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Colonial Financial Advisors, Inc.
Old City Hall
45 School Street
Boston, Massachusetts 02108
(617) 227-6919

December 11, 1984

Mr. James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

RE: TREASURY DEPARTMENT TAX REFORM PROPOSALS

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in a present economic climate.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are illuminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about $2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortgage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan Administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,

Richard J. DeAgazio
President

RJDkmr

Exchange Group Inc.
of Boston

Old City Hall
45 School Street
Boston, Massachusetts 02108

Telephone:
(617) 277-0181

JAB-4

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Washington, D.C. 20500

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Richard J. DeAgazio
President

RJDkmr

December 11, 1984

Mr. James A. Baker III
Chief of Staff and Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

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Very truly yours,

Arthur C. Coughlan, Jr.

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128 Richdale Road
Needham, MA 02194