

Congress of the United States
House of Representatives
Washington, DC 20515-2108

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**Congressman Capuano, Secretary Cuomo, Members of Congress Announce Strategy to
Protect Affordable Housing**

Today, 8th District Representative Michael Capuano joined U.S. Department of Housing and Urban Development Secretary Andrew Cuomo and other members of Congress to announce a plan to immediately address the problem with "expiring use" housing throughout the country.

HUD's plan would prevent "opt-outs" from the project-based section 8 program. HUD will act immediately to target properties in strong markets that are in good condition and most likely to opt out. At the same time, Congress and the Administration will work together to craft a comprehensive strategy to protect residents and preserve the best of project-based section 8 housing.

"I applaud Secretary Cuomo and HUD as well as Senator Kerry and Representative Frank for their leadership on this important issue. Now, many working families throughout this country will be able to retain their affordable housing units.

I look forward to working with the Secretary to create other affordable housing alternatives." stated Congressman Capuano.

Years ago, the federal government invested billions of dollars to create incentives for private developers to build units of affordable housing. Property owners were required to keep the units affordable for the life of the mortgage. Once mortgage obligations had been satisfied, however, owners were free to charge market rate for the properties. Several years ago, the

Republican-controlled Congress passed legislation which allowed property owners to pre-pay their mortgages and "opt-out" of their affordable housing commitments.

This means that many working families throughout Massachusetts and the entire country are in danger of losing their affordable units.

Mike has been working diligently to address this affordable housing dilemma. Earlier this month, he hosted an Expiring Use Housing Forum at Roxbury Community College. Affordable housing advocates throughout the 8th Congressional District were invited to share their thoughts and their expertise. The purpose of the forum was to develop recommendations for policy, legislation and programs that would address expiring use as well as the larger issue of preserving affordable housing.

Mike also met with Jack Lew, Director of the Office of Management and the Budget (OMB) to review possible solutions to HUD's section 8 expiring use contracts. Congressman Capuano urged OMB to give HUD the authority to renegotiate section 8 contracts. This would reduce tenant displacement and preserve affordable housing units.

Well before he became the Representative from Massachusetts' 8th district, Mike was working to save affordable housing units. In Somerville in 1990, Mike worked with then U.S. Representative Joe Kennedy to save a 500-unit "expiring use" building - Clarendon Hill Towers. This property was one of the first expiring use projects in the nation to face this problem. The units are now owned by the tenants and will remain affordable.

"I will continue to work with my colleagues as well my constituents to insure that long-term solutions to our affordable housing crisis are implemented," Rep. Capuano stated.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Announcement on Opt-Outs and the Future of Section 8 Housing

On Thursday morning at 9:30am, Secretary Cuomo and bipartisan members of Congress will announce a plan to solve an impending crisis in the project-based Section 8 housing program, which provides subsidies to over 1.4 million poor households throughout the nation. This crisis is a result of the coming wave of expirations of long-term contracts with owners of subsidized properties, which can lead to resident displacement and the loss of some of the best affordable housing.

Secretary Cuomo and the members of Congress will propose a two-pronged strategy to stem the crisis. First, HUD will act immediately on an emergency basis to prevent "opt-outs" from the project-based Section 8 program. Elements of the targeting for this initiative will include:

- Properties in good condition
- Properties in strong markets
- Properties most likely to opt out

Because HUD's current authority and resources are limited, however, the Administration and Congress must work together to reach a comprehensive strategy to protect residents and preserve the best of project-based Section 8 housing. Highlights of this strategy will include:

- Market rents and other resources for targeted properties
- More secure Section 8 contracts
- More effective resident protection

To educate the public about the need for this new policy, Secretary Cuomo will also release a report prepared by HUD that documents the magnitude of the crisis and lays out a set of principles that are guiding Administration and Congressional action. Findings of the report include:

- Expirations are increasing.
- Contracts are expiring everywhere.
- Shortage of affordable housing leaves limited options.

Comm. & Rpts Other Officers *3415*
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A communication was received
from Mayor Duehay regarding
Congressman Capuano, Secretary
Cuomo, and members of Congress
announcement of Strategy of
Affordable Housing.

In City Council May 3, 1999

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