The Honorable Mary Landrieu
United States Senate
Washington, DC 20510

Dear Senator Landrieu:

Thank you for your letter of March 2, 2011, regarding the extension of the Gulf Coast Opportunity Zone (GO Zone) Low-Income Housing Tax Credit (LIHTC) placed-in-service date. Please be assured that the Administration understands the critical need for the extension of the GO Zone tax credits and the negative impact that failing to extend the credits would have on New Orleans and other communities impacted by Hurricanes Katrina and Rita as they continue their recovery efforts. You should also be assured that the Administration supports an additional year extension to December 31, 2012, of the GO Zone placed-in-service date and is committed to working with Congress to see that the extension is enacted as soon as possible.

As you mention in your letter, the economic activity spurred by the GO Zone credits has played an important stimulative role in the rebuilding of the Gulf Coast. These tax credits have fostered development in devastated areas and have enabled the return of the people who love their communities and who are drivers of local economies throughout the Gulf Cost. GO Zone projects have created jobs and stimulated the economic recovery in these areas. In New Orleans, specifically, the tax credits have played a central role in leveraging the financing needed to complete the rebuilding of the Big Four public housing developments: St. Bernard, C.J. Peete, Lafitte, and B. W. Cooper. The revitalized developments have not only spurred construction activity and will restore essential affordable housing, but also have encouraged the development of new businesses and improved civic life around these developments.

Since the beginning of the Administration, President Obama, First Lady Michelle Obama, Vice President Joe Biden, Dr. Jill Biden, Cabinet members, and other senior administration officials have visited New Orleans and the wider Katrina-Rita-impacted areas to see firsthand the scale of recovery challenges that remain. Our respective agencies have made significant investments of staff and funding to support recovery efforts. Many of these programs continue to provide meaningful resources to disaster survivors and the communities being rebuilt. Through these visits, we have come to recognize the dire impact that failing to extend the tax-credit would have on Gulf Coast communities and the people that live in them. Not extending the GO Zone placed-in-service date for an additional year would result in a major setback for the recovery, and would significantly impact the creation of affordable housing, business development and overall community revitalization.

We will continue to work with Members of Congress to extend the GO Zone placed-in-service date and stand firmly committed to an additional year extension. We are confident that with your help we will be able to see an extension signed into law, and with it, continued economic activity and community redevelopment in the Katrina-affected Gulf Coast.

Sincerely,

Timothy F. Geithner
Secretary of the Treasury

Shaun Donovan
Secretary of Housing and
Urban Development