

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Charles Schumer  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Paul Ryan  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

May 21, 2018

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan and Minority Leader Pelosi,

The National Housing Conference and the undersigned organizations write to you to express our strong opposition to the rescission proposal from the White House and Office of Management and Budget (OMB). The package requests over \$234 million in rescissions from housing and community development programs including the U.S. Department of Housing and Urban Development's (HUD) Public Housing Capital Fund, the U.S. Department of the Treasury's (Treasury) Capital Magnet Fund and the U.S. Department of Agriculture's (USDA) Rental Assistance program and Rural Community Facilities program.

According to a recent HUD study, the public housing capital backlog reached \$26 billion in 2010 and has grown by approximately \$3.4 billion per year.<sup>1</sup> Assuming a continued growth of \$3.4 billion per year, the current estimated capital backlog is over \$50 billion. Public housing capital funds are awarded slowly as contracts are negotiated and work is completed. Public housing agencies are able to save their capital funds over three years in order to pay for more expensive projects like new roofs that they would otherwise not be able to afford from a single year's allocation. The rescission would also impact funding for Resident Opportunities and Self-Sufficiency grants and the Jobs-Plus grants, including a complete elimination of all Jobs-Plus grants for FY 2017. These are critical grant programs that allow residents of public housing to work toward increased self-sufficiency, something in which the administration has expressed great interest. Rescinding over \$41 million from a program with such dire needs jeopardizes the initial investment made by taxpayers to build public housing as well as the residents who live in public housing. Ultimately, it is "penny-wise, pound-foolish."

Treasury's Capital Magnet Fund has a proven track record of success. The 2010 awardees of the Capital Magnet Fund leveraged over \$20 for every \$1 of public funding to create more than 13,300 affordable homes, far beyond the required 10:1 leverage ratio.<sup>2</sup> The Capital Magnet Fund is funded through a fee assessed on Fannie Mae and Freddie Mac business, not taxpayer dollars. The \$151 million proposed for rescission was only made available to the Treasury on May 1, 2018, and will most likely be spent before the end of the calendar year, providing it is not rescinded. The Capital Magnet Fund has created thousands of jobs and provides much-needed affordable housing throughout the country.

USDA's Rental Assistance and Rural Community Facilities programs provide access to housing and essential community facilities such as police stations and medical clinics. Combined, the administration proposes rescinding \$42 million from these accounts. Through a public-private partnership with landlords, USDA's rental assistance funding ensures that low-income renters in rural America have access to an affordable home. The FY 2017 spending bill specifically appropriated \$40 million to be spent in FY 2018. The patchwork of continuing resolutions that Congress has passed to fund the federal

<sup>1</sup> Capital Needs in the Public Housing Program, available at [https://www.hud.gov/sites/documents/PH\\_CAPITAL\\_NEEDS.PDF](https://www.hud.gov/sites/documents/PH_CAPITAL_NEEDS.PDF)

<sup>2</sup> Capital Magnet Fund Fact Sheet, available at <https://www.cdfifund.gov/Documents/CMF%20Fact%20Sheet%20Dec2017.pdf>

government has made it difficult for USDA to renew contracts with private landlords in the rental assistance program. In response, Congress has decided to future fund the account to help alleviate the contract renewal process. OMB cites the fact that as of the beginning of FY 2018 on October 1, 2017, there was \$40 million left in the account. It is premature, at best, to determine as of October 1, 2017, that those funds have gone unspent and are therefore unneeded.

The proposed rescissions will do little to reduce the national debt while doing significant damage to people and communities throughout America. We ask that you reject the proposed rescissions from these programs and to do so in a timely manner so that the agencies can continue to manage their budgets responsibly. If Congress does not vote to reject the rescissions, these accounts will be frozen for 45 legislative days, which will create damaging disruptions well into the fall.

Sincerely,

AHC, Inc.  
American Association of Service Coordinators  
Atlanta Neighborhood Development Partnership, Inc.  
Bodaken & Associates  
Charleston Housing Authority  
Cinnaire  
Citizen Potawatomi Community Development Corporation  
Citizens' Housing and Planning Association  
Clarksville Housing Authority, Arkansas  
Coalition on Homelessness and Housing in Ohio  
Consumer Mortgage Coalition  
Cook County, Illinois  
County of Butler, Pennsylvania  
Crowell Housing Authority, Texas  
Curtis + Ginsberg Architects LLP  
Dover Housing Authority, Arkansas  
Economic Mobility Pathways, Inc.  
Enterprise Community Partners  
Habitat for Humanity International  
Habitat for Humanity of Champaign County, Illinois  
HAI Group  
Housing Development Corporation MidAtlantic  
Housing Assistance Council  
Housing Authority of Cook County, Illinois  
Housing Authority of Indiana County, Pennsylvania  
Housing Authority of St. Mary's County, Maryland  
Housing Authority of the City of Brownsville, Texas  
Housing Authority of the City of Columbia, Missouri  
Housing Authority of the County of Beaver, Pennsylvania  
Housing Authority of the County of Warren, Pennsylvania  
Housing on Merit  
Housing Partnership Network  
IDP Housing, LP  
Janis Smith Executive Communications, LLC  
Jo Daviess County Housing Authority, Illinois

Lemle & Wolff, Inc.  
Leviticus Fund  
LINC Housing Corporation  
Local Initiatives Support Corporation  
Make Room  
National Affordable Housing Management Association  
National Association of Affordable Housing Lenders  
National Development Council  
National Housing Conference  
National Housing and Rehabilitation Association  
National Housing Trust  
Network for Oregon Affordable Housing  
New York Housing Conference  
New York State Rural Housing Coalition, Inc.  
Opportunity Finance Network  
Pennsylvania Association of Housing & Redevelopment Agencies  
Piedmont Housing Alliance  
Prosperity Indiana  
Public And Affordable Housing Research Corporation  
Public Housing Authorities Directors Association  
Philadelphia Housing Authority  
Preservation of Affordable Housing, Inc.  
Rebuilding Together, Inc.  
Redevelopment Authority of Somerset County, Pennsylvania  
Rural Ulster Preservation Company  
Seasoned Partners  
Selfhelp Community Services  
Somerset Development Company  
Springfield Housing Authority, Illinois  
Stewards of Affordable Housing for the Future  
The Community Builders  
University Neighborhood Housing Program  
Wilkes-Barre Housing Authority, Pennsylvania  
York Housing Authority, Pennsylvania