



National Association of Housing and Redevelopment Officials

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January 24, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
Room S-221
The Capitol
Washington D.C.

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Room H-232
The Capitol
Washington, D.C.

Re: Economic Stimulus – Housing and Community Development Programs

Dear Majority Leader Reid and Speaker Pelosi:

The National Association of Housing and Redevelopment Officials counts among its members approximately 22,000 local public housing and community development agencies and local officials engaged in the production and operation of affordable housing and in community development. We write on behalf of these members.

The purpose of this letter is to urge you and others involved in crafting economic stimulus legislation to include a significant component directed to federal public housing and community development programs. **Doing so would, in one stroke, provide a powerful and immediate economic stimulus in the localities to which these funds would be directed and would at the same time preserve the physical integrity of our affordable housing stock and sustain the infrastructure of our communities.**

Operating subsidy for public housing has for several years been funded at levels far below those established as necessary under the government's own funding formula. This has occurred at the same time that there has been a shift to asset based management of public housing that entails significant unfunded transition costs. In fiscal year 2008 alone, for example, the shortfall, not

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accounting for asset management conversion costs, is approximately \$800 million. On the capital side, it is widely acknowledged that accrued unfunded capital needs of public housing may be as high as \$20 billion, yet annual appropriations for this purpose have fallen short even of currently accruing needs.

Additionally, local governments have the ability to promptly and usefully expend stimulus funding directed to the Community Development Block Grant (CDBG) program. Like public housing, this important program has also suffered serious funding cuts in recent years and is presently funded at a level approximately \$1 billion below its historic high. A hallmark of this program is flexibility in addressing local needs.

Addressing the pent up local needs would be an ideal stimulus to local economies. Local housing agencies and local governments receiving stimulus funding will be able to rapidly expend it at the local level to create (in many cases *restore*) jobs and purchase goods and services to meet deferred needs. This can be done immediately. By way of example, one local housing agency with whom we discussed the possible uses of stimulus funding told us:

“The [agency] has a backlog of capital projects which currently cannot be undertaken due to insufficient revenue through the Public Housing Capital Fund. The projects include:

- A) Kitchen/Bath renovations on three-bedroom scattered site homes.
- B) Installation of energy efficient windows in public areas at two high rise elderly buildings.
- C) Exterior building masonry repairs.
- D) Installation and enhancement of property/building security systems on two elderly high rises.

These capital/maintenance projects, if funded, could be undertaken and completed within 90 days.”

We respectfully request, therefore, that any stimulus package include the following:

- Up to \$800 million in supplemental public housing operating subsidy to ensure responsible transition to asset management and;
- Up to \$500 million in public housing capital funding with the condition that it be expended within 12 months of receipt; and
- Up to \$1 billion for the CDBG program conditioned upon expenditure within 12 months of receipt, with priority for local governments to expend significant portions of this

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funding for housing counseling and other programs to help ameliorate the present home mortgage crisis.

If you or your staff have questions or desire further discussion or information, I urge you or any member of your staff to call me any time at 202-580-7204.

Thank you in all events for your consideration.

Respectfully,

Saul N. Ramirez, Jr.
Executive Director

Cc: Hon. Robert C. Byrd
Hon. Thad Cochran
Hon. David R. Obey
Hon. Jerry Lewis
Hon. Patty Murray
Hon. Christopher Bond
Hon. John W. Olver
Hon. Joseph Knollenberg
Hon. Christopher C. Dodd
Hon. Richard Shelby
Hon. Barney Frank
Hon. Spencer Bachus