The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Charles Schumer  
Minority Leader  
United States Senate  
Washington, DC 20510

The Honorable Paul Ryan  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

May 21, 2018

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan and Minority Leader Pelosi,

The National Housing Conference and the undersigned organizations write to you to express our strong opposition to the rescission proposal from the White House and Office of Management and Budget (OMB). The package requests over $234 million in rescissions from housing and community development programs including the U.S. Department of Housing and Urban Development’s (HUD) Public Housing Capital Fund, the U.S. Department of the Treasury’s (Treasury) Capital Magnet Fund and the U.S. Department of Agriculture’s (USDA) Rental Assistance program and Rural Community Facilities program.

According to a recent HUD study, the public housing capital backlog reached $26 billion in 2010 and has grown by approximately $3.4 billion per year.\(^1\) Assuming a continued growth of $3.4 billion per year, the current estimated capital backlog is over $50 billion. Public housing capital funds are awarded slowly as contracts are negotiated and work is completed. Public housing agencies are able to save their capital funds over three years in order to pay for more expensive projects like new roofs that they would otherwise not be able to afford from a single year’s allocation. The rescission would also impact funding for Resident Opportunities and Self-Sufficiency grants and the Jobs-Plus grants, including a complete elimination of all Jobs-Plus grants for FY 2017. These are critical grant programs that allow residents of public housing to work toward increased self-sufficiency, something in which the administration has expressed great interest. Rescinding over $41 million from a program with such dire needs jeopardizes the initial investment made by taxpayers to build public housing as well as the residents who live in public housing. Ultimately, it is “penny-wise, pound-foolish.”

Treasury’s Capital Magnet Fund has a proven track record of success. The 2010 awardees of the Capital Magnet Fund leveraged over $20 for every $1 of public funding to create more than 13,300 affordable homes, far beyond the required 10:1 leverage ratio.\(^2\) The Capital Magnet Fund is funded through a fee assessed on Fannie Mae and Freddie Mac business, not taxpayer dollars. The $151 million proposed for rescission was only made available to the Treasury on May 1, 2018, and will most likely be spent before the end of the calendar year, providing it is not rescinded. The Capital Magnet Fund has created thousands of jobs and provides much-needed affordable housing throughout the country.

USDA’s Rental Assistance and Rural Community Facilities programs provide access to housing and essential community facilities such as police stations and medical clinics. Combined, the administration proposes rescinding $42 million from these accounts. Through a public-private partnership with landlords, USDA’s rental assistance funding ensures that low-income renters in rural America have access to an affordable home. The FY 2017 spending bill specifically appropriated $40 million to be spent in FY 2018. The patchwork of continuing resolutions that Congress has passed to fund the federal

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government has made it difficult for USDA to renew contracts with private landlords in the rental assistance program. In response, Congress has decided to future fund the account to help alleviate the contract renewal process. OMB cites the fact that as of the beginning of FY 2018 on October 1, 2017, there was $40 million left in the account. It is premature, at best, to determine as of October 1, 2017, that those funds have gone unspent and are therefore unneeded.

The proposed rescissions will do little to reduce the national debt while doing significant damage to people and communities throughout America. We ask that you reject the proposed rescissions from these programs and to do so in a timely manner so that the agencies can continue to manage their budgets responsibly. If Congress does not vote to reject the rescissions, these accounts will be frozen for 45 legislative days, which will create damaging disruptions well into the fall.

Sincerely,

AHC, Inc.
American Association of Service Coordinators
Atlanta Neighborhood Development Partnership, Inc.
Bodaken & Associates
Charleston Housing Authority
Cinnaire
Citizen Potawatomi Community Development Corporation
Citizens’ Housing and Planning Association
Clarksville Housing Authority, Arkansas
Coalition on Homelessness and Housing in Ohio
Consumer Mortgage Coalition
Cook County, Illinois
County of Butler, Pennsylvania
Crowell Housing Authority, Texas
Curtis + Ginsberg Architects LLP
Dover Housing Authority, Arkansas
Economic Mobility Pathways, Inc.
Enterprise Community Partners
Habitat for Humanity International
Habitat for Humanity of Champaign County, Illinois
HAI Group
Housing Development Corporation MidAtlantic
Housing Assistance Council
Housing Authority of Cook County, Illinois
Housing Authority of Indiana County, Pennsylvania
Housing Authority of St. Mary's County, Maryland
Housing Authority of the City of Brownsville, Texas
Housing Authority of the City of Columbia, Missouri
Housing Authority of the County of Beaver, Pennsylvania
Housing Authority of the County of Warren, Pennsylvania
Housing on Merit
Housing Partnership Network
IDP Housing, LP
Janis Smith Executive Communications, LLC
Jo Daviess County Housing Authority, Illinois

Lemle & Wolff, Inc.
Leviticus Fund
LINC Housing Corporation
Local Initiatives Support Corporation
Make Room
National Affordable Housing Management Association
National Association of Affordable Housing Lenders
National Development Council
National Housing Conference
National Housing and Rehabilitation Association
National Housing Trust
Network for Oregon Affordable Housing
New York Housing Conference
New York State Rural Housing Coalition, Inc.
Opportunity Finance Network
Pennsylvania Association of Housing & Redevelopment Agencies
Piedmont Housing Alliance
Prosperity Indiana
Public And Affordable Housing Research Corporation
Public Housing Authorities Directors Association
Philadelphia Housing Authority
Preservation of Affordable Housing, Inc.
Rebuilding Together, Inc.
Redevelopment Authority of Somerset County, Pennsylvania
Rural Ulster Preservation Company
Seasoned Partners
Selfhelp Community Services
Somerset Development Company
Springfield Housing Authority, Illinois
Stewards of Affordable Housing for the Future
The Community Builders
University Neighborhood Housing Program
Wilkes-Barre Housing Authority, Pennsylvania
York Housing Authority, Pennsylvania