

February 1, 2008

The Honorable Max Baucus
Chairman
Senate Committee on Finance
215 Dirksen Senate Office Building
Washington DC 20510

Dear Mr. Chairman:

We are writing to thank you for your leadership as Congress continues to develop an economic stimulus bill that will meet the challenges faced by the American public. As you continue to finalize legislation in this area, we urge your continued support for the proposal which provides an additional \$10 billion of tax-exempt private activity bond authority that may be used for multifamily or mortgage revenue bonds.

The provision (Section 131 of the Senate Finance Committee-passed *Economic Stimulus Act of 2008*) represents an important opportunity for Congress to provide a stimulus for economic growth while also furthering the goals of providing affordable housing for America's working families.

Tax-exempt multifamily housing bonds are used to finance the construction, rehabilitation, and preservation of affordable apartments for lower-income families. Housing developments financed with multifamily bonds are generally required to make at least 40% of their apartments available for families with incomes of 60% of area mean income (AMI) or less, or 20% for families with incomes of 50% of AMI or less. Furthermore, many multifamily bonds finance housing specially designed to meet the needs of the elderly, disabled, homeless or people living with AIDS, among other special populations.

According to the National Low Income Housing Coalition (NLIHC), approximately 900,000 affordable rental apartments have been financed using multifamily housing bonds. In 2005 alone, States issued more than \$5.3 billion in multifamily bonds which financed close to 60,000 units of affordable rental housing.

The expansion of the volume cap on multifamily housing bonds is appropriate for inclusion in a bill aimed at encouraging economic growth because an increase in the number of these developments will have positive impacts on the economies of the area where they are built. NLIHC estimates that, together with mortgage revenue bonds and the low-income housing tax credit program, multifamily bonds helped to create 242,000 jobs, \$8.1 billion in wages and salaries and \$5.8 billion in government revenue in 2004. An increase in the volume cap will make these economic contribution levels even more significant.

In addition to expressing our support for the proposal championed by Senators Kerry and Smith, we would also like to ask your support for one modification to the proposal to bring the treatment of multifamily bonds in line with the other housing bonds addressed by the provision.

As the Committee recognized when it included this proposal in the Committee-passed bill, exempting housing bonds from the AMT makes the bonds more attractive to investors, generating increased proceeds that ultimately benefit the populations served by these bonds programs. Just as it is appropriate to include mortgage revenue and qualified veterans' mortgage bonds as tax preference items under I.R.C. 57(a)(5)(C), it is likewise appropriate to apply that same treatment to multifamily bonds that meet the qualifications of I.R.C. 142(d).

The American apartment industry...working together for quality, accessible, affordable housing.

Accordingly, we respectfully ask that you consider modifying the proposal to treat multifamily bonds on par with the other bonds addressed by the provision by exempting the income generated by them from the AMT.

The National Multi Housing Council and the National Apartment Association represent the nation's leading firms participating in the multifamily rental housing industry. Our combined memberships are engaged in all aspects of the apartment industry, including ownership, development, management, and finance. The National Multi Housing Council represents the principal officers of the apartment industry's largest and most prominent firms. The National Apartment Association is the largest national federation of state and local apartment associations. NAA is comprised of nearly 200 affiliates and represents over 51,000 professionals who own and manage more than 6 million apartments¹. NMHC and NAA jointly operate a federal legislative program and provide a unified voice for the private apartment industry.

On behalf of the members of NMHC/NAA, we respectfully ask you to continue your efforts to provide an additional \$10 billion of tax-exempt private activity bond authority to be used for specified housing bonds and to exempt interest earned on all of these bonds from the alternative minimum tax. Please do not hesitate to contact Jennifer Bonar Gray at the National Multi Housing Council, jgray@nmhc.org, 202/974-2362 with any questions.

Sincerely,



Doug Bibby
President



Douglas S. Culkin, CAE
President

**Cc: The Honorable John Kerry
The Honorable Gordon Smith**

¹ <http://www.naahq.org/aboutnaa/>