

United States Senate

WASHINGTON, DC 20510-4606

September 13, 2013

COMMITTEES:
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URBAN AFFAIRS
COMMERCE, SCIENCE, AND
TRANSPORTATION
BUDGET
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JOINT ECONOMIC COMMITTEE

The Honorable Shaun Donovan
Secretary, U.S. Department of Housing & Urban Development
U.S. Department of Housing & Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Secretary Donovan:

We write about the current funding and regulatory situation of Virginia's redevelopment and housing authorities.

We have been working with members of the Virginia Association of Housing and Community Development Officials (VAHCDO) on ways to mitigate the severe budget situation that has been caused in part by sequestration. Housing authorities across the Commonwealth have contacted us about funding constraints experienced from recent sequester cuts. Redevelopment and housing authorities in the Commonwealth of Virginia serve as an important safety net for lower income citizens who cannot afford housing at prevailing market rates. They are also important drivers of the local economy.

For example, the William & Mary Mason School of Business found that Norfolk Redevelopment and Housing Authority annually created \$121.5 million for the city economy, in addition to 1,200 jobs with an average wage of \$46,434, while in the midst of a severe recession. Dozens of other authorities in communities across the Commonwealth replicate this good work.

Historically low funding levels for HUD programs jeopardize these vital contributions. Because these authorities are facing increasingly deep budget cuts, we believe there are steps HUD could take to help authorities streamline program operations while ensuring resident and community needs are met. These steps include:

- Ensuring assessment systems and processes reflect the tight budgets housing authorities are working in. Housing authorities are currently receiving only 69% of their administrative fees, in addition to other program cuts. We appreciate any flexibility and streamlining HUD can provide on assessment systems.
- Working with Congress to allow housing authorities to use operating reserves for capital improvements. Housing authorities have had this ability in the past and we recognize that housing authorities need flexibility.
- Streamlining the rulemaking process related to public housing authorities to ensure rulemaking is fast-tracked but still allows for public comment.

Thank you for your timely attention to these issues. We appreciate your continued work with redevelopment and housing authorities in this challenging budget environment.

Sincerely,



Tim Kaine
U.S. Senator



Mark R. Warner
U.S. Senator