

April 9, 2004

The Honorable Alphonso Jackson  
Secretary  
U.S. Department of HUD  
Room 10000  
451 7<sup>th</sup> St., SW  
Washington, DC 20410

Dear Secretary Jackson:

The undersigned groups are writing to express concerns about the implementation of the renewal formula from the **FY 2004** omnibus appropriations bill for the Section 8 Housing Voucher Choice program.

We are concerned that HUD's interpretation of the FY2004 omnibus appropriations language will result in a funding shortfall that was not envisioned by the Congress, while at the same time failing to use all the voucher renewal funds appropriated by Congress. Under HUD's interpretation, HUD will fail to spend \$175 million to \$310 million of the funds Congress appropriated for voucher renewals.

HUD's intention to limit cost per unit adjustments to the number of vouchers under lease at August 1, 2003 adjusted for inflation will **not** provide sufficient funds for PHAs to support the current number of voucher-assisted families under lease. We believe the statutory language and conference report support a renewal procedure that bases per unit costs on the most recently available data as provided by the PHA.

We understand that reasonable disagreements may occur when interpreting statutory language, particularly when congressional intent may be unclear. However, we believe that Congress fully expected its appropriation would provide adequate monies to fund all vouchers under lease at their actual cost through the fiscal year. There is no reason for HUD to create a shortfall.

HUD's interpretation will affect numerous families by requiring them to unexpectedly pay more income for rent and would likely result in the loss of vouchers to existing families. As a matter of public policy, we are troubled that HUD would support this outcome. Further, HUD's interpretation raises confusion in the private sector about the ability to rely on HAP contracts. Not only will this dampen landlord enthusiasm to participate in the program, but will worsen an existing concern about appropriations risk in the lending community.

We believe that our interpretation of the renewal method is fully consistent with the text of the statutory language. And, because it best avoids error in either over-funding or under-funding based on erroneous fixed per unit costs, this method best comports with the Department's obligation to apply the funding provided by Congress in a manner that will serve the maximum number of authorized families under lease.

We urge HUD to reconsider its intentions with regard to the FY04 renewal funding formula and offer our support in affirming congressional intentions in this regard.

Sincerely,  
Council for Affordable and Rural Housing  
Institute of Real Estate Management  
Institute for Responsible Housing Preservation  
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

cc:	Senator Richard Shelby	Senator Kit Bond	Representative Barney Frank
	Senator Wayne Allard	Senator Jack Reed	Representative Jim Walsh
	Senator Paul Sarbanes	Representative Mike Oxley	Representative Bob Ney