



1400 16th St. NW
Suite 420
Washington, DC 20036
(202) 939-1750
Fax (202) 265-4435
www.housingonline.com

May 11, 2020

Assistant Secretary R. Hunter Kurtz
US Department of Housing & Urban Development
Public and Indian Housing (PIH) Room 4100
Washington, DC 20410

Dear Assistant Secretary Kurtz:

The National Housing & Rehabilitation Association formed our HOPE VI and Mixed-Finance Council in 2008 to convene and advocate on behalf of private-sector and non-profit owners of HOPE VI, Mixed-Finance and Choice-Neighborhood Initiative developments around the country. Collectively our members own and operate more than 20,000 mixed-finance apartments.

The Corona-Virus Pandemic has put significant financial stress on the mixed-finance portfolio. Residents of both mixed-finance properties and traditional public housing properties are experiencing the same economic stress from COVID-19 (i.e. loss of jobs/income, increased health care costs, etc...). Owners of mixed-finance properties are experiencing precipitous drops in the tenant paid portion of rents for ACC units, as well as Low Income Housing Tax Credit (LIHTC) and market-rate units. At the same time, operating expenses have increased since the outset of the pandemic as owners and managers take additional unbudgeted actions to keep properties sanitary, safe and secure.

Furthermore, unlike traditional public housing, many mixed-finance properties also carry additional debt that requires ongoing payments. As a result of inadequate funding by Congress and the resulting pro-rations of capital and operating subsidy, project reserves at many mixed-finance properties are depleted. COVID-19 is further exacerbating long-term structural funding problems.

We fear that unless immediate action is taken, owners will have little choice but to take undesirable steps including the triggering the request to implement transformation plans under Section 35h of the Housing Act of 1937.

Fortunately, the recently enacted CARES Act appropriated substantial supplemental funding for public housing operating funds. This supplemental would go a long way towards mitigating this issue in the short-term. Unfortunately, our members have been informed by many of their Public Housing Authorities (PHAs) partners that the PHAs do not consider ACC units in Mixed-Finance properties part of their public housing portfolio. As a result, the PHAs are not planning

on allocating supplemental appropriations of Public Housing Capital Funds from CARES Act to these mixed-finance properties.

We strongly disagree with this interpretation – it is in direct controversy with the mutually agreed upon Regulatory & Operating (R&O) agreements that govern the flow of subsidy for these transactions. Furthermore, we do not believe this interpretation was the intent of Congress in enacting the legislation. We advocate that all public housing operating fund and capital fund appropriations (supplemental or otherwise) should be allocated equitably across all Asset Management Projects (AMPs) in a PHA's portfolio.

We request that the Department issue immediate guidance to PHAs directing them to distribute supplemental funding proportionately to all AMPs that would otherwise qualify for operating subsidy (including mixed-finance developments), in accordance to the terms of each mixed-finance Regulatory & Operating (R&O) agreement. The public and private sectors have invested substantial resources through the mixed-finance programs to turn around the most distressed public housing assets. We believe it is in the long-term interests of all stakeholders, including the residents, HUD, the PHAs and the private sector partners that mixed-finance properties are adequately resourced.

Thank you again for your time and consideration. We look forward to continuing this dialogue with you and your staff. Please feel free to contact me directly with any questions at 202-939-1753 or tamdur@housingonline.com.

Best Regards,

A handwritten signature in black ink on a light-colored background. The signature is cursive and appears to read 'Thom Amdur'.

Thom Amdur
President

cc: Dominique Blom
Thomas Davis
Brian Montgomery
Mindy Turbov
Susan Wilson