



National Council of
State Housing Agencies

June 30, 2010

The Honorable John W. Olver
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
1111 Longworth HOB
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you prepare to mark up the FY 2011 HUD appropriations bill, we urge you to restore HOME formula grant funding to at least \$2 billion; increase Section 8 funding adequate to renew all expiring project-based contracts for a full year, fully fund all authorized vouchers, provide for new incremental vouchers in FY 2011, and ensure that successful HFA voucher and project-based contract administrators continue in and are adequately compensated for these roles; and include necessary resources for HUD and state Housing Finance Agencies (HFAs) to fulfill HUD's new Low Income Housing Tax Credit tenant data collection requirements.

HOME Investment Partnerships Program

This year, the Administration proposes to fund HOME at \$1.65 billion in FY 2011, a 10 percent cut. We urge you to reject the Administration's proposed 10 percent cut and to instead increase HOME funding to \$2 billion in FY 2011 to make up for prior year reductions and inflation's impact on each HOME dollar's buying power.

The need for HOME funding vastly exceeds the amount available. HOME received flat funding in FY 2010. Its FY 2010 appropriation is 9 percent less than its FY 2004 amount. Its formula grant is 2 percent less than in FY 2004.

To maximize HOME's effectiveness, we recommend you devote every available HOME dollar to the state and local HOME formula grant, not set-asides that restrict state and local flexibility to direct their HOME funds to their most pressing housing needs.

In these tight budgetary times, the HOME formula grant is one of the best housing investments Congress can make. HOME allows states and localities to determine how to put limited HOME funds to their best use. An increased appropriation for HOME will help states

and localities respond to the urgent housing needs they face in the aftermath of the economic crisis they have been grappling with over the last two years.

HOME has an outstanding track record of success. Since Congress created it in 1990, HOME has financed more than 1.1 million affordable homes, helping almost 600,000 renters and more than 500,000 homeowners.

Rental Assistance

We recommend Congress provide adequate Section 8 funding for vouchers and project-based contracts. These two programs serve some of our lowest income, most vulnerable people. The Administration proposes spending \$19.6 billion for vouchers, an 8 percent increase over last year's appropriation, and \$9.4 billion for project-based rental assistance, a 9 percent increase over last year's appropriation. We urge you to appropriate at least the Administration's requested amounts to ensure all vouchers already in use are renewed and to fully fund all contract renewals to regain owner confidence in the program.

HFA voucher administrators and project-based contract administrators play critical roles in providing rental assistance. We ask that you ensure that they are adequately compensated for them.

Thank you for funding new incremental vouchers in FY 2010. However, additional new unrestricted incremental vouchers are needed so we can help some of the millions of families who qualify for voucher assistance but do not receive it.

We urge you also to provide flexible rental assistance to state HFAs that they can use for either project-based or tenant-based rental assistance. Such funding would allow states to address their production and affordability needs most effectively and to serve more extremely low-income families by combining it with state-administered Housing Credit, Housing Bond, HOME, and other production resources.

States consistently target their Housing Credit, Bond, and HOME resources to households with incomes below the programs' statutory income limits. Yet, it is difficult—and sometimes impossible—to reach these households at a rent level they can afford without rental subsidies.

Performance-Based Contract Administration

This year, HUD plans to solicit new bids for the administration of its project-based Section 8 properties. We urge Congress to recognize the proven advantages of having state HFAs serve as Performance-Based Contract Administrators (PBCAs) by giving them preferred status in HUD's rebidding process.

Thirty-three state HFAs currently serve as PBCAs, drawing upon their years of experience in successfully financing and overseeing affordable rental properties. State HFAs serving as PBCAs have produced consistently outstanding results. This state HFA partnership

with HUD has reversed decades of poor Section 8 property oversight and financial management.

Low Income Housing Tax Credit Tenant Data Collection

We urge you to also include funding for HUD and HFAs to implement the new Low Income Housing Tax Credit (Housing Credit) tenant data collection requirements enacted in the Housing and Economic Recovery Act (HERA) of 2008. HERA requires that HFAs submit Housing Credit tenant data to HUD. It also requires HUD to establish data standards and definitions, provide technical assistance to states, compile the data, and make it publicly available.

HERA authorized \$2.5 million for FY 2009 to enable HUD to carry out its responsibilities under the data collection requirement. We urge you to appropriate that funding, as well as an additional \$3 million to help HFAs set up new data collection and submission systems. HFAs have received no funding for implementing the data collection requirements.

These requirements come on top of other HERA and housing stimulus programs HFAs have been asked to administer, including the Tax Credit Assistance Program, with no administrative fees to cover the substantial costs of running these programs.

We recognize it will be difficult for you to accommodate competing needs within the HUD spending bill. We urge you to consider the proven effectiveness of HOME and Section 8 and the need for additional resources for the Housing Credit tenant data collection requirements as you make your funding decisions.

Sincerely,



Barbara Thompson
Executive Director

cc: Transportation-HUD Appropriations Subcommittee Members