



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

November 3, 2017

The Honorable Kevin McCarthy
United States House of Representatives
Rayburn House Office Building, Room 2421
Washington, D.C. 20515

RE: Tax Reform and the Low Income Housing Tax Credit

Dear Rep. McCarthy:

We are writing to respectfully urge you to preserve funding for the Low Income Housing Tax Credit (Housing Credit) and Private Activity Bond Program (Bond Program). The Tax Cuts and Jobs Act, introduced in the House of Representatives on November 2, proposes the elimination of the Bond Program and the effective elimination of the 4% Housing Credit.

We cannot overstate the vital role these programs play in building and preserving affordable housing throughout the nation, but especially in California as we struggle with a housing crisis that is quickly metastasizing into a humanitarian and public health catastrophe. Not only does California account for one-fifth of the nation's homeless, but one-in-three renters commit more than half of their wages to rent. With such a large portion of household income devoted to housing, Californians are struggling to cover food, medical, and childcare expenses.

The elimination of the Housing Credit and the Bond Program would throw gasoline on a housing shortage that already stands at one and half million units and is growing by an alarming 60,000 units each year.

Here's why:

California is the largest beneficiary of the 4% Housing Credit and tax exempt private activity bonds in the country. In 2016, affordable housing projects in California received \$2.2 billion worth of 4% housing credits and the state deployed more than \$6 billion of private activity tax exempt bond authority for multifamily and single housing. These two funding sources created or preserved more than 20,600 affordable homes in 2016, of which 19,275 homes were for households earning 60% or less of Area Median Income.

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More than 6,699 housing units involve new construction and 5,037 of the 20,600 homes have been set aside to house our most vulnerable populations: seniors and households with special needs individuals.

In short, the current House proposal would decimate programs that are currently producing two-thirds of all the affordable housing built in California.

We urge you to reject the elimination of the Bond Program and the 4% Housing Credit. Furthermore, we urge your support of the Tiberi-Neal Bill (HR 1661), a bill that strengthens the Housing Credit program. Additionally, we urge inclusion in the revised Tax Cuts and Jobs Act of the 50% increase in the 9% credit that is contained in the Cantwell-Hatch Bill (S 548). Please recommend these changes to Chairman Brady as a top priority for your office during the markup of the tax bill by the House Ways and Means Committee.

At a time when our state has a deficit of more than 1.5 million affordable rental homes, we cannot afford to lose the single largest program helping to address this deficit.

We appreciate your consideration. If you have any questions about the Bond Program or the 4% Housing Credit in the state of California or would like to discuss the program in further detail, please do not hesitate to get in touch.

Sincerely,



JOHN CHIANG
California State Treasurer

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ANTHONY RENDON
Speaker
California Assembly

/ s /

JIM BEALL
Chair
Senate Transportation and Housing Committee

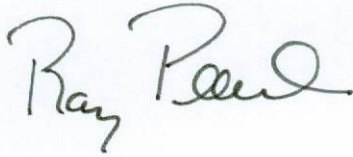
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DAVID CHIU
Chair
Assembly Housing and Community Development Committee



PATRICK R. SABELHAUS
Executive Director
California Council for Affordable Housing



RAY PEARL
Executive Director
California Housing Consortium



LISA HERSHEY
Executive Director
Housing California



ROBBIE HUNTER
President
State Building & Construction Trades Council of California