

May 19, 2011

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
Suite 10000  
451 7<sup>th</sup> St., SW  
Washington, DC 20410

Dear Secretary Donovan:

We understand the tough choices that face the Department when it comes to funding for the various housing programs and appreciate that HUD's budget proposal for FY12 seeks to fund the programs that serve our nation's most vulnerable citizens. We all know that underfunding the Section 8 renewal accounts will have devastating consequences for the low income families and elderly that depend on that assistance. Further, the residual effects of not meeting the government's contractual obligations would have far reaching implications which our organizations have highlighted in the attached fact sheet. For these reasons we applaud HUD for requesting full funding of Section 8 renewals in its FY2012 budget.

We are particularly pleased that HUD has scaled back its plans to reinvent the rental assistance programs as part of its Transformation Rental Initiative (TRA), now called the Rental Assistance Demonstration (RAD) and have removed the current project-based Section 8 inventory from the proposal. We continue to believe creating a new rental assistance program to replace the current privately owned project-based assistance programs is ill-advised. The current project-based rental assistance programs (PBRA) provide quality rental housing to over 1.3 million households. PBRA is understood and respected by the lending and investor communities resulting in the preservation and recapitalization of thousands of aging affordable rental units.

As you know our groups support the preservation of public housing and we commend HUD for accepting our recommendation that a demonstration program would be the best way for PHAs to voluntarily test innovative new ideas to recapitalize their properties. We believe that HUD, in consultation with the public housing industry, will be able to develop a range of conversion options focused primarily on the preservation of existing public housing units. Our members stand ready to provide our expertise to assist with that effort.

Our previously expressed concerns regarding the mobility option that HUD has proposed remain as well as our belief that a current allocation of low income housing tax credits will be insufficient to address any large scale recapitalization of public housing.

We appreciate that HUD recognizes the need to address the expiring Rent Supplement/RAP inventory, but our preference would be to convert these programs to PBRA and treat them like any Section 8 contract that renews under MAHRA. To do otherwise would create unnecessary confusion and uncertainty in the lending community and could thwart preservation efforts. We do not support the inclusion of such properties in the Rental Assistance Demonstration (RAD) (formerly known as TRA) as we view this as a separate issue. Late last year, our groups suggested language to HUD and the authorizing committees to accomplish RAP/Rent Supplement conversion and urge the Department to pursue that approach in lieu of including the conversion as part of the public housing demonstration initiative.

Thank you for your efforts to protect and preserve our nation's affordable housing programs.

Sincerely,

American Association of Homes and Services for the Aging (AAHSA)

Council for Affordable and Rural Housing (CARH)

Institute of Real Estate Management (IREM)

Institute for Responsible Housing Preservation (IRHP)

National Apartment Association (NAA)

National Association of Affordable Housing Lenders (NAAHL)

National Affordable Housing Management Association (NAHMA)

National Association of Home Builders (NAHB)

National Leased Housing Association (NLHA)

National Multi Housing Council (NMHC)