



National Association of Housing and Redevelopment Officials

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November 3, 2008

The Honorable Nancy Pelosi
Office of the Speaker
H-232, US Capitol
Washington, DC 20515

The Honorable Harry Reid
Office of the Majority Leader
S-221, US Capitol
Washington, DC 20505

The Honorable John Boehner
Office of the House Republican Leader
H-204, US Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Office of the Minority Leader
S-230, US Capitol
Washington, DC 20505

Dear Speaker Pelosi, Majority Leader Reid, Republican Leader Boehner, and Minority Leader McConnell:

I am writing on behalf of the more than 23,000 members of the National Association of Housing and Redevelopment Officials (NAHRO) to ask for your continued support for funding to preserve the nation's public housing infrastructure and address housing needs as Congress develops economic stimulus legislation. The economic stimulus bills considered by the House and Senate in September (H.R. 7110/S. 3604) both contained funds for public housing. We thank you for this acknowledgement of both the needs and the economic impact of public housing funding. Although neither bill was enacted, we hope that you will build on this commitment in any future stimulus package. Our public housing recommendations are outlined below.

We also encourage you to consider the utilization of Community Development Block Grants to deliver job creation and infrastructure development resources to state and local governments. Finally, we ask that you provide the additional funding necessary to enable housing agencies to meet local housing needs by providing targeted funding to support additional housing services to thousands of families in the Section 8 voucher program.

Stimulus funding for housing and community development activities would provide an infusion of capital to support job creation and infrastructure preservation that would strengthen our state and local economies. The funding recommended in this request will help our families, our infrastructure, and our economy at this critical juncture.

President, **Renée Rooker**, SPHM; **Akinola Popoola**, PHM, Senior Vice President; **Richard Herrington, Jr.**, PHM, Vice President-Professional Development; **Bill Pluta**, Vice President-Community Revitalization & Development; **Gail Monahan**, Vice President-Member Services; **Dianne Hovdestad**, Vice President-Housing; **Carl S. Richie, Jr.**, Vice President-Commissioners; **Jane C.W. Vincent**, Vice President-International; **Saul N. Ramirez, Jr.**, Executive Director

Specifically, we ask you to:

- Stimulate the economy while addressing the more than \$30 billion backlog in public housing capital repair needs by providing \$5 billion in Public Housing Capital Funds to local agencies around the country.
- Maintain public housing services to vulnerable families while stimulating local economies by providing at least an additional \$500 million for the Public Housing Operating Fund.
- Help state and local governments provide job creation, infrastructure, and economic development activities with emergency CDBG funding.
- Create greater housing opportunities for veterans, children in foster care, persons with disabilities and other low-income families with \$143 million in administrative funding for the Section 8 Housing Choice Voucher program.

Public Housing Capital Funds

We urge you to include \$5 billion for Public Housing Capital Funds in the stimulus legislation. Public housing capital funding will create a powerful and immediate economic stimulus in communities across the country while preserving the physical integrity of our affordable housing infrastructure. Such funding would meet both short-term stimulus and long-term affordable housing policy goals.

A \$5 billion investment in public housing capital funding would make a significant downpayment toward addressing the tremendous backlog of capital needs facing our public housing infrastructure. Public housing is a public investment, valued at over \$160 billion, that provides affordable housing to 1.2 million families. Yet despite the value of this resource, federal disinvestment is threatening its basic viability. Overall, it is estimated that there is a more than \$30 billion backlog of capital needs to preserve this nearly irreplaceable affordable housing. An estimated \$2 billion in new needs accrues each year due to the aging of buildings and systems, such as plumbing. At current funding rates, agencies deal with these needs in a piecemeal fashion or postpone them. Investing in capital needs today will decrease the cost of preserving or replacing this affordable housing in the future.

Given the tremendous backlog of capital needs in public housing described above, stimulus funds would quickly be expended on services, construction, materials, and durable goods benefiting both low-income Americans and the economy. Capital preservation activities will provide job training and employment opportunities to both residents of public housing and other skilled workers in the construction trades. Stimulus funding will permit local agencies to make strategic investments in energy efficiency, reducing future operating costs while creating green jobs. Capital funds would create jobs and stimulate the economy while furthering long-term preservation of scarce affordable housing.

NAHRO believes that these funds should be distributed through the existing Capital Fund formula, as specified in H.R. 7110. Use of the existing formula and grants processes will allow

these funds to be distributed and used quickly to create jobs and stimulate local commerce across the country. Under the existing Capital Fund process, agencies have developed five-year capital spending plans. These plans have undergone public and resident input and HUD field office approval. With a substantial federal reinvestment, agencies could accelerate anticipated projects specified under their five-year capital plans or use established processes to amend their plans to reflect additional funding. Use of the predictable formula would also allow agencies to begin planning for use of funds almost immediately upon passage of the legislation.

Public Housing Operating Funds

We urge you to provide at least \$500 million for the Public Housing Operating Fund. Such funding will create and preserve jobs while addressing housing needs in the wake of the mortgage crisis. For four consecutive years, agencies have received just 80 - 90 percent of the HUD-determined amount necessary to provide for utilities, security, maintenance, fraud prevention, and services to vulnerable elderly people and families. The Senate's September stimulus proposal (S. 3604) provided Operating Funds, in part to combat the detrimental impact of years of rising utility rates. These shortfalls have already led to widespread staff cuts, reduced services to families, and cutbacks in the purchase of goods and services.

Additional stimulus funding will prevent agencies from further reducing basic maintenance activities conducted through direct and locally-contracted services for plumbing, carpentry, painting, elevator and HV/AC maintenance, etc. Securing basic maintenance increases the physical integrity of housing stock and uplifts residents' and neighbors' quality of life. These basic services also decrease the time necessary to turn around vacant housing, thereby increasing the number of families assisted at a time when housing needs are on the rise.

CDBG

It is our understanding that you are considering providing a substantial infusion of funding to states and local governments to support job creation and investment in public infrastructure. Other organizations, including the U.S. Conference of Mayors, have recommended that a federal investment of at least \$10 billion is needed in this area. NAHRO agrees with this recommendation and encourages you to provide such funding in the form of emergency Community Development Block Grants (CDBG). The CDBG program is a powerful tool for economic development and community revitalization with a proven track record of creating jobs through the expansion and retention of businesses and through state and local investment in public works projects.

NAHRO believes any emergency CDBG funds provided under the stimulus package should be delivered according to the program's existing formula structure, which provides for a 70/30 split in resources between localities and state governments. This approach will help to ensure the expeditious distribution and use of funds and make the best use of an existing national programmatic infrastructure of state and local community development agencies and experienced professional staff who are familiar with the program's statutory and regulatory requirements.

Section 8 Rental Assistance Vouchers

Through a targeted investment in voucher administrative funding, Congress will speed additional housing services to thousands of families--including veterans, kids in foster care, and persons with disabilities nationwide. This investment will also provide white collar employment opportunities and benefits in large and small communities across the country.

Due to an oversight in the Administration's FFY 2008 budget request, the HUD-Veterans Affairs Supportive Housing (HUD-VASH) voucher program, the Family Unification Program (FUP) to reunite families and children in foster care, and the Mainstream voucher program for persons with disabilities received no administrative support funding for FY 2008. The estimated local agency cost to administer these programs is fourteen million dollars. This has presented local agencies administering these programs with the difficult choice of either reducing services to other low-income families or not providing this critically-needed assistance to special needs families. PHAs' choices are further limited because the administrative funding for FY 2008 provides PHAs with 10 percent less than the amounts owed under the fee formula enacted by Congress (a \$129 million deficiency).

Agency administrative services have been underfunded on a per-voucher basis since FY 2004, causing layoffs and widespread understaffing. This understaffing has in some cases interfered with the ability of PHAs to fully utilize the funds supplied to them for Housing Assistance Payments (HAP). Additional stimulus funding for administrative fees will create employment across the country through immediately-restored PHA staff positions. These funds will also have an economic multiplier effect by allowing fuller utilization of HAP funds for payments to private market landlords participating in the Section 8 voucher program.

We thank you for your previous support of public housing and for your consideration of these recommendations. 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 David Obey
The Honorable Jerry Lewis
The Honorable Robert Byrd
The Honorable Thad Cochran

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