



December 7, 2023

The Honorable Patty Murray
Chairwoman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Susan Collins
Vice Chairwoman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Kay Granger
Chairwoman
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

The Honorable Rosa L. DeLauro
Ranking Member
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Chairwoman Murray, Vice Chairwoman Collins, Chairwoman Granger, and Ranking Member DeLauro:

As your respective Appropriations Committees finalize fiscal year 2024 (FY24) appropriations , we are writing on behalf of the Council of Large Public Housing Authorities (CLPHA), the MTW Collaborative, the National Association of Housing and Redevelopment Officials (NAHRO), and the Public Housing Authorities Directors Association (PHADA) to respectfully ask Congress to expeditiously accept, at a minimum, the Senate-proposed funding level for the Public Housing Operating Fund (PHOF) at \$5.530 billion.

We realize that the funding decisions recommended by your respective committees were made in a difficult and constrained funding environment, particularly because of the Fiscal Responsibility Act's enactment. We appreciate the work of you and your staff in balancing competing demands and budgetary objectives. Yet, we must emphasize that insufficient appropriations have dire consequences for housing authorities' ability to serve residents. Our nation is amid an affordable housing crisis with a disappearing supply of housing for low-income persons, families, and those experiencing homelessness.

According to HUD's analysis of the proposed FY24 funding levels for the PHOF in their 2023 budget, the anticipated proration of program operating funding at 87 percent of formula amounts, based on House's FY24 PHOF funding proposal, will further exacerbate the predicament. It is crucial to underscore the adverse implications of insufficient funding compounded by the repercussions of existing shortfalls. The financial challenges faced by housing authorities pose a substantial risk to the effective operation of public housing. We worry that with higher-than-expected increases in costs to the program over the course of 2023, especially related to rising insurance premiums which have increased anywhere from 30% in Missouri to 50% in Tennessee and 110% in Alabama, the House proration may even be lower.

Moreover, HUD's findings reveal a \$375 million Operating Fund Shortfall that went underfunded in FY23. The allocated funding to address shortfalls amounted to only \$25 million in FY23. HUD defines a shortfall as housing authorities having less than three months of financial reserves. Furthermore, we are concerned that HUD's shortfall figures seriously understate the problem, as the shortfall formula incorporates an unrealistic inflation factor and is predicated on rents charged, not collected. The inability of Public Housing

Authorities (PHAs) to collect rents at pre-COVID levels has significantly impeded their operational capacity, with Tenant Account Receivables (TARs) remaining persistently high.

As a result, the funding required for housing authorities to achieve financial stability in their operating fund accounts exceeds \$350 million, highlighting the pressing need for adequate funding levels in FY24. The cumulative impact of insufficient funding and lingering shortfalls jeopardizes the well-being of public housing residents and underscores the urgency for a more robust financial intervention. We are respectfully asking Congress to expeditiously accept, at a minimum, the Senate-proposed funding level for the Public Housing Operating Fund (PHOF) at \$5.530 billion.

Thank you for your consideration of our recommendations and comments, and we look forward to supporting your efforts as you work to finalize the FY24 HUD funding legislation.

Sincerely,

Council of Large Public Housing Authorities
MTW Collaborative
National Association of Housing and Redevelopment Officials
Public Housing Authorities Directors Association

cc: The Honorable Brian Schatz
The Honorable Cindy Hyde-Smith
The Honorable Tom Cole
The Honorable Mike Quigley