

March 24, 2015

Senator Susan M. Collins  
Chairwoman, Appropriations Subcommittee on Transportation, Housing and Urban  
Development and Related Agencies  
SD-142 Dirksen Senate Office Building  
Washington, DC 20510

Senator John F. "Jack" Reed  
Ranking Member, Appropriations Subcommittee on Transportation, Housing and Urban  
Development and Related Agencies  
SD-142 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairwoman Collins and Ranking Member Reed:

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. As the Congress considers the Fiscal Year (FY) 2016 budget request from the U.S. Department of Housing and Urban Development (HUD), we are writing to request your consideration regarding the funding of the Section 8 Project-Based Rental Assistance (PBRA) program. Our organizations remain concerned that funding for this important program is inadequate and the new calendar year funding methodology HUD proposes merely continues to push program costs into future fiscal years.

The PBRA 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. The portfolio is leveraging approximately \$16 billion in Federal Housing Administration insurance and more than \$17 billion in private financing and equity. Further, this housing often provides important services to residents, which are primarily low income elderly and disabled (56 percent of households), to allow them to live independently and avoid a premature move to a nursing home and astronomical costs to the Federal Government through Medicaid.

HUD's proposal for funding the contracts for 12 calendar months results in an increased budget request of \$1.03 billion as a result of shifting costs from FY15. This increased request is still insufficient to fully fund all expiring contracts for 12 months from the anniversary dates of the contracts. Funding contract renewals on a calendar year schedule as HUD proposes does not create savings. It simply accelerates an accruing shortfall in the account, now estimated at about \$1.4 billion, by bifurcating payments over two fiscal years, which is no different than what HUD has been doing over the last few years to accommodate the lack of sufficient appropriations.

Full funding for the annual contracts is necessary in order to maintain the existing portfolio and not displace tenants or put at risk scarce affordable housing and private capital that was provided in good faith to finance it. In recent years, HUD has delayed payments, shortened the contract

terms and reduced the Housing Assistance Payments (HAP) to owners in order to push a portion of the total annual costs into the next fiscal year. The impact of these actions have forced owners to draw from their replacement reserve accounts, scale back critical tenant services, delay tax and other payments for vital services and subsequently reduced the confidence of private investors. Full funding for annual contracts will prevent PBRA property owners from having to make these difficult choices, and it will ensure that the multifamily properties backed by FHA mortgages will not experience default.

We believe the true cost of 12-month funding for each contract on the anniversary date of the contract in FY 2016 is approximately \$12.2 billion. We strongly encourage the Subcommittee to provide full funding for these contracts based on the true cost of renewals.

We look forward to working with Congress and HUD to ensure the PBRA program receives the necessary appropriations for the federal government to continue its public-private partnership with private multifamily owners, and to protect the investment in this vital portfolio.

Thank you in advance for your consideration of this request. Questions about the issues raised in this letter may be directed to Kris Cook, Executive Director of the National Affordable Housing Management Association at [Kris.Cook@nahma.org](mailto:Kris.Cook@nahma.org) and Denise B. Muha, Executive Director of the National Leased Housing Association at [dmuha@hudnlha.com](mailto:dmuha@hudnlha.com).

Sincerely,

Council for Affordable and Rural Housing (CARH)  
Institute of Real Estate Management (IREM)  
LeadingAge  
National Affordable Housing Management Association (NAHMA)  
National Apartment Association (NAA)  
National Association of Affordable Housing Lenders (NAAHL)  
National Association of Home Builders (NAHB)  
National Association of Housing Cooperatives (NAHC)  
National Leased Housing Association (NLHA)  
National Multifamily Housing Council (NMHC)