

November 18, 2014

Representative Hal Rogers
Chairman Committee on Appropriations
H-305 Capitol Building
Washington, DC 20515

Senator Barbara Mikulski
Chairwoman Committee on Appropriations
S-131 Capitol Building
Washington, DC 20510

Representative Nita Lowey
Ranking Member
Committee on Appropriations
H-305 Capitol Building
Washington, DC 20515

Senator Richard Shelby
Ranking Member
Committee on Appropriations
S-131 Capitol Building
Washington, DC 20510

Dear Chairman Rogers, Ranking Member Lowey, Chairwoman Mikulski and Ranking Member Shelby:

As the Congress prepares to act on outstanding appropriations business before the end of the session, we are writing to request your consideration regarding the funding and authorization of important U.S. Department of Housing and Urban Development (HUD) programs. These programs help leverage private sector resources to develop and operate affordable rental housing across this country. The undersigned national associations represent for-profit and non-profit owners, developers, managers, lenders, housing cooperatives and housing agencies involved in the provision of affordable rental housing for the elderly, families and veterans.

We strongly urge Congress to swiftly adopt a Fiscal Year 2015 budget at the funding levels approved by the Senate Appropriations Committee for the Department of Housing and Urban Development (HUD). However, our organizations remain concerned that funding for the two largest rental assistance programs, Section 8 Housing Choice Vouchers (HCV) and Section 8 Project-Based Rental Assistance (PBRA) is inadequate. We also support the continuation of the Rental Assistance Demonstration Program (RAD).

Section 8 Housing Choice Vouchers (HCV)

The Fiscal Year 2013 budget sequester has had a lasting impact on the Section 8 Housing Choice Voucher (HCV) program. Relief in the form of somewhat higher funding in Fiscal Year 2014 enabled housing agencies to restore almost half of the approximately 70,000 vouchers lost due to the sequestration. In addition, the HCV program is supported by 700,000 property owners/managers who participate in the program enabling quality housing for over two million low income households. The Senate Appropriations Committee funding level of \$19.56 billion, with \$17.72 billion for voucher renewals, is closer to the Administration's request of \$20.04 billion, with \$18 billion for renewals. While this level of funding will not restore all lost vouchers, it is critically important to help meet the ever-increasing need for rental assistance by very-low income households.

Section 8 Project-Based Rental Assistance (PBRA)

We remain concerned about the inadequate funding levels for the Section 8 Project-Based Rental Assistance (PBRA) program as requested by the Administration and reflected in the current House and Senate appropriations bills. This program provides housing for 1.2 million households through public-private partnerships and has consistently delivered quality affordable housing by leveraging private sector investment and expertise.

For Fiscal Year 2015, HUD proposed a total of \$9.7 billion to meet Project-Based Rental Assistance (PBRA) program needs. But the Administration also proposed to shift funding for PBRA contracts to a calendar year cycle from the current fiscal year cycle. Our organizations have expressed reservations about this proposal to HUD officials as well as to Congressional appropriators. The actual mechanics of this proposed change are complex and not without potential disruption to property owners.

HUD's Fiscal Year 2015 budget request is less funding than was provided in Fiscal Year 2014. HUD has estimated that it actually needs closer to \$11.9 billion to fully fund all contracts (12 months of funding from the contract anniversary date). Even with a change from fiscal year to calendar year renewal, the program would still need an increase of about \$1.1 billion in Fiscal Year 2016. This means the Fiscal Year 2016 budget proposal may be so large that Congress will simply not accept it, which would devastate the program. Thus, we believe that the \$9.75 billion considered by both the House and Senate appropriators still has the potential to destabilize the program; it is less than what is needed and simply accelerates an accruing shortfall which HUD has addressed on an interim basis by short-funding existing housing assistance payment contracts.

Shifting to calendar year funding does not create savings; it simply pushes the cost to the following year. The change in funding interval is a one-time, temporary shift in costs, and will not be available to Congress next year. The impression of a sudden spike in costs for the next fiscal year resulting from this policy could be misleading and could endanger the full funding of the PBRA program. Without full funding, the ability of the federal government to honor its contractual obligations will be compromised and endanger the long-term success of the PBRA program because property owners will have insufficient revenues to maintain their properties, service their mortgage debt and add to their required reserves.

We urge you to reject the shift from fiscal year to calendar year contract renewal cycles and to increase the appropriations to ensure that all contracts can be fully funded in FY2016.

Rental Assistance Demonstration Program (RAD)

We urge the Congress to adopt the language in the Senate T-HUD bill to extend and expand the Rental Assistance Demonstration program. This program enables the recapitalization of the aging public and assisted housing stock while creating administrative efficiencies in the very complex process of preservation.

Thank you for your consideration of our views.

Sincerely,

Council for Affordable and Rural Housing
Institute of Real Estate Management
Institute for Responsible Housing Preservation
Leading Age
Mortgage Bankers Association
National Affordable Housing Management Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Association of Housing Cooperatives
National Leased Housing Association
National Multifamily Housing Council