



National Affordable Housing Management Association

526 King Street, Suite 511 • Alexandria, Virginia 22314 • 703-683-8630 FAX 703-683-8634 www.nahma.org

December 13, 2002

The Honorable Mel Martinez
Secretary
U. S. Department of Housing and Urban Development
451 Seventh Street S.W.
Washington, D.C. 20410

Re: FY 2003 –FY 2008 HUD Strategic Plan

Dear Secretary Martinez:

The National Affordable Housing Management Association (NAHMA) appreciates the opportunity to comment on the Draft Strategic Plan for FY 2003 – FY 2008. NAHMA has advocated for decent affordable housing under HUD programs for 10 years, and our members look forward to working with the Department in meeting the challenges of the years outlined in the plan.

While NAHMA supports the broad goals and objectives outlined in the plan, we have serious concerns as to the timing, implementation, funding and impact of a number of elements:

1. The substance of the plan disproportionately concentrates on increases in single family home ownership.

While this is a laudable goal, it sidesteps the fact that there are approximately 4.7 million households today that qualify for rental assistance programs but are unable to obtain assistance due to lack of funds and/or inventory. The goal of funding 12,000 new homeowners with section 8 assistance in the years FY 2004 through FY 2008 will concentrate significant resources on a small population. We estimate that this addition of 3,000 new homeowners a year will fall behind the increase in households that qualify for housing assistance during the same period. If this initiative is not funded with new section 8 allocations, it will merely transfer the assistance to another area and will not produce any new housing units.

NAHMA is disappointed that the Department does not address any new program for production of new affordable rental housing. While the Department acknowledges industry's efforts in the tax credit and tax-exempt bond programs, it bypasses the fact that these programs are primarily aimed at households in the 60% Area Median Income level, and generally speaking, does not as effectively address those



households in the Very Low and Extremely Low income categories, thus ignoring those with worst-case housing needs.

2. Increasing housing opportunities for the elderly and persons with disabilities.

NAHMA strongly supports the 202 / 811 development programs. The unhappy fact is that with known budget allocations, the Department has proposed level funding for the program in an environment of increasing costs. This will lead to a reduction in the number of units built in subsequent years. NAHMA also supports Service Coordinators for these properties, but has not seen additional funding from the Department for meeting the goal of increasing the number of coordinators.

3. Improve Physical Quality and Management Accountability.

NAHMA supports the goals of the Rental Housing Integrity Improvement Program. The unfortunate fact is that a re-write of occupancy regulations will not make the program work. Under current law, the landlord does not have the tools available to execute the program in the manner envisioned by the Department. NAHMA encourages the Department to sponsor the needed legislation that will allow adequate access to income, wage and employment information to support correct rental calculations. We would welcome the opportunity to work with the Department in this effort.

NAHMA also supports the Department's efforts to identify under-performing properties. However, NAHMA is concerned that the Department may be repeating approaches to policy making which proved to be counterproductive in the past. When the Department introduced the REAC physical inspection process, policy was developed without including industry partners. The scoring system was shrouded in secrecy, and as a result, the system did not work when it was introduced. Only later, after the Department and industry worked together to identify and implement improvements, did the system begin to achieve its objectives. We are concerned that recent events are repeating this pattern. In particular, we believe that the new procedures for properties with REAC physical inspection scores below 60 and the procedures for assessing the financial condition of properties will meet with a similar fate because the Department has excluded industry partners from its deliberations.

Overall, NAHMA would like to see the FY 2003 – FY 2008 HUD Strategic Plan address the rapidly growing problem of very large numbers of working households who are unable to find or afford suitable housing.

We had hoped the Department would take an innovative leadership position in developing programs that address those households with worst-case housing needs.

As NAHMA has acknowledged, the goal of increasing homeownership is laudable. However, achieving this goal alone will not solve the problems many families face in

finding quality affordable housing. **NAHMA strongly believes the Strategic Plan should recognize and proactively address the many instances in which quality affordable rental housing is the preferred option of households who are not equipped to deal with the maintenance and financial demands of owning a single family home.** There are simply not sufficient funds, land or materials to put every household in a single family home.

In closing, there is a growing need for new methods to increase multifamily housing opportunities that will be affordable to families at and below the low-income level. NAHMA stands ready to work with the Department to that end.

Sincerely,

A handwritten signature in cursive script that reads "Wayne Fox". The signature is written in black ink and is positioned below the word "Sincerely,".

Wayne Fox
President
National Affordable Housing Management Association
526 King Street, Suite 511
Alexandria, VA 22314