December 5, 2011

The Honorable Sandra B. Henriquez  
Assistant Secretary for Public and Indian Housing  
U.S. Department of Housing and Urban Development  
451 Seventh Street, SW  
Room 4100  
Washington, D.C. 20410

Dear Assistant Secretary Henriquez:

On behalf of the National Association of Housing and Redevelopment Officials’ (NAHRO’s) members, I am writing to share our concerns regarding Section 8 voucher program administrative fee funding for FY 2012. As you know, the “Consolidated and Further Continuing Appropriations Act, 2012” (Public Law No: 112-55) includes just $1.35 billion for voucher program administrative fee funding, with no less than $1.30 billion available for public housing authorities’ ongoing administrative fees. NAHRO urges the Department to exercise its discretionary authority under the FY 2012 appropriations act in order to prevent the disastrous consequences that will otherwise certainly result from this historically low funding level.

The $1.30 billion effectively provided for ongoing administrative fees represents a reduction of nearly $100 million compared to FY 2011. As you know, the FY 2011 funding level resulted in an 83 percent pro-ration, the lowest in the history of the Section 8 voucher program. Furthermore, the gulf between the FY 2011 administrative fee funding pro-ration and the national voucher lease-up rate was the widest in the program’s history. There is no doubt that the inadequacy of the FY 2012 administrative fee appropriation will result in a sharp reduction in the number of families served through the Section 8 voucher programs, regardless of the adequacy of HAP funding. Fortunately, the Department has the authority to avert this impending crisis.

As in previous appropriations acts, the FY 2012 funding measure includes a provision supported by NAHRO empowering the Department to “utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated…from prior fiscal years” under the Tenant-Based Rental Assistance account to effect full payment of administrative fee funding to PHAs, notwithstanding the purposes for which such funding was originally appropriated. The Department has not exercised its discretion under this provision in past fiscal years. This was a particularly disappointing outcome for FY 2011, given the 83 percent administrative fee pro-
ration endured by PHAs. Obviously the need for the Department’s intervention is even greater for FY 2012.

As you know, a significant decline in the number of households leased would inevitably lead to a downward spiral in the amount of administrative fees earned by PHAs, in turn further destabilizing all PHAs’ voucher program operations and risking the termination of assistance for even more families. NAHRO strongly suspects that there are sufficient unobligated balances under the TBRA account (or remaining from transfers to the Transformation Initiative Fund) to enable the Department to augment PHAs’ administrative fee funding for FY 2012. A failure on the part of the Department to exercise this option for FY 2012 would, therefore, be an inexplicable and indefensible outcome, in our opinion.

Although we have certainly had our differences regarding public housing policy over the past year, we know that you and your staff share our commitment to the success of the Section 8 voucher programs. We therefore respectfully urge the Department to take this necessary action to augment PHAs’ administrative fee funding for FY 2012 in order to stave off a massive drop-off in the number of families served through the Section 8 voucher programs. If the Department chooses not to take this requested action, or if it believes that it is unable to do so, then NAHRO respectfully suggests that the thousands of local agencies that will be adversely impacted by such an outcome deserve a full and detailed explanation, as do the tens of thousands of families who will be at serious risk of losing assistance and falling into homelessness.

Thank you for your attention to this critically important matter. We trust that you will do the right thing for the program and for the millions of families it serves. If you require additional information regarding our request, please do not hesitate to contact me. We look forward to your response.

Sincerely,

Saul N. Ramirez, Jr.
Chief Executive Officer

cc: The Honorable Shaun Donovan, Secretary
Deborah Hernandez, General Deputy Assistant Secretary, Public and Indian Housing
Milan Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs
Danielle Bastarache, Director, Housing Voucher Programs