

Congress of the United States

House of Representatives

Washington, DC 20515

January 14, 2003

Honorable Mel Martinez
Secretary
Department of Housing and Urban Development
451 7th St. SW
Washington, DC 20410

Dear Mr. Secretary:

We are writing to express our deep dismay about HUD's recent action (*Notice PIH 2003-1*) to impose a 30% cut in public housing operating subsidies, which are used by local housing authorities to pay for their cost of operating public housing units. We urge you to address this crisis immediately, as the situation is intolerable.

We request that you take immediate action to correct this problem, including asking Congress to appropriate \$250 million in emergency funding to cover the FY 2002 operating subsidy shortfall, plus sufficient funds to cover 100% of projected FY 2003 operating expenses, as well as revising the HUD notice to raise the level of operating subsidies to more accurately reflect the level being funded through the FY 2003 appropriations process. As you know, the Appropriations Committees are now drafting the legislation to fund these programs, and it is essential that corrective action be included in that legislation.

The 30% cut in operating assistance for public housing is both unprecedented and unwarranted. This action is likely to have a significant negative impact on the quality and safety of the over 1.2 million public housing units which serve low-income senior citizens and families. This action is also likely to have severe negative consequences for the finances of the local public housing agencies which administer public housing,

We understand that HUD's action is in part based on a \$250 million public housing operating subsidy funding shortfall from fiscal year 2002. It is disturbing that HUD claims it did not discover this shortfall until late in that fiscal year. It is even more disturbing that HUD did not request additional funding to cover this shortfall, either during the appropriations process last fall, or more recently, when HUD was preparing the notice implementing a 30% cut. The result is that just this last week, the House passed up an opportunity to restore this funding, when it approved an extension of the Continuing Resolution without funding the shortfall.

However, even with the \$250 million shortfall, HUD's 30% cut seems an unduly conservative reaction. We understand that HUD may want to err on the side of caution until it receives a final appropriations level from Congress. However, the HUD notice seems to indicate that, regardless of such funding level, it will not revise its funding for housing authorities until May at the earliest, and possibly much later. This is unacceptable, as there will already be severe

Honorable Mel Martinez

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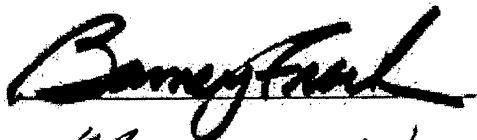
January 14, 2003

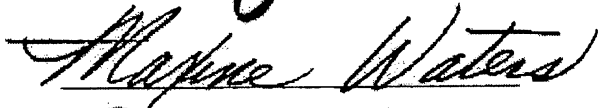
consequences by that time. It would be especially unwarranted if Congress acts in the near future to approve a final FY 2003 appropriations bill which would justify much higher levels than 70%.

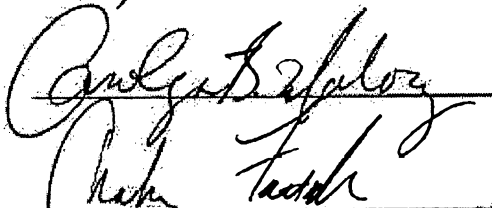
Finally, we note that HUD justified last year's termination of the Drug Elimination program on the grounds that the drug and crime prevention activities carried out under that program could be carried out through operating subsidy funds, which HUD proposed to increase. HUD's 30% cut in operating subsidies belies that argument, putting in jeopardy important public housing safety activities that housing agencies have continued, using operating subsidy funds.

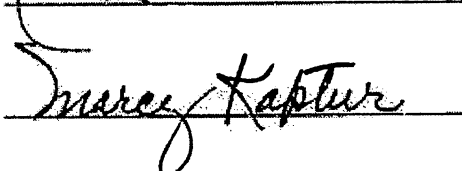
For all these reasons, we urge HUD to seek additional funding and to revise its recent notice, in order to provide a funding level sufficient to operate public housing units in a safe and sound manner.

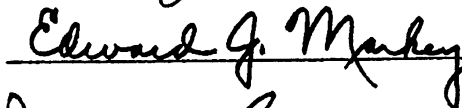
Sincerely,

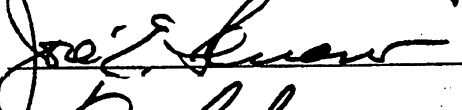


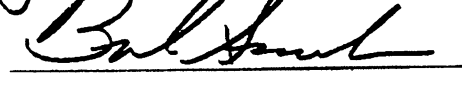


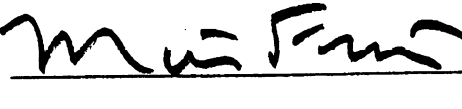


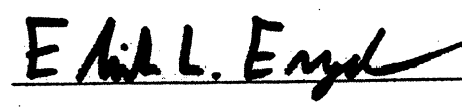






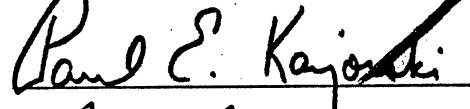












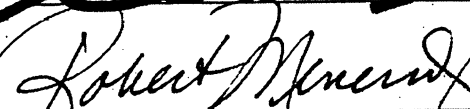


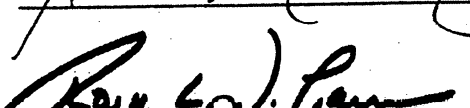


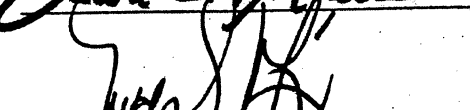


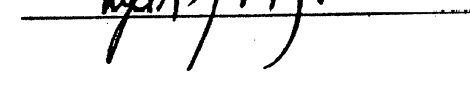












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Greg L Ackerman

George Miller

Donald M Payne

Maureen Anderson

Michael M. Hader

Jimmy DeFette

Kenneth M. Christ

James M. Anderson

Stephanie R. R. Jones

Timmy R. Jones

John Stark

Jim Davis

James R. Jones

Mark A. Fitzgerald

John F. Jones

John F. Jones

Henry A. Wapman

Tom Lantos

Robert L. Bush

Tom Allen

Baibara Lee

Julia Carson

Walter M. Mink

Walter M. Mink

Jim Langerin

Carolyn McCarty

Pat A. Sperry

Patrick O. Kennedy

Jim M. Jones

John L. Jones

Harold Ford

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Joe Baca

Mike Ross

Phil Miller

Jim Moran

Mike Shetrone

Martin O. Sabo

Jander Pava

Bob Filner

Paul Blumenthal

Rubin Hinojosa

Ellena H. Norton

Louis Capps

Karl Kind

Van S. Jones

Brad Sherman

Zanny Baldini

Wm C. Shoo

John F. Tunn

Melvin L. Watt

Gerry Knezyka

Ben Cardin

Nancy Pelosi

Alan B. Hillman

Dale H. Harty

July R. Cortez

Ed Pastor

Gregory W. Meeks

Karen McCarthy

Ben Ray

Sam Farr

John W. Olver

Michael H. Michaud

January 14, 2003

Joe Hoefel

Wm. Lacy Clay

Joe Atchaf

Lois Piel

Lucille Roybal-Allan

Norm Richs

Mid Lacey

M. In Daye

Tring Jij

Late Ray

Mark Odell

Marty P. Puckett

Rita Loney

Paul Richmond

T. Holden

Louise M. Slaughter

Honorable Mel Martinez

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Jose E. Serrano	Edolphus Towns
Bernard Sanders	Robert Menendez
Martin Frost	Rosa L. DeLauro
Eliot L. Engel	Nydia M. Velazquez
Gary L. Ackerman	Henry A. Waxman
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Donald M. Payne	Bobby L. Rush
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Michael M. Honda	Barbara Lee
Diana DeGette	Julia Carson
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Juanita Millender-McDonald	Michael E. Capuano
Stephanie Tubbs-Jones	James R. Langevin
Timothy J. Ryan	Carolyn McCarthy
Fortney Pete Stark	Robert A. Brady
Jim Davis	Patrick J. Kennedy
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Stephen Lynch	Joseph Crowley
Jay Inslee	Harold E. Ford
Joe Baca	Anna G. Eshoo
Mike Ross	John F. Tierney
Dennis Moore	Melvin L. Watt
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Ike Skelton	Benjamin L. Cardin
Martin Olav Sabo	Nancy Pelosi
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Bob Filner	Darlene Hooley
Earl Blumenauer	Jerry F. Costello
Ruben Hinojosa	Ed Pastor
Eleanor Holmes Norton	Gregory W. Meeks
Lois Capps	Karen McCarthy
Ron Kind	Brian Baird

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Brad Sherman
Tammy Baldwin
Joseph M. Hoeffel
Wm. Lacy Clay
Bob Etheridge
David E. Price
Lucille Roybal-Allard
Norman D. Dicks
Rick Larsen
Michael F. Doyle**

**Sam Farr
John W. Olver
Michael H. Michaud
Timothy H. Bishop
Silvestre Reyes
Mark Udall
Martin T. Meehan
Nita M. Lowey
Jesse L. Jackson, Jr.
Tim Holden
Louise McIntosh Slaughter**



Congress of the United States

House of Representatives

Washington, DC 20515

January 17, 2003

The Honorable C. W. Bill Young
Chairman
House Appropriations Committee
H218 The Capitol

The Honorable David Obey
Ranking Member
House Appropriations Committee
1016 Longworth

The Honorable James T. Walsh
Chairman
House Appropriations Subcommittee
on VA-HUD, Independent Agencies
H143 The Capitol

The Honorable Alan B. Mollohan
Ranking Member
House Appropriations Subcommittee
on VA-HUD, Independent Agencies
1016 Longworth

Dear Sirs:

We are writing to strongly urge you to provide an additional \$250 million in emergency funding for the Department of Housing and Urban Development's Public Housing Operating Fund. Due to a miscalculation by HUD, the FY2002 budget has a \$250 million shortfall. Instead of coming to Congress to ask for additional funds, HUD will ask Congress to authorize using FY2003 Operating Funds to cover this shortfall in the FY2002 budget. However, unless emergency funds are provided in addition to the full funding necessary to meet the needs and obligations of Public Housing Authorities for FY2003, the result will be the same - massive cuts to a vital program.

In a meeting with the Public Housing Authority (PHA) Representatives on December 20, 2002 HUD Assistant Secretary Michael Liu confirmed that HUD's malfunctioning data systems failed to accurately estimate operating cost needs. In addition to problems with its information systems, he admitted that the Department most probably relied on inflation estimates that were too low. In fact, HUD has historically made assumptions that consistently low-ball inflation rates and fail to consider annual increases in utilities, health insurance and other routine costs when allocating funds to over 3,200 PHAs.

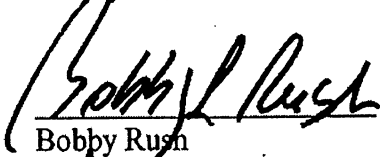
More disturbing is the news that HUD became aware of the shortfall problem last spring but no action was taken to inform Congress or PHAs. HUD's failures and mistakes should not be allowed to continue, nor should they negatively impact the 3 million residents of public housing across the country. We must remember that elderly households occupy about one-third of the units and that a growing number of residents are non-elderly persons with disabilities who constitute 24% of all public housing households.

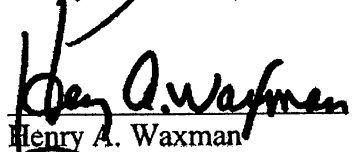
As you may know, the Operating Fund is used to pay for vital components of public housing, such as heating costs during winter. With the cost of energy again on the rise, the ability of Public Housing Authorities to meet the needs of their tenants will be in grave doubt. We urge you to provide an additional \$250 million in emergency funds.

Sincerely,


Eliot L. Engel


Barney Frank


Bobby Rush


Henry A. Waxman


George Miller

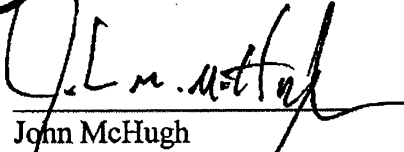

James L. Oberstar

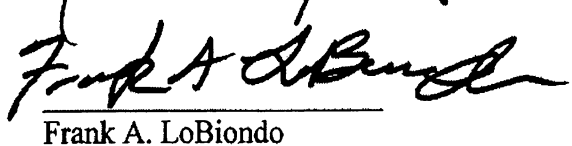

Norman D. Dicks


Lincoln Diaz-Balart

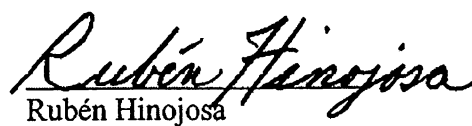

Ileana Ros-Lehtinen

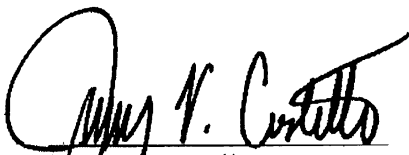

Jack Quinn


John McHugh

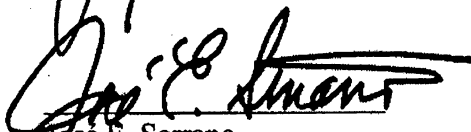

Frank A. LoBiondo


Louise McIntosh Slaughter

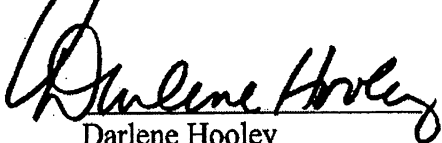

Rubén Hinojosa



Jerry F. Costello



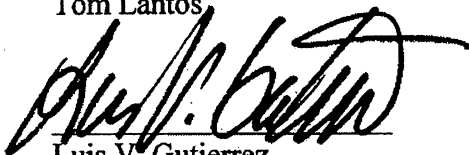
Jose E. Serrano



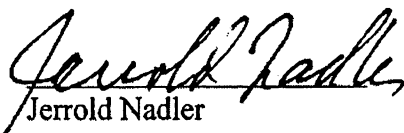
Darlene Hooley



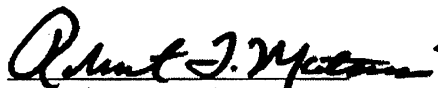
Tom Lantos



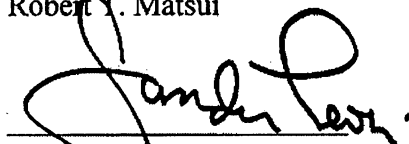
Luis V. Gutierrez



Jerrold Nadler



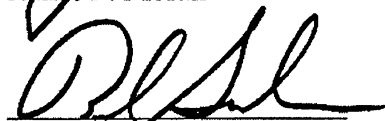
Robert T. Matsui



Sander M. Levin



James P. Moran



Bernard Sanders



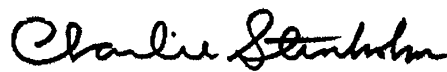
Earl Blumenauer



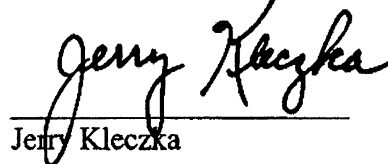
Maurice Hinchey



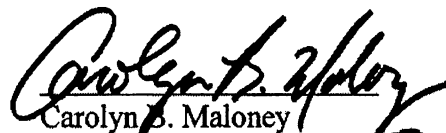
Bob Filner



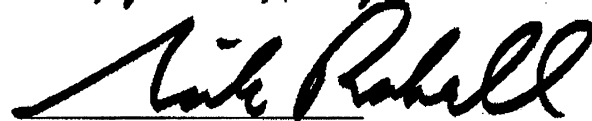
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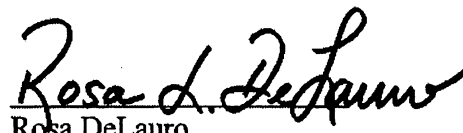
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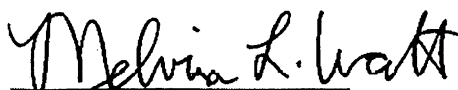
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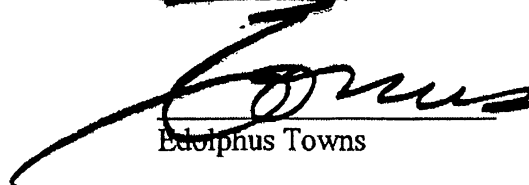
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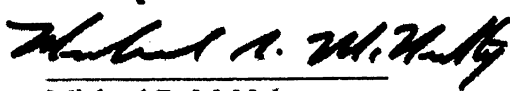
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Melvin L. Watt



Edolphus Towns



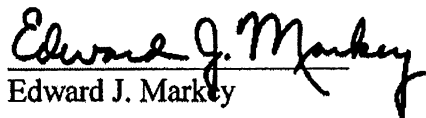
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Rick Boucher



Peter DeFazio



Edward J. Markey



Bill Pascrell, Jr.



Michael M. Honda



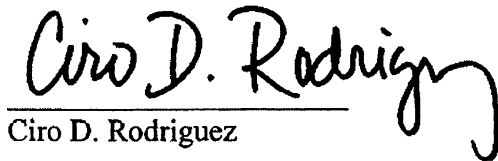
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Diana L. DeGette



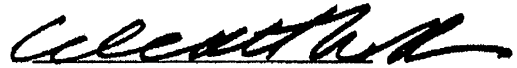
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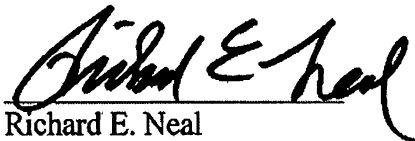
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Donald M. Payne



Eleanor Holmes Norton



Richard E. Neal



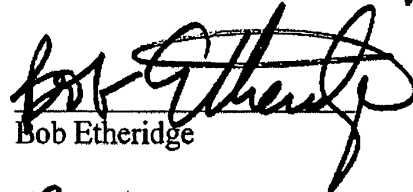
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Thomas H. Allen



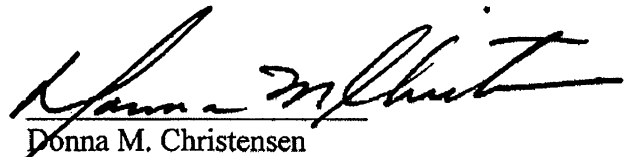
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Bob Etheridge



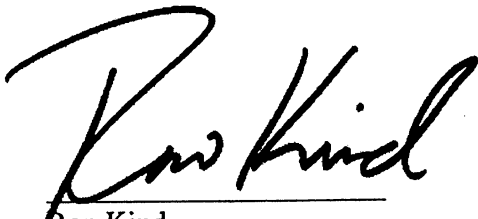
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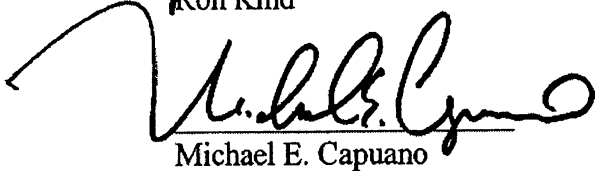
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Brian Baird



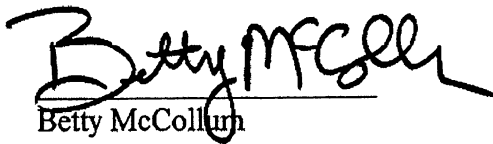
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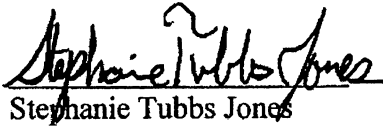
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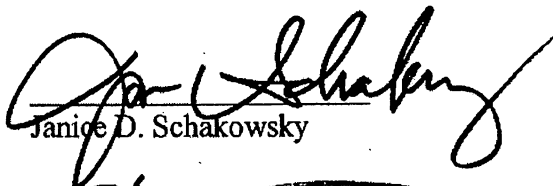
Anthony Weiner



Betty McCollum



Stephanie Tubbs Jones



Janice D. Schakowsky



Steve Israel



Jim Davis



Joe Baca



Mike Ross



William Delahunt



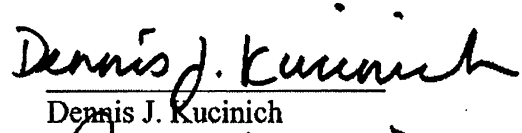
Sam Farr



Tim McDermott



Tammy Baldwin



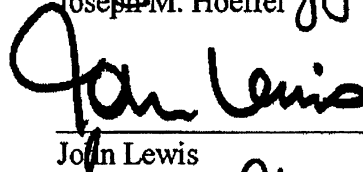
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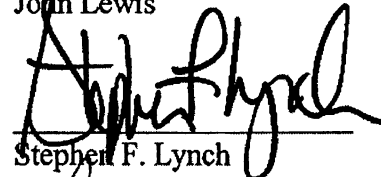
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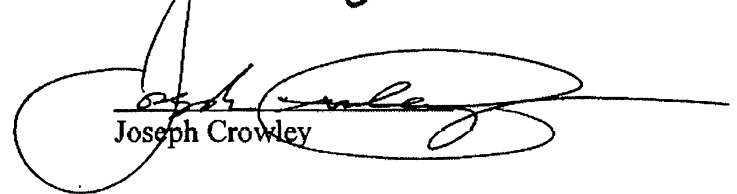
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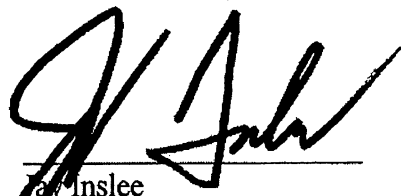
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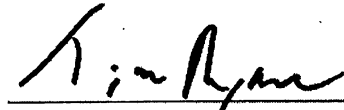
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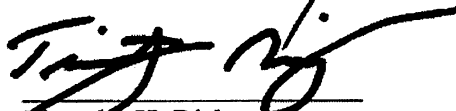
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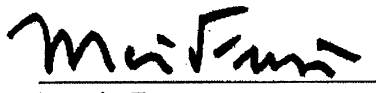

Jay Inslee

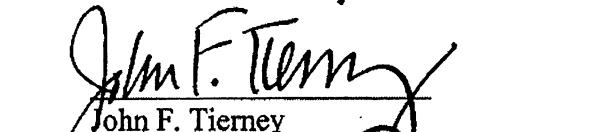

Mike McIntyre


Timothy J. Ryan

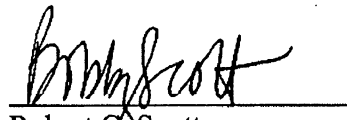

Robert A. Brady


Timothy H. Bishop

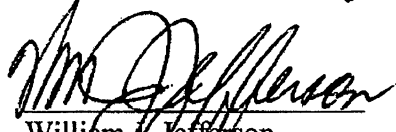

Martin Frost


John F. Tierney

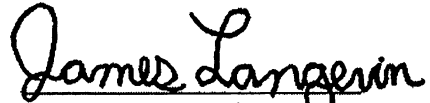

Charles B. Rangel

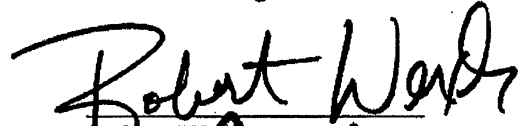

Robert C. Scott

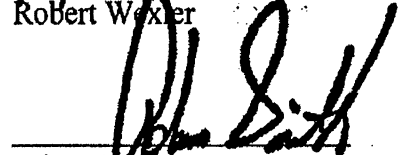

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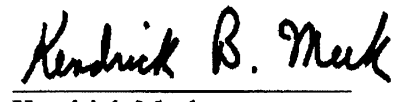

William A. Jefferson

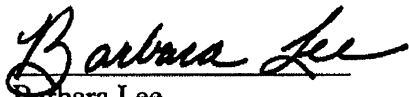

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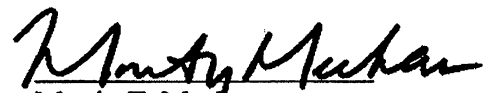

James R. Langevin

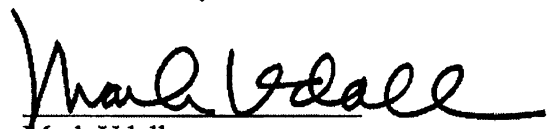

Robert Wexler

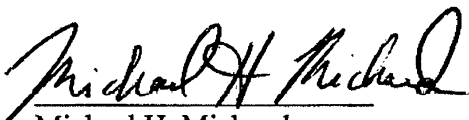

Adam Smith

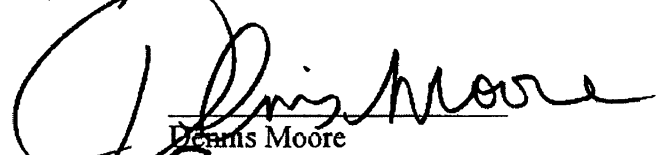

Kendrick Meek

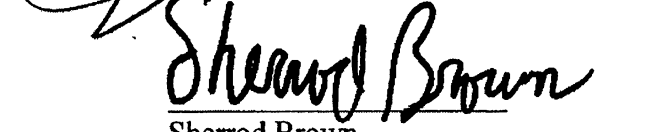

Barbara Lee


Martin T. Meehan

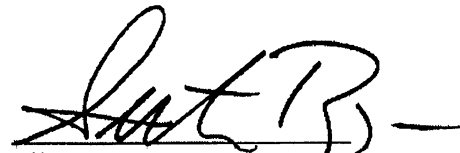

Mark Udall

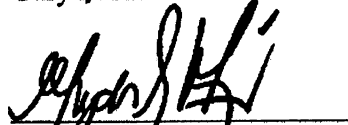

Michael H. Michaud


Dennis Moore


Sherrod Brown

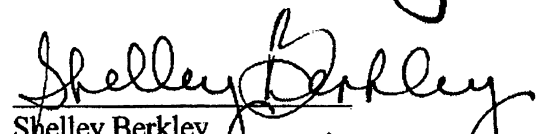

Gary L. Ackerman

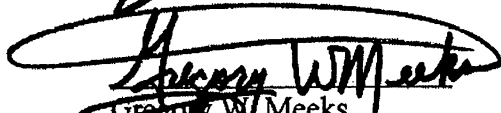

Silvestre Reyes

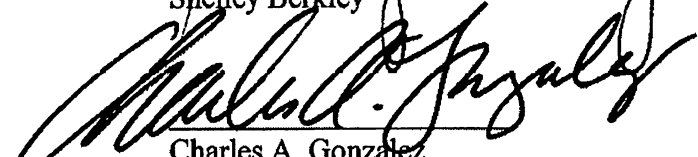

Nydia M. Velázquez


Carolyn McCarthy


Major R. Owens


Shelley Berkley


Gregory W. Meeks


Charles A. Gonzalez


Lois Capps


Nick Lampson


Artur Davis

Committee on Financial Services
Committee on Transportation and
Infrastructure
Democratic Regional Whip
Democratic Steering & Policy
Committee
www.house.gov/capuano/



Congress of the United States House of Representatives

Michael E. Capuano
8th District, Massachusetts

January 24, 2003

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ROXBURY COMMUNITY COLLEGE
ROOM 110

Honorable Members of the Cambridge City Council
c/o D. Margaret Drury
City Clerk
City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

Dear Councilors:

Thank you for contacting my office regarding the proposed cuts to the Public Housing Operating Fund. I appreciate having your views on this important issue, and I share your concern.

As you know, the U.S. Department of Housing and Urban Development (HUD) recently announced that because of an accounting error, payments to local public housing authorities for operating expenses could be cut up to 30 percent. This proposed cut would be devastating to local housing authorities throughout Massachusetts and have a drastic impact on the over 1.2 million public housing units serving seniors and families throughout the nation. Public housing officials are already faced with growing maintenance, security, and energy costs. A 30 percent cut in the Operating fund would only make these problems worse.

After reviewing their initial accounting, HUD has now announced that housing authorities could receive up to 90 percent of their operating funding. While this may help some public housing residents, the Department has still not asked Congress for additional funding to address these cuts next year. You will be pleased to know that I have joined more than 100 of my colleagues in signing letters to HUD Secretary Martinez and the House and Senate Appropriations Committees requesting additional funding for public housing. I've enclosed copies of those letters for your records.

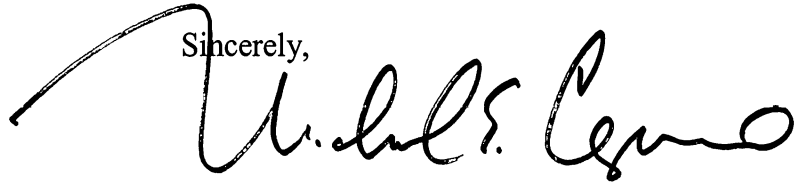
The housing crisis in America has worsened in recent years, and we must do everything we can to maintain and expand our stock of affordable housing in Massachusetts. Please be assured that I will continue to fight for full funding for public housing as Congress debates the HUD budget.

2003 JAN 24 10 03 AM
U.S. HOUSE OF REPRESENTATIVES
CLERK



Thank you again for your letter. If my staff or I can be of any further assistance, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Capuano". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Michael E. Capuano

Enclosure

S-38

Communication #1

A communication was received from Representative Michael E. Capuano, regarding the proposed cuts to the Public Housing Operating Fund.

In City Council February 3, 2003

PLACED ON FILE.