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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

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January 17, 2019

The Honorable Benjamin S. Carson
Secretary
U.S. Department of Housing and
Urban Development
451 7th Street, SW
Washington, D.C. 20410

Dear Secretary Carson:

I am writing to bring to your attention numerous issues raised by President Trump's shutdown of the Department of Housing and Urban Development's (HUD's) programs, particularly those assisting the lowest-income families, seniors, and people with disabilities.

HUD plays a critical role in the lives of our families and communities across the country. From helping homeowners and rental housing owners access credit, to assisting over 4 million families and seniors find affordable housing, to combatting homelessness and helping local governments fund community-, economic-, and affordable housing development initiatives, the work of HUD and its employees is important to all Americans. Not only is the shutdown actively impeding HUD's mission, but it is actually increasing housing insecurity among federal employees, contractors, and grantees, many of whom will not be reimbursed for lost work. The effects of this shutdown on HUD's programs ripple into the economy far beyond Washington, D.C., to thousands of local agencies, property owners, service contractors, and small businesses that support them.

The Trump shutdown is now the longest in the nation's history. Its effects are already being felt in the following ways:

- **Project-Based Rental Assistance for Thousands Expiring:** We have learned that 1,150 contracts for Project-Based Rental Assistance (PBRA) covering more than 40,000 units of affordable housing have expired since the shutdown began. Another 550 contracts will expire in February if the shutdown is not ended. Owners are being asked to use their building repair reserves to cover daily expenses until the shutdown ends. This is not a viable option for all owners, and is not sustainable for long. Failure to renew and fund assistance contracts puts both buildings and residents – the majority of whom are elderly or people with disabilities - at risk.

- **Elderly Services Threatened:** HUD funding contracts for Service Coordinators, who connect elderly residents with benefits and community services to help them age in place, expired January 1st. Adding insult to injury, the furlough of HUD staff has prevented property managers from accessing authorized funds to reimburse them for their service coordinators' work in December. If the shutdown continues, housing providers may have to lay off these valuable support staff just as elderly residents need additional help navigating the impact of the shutdown on other services.
- **Housing Safety Inspections Suspended:** HUD has discontinued safety inspections of public and HUD-assisted housing during the shutdown, putting residents and HUD-funded properties at risk of unsafe and deteriorating conditions.
- **Federal Housing Administration (FHA) Multifamily and Healthcare Guaranteed Loans Frozen:** The shutdown has frozen nearly all of FHA's multifamily and healthcare facility guaranteed loan processing, indefinitely delaying billions in pending loans for the duration of the shutdown. If the shutdown is not ended quickly, these delays will add additional costs to loans, cause some to collapse, imperil Low Income Housing Tax Credits pledged to projects, and delay the creation and preservation of much-needed affordable rental housing.
- **Previous Funding for Homeless Assistance, Other Grants Delayed:** The furlough of over 7,000 HUD staff is likely to prevent grantees from accessing previously-appropriated funds. For example, the shutdown may delay distribution of FY 2018 Homeless Assistance Grants to communities and local homeless service organizations. Although the funds are available and ready to be distributed, HUD does not currently have staff available to get the funds out during the shutdown. Most of these grants renew existing programs currently serving homeless families, veterans, and people with disabilities. If these grants are not renewed in a timely way, local governments and nonprofit service organizations will not have the resources they need to combat homelessness, which has risen for the past two years in the face of rising rents. As time goes on, more communities and housing providers are likely to be denied access to available funds because HUD staff are not there to resolve problems and process grants.
- **Public Housing and Housing Choice Voucher Funding for Millions at Risk:** HUD will run out of money for both the Public Housing Operating Fund and Section 8 Tenant Based Rental Assistance (Housing Choice Voucher) programs after February. These programs serve over 3.2 million low-income families, the majority of whom are headed by the elderly and persons with disabilities. Public housing operating funds cover daily operating costs like utilities, security, and ongoing maintenance. Local public housing agencies have few resources to absorb these costs and may not be able to pay for utilities, contractors, and repairs in aging buildings. Housing Choice Vouchers make up the difference between the cost of modest private-market housing and the amount families can afford to pay. Failure to pay HUD's voucher bills will create hardships for participating landlords and families. Private landlords depend on these HUD voucher payments to pay their own bills, including utilities and mortgages. Failure to pay will also imperil local service providers who have partnered with housing agencies to offer supportive housing and services to vulnerable families, homeless veterans, and youth who have aged out of foster care. In the long run, this shutdown could undermine private

property owners' belief that the federal government is a trustworthy partner. This will undermine efforts to retain and recruit landlords at a time when tight rental markets are already shutting too many families out, particularly in areas of opportunity. Even before we reach the expiration of these funds, uncertainty will force many local housing agencies to curtail activities such as making repairs or issuing vouchers to families on their waiting lists.

The shutdown will become more devastating if it continues. More contracts will expire, more grants will be suspended, and more multifamily loans will be halted. More home sales will experience delays as a limited number of HUD staff tries to keep up with processing FHA-backed mortgages. The uncertainty created by this situation will create unnecessary costs and halt activities for thousands of HUD's state and local partners, private property owners, and non-profit service organizations.

In addition, the shutdown has resulted in the furlough of thousands of dedicated HUD employees across the country. Those who remain are working hard within the bounds of the law to ameliorate the ill effects of this unnecessary shutdown. All of them have already missed a paycheck, creating hardship for their own families. The President must end this shut down and let HUD's employees get back to the business of strengthening our communities.

Housing is the foundation for our lives, and safe, affordable housing is essential to families' and the nation's well-being. The American people cannot afford a HUD shutdown that lasts "months or even years." We need to enact final HUD FY 2019 appropriations to give housing providers, communities, and families the stability they need to plan for the future.

Low-income Americans and communities served by HUD programs should not be held hostage to President Trump's unrelated shutdown demands. While news reports have detailed the Administration's efforts to accommodate the interests of oil companies and other special interests, I am interested to know what steps HUD is undertaking to mitigate the impact of this unnecessary shutdown on vulnerable Americans. Please provide me with a description of what you are doing within the law to reduce the harm to people who are assisted by HUD's programs. Finally, because the most effective way to prevent further harm from President Trump's HUD shutdown is to end it, I also request that you urge President Trump to end his shutdown immediately.

Sincerely,



Sherrod Brown
Ranking Member