

April 1, 2014

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

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

Representative Thomas Latham
Chairman
Subcommittee on Transportation, Housing and
Urban Development and Related Agencies
2358-A Rayburn Housing Office Building
Washington, DC 20515

Representative Edward Pastor
Ranking Member
Subcommittee on Transportation, Housing
and Urban Development and Related Agencies
2358 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Rogers, Ranking Member Lowey, Chairman Latham and Ranking Member Pastor:

We are writing to alert you to serious concerns regarding the funding levels for HUD's Section 8 project-based rental assistance (PBRA) program that were proposed in the Administration's FY2015 budget proposal.

The undersigned groups represent for-profit and nonprofit housing owners, developers, managers, and lenders involved in the provision of affordable rental housing through the PBRA programs. The assisted properties are privately owned and are under contract with the federal government through HUD, which enables elderly, disabled and low wage families to afford their rental housing.

The PBRA program provides rental subsidies to about 18,000 properties which are home to 1.3 million residents. Over half of the residents are elderly and disabled and the average income of the households is about \$12,000 per year.

The Administration's proposal fails to fully fund the Section 8 project-based program in FY2015 by shifting the costs to FY2016. In the last few years, to reduce the budget request, HUD has short funded the Housing Assistance Payment (HAP) contracts by splitting the funding for the contracts over two fiscal years. HUD is proposing more of the same for FY2015, but this time by adopting a calendar year funding mechanism which shifts much of the funding burden to the next fiscal year. Each year there is short funding, the funding gap which must be filled widens.

HUD has acknowledged that short funding is merely kicking the can down the road but has chosen the calendar year approach purportedly to save budget authority and to provide transparency. While we think HUD has been operating in good faith, the ramifications of this approach are quite serious. By adopting calendar year funding, HUD is accelerating the impact of the accruing shortfall. HUD is requesting \$9.7 billion for FY2015 (less than what was funded in FY2014), but acknowledged that the amount needed to fund the contracts for 12 months is closer to \$11.5 billion. The result is that in FY2016, Congress will need to increase funding for the program by at least \$1.3 billion or risk significant harm to residents, lenders and communities. There will be no flexibility for HUD to move money around as it has done over the last few years. Without full funding, the ability of the federal government to honor its contractual obligations will be seriously compromised.

We strongly urge the committee to reject the calendar year funding method proposed by the Administration and support full funding for the project-based rental assistance program. Please contact Denise Muha (NLHA) dmuha@hudnlha.com or Lisa Blackwell (NMHC) Lblackwell@nmhc.org with any questions or to request additional information.

Council for Affordable and Rural Housing (CARH)
Institute for Responsible Housing Preservation (IRHP)
Institute of Real Estate Management (IREM)
Leading Age (formerly American Association of Homes and Services for the Aging)
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 Housing Trust (NHT)
National Leased Housing Association (NLHA)
National Multifamily Housing Council (NMHC)