

March 8, 2011

Senator Daniel Inouye
Senator Thad Cochran
Senator Patty Murray
Senator Susan Collins
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senators Inouye, Cochran, Murray, and Collins:

The Preservation Working Group is a coalition of nonprofit organizations that develop, own, manage, or otherwise support affordable rental housing across the country. We are writing to urge full funding for rental assistance programs in the FY2011 budget.

An anomaly in the HUD project-based rental assistance program requires that annual appropriations fund both ongoing Section 8 renewals and, each year, renewals of older housing assistance contracts that previously used long-term budget authority. This means that any cuts below HUD's FY2011 funding needs would have a disproportionate impact on this program and would ultimately lead to the displacement of elderly or disabled residents or families with small children. In addition, thousands of other households currently without rental assistance are at risk of displacement due to the expiration of existing affordability restrictions.

Reductions in Section 8 funding would lead to rapid and significant harm to residents, property owners, borrowers, and lenders. Delayed or reduced payments on rental assistance contracts can lead quickly to defaults on underlying mortgages, resulting in increased claims against the FHA insurance fund and greater weakness in the commercial mortgage market. Loss of confidence in the reliability of Section 8 payments will lead lenders and investors to require larger reserves or refuse to finance preservation transactions or needed repairs. This will cause properties to deteriorate and create problems in the neighboring community and lead to more defaults and foreclosures.

We commend the most recent funding proposals from the Senate, the House, and the President that provide full funding for HUD and Rural Housing Service rental assistance, and we support the language in the FY11 omnibus appropriations package that was proposed but not enacted last December that would have assisted households with expiring affordability protections. We urge that future funding maintain the commitment to America's most vulnerable households and to the public-private partnership upon which the project-based Section 8 program has endured for nearly 40 years.

Attached is a fact sheet indicating the number of affordable homes currently served in each state and the potential impact of funding below HUD's requirement for FY2011.

Thank you for remembering the needs of our most vulnerable households during final action on funding for the 2011 fiscal year. If you have any questions, please contact Toby Halliday at the National Housing Trust, (202) 333-8931, ext. 130.

Sincerely,

Association for Neighborhood and Housing Development, NY
Beacon Development Group, WA
California Housing Partnership
Coalition for Economic Survival, CA
Coalition on Homelessness and Housing in Ohio
Community Housing Partners, VA
Crossroads Urban Center, UT
Devine & Gong, Inc., CA
Emily Achtenberg, Housing Policy & Development Consultant, MA
Enterprise Community Partners
Housing Partnership Network
Housing Preservation Project, MN
Local Initiatives Support Corporation
Maria Maffei, Affordable Housing Consultant, MA
Massachusetts Alliance of HUD Tenants
Mercy Housing
Minnesota Housing Partnership
National Alliance of HUD Tenants
National Council of State Housing Agencies
National Housing Conference
National Housing Law Project
National Housing Trust
National Low Income Housing Coalition
Network for Oregon Affordable Housing
NY State Tenants & Neighbors Coalition
Preservation of Affordable Housing, Inc.
Public Counsel, CA
Sargent Shriver National Center on Poverty Law, IL
Stewards of Affordable Housing for the Future
Texas Tenants' Union
Urban Homesteading Assistance Board, NY



POTENTIAL CUTS TO HUD PROJECT-BASED RENTAL ASSISTANCE

STATE	Total PBRA units	PBRA units with advance-funded contracts*	PBS8 units subject to annual appropriations*	Section 202 units subject to annual appropriations*	PBS8 units subject to termination based on 5% cut	Section 202 units subject to termination based on 5% cut
AK	1,710	289	1,062	359	53	18
AL	18,687	2,707	14,447	1,533	722	77
AR	13,102	1,718	9,899	1,485	495	74
AZ	10,002	1,173	7,424	1,405	371	70
CA	116,710	16,623	90,134	9,953	4,507	498
CO	17,947	3,141	13,685	1,121	684	56
CT	25,730	9,141	15,260	1,329	763	66
DC	11,569	2,215	8,988	366	449	18
DE	5,337	2,662	2,160	515	108	26
FL	50,069	6,766	37,822	5,481	1,891	274
GA	30,629	4,307	24,308	2,014	1,215	101
HI	3,852	527	2,964	361	148	18
IA	13,481	1,074	11,721	686	586	34
ID	4,183	1,764	2,199	220	110	11
IL	70,284	24,325	41,525	4,434	2,076	222
IN	32,538	3,722	27,115	1,701	1,356	85
KS	12,331	1,133	10,649	549	532	27
KY	25,068	7,702	15,889	1,477	794	74
LA	18,907	2,784	13,860	2,263	693	113
MA	64,380	22,141	39,509	2,730	1,975	137
MD	28,877	9,310	16,878	2,689	844	134
ME	9,043	4,287	4,127	629	206	31
MI	59,841	27,404	30,196	2,241	1,510	112
MN	33,672	14,203	17,615	1,854	881	93
MO	29,042	4,193	22,039	2,810	1,102	141
MS	18,166	1,578	15,876	712	794	36
MT	4,824	136	4,257	431	213	22
NC	29,905	4,477	22,641	2,787	1,132	139
ND	3,503	143	3,269	91	163	5
NE	7,432	607	6,305	520	315	26
NH	6,778	2,104	3,957	717	198	36
NJ	53,051	28,462	21,451	3,138	1,073	157
NM	6,304	724	4,849	731	242	37
NV	3,797	391	3,035	371	152	19
NY	126,745	27,697	90,839	8,209	4,542	410
OH	79,447	16,981	57,981	4,485	2,899	224
OK	14,973	1,053	12,618	1,302	631	65
OR	11,723	2,777	7,797	1,149	390	57
PA	66,914	19,997	42,260	4,657	2,113	233
PR	20,087	6,041	13,506	540	675	27
RI	16,999	774	15,151	1,074	758	54
SC	20,605	3,448	15,383	1,774	769	89
SD	6,126	2,470	3,435	221	172	11
TN	33,899	5,635	25,888	2,376	1,294	119
TX	57,745	5,247	47,731	4,767	2,387	238
UT	4,773	334	3,885	554	194	28
VA	32,988	11,604	19,285	2,099	964	105
VI	1,460	271	1,123	66	56	3
VT	3,732	1,456	2,022	254	101	13
WA	19,151	1,874	15,412	1,865	771	93
WI	33,780	10,144	22,308	1,328	1,115	66
WV	11,543	3,271	7,804	468	390	23
WY	2,469	150	2,205	114	110	6
TOTAL	1,405,910	335,157	973,748	97,005	48,687	4,850

NOTE: The majority of the units in the PBS8 account serve elderly or disabled households.

*Pre-MAHRAA (10/97) contracts are not subject to annual appropriations until they are renewed. Additional appropriations are needed each year, above inflation, to continue support for existing PBRA apartments, and any lower amount would require HUD to terminate assistance to existing properties.

Data compiled by the National Housing Trust using HUD sources dated 12/20/10 and not independently verified. March 2011.

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