Congress of the United States
Washington, DC 20515

April 15, 2004

Honorable Alphonso Jackson
Secretary
US Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

Dear Secretary Jackson:

We are writing regarding the Department of Housing and Urban Development's (HUD) interpretation of the Section 8 renewal formula language in the FY 2004 Omnibus Appropriations conference report. We are concerned that this interpretation could leave the Section 8 program drastically under funded in Massachusetts.

As you know, the statutory provision language that states:

> "Provided, That notwithstanding any other provision of law, the Secretary shall renew expiring section 8 tenant-based annual contributions contracts for each public housing agency, ... <u>based on the total number of unit months which were under lease as reported on the most recent end-of-year financial statement submitted by the public housing agency to the Department, or as adjusted by such additional information submitted by the public housing agency to the Secretary as of August 1, 2003 (subject to verification), and by applying an inflation factor based on local or regional factors to the actual per unit cost...</u>"

We have learned that the Department plans to implement this provision based on an interpretation that would fix unit months as of August 1, 2003 while adjusting for inflation using Annual Adjustment Factors, rather than on available actual cost data which HUD is required to collect on a quarterly basis. We strongly believe that this interpretation is contrary to Congressional intent.

Specifically, the conference report expressly allows the Department to use the central fund to cover increases in PHAs' unit months subsequent to August 1, 2003 for all authorized units. In addition, the conference report states that the central fund may not be used to fund increases in per unit costs, "...as such costs have already been reflected in the amount provided for renewals...." This is consistent with an increase of more than $1 billion in direct appropriations for voucher renewal in FY 2004. Because the conference report prohibits the Department from resorting to the central fund to pay for renewals, the formula must reflect the most accurate unit cost of vouchers in order to ensure the renewal of every authorized voucher.

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In Massachusetts, it is estimated that if HUD implements this renewal formula more than 2,700 current voucher holders will lose their housing assistance this year. These individuals and families, many of whom may be on fixed incomes, will have to choose between paying substantially more than they can afford for their housing, be forced into the state's already overburdened shelter system, or end up on the street. HUD's interpretation will also result in a recapture of approximately $5.6 million in critical housing funding from Massachusetts in FY 2004.

Congress has provided HUD with the funding necessary to renew all of the Section 8 vouchers that have been authorized, based on actual per unit costs throughout FFY 2004. It is the responsibility of the Department to implement the law so that the local housing agencies can serve the maximum number of families possible with the amount of funding appropriated. We are deeply concerned that the Department is not using the discretion and resources provided by Congress to fulfill this responsibility.

We strongly urge you to implement the voucher renewal formula in such a way that will avoid cutting off housing assistance for thousands of low-income families in Massachusetts and throughout the nation. Thank you for your attention to this important issue. We look forward to hearing from you soon.

Sincerely,

Edward M. Kennedy
United States Senator

John F. Kerry
United States Senator

Michael E. Capuano
Member of Congress

Edward J. Markey
Member of Congress

Barney Frank
Member of Congress

Richard E. Neal
Member of Congress

John W. Olver
Member of Congress

Martin T. Meehan
Member of Congress

John F. Tierney
Member of Congress

James P. McGovern
Member of Congress

William D. Delahunt
Member of Congress

Stephen F. Lynch
Member of Congress

cc: Governor Mitt Romney