

August 10, 2015

Chairman Jerry Moran
Senate Appropriations Subcommittee
on Agriculture, Rural Development,
Food and Drug Administration
U.S. Senate
Washington, DC 20510

Ranking Member Jeff Merkley
Senate Appropriations Subcommittee
on Agriculture, Rural Development,
Food and Drug Administration
U.S. Senate
Washington, DC 20510

Dear Chairman Moran and Ranking Member Merkley:

We are writing to you on behalf of the residents and owners of rural, multifamily affordable housing. Recently, some property owners, whose Rental Assistance funding has been prematurely exhausted, have received letters from USDA, such as the attached, stating that their Rental Assistance ("RA") Agreement is not eligible for renewal during Fiscal Year (FY) 2015. As a consequence, we expect that hundreds of residents will be displaced by rent increases and developments will suffer financial and other hardships. We are aware that the Administration sought and received from Congress language that prohibits Rural Development ("RD") from renewing RA contracts during the same 12-month period ("Re-renewals"). However, we do not believe that the re-renewal prohibition is the cause of the problem. RD, based its RA use on an outdated formula, has underfunded Rental Assistance contracts and the funding is running out before the end of the one-year term of the contracts.

We have advised RD that its actions violate RD's obligation, under The Consolidated and Further Continuing Appropriations Act, 2015 to fund all RA contracts for a full one-year term. Attached is the letter we have sent to the RD Administrator explaining that its actions place dozens of properties and hundreds of families in financial hardship in FY 2015. Moreover, based on estimates from some owners, up to one-third of the entire portfolio will be erroneously put in financial peril by RD in FY2016 due to this practice. The form letters that owners are receiving state that the re-renewal ban creates some sort of issue outside of RD's control. We do not believe this is true. The matter is not only within RD's control, but also within RD's obligation to address. The half-measures included in RD's form letter, such as deferring mortgage payments, suspending reserve deposits, and allowing the use of reserve funds for operations do not address the issue. At best, these will materially compromise the financial stability of many apartment complexes and at worst cause defaults and project closures.

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We call on Congress to immediately inquire into RD's statutory violations, jeopardizing the homes and businesses of thousands of Americans. It is vital that Congress add corrective language to any Continuing Resolution for FY2015 as well as remove the Re-renewal language from S. 1800, the Fiscal Year 2016 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Bill. Therefore, we urge Congress to hold RD to its obligations and fund the remaining months of the affected FY 2015 contracts and ensure that contracts in FY 2016 are funded for the entire year.

Should you have any questions or need any additional information, please contact Colleen Fisher, CARH's Executive Director at cfisher@carh.org or at (703) 837-9001.

Sincerely,

Avesta Housing
California Housing Partnership
Cascade Management, Inc.
Coalition on Homelessness and Housing in Ohio (COHHIO)
Community and Shelter Assistance Corporation
Community Housing Partners
Council for Affordable and Rural Housing (CARH)
Housing Action Illinois
Housing Advisory Group
Housing Assistance Council (HAC)
Institute for Responsible Housing
Institute of Real Estate Management
Klamath Housing Authority
Mercy Housing
Minnesota Housing Finance Agency
National Affordable Housing Management Association (NAHMA)
National Apartment Association
National Association of Home Builders
National Council of State Housing Agencies (NCSHA)
National Housing Law Project
National Housing Trust
National Leased Housing Association
National Low Income Housing Coalition
National Multifamily Housing Council
Network for Oregon Affordable Housing
Ohio Capital Corporation for Housing
Rental Housing Information Network in Ohio