

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

National Affordable Housing Management Association – 400 N. Columbus Street, Suite 203 - Alexandria, VA 22314
Phone 703-683-8630 - Fax 703-683-8634 - www.nahma.org



April 15, 2011

NAHMA Analysis 2011-0415

FY 2011 Full Year Continuing Resolution for Affordable Housing Programs

Effective Date or Deadline

President Obama signed H.R. 1473, the FY 2011 Department of Defense and Full Year Continuing Appropriations Act, into law on Friday April 15, 2011.

Background

President Obama submitted an outline of his Fiscal Year (FY) 2011 budget request to Congress in February 2010.

The new federal fiscal year 2010 began on October 1, 2009. By that date, all annual appropriations bills that fund federal agencies were supposed to have been signed into law. This year, no appropriations bill was passed by this date. Instead, Congress passed a series of six continuing resolutions (CR) which funded government programs at FY 2010 levels, unless a bill specified a particular funding level for a program, through April 14, 2011.

The FY 2011 appropriations process was delayed over Congressional concerns on how to deal with the United States' growing debt and deficit levels. America's excess government spending was one of the main issues in the 2010 Congressional mid-term election, which reduced Democrats' clout in the Senate and led the Republicans to retake the majority in the House in the 112th Congress. Both the Democrats and Republicans agreed government spending must be reduced; however, they disagreed on how much to cut from current spending and the types of programs that should be impacted. Because the disagreements were so contentious, negotiations on FY 2011 appropriations were drawn out over four months into the 112th Congress.

Democrats opposed large spending cuts to social programs while the Republicans were reluctant to support reductions in defense spending. Republicans were also insistent on including several policy riders into the final FY 2011 appropriations bill, which would have prohibited government funding for Planned Parenthood, defunded NPR, stripped government funding to implement the Obama's health care law, and eliminated funding for the District of Columbia's needle exchange program.

In order to gain Republican support for the CRs passed in 2011 and give Congress more time to negotiate the FY 2011 appropriations, both the House and Senate agreed to \$12 billion in cuts over the course of

three CRs. These CRs reduced funding for the rural rental assistance contracts by \$24 million and CDBG by \$280 million.

Summary

Appropriations for the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture-Rural Housing Service (USDA-RHS) multifamily housing programs were funded by H.R. 1473, the 2011 Full Department of Defense and Full Year Continuing Appropriations Act. The act is a full year CR that provides funding for the remainder of FY 2011, instead of a regular appropriations omnibus bill, like those approved in the past. The FY 2011 CR cuts \$38.5 billion from current government spending levels. The Transportation-HUD accounts received the largest percentage of cuts out of all 12 appropriation accounts, with an 18 percent decrease below FY 2010 spending—a reduction of \$12.3 billion.

Overall, tenant-based Section 8, project-based Section 8, Section 202 and 811 PRACs, and rural rental assistance contracts received full funding for FY 2011. Almost every other multifamily housing account received funding cuts when compared to FY 2010 levels.

In terms of FY 2011 appropriations for HUD programs, tenant-based Section 8 vouchers received large increases above the FY 2010 appropriation levels. Project-based Section 8 funding received a large boost and an advanced appropriation for FY 2012 to help cover the program shortfalls between fiscal years. NAHMA is also pleased to report that Congress has once again appropriated \$500,000 for LEP translations. This funding represents significant continued progress in our efforts to offset the costs to housing providers associated with HUD's LEP guidance, while at the same time, ensuring those with limited English proficiency have access to low-income housing. CDBG, HOME, and HOPE VI received significant cuts when compared to FY 2010 appropriations. The Choice Neighborhoods Initiative would still be eligible for up to \$65 million from the HOPE VI account. President Obama's Transforming Rental Assistance Initiative received no funding. Finally, Congress continued to provide funding for the Transformation Initiative, which would allow HUD to improve information technology and technical assistance for its programs.

Except for Section 515, all USDA-RHS multifamily programs received cuts when compared to FY 2010 appropriations levels. Section 515 was flat-funded.

The funding for key affordable multifamily housing program accounts is summarized below. Figures are rounded.

Key HUD Appropriations Accounts

FY 2011 Tenant-Based Rental Assistance Appropriation: \$18.4 billion (total); \$16.7 billion (contract renewals); An additional \$4 billion advanced appropriation for FY 2012

FY 2011 Budget Request: \$19.6 billion (total); \$17.3 billion (contract renewals)

FY 2010 Appropriation: \$18.2 billion (total); \$16.3 billion (contract renewals)

Within this account, money is to be distributed as follows:

- Voucher renewals: \$16.7 billion
- Adjustment of voucher costs: Up to \$150 million
- Tenant protection vouchers: \$110 million
- Administrative fees: \$1.45 billion

- HUD-Veteran Affairs Supported Housing (VASH) vouchers: \$50 million
- Section 811 Vouchers: \$35 million
- Family Self-Sufficiency Coordinators: \$60 million

The program received a \$200 million increase in total funding for FY 2011. The increase went towards voucher renewals. Congress cut \$130 million for administering the program. Funding for VASH vouchers was cut by \$25 million. Because S. 1481, the Frank Melville Supportive Housing Investment Act, was passed in the 111th Congress, the FY 2011 appropriations have moved vouchers for disabled households from the Section 811 account into the tenant-based Section 8 account. Section 811 vouchers would be funded at \$35 million.

HUD has informed NAHMA that the funding provided by the FY 2011 CR is enough to fully fund all tenant-based Section 8 voucher contracts for their 12-month terms.

FY 2011 Project-Based Rental Assistance Appropriation: \$9.3 billion (total); \$8.95 billion (renewal); \$400 million as an FY 2012 advanced appropriation

FY 2011 Budget Request: \$9.4 billion total; \$9.04 billion (contract renewals); \$400 million as an FY 2012 Advanced Appropriation included in the total funding level (full-funding for all contract renewals in FY 2011 was determined to be lower in mid-2010);

FY 2010 Appropriation: \$8.5 billion (total); \$8.325 billion (contract renewals); \$393 million as an FY 2011 Advanced Appropriation included in the total funding level

Total funding for Project-Based assistance will be distributed as follows:

- Contract Renewals: \$8.95 billion
- Contract Administrators: \$326 million

Project-Based Section 8 funding received a \$900 million increase in funding over FY 2010 levels. HUD has said that the FY 2011 funding levels in the CR are enough to fully fund all 12-month project-based Section 8 contracts.

Congress has also recognized the need for a “cushion” to provide funding during the FY 2011 and FY 2012 overlap. It has provided a \$400 million advanced appropriation for FY 2012 for this purpose.

FY 2011 Limited English Proficiency (LEP) Funding: \$500,000

FY 2011 Budget Request: \$0

FY 2010 Appropriation: \$500,000

In terms of Fair Housing, NAHMA was instrumental in encouraging Congress to designate funds for LEP translations. Congress has approved the use of \$500,000 to create and promote translated materials to assist those with LEP in using HUD services. Funding for this account was carried over from FY 2010 and was not removed in the FY 2011 language.

FY 2011 Section 202 Housing for the Elderly: \$400 million

FY 2011 Budget Request: \$274 million; no funding for capital advances

FY 2010 Appropriation: \$825 million

Total funding for Section 202 in FY 2011 is allocated accordingly:

- \$100 million for capital advance and project-based rental assistance awards;
- At least \$260 million for PRAC renewals and service coordinators; and
- Up to \$40 million for the conversion of 202 units to assisted living facilities.

The FY 2011 appropriations represent a significant cut over FY 2010 levels. Although all Section 202 PRAC renewals will receive full-funding for FY 2011, only \$100 million from the account may be used for capital advances. This is a decrease of \$482 million in capital advances from FY 2010 spending levels. However, \$100 million for capital advances and new PRACs is preferable to the alternative the Obama Administration proposed in the FY 2011 budget request: no funding for capital advances. HUD said they are seeking approval to add the capital advance funding as an amendment to the FY 2010 Section 202 NOFA instead of issuing a separate NOFA for FY 2011.

The bill also eliminates appropriations for making competitive grants to private nonprofit organizations and consumer cooperatives for covering planning, work, and site control costs.

FY 2011 Section 811 Housing for the Disabled Appropriation: \$150 million

FY 2011 Budget Request: \$90 million; no funding for capital advances

FY 2010 Appropriation: \$300 million

Total funding for Section 811 is allocated as follows:

- \$50 million for capital advances and project-based rental assistance contracts;
- \$68 million for PRAC renewals; and
- \$32 million for amendments or renewal of tenant-based assistance contracts entered into prior to fiscal year 2007.

The FY 2011 funding represents a significant decrease in spending on capital advances when compared to the FY 2010 spending levels. However, \$50 million for capital advances and new PRACs is preferable to the alternative the Obama Administration has proposed in the FY 2011 budget request: no funding for capital advances. HUD said they are seeking approval to add the capital advance funding as an amendment to the FY 2010 Section 811 NOFA instead of issuing a separate NOFA for FY 2011.

The amendments/renewal of tenant-based assistant contracts also received a \$55 million cut when compared to FY 2010 appropriations. NAHMA is checking in to the reasoning behind this large cut. We believe the funding may have been cut because funding for tenant-based assistance contracts would only apply to contracts entered into prior to FY 2007.

The Section 811 voucher line item has been moved to the tenant-based Section 8 account.

FY 2011 HOME Appropriation: \$1.61 billion

FY 2011 Budget Request: \$1.65 billion

FY 2010 Appropriation: \$1.83 billion

Congress cut funding for the HOME program compared to both the FY 2011 budget request and the FY 2010 appropriation. HUD estimated that \$1.65 billion, \$40 million more than the FY 2010 appropriation, would have produced an additional 72,215 units of affordable housing through new construction, rehabilitation, and/or acquisition.

FY 2011 CDBG Appropriation: \$3.5 billion; \$3.43 billion for grants

FY 2011 Budget Request: \$4.38 billion; \$3.99 billion for grants

FY 2010 Appropriation: \$4.45 billion; \$3.99 billion for grants

CDBG received a large cut below the FY 2011 budget request and FY 2010 appropriation. However, the FY 2011 appropriation is \$2 billion above the House Republican's initial proposal for FY 2011 CDBG funding. The Sustainable Communities Initiative would receive \$100 million of which \$70 million would be used for Regional Integrated Planning Grants and the remaining \$30 million would be used for Community Challenge Planning Grants.

FY 2011 HOPE VI Appropriations: \$100 million; Up to \$65 million may be used for Choice Neighborhoods

FY 2011 Budget Request: \$0

FY 2010 Appropriation: \$200 million

HOPE VI provides funding to public housing agencies for demolition, site revitalization, replacement housing, and tenant-based assistance grants to properties.

Congress has significantly reduced funding for the HOPE VI account. However, up to \$65 million may still be used for a Choice Neighborhoods demonstration program.

FY 2011 Choice Neighborhoods Appropriations: Up to \$65 million from the HOPE VI program account for the Choice Neighborhoods demonstration program

FY 2011 Budget Request: \$250 million

FY 2010 Appropriation: Up to \$65 million from the HOPE VI program account for the Choice Neighborhoods demonstration program

Congress has once again approved funding for HUD to conduct a demonstration program for the Choice Neighborhoods Initiative within the HOPE VI program account. Although this is much less than the FY 2011 budget request, the program will open up the HOPE VI funding beyond the scope of PHAs to the community and privately owned affordable housing to help alleviate concentration of poverty in urban areas.

Transformation Initiative: \$71 million for information technology modernization and the ability to transfer up to 1 percent of all program accounts to an account for IT improvements and technical assistance

FY 2011 Budget Request: Ability to transfer up to 1 percent of all program accounts to an account for IT improvements and technical assistance

FY 2010 Appropriation: \$20 million to combat mortgage fraud and allows the transfer of up to 1 percent of all program accounts to an account for IT improvements and technical assistance

Congress provided \$71 million for information technology modernization through September 30, 2013, which would include developing and launching a new voucher management system and a modernized FHA system.

At the request of the Administration, Congress will continue to allow HUD to transfer up to 1 percent of all program accounts to a Transformation Initiative to improve IT and technical assistance in selected HUD programs for: research, evaluation, and program metrics; program demonstrations; technical assistance and capacity building; and information technology. At least \$45 million must be used for technical assistance.

Transforming Rental Assistance Initiative: \$0

FY 2011 Budget Request: \$350 million

FY 2010 Appropriation: n/a

Congress did not appropriate funding for HUD's Transforming Rental Assistance (TRA) Initiative. TRA would have offered PHAs and private owners of RAP, Rent Supp, and old Mod Rehab properties the option of converting to hybrid long-term project based rental assistance contracts that included a resident mobility feature.

Congressional authorizers and appropriators alike have stated they have serious concerns with the TRA initiative as proposed in the FY 2011 budget and the Preservation, Enhancement, and Transforming Rental Assistance (PETRA) Act draft legislation. Congressional members were particularly concerned with the treatment of public housing in the case of foreclosure, the overall cost of the conversions, and the resident mobility feature. Congressional authorizers were particularly apprehensive over the legislative language regarding the treatment of public housing in cases of bankruptcy and foreclosure. They felt that this provision could result in the privatization of existing public housing.

Noteworthy Policy Riders

The FY 2011 full year CR included two additional policy riders for HUD programs. The FY 2011 CR extends all the FY 2010 policy riders through September 30, 2011.

The relevant FY 2011 multifamily housing policy riders are as follows:

- Section 2249 provides a one-year extension for all expiring RAP contracts.
- Section 2252 increases the funding available for the FHA multifamily mortgage account by \$5 billion.

The relevant FY 2010 multifamily housing policy riders are as follows:

- Section 212 allows HUD to authorize the transfer of some or all project-based assistance, debt, and low-income and very low-income use restrictions associated with one or more multifamily housing project to another multifamily housing project or projects in FY 2011 and FY 2012.
- Section 215 sets forth requirements for eligibility for Section 8 voucher assistance, and includes a consideration for persons with disabilities. No assistance will be provided to students attending an institution of higher education who are: under 24, not a veteran, unmarried, do not have dependent children, do not have a disability, is otherwise ineligible, or have parents who are not eligible to receive assistance. Any financial assistance (in excess of tuition) that an individual receives under the Higher Education Act of 1965 from private sources, or an institution

of higher education, will be considered income to that individual, except for a person over the age of 23 with dependent children.

- Section 217 instructs HUD on managing and disposing of any multifamily property that is owned by HUD. HUD is required to maintain Section 8 rental assistance payments and project programs unless it is not feasible to continue rental assistance because of the costs of rehabilitation and operation and environmental conditions. HUD has the option of providing rental assistance if the costs or conditions above are the case. If HUD does dispose of a multifamily property, the contract and allowable rent levels will be subject to the requirements under section 524 of the Multifamily Assisted Housing Reform and Affordability Act.
- Section 220 allows the recipient of a Section 202 grant to establish a single-asset nonprofit entity to own the project and may lend the grant funds to such entity, i.e. a private non-profit organization.
- Section 222 extends the HOPE VI program through September 30, 2011.
- Section 226 requires that HUD shall report quarterly on the status of all Project-Based Section 8 housing.
- Section 228 requires HUD to publish NOFAs online.
- Section 229 allows refinancing and prepayment of certain Section 202 loans if the project sponsor agrees to operate the project until the maturity date of the original loan and the prepayment may involve refinancing of the loan.
- Section 239 allows the Disaster Housing Assistance Programs to be considered a HUD program for the purpose of income verifications and matching.

Key RHS Accounts in the Agriculture Appropriations Bill

FY 2011 Section 515 Appropriation: \$69.5 million

FY 2011 Budget Request: \$95 million

FY 2010 Appropriation: \$69.5 million

Congress has once again flat-funded the Section 515 program when compared to the FY 2010 appropriation. Congress did not increase funding for the Section 515 account as requested in the Obama Administration's FY 2011 budget because they provided funding for the Multifamily Housing Preservation Demonstration program, which the Obama Administration requested eliminating. The bill also allows RHS to transfer any unused Section 515 funding to the Multifamily Housing Revitalization Program.

FY 2011 Section 521 Rental Assistance Appropriation: \$956 million

FY 2011 Budget Request: \$966 million

FY 2010 Appropriation: \$980 million

Congress appropriated \$24 million below the FY 2010 levels and \$10 million below the Obama Administration's request for rural rental assistance. RHS has told NAHMA that this funding level will be sufficient to cover all existing contracts and that they do not anticipate any shortfalls.

FY 2011 Section 538 Loan Guarantee Program Appropriation: \$30 million

FY 2011 Budget Request: \$129 million

FY 2010 Appropriation: \$129 million

Congress cut almost \$100 million from Section 538 program. Although the Obama Administration proposed funding for Section 538 in their FY 2011 budget request, USDA recommended eliminating the program in their FY 2012 budget request. The Office of Management and Budget (OMB) justified this recommendation saying the program's purpose is redundant in comparison to other HUD programs that guarantee loans for multifamily housing. In addition, OMB cited that the program has suffered from larger than expected defaults in recent years, unexpectedly raising the cost of the program. As a result, both House and Senate appropriators proposed even larger cuts to the loan guarantee program in previous appropriations bills for FY 2011.

Congress, pursuant to the Obama Administration's budget request, did not provide the Section 538 loans with a guarantee fee or interest subsidies.

Multifamily Housing Revitalization Program Account: \$31 million

The Multifamily Housing Revitalization Program (MRP) includes funds for the rural housing voucher program, multifamily revolving loan demonstration program, and the Section 515 preservation demonstration program.

FY 2011 Budget Request: \$18 million for housing vouchers

FY 2010 Appropriation: \$43.2 million; \$16.4 million in vouchers, \$25 million for the demonstration program, and \$2 million for non-profit loans

Total funding for the Multifamily Housing Revitalization Program is allocated as follows:

- \$15 million for a revitalization demonstration program
- \$14 million for rural housing vouchers
- \$1 million for revolving loans to non-profits.

Congress has appropriated funding above the Administration's budget request; however; it is below FY 2010 appropriations levels. Congress has also provided \$14 million in rural housing vouchers for low-income families, which is \$4 million below the President's budget request.

Positive Aspects of this Legislation

NAHMA is pleased that Congress provided full-funding tenant-based Section 8, project-based Section 8, Section 202 and 811 PRACs, and rural rental assistance contracts. NAHMA and our members strongly advocated for full funding for FY 2011 in these program accounts to Congress over the last year. The appropriations for these accounts will help ensure that all contracts are funded for the full 12 months at renewal. Not only do these funds help house millions of low-income households, the project-based Section 8 appropriations alone help support over 100,000 jobs (both directly and indirectly) in local communities, according to HUD's FY 2012 budget request.

Nevertheless, NAHMA will stay vigilant and ensure Congress provides enough appropriations in FY 2012 to fully-fund all HUD and RHS multifamily housing contracts in order to protect low-income households and American jobs.

NAHMA was instrumental in procuring LEP translation funding for FY 2011. However, this was done as an unauthorized appropriation. Because of the tight budget environment, unauthorized appropriations for these services cannot be guaranteed in the future. Authorizing funding for LEP translations, interpretation assistance and services would provide greater assurance that a reliable stream of funding will be available to provide persons with LEP a consistent level of service and quality translations in future years. It would also guide HUD in the use of authorized LEP appropriations. Therefore, NAHMA will continue working with Congress to move forward with the authorization language, either through the Section 8 Voucher Reform Act (SEVRA) or stand-alone legislation.

We remain interested in the Choice Neighborhoods program. NAHMA looks forward to seeing how HUD's demonstration program grants will affect efforts to revitalize neighborhoods and privately-owned affordable housing in distressed areas.

NAHMA is pleased to see that Congress wisely did not use the appropriations process to enact provisions from the draft PETRA bill or Rep. Keith Ellison's (D-MO) Rental Housing Revitalization Act. Rep. Ellison's Rental Housing Revitalization Act is a revised version of PETRA that was introduced in the 111th Congress. There were several provisions of concern in these bills that would have negatively impacted owners and agents of multifamily housing properties include: a right of first purchase for HUD for properties with converted contracts, a significant expansion of tenants' rights, a resident right to confidential and proprietary building information, and a tenant mobility feature that would be unfair to those already on the housing choice voucher waitlist.

However, it appears that HUD has started scaling back their ambitions. In the FY 2012 budget request, HUD provided a revised TRA initiative for a small, focused demonstration program to convert public housing, RAP, Rent-Supp, and Mod-Rehab properties to project-based Section 8 contracts. NAHMA will evaluate the new authorization language and provide it to our members for additional feedback when it becomes available in the coming months. Nevertheless, NAHMA continue to encourage HUD and Congress to convert these contracts to existing project-based Section 8 rental assistance.

We agree with the overall goals of HUD's Transformation Initiative. Congress has approved funding for a number of multifamily housing programs that need technical updates, including: REAC within the Public Housing Capital Fund, HOPE VI, the Energy Innovation Fund, CDBG, HOME, Section 202, Section 811, Lead Hazard Reduction, Rental Housing Assistance, and Fair Housing Activities. NAHMA will watch the program to ensure that the programs that affect our members receive the attention and the funding they need to update and streamline their operations.

Finally, NAHMA supports continued funding the RHS's Multifamily Housing Revitalization Program. The multifamily rural housing portfolio is in desperate need of rehabilitation and the demonstration program will help RHS determine the best course of action for preserving rural units.

Issues of Concern to NAHMA

We remain concerned over the continued delays in completing the appropriations process. Delayed appropriations followed by temporary continuing resolutions have been on-going problems for a number of years. However, House and Senate Democrats in the 111th Congress had enough time to complete the FY 2011 appropriations process but put off doing so until after the 2010 mid-term elections. They then punted the issue to the 112th Congress, when the Republicans became the House majority party. The

House Republicans and Senate Democrats then delayed a final decision on FY 2011 appropriations until over halfway through the current fiscal year because of political posturing.

NAHMA believes delays in completing the appropriations process are unacceptable. Funding the federal government at the previous fiscal year's level for extended periods deny federal government programs crucial funding increases. Also, each time Congress approves a continuing resolution, funding can be delayed due to the number of financial controls and the time it takes to process the funding through the Administration, then HUD, and, finally, to the owners and agents. For federal funding recipients, like NAHMA members, who have monthly bills and expenses, these delays and initial lower funding levels can cause problems for effective and efficient operations. NAHMA will continue to strongly urge Congress to complete the process before the FY 2012 year begins on October 1, 2011.

Although HUD and RHS received full funding for contract renewals in FY 2011, NAHMA is concerned by statements and assumptions by Congressional Republicans, which will guide the FY 2012 budget and appropriations process. House Republican have claimed that Federal housing assistance subsidies are growing at an out of control rate. Both the House Financial Services Committee's Oversight Plan for the 112th Congress and the House Budget Committee's "The Path to Prosperity" FY 2012 budget proposal have recommended seeking reforms for Federal housing assistance programs because of their quick increases. The House Budget Committee's "The Path to Prosperity" Report contends Federal housing assistance "is growing because policymakers are choosing to grow it, and because there are no time limits or work requirements that encourage recipients to lead lives of increased self-sufficiency." However, this logic is extremely flawed.

First, funding for housing assistance has increased because the Bush Administration did not request enough money in their budgets to fully-fund all project-based Section 8 contracts for their 12-month terms. Underfunding the programs over several years led to a \$2 billion funding gap and subsequent housing assistance payment delays in the summer of 2007. It was not until 2009 that Congress increased appropriations to meet the government's contractual obligations to project-based Section 8 owners. The seven percent increase in the project-based Section 8 funding account between FY 2010 and FY 2011 was to allow for rent increases to cover growing property operating, utility, and emergency costs.

Second, this logic assumes that project-based Section 8 tenants are not motivated enough to leave the program. HUD's tenant data for 2008 debunks this claim. HUD's data suggests that 70 percent of project-based Section 8 tenants are elderly or disabled. They cannot work or cannot find work. Only four percent of all project-based Section 8 tenants report welfare as their primary source of income. NAHMA wonders if it is wise to pursue time limits under the present economic circumstances.

Although we are pleased to see that Congress provided some funding for Section 202 and 811 new construction capital advances, we are disappointed by the low amounts the legislation provided for these activities. Elderly and disabled populations are increasing at an alarming rate and many of these properties experience long waiting lists. These are among the few programs that still provide new construction for affordable rental housing. Financing new construction and rehabilitation is already difficult because of the credit crunch and the financial crisis. Continued funding for Section 202 and Section 811 capital advances will not only produce new affordable housing units for low-income populations, but will also provide additional construction jobs in the projects' communities. NAHMA will work to restore these cuts in FY 2012.

NAHMA was also disheartened to see such large spending reductions in the CDBG, HOME, HOPE VI, and the Multifamily Housing Revitalization Program accounts. These programs provide funding for construction of additional units and rehabilitation for existing affordable rental housing units, as well as much needed job opportunities in America. CDBG and HOME are also important sources of gap

financing for affordable housing programs, including the LIHTC. Reducing funding for these programs could lower the number of affordable units available to low-income working, elderly, and disabled Americans. This is extremely concerning, especially in light of HUD' Office of Policy Development and Research findings on the "Worst Case Housing Needs 2009: Report to Congress." The report found that during 2007 to 2009 the number of renters experiencing worst case needs jumped by more than 20 percent, from 5.91 to 7.10 million. The term "worst case housing need" is defined as very low-income renters with incomes below 50 percent of AMI who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions. Overall, the number of renters experiencing worst case housing needs has jumped by 42 percent in the last decade. Construction and rehabilitation efforts have not kept pace with this growing need. HUD estimates 40 percent of households in need of affordable housing cannot access it. We will continue to push for adequate funding for the CDBG, HOME, HOPE VI, and RHS Multifamily Housing Revitalization accounts in the FY 2012 appropriations.

NAHMA was disappointed with the flat funding for the Section 515 program. With increased operating costs and rising inflation, there is less and less money available for new construction or rehabilitation when these programs are flat-funded. Providing additional appropriations for rural housing will produce new affordable housing units in rural markets and will provide much needed additional jobs and investment opportunities in these areas. NAHMA will continue to advocate for higher funding for the Section 515 programs in the FY 2012 appropriations.

NAHMA was also disappointed with Congress's large cuts to the Section 538 program. While we understand the growing concerns within the Obama Administration and Congress over the high number of mortgage defaults and increasing costs of the program, there is very little financing available for new construction and rehabilitation in rural areas due to economic realities. Furthermore, NAHMA members who have received Section 538 loans have been extremely successful at improving the affordable housing available in rural areas. We would encourage Congress to reform the Section 538 program and maintain this source of financing for rural housing new construction and rehabilitation rather than cut it.

NAHMA's Position

NAHMA is pleased that Congress is continuing to take action to ensure that all rental assistance contracts are fully funded for FY 2011 and is continuing its oversight of Project-Based Section 8 payments. The increased contract funding levels are a strong testament to the effectiveness of NAHMA and the continued grassroots advocacy by our members. Nevertheless, we encourage members to keep us informed if there are disruptions in the housing assistance payment process or other ongoing problems. We also recommend that members promptly communicate problems to their Congressional delegations. NAHMA will work to ensure the necessary appropriations to fully-fund all affordable housing programs for the FY 2012.

However, we are disappointed to see significant cuts in the accounts that provide funding for new construction and rehabilitation of multifamily housing. The accounts not only increase the supply of new units and improve the quality of existing units for low-income households; they provide jobs for hard-working Americans and have a direct impact on local communities across the country. NAHMA will work to restore cuts in these accounts in the FY 2012 appropriations process.

We urge our members to continue their grassroots efforts to show how low-income housing programs benefit the tenants as well as the community. Your efforts are critical to reducing Congressional misperceptions about affordable housing programs. To that end, NAHMA would like to encourage our members to take advantage of the new NAHMA Maps program, located at <http://nahma.apartmentsmart.com>. The NAHMA Maps program provides an affordable housing

overview for each state and Congressional district and helps affordable housing providers show the impact the affordable multifamily rental programs are having in a particular area. Please share this information when discussing affordable housing issues with your Congressional representatives and their staff.

In the meantime, we encourage members to continue communicating with NAHMA and their elected officials to ensure an exceptional quality of living for all Americans.

If you would like to contact your Senators, please visit:

http://www.senate.gov/general/contact_information/senators_cfm.cfm

If you would like to contact your Member of the House of Representatives, please visit:

<http://www.house.gov/writerep/>

You may also visit NAHMA's grassroots page for more information meeting with your representatives and for additional information on affordable housing issues at:

<http://www.nahma.org/content/grassroots.html>