

# PRESERVATION WORKING GROUP

March 9, 2016

The Honorable Thad Cochran  
Chair  
Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

The Honorable Barbara Mikulski  
Vice Chairwoman  
Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

The Honorable Susan Collins  
Chair  
Appropriations Subcommittee on  
Transportation, Housing and Urban  
Development  
U.S. Senate  
Washington, DC 20510

The Honorable Jack Reed  
Ranking Member  
Appropriations Subcommittee on  
Transportation, Housing and Urban  
Development  
U.S. Senate  
Washington, DC 20510

The Honorable Hal Rogers  
Chair  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Nita Lowey  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mario Diaz-Balart  
Chair  
Appropriations Subcommittee on  
Transportation, Housing and Urban  
Development  
U.S. House of Representatives  
Washington, DC 20515

The Honorable David Price  
Ranking Member  
Appropriations Subcommittee on  
Transportation, Housing and Urban  
Development  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Cochran, Vice Chairwoman Mikulski, Chairwoman Collins, Ranking Member Reed, Chairman Rogers, Ranking Member Lowey, Chairman Diaz-Balart, and Ranking Member Price,

The undersigned members of the National Preservation Working Group (PWG) encourage Congress to pass a Transportation, Housing and Urban Development (THUD) Appropriations bill for Fiscal Year (FY) 2017 that provides full funding for project-based Section 8 contracts. PWG is a national coalition of housing owners, developers, tenant associations, and state and local housing agencies dedicated to the preservation of multifamily housing for low-income families.

**We ask Congress to provide full funding for project-based rental assistance (PBRA) of no less than \$10.9 billion to fund all contracts for 12 months, from January through December 2017. We support HUD's Budget request of \$10.82 billion, which the Department states is sufficient to fund all contracts. We seek an additional \$85 million for this account because we disagree with HUD's**

**proposal to increase the medical expense deduction threshold from three percent to 10 percent of income, which the Administration projects will result in \$85 million in savings for the PBRA account. This proposal would unfairly penalize elderly and disabled residents.**

PWG members oppose HUD's proposed increase in the medical expense deduction threshold unless it is accompanied by an increase to the standard deduction for households whose head, spouse, or sole member is 62 or older or has a disability. Otherwise, rent increases could be burdensome for those households with medical or related care costs of more than three percent, but less than 10 percent, of family income.

In contrast, we would prefer legislative language such as that included in the Housing Opportunities and Modernization Act (HOTMA or HR 3700), which the House recently approved unanimously. HR 3700 also would increase the income threshold over which elderly and disabled households could deduct medical expenses from their incomes for purposes of determining rent, but this legislation couples the policy change with an increase in the standard deduction for the elderly and disabled from the current \$400 to \$525 and indexes it to inflation. This second piece of the policy change is critical to protecting households who would no longer get income deductions because of the threshold increase alone.

Without full funding, thousands of PBRA contracts will be in peril of receiving less than is required to support them through calendar year 2017. Such inadequate funding would diminish private sector investment in these affordable rental properties and jeopardize FHA-insured loans and housing quality and benefits for residents.

The project-based Section 8 program provides rental assistance for 1.2 million low-income households across the country. Section 8 allows seniors to live in the communities they helped to create, provides modest homes for residents who cannot work because of injury or disability, and offers a foundation to build on for young families who are just starting out or who are struggling with our slow economy. Privately owned properties with project-based Section 8 generate \$460 million in property taxes for local municipalities and directly support 55,000 jobs annually.

We urge Congress to enact a THUD Appropriations bill that includes full funding for project-based Section 8 contracts in FY 2017. We also urge Congress to reenact all existing preservation and tenant protection provisions, including the set aside of funding for Tenant Protection Vouchers (TPVs) with expiring use restrictions or mortgage maturity, without limiting this protection to residents in "low vacancy areas," as defined by HUD.

Thank you for your consideration and please let us know if we can provide additional information.

Sincerely,

B'nai B'rith International  
Casa of Oregon  
Consortium for Citizens with Disabilities Housing Task Force  
Florida Housing Coalition  
Housing Assistance Council  
LeadingAge

Local Initiatives Support Corporation  
Maine Affordable Housing Coalition  
National Housing Conference  
National Housing Law Project  
National Housing Trust  
National Low Income Housing Coalition  
Network for Oregon Affordable Housing  
Preservation of Affordable Housing  
Stewards of Affordable Housing for the Future  
The Community Builders