

December 6, 2017

The Honorable Kevin Brady  
1011 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady,

With millions of families lacking access to affordable rental housing, it is critical that tax reform do no harm to our nation's affordable-housing production programs. At a minimum, the final tax reform package must:

- Preserve the Low-Income Housing Tax Credit;
- Preserve the tax exemption for private activity bonds; and
- Offset the impact of a lower corporate tax rate on Housing Credit investment.

With a 30-year track record, the Housing Credit is the nation's most successful supply-side affordable housing program and the only one of any consequence. Since 1986, it has encouraged approximately \$100 billion in *private* investment in the preservation and construction of more than three million affordable rental homes. We are pleased that both the House and Senate tax reform bills preserve the Housing Credit, a position that must be maintained by the conference committee.

It is also critical that the conference committee preserve the tax exemption for private activity bonds, as provided in the Senate bill. The "4 percent" Housing Credit, used in conjunction with private-activity bonds, helps finance more than half of the affordable rental homes built and renovated each year. Novogradec & Company estimates that eliminating the tax exemption for private activity bonds could result in nearly 900,000 fewer affordable rental homes over the next decade, a devastating outcome.

Finally, both the House and Senate bills fail to take into account the impact of a lower corporate tax rate on Housing Credit investment. With a significantly lower rate, Housing Credit pricing will have to drop to maintain current market yields. Without offsetting adjustments, lower pricing will reduce the amount of private equity available to build and preserve affordable rental homes. In response, the conference committee should at least increase Housing Credit authority by 50 percent, as proposed in the bipartisan Affordable Housing Credit Improvement Act of 2017 (S. 548).

With the current shortage of affordable rental homes measured in the *millions* of units, tax reform must support, not impede, our efforts to meet the housing needs of America's lowest-income families. Your help would be greatly appreciated.

Sincerely,



J. Ronald Terwilliger  
Chairman Emeritus, Trammell Crow Residential



Daryl Carter  
Chairman and CEO, Avanath Capital Management

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Lawrence Curtis  
President, WinnDevelopment



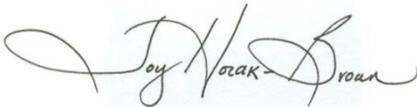
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