. have critical housing needs. The National Housing Conference reports that over half of our nation's carpenters, kindergarten teachers, groundskeepers, retail clerks, and other service workers pay more than half of their incomes for rent.

National Preservation Initiative

Part of the solution to the problem of expiring Section 8 contracts is the acquisition, rehabilitation and preservation of these properties, largely made possible through the Housing Credit and Housing Bond programs. These programs have become the most significant tool we have for the preservation of existing, affordable multi-family housing. In 2000, about 20,000 apartments were preserved through the Housing Credit and Housing Bond programs. Compare this figure to the more than 95,000 affordable apartments preserved nationwide in 2003 and 2004 alone, and the dramatically increasing importance of these programs for preserving affordable housing is clear. Any tax reform that damages these programs will disproportionately impact the preservation of our nation's existing affordable housing stock.

Continued support of the Housing Credit and Housing Bond programs is essential for tackling the significant problem of preserving our existing affordable housing for the hundreds of thousands of families and seniors who call it home.

Thank you for consideration.

Very truly yours,

A handwritten signature in black ink that reads "Michael Bodaken". The signature is written in a cursive style with a long horizontal flourish at the end.

Michael Bodaken

President