NAHMAnalysis™

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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

November 22, 2011 NAHMAnalysis 2011-1122

FY 2012 Appropriations for Affordable Housing Programs

Effective Date or Deadline

President Obama signed H.R. 2112, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, into law on Friday November 18, 2011.

Background

President Obama submitted an outline of his Fiscal Year (FY) 2012 budget request to Congress in February 2011.

The new Federal FY 2012 began on October 1, 2011. By that date, all annual appropriations bills that fund federal agencies were supposed to have been signed into law. However, Congress did not pass a conferenced appropriations bill by this date. Instead, Congress passed a continuing resolution (CR) which funded government programs at FY 2011 levels through November 18, 2011.

The FY 2012 appropriations process was delayed for a number of reasons. First, Congress did not complete the FY 2011 appropriations process until April 15, 2011, about six months in to the fiscal year. This helped to delay the development and consideration of the FY 2012 budget proposals. Second, after the 2010 election when Republicans took control of the House, there was a strong push in Congress to reduce government spending for FY 2012 and beyond. Several Republican Member of Congress proposed numerous options for reducing the government's growing debt and yearly deficits. Six Senators formed a bipartisan "Gang of Six" and tasked themselves with developing a proposal that would reduce government spending by around $4 trillion over the next 10 years. Although the House passed a budget for FY 2012 by the April 15 deadline, the Senate rejected several budget proposals, including President Obama's FY 2012 budget request and the House's FY 2012 budget proposal. The Senate Appropriations Committee Democrats decided to wait and see what the Senate Gang of Six would propose as part of their deficit reduction proposal. However, the Gang of Six never completed their proposed recommendations and the Committee Democrats never released their own FY 2012 budget proposal for Senate consideration.

The deficit and debt reduction debate slogged on through the summer towards the deadline for Congress to approve an increase in the United States' debt ceiling. House Republicans used the vote to as an opportunity to require the government to develop a plan to reduce spending. As a result, Congress passed P.L. 112-25 (S. 365), the Budget Control Act, in August. The act raised the United States' debt limit through 2012 and required $2.5 trillion in government spending cuts over the next decade. As part of the deficit reduction requirements, Congressional leaders were required to appoint a bicameral, bipartisan Joint Select Committee on Deficit Reduction, known as the "Super Committee". The Super Committee was charged with identifying deficit cuts and revenue increases worth about $1.2 trillion. As part of that effort, standing Congressional committees were authorized to provide recommendations for spending reduction efforts by October 14.

The Super Committee was supposed to have reported on and approved precise deficit-reduction proposals by November 23. However, on November 21, the Super Committee announced that it would not meet its statutory Nov. 23 deadline to approve a $1.2 trillion deficit reduction package. The statement is available at: **http://www.deficitreduction.gov/public/index.cfm/2011/11/statement-from-co-chairs-of-the-joint-select-committee-on-deficit-reduction**.

Because the Super Committee did not approve any deficit reduction measures for Congressional consideration by November 23, the Budget Control Act now requires across-the-board cuts of $1.2 trillion to both social and national security/defense programs beginning in 2013—unless Congress takes action to repeal the statutory requirement to implement the cuts. However, President Obama has publically stated that he will veto any effort to undo the automatic spending cuts. The spending reduction debate may spill over into the 2012 elections.

These ongoing government spending reduction efforts delayed the House and the Senate Appropriations Committees consideration of the FY 2012 appropriations bills. In fact, the House and the Senate Appropriations Transportation-HUD Subcommittees did not release or approve their FY 2012 proposed spending bills until September, which made it almost impossible for Congress to approve the legislation by the September 30 deadline.

It was only after the jurisdictional Committees' deficit reduction proposals were submitted to the Super Committee that the Senate Democratic leadership decided to move the 12 appropriations bills for FY 2012 forward. The Senate decided to bundle the appropriations bills into "minibus" legislation—a combined package of three to four appropriations bills. The first minibus, H.R. 2112, contained the Agriculture, Commerce, Justice, and Science, and Transportation-HUD FY 2012 appropriations bills. The Senate approved this minibus on November 1. The minibus was then conferenced in early November with the relevant House appropriations bills and contained a continuing resolution to fund all other government programs through December 16. Both the House and Senate approved the conferenced version of H.R. 2112 on November 17. President Obama signed H.R. 2112 into law on November 18.

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. 2112, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012.

The Agricultural appropriations account was cut overall by $350 million when compared to FY 2011 levels. The Transportation-HUD account, however, received an increase of $183 million above FY 2011 appropriations levels. However, Congress's approved funding levels for both accounts are well below the FY 2012 Presidential budget requests.

Overall, tenant-based Section 8, project-based Section 8, Section 202 and 811 PRACs, and rural rental assistance contracts received full funding for FY 2012. The legislation, however, significantly cut funding for new construction and rehabilitation programs below FY 2011 levels.

In terms of FY 2012 appropriations for HUD programs, tenant-based Section 8 vouchers received large increases above the FY 2010 appropriation levels. Project-based Section 8 contract renewals received a small increase in order to meet all of the government's 12-month contract obligations. The account included an advanced appropriation for FY 2013 to help cover the program shortfalls between fiscal years as well. NAHMA is also pleased to report that Congress has appropriated $300,000 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 the Section 202 and 811 capital advances received significant cuts when compared to FY 2011 appropriations. The Choice Neighborhoods Initiative would receive $120 million and fulfill the role of the HOPE VI program, which received no funding for FY 2012. President Obama's Transforming Rental Assistance Initiative received no funding. Nevertheless, the legislation authorized HUD to conduct a Rental Assistance Demonstration program, which would provide a contract conversion option for public housing and Mod-Rehab properties to long-term project-based Section 8. 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 538, all USDA-RHS multifamily programs received cuts when compared to FY 2011 appropriations levels. Section 538 funding was restored to FY 2010 levels.

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

Key HUD Appropriations Accounts

FY 2012 Tenant-Based Rental Assistance Appropriation: $18.9 billion (total); $17.24 billion (housing choice voucher contract renewals); an additional $4 billion advanced appropriation for FY 2013

FY 2012 Budget Request: $19.2 billion (total); $17.1 billion (contract renewals)
FY 2011 Appropriation: $18.4 billion (total); $16.7 billion (contract renewals)

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

- Voucher renewals: $17.2 billion
- Adjustment of voucher costs: Up to $103 million
- Tenant protection vouchers: $75 million
- Administrative fees: $1.35 billion
- HUD-Veteran Affairs Supported Housing (VASH) vouchers: $75 million
- Section 811 Vouchers: $112 million
- Family Self-Sufficiency Coordinators: $60 million

The program received a $500 million increase in total funding for FY 2012. The majority of the increase went towards voucher renewals, Section 811 vouchers, and VASH vouchers. Congress cut $100 million for administering the program. Funding for tenant protection vouchers and the adjustment for voucher costs were cut. Because S. 1481, the Frank Melville Supportive Housing Investment Act, was passed in the 111th Congress, the FY 2012 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 $112 million.

HUD has informed NAHMA that the funding provided by the FY 2012 CR is enough to fully fund all tenant-based Section 8 voucher contracts for their 12-month terms.

FY 2012 Project-Based Rental Assistance Appropriation: **$9.3 billion (total); $9.05 billion (renewal); $400 million as an FY 2013 advanced appropriation**

FY 2012 Budget Request: $9.4 billion total; $9.1billion (contract renewals); $400 million as an FY 2013 Advanced Appropriation included in the total funding level (full-funding for all contract renewals in FY 2012 was determined to be lower in November 2011);
FY 2011 Appropriation: $9.3 billion (total); $8.95 billion (renewal); $400 million as an FY 2013 advanced appropriation

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

- Contract Renewals: $9.05 billion
- Contract Administrators: $289 million

Even though funding for the account was frozen, project-based Section 8 contract renewals received a slight increase in funding over FY 2011 levels. HUD has said that the FY 2012 funding levels in the bill are enough to fully-fund all 12-month project-based Section 8 contracts.

In order help address budgetary challenges, create program savings, and slow the growth of program expenditures, HUD has announced that it will release a number of policy changes to the project-based Section 8 program in the coming months. They include:

- Using funds currently held in project residual receipts accounts to reduce assistance payments;
- Limiting all Option 4 renewals and annual rent adjustments to OCAF increases if proposed rents exceed market; and
- Requiring all rent comparability studies to justify proposed rents that exceed 110% of Small Area Fair Market Rents (SAFMR).

Congress has also recognized the need for a "cushion" to provide funding during the FY 2012 and FY 2013 overlap. It has provided a $400 million advanced appropriation for FY 2013 for this purpose.

The bill would also provide $289 million in funding for contract administrators. The bill also allows PBCAs to administer the following programs: Section 236(a) interest reduction; Rent Supp; Section 236(f); Section 811 PRACs; and Section 202 PRACs and loans.

FY 2012 Limited English Proficiency (LEP) Funding: $300,000

FY 2012 Budget Request: $0
FY 2011 Appropriation: $300,000

In terms of Fair Housing, NAHMA was instrumental in encouraging Congress to designate funds for LEP translations. Congress has approved the use of $300,000 to create and promote translated materials to assist those with LEP in using HUD services. NAHMA requested language that was included in the Senate Appropriations conference report explanation directing HUD to provide information and cost estimates for establishing a 1-800 oral translation hotline. However, the language was not included in the final conference report explanation for H.R. 2112.

FY 2012 Section 202 Housing for the Elderly: $375 million

FY 2012 Budget Request: $757 million, included funding for capital advances
FY 2011 Appropriation: $400 million

Total funding for Section 202 in FY 2012 is allocated accordingly:

- At least $253 million for PRAC renewals and capital advance adjustments;
- No funding for capital advances in FY 2012;
- $91 million for service coordinators; and
- Up to $25 million for the conversion of 202 units to assisted living facilities.

Although all Section 202 PRAC renewals will receive full-funding for FY 2011, there was no funding allocated for capital advances. Congress appropriated $100 million for capital advances in FY 2011. This means that HUD will not be able to fund any new 202 construction in FY 2012.

The bill does not include appropriations for making competitive grants to private nonprofit organizations and consumer cooperatives for covering planning, work, and site control costs. However, the legislation does allow senior preservation rental assistance contracts to be funded through the account.

FY 2012 Section 811 Housing for the Disabled Appropriation: $165 million

FY 2012 Budget Request: $196 million; no funding for capital advances
FY 2011 Appropriation: $150 million

The FY 2012 funding represents a slight increase over funding for FY 2011 for PRACs and capital advance adjustments. However, there is no funding provided for capital advances. Congress appropriated $50 million for capital advances in FY 2011. This means that HUD will not be able to fund any new 811 construction in FY 2012.

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

FY 2012 HOME Appropriation: $1 billion

FY 2012 Budget Request: $1.65 billion
FY 2011 Appropriation: $1.61 billion

Congress significantly cut funding for the HOME program by over one-third of the FY 2011 appropriations. Congressional scrutiny of the program has significantly increased this year due to a *Washington Post* investigative series examining the alleged mismanagement of HOME funds over the last several years. We believe these articles have also contributed to the significant reductions the account has received for FY 2012.

The legislation requires HUD to provide Congress with information on how HUD is monitoring and evaluating grantee performance in the HOME program, including how participating jurisdictions get approval to restart a stalled or cancelled project. The legislation also directs HUD to provide a report by March 16, 2012, and annually thereafter, on all HOME funds that are 5 years old or older. The bill also contains general provisions requesting studies from the GAO on the effectiveness of HUD's Community Planning and Development block grant programs (Section 231) and from HUD on problems in Community Planning and Development programs and how the Department plans to address them (Section 232).

FY 2012 CDBG Appropriation: $2.95 billion for block grants

FY 2012 Budget Request: $3.7 billion for block grants
FY 2011 Appropriation: $3.43 billion for block grants

CDBG received a large cut below the FY 2011 and FY 2010 appropriations. No funding under this account may be used for the Economic Development Initiative, Neighborhood Initiatives activities, or the Rural Innovation Fund.

The legislation would allow up to 20 percent of formula funds to be used for planning, management, and administration. The bill would require the Government Accountability Office to issue a report on how communities use these funds. It would also require HUD to provide an analysis of how much CDBG funding is used by grantees as matching dollars for other federal programs. The bill also contains general provisions requesting studies from the GAO on the effectiveness of HUD's Community Planning and Development block grant programs (Section 231) and from HUD on problems in Community Planning and Development programs and how the Department plans to address them (Section 232).

FY 2012 HOPE VI Appropriations: $0

FY 2012 Budget Request: $0
FY 2011 Appropriation: $100 million; Up to $65 million may be used for Choice Neighborhoods

HOPE VI provides funding to public housing agencies for demolition, site revitalization, replacement housing, and tenant-based assistance grants to properties. No funding was provided for the HOPE VI account this year. However, Congress did provide funding for its successor program, the Choice Neighborhoods Initiative.

FY 2012 Choice Neighborhoods Appropriations: $120 million

FY 2012 Budget Request: $250 million
FY 2011 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, the successor to the HOPE VI program. Although this is much less than the FY 2012 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. However, formal authorization legislation for this program has yet to be enacted.

FY 2012 Transformation Initiative: $50 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 2012 Budget Request: Ability to transfer up to 0.5 percent of all program accounts to an account for IT improvements and technical assistance
FY 2011 Appropriation: $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

Congress provided $50 million for information technology modernization through September 30, 2014. 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.

FY 2012 Transforming Rental Assistance Initiative: $0

FY 2012 Budget Request: $200 million
FY 2011 Appropriation: $0

While no money is given for the TRA program, the bill does grant HUD the authority to conduct a Rental Assistance Demonstration (RAD) program, which would allow public housing and mod-rehab properties to convert to project-based Section 8 contracts under the Multifamily Assisted Housing Reform and Affordability Act Of 1997 (MAHRA) or project-based housing choice vouchers. The application period for PHAs to apply for the demonstration would last through September 30, 2015.

Rental adjustments under these new contracts would be done through an operating cost factor. Up to 60,000 public housing units in a variety of rental markets and geographical areas may be converted under this new authority through a competitive selection process to be determined by HUD. The selection process for the demo, however, would be open to public comment. Under the demonstration, tenants in converted properties could not be rescreened or have their assistance terminated. Converted properties must be owned by a public or non-profit entity except in the case of foreclosure, bankruptcy, or termination and transfer of assistance for material violations or substantial default. In those cases, ownership may be transferred to a capable public entity who must maintain the long-term affordability and use agreements. Under certain circumstances, HUD may approve the sale of a converted public housing property to a for-profit entity.

The RAD language also allows RAP and Rent Supp properties that have lost their rental assistance or long-term affordability restrictions after October 1, 2006 to be eligible to convert their tenant protection vouchers to project-based housing choice vouchers in FY 2012 and 2013.

Noteworthy Policy Riders

The relevant FY 2012 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 retains the current student eligibility rule.

- 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, 2012.
- 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 237 extends the Mark-to-Market program through September 30, 2015.

Key RHS Accounts in the Agriculture Appropriations Bill

FY 2012 Section 515 Appropriation: $64.5 million

FY 2012 Budget Request: $95 million
FY 2011 Appropriation: $69.5 million

Congress has reduced funding for the Section 515 program for the first time in several years. This was done as part of Congress's efforts to reduce government spending.

FY 2012 Section 521 Rental Assistance Appropriation: $905 million

FY 2012 Budget Request: $907 million
FY 2011 Appropriation: $956 million

Congress appropriated $51 million below the FY 2011 levels and $2 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 2012 Section 538 Loan Guarantee Program Appropriation: $130 million

FY 2012 Budget Request: $0
FY 2011 Appropriation: $30.9 million

Congress increased appropriations by $100 million for the Section 538 program and included language in the bill that allows USDA-RHS to charge fees to help cover the subsidy cost.

FY 2012 Multifamily Housing Revitalization Program Account: $13 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 2012 Budget Request: $16 million for housing vouchers
FY 2011 Appropriation: $31 million

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

- $2 million for a revitalization demonstration program
- $11 million for rural housing vouchers

Congress has significantly reduced funding for the revitalization demonstration program below FY 2011 levels. While Congress continues to approve funding for rural housing vouchers for low-income families, it is $3 million below FY 2011 levels and $5 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 of these program accounts 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.

NAHMA was instrumental in procuring LEP translation funding for FY 2012. 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. Passing authorization legislation—which also funds 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 LEP appropriations. Therefore, NAHMA will continue working with Congress to move forward with the authorization language, either through the Section 8 Savings Act (SESA) 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 Congress provide a preservation option for properties assisted under multifamily orphan programs. Properties with Rent Supp, RAP, and non-Section 8 Mod-Rehab contracts currently have no way to preserve their affordability when their contracts expire. The Mod-Rehab properties were permitted in the RAD authorization language to convert to long-term project-based Section 8 contracts under MAHRA or project-based housing choice vouchers. Furthermore, NAHMA applauds the inclusion of a preservation solution for some RAP and Rent Supp properties—properties that have lost their rental assistance or affordability restrictions in the last five years will now be eligible to convert their tenant protection vouchers to project-based housing choice vouchers. We are very interested to see the details of the RAD conversion program. NAHMA will engage HUD as they develop RAD to ensure the program is fair and does not impose undue burdens on O/As choosing to participate in the program.

In addition, NAHMA strongly supports the extension of the Mark-to-Market (M2M) program through September 30, 2015. This program gives HUD the authority to restructure affordable property mortgages, giving owners a tool to preserve and maintain the long-term affordability of the property. The M2M extension also gives property owners an incentive to remain in federally subsidized programs when their subsidy payments are reduce to market levels due to statutory requirements.

Finally, NAHMA supports restored funding for RHS's Section 538 Program. There is very little financing available for new construction and rehabilitation in rural areas due to both economic realities and cuts to other USDA-RD programs. NAHMA members who have received Section 538 loans have been extremely successful at improving the affordable housing available in rural areas. We urge Congress to maintain funding for this program in future appropriations bills.

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. Congress's inability to complete the appropriations by its own September 30 deadline has become an increasing source of frustration for federal government and industry stakeholders alike. NAHMA understands the FY 2012 appropriations process was delayed because of prolonged budget and deficit reduction controversies, which might have affected appropriations levels. However, when no deals appeared to be imminent, Congress should have moved ahead with the FY 2012 appropriations process rather than delaying it further.

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 2013 year begins on October 1, 2012.

Although we are pleased to see that Congress provided full funding for Section 202 and 811 PRACs, we are extremely disheartened to see that the Section 202 and 811 programs will not offer capital advances for new construction in FY 2012. Elderly and disabled populations are rapidly increasing and many of these properties experience long waiting lists. Financing new construction and rehabilitation is already difficult because of the current economic climate. Eliminating capital advance funding for 202 and 811 will reduce the supply of affordable housing for America's most vulnerable populations and the number of construction jobs in the projects' communities. NAHMA will work to restore funding for capital advances in FY 2013.

NAHMA was also disheartened to see such large spending reductions in the CDBG, HOME, HOPE VI/Choice Neighborhoods, and the Multifamily Housing Revitalization Program accounts. While we agree with Congress that additional oversight and increased efficiencies in these programs are necessary—particularly in CDBG and HOME—we do not believe the programs should have their funding reduced. In fact, we are extremely concerned that the House Financial Services Committee Republicans proposed eliminating HOPE VI/Choice Neighborhoods Initiative and reducing funding for CDBG in their deficit reduction recommendations to the Super Committee. This is because the authorizers' recommendations could provide political cover and a justification for appropriators to make additional cuts in these important programs. CDBG, HOME, HOPE VI/Choice Neighborhoods, and the Multifamily Housing Revitalization program provide funding for construction of additional units and rehabilitation for existing affordable rental housing units, as well as much needed job opportunities in America. In addition, CDBG and HOME are also important sources of gap financing for affordable housing programs, including the LIHTC.

Furthermore, reducing funding for CDBG, HOME, HOPE VI/Choice Neighborhoods, and the Multifamily Housing Revitalization programs will 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 still push for adequate funding for the CDBG, HOME, HOPE VI/Choice Neighborhoods, and the RHS Multifamily Housing Revitalization accounts in the FY 2013 appropriations.

NAHMA was disappointed with the reduction to the Section 515 program. With increased operating costs and rising inflation, there is less and less money available for new construction or rehabilitation, especially when the 515 program receives reduced funding 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 program in the FY 2013 appropriations.

Although the project-based Section 8 program received full-funding for FY 2012, HUD expects even more challenges in FY 2013 due to the tightening budget climate. As a result, HUD Acting DAS for Multifamily Janet Golrick released a memo on November 22, announcing that the Department will move forward with a number of policy changes in order to achieve "certain savings in order to slow the growth of PBRA [project-based rental assistance] expenditures and to effectively manage the account within appropriated levels." These policies could reduce the funding available for project-based Section 8 operations in the future. NAHMA will review these policies changes when they are formally released. We are seeking additional information from HUD in the meantime.

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 2012 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. Another example of NAHMA's effective advocacy activities is the fact that the House Financial Services Committee Republicans and Democrats, as well as the House Appropriations Committee Democrats, did not recommend cutting funding for rental assistance contracts as part of a long-term deficit reduction recommendations to the Super Committee is also a testament . In fact, the House Appropriations Committee Democrats came out in opposition to cutting the rental assistance contracts and affordable housing programs.

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 availability of the necessary appropriations to fully-fund all affordable housing programs for the FY 2013.

However, we are disappointed to see significant cuts in the accounts that provide funding for new construction and rehabilitation of multifamily housing. These 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 2013 appropriations process.

We urge our members to continue their grassroots efforts to show your U.S. Senators and Congressional representatives 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, especially the HOME program. 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