



**National Association of Housing and Redevelopment Officials**

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March 3, 2006

The Honorable Jim Nussle  
Chairman  
Committee on the Budget  
United States House of Representatives  
Washington, DC 20515

The Honorable John M. Spratt, Jr.  
Ranking Member  
Committee on the Budget  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Nussle and Ranking Member Spratt:

I am writing on behalf of the 21,000 members of the National Association of Housing and Redevelopment Officials (NAHRO) to ask for your support for affordable housing and community development in the FY 2007 Congressional Budget Resolution. Specifically, we ask you to seek full funding for federal housing and community development programs, including Section 8 rental assistance, public housing, Community Development Block Grants (CDBG), HOME, and programs to assist the homeless.

We also ask you to provide a sufficient allocation to the Appropriations Committee to permit full funding of these activities. In FY 2006, the budget resolution restrained discretionary spending, presenting appropriators with many tough choices. Funding for many housing and community development programs was cut below prior-year enacted levels. For example, despite strong statements of support in both House and Senate Budget Resolutions, funding for CDBG for FY 2006 ultimately was cut by 10 percent, as appropriators struggled to work within discretionary funding constraints. Finally, we ask you to reject discretionary spending caps requested in the President's budget. We are very concerned that these caps will lead to steep reductions in housing and community development services to our citizens over the next five years.

The administration's proposed budget for fiscal year 2007 contains deep cuts in the Department of Housing and Urban Development's affordable housing and community development programs. For example, the President's budget request cuts funding for CDBG by nearly \$1 billion (25 percent) compared with FY 2006 enacted level and eliminates several smaller but vital economic development programs such as the Brownfields program. If enacted, these cuts represent an alarming retreat from the federal government's partnership with state and local entities to provide affordable housing and improve the quality of life for low- and moderate-income Americans. As stated in our joint March 1 letter to you, NAHRO and a broad coalition of state and local partners request that you provide \$4.5 billion to fully fund the successful CDBG program.

I also ask you to develop a budget resolution that will reverse an unwise pattern of disinvestment in the nation's public housing. America's public housing inventory is a \$90 billion public asset providing affordable housing to 1.1 million families in large and small

communities across the country. Approximately 40 percent of assisted families are headed by the elderly or persons with disabilities.

Despite the value of these public housing assets to our communities, the administration's FY 2007 budget does not provide funding necessary to maintain them. Public housing faces an estimated \$18 billion backlog of capital repairs. Yet the budget reduces funding for the Public Housing Capital Fund for major repairs by \$261 million (11 percent). The administration's budget also seeks to eliminate the HOPE VI program for comprehensive revitalization of the most distressed public housing communities and even rescinds \$99 million in FY 2006 HOPE VI funding provided by Congress. Finally, the President's FY 2007 budget provides housing agencies just 81 cents of every dollar needed to cover basic operating costs such as maintenance, utilities, and eligibility verifications. NAHRO estimates that \$4.35 billion is necessary to fully fund the current Public Housing Operating Fund for FY 2007. To begin to address capital needs in FY 2007, NAHRO requests \$3.5 billion in Capital Funds. For the revitalization of the most severely distressed communities, we request \$600 million in HOPE VI funding.

Total funding for public housing has dropped precipitously over this decade. The President's budget for FY 2007 requests nearly \$1.5 billion less for public housing than Congress provided for FY 2001. This drop in resources has constrained local agencies' ability to address safety and security needs, provide valuable services to those seeking economic self-sufficiency and independent living, and undermined agencies' ability to meet the recent surge in utility costs. We ask you to seek full funding for public housing accounts in order to secure the ongoing viability of this valuable affordable housing asset.

NAHRO's members confront our nation's housing and community development needs on a daily basis. Despite high rates of homeownership, many Americans still do not live in safe, decent, and affordable housing. Nearly 14 million American families face severe housing needs, paying over 50 percent of their incomes toward housing costs or living in substandard housing. On any given night, 850,000 people, many of them children, are homeless. Communities seek to create housing and economic opportunities for lower income families. In the face of these needs, the federal government must maintain its commitment to preserving and expanding affordable housing for our fellow citizens. As you seek to reduce the deficit, we request that you do so in a way that does not harm the most vulnerable in our society.

Thank you for your attention to America's housing and community development needs. If you have any questions about this letter, please contact me or John Bohm of my staff at 202-289-3500.

Sincerely,



Saul N. Ramirez, Jr.  
Executive Director