

October 17, 2011

The Honorable Daniel Inouye
Chairman
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Senate Committee on Appropriations
Washington, DC 20510

Dear Chairman Inouye and Ranking Member Cochran:

Our organizations represent owners, management companies, lenders, builders and developers and housing agencies, which have been working with Congress for the last ten years to formulate common sense legislation to streamline the important Housing Choice Voucher Program. We have long-maintained that the Section 8 voucher program is extremely successful, but like many government programs, has started to sag under the weight of too many inefficient and duplicative requirements. The myriad of overlapping and redundant procedures has made the program difficult to administer and has deterred many professional landlords from participating in the program.

We therefore thank the Appropriations Committee for recognizing this and including several reforms to streamline the certification and tenant rent calculations. In fact, we would urge you to go a step further and add provisions that have been included in various introduced housing bills that eliminate redundant property inspections and facilitate professional landlord participation in the program.

However, we have some concerns regarding the language on Fair Market Rents (FMRs) which was included in S.1596. The Committee-passed bill (on page 160, starting at line 12) would strike the current statutory requirement that HUD publish proposed fair market rents in the *Federal Register* with reasonable time for public comment and that each fair market rent in effect shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent year available data trended so the rents will be current for the year to which they apply.

The multifamily industry groups do not support eliminating the annual date certain (October 1) publication of FMRs and eliminating the public comment period before proposed FMRs go into effect, as outlined in S. 1596. Property owners cannot plan for rent adjustments and operating expense budgets without knowing FMRs for the coming year. In addition, FMRs are used in the determination of annual income limits, so income limits cannot be published until FMR calculations are completed. Owners of Low Income Housing Tax Credit (LIHTC) properties cannot set annual rents until income limits are published.

We worked diligently with House Financial Services Committee staff and HUD on H.R. 3045, "The Section Eight Voucher Reform Act," from the 111 Congress, which ensures that FMRs continue to be published on October 1 and that interested stakeholders have an opportunity to comment on the proposed FMRs before they become final. This language is now included in the House Financial Services Committee October draft of the Section Eight Savings Act (SESA).

After the discussions with the House Financial Services Committee were concluded, HUD proposed, through the *Federal Register*, additional changes to how FMRs are calculated due to changes in the availability of data sets, as well as its desire to seek policy changes related to housing choices. These

proposals are very technical and often have unintended consequences. Our industry groups have responded to HUD's request for comments on all of its proposed changes to FMRs.

In responding to comments, HUD acknowledged that NO stakeholders support eliminating a public comment period, nor do stakeholders support eliminating the October 1 publication of FMRs. In fact, stakeholders' emphasis on the importance of publishing FMRs and income limits in a timely manner led HUD, in its *Federal Register* notice on proposed FY2012 FMRs, to suggest establishing an annual publication date for income limits. In the *Federal Register* notice for final FY2012 FMRs, HUD said it would now publish income limits on December 1 each year. This is an important step in ensuring timely publication of all critical data needed to operate affordable housing programs, and we would not want to move backward by eliminating the October 1 date certain publication for FMRs. Thus, we believe that it is important that the FMR language in the Senate appropriations bill be edited to establish a date certain for publishing the FMRs, as well as to allow for public comment.

In summary, we urge your support to revise the FMR language as we suggest and to include provisions for streamlining the inspection process.

Sincerely,

Council for Affordable and Rural Housing
Institute of Real Estate Management
Leading Age (formerly AAHSA)
National Affordable Housing Management Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Leased Housing Association
National Multi Housing Council

Cc: Members of the Senate Committee on Appropriations