



National Association of Housing and Redevelopment Officials

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March 8, 2007

The Honorable David Obey
Chairman
House Committee on Appropriations
Washington, DC 20515

The Honorable Robert Byrd
Chairman
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Jerry Lewis
Ranking Member
House Committee on Appropriations
Washington, DC 20515

The Honorable Thad Cochran
Ranking Member
Senate Committee on Appropriations
Washington, DC 20510

Dear Chairmen and Ranking Members:

I am writing on behalf of the more than 21,000 members of the National Association of Housing and Redevelopment Officials (NAHRO) to request your help for the public housing program in FY 2007.

First, I would like to state our thanks for your support for affordable housing programs in the FY 2007 appropriations resolution (H J Res 20). Your strategic investments in Section 8 rental assistance, Homeless Assistance Grants, and public housing are greatly appreciated. The additional \$300 million provided for the Public Housing Operating Fund was a critical first step in reversing the nearly \$1 billion shortfall confronting local housing providers. We also thank you for adopting a more effective funding formula for the Section 8 voucher program. We look forward to working with you and the Department of Housing and Urban Development to ensure the timely and smooth implementation of this new formula in FY 2007.

However, despite your extraordinary efforts, the nation's public housing continues to face tremendous needs in FY 2007. As noted in the House Appropriations Committee's summary of H J Res 20, total FY 2007 funding for the Operating Fund is still \$672 million below the amounts necessary to cover day-to-day operating costs. According to HUD estimates, available FY 2007 funding will cover just 83 percent of the amount necessary to provide for utilities, security, basic maintenance, program eligibility verifications and services to vulnerable elderly people and families this year. We urge you to provide full funding for the Public Housing Operating Fund through the FY 2007 supplemental funding bill. At a minimum, we request that you provide at least 90 percent of the amount necessary for FY 2007, which would require approximately \$300 million in supplemental funding.

We also ask for your help in preventing HUD from implementing harmful aspects of its new "asset management" initiative, which is scheduled to affect the first cohort of local housing agencies in April. While a well-intended idea, the administration's implementation of the

conversion to management on a property-by-property, rather than community-wide, basis will exacerbate the effects of underfunding in the program. Thus far, HUD's approach to this conversion has been overly-prescriptive, has contradicted current authorizing statute by restricting agencies' uses of the Public Housing Capital Fund, has not fully adjusted compliance deadlines for HUD's own delays in issuing guidance, and imposes new costs in a time of obvious fiscal stress. In light of the serious concerns raised about HUD's implementation of this initiative, the Chairmen of HUD's House and Senate authorizing committees, Representative Barney Frank and Senator Chris Dodd, recently wrote to HUD Secretary Jackson asking him to delay the implementation of HUD's asset management initiative until the authorizing committees have an opportunity to examine this situation.

Given the imminent nature of these changes, we ask that you act now to prevent HUD from implementing harmful aspects of its asset management policies that would further constrain housing agency resources. You can do this by adopting Sections 324 and 325 of the Senate Appropriations Committee's version of the FY 2007 HUD funding bill. Section 324 instructs HUD to follow current law with regard to the flexible use of the Capital Fund. Contradictory to current law, HUD is attempting to prevent local agencies from using a portion of their capital funds flexibly to address operating needs. At a time when agencies have just 83 percent of the funding they need to operate, HUD's unsupported restrictions threaten the financial viability of many local agencies. Section 325 delays implementation dates for this first cohort by six months to October 1, 2007. This six-month delay is necessary because HUD failed to issue guidance in a timely enough manner to allow agencies to comply with the complex transition to asset management by the HUD-established deadline.

These provisions cost the federal government no money, but will allow PHAs to use existing funds more effectively. In addition to their bipartisan support in the Senate Appropriations Committee last year, these provisions have been supported by scores of members of Congress as expressed in correspondence to HUD and your committees. We would also encourage you to consider further steps to ensure that HUD's implementation of asset management is rational. We would be happy to discuss this with you further.

Thank you for your consideration of this request and for your support of the current and future families benefiting from public housing. Please contact me at 202-289-3500 if you have any questions about this information.

Sincerely,



Saul N. Ramirez, Jr.
Executive Director

cc:

The Honorable John Olver
The Honorable Joseph Knollenberg
The Honorable Patty Murray
The Honorable Kit Bond