

June 7, 2004

Dear Member of Congress:

We, the undersigned groups, are writing to express our continued concerns about funding levels in FY 2004 and proposed changes to the Section 8 Housing Choice Voucher Program contained in the Administration's FY 2005 budget.

First, we wish to reiterate our support for HR 4263, and its companion bill, S 2467, which clarify the calculation of per-unit costs payable under expiring annual contributions contracts for Section 8 tenant-based rental assistance that are renewed in fiscal year 2004. These bills would restore the practice of renewing vouchers based on a housing agency's actual per unit costs in the prior quarter, adjusted by inflation for the intervening months. They also provide that this method be used for all renewals funded with FY 2004 money.

As you may know, HUD recently announced steps that it believes will mitigate the FY 2004 voucher funding crisis created by its voucher renewal formula (limiting cost-per-unit adjustments to the number of vouchers under lease at August 1, 2003, with some adjustment for inflation). While we welcome the Department's efforts to address funding shortfalls resulting from the renewal formula, we remain concerned about whether these recently announced changes will actually solve all funding problems for all PHAs this fiscal year. We respectfully suggest that a legislative correction, such as HR 4263 and S 2467, is the most certain way to ensure all authorized vouchers are fully funded in FY 2004.

Looking beyond 2004 issues, we wish to restate our opposition to the proposed Flexible Voucher Program (FVP) outlined in HUD's FY 2005 budget, as well as the proposed funding cut for the program. The Administration's proposed funding for Section 8 tenant-based vouchers is cut by more than \$1 billion below that for FY 2004. Estimates suggest an additional \$1.6 billion is necessary to maintain current levels of voucher assistance. In addition, we believe Congress should include language in the FY 2005 VA-HUD Appropriations bill which will base renewals on costs in the most recent quarter for which the PHA has submitted data to HUD.

As proposed, the FVP would replace the current unit-based allocation of Section 8 funds with a fixed dollar amount in a block grant to PHAs. We are greatly concerned the fixed dollar amount will not keep pace with the cost of providing rental assistance to needy families. As a result, fewer families could be served, and some families may even lose their assistance. Additionally, the FVP permits numerous substantial programmatic changes to the Section 8 voucher program which will have dramatic impacts on the voucher holders.

The Section 8 voucher program is the nation's largest rental assistance program. It has been successful in assisting millions of families with housing costs. We are sensitive to the cost concerns expressed by key congressional leaders and administration officials. We stand willing to engage in a comprehensive and fundamental dialogue about the future of the Section 8 Housing Choice Voucher Program with Congress and HUD. Nevertheless, we strongly believe any efforts to improve the program should build on its proven positive aspects.

Thank you for your consideration of our requests.

Sincerely,

American Association of Homes and Services for the Aging
Council for Affordable and Rural Housing
Institute of Real Estate Management
National Affordable Housing Management Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Leased Housing Association
National Low Income Housing Coalition
National Multi Housing Council