

April 13, 2015

The Honorable Susan Collins
Chair
Appropriations Subcommittee on
Transportation, Housing and Urban
Development
U.S. Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
Appropriations Subcommittee on
Transportation, Housing and Urban
Development
U.S. Senate
Washington, DC 20510

The Honorable Mario Diaz-Balart
Chair
Appropriations Subcommittee on
Transportation, Housing and Urban
Development
U.S. House of Representatives
Washington, DC 20515

The Honorable David Price
Ranking Member
Appropriations Subcommittee on
Transportation, Housing and Urban
Development
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Collins, Ranking Member Reed, Chairman Diaz-Balart and Ranking Member Price:

As your respective subcommittees begin work on the Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations bill for Fiscal Year (FY) 2016, we the undersigned organizations urge you to include increased funding for the HOME Investment Partnerships Program (HOME). HOME is a flexible block grant that provides states and localities critical resources to help them respond to their most pressing affordable housing challenges, including both rental and homeownership needs. HOME is important to the success of other housing programs, such as the Low Income Housing Tax Credit (Housing Credit) and rural housing programs, because it often provides essential soft funding to fill financing gaps and make affordable housing projects financially feasible. We urge you to provide at least \$1.2 billion for HOME in FY 2016.

In over 20 years of existence, the HOME program has successfully produced more than 1.1 million affordable homes, in addition to making homes affordable for hundreds of thousands of families with direct rental assistance. Despite HOME's success and the growing need for affordable housing, the HOME program has been severely cut in recent years – 44 percent since FY 2011 --and is at a record-low funding level of just \$900 million in FY 2015. HOME has already weathered disproportionate cuts within the THUD spending bill, and we fear that further reductions would significantly reduce its capacity to meet affordable housing needs at a time when housing markets and the broader economy continue to struggle, and the need for affordable housing continues to grow.

HOME is an essential tool for responding to the whole spectrum of need, from homeownership to rental, from urban to rural areas, and all low-income populations, including persons experiencing homelessness, veterans, families with children, the elderly, and persons with disabilities. HOME funds are allocated to both states and localities to finance innovative programs and projects, including new construction, rehabilitation, down payment assistance, homeowner rehabilitation, mortgage buy-downs, and rental assistance—all targeted to low-income families [those earning 80 percent of area median income (AMI) or less]. HUD's February 2015 HOME National Production Report shows that since 1992, states and localities have used HOME funds to produce 495,609 homebuyer homes, 466,861 rental homes, and 231,928 rehabilitated owner-occupied homes. Another 298,391 families have received tenant-based rental assistance through the HOME program. HOME consistently has exceeded its income targeting

requirements by assisting families with incomes below the statutory limits. For example, 40 percent of those assisted with affordable rental housing during the past five years were extremely low-income families (at or below 30 percent of AMI).

HOME often provides the early money necessary to get developments off the ground or the final critical gap financing that allows housing financed primarily with the Housing Credit or multifamily tax-exempt bonds to reach even lower income populations. In fact, HOME funds provided essential gap financing in more than a quarter of the Housing Credit developments targeted to addressing homelessness from 2003 to 2010. It is this flexibility that makes HOME unique within housing programs. Housing challenges differ from district to district and state to state. HOME provides states and localities with a housing resource that they can customize to respond to their particular needs.

For every \$1 of HOME funds, states and localities leverage \$4 in other private and public resources—a \$117 billion investment since HOME was created. In addition to providing needed affordable housing, HOME funds contribute to job creation, especially in the hard-hit construction sector. Every \$1 billion in HOME creates or protects approximately 18,000 jobs.

But the severe cuts to HOME in recent years -- a 44 percent cut from \$1.6 billion in FY 2011 to \$900 million in FY 2015 -- are felt deeply across the country. For example, the FY 2015 HOME funding allocation to the state of Maine is 38 percent less than its FY 2011 allocation, and the FY 2015 allocation to the state of Florida is one-third (33 percent) less than its FY 2011 allocation.

These cuts have also occurred when funding for affordable housing is most needed. The National Housing Conference's *Housing Landscape 2015* reports that in 2013, 15.2 percent of all U.S. households, or 17.6 million households, were severely cost burdened, spending more than half their income on housing costs, with one in five working households facing severe housing cost burdens. Those earning the least face the most acute housing challenges. Nearly eight in ten extremely low-income working households, and more than a third of very low-income working households (between 30 and 50 percent of AMI), are severely housing cost burdened. According to HUD's latest *Worst Case Housing Needs* report, nearly 7.7 million very low-income families paid more than half their monthly income for rent, lived in severely substandard housing, or both. This number is 50 percent higher than in 2003.

A strong investment in the HOME program is necessary to address the increasing demand for housing affordable to low-income families. Since 2000, the rental housing shortfall for extremely low-income (ELI) renters—measured as the gap between the number of ELI renters and the number of units available and affordable to those households—has grown by 55 percent. Recent analysis conducted by the National Low Income Housing Coalition, found that there are only 57 affordable rental homes available for every 100 very low-income renter households, and for the 10.3 million extremely low-income households, there are only 31 affordable homes available for every 100 households. Further, only one in four households eligible for federal rental housing assistance receives it due to limited resources.

HOME's use for rehabilitation activities also helps to keep low-income families in safe and decent homes they can afford and prevents additional losses from the supply of affordable rental housing. For example, in rural areas, the HOME program has been a vital source of funding for the preservation of an aging portfolio.

By enabling states and localities to address a variety of housing needs, HOME plays a unique role that cannot be filled by other programs. The Housing Trust Fund, for example, is a welcome additional tool to serve extremely low-income families but its focus is narrower than HOME's and thus should not be viewed as a substitute for HOME and other affordable housing programs.

An FY 2016 appropriation of at least \$1.2 billion for the HOME program would only go partway towards restoring cuts in the past several years, but it is an important step to provide states and local communities with critical resources needed to help address the spectrum of affordable housing needs they currently face. Additionally, a funding level of \$1.2 billion for the HOME program would create or preserve approximately 21,400 jobs. Therefore, we urge you to support the proven outcomes of the HOME program by providing an FY 2016 appropriation of at least \$1.2 billion. If you have any questions about this letter, please feel free to contact Althea Arnold (aarnold@ncsha.org) with the National Council of State Housing Agencies.

Sincerely,

Community Affordable Housing Equity Group
Consortium for Citizens With Disabilities Housing Task Force
Council for Affordable and Rural Housing
Council of State Community Development Agencies
CSH
Delaware Community Investment Corporation
Enterprise Community Partners
FAHE Capital Corporation
Great Lakes Capital Fund
Habitat for Humanity International
Hawaii Housing Finance
Housing Advisory Group
Housing Assistance Council
Housing Partnership Network
Housing Vermont
Local Initiatives Support Corporation
Massachusetts Housing Investment Corporation
Mercy Housing Inc.
Merritt Community Capital Corporation
Midwest Housing Equity Group (MHEG)
National Affordable Housing Management Association
National Alliance of Community Economic Development Associations
National Alliance on Mental Illness
National Association for County Community and Economic
Development
National Association of Affordable Housing Lenders
National Association of Homebuilders
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Association of State and Local Equity Funds
National Community Development Association
National Council of State Housing Agencies
National Housing & Rehabilitation Association
National Housing Conference
National Housing Trust
National Leased Housing Association
National Low Income Housing Coalition
National Rural Housing Coalition
New England Housing Network
Northern New England Housing Investment Fund

Ohio Capital Corporation for Housing
Practitioners Leveraging Assets for Community Enhancement
Rebuilding Together
St. Louis Equity Fund
Stewards of Affordable Housing for the Future
The National Association of State and Local Equity Funds
Virginia Community Development Corporation
Volunteers of America