

NAHMA LEGISLATIVE ACTION: FY 2012 Transportation-HUD Appropriations

The House and Senate Appropriations Committees have released their proposals for funding HUD programs for FY 2012. Although funding cuts in FY 2012 were significantly less than expected, the proposed FY 2012 appropriations are still below FY 2011 levels.

Positive Aspects

- Both the Senate (S. 1596) and House legislation provide full-funding for Section 202 and 811 PRACS, tenant-based Section 8, and project-based Section 8 12-month rental assistance contracts.
 - Nevertheless, only the House legislation provides increased funding for capital advances for the construction of new Section 202 (elderly) and 811 (disabled) units above FY 2011 levels.
 - This funding is critical to ensuring enough units for the quickest growing and most vulnerable populations in America.

NAHMA Areas of Concern

- Both bills propose significant cuts to the HOME and CDBG programs below FY 2011 appropriations level.
 - Cutting funding to these accounts would severely hamper new construction and rehabilitation of existing affordable housing units
 - Especially in a time where very little multifamily rental housing construction is occurring due to sluggish economic recovery.
 - Cutting HOME and CDBG funding would also jeopardize important sources of gap financing for low-income housing tax credit (LIHTC) deals.
 - These cuts will directly reduce the number of construction and development jobs in local communities, as well as revenue for state and local governments.
- The House legislation did not include an extension for the Mark-to-Market (M2M) program.
 - M2M currently expires on September 30. Without the extension, HUD will lose the authority to allow owners to restructure their mortgages, while lowering Federal subsidies for the property, saving the Federal government money.
 - The program also allows owners to rehabilitate and preserve the property while maintaining long-term affordability.
 - Without the restructuring authority, property owners may opt-out of Federal rental assistance programs, reducing the number of affordable housing units available to working Americans.
 - HUD requested Congress to extend M2M through September 30, 2015 in its FY 2012 Budget. NAHMA also supports this request.
- The House bill lacks funding for the limited English proficiency (LEP) line-item within the Fair Housing account in the House bill.
 - Document translations are an ongoing need at HUD as existing HUD vital documents require periodic updates and as new vital documents are identified.
 - The translations and technical assistance provided by the line-item increase the information available and access to affordable housing for LEP households.

- NAHMA believes appropriators should also require HUD to explore options and costs for providing a toll-free oral interpretation hotline to address the need for an interpretation safe-harbor.
- The Senate Appropriations Committee's bill, S. 1596, contains language that would eliminate a statutory requirement that HUD publish fiscal year fair market rents (FMR) on October 1.
 - Removing the October 1 FMR publication requirement would create significant uncertainty for property owners trying to plan rent adjustments and operating expense budgets for the coming fiscal year;
 - Because FMRs are used in the determination of annual income limits, income limits cannot be published until FMR calculations are completed.
 - The longer the delay in publication of income limits, the greater the potential for losses in cash flow for affordable properties because rents cannot be adjusted.
 - Unexpected losses in cash flow affect the property owner's ability to maintain and staff the property.

NAHMA urges Congress to pass an FY 2012 Transportation-HUD Appropriations bill OR continuing resolution that contains:

- **Full funding for: Section 202 and 811 PRACS, tenant-based Section 8, and project-based Section 8 12-month rental assistance contracts;**
- **Continued capital advances for new construction of Section 202 and 811 units;**
- **At least \$1.5 billion for HOME;**
- **An extension of the M2M mortgage restructuring program through September 30, 2015; and**
- **Continued funding for LEP technical assistance; and**
- **Does not eliminate the required October 1 publication date of HUD FMRs from statute.**