



Attorneys and Counselors at Law

est. 1895

jpoulson@watkinseager.com
Direct Dial: (601) 965-1805
Facsimile: (601) 965-1901

Mailing Address:
P.O. Box 650
Jackson, Mississippi 39205
Telephone: (601) 965-1900
Facsimile: (601) 965-1901

June 28, 2016

VIA FIRST CLASS MAIL

Senator Thad Cochran
United States Senate
113 Dirksen Senate Office Building
Washington, D.C. 20510-2402

Re: Affordable Housing Credit Improvement Act of 2016 (S. 2962)

Senator Cochran:

Watkins & Eager PLLC is actively engaged in the representation of numerous developers, lenders and investors involved with the Low-Income Housing Tax Credit (Housing Credit). As such, we are in the unique position of being able to see first-hand the multitude of benefits afforded by this program. Accordingly, we would like to urge you to address our nation's severe shortage of affordable rental housing by co-sponsoring the bipartisan Affordable Housing Credit Improvement Act of 2016 (S. 2962), introduced this May by Senate Finance Committee Chairman Orrin Hatch and Senator Maria Cantwell. This legislation would expand the Housing Credit, as well as make the program more streamlined and flexible.

Our Nation's Affordable Housing Needs are Vast and Growing

More than one in four renter households in the U.S., roughly 11 million, spend more than one-half of their monthly income on rent, leaving too little for other necessities such as food, medical care, and transportation. More than 92,000 of these households are located here in Mississippi.

According to the Urban Institute, not a single county in the United States has nearly enough affordable apartments for all of its extremely low-income renters, and only one in four eligible low-income households receives any housing assistance. Over the coming years, the demand for affordable housing will become even greater as we continue to lose affordable housing from our stock, while more low-income renter households enter the market. According to a recent study by Harvard University's Joint Center for Housing Studies and Enterprise Community Partners, the number of renter households who pay more than one-half of their income towards rent could grow to nearly 15 million by 2025.

The Housing Credit is a Proven Solution to Address the Crisis

The Housing Credit is our nation's primary tool for financing the development and preservation of affordable rental housing, and our best solution for addressing the affordable housing crisis. For 30 years, it has been a model public-private partnership program, leveraging private sector resources, market forces, and state-level administration in order to give low-income families, seniors, veterans, and people with disabilities access to homes they can afford.

The Housing Credit has financed nearly 3 million affordable apartments since 1986, providing homes to roughly 6.5 million low-income households since then. In Mississippi alone, the Housing Credit is responsible for the development or preservation of close to 50,000 affordable apartments, giving over 114,000 Mississippi families an affordable place to call home.

There Are Not Enough Housing Credit Resources to Meet the Need

Despite the growing need for affordable housing, viable and sorely needed Housing Credit developments are turned down each year because the cap on Housing Credit authority is far too low to support the demand. In 2013, the most recent year for which data is available, the Mississippi Housing Credit allocating agency received applications requesting more than 2.45 times its available Housing Credit authority. Many more potential applications for worthy developments were not submitted in light of the intense competition, constrained only by the lack of resources.

The constraints on Housing Credit resources forces state allocating agencies to make difficult trade-offs between directing their extremely limited Housing Credit resources to preservation or new construction, to rural versus urban areas, to neighborhood revitalization or developments in high opportunity areas, or to housing for the homeless, the elderly, or veterans. There simply is not enough Housing Credit authority to fund all of the properties needed, but with a substantial increase in resources, many more of these priorities would be addressed.

Congress Should Expand and Strengthen the Housing Credit

Though the need for Housing Credit-financed housing has long vastly exceeded its supply, Congress has not increased Housing Credit authority in 16 years. To make a meaningful dent in the affordable housing supply gap, we urge you to lend your support the Affordable Housing Credit Improvement Act of 2016. This bill would increase the cap on Housing Credit authority by 50 percent, thereby supporting the preservation and construction of 350,000 to 400,000 additional affordable apartments nationwide over the next ten years.

There is ample developer and investor appetite for Housing Credits to support such an increase. And for the millions of families paying more than one-half of their income towards housing, who on a daily basis must choose between paying the rent or their medical bills, or

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making repairs to their cars, or enrolling in job training classes, an expansion of the Housing Credit cannot come soon enough.

Regards,

WATKINS & EAGER PLLC

A handwritten signature in blue ink, appearing to read "J. L. Poulson".

Jason L. Poulson

A handwritten signature in blue ink, appearing to read "Paul L. Gunn".

Paul L. Gunn