AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

THE IMPACT OF LATE HOUSING ASSISTANCE PAYMENTS ON TENANTS AND OWNERS IN THE PROJECT-BASED RENTAL ASSISTANCE PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 17, 2007

Printed for the use of the Committee on Financial Services

Serial No. 110–72

U.S. GOVERNMENT PRINTING OFFICE

39–910 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

BARNEY FRANK, Massachusetts, *Chairman*

PAUL E. KANJORSKI, Pennsylvania
MAXINE WATERS, California
CAROLYN B. MALONEY, New York
LUIS V. GUTIERREZ, Illinois
NYDIA M. VELÁZQUEZ, New York
MELVIN L. WATT, North Carolina
GARY L. ACKERMAN, New York
JULIA CARSON, Indiana
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
DENNIS MOORE, Kansas
MICHAEL E. CAPUANO, Massachusetts
RUBÉN HINOJOSA, Texas
WM. LACY CLAY, Missouri
CAROLYN McCARTHY, New York
JOE BACA, California
STEPHEN F. LYNCH, Massachusetts
BRAD MILLER, North Carolina
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
MELISSA L. BEAN, Illinois
GWEN MOORE, Wisconsin,
LINCOLN DAVIS, Tennessee
ALBIO SIRES, New Jersey
PAUL W. HODES, New Hampshire
KEITH ELLISON, Minnesota
RON KLEIN, Florida
TIM MAHONEY, Florida
CHARLES A. WILSON, Ohio
ED PERLMUTTER, Colorado
CHRISTOPHER S. MURPHY, Connecticut
JOE DONNELLY, Indiana
ROBERT WEXLER, Florida
JIM MARSHALL, Georgia
DAN BOREN, Oklahoma

SPENCER BACHUS, Alabama
RICHARD H. BAKER, Louisiana
DEBORAH PRYCE, Ohio
MICHAEL N. CASTLE, Delaware
PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
RON PAUL, Texas
STEVEN C. LATOURETTE, Ohio
DONALD A. MANZULLO, Illinois
WALTER B. JONES, JR., North Carolina
JUDY BIGGERT, Illinois
CHRISTOPHER SHAYS, Connecticut
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
TOM FEENEY, Florida
JEB HENSARLING, Texas
SCOTT GARRETT, New Jersey
GINNY BROWN-WAITE, Florida
J. GRESHAM BARRETT, South Carolina
JIM GERLACH, Pennsylvania
STEVAN PEARCE, New Mexico
RANDY NEUGEBAUER, Texas
TOM PRICE, Georgia
GEOFF DAVIS, Kentucky
PATRICK T. McHENRY, North Carolina
JOHN CAMPBELL, California
ADAM PUTNAM, Florida
MICHELE BACHMANN, Minnesota
PETER J. ROSKAM, Illinois
THADDEUS G. McCOTTER, Michigan
KEVIN McCARTHY, California

JEANNE M. ROSLANOWICK, *Staff Director and Chief Counsel*

SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

MAXINE WATERS, California, *Chairwoman*

NYDIA M. VELÁZQUEZ, New York
JULIA CARSON, Indiana
STEPHEN F. LYNCH, Massachusetts
EMANUEL CLEAVER, Missouri
AL GREEN, Texas
WM. LACY CLAY, Missouri
CAROLYN B. MALONEY, New York
GWEN MOORE, Wisconsin,
ALBIO SIRES, New Jersey
KEITH ELLISON, Minnesota
CHARLES A. WILSON, Ohio
CHRISTOPHER S. MURPHY, Connecticut
JOE DONNELLY, Indiana
BARNEY FRANK, Massachusetts

SHELLEY MOORE CAPITO, West Virginia
STEVAN PEARCE, New Mexico
PETER T. KING, New York
CHRISTOPHER SHAYS, Connecticut
GARY G. MILLER, California
SHELLEY MOORE CAPITO, West Virginia
SCOTT GARRETT, New Jersey
RANDY NEUGEBAUER, Texas
GEOFF DAVIS, Kentucky
JOHN CAMPBELL, California
THADDEUS G. McCOTTER, Michigan
KEVIN McCARTHY, California

CONTENTS

	Page
Hearing held on:	
October 17, 2007	1
Appendix:	
October 17, 2007	53

WITNESSES

WEDNESDAY, OCTOBER 17, 2007

Beebout, Donald L., Vice President, Showe Management Corporation	42
Bodaken, Michael, President, National Housing Trust	37
Cox, John W., Chief Financial Officer, U.S. Department of Housing and Urban Development	4
Lipton, Lawrence J., Chief Financial Officer, Related Companies, Inc. on behalf of the National Leased Housing Association	39
Livingstone, Carolann, President, 1890 House Tenants Association, and Vice President, Eastern Region of the National Alliance of HUD Tenants	44
Minnix, Larry, President and CEO, American Association of Homes and Services for the Aging	45
Pagano, J. Kenneth, President and Chief Executive Officer, Essex Plaza Management, on behalf of the National Affordable Housing Management Association	41
Wood, David G., Director, Financial Markets and Community Investment, U.S. Government Accountability Office	6

APPENDIX

Prepared statements:	
Beebout, Donald L.	54
Bodaken, Michael	62
Cox, John W.	157
Lipton, Lawrence J.	164
Livingstone, Carolann	173
Minnix, Larry	181
Pagano, J. Kenneth	193
Wood, David G.	207

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Livingstone, Carolann:	
Copy of lease referred to in her testimony	230

THE IMPACT OF LATE HOUSING ASSISTANCE PAYMENTS ON TENANTS AND OWNERS IN THE PROJECT–BASED RENTAL ASSISTANCE PROGRAM

Wednesday, October 17, 2007

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the subcommittee] presiding.

Present: Representatives Cleaver, Green, Sires, Ellison; Capito, Biggert, Shays, and Neugebauer.

Chairwoman WATERS. This hearing of the Subcommittee on Housing and Community Opportunity will come to order. Good morning, ladies and gentlemen. I would like to thank Ranking Member Shelly Moore Capito and the members of the Subcommittee on Housing and Community Opportunity for joining me for today's hearing on the impacts of late housing assistance payments, better known as HAPs.

I would like to start by noting that without objection, all members' opening statements will be made a part of the record. I am looking forward to hearing from our two panels of witnesses on the issue of late HAPs and the resulting consequences for tenants and owners in the project-based Section 8 program.

The project-based Section 8 program provides much needed affordable housing for 1.3 million families nationwide. This program is critical in meeting the affordable housing needs of families in urban and rural areas, especially the elderly, persons with disabilities, and those who are trying to get back on their feet after being homeless.

Indeed, without this program many communities would not have hard units targeted to these families. That is why I am dismayed at the news that the program is on shaky legs through no fault of the owners who participate in it or the families who rely on it.

I am very concerned about recent actions taken by the Department of Housing and Urban Development in regard to not only making late payments to owners, but also in regard to its policy of short-funding contracts or signing owners to a 12-month contract but only providing enough funding to carry that contract out not

through the end of its term, but through the end of the Federal fiscal year.

It seems to me that we need to be in the business of preserving project-based Section 8 units, and along with them, the owners of these units. Telling an owner that they have no guarantee of funding is simply unacceptable. I believe that when the owners get news like that, some of them may decide to opt out of the Section 8 program and to charge market rent. And, yes, the tenants get enhanced vouchers but the community has lost those affordable housing units.

I am very disturbed by reports that the short-funding policy implemented by the Department is shaking the confidence of owners and tenants in the project-based Section 8 program. I am even more disturbed that the Department knows exactly what to do to fix this crisis, which is to request an additional $2.5 billion in funding for the project-based account, but, yet, has no plans to do so.

It makes little sense to me that as we are fighting on this committee for affordable housing and the creation of additional project-based Section 8 units as in H.R. 1227, the Gulf Coast Housing Recovery Act, that the Department is undermining our efforts by not working to maintain the units that we have.

In this committee, we have done a lot of work on affordable housing. We have passed a national affordable housing trust fund. We have passed a bill to strengthen the tenant-based Section 8 program and we are in the process of improving Hope VI, the Public Housing Revitalization Program. We are also working to determine how to best end and prevent homelessness. Having recently concluded 2 days of hearings on this very critical issue, it is crystal clear to me that hard affordable housing units are an essential part of ending homelessness and that the project-based Section 8 program plays an important role in providing the affordable housing resources that will help us to meet that goal.

So it is not enough for the Department to provide these units. The Department must also fund them in a timely manner. Right now, we have 1.3 million units and up to 3 million homeless families a year. I cannot imagine what that homeless number will look like if the number of project-based units diminishes any further. And it will be a national travesty if those units diminish as a result of the Department's action or inaction.

I look forward to hearing the witnesses' views on this very important topic, and now I would like to recognize Ranking Member Capito for 5 minutes, for her opening statement. Thank you very much.

Mrs. CAPITO. I'd like to thank the chairwoman for scheduling this important meeting on the impacts of late housing assistance payments on tenants and owners in the project-based rental assistance program.

The Department of Housing and Urban Development created the Section 8 program to address the need for affordable housing for lower-income Americans. Since its inception, it as served over 1.4 million households. Currently the program provides over 1.3 million housing units, with 22,427 active housing assistant payment contracts.

The focus of this hearing, as we all know, is the impact of late housing assistance programs on tenants and owners in these project-based rental assistance programs. The GAO investigations in 2005 and 2007 found that between 1995 and 2004, one-fourth of HUD's HAPs, which are the housing assistant payments, were late and on average 25,000 payments were late by 2 weeks or more each year. Late payments undermine the effort to retain key participants in the project-based rental assistance program and HUD must take steps, and we must help you take steps, to ensure that payments are made in a timely manner.

Late payments, as we know, and as the chairwoman had mentioned in her opening remarks, have detrimental effects on all involved, including owners, tenants, managers, and lenders. Owners of few projects who often have limited resources may be forced to dip into reserve funds to cover operating expenses, assuming there are reserve funds.

This can result in late mortgage payments, utility payments, and the failure to carry out necessary rehabilitation projects. According to the GAO, owners of larger projects as well as their managers often complain of HUD fatigue resulting from the ongoing problem of late payments. Documentation submitted by the affordable housing industry states that lenders are reluctant to refinance mortgages of projects receiving project-based rental assistance because of the frequency of late payments.

Other than market factors, late payments top the list of reasons project owners opt-out of the project-based rental assistance program. Late housing assistance payments were responsible in part for the loss of approximately 50,000 housing units in the period between 2000 and 2005.

This hearing seeks to understand the late payment problem and formulate solutions to resolve this threat to America's supply of affordable housing. In explanations of the late payment problem, the GAO frequently cites the inefficiencies of HUD's processing procedures, especially when contracts are renewed. This hard copy paper process is both time- and staff-intensive. Furthermore, HUD lacks systemic internal processes for staff to estimate the amounts needed to obligate to contracts each year and monitor contract funding levels on an ongoing basis.

Finally, critics of HUD's administration of the project-based rental assistance program have pointed to the shortfall of appropriations and the timing of the 12-month HAPs contracts.

Madam Chairwoman, let me again thank you for holding this hearing to address the problem of late housing assistance payments. I am anxious to hear from the witnesses today specifically regarding how HUD plans to address these deficiencies in their system, and I thank the witnesses for coming. Thank you.

Chairwoman WATERS. Thank you very much. I now recognize the gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman. I thank you and the ranking member, and I would like to associate myself with the remarks that have been made. I am very much concerned about this program. Some owners who are with non-FHA loans are not in a position to dip into a reserve because there is some notion that they are prohibited from doing so. That causes some consternation.

I am also very much concerned about the efforts to take a shortfall approach to resolution as opposed to moving forward to seek the necessary funds to properly fund this program. It is an important program, especially to people in my district. I look forward to hearing from the witnesses, and I yield back the balance of my time.

Chairwoman WATERS. Thank you very much.

The gentlelady from Illinois, Mrs. Biggert.

Mrs. BIGGERT. I have no opening statement. I am just glad to be here to hear from the witnesses. Thank you for holding this hearing.

Chairwoman WATERS. The gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Madam Chairwoman. I would also like to echo what Mr. Green said: This is a very important program in my district. And as I look at this report that I just received, looking at my district I see that the number of apartments covered by HAP contracts expiring in Fiscal Year 2008, I have the largest amount. I intend to ask the question of how that impacts the people in my district when I have the opportunity to ask questions. Thank you very much.

Chairwoman WATERS. You are welcome. The gentleman from Texas, Mr. Neugebauer.

Mr. NEUGEBAUER. I have nothing to say right now.

Chairwoman WATERS. Thank you. Then we will just move right along, and I will introduce our first panel.

On our first panel, we have Mr. John Cox, the Chief Financial Officer at the United States Department of Housing and Urban Development. We also have Mr. David Wood, the Director of the Financial Markets and Community Investment Division at the United States Government Accountability Office. I thank both of you for appearing here today, and without objection your written statements will be made a part of the record.

You will now be recognized for a 5-minute summary of your testimony.

STATEMENT OF JOHN W. COX, CHIEF FINANCIAL OFFICER, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. COX. Thank you, Chairwoman Waters, Ranking Member Capito, and other subcommittee members.

I appreciate the opportunity to appear before you today and address concerns raised over HUD's ability to fund the annual renewals of Section 8 project-based housing assistance payment contracts with funding available in Fiscal Year 2007, and requested for Fiscal Year 2008.

In my testimony today, I will reassure you that first, this Administration's policy remains to be fully supportive of funding all have contract renewals as a needed source of affordable rental housing for nearly 1.25 million low-income families. Second, I will explain the program funding and payment issues we experienced in Fiscal Year 2007 and the Department's solution for resolving those issues. And, third, I will address the funding needs in Fiscal Year 2008 to fully support this important housing program.

As the initial 20- to 40-year HAP contracts began to expire in the mid- to late-1990's, HUD sought to renew the HAP contracts to maintain this important source of low-income housing. However, budgetary constraints necessitated that the Congress and HUD make changes to the duration of the renewed contract terms. HUD reduced those terms of subsequent renewals to 1 or 5 years. HUD currently administers over 18,000 HAP contracts, and of these contracts, 12,900 contracts covering over 915,000 units are subject to annual renewal.

As budgets became even tighter during the late 1990's and into this decade, HUD was forced to often partially fund some annual contract renewal terms for fewer than 12 months, splitting the annual contract funding between 2 Federal fiscal year appropriations.

While HUD thought this partial funding practice was acceptable because the contract terms referenced funding as "Subject to the availability of funds," a closer review of the actual contract language and program funds control processes found that the intended incremental funding practice did not meet appropriate funds control because the wording of the contracts implied that HUD was fully obligating 12 months of funding at the time of contract renewal. HUD did not have sufficient funding available to both fully fund all Fiscal Year 2007 contract terms for a 12-month period and meet our $1.65 billion recision mandate for Fiscal Year 2007.

As a result, HUD developed and executed the following strategy without terminating any contractual relationships or necessitating additional appropriations late in the fiscal year:

First, HUD obligated a full 12 months of funding and all contract renewal actions that had already been executed in Fiscal Year 2007 under the previous contract terms.

Second, HUD revised the contract terms for the 1,728 contract renewals remaining to be processed in Fiscal Year 2007 and for future renewals to correctly structure an incremental funding clause.

Lastly, HUD re-estimated the funding needs of the remaining long-term Section 8 contracts using OMB's current inflation factors and recaptured all excess funds for use in covering HUD's Fiscal Year 2007 Section 8 contract renewal funding needs and our recision mandate.

HUD has successfully executed this strategy to provide for the renewal of all HAP contracts and to avoid the need for additional appropriations or the unintended recision of obligated funds in other HUD programs.

While we executed this strategy, many fourth-quarter 2007 payments were not paid in a timely fashion. We took steps to provide as much relief to affected project owners as possible, such as allowing owners to borrow against project reserves or requesting mortgage forbearance or intervention with utility companies.

However, I realized that some of our housing partners may have experienced hardships and I apologize on behalf of the Department. HUD sent the 1,728 fourth-quarter revised contract renewal packages to the owners for processing the first week in September, and all but 428 of those contracts were negotiated, executed, and entered into HUD's system to facilitate payment by the end of September. As of last week, fewer than 250 contracts remain to be executed by the owners and that number declines daily.

Contract renewals due in October of each year normally experience a 1-month payment delay as HUD transitions its financial systems from one fiscal year to the next and we will work to fix that problem in the future.

In resolving the Fiscal Year 2007 HAP contract funding issues, HUD performed considerable analysis on its budget needs for Fiscal Year 2008. HUD believes that it can meet the Fiscal Year 2008 HAP contract renewal funding needs within the budget level in the President's 2008 budget.

HUD would require a Fiscal Year 2000 funding level of $5.6 billion to incrementally fund all Fiscal Year 2008 contract renewals through November of 2008, avoiding further new fiscal year late payment problems for housing owners.

HUD is committed to improving its systemic means to more accurately forecast the program's budgetary needs. We are in the process of concluding a contract-by-contract data cleanup in our program data system. Implementation of the necessary systems changes is subject to the availability of sufficient information technology systems funding for HUD's working capital fund.

We will continue to work with our business partners and the Congress to improve the administration of this critically needed housing program. That concludes my prepared testimony, Madam Chairwoman, and I stand ready to address your questions.

[The prepared statement of Mr. Cox can be found on page 157 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Wood.

STATEMENT OF DAVID G. WOOD, DIRECTOR, FINANCIAL MARKETS AND COMMUNITY INVESTMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WOOD. Thank you, Chairwoman Waters. My statement is based primarily on a report that we issued in November 2005. That report was requested by the Financial Services Committee in response to concerns expressed by project owners about late monthly housing payments from HUD.

In that report, we examined three topics: First, the extent to which HUD made timely payments over a 10-year period, Fiscal Years 1995 through 2004; second, the factors that affected the timeliness of those payments; and third, how late payments affected project owners and their willingness to remain in HUD's programs.

HUD's subsidy payments are not subject to a statutory or regulatory standard for time limits. However, HUD's goal is generally to provide payments by the first business day of each month. Using that standard, we found that about 75 percent of the 3.2 million monthly payments that HUD made during the period we examined were timely.

However, as noted in the opening statement, about 8 percent averaging some 25,000 payments a year, were 2 weeks or more late, and of those, 10,000 were 8 weeks or more late. Further, about one-third of all contracts experienced at least one payment that was 2 weeks or more late.

Because we have not examined this issue since preparing the 2005 report, I do not have data to indicate the timeliness of payments since Fiscal Year 2004.

We found that there were primary factors that affected the timeliness of payments. The first was the process of renewing owners' contracts, which even HUD officials agreed could be cumbersome and paper-intensive.

Delays associated with contract renewals was the most common reason for payments being 2 weeks or more late among the payments made from 2002 to 2004.

Accordingly, we recommended that HUD streamline and automate the contract renewal process. HUD concurred with this recommendation and is currently planning a Web-based paperless process, but it does not expect to complete this until 2010.

A second factor affecting timeliness was uncertainty of the dollar amounts assigned to individual contracts. This uncertainty occurred because HUD sometimes underestimated how much money each contract would need at the beginning of the contract term, and the Agency lacked a consistent process for monitoring the rate of expenditure and allocating additional funds if needed.

We recommended that HUD develop a means of better estimating the amounts allocated to contracts and of better monitoring the rates of expenditure to ensure prompt allocation of any needed additional funds.

HUD agreed with this recommendation and has taken some steps, including updating its database of contracts. However, we consider this recommendation, like the others from this report, as open, meaning that HUD has not yet completed corrective actions.

A third principal factor potentially affecting payment timeliness was inaccurate or incomplete monthly vouchers submitted by project owners to contract administrators. However, because HUD's data systems do not capture the dates on which owners submit vouchers to the administrators, we could not quantify or measure the impact of that factor.

The final topic in our report concerned the effects of late payments on owners. Property owners we contacted described a range of negative financial effects such as late fees on mortgages as well as service interruptions at their properties.

We found that late payments alone were unlikely to cause owners to opt out of HUD's programs. However, in a more recent report examining HUD's efforts to keep owners in its subsidy programs, we found that owners' growing frustration over a variety of administrative issues, including late payments, might cause them to consider leaving the programs.

Generally, owners indicated that the negative effects could be more severe, the more dependent they were on HUD's subsidies. Owners also noted that HUD did not notify them when payments would be late, preventing them from taking steps to mitigate the effects.

We recommended that HUD notify owners if monthly payments would be late and to provide an estimated payment date. HUD agreed with this recommendation, but has not yet developed a means for systematically providing such notifications.

That concludes my prepared statement and I will be glad to respond to any questions you have.

[The prepared statement of Mr. Wood can be found on page 207 of the appendix.]

Chairwoman WATERS. Thank you very much. I will recognize myself for the first 5 minutes, and I will start with Mr. Cox.

Mr. Cox, I was distracted here for a moment, but I want you to go back and tell me how you are going to fix and correct the shortfunding and make timely payments to the owners to avoid putting them in situations where they are paying late fees on mortgages. It is not enough to apologize. Nor is it enough to say, "Go negotiate with the utility companies and ask them to wait for their money."

The onus is on you to do what you are supposed to do and that is to just pay, on time, the owners for the services they are providing to our citizens. Now, go back and tell me how you are going to fix this.

Mr. COX. Madam Chairwoman, we have developed a contract system now, contract language that has been put out for all the owners in Q4. That contract language will now ensure them that we will make timely payments in the future. And this way we are providing funding through the end of the fiscal year as you reference in your opening remarks. Then, when we get additional funding in the following fiscal year for that full 12 months, we are renewing a full 12 months, we will provide that funding at that time.

In addition to that, as Mr. Wood mentioned, we are taking steps to improve our database and ultimately the timely processing of the contract renewals. It is still a very manual process, so one of the things we have to do in the future is to improve our process of the renewals with the owners and the project-based owners who assist us with that process.

Chairwoman WATERS. So what you are telling me is that you will have a problem for the last 2 or 3 months of this year, but that it should be corrected in 2008?

Mr. COX. Yes, ma'am, that is correct.

Chairwoman WATERS. So tell me, describe what that problem will be, and how much hardship will that reap on the owners?

Mr. COX. It obviously depends on the individual owner, but clearly the items that you mentioned, possible utility payment issues and possible mortgage payment issues. When we determined that we had this problem back in July, we immediately notified the field to notify the owners that they could use reserves to the extent they had reserves. So we tried to give them as much a heads-up as possible, but we certainly realized that there were issues of late payment fees.

Chairwoman WATERS. So your problems exist from September through December?

Mr. COX. No, ma'am. They existed from July through September for the Q4 of the last fiscal year, 2007.

Chairwoman WATERS. So some owners can expect that their payments will be late up through December?

Mr. COX. No, ma'am, that's not correct. There were late payments made in the fourth quarter of the fiscal year of the government, so from July to September, there were late payments made.

Of those 1,728 contracts that were up for renewal in that quarter, all but 450 were caught up by the end of the fiscal year. Another 200 have now been processed through the system and there are 250—

Chairwoman WATERS. So you are caught up at this point.

Mr. COX. Except for 250 for the Q4.

Chairwoman WATERS. And those 250 will be—

Mr. COX. We're waiting for those owners to return those contracts and whenever they do, they will immediately be processed.

Chairwoman WATERS. So we do not anticipate that we are going to have this problem next year at all?

Mr. COX. I do not anticipate it. I can't promise you we will never have a late payment again, that's beyond—

Chairwoman WATERS. Yes, but what has been described to me sounds as if it can be corrected certainly and that it has to do with the technology and the systems that you use for renewables. Is that correct?

Mr. COX. That certainly would help go a long way. Again, we have a very manual process today. The more we can automate that process, the better it will be for owners and their tenants.

Chairwoman WATERS. How should we punish you if you do not correct this problem? What should we do? Should we put into law a certain date, the first of the month, by which you should have this money? And if you don't, should we then penalize you in some way and take away some discretionary money? Or penalize salaries? What would you suggest we do?

Mr. COX. I would certainly encourage you to hold us accountable, and a good way to do that is to provide us the adequate working capital fund to automate these processes which will help us go a long way to making that happen.

Chairwoman WATERS. Have you requested this money in the budget?

Mr. COX. We have, yes.

Chairwoman WATERS. All right. Thank you very much. I will go to Ms. Capito for 5 minutes.

Mrs. CAPITO. Thank you. Mr. Cox, let me ask you a couple of questions, kind of process questions. The payments are done quarterly. Is that correct?

Mr. COX. They are actually done monthly.

Mrs. CAPITO. They are done monthly.

Mr. COX. As our contract renewals. We have a series of thousands of contracts that we execute; they are actually renewed monthly.

Mrs. CAPITO. So from month-to-month, can you predict how many you are going to have every month? I mean you should be able to predict that pretty—does it fluctuate a lot?

Mr. COX. It does fluctuate a lot. I will give you an example. The October renewals are about 300. The January renewals, if my memory serves, are about 4,000. So it does fluctuate a lot, the workload fluctuates.

Mrs. CAPITO. How do you, when different owners are the ones who are the victim of a late payment, how does that get decided? Who gets paid on time and who gets paid late? And what kind of

system, you know, is it arbitrary or is it that the same people are paid late repeatedly? How does that shake out?

Mr. COX. No. The payments are made in our system when the contract document is actually returned and entered into the system, so it is simply paid as those owners request those funds, or actually the project-based administrators request those funds by owner.

Mrs. CAPITO. So if you are late getting your paperwork in, you could possibly be one of those people who gets a late payment.

Mr. COX. That is correct.

Mrs. CAPITO. Are you telling me that when you renew the contracts, it actually has to be mailed into HUD?

Mr. COX. That is what I am telling you, yes, ma'am.

Mrs. CAPITO. So you do not do this electronically at all?

Mr. COX. Currently, no.

Mrs. CAPITO. Whoa. That has to be a serious problem when you consider all of the things that you can do electronically. I certainly hope that could alleviate—I'm certain that I'm not telling you something you don't already know—a lot of issues in timeliness and certainly accuracy.

Mr. COX. Anytime you have a manual process, it lends itself to mistakes. It lends itself to delays. So to the extent we can improve these processes, that will greatly benefit the owners and the tenants.

Mrs. CAPITO. How long have you been—you, yourself, been with HUD in this particular arena?

Mr. COX. Since May of last year.

Mrs. CAPITO. Since May of last year. Because Mr. Wood's report covered 1994 to 2004. Correct?

Mr. WOOD. 1995 to 2004.

Mrs. CAPITO. Okay. And obviously the report that he generated showed that there were huge problems, and then for you to come into the situation when somebody has obviously seen the report at HUD, not made the corrections and, and we are back in the same boat this year, were any corrections, to your knowledge, done? Were any modifications made after that report was generated?

Mr. COX. Well, as Mr. Wood indicated, we did engage a contractor to help us create a new database for all these contracts. One of the challenges is just the sheer volume of managing the numbers of 20-, 30-, and 40-year-old contracts combined with a great number of annual contracts. So one of the key initiatives we took after the GAO report was to engage that and that process will actually be complete next month. Again, as a first step in improving the overall business process.

Mrs. CAPITO. Could you give me an example, and I know there are some in the book here, and I really should look at that, but let's just say for a project, a regular-size project, what would that monthly payment be?

Mr. COX. Congresswoman, I don't know the answer to that. It could vary dramatically depending on the size of the unit and the size of the total complex.

Mrs. CAPITO. Right. I understand that.

Mr. COX. Not all complexes are 100 percent subsidized, so it really could vary dramatically. I don't—I'll be glad to provide you with a written answer.

Mrs. CAPITO. I will check in my book for that.

I do not have any further questions at this time, thank you.

Chairwoman WATERS. Thank you very much.

Mr. Green, for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman.

Mr. Cox, please allow me to apologize to you in advance for asking that you give "yes" or "no" answers. I apologize because often when persons finish talking, I am not sure whether they have said yes or no. And because I have never encountered you before, I cannot attribute this to you, but I do want to move quickly, so I need yes or no answers.

Sir, is it true that you have been given a legal opinion that is the primary cause of this current funding problem? Is this true?

Mr. COX. That is true.

Mr. GREEN. Is it also true that this legal opinion has not been accorded this committee?

Mr. COX. That is correct.

Mr. GREEN. Is it also true that this legal opinion, while recognized by you, is not in writing?

Mr. COX. That is correct.

Mr. GREEN. How, sir, do you propose to follow the opinion closely that has not been codified? It is generally speaking customary in the legal profession to give opinion letters, something that is codified, so that those who propose to follow the opinion will have something that they can peruse and scrutinize closely.

How is it that this opinion has not been codified?

Mr. COX. It is my experience in the private sector that, you know, if a lawyer gives me advice, I will begin to act on that advice. We will get a final opinion, but the same people who have given me that legal advice are also the same people who are working on the contract amendments and our key focus was on getting those amendments out the door, making sure that those late payments were caught up. And so that is the reason why the memo has not been completed.

Mr. GREEN. Not to belabor the point, but generally speaking, when we are dealing with the amount of dollars that we are talking about now, generally speaking, lawyers provide written opinions to their clients.

It is a bit unusual, in my opinion, to have an opinion that impacts the amount of dollars and lives that this one impacts, be a verbal opinion. Miscommunications, misunderstandings occur when we try to communicate verbally. But if we codify, we always have the original initial reference to go back to.

You are in a position now where you must rely on what your opinion of the lawyer's opinion happens to be. I don't think that is an appropriate way for an entity the size of HUD to do business. I cannot imagine this being your customary practice of giving opinions and receiving opinions that are not codified.

When will this opinion be codified so that we may review the opinion?

Mr. COX. I don't have an answer for you, Congressman. We will be reviewing both financial records as well as the legal opinion, so it will take some time. I don't have an answer for you today.

Mr. GREEN. It is difficult to ascertain whether or not a legal opinion is in fact correct without the opinion itself to review. If we just receive a summary of an opinion, it is very difficult to peruse it closely.

Do you agree that this committee has some responsibility to concern itself with the opinion that has been issued?

Mr. COX. Certainly.

Mr. GREEN. How can we effectively carry out our responsibility without the opinion?

Mr. COX. I am happy to have someone come and brief you from our counsel's office on that, you know, before the official opinion is prepared. I am happy to do that.

Mr. GREEN. Well, why would you act on an opinion that is not codified with language that we can peruse?

Mr. COX. The attorneys working with program attorneys working with our General Counsel were very clear on their opinion with me. Based on that judgment, the Department acted accordingly.

Mr. GREEN. Madam Chairwoman, I am greatly concerned that we do not have a written opinion, and I am not sure what the proper course of conduct is, but I am sure that this committee is in need of that codification. I know that my time is up, so I will yield back to the chairwoman.

Chairwoman WATERS. Thank you very much.

The gentlewoman from Illinois, Mrs. Biggert, for 5 minutes.

Mrs. BIGGERT. Thank you, Madam Chairwoman.

I would like to go back to the assurances, Mr. Cox, that HUD will follow through on the promises and is committed to streamlining and accurately projecting funding levels. But how are you going to do that?

It seems like the Federal Government is behind a lot of times in technology, but it seems like HUD is way behind. And with the working capital fund, are you going to be able to increase the technology that is needed so you do not have to do this manual labor?

Mr. COX. Congresswoman, if we get the request that we put in for Fiscal Year 2008, we will be able to take some steps to begin to fix that problem, yes.

Mrs. BIGGERT. But that is taking the steps to begin. It seems like having this sophisticated system, data system, is going to take a while to do.

Mr. COX. I do not disagree with you. Recall that we have already begun that process to develop the system. The next step to that will be able to put the analytics onto that system so that we can more accurately project what the long-term needs of these contracts are.

Mrs. BIGGERT. Did you request in previous years for the capital fund to be able to do this?

Mr. COX. We did. And unfortunately that request was not met fully.

Mrs. BIGGERT. Were there reasons given?

Mr. COX. I do not know those specifics, no.

Mrs. BIGGERT. How long has the system that you have been working with been in existence?

Mr. COX. The system actually will go live in November, next month.

Mrs. BIGGERT. So you are already working on the system?

Mr. COX. Yes.

Mrs. BIGGERT. You have the technology?

Mr. COX. We are working on the initial steps of the technology, which is a contract-by-contract data analysis.

Mrs. BIGGERT. All right. So what is the system right now that is in existence?

Mr. COX. A very manual system right now.

Mrs. BIGGERT. Okay. I am confused. You say it is going to be ready to go in November, but you do not have the funding yet.

Mr. COX. No. I apologize. The next step of the fund would be to take the database which is the actual contract-by-contract analysis and then take that and automate that database to allow us to project forward, going forward.

Mrs. BIGGERT. Okay. And so when do you think that would be up and running?

Mr. COX. I do not have an estimate for you today.

Mrs. BIGGERT. Well, is it two years? One year? Three years? Four years?

Mr. COX. I apologize. I will get back to you. I will have someone in the program office get that.

Mrs. BIGGERT. Thank you.

And then, Mr. Wood, just out of curiosity, you know, we have your GAO report and maybe you said this, but it only goes through 2004.

Mr. WOOD. Right.

Mrs. BIGGERT. Is that because nobody asked for an update?

Mr. WOOD. No one has asked for an update. And that was the most recent year at the time that we did the work.

Mrs. BIGGERT. Since there probably has been no increase in the data system, it probably would be about the same result now?

Mr. WOOD. As far as we know, other than developing the new database of contracts, the system that is used to renew them is still the same, essentially the same as it was at the time we did our work

Mrs. BIGGERT. Do any of the owners complain about having to use such a manual system? Mr. Cox or Mr. Wood?

Mr. COX. I think the GAO report indicates that they do is what I—if I had to deal with the manual system.

Mrs. BIGGERT. Okay. What system does HUD have in place to notify owners if their monthly payment will be late? Or you just do not tell them?

Mr. COX. No. We have three ways we can do that today. We have the HUD Web site. We have calls and in-person meetings with the industry groups, and finally, we have what is internally called the HUD TRACS system which owners can access.

We do not have, as Mr. Wood indicated, a system, for example, that we could automatically e-mail the owners. That is again one of the next steps we are hoping to improve.

Mrs. BIGGERT. All right. I yield back. Thank you.

Chairwoman WATERS. Thank you very much.

By the way, Mr. Cox, do you have legal counsel with you today?

Mr. COX. Yes.

Chairwoman WATERS. Would you bring them to the table?

Mr. COX. Sure.

Chairwoman WATERS. And now I will go to Mr. Sires for 5 minutes.

Mr. SIRES. Thank you, Madam Chairwoman.

I hate to harp on this thing, this manual effort, but it is amazing to me, and I guess I am new in Congress, that we can get millions of Social Security checks out timely, fairly timely, and we cannot get these checks out on time. To me it is mind-boggling.

Did you hear that statement, Mr. Cox?

Mr. COX. I am sorry. I apologize.

Mr. SIRES. Well, that is probably the problem.

I said it is amazing to me that we can get Social Security checks out, millions of them on fairly good time, and we cannot get these checks out on time.

I understand that it takes 4 months for the owner in advance to submit all the paperwork before they get any checks.

Mr. COX. The process does begin several months for a renewal, the one-time annual renewal. That is correct.

Mr. SIRES. Plus it takes another month and some of these go beyond a month beyond that and 8 weeks beyond that, so we could possibly be looking at 6 months before they get a check.

Mr. COX. That is possible, yes.

Mr. SIRES. That is amazing. What do you expect these owners to do? Why does it take 4 months?

Mr. COX. Because it is such a manual process, Congressman, the getting it to—we, we negotiate these contracts through third party intermediaries at the State level, so we have to get the information to that agency. That agency then works with the owner, returns that information to the State agency, and then back to the Department. But, clearly we can make improvements. There is no question.

Mr. SIRES. Has anybody made a recommendation to streamline this process? Have you seen a report how we can streamline this process so it does not take 4 months?

Mr. COX. I have not personally seen a recommendation, but I know that we are working on technology improvements within the Department to be able to do that.

Mr. SIRES. And when do you anticipate this technology? Obviously, this Department is not the most technology-advanced department in the Federal Government. So when do you anticipate this technology to come online?

Mr. COX. If we get full funding of the President's request in Fiscal Year 2008, we will be able to make significant strides in starting that process.

Mr. SIRES. You made a statement that 75 percent of payments were on time?

Mr. COX. I believe it was Mr. Wood who made that statement. That is from the GAO report.

Mr. WOOD. That is correct. During the period that we examined between 1995 and 2004.

Mr. SIRES. And there is another statement someplace in the report that says that some of these payments were lower than they should have been. Did I get that right? I could not hear very well, when Mr. Cox was speaking.

Mr. WOOD. In the GAO report, we did not address the amounts as to whether the amounts were accurate. We were strictly looking at timeliness.

Mr. SIRES. How about Mr. Cox? Did you make the statement that there was an error or some of the monies that were sent were not the exact amount, that in many cases it was lower than it should have been?

Mr. COX. No, sir, I did not make that statement.

Mr. WOOD. Congressman, I may have confused you. I did make the statement that HUD often underestimated the total amount that they would need. At the time they renewed a contract, they would often underestimate the amount that they would need in total to make the monthly payments during the coming year.

Mr. SIRES. Okay. Maybe that is what I misunderstood.

As far as the incomplete vouchers by the owners, how often does that happen? Because I would think that an owner struggling to get this payment would want to make sure that these vouchers are accurate when they go in, especially when it takes 4 months to process.

How long does it take if there is an inaccuracy in the voucher? You have to send it back. Does the process start all over again? How does this work?

Mr. COX. No. The third party State agency will deal with that and they will do the first check to make sure that those vouchers are accurate. And my understanding from the GAO report, when they looked at that on a contract basis is that the State administrators were able to correct that fairly quickly. It depends on the nature, you know, what the issue. Obviously, the time could vary to get it back.

Mr. SIRES. Mr. Cox, if nobody asks for the report, you will not do another report. Is that how this works? This report that stopped at 2004.

Mr. COX. The Department does not ask for GAO reports. Congress asks for GAO reports.

Mr. SIRES. Okay. But if we do not ask for another one?

Mr. COX. We are still going to try to make improvements in the program clearly regardless of whether we have another report. We need to do that.

Mr. SIRES. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much.

The gentleman from Texas, Mr. Neugebauer.

Mr. NEUGEBAUER. Thank you. In your testimony, Mr. Cox, I think you had talked about the fact that some of these contracts in the GAO report I think reflects that some owners are electing not to renew their contracts and are going to more private-based, a market-based housing. And so this issue of the late payments and the delays of renewing these contracts, do you have any numbers or a way to project that the reason a lot of these folks are going to market-based housing, getting away from the HUD program, is because of the problems and the delays and the ambiguity

that kind of frustrates these folks and they say, "I'm tired of doing that." Because probably in some ways it puts somewhat of a financial burden on those folks if you go 30, 60, or 90 days without payments, and you have a mortgage or other obligations for utilities, taxes, that kind of stuff.

Do you have a feel of feedback of we are losing people to participate in these programs?

Mr. COX. Is that question for me?

Mr. NEUGEBAUER. Yes.

Mr. COX. The information that is documented in the GAO report indicates that the primary reason that owners leave is for economic reasons. They have a better economic alternative to convert the property to market rate, etc. But clearly late payments is indicated in the report as well, as a frustrating factor, and I would appreciate that.

Mr. NEUGEBAUER. When you have a person or company that is not—on a project that is not going to receive their payment, are you communicating with them? Do they know that their payment is going to be late? If they are sitting there going to the mailbox and the check is not coming, are they surprised to find out the check is not coming? Or are we communicating with them?

Mr. COX. We have many ways to communicate with them. As I mentioned earlier, we have, via our Web site, via the public industry groups. And particularly for small owners which are most likely to be most impacted, we will often have a field office personnel call them directly and have them be a point of contact so that when the payment is ready to be made, they know how to do that, they know who to contact, and that payment can be expedited. That is particularly true for the small owners.

Mr. NEUGEBAUER. So is there a number that if I am a small project owner and I can—do I call my field office? Or do I call the payment office? Who am I communicating with?

Mr. COX. Primarily the field offices around the country.

Mr. NEUGEBAUER. Now, you mentioned that some of the delay in renewing these contracts is because you are waiting for paperwork to come through. Some of these programs are administered through the State. Is that correct?

Mr. COX. Yes, Congressman, a State agency.

Mr. NEUGEBAUER. And so there is a chain there of, I have sent the paperwork to the State, and the State then has to forward that to HUD nationally? Or does that go then to the—is the field office involved in that at all? How does that work?

Mr. COX. The field office can be involved in that. But, again, they are involved in terms of shepherding that contract, again, from HUD to the State agency, and ultimately to the owner.

Mr. NEUGEBAUER. So under this new electronic version of, I guess, renewing these contracts online, is that where you are headed?

Mr. COX. That's correct.

Mr. NEUGEBAUER. And so if the State is in the paper loop now, are we going to take the States out of the paper loop? How is that process going to work?

Mr. COX. I think that process has yet to be defined, but the goal would be to reduce the paperwork and to do that electronically

with the owners both from the contract renewal standpoint as well as the passing of paper now via mail, obviously that could happen electronically as well, similar to what happens in FHA today, for example.

Mr. NEUGEBAUER. So in November, when I go online to renew my contract, I might be submitting the application electronically. I am really not signing up electronically. It is not going into the system. I am a little unclear as to how that works.

Mr. COX. To be clear, what is going to be completed in November is the contract-by-contract data analysis. The new process will not be completed in November.

Mr. NEUGEBAUER. So I will not be able to sign up in November online?

Mr. COX. Not electronically, no, sir.

Mr. NEUGEBAUER. So we will still be passing paper in November from the project to the State and the State to HUD and HUD is going to feed all this information into the computer. Somebody is going to enter it into the computer?

Mr. COX. That is correct.

Mr. NEUGEBAUER. That is the way people did business 20 years ago. It amazes me and I am not just picking on HUD but I look at Federal agency after Federal agency after Federal agency and we are spending $3 trillion of the taxpayers' money and the Federal Government is in most agencies behind the curve on technology.

It is, I think, frustrating to all the members of this committee that, you know, we hear this from other agencies, too. For example, today in our military, our soldiers have to make 10 copies of their medical records so that when they go into the VA system, they can start submitting those to 10 different people that they go to, and those records do not transfer.

I think that one of the things that needs to happen is the Secretary needs to come back and not just talk about technology for this but as I think the gentleman from New York said, you know, we get Social Security checks out. We direct deposit those. Do you all do direct deposit?

Mr. COX. We do for some of the HUD programs, not all.

Mr. NEUGEBAUER. Well, praise the Lord that you are using some technology.

I think the question was brought up as to what we can do to hold you accountable. I think what we ought to do is look at the appropriation for the agency and say, "Look, unless you can demonstrate to us that you are moving in some way to rectify this, we need to earmark some money to get the agency moving in that direction."

One of the things I have been working on with Chairman Frank, particularly with FHA, is that we are trying to put a certain amount of money aside for FHA for them to be involved in some new technology because you are trying to compete in the mortgage industry and the mortgage industry already has this technology.

I think that is one of the frustrating things to me. And I will finish, Madam Chairwoman, but I think a lot of agencies are trying to reinvent the wheel in database technology. I mean that is how the whole process begins with spreadsheets and databases is where the software innovation, you know, started.

And basically about 99 percent of the software we use today is really, underneath it, is just a database. And so I am a little concerned that we do not have something—surely, electronically you have a database at HUD for this program. Right? I mean you can pull up a screen.

All right. Madam Chairwoman, I yield back the time I do not have.

Chairwoman WATERS. Thank you very much.

The gentleman from Minnesota, Mr. Ellison.

Mr. ELLISON. Thank you, Madam Chairwoman, for this hearing.

Mr. Cox, could you explain once—the gentleman from Texas, as he pointed out, once you do identify the project owners and the vendors that they are not going to get their checks on time, what do you tell them that they should do to mitigate the circumstance?

Mr. COX. We work with them in a variety of ways to provide—

Mr. ELLISON. I can barely hear you. I am sorry.

Mr. COX. Sorry. We work with them in a variety of ways to provide assistance. If they are in an FHA mortgage we obviously provide FHA mortgage forbearance. We work at the field level to write utility companies, write mortgage holders to ensure, you know, help them—

Mr. ELLISON. So you help them communicate?

Mr. COX. We absolutely do.

Mr. ELLISON. But you do not give them the money.

Mr. COX. We do not, not until we—

Mr. ELLISON. Okay. So let me ask you this, do these secondary folks who you help them talk to, do they always buy it? Do they always say, "Okay. Since HUD said the money is coming, we won't cut off services. We will continue to provide pesticide services, and other kind of services that need payment?" Do they always buy it?

Mr. COX. I cannot say in every case they buy it.

Mr. ELLISON. Do they never buy it.

Mr. COX. But in the majority of cases they do.

Mr. ELLISON. Do you have any figures on that?

Mr. COX. I do not.

Mr. ELLISON. So your sense is that they buy it, but you don't really know. Isn't that true?

Mr. COX. I will be glad to get the Program Office—

Mr. ELLISON. But you don't know?

Mr. COX. I do not know, no.

Mr. ELLISON. Thank you. And, of course, the people who, the individuals who benefit ultimately from this program are people who are low-income people. Right?

Mr. COX. Correct.

Mr. ELLISON. They are citizens of our country. Right?

Mr. COX. Absolutely.

Mr. ELLISON. Senior citizens, people who have worked their whole lives sometimes and made this country great. Right?

Mr. COX. Absolutely.

Mr. ELLISON. And yet they are facing loss of services because you guys cannot get the payments. Right?

Mr. COX. Potentially.

Mr. ELLISON. Yes. And, you know what? I assume—I am not going to sit here and tell you guys how to run a program because

I figure you could run the program much better than me because you do it.

I figure it is not happening because somebody does not want it to. And so my question is this: Is this poorly run program really a reflection of the Administration's basic contempt for public housing programs?

I mean when smart people do dumb things, something else is going on. Right? You guys know how to run a program. It is not happening because you do not want it to happen. And so in 5 years, after the program has failed, you can say, "Oh, well, we do not have anybody who wants to take Section 8 anymore." Because they have all gotten out of the program because you guys have screwed up the program. You created failure. Is that not true? Just admit that is what you are doing.

Mr. COX. Congressman, I can assure you the Administration is very committed to this program which serves—

Mr. ELLISON. And your commitment is reflected in the excellent running of the program. Is that right? Your commitment is reflected in how you demonstrate your value of the program through your competent administration of the program. Is that right?

Mr. COX. Clearly there needs to be—

Mr. ELLISON. Let me tell you. Anything the Administration wants to do, it gets done.

Let me ask you this: Have you ever heard somebody say, we should shrink government to the size where it can be drowned in the bathtub? Have you ever heard that phraseology before?

Mr. COX. I have not, no.

Mr. ELLISON. You have not heard that?

Mr. COX. No.

Mr. ELLISON. Well, trust me. A well-known political commentator said that. And I guess my question is, what do you expect the fate of this program is going to be in 5 years after vendors bail from the program because you guys do not run it well? Will you then say that the program needs to be ended because people do not want to participate?

Mr. COX. We are very committed to the program and I would expect us to continue to be committed in 5 years.

Mr. ELLISON. Well, I don't doubt that you may be, but I am talking about the people whom you answer to above your pay grade.

Now let me ask you this. The letter that the gentleman, the other gentleman from Texas, Congressman Green, asked you are you going to share this opinion letter with Congress when you finally get around to getting it memorialized in writing?

Mr. COX. Yes.

Mr. ELLISON. When is that going to happen? Give us a date.

Mr. COX. I do not have a date for you today.

Mr. ELLISON. Give us—will it be by the end of this month?

Mr. COX. No.

Mr. ELLISON. Will it be by the end of November?

Mr. COX. It will probably be by the end of the calendar year.

Mr. ELLISON. Okay. So by December 31st, we are going to see a letter?

Mr. COX. That would be my expectation.

Mr. ELLISON. Okay. Can we have your promise?

Mr. COX. I will do the best I can.

Mr. ELLISON. Can we have your assurance? Yes or no? Can we have your assurance right now—

Mr. COX. I will do the best I can.

Mr. ELLISON. —as you have sat down and have testified before Congress, will you give us your firm assurance that before December 31st, 2007, we will have that opinion letter? Can you do that?

Mr. COX. I will do everything I can. I am not going to write it—

Mr. ELLISON. That sounds like you are waffling.

Mr. COX. I am not going to write it. I will do everything I can to—

Mr. ELLISON. It does not sound like you want to tell us. Okay. So we will all just note your—are you a little embarrassed by this whole thing? I mean I am just asking.

Mr. COX. Certainly we are apologetic for the late payments, no question about it.

Mr. ELLISON. But isn't it kind of embarrassing?

Mr. COX. We certainly wouldn't want it to happen.

Mr. ELLISON. Neither would I. Let me ask you this. Now I have practiced law for 16 years, and that is not much compared to some people, but it is a lot compared to other people. And if I said to my client, "Here's my advice to you." And they said, "Okay. Give me a letter so I can make sure I know what you are saying to me." And I took 3 months to get it to them, I would not be their lawyer very long. Do you understand what I am saying?

Mr. COX. Yes.

Mr. ELLISON. Do you claim any kind of privilege that would prevent you from sharing this letter from Congress?

Mr. COX. No.

Mr. ELLISON. So we cannot anticipate you asserting privilege with regard to this letter.

Mr. COX. Not to my knowledge, no.

Mr. ELLISON. Okay. And as I said, you know, this—can you tell me what exactly is the advice that you were given because you told all of us that you had a very clear understanding of what the advice was, could you share it with us now for the record so that we can have something to rely on, even if it is not a written letter?

Mr. COX. Sure. I actually referred to it directly in my testimony, Congressman.

Mr. ELLISON. Okay.

Mr. COX. We were executing annual contracts but we had funding to fund to the end of the fiscal year. So the implication clearly is the contract was written and we provided to you in my testimony both the contract language before and now the contract language afterwards. It just simply did not meet the funds control issue that we had in the Department. So it is not more complicated than that.

Mr. ELLISON. Now let me ask you this: Is the appropriation that you all have requested adequate to fix the problem that you are experiencing?

Mr. COX. The appropriation that we requested in Fiscal Year 2008 is adequate to fund the program with the new contract language, that is correct.

Mr. ELLISON. Is it adequate to make up for this backlog and shortfall that we are facing at this time?

Mr. COX. It is not.

Mr. ELLISON. Okay. So what would the appropriation be not only to meet the upcoming needs but also to fix the backlog needs?

Mr. COX. I would have to get you that number. I do not have it. Clearly it would be larger than what we have requested, but I do not have that figure off the top of my head.

Mr. ELLISON. You do not know that?

Mr. COX. No, I do not.

Mr. ELLISON. Can you get that by the end of the day? You can provide it to the chairwoman.

Mr. COX. I will be glad to get it as quick as I can.

Mr. ELLISON. Okay. Can you get it by the end of next week? We need the numbers, so I am just trying to pin you down. When can we get that number?

Mr. COX. I will provide it to you as quickly as I can.

Mr. ELLISON. That might be next millennium. Give me a date.

Mr. COX. I will give it to you by the end of next week.

Mr. ELLISON. Okay, thank you, sir.

Is that the gavel?

Chairwoman WATERS. Yes.

Mr. ELLISON. Thank you. I will yield back the time I do not have.

Chairwoman WATERS. Thank you very much.

Mr. Cleaver, for 5 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman.

Mr. Sires and I were mayors. In Kansas City, I had 32 lawyers. And on at least two occasions I can remember asking the principal attorney, city attorney, to let me know whether or not we could do something and how we stood on a particular lawsuit against the Police Department.

And they made an appointment, came to the office and during the appointment, during the time we talked they said, "Mr. Mayor, here is the opinion verbally. We are not going to write it because we do not want it a part of discovery. And so here is what we think but we are not going to write an opinion."

To follow up on the line of questioning previous to me, was there an opinion, a verbal opinion that was not put in writing because perhaps it was vetted by others in the department or other departments and then you decided or the law department decided, let's not put this in writing? That's a question.

Mr. COX. No, sir. No.

Mr. CLEAVER. Ma'am, hi. Thank you for being here.

Chairwoman WATERS. Would you please identify yourself and your title prior to responding to Mr. Cleaver.

Ms. FORRESTER. My name is Althea Forrester. I am the Assistant General Counsel for the Assisted Housing Division in the General Counsel's Office.

Mr. CLEAVER. Ms. Forrester?

Ms. FORRESTER. Yes.

Mr. CLEAVER. Was there a verbal opinion given?

Ms. FORRESTER. Yes. There was a question asked and we responded with our opinion as to the interpretation of the contracts.

Mr. CLEAVER. And was the verbal opinion, was it a decision that we should not put this in writing at this time?

Ms. FORRESTER. No. We were not even asked to put it in writing. I do not think there was a question because it was a position that others had already gleaned should be taken in the Department. And so there was not a request for a formal opinion. But we would put it in writing if we were asked.

Mr. CLEAVER. In 2006, the legal counsel ruled that it was illegal to have a contract with the owners through 12 months. Right?

Ms. FORRESTER. No, I am not aware that anything was drafted or discussed in 2006. Our office or at least I was not aware of the position that we were in in terms of the contract and the funding, the discrepancy between the contract and the funding until 2007.

Mr. CLEAVER. Okay. Maybe my information is wrong. But the information I have suggests that in 2006, the legal counsel ruled that it was illegal to sign owners to a 12-month contract term.

Ms. FORRESTER. No, I am not aware of anything like that.

Mr. CLEAVER. Okay. After the meeting I would like to speak more to that just because it is contradictory to the information I have.

I want to go back to the "HUD-ran-out-of-funds by July issue." Mr. Cox, Mr. Ward, are you familiar with the 108 Loan Program?

Mr. COX. I am generally familiar with it, yes.

Mr. CLEAVER. Do you know if it has ever run out of money?

Mr. COX. I do not, sir.

Mr. CLEAVER. The 108 loan program is generally used by city governments to do economic development projects where you are actually borrowing against a CDBG and I was the president of the National Mayors Organization. I traveled all over the country. I have never heard of the 108 Loan Program running out of money.

Now, I am connecting that to this because the 108 Loan Program generally deals with hotels. We have done 108 Loan Programs to rebuild historic districts. All kinds of economic development projects.

Sometimes they were connected to the enterprise zone or the Economic Development Initiative, EDR Program, and they never run out of money. So it goes to what my colleague said earlier that when we have programs dealing with the poorest people, we run out of money. But when we deal with the economic development programs where we are dealing with major developers, we never run out of money.

Tell me I am wrong. Tell me about a program that deals with major developers that has run out of money. And I am not saying that, you know, I actually would like for you to tell me just one program that ran out of money. Anyone?

Mr. COX. I am not aware of any.

Mr. CLEAVER. Yes. That is the point, don't you see? When we deal with poor people, we run out of money. I mean there is something immoral about that. There is something unseemly about that and that is just my trouble with this program.

I actually don't have any more questions because that troubles me so greatly. And I think the question about embarrassment and shame, it is not just you. Everybody, all of us ought to be embarrassed that this is how we treat poor people.

Chairwoman WATERS. Thank you very much.

Mr. Shays?

Mr. SHAYS. Thank you.

As I listen to this, I get more and more uncomfortable. Mr. Ellison's questions, in my mind, were almost too gentle because what I am seeing is this: We all know we have a problem and we all know we have a backlog. And that means to get the backlog taken care of you may need some more people to process this but you need more money.

What I am hearing you say, Mr. Cox, what I am hearing you say is basically you have enough money to renew the contract to the new contract, but you do not have enough to deal with the old contract. I mean the backlog. Is that correct?

Mr. COX. No. Congressman, what we determined in 2007 is we did have a problem. We worked to figure—

Mr. SHAYS. No, no. I am asking this. You do not have enough money, you did not ask for enough money to deal with the backlog. Is that correct?

Mr. COX. We asked for enough money to incrementally fund the contracts in Fiscal Year 2008.

Mr. SHAYS. I want you to answer my question in a way that I can understand it. And I am asking a simple question. My understanding is you did not ask for enough money to deal with the backlog.

Mr. COX. The fiscal year President's request for 2008 would not fully fund every single renewal in Fiscal Year 2008.

Mr. SHAYS. So you did not ask for or the President did not give you enough money to fund the backlog. Is that correct?

Mr. COX. I believe I just answered that question, yes.

Mr. SHAYS. No, you did not. You want to answer it in a way that obfuscates the answer. I happen to be a Republican with a Republican Administration. I think I am more offended by your answer than my Democratic colleagues, who I think are being very kind to you.

It is a very up-front thing. It is your problem if you do not ask for enough money. It is our problem if you ask for enough money and we do not give it to you.

So I am just trying to understand the first part of the problem. And it is my understanding that the White House did not submit a budget that would deal with the backlog. Is that correct? It is an easy answer. Yes, they did, or no, they didn't.

Mr. COX. Again, Congressman, the funding requested in 2008 would not fully fund all 12 months' renewals for all contracts.

Mr. SHAYS. So the answer is yes.

Mr. COX. Correct.

Mr. SHAYS. Thank you. So you all did not ask—the Administration did not submit a budget that would allow for us to deal with the backlog. Given that, how do you solve the problem? What is your solution if you do not have enough money to deal with the problem? It is pretty straightforward.

Mr. COX. We have a solution. That solution is to pay for the portion of the contracts, the annual renewals in the fiscal year, which will be Fiscal Year 2008. We have the funds available if the budget is passed—

Mr. SHAYS. No, no, no. You told me you don't have the funds to deal with the backlog. Don't go—I am not going to get off this sub-

ject. I am just going to stay on this subject and I would ask the gentlelady who is chairing this committee to let him know that you will give me enough time to have him answer the question.

Chairwoman WATERS. We will stay here all day until he answers that question.

You had better answer that question.

Mr. SHAYS. The answer is—it is not funny. It is not funny. It is embarrassing. And the reason it is embarrassing to me is we, Republicans, tend not to want to own property. We want the market system to work. We have a market program. Contrary to Mr. Ellison, I think this actually is the kind of program I want. We have a market system so some people can live in a project, in housing that others can live in that aren't—who can pay the market rate.

What I want to know is, you do not have enough money to deal with the backlog. You have already said, yes, you do not have enough money. So if you do not have enough money to deal with the backlog, then do we invent money? Do we just say, "Take your loss." Or do we just carry that backlog and always be late next year? You will be here late next year then, will you not?

If we have not paid back the money we owed, doesn't it just go into the next year, and won't we be behind next year? It's a simple question.

Mr. COX. It is a simple question. And we have provided funding in Fiscal Year 2007 for a great number of contract renewals through the full 12 months. We provided that into that, you know, into Fiscal Year 2008. Fiscal year 2008's $5.6 billion which is the President's request, gets us through November of 2008.

Mr. SHAYS. You will still have a backlog. Is that not correct?

Mr. COX. I apologize. I don't know what the concept of backlog is.

Mr. SHAYS. Well, it is a simple concept. You owe people money. You are not current so you always are going to be behind.

Mr. COX. But we are current and we will be current with the $5.6 billion that we have.

Mr. SHAYS. Well, then how can you give me a statement that you do not have enough money to pay the backlog?

Mr. COX. That is why I say I don't understand the concept of backlog. We will fund incrementally the portion of the fiscal—

Mr. SHAYS. Let's just start here. I ask patience of my committee members. Do we owe any landlords money for money they have already—do we owe any landlords money?

Mr. COX. We have about 400 contracts from last year that are waiting to be returned. When those are returned, we have the funds to fund those.

Mr. SHAYS. Well, you know, I am not going to get anywhere with you. So you can go back and you can say, "Congratulations." But you have made a fool of yourself. And you have done it in a way that embarrasses me, it embarrasses this committee, and it embarrasses you.

We are not in a game here. We are just trying to understand a problem. I admit you had me a little confused because you gave different answers for the same question.

The bottom line, what I understand to be true is this: We don't have enough money to pay the landlords, so we delay the contracts. These landlords are owed money, you are going to take future money and pay past debt and we will be behind next year.

And maybe your theory is you won't be here next year because there will be another Administration or whatever. But, you know what? Next year you will be here, and I hope you are the one who comes here and has to respond to the same questions and you can make a fool of yourself a second time.

Chairwoman WATERS. Thank you very much, Mr. Shays.

Normally, this would be the end of our questioning for you and I am sure if you have been here before, that is how it has happened. But I have the gavel now and I have the opportunity to make a few changes.

I think you have not been forthcoming with us. And our members are a little bit frustrated because you have not been clear. We think that you are $2.5 billion short in your funding requests that should be $8 billion.

In addition to that, you have not really answered Mr. Shays' question. In addition to that, you have not satisfied Mr. Green about whether or not you made a formal request for a written opinion and also Mr. Cleaver has additional questions for you.

So we are going to do another round. We are going to go to each member for at least one question so that we can get at some real truth here. And, as a matter of fact, we can go beyond that if we have to. And we are going to ask you to just sit there until we find out what it is you're telling us.

With that, we are going to start all over again. Ms. Capito?

Ms. CAPITO. Thank you, Madam Chairwoman. I will pass on my second question and move to the other members.

Chairwoman WATERS. Thank you.

We're going to go to Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman. And I do beg indulgence because I am gravely and greatly concerned.

Mr. Cox, what HUD is doing may not be criminal, but I assure you it's sinful because HUD should not be in the business of creating homelessness. And that is what HUD is doing. HUD is creating homelessness.

In the year 2002, we lost 87,143 units, which also means that we had to extend the enhanced vouchers to pay for some of these units which means we paid the regular subsidy plus the market value. And that is the most expensive type of voucher that we have. We should not be doing this and we should not be losing these units.

I might add that Texas and California lost the most units: Texas, 12,088; and California, 12,326. I have in my district 900 units that are up this year. So I am concerned and I would like to, if I may, address the lady—and I need to know her name.

Ma'am, would you give me your name, please?

Ms. FORRESTER. Althea Forrester.

Mr. GREEN. Ms. Forrester, you indicated that you would give an opinion in writing, if requested.

Ms. FORRESTER. Yes.

Mr. GREEN. Is this to say that you have not been requested to give an opinion in writing?

Ms. FORRESTER. No, we have not been requested to put our opinion in writing.

Mr. GREEN. Ms. Forrester, I greatly appreciate your honesty because I assure you that the problem with this may be the opinion. The opinion may be the problem. It is the genesis of all of this.

Mr. Cox, is it true that you received what you said was an opinion in 2006?

Mr. COX. No, sir. That opinion came in 2007.

Mr. GREEN. And from whom did you receive the opinion, sir?

Mr. COX. I received that from our Office of Appropriations Counsel.

Mr. GREEN. All right. Is that the lady seated next to you?

Mr. COX. No. Althea works in the General Counsel's Office.

Mr. GREEN. So is the lady seated next to you prepared to give a legal opinion at this time?

Mr. COX. I can't speak for her.

Mr. GREEN. Permit me to ask you. I'll ask you if you're prepared in the following way, Ms. Forrester. Have you personally looked at the law as it relates to these contracts? Have you reviewed the law itself?

Ms. FORRESTER. Our office has looked at—

Mr. GREEN. Excuse me, ma'am. Not whether the office has and I do not mean to be rude, but this is quite sensitive. Have you reviewed—if you are going to give me an opinion, I need to know what you've done.

Ms. FORRESTER. Yes. I have looked at the contracts.

Mr. GREEN. Have you reviewed the law?

Ms. FORRESTER. I have looked at the contracts and the law as it relates to appropriations and we have made an opinion. I have—

Mr. GREEN. Before you continue, because my time is short, you have looked at the law and the contracts. Next question: Do you agree that these contracts are in writing? Yes or no.

Ms. FORRESTER. Do I agree—excuse me?

Mr. GREEN. The contracts, the 12-month contracts, are they in writing?

Ms. FORRESTER. Are they in writing?

Mr. GREEN. Yes.

Ms. FORRESTER. Yes, they are in writing.

Mr. GREEN. They would be because to comply with the statute of frauds they would be in writing, contracts for 12 months or longer.

Ms. FORRESTER. They are in writing.

Mr. GREEN. All right. So they are in compliance with the statute of frauds.

Do you agree that there was a meeting of minds as it relates to these contracts?

Ms. FORRESTER. I don't understand the underlying question.

Mr. GREEN. Well, the underlying question is a question of whether or not you have an offer, an acceptance, and a meeting of the minds. There was an offer, there was an acceptance, and because it is codified, one would assume that there was a meeting of the minds as it relates to the contracts. True?

Ms. FORRESTER. I would be speaking for others if I said yes or no to that.

Mr. GREEN. Okay. You do have the written contract.

Ms. FORRESTER. I have copies of the contracts.

Mr. GREEN. So you would now indicate that these contracts can be negated on a verbal opinion simply because someone in the office found reason to conclude that they were unacceptable?

Ms. FORRESTER. No one has ever said that the contracts can be negated.

Mr. GREEN. Well, if the contracts are not being negated, why are we not funding as we previously funded?

Ms. FORRESTER. I think you are confusing the method of funding with the whether or not the contract is viable.

The contracts were created at a time when HUD would receive in appropriations sufficient funds to put aside for each contract that was executed the value of the contract. So if the contract over 12 months was $1 million, there was $1 million.

However, over time HUD was not receiving sufficient funding to be able to put aside $1 million at the time. And rather than not enter into a contract they were funding, the contracts always to 12 months, but incrementally.

The contracts however now clearly reflect the funding method as opposed to the fact that the contracts have been negated.

Mr. GREEN. But what you concluded was that you could not use what we are calling pursuant to my memo short-funding of the contracts.

Ms. FORRESTER. We concluded that if you were going to fund the contracts incrementally, then the contracts needed to reflect that.

Mr. GREEN. May I have just one more minute, Madam Chairwoman?

So you are not short-funding the contracts and, as a result of this, we find this present dilemma that we are dealing with.

Ms. FORRESTER. Right. The contracts ultimately are not short-funding. There is a difference between actually not paying a month, as opposed to paying 12 months with 1 month or 2 months late. The contracts are paid 12 months. There is 12 months of funding received by the owners. However, we said that the contracts must reflect the method of funding as well as—

Mr. GREEN. One final question. If you can give a legal opinion, would it take you until December 31st to give this legal opinion? A written opinion?

Ms. FORRESTER. Would it take my office—

Mr. GREEN. Yes. Would it take until December 31st to provide a written opinion about what you have already perused, about what you already understand.

Ms. FORRESTER. I would say that we would hope it would not take us until December 31st.

Chairwoman WATERS. Mr. Green, the committee is going to request that we get that written opinion. And I would like you, as an attorney, to suggest a reasonable amount of time that we will request this opinion.

Mr. GREEN. Madam Chairwoman, I think most lawyers would agree that an opinion that has already been studied and announced can be rendered within 30 days quite easily.

Chairwoman WATERS. It is so ordered, then. We will follow up with a written request that the opinion be given to this committee within 30 days.

Thank you very much, Mr. Green.

Mr. GREEN. Thank you.

Chairwoman WATERS. Mrs. Biggert.

Mrs. BIGGERT. Mr. Cox, how is it decided which contracts will receive a late payment? Is it because in November, you run out of money, so all of those contracts are due then?

Mr. COX. It could be for a variety of reasons, Congresswoman. It could be because as we mentioned earlier the payments, the contract wasn't returned in time. It could be—we have challenges I mentioned in my testimony with the beginning of the fiscal year getting that just because we do not get the money until October 1st so it is very hard to get the money that day and then turn it right around. So it could be for a variety of reasons.

Mrs. BIGGERT. What is the average time that the payment finally arrives to the owner if there is a late payment?

Mr. COX. I don't have an average for you. I think the GAO reported, you know, somewhere between 2 weeks was an average. Then there was a small group that was 4 weeks and a smaller group that was 8 weeks.

Mrs. BIGGERT. Mr. Wood, is that still probably correct?

Mr. WOOD. That's an accurate characterization of the time that we examined. But, as I said earlier, we don't really have any data to show since 2004 how that might have changed.

Mrs. BIGGERT. Is there any interest or anything paid to the owners if the payment is late?

Mr. COX. Not to my knowledge.

Mrs. BIGGERT. It's just the payment?

Mr. COX. That's correct.

Mrs. BIGGERT. I yield back.

Chairwoman WATERS. Thank you very much.

Mr. Cleaver? Sorry. If we do it in the order we did before, it would be Mr. Ellison and then Mr. Cleaver in the order that you came in.

Mr. ELLISON. Mr. Cox, could you offer your views as to what liability HUD could face if someone were to fall ill because the payments were not made on time and then some vital service wasn't able to be secured?

For example, what if payments were not rendered on time and, for example, a pesticide company decided that they weren't going to be able to spray, and then somebody's child got roaches stuck up in their ears or something like that, what kind of exposure do you think HUD might have? What sort of moral responsibility? What sort of legal responsibility would you be concerned about?

Mr. COX. We would certainly want to do what's in the best interest of the tenants, but legal liability, I apologize, I'm not an attorney, so I don't know the answer to that.

Mr. ELLISON. Would you offer your views on this subject? What responsibility, either moral or legal, does HUD have if their failure to discharge their duties per the contract resulted in an injury to a tenant?

Ms. FORRESTER. I can't speculate on that. I mean there would be so many factors involved.

Mr. ELLISON. Right. So you just don't want to—you don't believe you have any exposure or do you believe you do?

Ms. FORRESTER. No. I can't say either way. I would have to look at the contracts. We'd have to look at the—

Mr. ELLISON. Well, you looked at the contracts. You just got through talking about how you knew all about the contracts and how the contracts were valid regardless as to whether they were being complied with. You were pretty articulate a moment ago. Would you—

Ms. FORRESTER. As you understand as an attorney—

Mr. ELLISON. Excuse me, ma'am. I need you to—

Ms. FORRESTER. —that when—

Mr. ELLISON. I'm not going to have you overtalk me. Okay?

Ms. FORRESTER. I won't.

Mr. ELLISON. And so I need you to offer your views on what sort of exposure HUD faces. I mean we are Congress. It is our job to be concerned about these things. I want to know what your views are. What sort of exposure, legal and moral, is HUD facing for failure to properly discharge its responsibilities per these payments?

Ms. FORRESTER. I think it would be irresponsible to speculate on what kind of exposure we would face without—

Mr. ELLISON. Ma'am, it is irresponsible for you not to run a good program. That is what is irresponsible. And I want to know what you think about this, unless you just refuse to answer. Do you refuse to answer me?

Ms. FORRESTER. No.

Mr. ELLISON. Okay. Well, let me hear the answer.

Ms. FORRESTER. You have asked me whether or not we would be facing any liability and as any lawyer understands whether or not we face liability is something that has to be analyzed based on State, local, and Federal law, contractual law, and I am not going to speculate on whether or not we would be subject to any particular liability, but as an agency we would, of course, face the possibility of suit.

Mr. ELLISON. Ma'am, if you are advising the agency, you mean to tell me you do not have any views that you would share to protect your agency from liability, by way of advice?

You are not prepared to sit up here and say, "We could end up in a lot of trouble if we don't deal with this because we have certain duties and responsibilities under these contracts."

You are not here to—you are just going to demur on that one. You're not going to articulate what kind of trouble that the agency could be in?

Ms. FORRESTER. No, I'm not going to speculate on that.

Mr. ELLISON. Yes. Well, I am pretty disappointed with that answer, too. And I was hoping that you would be a little bit more forthcoming than others seated at the table, but I guess that is the way it goes.

Chairwoman WATERS. Mr. Ellison, if I may? One of the things that was mentioned here this morning was that we have nothing in law that indicates they should have the payments to the owners on the first of the month or any particular time. That is an area

you may want to take a look at. And if they are out of compliance with something we put in law a date by which they should have the payment, then we should talk about what then happens, whether or not the persons responsible are subject to dismissal or something.

Let's take a look at that because that is where you create liability when we have dates certain by which they should do something in particular maybe. So if you will take a look at that for a possible bill.

Mr. ELLISON. We are on it, Madam Chairwoman.

Chairwoman WATERS. Thank you very much.

Okay. We are back to you, Mr. Shays.

Mr. SHAYS. Thank you.

I would like to ask counsel, first, a question. Has anyone in the Department asked you if there was a liability problem? Is this the first time you have been asked this question?

Ms. FORRESTER. Yes, it is.

Mr. SHAYS. Why do you think that is so?

Ms. FORRESTER. I think because it is understood, at least in the discussions that we've had, that the Department is not trying to not pay and that it is a balancing act between what we have received in funding and our obligations not only to the program but to the tenants. And so while we are aware of it, it would be not useful to sit around speculating on individual liability.

Mr. SHAYS. Let me ask you this, though. What I don't understand is when you say it wouldn't be useful, I would think it would be prudent to know up-front if you have a liability problem. That is why we have legal representation in our departments so they anticipate this. I am just curious why it was not anticipated.

Ms. FORRESTER. I didn't say—

Mr. SHAYS. Mr. Wood—

Ms. FORRESTER. Let me just say that I didn't say that. Our office is not the litigation office. So to the extent and I guess I should correct that, to the extent that issue may have come up, that would not be to our office.

Mr. SHAYS. Well, that would have been more helpful if you had answered it that way. I feel like we are playing a game where we have to kind of ask the right question and I am really not an enemy here. I am just trying to—I came here trying to think what could we do to help out. And I just feel we do not get straight answers.

What I would like to ask you, Mr. Cox, is, is this the first time you were ever asked what our, you know, past liabilities are and how much that is? Is this the first time that anyone has asked you that?

Mr. COX. It is for me, yes.

Mr. SHAYS. Are you new at this job?

Mr. COX. No. I've been on board since May of 2000—

Mr. SHAYS. I would just think that we would want to know and if you had this job that you would want to know, "My God, how much backlog of IOUs do we have?"

Because what I am struck with is the fact that we are playing a game. And the game is that we are going to go incrementally because we do not have enough money in our budget to pay the obli-

gations. And so you are using creative financing and I think that is to your credit in once sense. You're trying to deal with it.

But here I would think you would put it on our shoulders and say, "This is what we need to deal with. If we don't get this money, they we have to do these kinds of incremental games."

Mr. Wood, help me out. What I would like to understand is, is there—does the Department have past obligations—do they have a financial problem in not having enough money? Am I inventing this? Are we all inventing this?

Mr. WOOD. What we found when we examined that period of 1995 to 2004 was that the single biggest problem contributing to late payments was the fact that there was not a renewed contract in place. That is distinct in a sense from the funding issue.

Mr. SHAYS. Okay. Let's agree to that. And is there any incentive for the Department not to have an agreement on contracts because they don't have enough money to pay?

Mr. WOOD. I would think that the Department would want to fully fund the contracts.

Mr. SHAYS. What is that?

Mr. WOOD. I would think that the department would want to fully fund the contracts.

Mr. SHAYS. And do they have enough money to fully fund the contracts?

Mr. WOOD. In the past, my understanding is that HUD has obligated/allocated 12 months' worth of rent.

Mr. SHAYS. That's not what I asked. Obligating is not do you have enough money to pay it.

Mr. WOOD. Well, they would only obligate money if they had been appropriated that money.

Mr. SHAYS. So we don't have a problem then, do we?

Mr. WOOD. What it—this whole issue of the lack of funding, frankly, didn't arise during the period that we examined. It has come up since so I really don't know frankly a whole lot more about it than you do.

But what it seems to me is that HUD is allocating something less than 12 months of rent to the contracts—

Mr. SHAYS. Because they don't have enough money.

Mr. WOOD. Because they don't feel like they have enough.

Mr. SHAYS. That's right. That's right.

Chairwoman WATERS. Thank you very much, Mr. Shays.

Mr. Cleaver?

Mr. CLEAVER. Madam Chairwoman, I want to associate my comments and my feelings with Judge Green, that he expressed earlier.

I would like to move back to where we were earlier. When I asked about in 2006, whether the legal counsel ruled that it was illegal, I think the answer was, "No, that didn't happen."

Ms. FORRESTER. Yes. I was not aware of anything happening in 2006.

Mr. CLEAVER. Good. Oh, good. That's exactly what I want. Did I have the date wrong?

Ms. FORRESTER. You may have. That may be it.

Mr. CLEAVER. I'm sorry. I didn't ask the question properly. Was my statement correct and the date wrong or some little word wrong? That it was ruled illegal and I just used the wrong date?

Ms. FORRESTER. Well, to be honest, I thought even if the date was correct, I thought the statement was incorrect.

Mr. CLEAVER. That the legal counsel has never ruled that it was illegal to sign owners to a 12-month contract.

Ms. FORRESTER. Yes. I'm not aware that we have ever said that. I'm not aware that anybody in OGC has said that, but I know our office has not said that.

Mr. CLEAVER. Okay. I just wanted to make sure that it is clear because I think somebody has said that, but I will deal with that later out of the committee.

Mr. Cox, when did you know that there was going to be a problem?

Mr. COX. In August, I believe, of this year, 2007.

Mr. CLEAVER. Two months ago.

Mr. COX. Correct.

Mr. CLEAVER. So are you satisfied with the staff work? Your staff work?

Mr. COX. I am, yes.

Mr. CLEAVER. The only reason I ask is because the HUD staff said that there was a problem back in February. I'm sorry. Are you going to fire somebody for not telling you until August?

Mr. COX. It could have been in the program area and not in my area, in the CFO shop, but that was when I was made aware of it.

Mr. CLEAVER. Okay. Assume that I'm correct, because I am, and the staff knew in February, is there any reason for the delay in informing you 4 months later?

Mr. COX. Not to my knowledge.

Mr. CLEAVER. Six months later. When were appropriators contacted?

Mr. COX. Roughly that same time period, August.

Mr. CLEAVER. In August?

Mr. COX. Right.

Mr. CLEAVER. Okay.

Mr. COX. At least that I am aware of.

Mr. CLEAVER. We knew there was a problem on February the 8th. I will be specific. We knew there was a problem on February the 8th, and appropriators were contacted in August.

Mr. COX. Well, there may have been other programmatic contacts with Appropriations. I'm just aware of the meetings that I was in.

Mr. CLEAVER. Well, do you think that they have mistreated you by sending you here and you're not equipped to answer, for me, the most critical question. We knew there was a program problem in February, at the beginning of the year, and we didn't even try to contact appropriators to deal with the program until August.

Mr. Wood, can you help me?

Ms. Forrester?

Somebody in the press?

The gentleman over there asleep?

[Laughter]

Somebody help. I'm just a Methodist preacher. I just want somebody to tell me how could you know—who can I ask?

Mr. COX. I will be happy to respond to a specific question.

Mr. CLEAVER. Mr. Cox, I just asked you one.

Mr. COX. But I don't know the answer.

Mr. CLEAVER. I just asked you a specific question.

Mr. COX. I don't know the answer but I'll be happy to—if someone in the Department knows in the program area, I'll be happy to get that back to you.

Mr. CLEAVER. Okay. My final question is—well, maybe the chairwoman made a mistake. Were you informed about what the committee hearing was going to be about?

Mr. COX. Absolutely.

Mr. CLEAVER. Okay. That's where my confusion comes in. The most critical issue, when did you know that there was a problem?

And then when did you try to address the problem, and why did you wait 6 months to even begin to talk about the problem? Or help me. Tell me that I'm going—I just want to feel better.

Mr. COX. What I can tell you is I knew about the problem in August. We started working on a solution with the problem with the General Counsel's Office.

Mr. CLEAVER. Are you angry at the people who didn't tell you?

Mr. COX. I certainly would have appreciated a little earlier warning.

Mr. CLEAVER. Can you call me and let me know what you're going to do, what you have done when you get back to see those people?

No, I am serious. Because people hate their own government and these people are—these are not rich people who are being impacted. And I just want to know why we—why there was not some sense of urgency.

Do you think there should have been a sense of urgency?

Mr. COX. Yes.

Mr. CLEAVER. Are you as angry as—I am just frustrated. I think I have a good question and nobody answers. I yield back.

Chairwoman WATERS. Thank you very much.

I share the committee's frustration. I do not think, Mr. Cox, that you have straightforwardly said to the committee that you have a policy of under-requesting the appropriations that you need. And in order to manage your program, you simply make the owners wait for their payment because you did not request enough money.

As I understand it, in order to fund this program, you need $8 billion in Fiscal Year 2008. Is that correct?

Mr. COX. No, ma'am, that is not correct.

Chairwoman WATERS. How much do you need?

Mr. COX. As I explained earlier, the amount of money—there is no backlog.

Chairwoman WATERS. Just answer me. Answer me. How much money do you need to fund all of the apartment owners, renew all of the contracts, and pay them for 12 months without them having to wait for their money for 2008?

Mr. COX. We will be able to pay every payment in 2008 for all the renewals in 2008 with the $5.6 billion that we will get in 2008.

Chairwoman WATERS. I think you are nuancing. With the renewals, Mr. Shays kept asking you if there were back payments.

Mr. COX. There are no back payments.

Chairwoman WATERS. So you are not $2.5 billion short for 2008?

Mr. COX. That is correct.

Chairwoman WATERS. How do you get your estimate for 2008?

Mr. COX. We build it on a project-by-project basis, on a contract-by-contract basis.

Chairwoman WATERS. And you are comfortable, you are comfortable that based on whatever formulas you use that you have requested the correct amount of money to fund the contracts for 12 months without the delays that we are so concerned about now?

Mr. COX. I am comfortable—to be very clear, I am comfortable that we can fund those contracts on time in the months in Fiscal Year 2008. We will fund the increment of the remaining period depending on when those contracts renew in Fiscal Year 2009 as we get that appropriations.

Chairwoman WATERS. So, members of the committee for 2007, you are still late, but you expect to be caught up by the end of the year.

Mr. COX. This month.

Chairwoman WATERS. This month.

Mr. COX. This month.

Chairwoman WATERS. And those contracts following October, for November and December, will be paid on time?

Mr. COX. Correct.

Chairwoman WATERS. And for 2008 you said you have some—you are waiting on people to return information to you for the renewables. Is that correct?

Mr. COX. That's for the remaining renewals in Q4 of last year, Fiscal Year 2007.

Chairwoman WATERS. For 2007. So I guess what you're saying—you are qualifying this. And you are saying if you do not get that information back on time, then you will not be able to pay on time. But that is the only reason that they would not be paid on time. Is that correct?

Mr. COX. That is correct.

Chairwoman WATERS. All right. I'm going to—

Mr. COX. We have those funds available—just to be very clear—

Chairwoman WATERS. I am going to be in touch with everyone in my district because I am not going to have them be used as an excuse that they did not get their information back on time to be paid on time.

Now, you are in this committee, and you are on the record, and you have just told this committee that according to your formulas you are comfortable that you have requested the correct amount of money for 2008 and it is something less than $8 billion. How much is that amount that you have requested? I should know that, but I don't have it.

Mr. COX. The President's request was $5.5 billion.

Chairwoman WATERS. $5.5 billion. And $5.5 billion will pay all of the owners in 2008 12-months' payment on time.

Mr. COX. All of the payments that are due in Fiscal Year 2008. I want to be clear about that. Fiscal year 2008.

Chairwoman WATERS. All that are due in 2008. Why does that sound different than what I am saying?

I am asking if all of the owners will be paid on time 12 months in 2008. And you are saying something different. What is different between what you are saying and what I am asking you?

Mr. COX. I will try to be clear if I am not. Any renewal that happens in 2008 won't require 12 full months of payments in 2008 because it depends on when those contracts renew. So if you renew in January of 2008, you will get 9 payments, 9 months worth of payments in Fiscal Year 2008. If you renew in June, you will get 5 months worth of payments or 4 months worth of payments.

So what I am telling you is that the payments that are due in Fiscal Year 2008 we have the funding available in the President's request—

Chairwoman WATERS. So if I renew in January, I am going to provide the units through December.

Mr. COX. Correct.

Chairwoman WATERS. And I want 12 months worth of payments.

Mr. COX. Correct.

Chairwoman WATERS. Why am I getting 9 months worth of payments.

Mr. COX. You will get 9 months worth of payments in the Fiscal Year 2008 appropriation and you will get 3 months worth of payments from the fiscal year—

Chairwoman WATERS. Well, if the fiscal year ends in what? September?

Mr. COX. Yes, ma'am.

Chairwoman WATERS. Then my money from September to December is not in the 2008 request. Is that right?

Mr. COX. That is correct.

Chairwoman WATERS. Why did it take you so long to say that?

Mr. COX. I apologize. I thought it was clear.

Chairwoman WATERS. No, it is not clear. So if my money is not there for the 3 months, I have to wait until 2009 to get my money?

Mr. COX. Correct. But you get payments on a monthly basis.

Chairwoman WATERS. But, but—

Mr. COX. After the funds are available.

Chairwoman WATERS. But if in fact your technology is insufficient, and you are slow anyway, and you can't get the money out and my renewable is in January and you are 4 months behind, then when am I going to get my 12 months worth of money?

Mr. COX. But we are not 4 months behind.

Chairwoman WATERS. Okay. How many months behind are you?

Mr. COX. We, for the fiscal year issue we had in 2007, as I mentioned, there were 1,700 contracts. Those contracts were issued in September, we have 450 of those left. Actually, now, about—

Chairwoman WATERS. So for 2007 on average, how late were you with your rental payments, with your payments for our landlords? Our owners?

Mr. COX. I don't know that. I will be glad to ask the Program Office and get back to you quickly.

Chairwoman WATERS. Yes, but the problem is this: You're telling us to rely on the fact that you're going to do better, that you are going to be up to speed on your technology, but you haven't—you

said you have started already renewing or rehabilitating or putting in your new technology.

You were late and that is what has our apartment owners so upset. These are small business people. These are tiny, oftentimes small business people. You were late sometimes up to 4 months. And you are telling us to trust you that your funding on the fiscal year, not on the whole year, there is going to be some delay with the latter 3 months that go over into 2009. Plus whatever mistakes you have with your technology that is not working. So we still have a problem.

Mr. COX. Well, I would tell the owners there is no plan to be late in Fiscal Year 2009. The plan is to be on time in Fiscal Year 2009.

Chairwoman WATERS. Members? We are going to have to take some very direct action that will help to ensure that this late payment problem does not continue. I don't know how to fix it without the additional dollars that are not requested beyond the fiscal year at this time. Because of PAYGO, if we request the money now, we have to find some money to offset it which we should not have to do because our appropriators would have given you the money if you had asked for it for the entire 12 months. They would do that, as I understand it.

We are going to have to find a way to make sure that we do not continue to allow HUD to use late payments as a way of underfunding requesting for HUD to make themselves look better and make themselves look as if they do not need the money, they are not spending the money. So I kind of get what is going on and we will try and figure it out.

I do not know whether to thank you for being here or not. But since you have come and you have spent time, you have made us jump through a lot of hoops here today trying to figure out what to do about these landlords who are providing poor people a place to live.

And as was said, we have lost units because there are some people who are going to walk away. I hear all the time, "I don't want to mess with government. It is too messy. It is too bureaucratic. I don't want to do it." Not only from, you know, the apartment owners but all throughout government. This is what business people say all of the time. This is supposed to be a business administration that understands business and supportive of business, so we do not like this. We do not like this at all. We are going to find a way.

When I was in State government, I would strip your salary out of the budget. They do things a little bit different here, but I will find a way to get to it. Thank you very much.

We are going to go and take three votes.

Thank you very much. I would like to dismiss this panel and we have 30 days by which to raise questions and get the answers back in the record.

We are going to call in the second panel and then we are going to ask your patience while we go and take three votes and then we will be back.

All right. So if the second panel will get ready, we will introduce you when we return. Thank you very much.

[Recess]

Chairwoman WATERS. The Subcommittee on Housing and Community Opportunity will come to order. I would like to thank our second panel for your patience, and I am pleased to welcome you all here.

Our panel consists of: Mr. Michael Bodaken, president of the National Housing Trust; Mr. Lawrence J. Lipton, chief financial officer, Related Management, testifying on behalf of the National Leased Housing Association; Mr. J. Kenneth Pagano, president and chief executive officer, Essex Plaza Management, testifying on behalf of the National Affordable Housing Management Association; Mr. Donald L. Beebout, vice president, Showe Management Corporation; Ms. Carolann Livingstone, president, 1890 House Tenants Association, and vice president, Eastern Region of the National Alliance of HUD Tenants; and Larry Minnix, president and chief executive officer, the American Association of Homes and Services for the Aging.

Without objection, your written statements will be made a part of the record, and you will now be recognized for a 5-minute summary of your testimony. We will start with Mr. Bodaken.

STATEMENT OF MICHAEL BODAKEN, PRESIDENT, NATIONAL HOUSING TRUST

Mr. BODAKEN. Chairwoman Waters, Ranking Member Capito, and selected members of the subcommittee, thank you so much for inviting me to testify today. And thank you for holding this very important hearing.

My name is Michael Bodaken and I am head of the National Housing Trust. We are a national nonprofit dedicated to preserving and improving subsidized housing with an emphasis on project-based Section 8 housing.

Project-based Section 8 allows us to fulfill our mission in two ways. First, as was articulated by a number of people this morning, project-based Section 8 serves extremely-low-income households, 40 percent of whom are seniors.

Second, project-based Section 8 provides a reliable stream of income for outside investment into the Section 8 properties. Over the last 10 years, the National Housing Trust estimates over $700,000,000 of private investment has been made into Section 8 properties through low income housing tax credits, bonds, etc., on the strength of the annual renewal of the Section 8 contracts that we have been talking about today.

Project-based Section 8 is not a bi-coastal phenomenon. On page 2 of my testimony I note that over 15,000 project-based apartments are located in the Members' districts on this committee alone. And it is important for us to recognize that it is all over the Nation, and if we have a problem with a program, it is a national problem.

How did we get here today? We got here fundamentally because HUD and OMB failed to ask for appropriate appropriations for this fiscal year. They ran out of funds for Fiscal Year 2007; $1.2 billion, according to the Trust, was underestimated.

No one asked Mr. Cox the question, but he did concede that they ran out of money. We believe it was approximately $1.2 billion.

When you compound that amount by the underestimate of what they are asking for Fiscal Year 2008, well over $2 billion is now

needed to put the program back on an annual renewal basis otherwise they will continue to shortfund the contracts as we discussed.

This phenomenon has not been ignored by Congress. Senator Kit Bond, the ranking member of the Senate Subcommittee on Appropriations for HUD had the following to say.

"Finally I raised one issue that we have not been able to address, HUD and OMB's failure to provide adequate funding for Project-based Section 8. To my colleagues, to OMB and to HUD, I say let's get serious."

The result of not being serious is that owners, people who are here today, are receiving contracts that say 12 months and they are receiving letters, and I am going to quote from the letters that we have received and they are in my testimony.

"This letter constitutes notice that HUD is determined pursuant to the foregoing provision that sufficient appropriations are not available to fund your contract." Again, these letters are in my testimony."

In South Carolina we were told by the Section 8 contract administrator, in bold print, "I cannot tell you when the property will be paid." This was in September of 2007.

For the first time ever, HUD is short-funding contracts and being explicit with owners that it does not have the funding. And it is creating a crisis in the program the likes of which we need to address now. It is not merely a paperwork problem. It is not merely a "technology" problem. It is as the chairwoman has explicitly stated, their failure to ask for sufficient funds to run the program.

How has our organization suffered? We are now currently behind some $785,000 as a result of HUD's neglect. That $785,000 is exhibited in one project, Hazel Hill, which was just given the award for the best affordable housing preservation project in the Nation by Housing Finance Magazine. We could not fund the program with Section 8 and so we took the money out of our proceeds and put it back into the project.

This is a serious problem for not just us but for the nation. Our confidence has been badly shaken. And we are not alone. Many owners of Section 8 contracts that have market rent levels below the market when not given sufficient incentive by the Federal Government to stay in the program, owners will not stay with the program. They will sign a 3 or 5 month contract now. That is certainly correct. But over time, owners will leave the program if they have options. And according to our statistics, over 500,000 apartments have that option.

The time to correct this problem is now. Owners are shaken, residents are shaken, and investors are very concerned about HUD's commitment to this program. We urge you to write the appropriators to urge them to fund—we ask that you ask the appropriators to do as they have in the past, to fund it appropriately so we can get back on firm footing. Thank you very much.

[The prepared statement of Mr. Bodaken can be found on page 62 of the appendix.]

Chairwoman WATERS. Thank you.

Mr. Lipton.

STATEMENT OF LAWRENCE J. LIPTON, CHIEF FINANCIAL OFFICER, RELATED COMPANIES, INC. ON BEHALF OF THE NATIONAL LEASED HOUSING ASSOCIATION

Mr. LIPTON. Madam Chairwoman and members of the subcommittee, my name is Larry Lipton, and I am the chief financial officer of Related Management. I am appearing before you today on behalf of the National Leased Housing Association, which for over 35 years has represented owners, managers, lenders, investors, public officials, and others involved with Section 8 and other affordable housing programs.

Related Management is also an active member of the National Multi-Housing Council and the National Apartment Association, and both organizations have joined with NLHA in submitting this testimony.

My company, Related Management, has its headquarters in New York City and owns and manages about 26,000 units of multifamily housing in 12 States spread from New York to California. Our Section 8 project-based inventory totals 11,287 units in 64 projects.

The Section 8 project-based programs have provided effective and enduring shelter since their inception for many millions of low-income families. In our opinion, the Section 8 subsidy mechanism is the most effective housing subsidy ever devised by Congress. It is an elastic subsidy that can reach the very poorest families and keep their rent burden proportionately the same as the rent burden on families with more income.

However, for Section 8 to be an effective program, HUD must comply with its contractual promise to housing providers to make timely monthly assistance payments. These assistance payments cover the difference between the tenant portion of the rent generally set at 30 percent of the tenant's adjusted income and the HUD-approved rents for the project.

The tenant rent contribution generally pays for only a small portion of the costs of running the project including debt service payments. Without assistance from HUD, a project cannot continue to operate and serve its tenants.

While HUD has been late sporadically in making payments over the past several years, this year late payments have been widespread over most parts of the country with nonpayment often persisting for several months.

In the case of our company, for example, we billed HUD in June of this year $9.8 million in assistance payments for July. Almost one-third of our bill, or $3.1 million, was not paid by July 31st and about 20 percent, or $2 million, remains unpaid as of September 30th.

One of our projects in San Diego received no funds for the 3-month period of July through September, for a total of $525,000. No doubt many smaller ownership entities than ours have been hit harder than us, but any late payment at any time is indefensible.

Owners do what they can to cope during these periods of nonpayment such as drawing funds from a replacement reserve and other reserves when possible, borrowing funds, delaying payments to vendors, and making personal contributions.

We are not sure why these payment problems occurred. We have no assurances that they will not occur. To protect themselves from

future late payments, some owners may consider taking several actions including not making need project repairs, selection of the highest income tenants legally possible, and perhaps most significantly as has been mentioned, planning to opt-out of the Section 8 program.

The late payment problem not only affects the operations of the project but also makes the preservation of these aging projects through sales often to nonprofit purchasers that commit to long affordability periods and rehabilitation usually with proceeds from a low income housing tax credit.

Furthermore, the damage is being compounded by concerns that Congress will not provide sufficient appropriations for the Section 8 project-based program in Fiscal Year 2008. HUD is responding to this potential shortfall by entering into renewal contracts that no longer purport to make a commitment for 1 year of funding but rather obligate HUD for only a period of a few months with a promise to extend the short period for an indeterminate further period when and if sufficient appropriations become available.

The perception this kind of contract creates is devastating. Until recently, several years of predictability and stability in the Section 8 renewal process have led purchasers, lenders, and investors in Section 8 properties to rely on long term Section 8 renewal contracts even though subject to annual appropriations as sufficient backing for their investment. They assume the appropriation risk in these contracts because they thought the risk was minimal. They are not so sure anymore.

Unless the industry has countenance that the government is committed to adequate and timely funding, the Section 8 inventory is likely to shrink in size nor will it get the new investment needed to preserve these projects as affordable housing and keep them affordable far into the future.

What is it that this committee can do to rectify the damage done to the Section 8 inventory? First, it can exercise close oversight over the process HUD uses to make Section 8 assistance payments as well as how budgetary needs are calculated.

Second, a package of amendments submitted to the committee by the NLHA to remove statutory and administrative impediments to preserving affordable housing will help facilitate Section 8 renewals and sales, rehabilitation, and long-term affordability.

Third, the committee should urge that sufficient appropriations be provided for Fiscal Year 2008 to avert the use of a succession of short-term funding obligations by HUD.

I would like to thank you for the opportunity to testify on this important subject and I will be pleased to answer any questions you might have.

[The prepared statement of Mr. Lipton can be found on page 164 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Pagano.

STATEMENT OF J. KENNETH PAGANO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ESSEX PLAZA MANAGEMENT, ON BEHALF OF THE NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

Mr. PAGANO. Thank you, Chairwoman Waters, for holding this hearing and for the leadership you have taken on this important issue.

My name is Ken Pagano and I am honored to be here today to speak on behalf of the National Affordable Housing Management Association. I am also president and chief executive officer of Essex Plaza Management Company of Newark, New Jersey, and president of NAHMA's regional chapter in New Jersey, Affordable Housing Management Association.

The summer of 2007 has bought a HAP payment crisis which is unprecedented in scale and duration. The problem was not limited to contract renewals. There were live unexpired contracts that were not paid for. Properties went on from 1 to 3 months without receiving HAP payments. Some were owed hundreds of thousands of dollars.

Like many of our industry colleagues, NAHMA believes these problems were caused by insufficient Fiscal Year 2007 appropriations for project-based Section 8 contracts and from the failure of HUD and OMB to submit an adequate funding request to Congress.

The result has produced a crisis of confidence in the program for owners, investors, and vendors. The cost of operating project-based Section 8 properties has increased as a result of the late HAPs. Despite many years of timely payments, vendors are now asking for up-front deposits and I have lost discounts because I was not able to pay them on time. Banks as well as vendors are charging late fees. My properties have paid between 12 and 18 percent in late fees for water, sewer, and tax payments in New Jersey because HUD did not pay us on time.

Maintenance and services to tenants have also been cut back in my properties due to the funding delays. For example, we have had to cut the hours of the Neighborhood Network Community Learning Centers on the properties. We have also had to defer scheduled work outlined in the mark-to-market process because the money was needed to make debt service payments. We have also had to defer general maintenance and cut back on other supportive services.

As another example, a NAHMA member in Louisiana was not able to move Katrina evacuees into vacant apartments this summer because without the HAP payments from HUD, the property did not have the necessary funds to prepare the units for occupancy.

For all of these reasons, opting out is looking better to owners. HAP payments have been chronically late for years and the funding may not even be dependable in Fiscal Year 2008.

The Senate's HUD appropriation bill will cut funding for contract renewals as the Administration requested and we fear even the modest increase provided by the House over the President's request will not be enough.

Despite the chaos this summer, the Administration has not revised its budget request. Likewise, HUD is asking owners to sign Section 8 contracts that obligate funding for less time than the term of the contract.

For example, the language in a 12-month contract may state, "HUD is providing $350,000 which is sufficient to fund HAPs for perhaps 4 months of the renewal contract term." The contracts say more funding will be added to the contract when appropriations are available. But the question in everybody's mind is what happens if the appropriations do not become available?

The short term or incremental stop-and-go financing has become a funding debate. Late HAPs are an expected and seemingly accepted part of operating project-based Section 8 housing. That is just wrong. HAP contracts are legal contracts. It is incumbent on the Federal Government to have the necessary funding in place to pay owners on time and in full, just as it is the owner's responsibility to provide safe, decent, and sanitary housing for the tenants.

All things considered, it is not hard to understand why owners and limited partners are asking me, "Why am I still in this program," when they are being approached by investors who would like to convert the properties to condominiums and market-rate units. It is hard to convince owners on the benefits of continuing in the project-based program when operating costs are increasing, returns are diminishing, and a property risks default on the mortgage if the HAP is late.

If owners leave this program and if nervous investors walk away from preservation deals because they have lost faith in the dependency of the Section 8 funding, the low-income families who need this housing most will lose it. And the tragedy of this situation will be that it is entirely avoidable.

Clearly it is time to change "business as usual." NAHMA respectfully offers four recommendations to fix the HAP problems: First, we strongly urge Congress to stabilize funding by providing the necessary appropriations to pay the full 12-month increments of HAP contracts in Fiscal Year 2008; second, the Administration, HUD, and OMB must address regulatory issues that cause or contribute to late payments; third, we are asking Congress to amend the enhanced voucher statute to make these tenant protections available when the HAP payment stop for any reason; and finally, NAHMA strongly urges Congress to create a disincentive for late payments by passing legislation that requires HUD to pay owners interest on late HAP payment after the payment is 10 days late.

This concludes my statement. I thank you, Chairwoman Waters, for the opportunity to testify today, and I would be happy to answer any questions.

[The prepared statement of Mr. Pagano can be found on page 193 of the appendix.]

Chairwoman Waters. Thank you very much.

Mr. Donald Beebout.

STATEMENT OF DONALD L. BEEBOUT, VICE PRESIDENT, SHOWE MANAGEMENT CORPORATION

Mr. BEEBOUT. Madam Chairwoman and members of the subcommittee, my name is Donald Beebout, and I am vice president

of Showe Management Company, based in Columbus, Ohio. I thank you for this opportunity to talk about the late HAP payments.

I have over 34 years experience in affordable housing, 7 with HUD and 27 years with the Showe Management Company. Our company, Showe Management Corporation, owns and manages 5,000 units in Ohio, Texas, New Mexico, and Hawaii. Our Section 8 project-based inventory is 2,500 units in 30 properties.

Our company is very concerned that the late HAP payments have become a chronic problem at HUD, not just an occasional delay at one or two properties at contract renewal. In the past several years, the number of delays and the length of delays have increased. In the most recent delay that occurred in July and August of this year, we did not receive the July and August HAP payments on 18 of 30 Section 8 properties until mid to late August. These late payments totaled $1,260,000. Delays in these HAP payments required our company to borrow funds from other corporate entities in order to pay the mortgage payments and the property vendors.

We were originally informed that we would receive the July and August payments during the first 5 days of August. We actually received these payments in late August. In the past, our company has been reluctant to withdraw funds from reserves for replacement accounts because we would incur withdrawal penalties on certificates of deposits, in some cases loss of principal on Treasury Bills and notes due to sales prior to maturity. However, because of the lengthy delays and the amounts involved, we had to withdraw funds and incur these penalties.

In addition to the time and expense for repair and reserve replacement requests, we also incurred additional costs in reinvesting these funds after the HAP payments were finally received. According to HUD these delays were due to shortfalls in funding. In fact, some of our contracts that are currently being renewed are being renewed for less than one year. That only compounds the problems since it takes HUD 6 to 8 weeks to process contract renewals and amendments.

It is our understanding that the shortfall problem will be worse in Fiscal Year 2008 since HUD is estimating a $2 billion shortfall based on proposed levels.

I am requesting that HUD fully fund the $8 billion needed to adequately fund the project-based Section 8. HUD should consider appropriating funds for the entire contract term since this will reduce time and paperwork and the properties will be able to retain the owner's participation and allow for more favorable financing. Most original HAP contracts were funded for the entire period.

In addition, HUD should adequately fund contracts and HUD needs to use modern technology to reduce the time in processing contract renewals and payments. The Department should also be required to pay owners penalties plus interest for late payments. If I am late paying my Federal taxes, I am charged a penalty plus interest. There must be some penalty assessed or I do not think the problem will get fixed.

After hearing what I heard today, it does not appear that the problem is going to get fixed anytime soon and certainly one of our options would be to opt-out on some of our properties, but certainly that isn't what we want to do but after the frustrations of this

summer, I think that some of our owners are asking us why are we still in this program. Thank you again for the opportunity to testify about the late payments and I would be glad to answer any questions.

[The prepared statement of Mr. Beebout can be found on page 54 of the appendix.]

Chairwoman WATERS. Thank you very much.

Ms. Carolann Livingstone.

STATEMENT OF CAROLANN LIVINGSTONE, PRESIDENT, 1890 HOUSE TENANTS ASSOCIATION, AND VICE PRESIDENT, EASTERN REGION OF THE NATIONAL ALLIANCE OF HUD TENANTS

Ms. LIVINGSTONE. Thank you, Madam Chairwoman. On behalf of 1.5 million families, and elderly and disabled tenants in project-based Section 8 housing, NAHT thanks the subcommittee for responding so quickly to our request last month for this hearing on the Section 8 funding crisis.

For me and my 9-year-old son, Section 8 housing is literally a matter of life and death. Like many thousands of the Section 8 families that I represent across America, I was once homeless. I lived on the street for 1½ years. Section 8 housing provided the vital step up for me so I could stabilize my life, provide a decent home for my son, find a job at the local church, and go back to college to move up and out of poverty.

If HUD cuts off Section 8 and we tenants are forced to pay the difference in our rents, it could mean an overnight increase of 3 to 4 times what we are paying now. The National Alliance of HUD Tenants has already received reports of owners doing exactly that in New York, Pennsylvania, and Ohio.

To give one example, a disabled tenant in Philadelphia faces an overnight increase from $198 to $1,015 in his monthly rent if HUD cuts off funds anytime after December. And I would like to add to my written testimony a copy of his lease that he was forced to sign.

Today more than 90 percent of the project-based Section 8 units are subject to annual appropriation by Congress. If Congress and HUD do not provide an extra $2.5 billion toward the $8 billion needed in 2008, then 30 percent of these households, that is 470,000 of us, could lose our homes overnight.

The NAHT Board met with HUD officials on September 14, 2007, and I was in that meeting. We met to find out what was happening to our homes. Their explanation of the funding shortfall was upsetting to say the least. They said that no one at HUD had any idea how much money was actually needed to fully fund all the Section 8 contracts for a year.

HUD now admits the gap is $2.5 billion, but neither HUD nor OMB will make an official request and President Bush has vowed to veto even the inadequate HUD appropriation bills.

Madam Chairwoman, the inability of the Administration to anticipate or request the needed funds is deeply disturbing. These people are playing with our lives and our quality of life. Obviously, a $2.5 billion shortfall in 2008 will result in mass displacement and homelessness as owners are forced to opt out of the program.

We tenants need to know what will happen if funds are suddenly cut off in the middle of a Section 8 year contract. Will we receive a one-year notice from HUD and/or the owners before the rents go up? Will we receive enhanced vouchers to cover rent increases? How will these vouchers be funded? Will HUD allow owners to terminate leases if Section 8 funds are not available and we cannot afford to pay the rent?

We ask the subcommittee to get written answers to these questions from HUD as soon as possible.

NAHT tenants and affiliated local organizations across the country are already reporting adverse effects of the late payments. In my own building, all repairs have stopped, maintenance has been on part time, and the management only comes in twice a week now.

Delayed or short-funded Section 8 payments can only lead to even worse conditions, lower REAC scores, and potential HUD enforcement or even termination down the road.

The Nation has already lost at least 350,000 units of affordable housing since 1996 due to owner opt-outs and prepayments. Owners in high-market areas are facing funding uncertainty or terminations by HUD will almost certainly opt-out of the program.

HUD's proposal to shortfund Section 8 contracts is not the answer but perhaps the worst impact is the gnawing fear that I feel and my fellow tenants feel of becoming homeless, possibly for the second time.

In my State of Rhode Island, the one large homeless shelter has been demolished. As I look out my living room window, I can see people at night sleeping on the sidewalk in downtown Providence. Last night, there was a woman out there with a child. What will happen if HUD cuts off funds and more are sent to the streets? That could easily be me again.

I am asking for all of us that Congress and HUD please solve this crisis now. Thank you, Madam Chairwoman.

[The prepared statement of Ms. Livingstone can be found on page 173 of the appendix.]

Chairwoman WATERS. Thank you very much and a copy of the lease that you have requested to be placed in the record shall be placed in the record without objection.

Ms. LIVINGSTONE. Thank you.

Chairwoman WATERS. Thank you very much.

Mr. Minnix.

STATEMENT OF LARRY MINNIX, PRESIDENT AND CEO, AMERICAN ASSOCIATION OF HOMES AND SERVICES FOR THE AGING

Mr. MINNIX. Yes, ma'am. Thank you very much for the opportunity. I represent not-for-profit aging service providers of all kinds, 5,800 nationally. The largest single subgroup is low-income affordable housing. Most of those are sponsored by religious organizations and labor with other groups like the Masons and so forth. We have been doing this for a long time and we are as good of stewards of those funds over time as you would find.

The facts you have heard here—this is all real. It is all the truth. We spent the morning listening to obfuscation and we are spending the last half hour listening to the truth.

You have my testimony; it has a bunch of facts that I will not reiterate. Let me respond at two or three levels. One is that this conversation that you all are having today is going on in these facilities that are not funded with secretaries and offices, administrators, residency company and vendors who come in and demand cash payments, people trying to reassure residents and their families that they are not going out of business. So this is a very real conversation that takes place there.

I wish every one of you could send a staff person to spend a day in one of these facilities and watch what happens when you are trying to defend yourself to people to whom you are accountable for your financial obligations and see what occurs.

I have Bethany in San Francisco that was stopped in the middle of asbestos abatement because they ran out of money. Now, you can imagine what that does to an environment. Some in Mr. Shays' district, he has 50 or 60 of these facilities, Catholic organizations, that got to the point that they had to lay off staff and cut their health insurance until they could go out and gin up contributions in the community. So there are all those kind of stories that go on and on.

What we hear internally is that HUD blames you for not providing the money. Sometimes they blame the State agencies. You ought to hear that ring-around-the-rosy sometime when you are in an office trying to get paid and listening to somebody from the State blame Washington, and somebody in Washington blame the State. You could make a sitcom out of it if it were not so tragic, so there is ring-around-the-rosy.

Everybody blames OMB. People at HUD say, "We have been told by OMB not to ask for money because you are not going to get it."

The truth is that we are perhaps $2.5 billion short. Not to catch up in my world and your world, that's called kiting. We would not be permitted to get away with that.

There are in my view the issue of the ideological, that is the big dead elephant in the room Mr. Ellison brought up. There are people who view these programs as welfare handouts as opposed to investment in people. This has been one of the most successful programs in the 40-year history of the Great Society. There are 10 people on the waiting list for every one of the things that is occupied. What business would not want 10 times the customers waiting to get in?

Studies are beginning to show that it keeps people out of nursing homes and keeps them out of emergency rooms. These are great programs.

Four things are needed. One is integrity to meet the obligations of the United States of America to these projects. Number two, a competence at the Department of Housing and Urban Development and related agencies to manage this thing. This is a very manageable problem. These are predictable businesses. The revenue is predictable. There are computer programs that will tell you out 10 years when you need to replace everything from roofs and air con-

ditioning to the welcome mat in the front. It is a very predictable stable business, and it can be managed well.

The third thing that is needed is $2.5 billion to catch up. And then after that you can predict what these projects will cost and what it is gong to take to do it. And any investment in a community if you think of it as investment instead of one more ideological welfare scalp on somebody's belt, if you think of it as an investment, it is a great program.

And why, if this program were a child in an emergency room in a hospital, the diagnosis would be failure to thrive. And we all know what failure to thrive is caused by, inattention by people who are supposed to be caring about these issues.

This is a solvable problem, and I commend you for drawing attention to it. We cannot let incompetence and obfuscation wreak havoc—incompetence is expensive. It is more expensive than competence and we cannot let the Administration get away with this where people keep fingerpointing. People are getting hurt out there. Thank you.

[The prepared statement of Mr. Minnix can be found on page 181 of the appendix.]

Chairwoman WATERS. Thank you very much. It is time for questions and to tell you the truth, I do not have any. I am clear. I am very clear based on the testimony of the first panel, based on your testimony, it is very clear to me what we need to do.

And let me just say that you heard the members of the panel on both sides of the aisle ask very probing questions and really displayed their dissatisfaction with the combination of incompetent and a lack of asking for the right amount of money in order to pay our apartment owners and managers on time.

And so when we left here on break, I had an opportunity to speak with the chairman of the Financial Services Committee, Chairman Frank, and he told me he already had some ideas about what we need to do and how we need to do it.

While we know that we need to come up with the additional money because it was not requested in the budget, now to fix it under PAYGO we would have to find the comparable amount of money someplace else in order to fund it. Without doing that, there are some other ways. Maybe we can approach this through supplemental or emergency, etc., and I am sure that we will be willing to look at all of that.

And, of course, we need to follow up on the competence issue and the technology to make sure that they certainly have the ability to do the renewables and other kinds of things that are necessary in order to be timely in the payments. But I am convinced just having been involved in this hearing this morning that we are all committed to correcting this problem.

We do not like it. We do not think it is fair. We do not want to lose more units. We need to expand the number of units that are available to families that are looking for safe and secure places to live.

So allow me to just use my time to thank you for being here, and to thank you for being involved in the program. We would like to encourage you to stick with us. We are going to make it right. Thank you very much.

I will turn it over to Ms. Capito.

Mrs. CAPITO. Thank you and I would like to join in the sentiments of the chairwoman in terms of having an eye-opening experience here this morning to listen and to hear the sort of verbal dancing around the issue that we have heard.

I want to ask two questions. First of all, Mr. Lipton, you said that you have 64 properties. Is that correct?

Mr. LIPTON. Sixty-four projects.

Ms. CAPITO. Sixty-four projects of which—

Mr. LIPTON. Sixty-four projects and about 11,300 units of housing.

Ms. CAPITO. And you mentioned that maybe half of those—I cannot remember the exact number, 20 of them had late payments through the summer?

Mr. LIPTON. Fiscally about a third of the payments were late, yes. We billed in the month of June almost $10 million and over $3 million of that was late.

Ms. CAPITO. As you look through your different projects, is there any way for you to predict which projects are going to get late payments and which are not?

Mr. LIPTON. There is not. We were just among ourselves, the panel, discussing that during the break that we had and we are completely at a loss to understand how it is that I can have projects, for example, in one county that received funding and in the next county, they do not.

Ms. CAPITO. Is there ever an instance where you might get partially paid?

Mr. LIPTON. There have been instances on renewal contracts where HUD knew that funding was going to be short and we have received partial payments. But, again, I think the renewal issue is separate from the issue of not having sufficient funds to cover the obligations of the existing contracts.

Ms. CAPITO. Okay. The other question I have is the shortfall amount. We have heard somebody mention, I think, $2 billion, and somebody else mentioned $2.5 billion. And then Mr. Cox this morning said zero. That was my understanding of what he said. He said that HUD would have the money to meet the obligations. I mean that is a pretty wide variance.

Just so I understand this, and I asked the chairwoman to clarify for me and she did, but I want to make sure I understand the difference in what we are talking about here is he is talking about say if you renew in January and you are paid through September, that is considered a 9 months and so that would not be included—the extra 3 months there would not be included in the 2008. So if you extend 12 months, that is where you get to the $2.5 billion. Is that correct?

Mr. BODAKEN. I was the one who said $2.5 billion. Yes. The answer is it is an under-obligation of this year which they—it is $1.2 billion under-obligation of this year and it is $1.3 billion doing the January-July. So, for example, if you were going to renew in July of next year, they would give you 3 months. You sign a contract. It would appear that with $5.6 billion, you would be able to fund the contracts through that fiscal year, but you would have year-long contracts which you could not fund after that fiscal year

ended. So this problem will just be kicked down the road by them. So it is a combination of them underestimating for this fiscal year and that which makes the $2.5 billion.

Ms. CAPITO. Mr. Pagano.

Mr. PAGANO. The other thing that they left out and we have all experienced, existing contracts that have nothing to do with renewals that are running out mid-term. We had contracts that were not going to renew until Fiscal Year 2008 that stopped payments in July and August of 2007.

Now that is another issue and I stopped Mr. Cox on the way out and said, "We had contracts in two States that were not expired, they were not being renewed and you stopped payments in July."

He said, "That should not have happened."

Ms. CAPITO. That is in the Section 8 housing?

Mr. PAGANO. Yes.

Mr. BODAKEN. We had that as well.

Ms. CAPITO. Well, it is hard to fathom really. I want to thank you, Ms. Livingstone, for your advocacy for the tenants and for your bringing your real-life story to us.

I know it brings great meaning, I think, to all of us to know that even though you are not our constituent, you really are our constituent because we have many just like you who are using the Section 8 housing and enhancing your life for you and your child. So I appreciate you for bringing that. Thank you.

Ms. LIVINGSTONE. Thank you. And it also makes me concerned about HUD's cavalier attitude toward the fact that it is people that we are really talking about here. Every one is using the word, "units" and "tenants" and the dollar signs, but it is really people we are talking about. It is people's lives. And 79-year-old women cannot be put out in the street if they do not have anywhere to go. This is not, you know, it is just people's lives and I really appreciate the opportunity to be able to say that. Thank you.

Chairwoman WATERS. Thank you very much.

Mr. Green.

Mr. GREEN. Thank you, Madam Chairwoman.

I would like to associate myself with the comments of the chairwoman and the ranking member.

I would like to add to what you have said, Ms. Livingstone, that it is about politics as well. People and politics. Here is what is going on. HUD understands that they should fund the contracts for 12 months as they have been written. Their lawyer has said so.

They have refused to get a written opinion because they will have to follow that written opinion. So they are still trying to partially fund these contracts.

They want to partially fund the contracts because they do not want to ask us to provide money that might require PAYGO to kick in. Meaning HUD does not want to be the Department from the Administration that comes forward and says, "We need more money to fund the programs, the contracts that we have obligated ourselves to because if we do this," if they do this then we would say, "Okay, HUD, we will do it but we are going to let everybody up here know, which would include both sides, that PAYGO is going to have to kick in." And I am using the term, kick in, meaning we would have to honor the PAYGO rule. And if we honor the

PAYGO rule, then that means that HUD would be charged with—we might ask, but HUD would be charged with having asked us to do something that this Administration does not want to do and that is provide the additional tax dollars necessary to fund a needed program. So that is the politics.

They are trying as best as they can to dance around this, not honor—their own lawyer has said you have to honor these contracts for 12 months and they are trying to avoid honoring these contracts for 12 months. About politics and about the lives of people, I regret that we find ourselves in this position right now.

I sincerely believe that this chairwoman is going to do what she can to correct this problem. I believe it in my heart. I have seen her in action and this ranking member is sensitive to it and I think the rest of us will fall in line and we are going to do what we can to be of assistance to make sure that we get it done.

One quick question: It is my understanding that HUD is to spend about $10 million annually from the project-based Section 8 program to ensure that tenants are informed and involved in the decisions that affect them. My question is, are you getting ample notice of what is happening? Timely notice of what is happening? Or are you finding out by some sort of grapevine, if you will, as to what is going on? Are you getting the notices? Because this program has not been funded as it should be, as I understand it.

So let me ask, Ms. Livingstone, let's start with you. Are you getting the notices?

Ms. LIVINGSTONE. No. That was part of my oral speech that I left out so that I could honor my time limit. Section 514 of MAHRAA authorizes HUD to spend up to $10 million annually for this purpose, but HUD has failed to spend any of the funds since 2002.

The Section 514 Stakeholders convened by HUD have recommended $1 million for the National VISTA Program as the quickest way to get the resources to the tenants to get them organized.

Unfortunately, Commissioner Montgomery has rejected this request. We were going to ask that the subcommittee adopt legislation recommended by the stakeholders at the soonest opportunity and ask Commissioner Montgomery to work with NAHT so we tenants can better cope with the crisis.

In Rhode Island, I have a tenant project run—Rhode Island HUD Tenant Project which is funded by HUD money right now in organizing, but they are constrained to only be able to work with at-risk properties.

What the definition of at-risk is kind of nebulous, so consequently they are working with one high-rise at this point in time when there are 8 or 10 that do need the help of paid organizers to learn how to organize.

Mr. GREEN. Thank you.

My final comment is to Mr. Minnix: I think you are imminently correct. It is solvable, but HUD is refusing to acknowledge that it even exists, that the problem exists so as to say there is no problem to solve. But we know that it exists.

Mr. MINNIX. That is exactly right. I am glad to hear you know that it exists. This is a problem that has been under the surface for a number of years.

When I was back in the project manager world where I came from, I remember a HUD person telling us when we just wanted to get a new roof that we had to be near bankruptcy before they would release the funds.

I had a prominent HUD official in recent years say the solution to all this housing stuff is for people to go to work. And we said with some other faith-based leaders, "What jobs do you expect 80-85-year-olds to begin to seek?"

"Oh, well, we are not exactly talking about them."

That is what makes us think this is some kind of under-the-surface ideological conflict that has to see the light of day.

Mr. GREEN. Well, Mr. Minnix, we spend $229 million a day on the war. If we can spend $229 million a day on the war, we can take care of our people who have demonstrated a need for this housing and I think it is time for us to get about the business of getting it done.

Mr. MINNIX. Mr, Green, if I may follow up? If you begin to look at not just elderly, but disabled populations, somebody had better be giving some thought to a national housing plan to help deal with some of the people who are going to be coming back from this war because everybody, unless you are homeless, needs someplace to live every night and is that not a national moral responsibility? I believe it is.

Mr. GREEN. Thank you. I have to yield back now because I am out of time. Thank you.

Chairwoman WATERS. Thank you very much.

Again, I would like to thank our entire panel for being here today. And I would like to thank all of the members who have stayed with us today as we tried to really understand what is going on over at HUD.

The Chair notes that some members may have additional questions for this panel which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their responses in the record. Let the record reflect that the Chair has requested that Mr. Cox and HUD present us with a written copy of the legal opinion regarding the partial funding of housing assistance payments within 30 days.

Are there any more submissions for the record?

If there are no more submissions for the record, this hearing is adjourned. I thank you all very much.

[Whereupon, at 1:20 p.m., the hearing was adjourned.]

A P P E N D I X

October 17, 2007

TESTIMONY OF DONALD L. BEEBOUT

TO THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

HEARING ON WEDNESDAY, OCTOBER 16, 2007, 10:00 A.M.

Madam Chairperson and members of the subcommittee:

My name is Donald Beebout. I am the Vice President of Showe Management Corporation, based in Columbus, Ohio. I thank you for this opportunity to testify about the late HAP payment problem.

I have over 34 years' experience in the affordable housing industry, 7 years as a HUD employee and 27 years with Showe Management Corporation.

Question 1) In what way does your company use the project-based rental assistance program?

Answer 1) Our company, Showe Management Corporation, owns and manages 5,000 units in Ohio, Texas, New Mexico and Hawaii. Our Section 8 project-based inventory is 2,521 units in 30 properties.

Question 2) **What is your understanding of the reasons behind why the Department has been unable to make HAPs in a timely fashion? How does the current situation with late HAPs compare to prior years in which HAPs were late? When were you informed about this year's late HAP situation? In your opinion, were you informed in a timely fashion?**

Answer 2a) My understanding of the reasons why the Department has been unable to make HAP payments in a timely fashion are as follows:

a) The Department has had shortfalls in funding.

b) The shortfalls have resulted in underfunding of properties' HAP contracts, and in some cases, short-term contracts (contracts less than 1 year.)

c) It takes the Department approximately 6 to 8 weeks to process contract amendments or a new contract.

Answer 2b) Comparing current situation to prior late payments: In the past, delays were usually at contract renewals, and rarely due to midcontract shortfalls. The shortfalls and delays usually involved one or two properties. The July and August delays involved 18 properties and approximately $1,260,000 in HAP payments.

Answer 2c) We were informed about some of the late payments a few days prior to the dates that they are usually received. (The payments are usually received between the 1st and 5th day of each month.) For some properties, we were **never** informed about the delays. After inquiring with the Department we were informed that most late payments would be received by early August. We actually received most of the late payments in mid- to late August.

Answer 2d) In my opinion, we were **not** informed in a timely fashion.

Question 3) How has your company been impacted by the late HAPs?

Answer 3) The late payments have cost us valued time and money. Some examples are as follows:

a) Staff time in preparing Reserve for Replacement requests

b) Loss of interest income on Reserve for Replacement investments

c) Penalties on early withdrawal of Reserve for Replacement investments

d) Loss of principal on Treasury Bills/Notes due to sale prior to maturity

e) Additional investment fees and staff time incurred in re-investing the Reserve for Replacement funds after the late HAP funds were received

f) Interest cost incurred on funds advanced by the Management Company or Owner while waiting on Reserve for Replacement withdrawal

g) Interest costs incurred for advancing funds for utility reimbursement checks for residents, so that their utilities were not disconnected

h) Late payments on Section 202 properties; the mortgage payments are deducted form the HAP payments, so the properties incurred late fees

i) If there is a receivable from the Department and a loan from another entity due to late HAP payments on the year-end audit of financial statements, we sometimes receive letters from the Department threatening us with sanctions for borrowing money without the Department's permission and questioning why we are behind in our HAP payments. This not only adds insult to injury, it wastes time and money by creating additional correspondence.

Question 4) How have late HAPs changed your perception of or confidence in the project-based rental assistance program?

Answer 4) My confidence has been dwindling for some time, as the late HAP payments problems have become chronic, where in past they were just once or twice a year.

Question 5) **In your opinion, how will late HAPs impact the future stability of the project-based rental assistance program, including any impact on future investment by lenders in project-based properties?**

Answer 5) There is already a bad perception of Section 8 housing by lenders, insurance companies and the general public. Companies like Showe Management Corporation have worked hard to change this perception. Without assurances that these properties will be fully funded and payments made on a timely basis, there is no doubt that this will have a negative impact on lenders and investors. I personally would not, nor would any principal in our company, invest in a Section 8 property until I could be assured that HAP contracts are fully funded and HAP payments are made on time.

Question 6) **In your opinion, how should the Department resolve the current funding situation? Is "short-funding" contracts a feasible alternative to fully funding them for 12 months?**

Answer 6a) In order to resolve the current funding situation, the Department should do the following:

1) Provide Congress with accurate estimates of funding needs. In addition, Congress and the administration should fully fund the contract needs. It is my understanding that the administration and the Senate has requested $5.5 billion and the House $6.2 billion. The Department has acknowledged that the funding gap for 2008 is approximately $2 billion. The **actual need,** according to the Department, is **$8 billion.**

2) The Department should be required to pay Owners a penalty, plus interest, for late payments. If I am late paying my federal taxes, I am charged a penalty plus interest. If I am late paying on a HUD-insured mortgage, I am charged a late fee. There must be some penalty assessed, or the problem will not get fixed.

3) HUD needs to use modern technology for the renewal and HAP payment process. If our company's payment process and contract renewal process was 6 to 8 weeks, we would be unable to get anyone to provide goods or services to the company, and we would be unable to obtain any credit due to a poor credit rating.

4) HUD and/or Congress should create a task force, made up of HUD employees and industry professionals, to provide recommendations on how to streamline the payment process. The task force should provide recommendations on how to reduce the cost of the Section 8 program.

Answer 6b) In my opinion, short-funding contracts is **not** a feasible alternative to fully funding them for 12 months. The short-funding of contracts doubles the amount paperwork and in many cases increases the number of delays because of the 6 to 8 week processing time for renewals and new contracts. In addition, short-funding of HAP renewals causes uncertainty for both Owners and residents. Congress should consider appropriating funds for the entire contract term. This will reduce time and paperwork, and properties will be able to retain Owner participation and allow for more favorable financing. Most original HAP contracts **were** funded for the entire contract period.

Testimony of

Michael Bodaken

President
National Housing Trust

before the

Subcommittee on Housing and Community Opportunity
Committee on Financial Services

Hearing on The Impacts of Late Housing Assistance Payments on Tenants and Owners in the Project-Based Rental Assistance Program

Washington, D.C.

October 17, 2007

Chairwoman Waters, Ranking Member Capito and members of the Subcommittee, thank you for inviting me to testify today. My name is Michael Bodaken. I am the President of the National Housing Trust ("the Trust") a national nonprofit organization formed in 1986, dedicated exclusively to the preservation and improvement of existing affordable housing. Our Board of Directors includes representatives of all major interests in the preservation area, including tenant advocates, owners and managers, state housing agencies, national and regional nonprofit intermediaries, housing scholars and other housing professionals who care deeply about protecting this irreplaceable resource.

The Trust serves as a preservation clearinghouse to the public and private sector. In addition to its public policy and program monitoring role, the Trust's loan fund, National Housing Trust Community Development Fund, provides loans to other nonprofits to finance housing preservation. Finally, in a joint venture with the Enterprise Foundation, the Trust has preserved and improved through real estate development many properties supported by project based Section 8. Over the past decade, the Trust's technical assistance, lending and ownership activities have helped save nearly 20,000 apartments in over 40 states. More than 85 percent of these apartments are existing HUD insured and/or subsidized, multifamily housing including Section 236 and 221(d) (3) BMIR properties, properties very much affected by the current Section 8 shortfall and late HUD payments.[1]

Pursuant to the Committee's request, our testimony today follows the questions provided to the Trust.

1. In what way does NHT use the project based assistance program to serve low income families.

NHT's affiliate, NHT/Enterprise Preservation Corporation, has developed and owns project based Section 8 apartments in Illinois, South Carolina, North Carolina, Virginia, and Washington DC. *Project based Section 8 allows NHT/Enterprise to provide housing to extremely low income households.* The average income of residents in the project based housing owned by NHT/Enterprise is less than $15,000/annually. Without the project based Section 8 assistance, provided by the annual Section 8 HAP contract, we could not fulfill that part of our mission.

NHT/Enterprise typically uses low income housing tax credits and bonds to rehabilitate project based Section 8 housing. Attached at **Exhibit 1** are property descriptions and photos of some of NHT/Enterprise's recent property acquisitions and rehabilitations. In each case, NHT/Enterprise provided a significant rehabilitation to the property through the use of low income housing tax credits as well as added additional support services to the families who live in the property. As you can see from these photos, project based Section 8 housing is a unique housing resource that should be preserved.

The project based Section 8 program serves NHT/Enterprise and the residents in another way that is not like any other HUD housing program: *by providing consistent, predictable, stream of resources through the HAP contract, NHT/Enterprise and other owners can engage the* ***private sector*** *in securing billions to help rehabilitate and preserve this unique federal investment. That is why it is so important that HUD and the government make clear that Section 8 HAP contracts will be funded appropriately, i.e. fully and annually.*

---

[1] The National Housing Trust and NHT/Enterprise are supported by the John D. and Catherine T. MacArthur Foundation. The Foundation has supported leading housing developers and others working to finance affordable housing preservation. A core premise of that support is not only that stable, affordable rental housing matters to the well being of individuals, families and communities, but also that it requires first and foremost stable, financially sound *owners*. To engage in the affordable housing business, owners must be assured that the government won't default on its obligation to fully reimburse owners under their Section 8 contracts.

The table below provides how HUD's policy will affect Section 8 buildings in each of the districts represented by members of the Subcommittee on Housing and Community Opportunity. Detailed lists of properties with expiring Section 8 contracts in each member of the subcommittee's congressional district are provided in **Exhibit 2**.

Subcommittee Member	Number of Apts Covered by HAP Contracts Expiring in FY08*
Rep. Waters, *Chair*	537
Rep. Moore Capito, *Rnk. Mem.*	608
Rep. Biggert	108
Rep. Brown-Waite	69
Rep. Campbell	229
Rep. Carson	1,653
Rep. Clay	1,558
Rep. Cleaver	1,599
Rep. Davis	698
Rep. Donnelly	1,105
Rep. Ellison	387
Rep. Garrett	128
Rep. Green	900
Rep. Lynch	396
Rep. Maloney	452
Rep. Miller	217
Rep. Moore	711
Rep. Murphy	1,140
Rep. Neugebauer	258
Rep. Pearce	582
Rep. Renzi	24
Rep. Sires	1,168
Rep. Velazquez	328
Rep. Wilson	456

***Based on NHT's analysis of HUD's Multifamily Assistance and Section 8 Contract Database**

2(a). What is your understanding of the reasons behind why the Department has been unable to make HAPs in a timely fashion?

I believe the Department should be able to answer that question better than the Trust. I will say that the *Committee should demand the following documents* so we all can better understand why HUD is now issuing 'short term ' Section 8 contracts: The document, if any, that substantiates that the true fiscal year '08 need to renew all project based Section 8 contracts is equivalent to $8 billion; and the Office of General Counsel opinion that suggests that it is a violation of the Anti Deficiency Act for HUD to enter into contracts for one year without having one year of funding available.

The Department has been unable to make HAPs in a timely fashion for the following reasons:

Totally inadequate request for funding for FY'08: In response to HUD's FY'07 request, Congress appropriated $5.9 billion for Section 8 project-based contract renewals, an amount that has proven to be $1.2 billion less than what was actually needed. As a result, thousands of property owners have received late Section 8 payments, forcing them to use reserves to cover operational costs. Since many owners have reserves that are inadequate to compensate for this funding shortfall, owners have been forced to cut back on paying for essential services.

Despite this $1.2 billion funding shortfall, HUD's budget request for FY'08 was *less than* what was appropriated in FY'07, even though the number of contracts up for renewal will increase. If the Administration's current FY'08 budget request is accepted, the Trust estimates that the FY'08 shortfall will be $2.5 billion. In doing so, HUD ignored the true needs of the program. In the words of Senator Kit Bond (R-MO), Ranking Member, Senate Transportation, Housing Subcommittee on Appropriations:

"Finally, I raise one issue we have not been able to address; namely, HUD and OMB's failure to provide adequate funding for HUD's section 8 project -based housing program for fiscal year 2008. To my colleagues and to OMB and to HUD, I say: Let's get serious. This is a critical and important program which serves many of our most vulnerable citizens--low-income families, extremely low-income families, seniors, and persons with disabilities. If we don't fund it, they are out on the street..... To my good friends at OMB, I say: You cannot walk away from this problem. This problem is real. It must be addressed or we are going to see a tremendous tragedy for the Nation's lowest income and most needy housing residents." (emphasis added).

Inadequate Funding Compounded by Department 'borrowing' subsidies: As a consequence of the Department borrowing from State Housing Finance Agency, long term contracts, and other accounting shifting, the Department and OMB were not telling Congress the total amounts of project based Section 8 actually required to fully fund the program on an annual basis.

Shortfall compounded by CFO/General Counsel Opinion: In July of this year, the shortfall was compounded by a HUD's Office of General Counsel or Chief Financial Officer opinion that HUD must have an entire year's of funding available to renew a contract on an annual basis. The Trust has been informed by staff for the Housing Financial Services Committee that HUD has an opinion from its general counsel or its CFO that argues that HUD to have, in hand, a full year's appropriation in order to fund a year's HAP contract. We have not yet seen this opinion, nor do I believe it has been produced to the Committee, at least as of the date of this testimony.

Because HUD's current short term, late payment policy is so detrimental to the housing, the residents and the communities in which Section 8 housing is located, the Trust requests that the House Financial Services Subcommittee on Housing and Community Development send a letter to Rep. Olver (D-MA) and Rep. Knollenberg (R-MI) indicating their request that HUD receive $8 billion in funding for all project based Section 8 contracts in FY'08 without taking such additional funding from other needed HUD programs.

2 (b). How does the current situation with late HAP payments compare to prior years in which HAPs were late.

HUD's project based Section 8 budget maneuvering began to unravel in the summer, 2007 when HUD began notifying owners of "late payments' and asking owners to sign contracts with 'partial funding." The changes are reflected in two new documents. The first are letters from HUD accompanying the contract and the second is the contract language itself.

Owners in New York and Washington State and elsewhere received letters that explicitly provided that while the owner is asked to sign a year long contract, HUD does not have sufficient funds to provide Section 8 through the term of that contract. The owner is left in the position of hoping that HUD will eventually continue the contract after the first few months of the contract. The letters states the following:

> *This letter constitutes notice that HUD has determined pursuant to the foregoing provision that* ***sufficient appropriations are not available*** *at this time to make housing assistance payments contracts under the Renewal Contract for the entirety of the next annual increment.* (Emphasis added). (See **Exhibit 3**).

The controversial contract language in the contracts owners were asked to sign provided the following which included a *new* Section 2 of the Section 8 Contract. See **Exhibit 4** for attached example from the Belton Woods contract provided by HUD to NHT/Enterprise in Septemher of this year.

> *TERM AND FUNDING OF RENEWAL CONTRACT*
>
> a. *The Renewal Contract begins on August 1 and shall run for a period of one year.*
>
> b. *Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of $ 593,800 an amount sufficient to provide housing assistance payments for* ***approximately Five (5) months*** *of the first annual increment of the Renewal Contract term.*
>
> c. *HUD will provide additional funding for the* ***remainder of the first annual increment*** *and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.*
> *(Emphasis added).*

The Section 8 Administrator for Belton Woods provided the following in his cover letter to the contract. The statement was made in bold, as it appears here:

"I cannot tell you exactly when the property will be paid" (See **Exhibit 4**). (emphasis in original)

The HAP contract forms are available as attachments to the Section 8 Renewal Guide and posted to HUD's website at http://www.hud.gov/offices/hsg/mfh/exp/guide/s8renewpgchg80907.pdf

Within the last two weeks, the Administration proposed using 'stub contracts' for the entire FY'08, even having said in one session that it would continue to make such contracts available "indefinitely." **For the first time ever, HUD explicitly has said to owners and investors that HUD does not have sufficient appropriations to fund an entire year's contract**. Owners had lived with late HAP payments in years past. That was acceptable because owners always believed the government would ultimately come through with the payments. What is different today is that we are being explicitly informed that there are not sufficient funds available.

The differences between the current and previous contract renewals can be summarized as follows:

- Investors and lenders are being asked to invest in properties with short term contracts and no assurance that HUD will continue to provide project based Section 8 on a continuous basis. This will dramatically reduce the amount of funding the private sector is providing to HUD properties.

- HUD has given owners, investors and others reason to believe it may not fund project based Section 8. Owners have a right to terminate. Before this summer, we always assumed HUD would fulfill its part of the bargain. Now, owners are being asked to sign annual contracts with partial funding. Is the owner released from obligations under that contract if HUD doesn't perform? Currently, the law requires that owners provide tenants one year notice of termination. Are owners still bound to abide that law should the Section 8 not be provided?

- Tenants will be made much more anxious. Currently, tenants are provided enhanced vouchers only upon expiration of the owner's notice. What happens if HUD fails to live up to its obligation? Will a tenant receive a voucher? If so, where is the funding for that voucher? The current HUD budget does not anticipate insufficient Section 8 subsidy to these properties.[2]

[2] The Trust is indebted to NAHMA for its memo to members analyzing the legal complexities for owners raised by the potential failure of HUD to fulfill its contractual obligations to provide a full year funding of project based Section 8.

3. How has your organization been impacted by late HAPs? How many of your developments are now bound by 'short-funding' contracts, i.e., contracts in which the funding is not guaranteed for a full 12 months?

NHT/Enterprise has had a number of properties involving almost 500 project based Section 8 apartments affected by late HAP payments. The total amount of late payments is more than $785,000.

NHT/Enterprise Properties at Risk Due to Late HAP Payments

Property Name	Location	Number of Affected Apartments (# of Children; # of Seniors)	Amount HAP Payments Received 30+ Days Late (6/07-10/07)
Hazel Hill	Fredericksburg, VA	145 apartments (151 children; 36 seniors)	$241,157
Belton Woods*	Anderson, SC	200 apartments (334 children; 5 seniors)	$423,919
Galen Terrace	Washington, D.C.	83 apartments (140 children; 7 seniors)	$54,709
O'Keeffe	Chicago, IL	67 apartment (90 children; 4 seniors)	$65,605
Total		**495 apartments (579 children; 52 seniors)**	**$785,390**

**bound by "short funding"*

Hazel Hill, 145 apartments, located in Fredericksburg, Virginia, received its July and August HAP funding two months late. In order for the property to have sufficient operating capital, the owners chose to leave the 2006 year end distribution in operations. *This apartment complex was just named the "Best Preservation Project for 2007" by Affordable Housing Finance Magazine.*

Belton Woods, 200 apartments, located in Andersonville, South Carolina received four of its HAP payments late. Belton received its June and July payments during July and September, respectively, while the August and September payments were not received until October. To provide funding, the property made a $109,815 emergency withdrawal from its replacement reserve account in July. This withdrawal depleted its reserve account make funds unavailable for any emergency repairs. *Additionally, only necessary costs & bills—mortgage payments, utilities, payroll—were paid during the five month period, leaving the property with over $104,000 in trade payables* and the repayment to the replacement reserve account.

Galen Terrace, 83 apartments located in Washington, DC received a payment late. Using existing operating cash and a delay in paying some of the vendor accounts payable, the property was able to fund the necessary expenses at the property. The property recently completed a major rehabilitation and is working to achieve permanent conversion of the construction loan; as a result Galen Terrace does not yet have a replacement reserve account established from which it could withdraw funds for an emergent need.

O'Keeffe, 67 apartments, located in Chicago, Illinois received its August HAP payment in September. To provide funding, the property made an emergency withdrawal of approximately $65,000 from its replacement reserve account in August to cover necessary expenses—mortgage payments, utilities, payroll.

4. How have late HAPs changed your perception of or confidence in the project based rental assistance program?

Our confidence has been badly shaken. The National Housing Trust delivered a letter to this committee and the appropriate THUD appropriations subcommittees last week that has been endorsed by over 50 organizations, the majority of which engage in lending, tax credit investment or ownership, describing this chilling impact and the impact that it has on the Section 8 industry and the residents. See attached **Exhibit 5**.

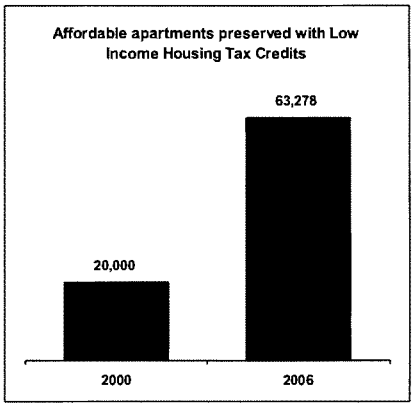
As that letter makes clear, in order for federally assisted housing to stand the test of time, the federal government must act as a fair and consistent partner by honoring the contracts it has entered into with property owners. *If Congress fails to provide a full year's funding for Section 8 it's a "lose-lose-lose" situation: owners will choose the unregulated private market and the federal investment in this housing will have been squandered; residents will be displaced; and communities will suffer the loss of an essential source of affordable housing.*

5. In your opinion, how will late HAPs impact the future stability of the project based rental program, including any impacts on tenants and on the number and quality of new owners entering the program?

We believe the late HAP payments and short funding contracts will have the following impacts:

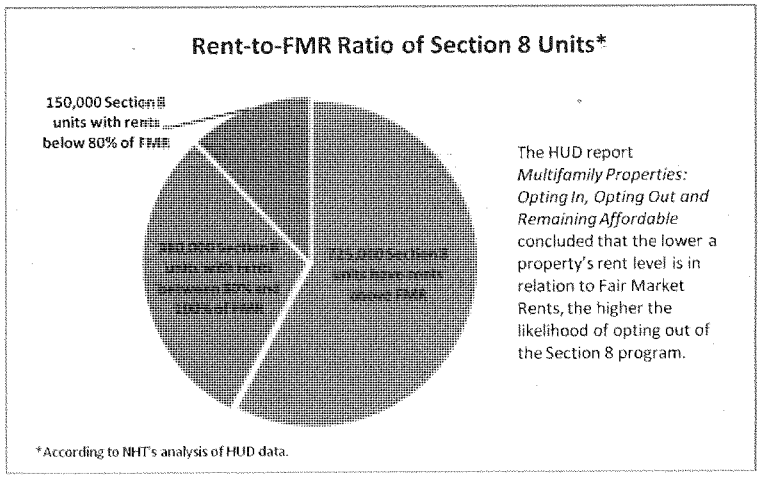
Lenders and Investors Will Avoid the Section 8 Program. Much of the Section 8 stock is over 30 years old and in need of rehabilitation so that it can remain in the affordable housing inventory for the next generation. Over the past decade, state and local governments have increasingly devoted scarce resources to preserve this housing. These resources have leveraged billions of private sector dollars which are invested in the rehabilitation of project based Section 8 apartments.

This investment will be lost at a time when state and local governments are increasing their commitment to the preservation of affordable housing. Just a few years ago, less than a handful of state governments, for example, prioritized preservation in their Low Income Housing Tax Credit programs. Today, 46 states prioritize preservation through points or a specific preservation set-aside in their competitive tax credit program. As a result, the number of affordable apartments preserved using LIHTCs have more than tripled over the last 6 years (see chart). The National Housing Trust calculates that approximately $8 billion was used to rehabilitate 215,000 affordable apartments funded by low income housing tax credits over the last 4 years.



There are scores of state and local preservation programs being used to renovate and preserve existing affordable housing. *It would be truly unfortunate if the private investment of billions of dollars leveraged through these programs each year was lost because the government did not make clear its commitment to fund project based Section 8.*

Owners will Opt Out in Increasing Numbers. Owners of buildings with project based rental assistance projects have the right to opt out of the program. Owners who have properties with market rents proximate or higher than the current project based Section 8 subsidy amount will have no reason to continue to participate in a program in which they have no confidence that the subsidy will be available. According to the Trust's analysis of HUD data, approximately 150,000 Section 8 units have rents well below fair market rent:



There is little question that owners of these properties will have every incentive to opt out of the program so long as HUD does not provide a full year, annual contract. Indeed, some will argue that owners should file 12 month notices to opt out of the program simply to protect their investment.

Federal Government Costs Will Increase. When owners opt out, the federal government will spend inordinate amounts of money, probably more than $50 million annually, to provide vouchers to residents. The average Section 8 voucher cost is $1,000 more than the average project based subsidy. When an owner leaves the federal project based Section 8 program, all tenants who had previously received project based Section 8 are entitled to vouchers. *If owners opt out of contracts covering 50,000 additional apartments (a conservative estimate), the cost to the federal government is an additional $50 million annually.*

6. In your opinion, how should the Department resolve the current funding situation? Is "short funding" contracts a feasible alternative to fully funding them for 12 months?

The Department and OMB need to provide Congress an honest assessment of what the true, full year funding needs are for FY'08. We understand that the Department has acknowledged, in private meetings, that it requires an additional $2.5 billion over the President's request to fully fund all project based Section 8 renewals in FY'08.

If the Department does not provide an accurate budget assessment, then Congress should, *as it has in the past,* protect the residents, the housing and the communities in which this housing is located by providing the additional $2.5 billion that the Department has says it needs behind closed doors.

In the event the Department does not make such a request, we ask that the House Financial Services Subcommittee on Housing and Community Development send a letter to Rep. Olver (D-MA) and Rep. Knollenberg (R-MI) indicating their request that HUD receive $8 billion funding all project based Section 8 contracts in FY'08 without taking such additional funding from other needed HUD programs.

Additionally, we ask the Subcommittee to urge the House Appropriations T-HUD Subcommittee to include the following language in the FY08 T-HUD appropriations bill:

"Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may enter into a renewal contract for section 8 project-based assistance that obligates the Secretary to make assistance payments for one year, notwithstanding that some portion of these payments may be funded from future appropriation Acts."

At the end of the day, financial market investments into the project based Section portfolio are dictated by confidence in the government's commitment to this program and the unique housing resource it represents.

Short funding Section 8 contracts is an ill conceived policy that will lead to:

- Owner frustration and opt outs;
- Loss of good affordable housing;
- Increased resident anxiety;
- Chilling investment and lending into properties which were the product of a unique federal/private partnership;
- Dramatically increased costs to the federal government based on the increased cost of vouchers and foreclosures; and
- Dramatically increased Section 8 appropriation need in FY'09 posing an even more significant problem for future Administrations.

The time to act is now.

Exhibit 1

NHT/Enterprise Preservation Corporation

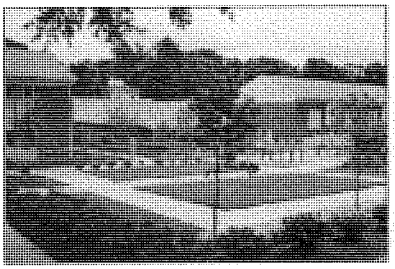
Property Descriptions and Photos

NHT/Enterprise Preserves Affordable Housing in

CHARLOTTESVILLE, VA

Friendship Court Apartments

Property Description



The National Housing Trust/Enterprise Preservation Corporation, partnering with locally-based Piedmont Housing Alliance, successfully saved 150 units of affordable housing in the rapidly gentrifying City of Charlottesville, VA. Residents' housing was threatened on two fronts: sitting only two blocks from Charlottesville's historic walking mall, apartments were vulnerable to market-rate rents and condominium-conversion, as well as being in need of substantial renovation. The renovation of this property, called Friendship Court, prevented the displacement of residents in an area where affordable housing is scarce.

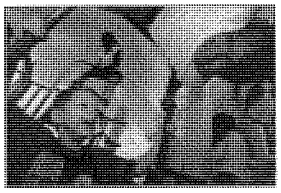
Financing Plan

National Housing Trust/Enterprise and Piedmont Housing Alliance drew on diverse financial resources to make this deal possible. Existing Virginia Housing Development Authority bonds and 9% Low Income Housing Tax Credits provided most of the funds. More than $1 million was raised through grants from a foundation, the City of Charlottesville and the Federal Home Loan Bank. A foundation loan provided another $1.25 million.

Green and Affordable: Working Together

The renovation of Friendship Court marks NHT/Enterprise's first large-scale green preservation project. Retrofitting the property involved a wide range of energy-saving and environmentally sensitive products and techniques, including energy efficient windows, high efficiency heat lamps, and water-saving front-loading washers and dryers. The community's children helped transform a little-used parking area into a park by planting new flowers and greenery. This green approach has resulted in lower utility and maintenance costs, as well as a more livable and attractive property.

Families Remain in Affordable Homes and Enjoy Improved Services



Community residents also now benefit from improved services. An adjacent playground was completely refurbished, as was the neighborhood's community center, which now boasts a new computer lab for the education and recreation of residents and their children. A full-time resident coordinator was hired and GED classes are now offered. Of the classes, prior resident Vincent Ross said, "I had no excuse but to enroll... If the GED program had not come to Friendship Court, I would be like the rest of the bad influences in the community-just letting life pass by." Having earned his degree at Friendship Court, Vincent is now employed, rents his own apartment, and attends art school.

NATIONAL HOUSING TRUST

National Housing Trust/Enterprise Preservation Corporation
1101 30th Street, N.W. • Suite 400 • Washington, D.C. 20007
202-333-8931 • Fax: 202-833-1031 • www.nhtinc.org/nhtc.asp

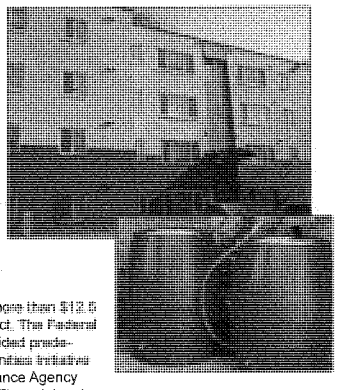
ENTERPRISE

NHT/Enterprise Preserves Affordable Housing in

WASHINGTON, DC

Galen Terrace

Property Description



The National Housing Trust/Enterprise Preservation Corporation, in partnership with the Somerset Development Company and the Galen Terrace Tenants Association, rescued and restored 84 affordable homes in the Anacostia neighborhood of Washington, DC. The property was in a downward spiral from poor management, increasing criminal activity and physical deterioration. NHT/Enterprise helped the tenant association purchase the property while making substantial renovations. Improvements include significant security enhancements and the integration of energy efficient products. These renovations, coupled with new management and resident services, have turned Galen Terrace from a trouble spot into a neighborhood asset.

Financing Plan

National Housing Trust/Enterprise and Somerset secured more than $12.5 million in support from several partners to finance this project. The Federal Home Loan Bank and Enterprise Community Partners provided predevelopment loans, and Enterprise provided a Green Communities Initiative Grant for planning and construction costs. DC Housing Finance Agency tax exempt private activity bonds were purchased by MMA Financial and coupled with 4% Low Income Housing Tax Credits investments by Enterprise. HUD approved a 20 year Section 8 contract renewal, and the DC Department of Housing and Community Development awarded $3.25 million in subordinate debt to meet the remaining financing needs.

Safeguarding Affordable Homes and Residents' Health

The U.S. Attorney's office had identified Galen Terrace as among the top nuisance properties in the city, reporting significant drug and criminal activity. In consultation with HUD, the US Attorney, residents and security consultants, we integrated technology, building and site improvements, on-site management and on the ground patrols to bring a real sense of security back to the property. The property renovation includes better lighting, secure key card building entry systems, and surveillance cameras. While achieving this new level of safety, we have also used financial and technical support from Enterprise's Green Communities Initiative to focus on making the buildings energy efficient, healthy for residents, and environmentally sustainable. The renovation includes low VOC paint, energy star appliances and lighting, efficient heating and cooling systems, new double-paned windows, green label carpeting and rain barrels to collect and reuse rainwater.

Resident Ownership Victory

The Galen Terrace Tenant Association exercised its right to match a 3rd party offer to purchase their property, and selected the National Housing Trust/Enterprise and Somerset as their partners. A newly built community center will include an office, computer center and space for other resident programs and activities. The residents are receiving a portion of the developer's fee and ongoing cash flow to fund these programs.

NATIONAL HOUSING TRUST

National Housing Trust/Enterprise Preservation Corporation
1101 30th Street, N.W. • Suite 400 • Washington, D.C. 20007
202-333-8931 • Fax: 202-833-1031 • www.nhtinc.org/nhte.asp

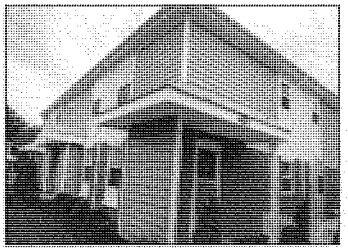
ENTERPRISE

NHT/Enterprise Preserves Affordable Housing in

FREDERICKSBURG, VA

Hazel Hill Apartments

Property History



National Housing Trust/Enterprise saved 147 affordable apartment homes in Fredericksburg, VA. Hazel Hill Apartments, a 100 percent project-based Section 8 property, was once the picture of a failing HUD assisted property. Built in 1971, by early 2004 the property had twice failed HUD's property inspections. The owner was facing foreclosure and residents, many of whom had lived in their homes for thirty years, were facing displacement. With housing prices skyrocketing in the city, losing these homes would have been a serious setback for the community. Instead of letting the property deteriorate, NHT/Enterprise acquired the property in July 2004 and secured the financing needed to complete $7 million in property renovations. In addition to making physical improvements, NHT/Enterprise took a comprehensive approach to revitalizing the community by developing a resident services and community safety program. Hazel Hill residents now have a decent, safe and affordable home and an improved quality of life.

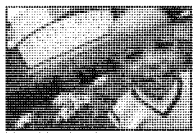
Financing Plan and Partners

The involvement of a variety of local, state, and federal partners was key to the successful preservation of Hazel Hill. The federal Department of Housing and Urban Development agreed to renew the property's Section 8 contract for 20 years. The long-term contract allowed NHT/Enterprise to secure the financing for substantial renovations. The Fredericksburg Economic Development Authority issued more than $8 million in tax exempt private activity bonds. Enterprise Community Investments, Inc. invested $4.7 million in low income housing tax credit equity. The Virginia Foundation for Housing and Preservation provided a $75,000 no interest soft loan.

A Community Revitalized

Substantial renovations were completed at Hazel Hill, including new roofs, windows, canopies, central air conditioning, water heaters, carpeting, kitchens, 5 new laundry rooms, and landscaping. A new community building with a computer lab and multipurpose meeting room was also added.

In addition to physical improvements, a resident services coordinator was hired to facilitate programs that have improved residents' quality of life. Children now have access to many enrichment and recreational opportunities. They can work on homework in the computer lab, play on the property's new playground or participate in after school activities. An on site nurse provides medical assistance that is often needed by the elderly and disabled residents. She also teaches classes on health related issues such as nutrition, pre- and post-natal care, and infant and child care development.



In an effort to further strengthen the Hazel Hill community, NHT/Enterprise agreed to donate $50,000 to the city to fund a community-based policing program. Two police officers monitor Hazel Hill and the surrounding neighborhoods and involve residents in solving safety and community concerns.

NATIONAL HOUSING TRUST

National Housing Trust/Enterprise Preservation Corporation
1101 30th Street, N.W. • Suite 400 • Washington, D.C. 20007
202-333-8931 • Fax: 202-833-1031 • www.nhtinc.org/nhte.asp

ENTERPRISE

Exhibit 2

Detailed Lists of Properties with Section 8 Contracts Expiring in FY 08 in the Congressional Districts of Members of the Housing and Opportunity Subcommittee

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in California's 35th Congressional District

This report includes properties in Rep. Maxine Waters's district in California with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*122EH392 TELACU SENIOR HOUSING, 13000 DOTY AVE, HAWTHORNE, CA 90250,
Metro Area (MSA): Los Angeles-Long Beach, CA
Owner Info: TELACU SENIOR HSG.INC., 5400 E Olympic Blvd, Suite 300, Los Angeles, CA 90022 (213) 7211655 Fax: (213) 7243372
County Name: Los Angeles
Mgmt Info: TELACU Development Corp., 5400 E Olympic Blvd, Suite 300, Los Angeles, CA 90022 2137211655 Fax: 2137243372
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16T851015	9/6/2008	Active	80.3%	202/8 NC	75	75	18	57	0	0	0	0

PROJECT: *FHA #:*122EH191 GOOD SHEPHERD HOMES, 510 CENTINELA AVE, INGLEWOOD, CA 90302, 310 412-0412
Metro Area (MSA): Los Angeles-Long Beach, CA
Owner Info: GOOD SHEPHERD HOUSING Dev.Corp., 12881 W. 166th Street, Suite 150, Cerritos, CA 90703 562 802-0740 Fax: 562 802-0741
County Name: Los Angeles
Mgmt Info: Community Housing Management Services, 12881 West 166th Street, Suite 150, Cerritos, CA 90703 (562) 802-0740 Fax: (562) 802-0741
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16T821002	11/1/2007	Active	104.8%	202/8 NC	39	40	10	29	0	0	0	0

PROJECT: *FHA #:* INGLEWOOD MEADOWS, 1 S LOCUST ST, INGLEWOOD, CA 90301,
Metro Area (MSA): Los Angeles-Long Beach, CA
Owner Info: Urbac, 15821 Ventura Blvd, Suite 470, ENCINO, CA 91436 (818) 995-0855 Fax: (818) 985-0880
County Name: Los Angeles
Mgmt Info: Urbac, 15821 Ventura Blvd, Suite 470, ENCINO, CA 91436 (818) 995-0855 Fax: (818) 985-0880
Ownership Type: Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA168023009	11/30/2007	Active	84.6%	Sec 8 NC	198	198	0	198	0	0	0	0

PROJECT: *FHA #:*12244390 Budlong Apartments, 11015 BUDLONG AVE, LOS ANGELES, CA 90044,
Metro Area (MSA): Los Angeles-Long Beach, CA
Owner Info: , c/o American Real Property Mgt., 3255 Wilshire Blvd., Los Angeles, CA 90010 (213) 252-5997 Fax:
County Name: Los Angeles
Mgmt Info: American Real Property Management, Inc., 3255 Wilshire Blvd., Suite 1802, Los Angeles, CA 90010 (213) 252-5997 Fax: (213) 252-5298
Ownership Type: Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$225,329	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16L000147	5/31/2008	Active	73.3%	LMSA	20	20	0	0	20	0	0	0

PROJECT: ***FHA #:*** Main Street Housing, LP, 101 W 74th St, LOS ANGELES, CA 90003, 323 758-4897 — ***Metro Area (MSA):*** Los Angeles-Long Beach, CA

Owner Info: Main Street Hsg. LP, 520 S Virgil Ave Ste 402, , Los Angeles, CA 90020 2132512111 Fax: 2134800846 — ***County Name:*** Los Angeles

Mgmt Info: Main Street HSG., LP, 520 S Virgil Ave Ste 402, , Los Angeles, CA 90020 213 251-2111 Fax: 213 480-0846 — ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CAPF0019403	3/31/2008	Active	74.2%	Sec 8 NC	30	30	0	6	8	14	2	0

PROJECT: ***FHA #:*** 12244552 METRO WEST VILLAGE APTS, 1212 W 110TH ST, LOS ANGELES, CA 90044, — ***Metro Area (MSA):*** Los Angeles-Long Beach, CA

Owner Info: METRO WEST VOA AFFORDABLE HOUSING CORP, 1660 Duke Street, , ALEXANDRIA, VA 22314 703-341-5088 Fax: 703-341-7001 — ***County Name:*** Los Angeles

Mgmt Info: VOA National Housing Corporation, 1660 Duke St., , Alexandria, VA 76051 703 341-5088 Fax: 703 341-7001 — ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$190,588	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16M000217	10/31/2007	Active	83.0%	LMSA	6	40	0	6	0	0	0	0
CA16L000144	10/31/2007	Active	81.8%	LMSA	34	40	0	26	8	0	0	0

PROJECT: ***FHA #:*** Mid City Apts, 7512 S SAN PEDRO, LOS ANGELES, CA 90003, (323)750-8631 — ***Metro Area (MSA):*** Los Angeles-Long Beach, CA

Owner Info: Mid City Apartments, Limited, 1755 East Martin Luther King Junior Boulevard, , Los Angeles, CA 90058 (323)2314174 Fax: — ***County Name:*** Los Angeles

Mgmt Info: ALPHA PROPERTY MANAGEMENT I, INC., 1755 E Martin Luther King Jr Blvd, , Los Angeles, CA 90058 (323) 231-4174 Fax: (323) 231-3072 — ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16L000192	6/30/2008	Active	71.2%	LMSA	68	70	4	24	40	0	0	0

PROJECT: ***FHA #:*** SOUTHSIDE APTS, 10950 South Central Avenue, LOS ANGELES, CA 90059, — ***Metro Area (MSA):*** Los Angeles-Long Beach, CA

Owner Info: Watts Labor Community Action Committee, 10950 S CENTRAL AVE, , LOS ANGELES, CA 90059 323 563-5621 Fax: 323 563 5609 — ***County Name:*** Los Angeles

Mgmt Info: Watts Labor Community Action Committee, 10950 S CENTRAL AVE, , LOS ANGELES, CA 90059 323 563-5621 Fax: 323 563 5609 — ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16E000007	4/7/2008	Active	56.4%	PD/8 Existing	32	32	0	8	18	6	0	0

PROJECT: ***FHA #:*** WESTERN GARDENS, 1742 W 84TH PL, LOS ANGELES, CA 90047, — ***Metro Area (MSA):*** Los Angeles-Long Beach, CA

Owner Info: , 50 Peninsula Ctr Ste 404, , Rolling Hills Estates, CA 90274 310-837-2055 Fax: — ***County Name:*** Los Angeles

Mgmt Info: , 50 Peninsula Ctr Ste 404, , Rolling Hills Estates, CA 90274 310-837-2055 Fax: — ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA160068050	9/27/2008	Active	80.4%	Sec 8 NC	35	35	0	0	29	6	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	9
Total Contracts:	10
Total Assisted Units:	537
Total Units:	540

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in West Virginia's 2nd Congressional District

This report includes properties in Rep. Shelley Moore Capito's district in West Virginia with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:***04535176 Beverly Manor, P.O. BOX 245, BEVERLY, WV 26253, 304 636-4509 ***Metro Area (MSA):***

Owner Info: Beverly Manor Associates, LP, 721 Olive St Ste 1610, , Saint Louis, MO 63101 (314) 241-4850 Fax: (314) 241-4850 ***County Name:*** Randolph

Mgmt Info: West Virginia Management, LLC, PO Box 6248, #1 Summers Street, Charleston, WV 25362 304 342 4696 Fax: 304 342 1209 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.38	$2,282,395	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV150010022	2/20/2008	Active	143.7%	Sec 8 NC	80	80	0	20	50	10	0	0

PROJECT: ***FHA #:***04544802 Brooks Manor, 23 BROOKS ST, CHARLESTON, WV 25301, ***Metro Area (MSA):*** Charleston, WV

Owner Info: WEST VIRGINIA HOMES, INC., 2335 North Bank Dr, , Columbus, OH 43220 (304) 757-6073 Fax: ***County Name:*** Kanawha

Mgmt Info: National Church Residences, 2335 N Bank Dr, , Columbus, OH 43220 (614)451-2151 Fax: (614)451-0351 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ 202 Elderly Hsg.	8.50	$230,407	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15M000021	8/31/2008	Active	86.5%	LMSA	24	57	15	9	0	0	0	0

PROJECT: ***FHA #:***04544004 Oakwood Terrace, 872 WESTMINSTER WAY, CHARLESTON, WV 25314, 304-343-5679 ***Metro Area (MSA):*** Charleston, WV

Owner Info: Kanawha Valley Homes Inc.dba Oakwood Terrace, 2335 North Bank Dr., , Columbus, OH 43220 304-736-3126 Fax: ***County Name:*** Kanawha

Mgmt Info: National Church Residences, 2335 N Bank Dr, , Columbus, OH 43220 (614)451-2151 Fax: (614)451-0351 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.06	$1,841,869	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15M000017	7/31/2008	Active	93.5%	LMSA	124	152	0	0	58	13	53	0

PROJECT: ***FHA #:***04535181 Jane Lew Apartments, 107 Virginia St, JANE LEW, WV 26378, 304-884-8852 ***Metro Area (MSA):***

Owner Info: Jane Lew Associates, A WV Limited Partnership, 1 East Stow Road, PO Box 994, Marlton, NJ 08053 856-596-0500 Fax: 856-596-6093 ***County Name:*** Lewis

Mgmt Info: Interstate Realty Management Co., 1 E Stow Rd, , Marlton, NJ 08053 (856) 596-0500 Fax: (856) 596-6093 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.25	$387,261	Yes	Mrtg Rstr	NW Financial Group	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15H033204	7/31/2008	Active	129.8%	HFDA/8 NC	59	60	0	8	31	20	0	0

PROJECT: ***FHA #:***04544008 Berkeley Gardens, 318 GARDEN DRIVE, MARTINSBURG, WV 25401, 304-263-8854 ***Metro Area (MSA):***

Owner Info: Whispering Woods, LLC, 15825 Shady Grove Road, Suite 55, Rockville, MD 20850 (301) 365-9314 Fax: ***County Name:*** Berkeley

Mgmt Info: TM Associates Management, Inc., 15825 Shady Grove Rd, Suite 55, Rockville, MD 20850 240-683-0300 Fax: 240-683-0727 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$806,152	Yes	Mrtg Rstr	RER Solutions, Inc.	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15M000012	11/30/2007	Active	71.7%	LMSA	51	132	0	8	34	9	0	0

PROJECT: ***FHA #:*** Kings Daughters Court, 116 E King St, Martinsburg, WV 25401, 304-236-3325 ***Metro Area (MSA):***

Owner Info: Kings Daughters Housing Inc., 116 E King St, , Martinsburg, WV 25401 304- 267-2102 Fax: 304-267-2102 ***County Name:*** Berkeley

Mgmt Info: Associates for Community Development, Inc., 116 E King St, , Martinsburg, WV 25401 304-267-2102 Fax: 304-267-2102 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15T801005	7/26/2008	Active	152.4%	202/8 SR	80	80	0	73	7	0	0	0

PROJECT: ***FHA #:***04511012 The Village on Park, 1600 PARK AVE, NITRO, WV 25143, ***Metro Area (MSA):*** Charleston, WV

Owner Info: Lemma Village, Inc., 1600 Park AVE, , Nitro, WV 25143 (304) 755-4753 Fax: ***County Name:*** Kanawha

Mgmt Info: National Church Residences, 2335 N Bank Dr, , Columbus, OH 43220 (614)451-2151 Fax: (614)451-0351 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.22	$2,975,215	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15T851005	6/26/2008	Active	146.9%	202/8 NC	59	60	15	44	0	0	0	0

PROJECT: ***FHA #:***04535220 TWIN RIVERS TOWER, 200 SECOND ST, POINT PLEASANT, WV 25550, ***Metro Area (MSA):***

Owner Info: Twin Rivers Tower, Limited, 400 South Fifth Street, , Columbus, OH 43212 (614) 224-2083 Fax: ***County Name:*** Mason

Mgmt Info: Colonial American Development Corp, 400 South Fifth Street, Suite 400, Columbus, OH 43215 614-224-2083 Fax: 614-224-4736 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.70	$2,871,204	Yes	Rent Rdct	NW Financial Group	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15H033125	12/31/2007	Active	157.2%	HFDA/8 NC	107	108	0	107	0	0	0	0

PROJECT: ***FHA #:*** Lowe Gardens Apartments, 350 S Church ST, SHEPHERDSTOWN, WV 25443, ***Metro Area (MSA):***

Owner Info: Shepherdstown Investors Limited Partnership, PO BOX 575, , Shepherdstown, WV 25443 (304) 876-6000 Fax: ***County Name:*** Jefferson

Mgmt Info: Shepherdstown Investors Limited Partnership, PO BOX 575, , Shepherdstown, WV 25443 (304) 876-6000 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WV15H033246	12/16/2007	Active	82.1%	HFDA/8 NC	24	24	0	24	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	9
Total Contracts:	9
Total Assisted Units:	608
Total Units:	753

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Illinois's 13th Congressional District

This report includes properties in Rep. Judy Biggert's district in Illinois with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:*** OGDEN MANOR, 395 W Odgen AVE, NAPERVILLE, IL 60540, (630)355-4333 ***Metro Area (MSA):*** Chicago, IL

Owner Info: Odgen Manor Associates, 201 Maine Street, Suite 710, LaCrosse, WI 54601 (608)784-2935 Fax: (608)784-2932 ***County Name:*** DuPage

Mgmt Info: Horizon Management Group, Inc., P.O. Box 2829, , La Crosse, WI 54602 (608) 784-2935 Fax: (608) 784-2932 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IL060037005	6/26/2008	Active	121.7%	Sec 8 NC	108	108	0	80	19	9	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	1
Total Contracts:	1
Total Assisted Units:	108
Total Units:	108

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Florida's 5th Congressional District

This report includes properties in Rep. Virginia "Ginny" Brown-Waite's district in Florida with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* DADE OAKS APARTMENTS, 37460 ACORN LOOP, DADE CITY, FL 33523, (352) 567-1207 *Metro Area (MSA):* Tampa-St. Petersburg-Clearwater,

Owner Info: PASCO COUNTY HOUSING AUTHORITY, 14517 Seventh Street, , Dade City, FL 33523 (352) 567-0848 Fax: (352) 567-6035 *County Name:* Pasco

Mgmt Info: PASCO COUNTY HOUSING AUTHORITY, 14517 Seventh Street, , Dade City, FL 33523 (352) 567-0848 Fax: (352) 567-6035 *Ownership Type:* Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
FL290002003	4/25/2008	Active	72.1%	Sec 8 NC	69	69	0	14	23	17	15	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	1
Total Contracts:	1
Total Assisted Units:	69
Total Units:	69

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in California's 48th Congressional District

This report includes properties in Rep. John Campbell's district in California with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*122EH088 SEAVIEW LUTHERAN PLAZA, 2800 PACIFIC VIEW DR, CORONA DEL MAR, CA 92625, *Metro Area (MSA):* Orange County, CA

Owner Info: SEAVIEW LUTHERAN PLAZA INC, 2900 PACIFIC VIEW DR, , NEWPORT BEACH, CA 92625 7147200888 Fax: *County Name:* Orange

Mgmt Info: CARING/Housing Ministries, Inc., 2320 South Fremont Avenue, , Alhambra, CA 91803 626-300-2440 Fax: 626-458-8941 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16T791013	12/31/2007	Active	73.2%	202/8 NC	100	100	0	100	0	0	0	0

PROJECT: *FHA #:* ORCHARD PARK APTS, 50 TAROCCO ST, IRVINE, CA 92618, 949-651-0200 *Metro Area (MSA):* Orange County, CA

Owner Info: IRVINE APT. COMMUNITIES, LP, A DELAWARE LP, 110 Innovation Dr, , Irvine, CA 92617 9497205562 Fax: 9497205511 *County Name:* Orange

Mgmt Info: The Irvine Company Apartment Communities, Inc., 110 Innovation Drive, , Irvine, CA 92617 (949) 720-5600 Fax: (949) 720-5625 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA160050010	12/14/2007	Active	95.3%	Sec 8 NC	59	60	0	0	47	6	6	0

PROJECT: *FHA #:*122EH311 VISTA ALISO, 21544 WESLEY DRIVE, LAGUNA BEACH, CA 92651, 9494995581 *Metro Area (MSA):* Orange County, CA

Owner Info: NATIONAL CHURCH RESIDENCES OF LAGUNA BEACH, 2335 N BANK DR, , COLUMBUS, OH 43220 (614) 451-2151 Fax: 614-451-0351 *County Name:* Orange

Mgmt Info: National Church Residences, 2335 N Bank Dr, , Columbus, OH 43220 (614)451-2151 Fax: (614)451-0351 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16T831050	4/20/2008	Active	75.1%	202/8 NC	70	71	18	52	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	3
Total Contracts:	3
Total Assisted Units:	229
Total Units:	231

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Indiana's 7th Congressional District

This report includes properties in Rep. Julia Carson's district in Indiana with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:***07335606 CAMBRIDGE SQUARE BEECH GROVE, 335 Churchman Avenue, BEECH GROVE, IN 46107, 317 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: CAMBRIDGE SQUARE OF Beechgrove Assoc. L.P., P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, Indianapolis, IN 46240 (317) 469-5877 ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.25	$1,744,045	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360037068	3/29/2008	Active	105.8%	Sec 8 NC	126	126	0	126	0	0	0	0

PROJECT: ***FHA #:***07335584 WILLOW GLEN SOUTH APTS. I, 4880 WILLOW GLEN DRIVE, BEECH GROVE, IN 46107, 317-7 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: WILLOW GLEN APTS., LP, 8355 Rockville Road, PO Box 34297, INDIANAPOLIS, IN 46234 317-271-8888 Fax: 317-271-2309 ***County Name:*** Marion

Mgmt Info: Dominion Realty, Inc., 8355 Rockville Road, , Indianapolis, IN 46234 (317)271-8888 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.38	$4,433,963	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360060014	1/27/2008	Active	90.6%	Sec 8 NC	42	202	0	32	8	2	0	0

PROJECT: ***FHA #:*** INDIAN SPRINGS APARTMENTS - DARLINGTON, 508 W. MAIN ST., POB 525, DARLINGTON, I ***Metro Area (MSA):***

Owner Info: Indian Springs - Darlington LP, P.O. Box 188, , Lebanon, IN 46052 800-876-4721 Fax: 765-482-4622 ***County Name:*** Montgomery

Mgmt Info: David Milam, P. O. BOX # 188, , Lebanon, IN 46022 765-482-3363 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36R000042	4/5/2008	Active	121.2%	515/8 NC	16	16	0	10	6	0	0	0

PROJECT: ***FHA #:***073EH117 BETHANY VILLAGE APARTMENTS INDIANAPOLIS, 3554 SHELBY STREET, INDIANAPOLIS, IN ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: BETHANY VILLAGE APARTMENTS, INC., 1812 University Blvd., , Anderson, IN 46012 765-644-2555x239 Fax: (765)644-8255 ***County Name:*** Marion

Mgmt Info: BVM Management Co., 2416 Plum Woods Dr, , Sellersburg, IN 47172 (812) 248-4008 Fax: (812) 248-4008 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T811039	9/30/2008	Active	117.0%	202/8 NC	100	100	0	95	5	0	0	0

PROJECT: ***FHA #:***07344188 CAMBRIDGE SQUARE NORTH I, 7110 Township Line Rd., INDIANAPOLIS, IN 46260, 317-299-70 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: CAMBRIDGE SQUARE NORTH ASSOCIATES, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, Indianapolis, IN 46240 (317) 469-5877 Fax: ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$797,433	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000047	6/30/2008	Active	103.3%	LMSA	106	180	0	49	47	10	0	0

PROJECT: ***FHA #:***07344428 CAMBRIDGE SQUARE NORTH II, 7110 Township Line Road, INDIANAPOLIS, IN 46260, 317-299- ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: CAMBRIDGE SQUARE NORTH ASSOCIATES II, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, Indianapolis, IN 46240 (317) 469-5877 Fa ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$1,423,675	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000038	6/30/2008	Active	99.8%	LMSA	120	200	0	120	0	0	0	0

PROJECT: ***FHA #:***07392504 CARRIAGE HOUSE EAST I, 10041 ELLIS DR, INDIANAPOLIS, IN 46235, (317) 898-9767 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: Carriage House East I Associates, 8425 Woodfield Crossing Blvd, Suite 300W. , Indianapolis, IN 46240 317-469-0400 Fax: 317-469-8142 ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(c) / 221(d)(3) BMIR Ass	3.00	$228,560	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000009	11/30/2007	Active	97.5%	LMSA	133	222	0	40	71	22	0	0

PROJECT: ***FHA #:***07392524 CARRIAGE HOUSE EAST II, 10041 ELLIS DR., INDIANAPOLIS, IN 46235, (317) 898-9767 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: CARRIAGE HOUSE EAST II ASSOCIATES, P.O. Box 40177, 8425 Woodfield Crossing Blvd., Suite 300 W, Indianapolis, IN 46240 (317) 469-0400 Fax: (3 ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(c) / 221(d)(3) BMIR Ass	3.00	$205,763	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000008	11/30/2007	Active	97.3%	LMSA	108	180	0	43	55	10	0	0

PROJECT: ***FHA #:*** CARRIAGE HOUSE EAST III, 10041 ELLIS DR, INDIANAPOLIS, IN 46236, (317) 898-9767 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: Carriage House East III Associates, P.O. Box 40177, 8425 Woodfield Crossing Blvd., Suite 300 W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469- ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000011	11/30/2007	Active	90.7%	LMSA	126	212	0	71	50	5	0	0

PROJECT: ***FHA #:***07341013 CLOVERLEAF APARTMENTS II, 835 CLOVERLEAF TERRACE, INDIANAPOLIS, IN 46241, 317-2 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: Community Reinvestment Foundation - VI, Inc., 44 North Girls School Road, , Indianapolis, IN 46214 317-554-2100 Fax: 317-554-2121 ***County Name:*** Marion

Mgmt Info: COMMUNITY REINVESTMENT FOUNDATION, INC., 44 N. GIRLS SCHOOL ROAD, , INDIANAPOLIS, IN 46214 (317) 554-2100 Fax: (317) 554-2121 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/241(f)/221 - BMIR	6.25	$1,611,171	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000323	10/10/2007	Active	93.8%	Preservation	131	194	0	49	65	17	0	0

PROJECT: ***FHA #:***07344332 COLONIAL SQUARE APARTMENTS, 5650 RENN LN, INDIANAPOLIS, IN 46254, 317-293-9598 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: COLONIAL SQUARE ASSOCIATES, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300W, INDIANAPOLIS, IN 46240 (317) 469-0400 Fax: ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$1,113,513	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000046	6/30/2008	Active	88.9%	LMSA	119	206	0	67	45	7	0	0

PROJECT: ***FHA #:***07335631 GRASSY CREEK APARTMENTS, 6764 Lambert Street, INDIANAPOLIS, IN 46241, 317-241-2809 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: Washington National Associates, 10401 North Meridian Street, Suite 210, Indianapolis, IN 46290 (317) 573-4800 Fax: ***County Name:*** Marion

Mgmt Info: , 11711 N Meridian St, , Carmel, IN 46032 (317) 573-4800 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.85	$1,269,009	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360037002	9/26/2008	Active	97.2%	Sec 8 NC	77	77	0	24	53	0	0	0

PROJECT: ***FHA #:***07311320 LAKEVIEW VILLAGE, 1130 N NORFOLK ST, INDIANAPOLIS, IN 46224, (317)244-5223 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: LAKEVIEW VILLAGE, INC, 1130 N NORFOLK ST, , INDIANAPOLIS, IN 46224 (317) 244-5223 Fax: (317) 244-3320 ***County Name:*** Marion

Mgmt Info: Legacy Property Management LLP, 55 Mission Dr, , Indianapolis, IN 46214 317-247-0965 Fax: 317-247-0965 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.69	$2,087,299	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T781003	4/30/2008	Active	92.8%	202/8 NC	90	90	0	90	0	0	0	0

PROJECT: ***FHA #:***073EH219 MOUNT PARAN SQUARE APARTMENTS, 3475 BOULEVARD PL, INDIANAPOLIS, IN 46208, 317 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: MOUNT PARAN SQUARE APARTMENTS, INC., 5847 Democracy Dr, , Indianapolis, IN 46254 317-291-5504 Fax: 317-291-5504 ***County Name:*** Marion

Mgmt Info: Associates of Triangle, Inc., 8383 Craig St., Suite #105, P.O. Box 50830, Indianapolis, IN 46250 (317) 842-6612 Fax: (317) 576-7982 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T851003	4/13/2008	Active	138.0%	202/8 NC	23	23	6	17	0	0	0	0

PROJECT: *FHA #:*073EH268 OPPORTUNITIES PARK APARTMENTS, 2504 E 28TH ST, INDIANAPOLIS, IN 46218, 317-924-36 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: INDIANA OIC SENIOR HOUSING, INC, 1631 Kessler Blvd., West Drive, , Indianapolis, IN 46228 317-253-1918 Fax: 317-714-3509 ***County Name:*** Marion

Mgmt Info: OPPORTUNITIES SERVICES CORPORATION, 1415 N BROAD ST, , PHILADELPHIA, PA 19122 (215) 236-4500 Fax: (215) 236-0793 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T861020	8/14/2008	Active	138.2%	202/8 NC	40	40	10	30	0	0	0	0

PROJECT: *FHA #:*07311307 RANSOM STREET APARTMENTS, 561 RANSOM, INDIANAPOLIS, IN 46202, 317-684-7305 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: , 1030 N. College Av., , Indianapolis, IN 46202 317 684 7305 Fax: ***County Name:*** Marion

Mgmt Info: VAN ROOY PROPERTIES MANAGEMENT, 1030 N COLLEGE AVE, , INDIANAPOLIS, IN 46202 (317) 684-7300 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.35	$612,367	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000069	10/31/2007	Active	92.4%	LMSA	43	44	0	0	43	0	0	0

PROJECT: *FHA #:* TROY MANOR COOPERATIVE I, 4562 WEST PERRY STREET, INDIANAPOLIS, IN 46241, 317-2 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: TROY MANOR COOPERATIVE, INC, 4562 W. PERRY ST, , INDIANAPOLIS, IN 46241 (317) 247-7323 Fax: (317) 481-8713 ***County Name:*** Marion

Mgmt Info: Kirkpatrick Mgmt. Co., Inc., 5702 Kirkpatrick Way, P.O. Box 20630, Indianapolis, IN 46220 (317) 570-4358 Fax: (317) 594-5717 ***Ownership Type:*** Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000039	4/30/2008	Active	78.6%	LMSA	134	136	0	16	78	36	4	0

PROJECT: *FHA #:* TROY MANOR COOPERATIVE II, 4562 WEST PERRY STREET, INDIANAPOLIS, IN 46241, 317- ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: TROY MANOR COOPERATIVE, INC, 4562 W. PERRY ST, , INDIANAPOLIS, IN 46241 (317) 247-7323 Fax: (317) 481-8713 ***County Name:*** Marion

Mgmt Info: Kirkpatrick Mgmt. Co., Inc., 5702 Kirkpatrick Way, P.O. Box 20630, Indianapolis, IN 46220 (317) 570-4358 Fax: (317) 594-5717 ***Ownership Type:*** Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000175	4/30/2008	Active	76.5%	LMSA	14	74	0	9	4	1	0	0

PROJECT: *FHA #:* TROY MANOR COOPERATIVE III, 4562 West Perry Street, INDIANAPOLIS, IN 46241, 317-247-7 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: TROY MANOR COOPERATIVE, INC, 4562 W. PERRY ST, , INDIANAPOLIS, IN 46241 (317) 247-7323 Fax: (317) 481-8713 ***County Name:*** Marion

Mgmt Info: Kirkpatrick Mgmt. Co., Inc., 5702 Kirkpatrick Way, P.O. Box 20630, Indianapolis, IN 46220 (317) 570-4358 Fax: (317) 594-5717 ***Ownership Type:*** Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000233	4/30/2008	Active	82.3%	LMSA	14	68	0	9	5	0	0	0

PROJECT: ***FHA #:*** U.S.C.O. COMMUNITY HOMES, 1022 HOSBROOK ST, INDIANAPOLIS, IN 46203, (317) 917-105 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: USCO COMMUNITY HOMES, INC, 1022 HOSBROOK STEEET, APT. G, INDIANAPOLIS, IN 46203 (317) 917-1053 Fax: ***County Name:*** Marion

Mgmt Info: Associates of Triangle, Inc., 8383 Craig St., Suite #105, P.O. Box 50830, Indianapolis, IN 46250 (317) 842-6612 Fax: (317) 576-7982 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000035	9/30/2008	Active	84.5%	LMSA	24	24	0	6	12	6	0	0

PROJECT: ***FHA #:*** 07335572 WOODLAKE APARTMENTS, 7401 MERGANSER DR., INDIANAPOLIS, IN 46260, 317-259-7436 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: Woodlake Apts. of Indpls, a Limited Partnership, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, Indianapolis, IN 46240 317-469-5850 Fax: ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.75	$6,703,883	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000293	2/29/2008	Active	108.3%	LMSA	25	250	0	12	13	0	0	0

PROJECT: ***FHA #:*** WOODS OF CASTLETON, 8281 CLEARVISTA PKY, INDIANAPOLIS, IN 46256, (317) 915-7162 ***Metro Area (MSA):*** Indianapolis, IN

Owner Info: THE WOODS OF CASTLETON ASSOC., P. O. BOX 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, INDIANAPOLIS, IN 46240 (317) 469-0400 Fax: ***County Name:*** Marion

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000292	3/31/2008	Active	107.7%	LMSA	42	260	0	13	29	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	22
Total Contracts:	22
Total Assisted Units:	1,653
Total Units:	2,924

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Missouri's 1st Congressional District

This report includes properties in Rep. William "Lacy" Clay, Jr.'s district in Missouri with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*08535508 ALPHA TERRACE APARTMENTS, 6105 ETZEL AVE, SAINT LOUIS, MO 63133, 314-862-5668 *Metro Area (MSA):* St. Louis, MO-IL
Owner Info: ALPHA TERRACE REDEVELOPMENT CORPORATION, 6105 ETZEL AVE, , ST LOUIS, MO 63133 (314) 862-5668 Fax: *County Name:* St. Louis City
Mgmt Info: Sansone Group/DDR LLC, 120 S Central Ave Ste 500, , Saint Louis, MO 63105 (314) 727-6664 Fax: (314)727-6101 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO362722201	2/29/2008	Active	199.1%	202/8 NC	150	150	0	150	0	0	0	0

PROJECT: *FHA #:* BLAIR APARTMENTS, 2707 RAUSCHENBACH AVE, SAINT LOUIS, MO 63106, *Metro Area (MSA):* St. Louis, MO-IL
Owner Info: 2707 Rauschenback Associates, L.P., 611 Olive Street, Suite 1641, St. Louis,, MO 63101 (314) 241-7168 Fax: (314) 241-6079 *County Name:* St. Louis City
Mgmt Info: The Lipton Group, 9100 Overland Plaza, , St. Louis, MO 63114 (314) 423-2222 Fax: (314) 427-0055 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36H195090	2/3/2008	Active	81.7%	HFDA/8 SR	8	35	0	4	4	0	0	0

PROJECT: *FHA #:*08558502 BRANSCOME APARTMENTS (URBAN WEST), 5370 PERSHING AVE, SAINT LOUIS, MO 63112, *Metro Area (MSA):* St. Louis, MO-IL
Owner Info: P. F. PARTNERS/ONE, 1722 OLIVE ST, , ST. LOUIS, MO 63103 (314) 421-2696 Fax: (314)421-2694 *County Name:* St. Louis City
Mgmt Info: PHILIP H. BARRON REALTY COMPANY, 1722 OLIVE ST, , ST. LOUIS, MO 63103 (314) 421-2696 Fax: (314)421-2694 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ 223(e)/Lower Inco	8.50	$485,802	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36M000937	10/31/2007	Active	132.3%	LMSA	108	112	45	63	0	0	0	0

PROJECT: *FHA #:* CAROLINE APARTMENTS, PHASE I, 1317 OHIO AVE, SAINT LOUIS, MO 63104, 314-772-5203 *Metro Area (MSA):* St. Louis, MO-IL
Owner Info: Meridian Realty Advisors, 3811 Turtle Creek Blvd., Suite 1850, Dallas, TX 75219 214-651-4000 Fax: 214-651-4001 *County Name:* St. Louis City
Mgmt Info: BAUMANN PROPERTY COMPANY, INC., 217 Clarkson Executive Park, , Ellisville, MO 63011 636 227-0012 Fax: 636 227-0003 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36H195069	4/6/2008	Active	107.9%	HFDA/8 NC	28	112	0	25	3	0	0	0

PROJECT: *FHA #:*085EH109 CMC RETIREMENT VILLAGE, 3330 N KINGSHIGHWAY BLVD, SAINT LOUIS, MO 63115, 314-38 *Metro Area (MSA):* St. Louis, MO-IL

Owner Info: CHRISTIAN MEDICAL CENTER, 3330 N KINGSHIGHWAY BLVD, , ST. LOUIS, MO 63115 314-383-8484 Fax: *County Name:* St. Louis City

Mgmt Info: CHRISTIAN MEDICAL CENTER, 3330 N KINGSHIGHWAY BLVD, , ST. LOUIS, MO 63115 314-383-8484 Fax: *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36T841008	12/17/2007	Active	159.0%	202/8 NC	65	65	17	48	0	0	0	0

PROJECT: *FHA #:*08558506 Cornerstone/St. Luke's Plaza, 5602 ENRIGHT AVE, SAINT LOUIS, MO 63112, 314-361-0418 *Metro Area (MSA):* St. Louis, MO-IL

Owner Info: Interstate I Affordable Housing, Inc, 1090 Vermont Avenue, Suite 4000, Washington, D. C., DC 20005 202-789-5300 Fax: 202-789-1990 *County Name:* St. Louis City

Mgmt Info: Corcoran Jennison Management Company, 150 Mount Vernon St, , Boston, MA 02108 (617) 822-7300 Fax: (617) 822-7302 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ 223(e)/Lower Inco	8.50	$1,505,661	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36M000928	7/31/2008	Active	76.0%	LMSA	21	216	9	9	3	0	0	0

PROJECT: *FHA #:*085EH057 EADS SQUARE APTS., 2700 HENRIETTA ST, SAINT LOUIS, MO 63104, 314-773-6674 *Metro Area (MSA):* St. Louis, MO-IL

Owner Info: St. Louis VOA Elderly Housing, Inc., 1660 Duke Street, , ALEXANDRIA, VA 22314 (703) 341-5000 Fax: (703) 341-7000 *County Name:* St. Louis City

Mgmt Info: VOA National Housing Corporation, 1660 Duke St., , Alexandria, VA 76051 703 341-5086 Fax: 703 341-7001 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36T811015	9/11/2008	Active	137.1%	202/8 NC	102	103	0	102	0	0	0	0

PROJECT: *FHA #:*08535234 HDC RETIREMENT VILLAGE, 4051 PLEASANT ST, SAINT LOUIS, MO 63107, 314-721-5711 *Metro Area (MSA):* St. Louis, MO-IL

Owner Info: HUMAN DEVELOPMENT COMMUNITY DEV. CORP., 1457 FOREST GREEN CT, , ST LOUIS, MO 63130 (314) 862-3849 Fax: *County Name:* St. Louis City

Mgmt Info: HUMANDEVELOPMENT COMMUNITY DEVELOPMENT CORPORATION, 6046 DELMAR BOULEVARD, , ST. LOUIS, MO 63112 314-721-5711 Fax: 31 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(3) Mkt. Rate Modera	7.50	$684,774	Yes	Mrtg Rstr	Heskin Signet Partnership		

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36H195022	1/31/2008	Active	103.0%	HFDA/8 NC	48	48	0	40	8	0	0	0

PROJECT: *FHA #:* HILLVALE APARTMENTS, 5861-63 SELBER CT, SAINT LOUIS, MO 63120, *Metro Area (MSA):* St. Louis, MO-IL

Owner Info: SELBER COURT ASSOCIATES,LIMITED PARTNERSHIP, 8420 Delmar, Suite 406, ST. LOUIS, MO 63124 (314) 725-1844 Fax: *County Name:* St. Louis City

Mgmt Info: , , , , Fax: *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36M000063	1/31/2008	Active	96.4%	Preservation	138	146	0	0	38	100	0	0

PROJECT: *FHA #:*08511073 Jackson Park Place, 1220 WARREN ST, SAINT LOUIS, MO 63106, 314-436-0733 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: Murphy Senior Living Inc., 1220 Warren, , St. Louis, MO 63106 314-436-0733 Fax: ***County Name:*** St. Louis City

Mgmt Info: Kohner Properties, Inc., 7730 Forsyth, Suite 300, Clayton, MO 63105 314-862-5955 Fax: 314-862-0839 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.25	$7,503,275	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36T791008	5/9/2008	Active	159.5%	202/8 NC	141	141	0	132	9	0	0	0

PROJECT: *FHA #:* JVL #16, 2807 Gamble, SAINT LOUIS, MO 63106, 314-534-0654 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: JVL Affordable Housing, L.P., 1717 West Ave, , Austin, TX 78701 (512) 494-8200 Fax: ***County Name:*** St. Louis City

Mgmt Info: MARCRUM MANAGEMENT COMPANY, 2320 Highland Ave S, Suite 230, Birmingham, AL 35205 205-933-2585 Fax: 205-933-2584 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Foley and Judell, LLP	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO360005010	11/30/2007	Active	86.5%	Sec 8 NC	88	88	0	0	0	60	28	0

PROJECT: *FHA #:*08535500 LINDELL PLAZA APARTMENTS, 4300 LINDELL BLVD, SAINT LOUIS, MO 63108, 314-421-1160 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: Lindell Plaza Apartments Associates, 4300 LINDELL BLVD., , St. Louis, MO 63108 (314) 421-1160 Fax: 314-621-0627 ***County Name:*** St. Louis City

Mgmt Info: McCORMACK BARON RAGAN MANAGEMENT SERVICES, INC., 1415 Olive St Suite 310, , Saint Louis, MO 63103 (314)-421-1160 Fax: (314) 621-0627 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.70	$1,252,325	Yes	Rent Rdct	ONTRA, Inc.	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36H195066	10/31/2007	Active	114.4%	HFDA/8 SR	42	42	0	38	4	0	0	0

PROJECT: *FHA #:*08598033 METROPOLITAN VILLAGE APTS., 3114 FRANKLIN AVE, SAINT LOUIS, MO 63106, 314-727-666 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: METROPOLITAN VILLAGE, INC., 120 S Central Ave, , Saint Louis, MO 63105 (314) 534-1361 Fax: ***County Name:*** St. Louis City

Mgmt Info: Sansone Group/DDR LLC, 120 S Central Ave Ste 500, , Saint Louis, MO 63105 (314) 727-6664 Fax: (314)727-6101 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
542(c) HFA Risk Sharing-R	6.00	$5,720,000	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36T781002	2/29/2008	Active	130.5%	202/8 NC	147	147	0	141	6	0	0	0

PROJECT: *FHA #:* MURPHY BLAIR GARDENS, 2001-11 N 13TH ST, SAINT LOUIS, MO 63106, ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: MURPHY-BLAIR ASSOCIATES II, L.P., 7730 Forsyth Boulevard, Suite 300, ST. LOUIS, MO 63105 (314) 862-5955 Fax: (314) 862-0839 ***County Name:*** St. Louis City

Mgmt Info: Kohner Properties, Inc., 7730 Forsyth, Suite 300, Clayton, MO 63105 314-862-5955 Fax: 314-862-0839 ***Ownership Type:***

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO360195001	8/8/2008	Active	113.0%	Sec 8 NC	114	117	0	56	51	7	0	0

PROJECT: *FHA #:*085EH003 RAINBOW VILLAGE INC., 1240 DAUTEL LN, SAINT LOUIS, MO 63146, 314-567-1522 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: RAINBOW VILLAGE INC, 1240 DAUTEL LANE, , ST LOUIS, MO 63146 (314) 569-2211 Fax: (314)569-0632 ***County Name:*** St. Louis

Mgmt Info: RAINBOW VILLAGE INC, 1240 DAUTEL LANE, , ST LOUIS, MO 63146 (314) 569-2211 Fax: (314)569-0632 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO360774201	11/30/2007	Active	153.4%	202/8 NC	35	35	0	35	0	0	0	0

PROJECT: *FHA #:*08544064 SAN LUIS APARTMENTS, 4483 LINDELL BLVD, SAINT LOUIS, MO 63108, 314-534-4730 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: SAN LUIS APARTMENTS, INC, 4532 Lindell Blvd, , Saint Louis, MO 63108 (314) 652-3600 Fax: 314-652-0312 ***County Name:*** St. Louis City

Mgmt Info: CARDINAL RITTER INSTITUE MAMAGEMENT SERVICES, Cardinal Carberry Senior Living Center, 7601 Watson Road, St. Louis, MO 63119 314-652-3 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36L000007	12/22/2007	Active	82.4%	LMSA	190	226	190	0	0	0	0	0

PROJECT: *FHA #:* UNIVERSITY CLUB APTS., 607 N GRAND, SAINT LOUIS, MO 63103, ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: UNIVERSITY CLUB ASSOCIATES L. P., 7730 Forsyth Blvd Ste 300, , Saint Louis, MO 63105 (314) 862-5955 Fax: (314) 862-0839 ***County Name:*** St. Louis City

Mgmt Info: Kohner Properties, Inc., 7730 Forsyth, Suite 300, Clayton, MO 63105 314-862-5955 Fax: 314-862-0839 ***Ownership Type:***

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36E000004	7/31/2008	Active	74.8%	PD/8 MR	24	83	0	22	2	0	0	0

PROJECT: *FHA #:*08535274 WELLSTON TOWNHOUSES, LTD, 6202 Wells Ave, Saint Louis, MO 63133, 314-721-5711 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: TOWNHOUSES, LTD, 7320 Country Club Dr, , Saint Louis, MO 63121 314-231-1147 Fax: 314-436-9057 ***County Name:*** St. Louis

Mgmt Info: Majestic Management, 4309 Bangor Dr, , Florissant, MO 63034 314-853-6073 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership		

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO360005008	12/31/2007	Active	82.9%	Sec 8 NC	63	63	0	0	0	40	23	0

PROJECT: *FHA #:*08535347 WEST END APARTMENTS, 1002-10 GOODFELLOW BLVD, SAINT LOUIS, MO 63112, 314-361-6 ***Metro Area (MSA):*** St. Louis, MO-IL

Owner Info: West End Apartment Associates, c/oMcCormack Baron Management Services, 1415 Olive St.,Suite 310, Saint Louis, MO 63103 314-421-1160 Fax: ***County Name:*** St. Louis City

Mgmt Info: West End Apartment Associates, c/oMcCormack Baron Management Services, 1415 Olive St.,Suite 310, Saint Louis, MO 63103 314-421-1160 Fax: ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	10.00	$1,778,272	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO360009001	5/31/2008	Active	87.8%	Sec 8 NC	20	100	0	20	0	0	0	0

PROJECT: ***FHA #:*** 08598006 University Commons Apartments, 6417 North Drive, UNIVERSITY CITY, MO 63130,

Metro Area (MSA): St. Louis, MO-IL

Owner Info: Sy University Investors, L. P., 3770 Broadway St, , Kansas City, MO 64111 816-561-4240 Fax: 816-300-4226

County Name: St. Louis

Mgmt Info: YARCO COMPANY, INC,, 3770 Broadway, , KANSAS CITY, MO 64111 (816) 561-4240 Fax: (816) 300-4147

Ownership Type:

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
542(c) HFA Risk Sharing-Ex	6.00	$2,690,936	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO36M195005	7/31/2008	Active	92.5%	LMSA	26	26	0	10	5	8	3	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	20
Total Contracts:	20
Total Assisted Units:	1,558
Total Units:	2,055

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Missouri's 5th Congressional District

This report includes properties in Rep. Emanuel Cleaver's district in Missouri with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*08435214 NOLAND TOWERS, 130 E COLLEGE ST, INDEPENDENCE, MO 64050, 816-254-0170 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: Noland Road Housing Company, Limited, Post Office Box 412776, , Kansas City, MO 64141 (816) 753-2502 Fax: 816-753-3481 *County Name:* Jackson

Mgmt Info: MIDWEST ASSET MANAGEMENT GROUP, P. O. Box 412776, , Kansas City, MO 64141 (816) 753-2502 Fax: (816) 753-3481 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$2,896,098	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16H195068	2/8/2008	Active	110.1%	HFDA/8 NC	125	126	0	125	0	0	0	0

PROJECT: *FHA #:*08444157 ALCAZAR APARTMENTS, 101 W 39TH ST, KANSAS CITY, MO 64111, 816-561-7893 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: ALCAZAR APARTMENTS, A CALIFORNIA LTD. PARTNERSHIP, 3920 Locust Ave, , Long Beach, CA 90807 (562)989-3730 Fax: (562) 989-3670 *County Name:* Jackson

Mgmt Info: AWFMEX Mgmt Co, LLC aka National United Prop LLC, 3600 Wilshire Boulevard, Suite 1020, Los Angeles, CA 90010 (213) 736-0441 Fax: (213) 736-046 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$1,155,759	Yes	Rent Rdct	Missouri Housing Dev. Commission	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16L000017	9/30/2008	Active	73.5%	LMSA	139	142	13	111	15	0	0	0

PROJECT: *FHA #:* BAINBRIDGE APTS, 900 E. ARMOUR, KANSAS CITY, MO 64109, 816-931-1020 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: BAINBRIDGE APARTMENTS, 3920 Locust Ave, , Long Beach, CA 90807 562.858.7346 Fax: *County Name:* Jackson

Mgmt Info: AWFMEX Mgmt Co, LLC aka National United Prop LLC, 3600 Wilshire Boulevard, Suite 1020, Los Angeles, CA 90010 (213) 736-0441 Fax: (213) 736-046 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16L000027	5/31/2008	Active	69.3%	LMSA	177	179	33	135	9	0	0	0

PROJECT: *FHA #:* BLUE HILLS APARTMENTS, 6009 BLUE HILLS RD, KANSAS CITY, MO 64110, *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: BLUE HILLS APARTMENTS, L.P., 620 SE MADISON, SUITE 130, TOPEKA, KS 66607 (785) 234-2882 Fax: (785) 234-0802 *County Name:* Jackson

Mgmt Info: Commercial Management, 620 MADISON, SUITE 130, TOPEKA, KS 66607 (785) 234-2882 Fax: (785) 234-0802 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16E000014	8/16/2008	Active	86.2%	PD/8 MR	75	108	0	60	15	0	0	0

PROJECT: *FHA #:* GEORGIAN COURT, 400 E ARMOUR BLVD, KANSAS CITY, MO 64109, 816.931.9472 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: GEORGIAN COURT APARTMENTS, 3920 Locust Ave, , Long Beach, CA 90807 714-979-5971 Fax: 714-979-2251 *County Name:* Jackson

Mgmt Info: AWFMEX Mgmt Co, LLC aka National United Prop LLC, 3600 Wilshire Boulevard, Suite 1020, Los Angeles, CA 90010 (213) 736-0441 Fax: (213) 736-046 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000099	5/31/2008	Active	69.6%	LMSA	79	115	9	70	0	0	0	0

PROJECT: *FHA #:* HOMESTEAD APARTMENTS, 809 - 811 E Armour Blvd, KANSAS CITY, MO 64109, 816-561-8015 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: KCI-Armour Properties LLC, PO Box 180792, , Coronado, CA 92178 (619)435-6400 Fax: (619) 435-6413 *County Name:* Jackson

Mgmt Info: SJB REAL ESTATE SERVICES, INC, P O BOX 183, , OLATHE, KS 66061 913-829-4950 Fax: 913-829-1612 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M195016	9/30/2008	Active	88.9%	LMSA	61	66	1	52	8	0	0	0

PROJECT: *FHA #:* KENWOOD APARTMENTS, 615 E ARMOUR BLVD, KANSAS CITY, MO 64109, 816.931.1084 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: Kenwood Apartments, a California Limited Partnersh, 5630 DYER STREET, , DALLAS, TX 75206 (214) 750-8300 Fax: (214) 750-8400 *County Name:* Jackson

Mgmt Info: Skyline Properties, Inc., 5630 Dyer Street, , Dallas, TX 75206 (214) 750-8300 Fax: (214) 750-8400 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Missouri Housing Dev. Commission	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16L000040	3/31/2008	Active	83.3%	LMSA	47	94	14	33	0	0	0	0
MO16M000089	3/31/2008	Active	84.7%	LMSA	39	94	0	33	2	4	0	0

PROJECT: *FHA #:* LINDA VISTA APTS, 1301 E ARMOUR BLVD, KANSAS CITY, MO 64109, 816.931.9484 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: LINDA VISTA APARTMENTS, 3920 Locust Ave, , Long Beach, CA 90807 714-979-5971 Fax: 714-979-2251 *County Name:* Jackson

Mgmt Info: AWFMEX Mgmt Co, LLC aka National United Prop LLC, 3600 Wilshire Boulevard, Suite 1020, Los Angeles, CA 90010 (213) 736-0441 Fax: (213) 736-046 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16L000025	5/31/2008	Active	76.3%	LMSA	47	55	3	44	0	0	0	0

PROJECT: *FHA #:* NORTHEAST VIEW APARTMENTS, 222 GARFIELD ST, KANSAS CITY, MO 64124, 816.283.302 *Metro Area (MSA):* Kansas City, MO-KS

Owner Info: KCI - Northeast View, LLC, 1001 B Avenue, , Coronado, CA 92178 619-840-8700 Fax: *County Name:* Jackson

Mgmt Info: SJB REAL ESTATE SERVICES, INC, P O BOX 183, , OLATHE, KS 66061 913-829-4950 Fax: 913-829-1612 *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Missouri Housing Dev. Commission	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000130	9/30/2008	Active	86.7%	LMSA	136	136	0	10	76	50	0	0

PROJECT: ***FHA #:***084SH007 PARACLETE MANOR, 4725 PROSPECT ST, KANSAS CITY, MO 64130, 816-861-3829 ***Metro Area (MSA):*** Kansas City, MO-KS

Owner Info: PARACLETE MANOR OF KANSAS CITY, 4725 PROSPECT ST, , KANSAS CITY, MO 64130 (816) 861-3829 Fax: ***County Name:*** Jackson

Mgmt Info: Emerson Management Solutions, L.L.C., 11735 W 86th Ter, , Overland Park, KS 66214 (913)888-1250 Fax: 913-888-1252 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000078	5/31/2008	Active	108.2%	LMSA	102	120	9	93	0	0	0	0

PROJECT: ***FHA #:***084EH012 PENN PLACE, 3915 PENNSYLVANIA, KANSAS CITY, MO 64111, 816-531-6975 ***Metro Area (MSA):*** Kansas City, MO-KS

Owner Info: SUPPORTIVE LIVING, INC., 1010 WEST 39TH STREET, , KANSAS CITY, MO 64111 (816) 531-0045 Fax: (816) 756-5612 ***County Name:*** Jackson

Mgmt Info: CENTER FOR DEVELOPMENTALLY DISABLED, INC, 1010 W 39TH STREET, , KANSAS CITY, MO 64111 (816) 531-0045 Fax: (816) 756-5612 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16T781006	12/15/2007	Active	129.7%	202/8 NC	9	9	0	9	0	0	0	0

PROJECT: ***FHA #:***08444155 PENNBROOKE APTS, 604 W 10TH ST, KANSAS CITY, MO 64105, 816-474-3844 ***Metro Area (MSA):*** Kansas City, MO-KS

Owner Info: PENNBROOKE APARTMENTS, L.P., 3920 Locust Ave, , Long Beach, CA 90807 (714) 549-7034 Fax: (704) 549-3975 ***County Name:*** Jackson

Mgmt Info: AWFMEX Mgmt Co, LLC aka National United Prop LLC, 3600 Wilshire Boulevard, Suite 1020, Los Angeles, CA 90010 (213) 736-0441 Fax: (213) 736-046 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$445,854	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000105	8/31/2008	Active	80.9%	LMSA	59	65	10	45	4	0	0	0

PROJECT: ***FHA #:***08411043 Plaza Apartments I, 7777 HOLMES RD, KANSAS CITY, MO 64131, 314-423-2222 ***Metro Area (MSA):*** Kansas City, MO-KS

Owner Info: KC Shalom Housing Limited, 443 Congress Street, , Portland, ME 04101 (207)772-0548 Fax: ***County Name:*** Jackson

Mgmt Info: The Lipton Group, 9100 Overland Plaza, , St. Louis, MO 63114 (314) 423-2222 Fax: (314) 427-0055 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.95	$3,670,486	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO160003018	7/31/2008	Active	102.6%	Sec 8 NC	125	125	0	119	6	0	0	0

PROJECT: ***FHA #:***084EH107 SHALOM PLAZA II, 7777 HOLMES RD, KANSAS CITY, MO 64131, 816-444-8888 ***Metro Area (MSA):*** Kansas City, MO-KS

Owner Info: Shalom Plaza, Inc., 260 N Sam Houston Pkwy E, Suite 300, Houston, TX 77060 (713)703-5158 Fax: ***County Name:*** Jackson

Mgmt Info: Shalom Plaza, Inc., 260 N Sam Houston Pkwy E, Suite 300, Houston, TX 77060 (713)703-5158 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16T851007	10/1/2007	Active	119.3%	202/8 NC	65	65	16	49	0	0	0	0

PROJECT: *FHA #:* WOODBRIDGE APARTMENTS I, 3443 WYOMING AVE, KANSAS CITY, MO 64111, *Metro Area (MSA):* Kansas City, MO-KS
Owner Info: RR 1 & 2 HOUSING PARTNERSHIP, L.P., 7010 W Highway 71, , Austin, TX 78735 (512) 753-3734 Fax: (512)288-7282 *County Name:* Jackson
Mgmt Info: ProdiGem, LLC, 7010 W Highway 71, , Austin, TX 78735 (512)288-7200 Fax: (512)288-7282 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16L000110	6/30/2008	Active	90.3%	LMSA	66	95	0	24	28	14	0	0

PROJECT: *FHA #:* WOODBRIDGE APARTMENTS II, 3443 WYOMING, KANSAS CITY, MO 64111, *Metro Area (MSA):* Kansas City, MO-KS
Owner Info: RR 1 & 2 HOUSING PARTNERSHIP, L.P., 7010 W Highway 71, , Austin, TX 78735 (512) 753-3734 Fax: (512)288-7282 *County Name:* Jackson
Mgmt Info: ProdiGem, LLC, 7010 W Highway 71 Ste 340, , Austin, TX 78735 512-288-7200 Fax: 512-288-7282 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000058	6/30/2008	Active	82.5%	LMSA	11	22	0	0	0	11	0	0

PROJECT: *FHA #:* Sage Crossing Apartments, 600 NE HOWARD, LEE'S SUMMIT, MO 64063, 816-524-1394 *Metro Area (MSA):* Kansas City, MO-KS
Owner Info: MCAP Sage, L.P., 320 Park Ave, Floor 28, , New York, NY 10022 212-508-9415 Fax: 212-508-9414 *County Name:* Jackson
Mgmt Info: EQUITY MANAGEMENT, INC., 14504 Greenveiw Drive, Suite 510, Laurel, MD 20708 (301) 953-2366 Fax: (301)953-2866 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16E000009	7/31/2008	Active	89.7%	PD/8 MR	152	152	0	24	50	70	8	0

PROJECT: *FHA #:*084EH024 ANDREWS WAY, 5310 BLUE RIDGE CUTOFF, RAYTOWN, MO 64133, 816-356-3993 *Metro Area (MSA):* Kansas City, MO-KS
Owner Info: BARBARA L. ANDREWS MEMORIAL HOUSING ASSOC., 3031 HOLMES RD, , KANSAS CITY, MO 64109 (816) 231-4131 Fax: (816) 931-3511 *County Name:* Jackson
Mgmt Info: New Horizons Assistance Corporation, 2420 E Linwood Blvd Ste 300, , Kansas City, MO 64109 816.924.4121 Fax: 816.924.1109 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16T791011	3/31/2008	Active	140.7%	202/8 NC	10	10	10	0	0	0	0	0

PROJECT: *FHA #:*08444801 TEMPLE HEIGHTS MANOR I, 5420 BLUE RIDGE CUT-OFF, RAYTOWN, MO 64133, 816-358-95 *Metro Area (MSA):* Kansas City, MO-KS
Owner Info: TEMPLE HEIGHTS MANOR, INC., 5460 BLUE RIDGE CUT-OFF, , RAYTOWN, MO 64133 (816) 358-0988 Fax: *County Name:* Jackson
Mgmt Info: KANSAS CITY BAPTIST TEMPLE, 5460 BLUE RIDGE CUTOFF, , RAYTOWN, MO 64133 (816) 358-0988 Fax: *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ 202 Elderly Hsg.	7.50	$920,585	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MO16M000084	5/31/2008	Active	98.1%	LMSA	75	149	54	21	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	19
Total Contracts:	20
Total Assisted Units:	1,599
Total Units:	1,833

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Kentucky's 4th Congressional District

This report includes properties in Rep. Geoff Davis's district in Kentucky with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* BRACKEN CREEK APARTMENTS, Route 1, BRACKEN CREEK DRIVE, AUGUSTA, KY 41002, 60 *Metro Area (MSA):*

Owner Info: BRACKEN CREEK, LTD., 2690 MADISON RD., , CINCINNATI, OH 45208 (513) 351-1500 Fax: 513-351-1502 *County Name:* Bracken

Mgmt Info: AJK Management, Inc., 2690 MADISON RD., , Cincinnati, OH 45208 (513) 351-1500 Fax: 513-351-1502 *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36R000030	11/15/2007	Active	88.8%	515/8 NC	40	40	0	10	24	6	0	0

PROJECT: *FHA #:*08335374 BISMARCK APARTMENTS, 712 GREER ST, COVINGTON, KY 41011, 513-541-6700 *Metro Area (MSA):* Cincinnati, OH-KY-IN

Owner Info: Bismarck Apartments, Limited, 1614 Chase Avenue, , Cincinnati, OH 45223 (513) 541-6700 Fax: *County Name:* Kenton

Mgmt Info: Wilson Enterprises, 1614 Chase AVE, , Cincinnati, OH 45223 (513) 541-6700 Fax: *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	12.00	$1,294,474	Yes	Mrtg Rstr	The Siegel Group, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36A001004	4/28/2008	Active	141.5%	HFDA/8 SR	50	50	9	25	10	3	3	0

PROJECT: *FHA #:*08311069 CAMBRIDGE SQUARE APTS, 101 PROMONTORY DR, COVINGTON, KY 41015, 859-431-2205 *Metro Area (MSA):* Cincinnati, OH-KY-IN

Owner Info: CAMBRIDGE SQUARE OF COVINGTON, LMTD. PRTSHP., 8330 WOODFIELD CROSSING BLVD, SUITE 200, INDIANAPOLIS, IN 46240 (317) 469-040 *County Name:* Kenton

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	4.63	$3,463,601	Yes	Rent Rdct	The Siegel Group, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY360011004	2/29/2008	Active	101.1%	Sec 8 NC	199	200	0	60	99	40	0	0

PROJECT: *FHA #:*08335326 GERMANTOWN APTS, 622 Main St, COVINGTON, KY 41011, 513-541-6700 *Metro Area (MSA):* Cincinnati, OH-KY-IN

Owner Info: Germantown Apartments, Limited, 1614 Chase Avenue, , Cincinnati, OH 45223 (513) 541-6700 Fax: 513 541 4457 *County Name:* Kenton

Mgmt Info: Wilson Enterprises, 1614 Chase AVE, , Cincinnati, OH 45223 (513) 541-6700 Fax: *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	8.50	$173,354	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36A001002	5/11/2008	Active	131.1%	HFDA/8 SR	10	10	4	2	4	0	0	0

PROJECT: *FHA #:*083EH157 GOODWILL VILLAGE APARTMENTS, 1550 BANKLICK ST, COVINGTON, KY 41011, 859-581-07 ***Metro Area (MSA):*** Cincinnati, OH-KY-IN

Owner Info: Northern Kentucky Goodwill Housing Corporation, 10600 Springfield Pike, , Cincinnati, OH 45215 513-771-4800 Fax: ***County Name:*** Kenton

Mgmt Info: Franklin Asset Management, Inc., P.O. BOX 99564, , Louisville, KY 40269 (502) 491-2422 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36T841010	3/24/2008	Active	152.5%	202/8 NC	30	30	5	25	0	0	0	0

PROJECT: *FHA #:*08335634 LASALETTE GARDENS APARTMENTS, 702 GREENUP ST, COVINGTON, KY 41011, ***Metro Area (MSA):*** Cincinnati, OH-KY-IN

Owner Info: Lasallette Gardens, Limited, 928 VILLA DR., C/O MR. JIM NEFF, GP, VILLA HILLS, KY 41017 606-341-2043 Fax: ***County Name:*** Kenton

Mgmt Info: , 544 Perimeter Drive, , Erlanger, KY 41018 859-342-4531 Fax: 859-342-4531 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.13	$1,480,675	Yes	Mrtg Rstr	RER Solutions, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36H134186	1/31/2008	Active	113.1%	HFDA/8 SR	76	76	26	50	0	0	0	0

PROJECT: *FHA #:*08335608 ST. ALOYSIUS APARTMENTS, 410 W 8TH ST, COVINGTON, KY 41011, 859-581-2269 ***Metro Area (MSA):*** Cincinnati, OH-KY-IN

Owner Info: CHS Limited Patnership, 36 East 4th Street, Suite 1320, , Cincinnati, OH 45202 (513) 241-1911 Fax: ***County Name:*** Kenton

Mgmt Info: STERN-HENDY PROPERTIES, INC., 36 EAST FOURTH STREET, SUITE 1320, CINCINNATI, OH 45202 (513) 241-1911 Fax: 513-241-5048 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.90	$1,567,263	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36A001005	3/30/2008	Active	153.5%	HFDA/8 SR	48	48	13	33	0	1	1	0

PROJECT: *FHA #:*08335366 SPEERS COURT, 901 5TH AVE, DAYTON, KY 41074, 859-261-0536 ***Metro Area (MSA):*** Cincinnati, OH-KY-IN

Owner Info: Speers Court Limited, c/o Winston E. Folkers, 898 Walnut Street, Suite 1302, Cincinnati, OH 45202 513-421-0230 Fax: ***County Name:*** Campbell

Mgmt Info: Folkers Management Corporation, 898 Walnut Street, Suite 1302, CINCINNATI, OH 45202 (513) 421-0230 Fax: 513-421-0299 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	6.25	$2,016,639	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36H134269	6/30/2008	Active	133.7%	HFDA/8 NC	91	92	0	91	0	0	0	0

PROJECT: *FHA #:*08335584 BEDFORD HOUSE, 301 W LICKING ST, FALMOUTH, KY 41040, 859-654-3957 ***Metro Area (MSA):***

Owner Info: The Bedford House, Limited, 55 Beattie Place, , Greenville, SC 29602 864-239-1428 Fax: 864-239-5802 ***County Name:*** Pendleton

Mgmt Info: OP Property Management, LLC, 55 Beattie Pl Fl 3, , Greenville, SC 29601 (864) 239-1428 Fax: (864) 239-5802 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	8.40	$299,489	Yes	Mrtg Rstr	RER Solutions, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36H134110	9/30/2008	Active	90.5%	HFDA/8 NC	48	48	0	48	0	0	0	0

PROJECT: *FHA #:*08344012 LAKESIDE TERRACE APARTMENTS, 3520 ALEXANDRIA PIKE, HIGHLAND HEIGHTS, KY 4107 ***Metro Area (MSA):*** Cincinnati, OH-KY-IN

Owner Info: Campbell County KY Public Properties Corp., 24 West Fourth Street, , Newport, KY 41072 606-292-3838 Fax: ***County Name:*** Campbell

Mgmt Info: Campbell County KY Public Properties Corp., 24 West Fourth Street, , Newport, KY 41072 606-292-3838 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$296,126	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36M000092	6/30/2008	Active	62.0%	LMSA	57	96	0	57	0	0	0	0

PROJECT: *FHA #:*08311108 SHEPHERD OF THE VALLEY COMMUNITY, 1201 WOODCREEK DR, LA GRANGE, KY 40031, 5 ***Metro Area (MSA):*** Louisville, KY-IN

Owner Info: MIAMI VALLEY LUTHERAN HOUSING ASSOC OF KY, 6445 FAR HILLS AVENUE, , DAYTON, OH 45459 937-433-2140 Fax: ***County Name:*** Oldham

Mgmt Info: Graceworks Housing Services, 6445 Far Hills Ave, , Dayton, OH 45459 9374332140 Fax: 9374287271 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.10	$1,786,440	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
KY36T851015	4/18/2008	Active	157.8%	202/8 NC	49	50	12	37	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	11
Total Contracts:	11
Total Assisted Units:	698
Total Units:	740

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Indiana's 2nd Congressional District

This report includes properties in Rep. Joe Donnelly's district in Indiana with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:***07311275 BRIARWOOD VILLAGE dba WILLIAMSBURG, 3406-16 PLEASANT PLAIN AVE, ELKHART, IN 46 ***Metro Area (MSA):*** Elkhart-Goshen, IN

Owner Info: BRIARWOOD VILLAGE APARTMENTS, L.P., P. O. BOX 40177, 8330 WOODFIELD CROSSING BLVD., SUITE 200, INDIANAPOLIS, IN 46240 (317) 469 ***County Name:*** Elkhart

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.25	$2,039,071	Yes	Rent Rdct	Indiana Housing Finance Authority	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000314	8/31/2008	Active	110.3%	LMSA	24	190	0	15	9	0	0	0

PROJECT: ***FHA #:***07344053 CARRIAGE HOUSE ELKHART, 1200 Burr Oak Court, ELKHART, IN 46517, 574-293-6717 ***Metro Area (MSA):*** Elkhart-Goshen, IN

Owner Info: CARRIAGE HOUSE OF ELKHART ASSOCIATES, P. O. BOX 40177, 8425 Woodfield Crossing Blvd., Suite 300 W, INDIANAPOLIS, IN 46240 317-469-58 ***County Name:*** Elkhart

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.50	$917,075	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000059	6/30/2008	Active	92.6%	LMSA	88	230	0	37	42	9	0	0

PROJECT: ***FHA #:*** OAKLAWN APARTMENTS I, 2518 OAKLAND AVE, ELKHART, IN 46517, 574-294-8905 ***Metro Area (MSA):*** Elkhart-Goshen, IN

Owner Info: OAKLAWN APARTMENTS , INC., 330 LAKEVIEW DRIVE, P.O BOX 809, GOSHEN, IN 46526 574-875-6669 Fax: 574-875-6590 ***County Name:*** Elkhart

Mgmt Info: Real Estate Management Corporation, 202 S Michigan Avenue, Suite 900, P.O. Box 540, South Bend, IN 46624 574-234-9923 Fax: 574-234-9912 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T811001	1/18/2008	Active	126.8%	202/8 NC	11	11	0	5	6	0	0	0

PROJECT: ***FHA #:***07335531 RIVER RUN APARTMENTS, 740 Prairie St, Elkhart, IN 46516, 219-294-3124 ***Metro Area (MSA):*** Elkhart-Goshen, IN

Owner Info: Middlebury Elkhart Limited Partnership, One Odell Plaza, , Yonkers, NY 10701 914-964-3000 Fax: 914-964-7304 ***County Name:*** Elkhart

Mgmt Info: Homes For America Real Estate Services, Inc., 1 Odell Plz, , Yonkers, NY 10701 (914) 964-3000 Fax: 914-964-7034 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	5.85	$2,888,711	Yes	Rent Rdct	RER Solutions, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36E000001	4/30/2008	Active	94.6%	PD/8 Existing	120	120	0	30	60	30	0	0

PROJECT: ***FHA #:***07335603 CARRIAGE HOUSE LAPORTE I, 1700 Andrew Avenue, LAPORTE, IN 46350, 219-326-9042 ***Metro Area (MSA):***

Owner Info: Carriage House of LaPorte, a Limited Partnership, P.O. Box 40177, , INDIANAPOLIS, IN 46240 (317) 469-0400 Fax: ***County Name:*** La Porte

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.25	$1,774,530	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360037025	5/24/2008	Active	130.5%	Sec 8 NC	100	100	0	40	40	20	0	0

PROJECT: ***FHA #:***073EH200 MAPLE CITY SQUARE, 1204 ANDREW AVENUE, LAPORTE, IN 46350, 219-324-4477 ***Metro Area (MSA):***

Owner Info: MAPLE CITY SQUARE INC, 911 N Studebaker Rd, , Long Beach, CA 90815 (562) 257-5100 Fax: (562) 257-5200 ***County Name:*** La Porte

Mgmt Info: Foundation Property Management, Inc., 911 N Studebaker Rd, , Long Beach, CA 90815 (562) 257-5100 Fax: (562) 257-5200 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36T841001	6/16/2008	Active	151.6%	202/8 NC	30	30	8	22	0	0	0	0

PROJECT: ***FHA #:***07335319 CASS PLAZA APARTMENTS, 300 CASS PLAZA DR, APT 101, LOGANSPORT, IN 46947, 574-72 ***Metro Area (MSA):***

Owner Info: FAIRGROUNDS ELDERLY APARTMENTS, 9615 E. 59th Street, , INDIANAPOLIS, IN 46216 (317) 863-3140 Fax: (317) 863-3130 ***County Name:*** Cass

Mgmt Info: Mark III Management Corp., 9615 E. 59th Street, , INDIANAPOLIS, IN 46216 317 863-3140 Fax: 317-579-0510 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$1,511,484	Yes	Mrtg Rstr	Indiana Housing Finance Authority	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360048059	11/30/2007	Active	129.1%	Sec 8 NC	82	82	0	82	0	0	0	0

PROJECT: ***FHA #:*** LOGANSPORT SENIOR CITIZENS I, 2626 GEORGE STREET, LOGANSPORT, IN 46947, 219-72 ***Metro Area (MSA):***

Owner Info: MONTICELLO HOUSING CO., PHASE I, 2626 George St, , logansport, IN 46947 (219) 583-2343 Fax: ***County Name:*** Cass

Mgmt Info: COURT STREET MANAGEMENT CO., INC., Post Office Box 131, , MONTICELLO, IN 47960 (574) 583-2343 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36R000009	2/29/2008	Active	138.9%	515/8 NC	64	64	0	64	0	0	0	0

PROJECT: ***FHA #:***07344180 PINECREST MANOR, 770 Crest Dr, LOGANSPORT, IN 46947, (219) 753-5724 ***Metro Area (MSA):***

Owner Info: LOGANSPORT INTERFAITH HOUSING CORP, 601 PINE CT, , LOGANSPORT, IN 46947 (219) 753-5724 Fax: ***County Name:*** Carroll

Mgmt Info: REAL ESTATE MANAGEMENT CORPORATION, P O Box 540, 202 S Michigan St, Ste 900, SOUTH BEND, IN 46601 (574) 234-9923 Fax: (574) 234-992 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$475,894	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36L000082	9/30/2008	Active	87.3%	LMSA	40	102	0	12	24	4	0	0

PROJECT: ***FHA #:***07335353 RIVER BEND APARTMENTS, 101 MALL RD, Apt 801, LOGANSPORT, IN 46947, (574) 722-4125 ***Metro Area (MSA):***

Owner Info: River Bend Associates, 9615 E. 59th Street, , INDIANAPOLIS, IN 46216 (317) 863-3140 Fax: (317) 863-3130 ***County Name:*** Cass

Mgmt Info: Mark III Management Corp., 9615 E. 59th Street, , INDIANAPOLIS, IN 46216 317 863-3140 Fax: 317-579-0510 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$2,144,482	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360055003	12/1/2007	Active	115.9%	Sec 8 NC	100	100	0	32	48	20	0	0

PROJECT: ***FHA #:***07344008 CARRIAGE HOUSE MISHAWAKA I, 220 PORTSMOUTH COURT, MISHAWAKA, IN 46545, 574-2 ***Metro Area (MSA):*** South Bend, IN

Owner Info: CARRIAGE HOUSE OF MISHAWAKA ASSOCIATES, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, INDIANAPOLIS, IN 46240 317-469-5 ***County Name:*** St. Joseph

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.50	$87,102	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000189	3/31/2008	Active	104.6%	LMSA	48	240	0	25	20	3	0	0

PROJECT: ***FHA #:***07344235 CARRIAGE HOUSE MISHAWAKA II, 116 CHARLESTON DR, MISHAWAKA, IN 46545, 574-259-7 ***Metro Area (MSA):*** South Bend, IN

Owner Info: Carriage House of Mishawaka Associates II, P.O. Box 40177, 8425 Woodfield Crossing Blvd, Suite 300 W, Indianapolis, IN 46240 317-469-5850 Fax: 317- ***County Name:*** St. Joseph

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$1,238,788	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000190	3/31/2008	Active	103.5%	LMSA	48	240	0	25	20	3	0	0

PROJECT: ***FHA #:***07335615 FAIRINGTON APARTMENTS SOUTH BEND, 1220 FAIRINGTON CIRCLE, SOUTH BEND, IN 466 ***Metro Area (MSA):*** South Bend, IN

Owner Info: FAIRINGTON APARTMENTS OF SOUTH BEND, 8330 WOODFIELD CROSSING BLVD, P O BOX40177, INDIANAPOLIS, IN 46240 (317) 469-0400 Fax: ***County Name:*** St. Joseph

Mgmt Info: Gene B. Glick Company, Inc., P.O. Box 40177, 8425 Woodfield Blvd, Suite 300W, Indianapolis, IN 46240 (317) 469-0400 Fax: (317) 469-8142 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	4.50	$3,272,440	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN360037095	5/31/2008	Active	122.2%	Sec 8 NC	201	201	0	201	0	0	0	0

PROJECT: ***FHA #:***07392006 LASALLE PARK HOMES, 102 S. Falcon St., SOUTH BEND, IN 46619, (574)233-5119 ***Metro Area (MSA):*** South Bend, IN

Owner Info: LASALLE PARK HOMES, INC, 333 West Colfax, , SOUTH BEND, IN 46601 (574)234-4159 Fax: (574)288-8083 ***County Name:*** St. Joseph

Mgmt Info: REAL ESTATE MANAGEMENT CORPORATION, P O Box 540, 202 S Michigan St, Ste 900, SOUTH BEND, IN 46601 (574) 234-9923 Fax: (574) 234-992 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/207/Refi/Exceptio	5.75	$1,149,723	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
IN36M000115	9/30/2008	Active	102.1%	LMSA	149	150	0	74	40	20	15	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	14
Total Contracts:	14
Total Assisted Units:	1,105
Total Units:	1,860

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Minnesota's 5th Congressional District

This report includes properties in Rep. Keith Ellison's district in Minnesota with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:*** CALHOUN BEACH, 2925 DEAN PKY, MINNEAPOLIS, MN 55416, 612-927-7368 ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: AIMCO CALHOUN INC., 55 Beattie Place, P.O. Box 1089, Greenville, SC 29602 864-239-1000 Fax: 864-239-5802 ***County Name:*** Hennepin

Mgmt Info: AIMCO Properties, LP, 55 Beattie Pl, PO Box 1089, Greenville, SC 29601 864 239-1000 Fax: 864 239-5802 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN46H162029	1/31/2008	Active	197.1%	HFDA/8 SR	16	16	6	10	0	0	0	0

PROJECT: ***FHA #:*** 09210015 Diamond Hill TH's aka Bossen Terrace, 5700 SANDER DR, MINNEAPOLIS, MN 55417, 612-726- ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: CHDC Bossen, L.L.C., 710 S 2nd St Ste 603, , Minneapolis, MN 55401 612-332-6264 04/03 Fax: 612-332-1250 ***County Name:*** Hennepin

Mgmt Info: BDC MANAGEMENT, 428 N 1st St Ste 100, , Minneapolis, MN 55401 612-371-0766 01/01 Fax: 612-371-1834 01/01 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
241(a)/ 221-MIR(d)(3)&(d)(4	5.43	$311,519	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN460010079	11/18/2007	Active	115.0%	Sec 8 NC	66	66	0	0	30	36	0	0

PROJECT: ***FHA #:*** 09235379 LORING 100 APARTMENTS, 1355 NICOLLET AVE, MINNEAPOLIS, MN 55403, 612-870-1559 12/ ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: LORING 100 PARTNERSHIP, c/o Nationwide Hsing Corp, 2738 Winnetka Ave N, New Hope, MN 55427 763-512-7720 08/04 Fax: 763-512-7723 ***County Name:*** Hennepin

Mgmt Info: Nationwide Housing Corporation (MN), 2738 Winnetka Ave N, , New Hope, MN 55427 763-512-7720 08/04 Fax: 763-512-7723 08/04 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$3,258,377	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN460010013	3/30/2008	Active	110.7%	Sec 8 NC	107	107	0	107	0	0	0	0

PROJECT: ***FHA #:*** 09235154 ST. PAUL'S HOME, 2735 15TH AVE S, MINNEAPOLIS, MN 55407, 612-721-1386 12/99 ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: ST. PAUL'S HOME, INC., c/o Nationwide Housing Corp, 2738 Winnetka Ave N, NEW HOPE, MN 55427 763-512-7720 (8/04) Fax: 763-512-7723 ***County Name:*** Hennepin

Mgmt Info: Augustana Senior Development, LLC, 1007 E 14th St, , Minneapolis, MN 55404 612-236-5445 Fax: 612-238-5055 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(3) Mkt. Rate Modera	7.00	$338,811	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN46M000105	7/31/2008	Active	76.0%	LMSA	53	53	17	36	0	0	0	0

PROJECT: *FHA #:*09294007 STEVENS COMMUNITY, 128 E 18TH, MINNEAPOLIS, MN 55403, 612-870-8010 11/99 ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: Stevens Community Associates Limited Partnership, c/o DKC Properties, Inc., 128 East 18th Street, Minneapolis, MN 55403 612-870-7503 04/00 Fax: 612 ***County Name:*** Hennepin

Mgmt Info: DKC Property Management, Inc., 128 E 18th St, , Minneapolis, MN 55403 (612) 870-7503 Fax: (612) 870-0289 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Co-Insurance C	8.25	$9,503,711	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN460006004	5/18/2008	Active	93.5%	Sec 8 SR	59	618	0	56	3	0	0	0

PROJECT: *FHA #:*09235021 STEVENS HOUSE COOPERATIVE, 2625 STEVENS AVE SO, MINNEAPOLIS, MN 55408, 612-87 ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: STEVENS HOUSE COOPERATIVE, 2625 STEVENS S AVE, , MINNEAPOLIS, MN 55408 (612) 871-1568 Fax: ***County Name:*** Hennepin

Mgmt Info: Upsher Property Management, 528 Hennepin Ave, , Minneapolis, MN 55403 612-871-4474 Fax: ***Ownership Type:*** Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN46E000015	8/31/2008	Active	96.9%	PD/8 Existing	56	67	0	6	45	5	0	0

PROJECT: *FHA #:*09211227 SHERIDAN COURT, 2500 W 66th ST, RICHFIELD, MN 55423, 612-888-6065 12/99 ***Metro Area (MSA):*** Minneapolis-St. Paul, MN-WI

Owner Info: L.W. FRASER INDEPENDENT LIVING PROJECT, INC., 2400 W. 64th St., , RICHFIELD, MN 55423 612-861-1688 04/00 Fax: 612-861-6050 ***County Name:*** Hennepin

Mgmt Info: LW Fraser Community Serv's Inc, 2400 W 64TH ST, , RICHFIELD, MN 55423 612-861-1688 02/01 Fax: 612-861-6050 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.96	$1,422,393	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MN46T851005	4/6/2008	Active	102.1%	202/8 NC	30	30	0	29	1	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	7
Total Contracts:	7
Total Assisted Units:	387
Total Units:	957

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New Jersey's 5th Congressional District

This report includes properties in Rep. Scott Garrett's district in New Jersey with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* CONCETTA TOWERS, 75 CATLIN RD, FRANKLIN, NJ 07416,
Metro Area (MSA): Newark, NJ
Owner Info: CONCETTA TOWERS, LTD, 230 Long Hill Road, , Little Falls, NJ 07424 973-209-2808 Fax: 973-823-0152
County Name: Sussex
Mgmt Info: CONCETTA TOWERS, LTD, 230 Long Hill Road, , Little Falls, NJ 07424 973-209-2808 Fax: 973-823-0152
Ownership Type:

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39R000006	2/29/2008	Active	106.5%	515/8 NC	40	40	6	34	0	0	0	0

PROJECT: *FHA #:*031EH054 WEST BERGEN HOUSING, 36 ERIE AVE, MIDLAND PARK, NJ 07432,
Metro Area (MSA): Bergen-Passaic, NJ
Owner Info: WEST BERGEN HOUSING FOR MENTAL HEALTH, INC., 120 CHESTNUT ST, , RIDGEWOOD, NJ 07450 (201) 444-3550 Fax:
County Name: Bergen
Mgmt Info: WEST BERGEN MENTAL HEALTH CENTER, INC., 120 CHESTNUT ST, , RIDGEWOOD, NJ 07450 (201) 444-3550 Fax:
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39T791023	6/9/2008	Active	101.4%	202/8 SR	7	8	0	7	0	0	0	0

PROJECT: *FHA #:*031EH182 CLYMER VILLAGE, 211 RED SCHOOL LANE, PHILLIPSBURG, NJ 08865,
Metro Area (MSA): Newark, NJ
Owner Info: NAT'L CHURCH RESIDENCES of LOPATCONG, NJ, 211 RED SCHOOL LN, , PHILLIPSBURG, NJ 08865 (908) 454-4661 Fax:
County Name: Warren
Mgmt Info: National Church Residences, 2335 N Bank Dr, , Columbus, OH 43220 (614)451-2151 Fax: (614)451-0351
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39T841025	12/20/2007	Active	103.6%	202/8 NC	81	82	21	60	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	3
Total Contracts:	3
Total Assisted Units:	128
Total Units:	130

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Texas's 9th Congressional District

This report includes properties in Rep. Al Green's district in Texas with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:*** 11435448 STARCREST APARTMENTS aka WASHINGTON MANOR, 3255 ELMIRA ST, BEAUMONT, TX 77 ***Metro Area (MSA):*** Beaumont-Port Arthur, TX

Owner Info: Starcrest Apartments, Ltd., 7010 Highway 71 West, Suite 340,354, , Austin, TX 78735 512-288-7200 Fax: ***County Name:*** Jefferson

Mgmt Info: Prodigem, LLC, 7010 Highway 71 West, Suite 340-354, Austin, TX 78735 512-288-7200 Fax: 512-288-7282 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	6.25	$4,241,210	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX24M000049	3/31/2008	Active	119.2%	LMSA	110	150	0	10	53	28	19	0

PROJECT: ***FHA #:*** 114EH009 ANNA DUPREE APARTMENTS, 10012 CULLEN BLVD, HOUSTON, TX 77051, 713-733-9570 ***Metro Area (MSA):*** Houston, TX

Owner Info: ELIZA JOHNSON CTR FOR THE AGING, INC., 2314 Wheeler, , HOUSTON, TX 77004 (713) 733-9570 Fax: ***County Name:*** Harris

Mgmt Info: FIRST PROPERTIES MANAGEMENT COMPANY, INC., 732 West 27th Street, , HOUSTON, TX 77008 (713) 864-6033 Fax: (713)864-6042 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX242907201	3/31/2008	Active	120.6%	202/8 NC	150	150	42	102	6	0	0	0

PROJECT: ***FHA #:*** BELLFORT VILLAGE APARTMENTS, 7950 E BELLFORT ST, HOUSTON, TX 77061, 713-645-905 ***Metro Area (MSA):*** Houston, TX

Owner Info: 7950 Bellfort Ltd., 7950 Bellfort Avenue, , Houston, TX 77060 713 864-3313 Fax: ***County Name:*** Harris

Mgmt Info: FEMCO INC., 99 Detering, , Houston, TX 77007 (713) 864-3313 Fax: ***Ownership Type:***

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX240008010	11/30/2007	Active	101.3%	Sec 8 NC	56	272	0	32	24	0	0	0

PROJECT: ***FHA #:*** 11411239 GOLDBERG B'NAI B'RITH TOWERS II, 10909 FONDREN RD., HOUSTON, TX 77096, 713-771-24 ***Metro Area (MSA):*** Houston, TX

Owner Info: B'NAI B'RITH SR. CITZ. HSG. COMMITTEE, 10909 FONDREN RD, , HOUSTON, TX 77096 (713) 771-2417 Fax: ***County Name:*** Harris

Mgmt Info: B'NAI B'RITH SR. CITZ. HSG. COMMITTEE, 10909 FONDREN RD, , HOUSTON, TX 77096 (713) 771-2417 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.20	$10,353,797	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX24T791001	3/2/2008	Active	128.6%	202/8 NC	150	217	0	143	7	0	0	0

PROJECT: ***FHA #:*** 11435450 PALAMINO PLACE APARTMENTS, 4400 West Airport Blvd, HOUSTON, TX 77045, 713-721-3471 ***Metro Area (MSA):*** Houston, TX

Owner Info: Palomino Place Apartments, LP, 7010 Hwy 71 West, Suite 340-354, Austin, TX 78735 512-288-7200 Fax: 512-288-7282 ***County Name:*** Harris

Mgmt Info: Prodigem, LLC, 7010 Highway 71 West, Suite 340-354, Austin, TX 78735 512-288-7200 Fax: 512-288-7282 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	6.45	$9,682,782	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX24L000089	7/31/2008	Active	89.5%	LMSA	148	272	0	9	56	69	14	0
TX24M000169	9/30/2008	Active	86.8%	LMSA	30	272	0	5	11	12	2	0

PROJECT: ***FHA #:*** 11435559 HEATHERBROOK PARK, 7900 HEATHERBROOK TRL, PORT ARTHUR, TX 77642, 409-722-652 ***Metro Area (MSA):*** Beaumont-Port Arthur, TX

Owner Info: Heatherbrook Apartments, LP, 2901 Turtle Creek Dr Ste 106, , PORT ARTHUR, TX 77642 409-724-0020 Fax: 409-721-6603 ***County Name:*** Jefferson

Mgmt Info: ITEX Property Management LLC, 2901 Turtle Creek Dr Ste 106, , PORT ARTHUR, TX 77642 409-724-0020 Fax: 409-721-6603 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	5.51	$8,151,884	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX248023011	6/19/2008	Active	113.9%	Sec 8 NC	256	256	32	210	14	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	6
Total Contracts:	7
Total Assisted Units:	900
Total Units:	1,317

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New York's 3rd Congressional District

This report includes properties in Rep. Peter King's district in New York with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* 01232228 GLEN COVE HOUSNG, 132 GLEN ST, GLEN COVE, NY 11542, *Metro Area (MSA):* Nassau-Suffolk, NY

Owner Info: MICHAEL S. PUNTILLO DEVELOPMENT CO., 277 NORTHERN BLVD, , GREAT NECK, NY 11021 (516) 487-0041 Fax: (516) 487-0014 *County Name:* Nassau

Mgmt Info: JMI MANAGEMENT COMPANY, 277 NORTNERN BLVD., , GREAT NECK, NY 11021 516-487-0050 Fax: 516-487-0014 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
220 Urban Renewal Hsg.	7.50	$2,340,911	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY360016017	6/30/2008	Active	116.0%	Sec 8 NC	60	61	0	50	10	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	1
Total Contracts:	1
Total Assisted Units:	60
Total Units:	61

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Massachusetts's 9th Congressional District

This report includes properties in Rep. Stephen Lynch's district in Massachusetts with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*02398108 Bixby Brockton, 103 Main Street, Brockton, MA 02301,
Metro Area (MSA): Brockton, MA
Owner Info: Bixby Brockton LLC - Affordable Housing and Servic, 536 Granite St, , Braintree, MA 02184 781-794-1000 Fax: 781-794-1001
County Name: Plymouth
Mgmt Info: Peabody Properties, Inc., 536 Granite St, , Braintree, MA 02184 (781) 794-1000 Fax: (781)794-1001
Ownership Type:

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
542(c) HFA Risk Sharing-Ex	6.15	$7,336,806	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA060006002	1/31/2008	Active	113.3%	Sec 8 SR	44	106	0	33	11	0	0	0

PROJECT: *FHA #:* PINE ESTATES II, 469 PINE GROVE DR, BROCKTON, MA 02301,
Metro Area (MSA): Brockton, MA
Owner Info: Pine Homes Ltd. Partnership, 150 Federal Street-Beacon, , Boston, MA 02110 617-574-1100 Fax: 617-422-0576
County Name: Plymouth
Mgmt Info: Beacon Residential Management Limited Partnership, 150 Federal Street, 5th Floor, Boston, MA 02110 (617) 574-1100 Fax: (617) 422-0576
Ownership Type: Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA06M000073	4/30/2008	Active	69.4%	LMSA	23	113	0	0	19	4	0	0

PROJECT: *FHA #:* DOMICILIA I & II, 55 GREENWICH ST, DORCHESTER, MA 02122,
Metro Area (MSA): Boston, MA-NH
Owner Info: DOMICILIA, INC., 71 ARSENAL ST, , WATERTOWN, MA 02172 (617) 926-5480 Fax:
County Name: Suffolk
Mgmt Info: UNITED CEREBAL PALSY, INC., 71 ARSENAL ST, , WATERTOWN, MA 02172 (617) 926-5480 Fax:
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA06T791026	12/13/2007	Active	108.9%	202/8 NC	10	10	1	3	6	0	0	0

PROJECT: *FHA #:*023EH006 WINTER VALLEY RESIDENCES, 600 CANTON AVE, MILTON, MA 02186,
Metro Area (MSA): Boston, MA-NH
Owner Info: WINTER VALLEY RESIDENCES, INC., 600 CANTON AVE, , MILTON, MA 02186 (617) 698-3005 Fax:
County Name: Norfolk
Mgmt Info: Milton Residences for the Elderly, 600 CANTON AVE, , MILTON, MA 02186 617-698-3005 Fax: 617-698-3115
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA060395201	11/30/2007	Active	83.9%	202/8 NC	100	128	0	96	4	0	0	0

PROJECT: ***FHA #:*** NEHOIDEN GLEN, 1045 CENTRAL AVE, NEEDHAM, MA 02492, ***Metro Area (MSA):*** Boston, MA-NH

Owner Info: GPT NEHOIDEN GLEN, LLC, 1035 Central Ave, , Needham, MA 02492 (781) 943-4507 Fax: 781 943-4516 ***County Name:*** Norfolk

Mgmt Info: Equity Residential Properties, 2 N. Riverside Plaza, Suite 400, Chicago, IL 02062 312-928-1205 Fax: 312-454-0399 ***Ownership Type:*** Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA060003003	8/31/2008	Active	115.1%	Sec 8 NC	61	62	0	42	19	0	0	0

PROJECT: ***FHA #:*** 02355025 FLORENCE APTS, 73 BRADEEN ST, ROSLINDALE, MA 02131, ***Metro Area (MSA):*** Boston, MA-NH

Owner Info: FLORENCE APARTMENTS COMPANY, 690 BEACON ST, , BOSTON, MA 02215 (617) 267-7112 Fax: 6172679293 ***County Name:*** Suffolk

Mgmt Info: RIVERSIDE MANAGEMENT, INC., 690 BEACON ST, P. O. Box 9111 - Kenmore, BOSTON, MA 02215 (617) 267-7112 Fax: ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(3) BMIR Urban Rene	3.00	$83,448	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA06L000024	4/1/2008	Active	64.5%	Preservation	126	138	0	0	56	70	0	0

PROJECT: ***FHA #:*** 02311149 JOHN BOYLE O'REILLY SCHOOL APTS., 345 DORCHESTER ST, SOUTH BOSTON, MA 02127, ***Metro Area (MSA):*** Boston, MA-NH

Owner Info: National Union Senior Housing II, 536 Granite Street, c/o Peabody Properties, Braintree, MA 02184 781-794-1000 Fax: 781-794-1001 ***County Name:*** Suffolk

Mgmt Info: Peabody Properties, Inc., 536 Granite St, , Braintree, MA 02184 (781) 794-1000 Fax: (781)794-1001 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.10	$2,372,275	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
MA06T851016	8/14/2008	Active	124.6%	202/8 SR	32	32	16	16	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	7
Total Contracts:	7
Total Assisted Units:	396
Total Units:	589

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New York's 14th Congressional District

This report includes properties in Rep. Carolyn Maloney's district in New York with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:*** BRIDGEVIEW II, 26-45 9TH ST, ASTORIA, NY 11102,
Metro Area (MSA): New York, NY
Owner Info: Bridgeview II LLC, 9322 3rd Ave Ste 502, , Brooklyn, NY 11209 718-646-1700 Fax:
County Name: Queens
Mgmt Info: Allied Properties, LLC, 9322 3rd Ave Ste 502, , Brooklyn, NY 11209 (718) 745-8100 Fax: (718) 745-8103
Ownership Type: Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36L000097	3/31/2008	Active	142.7%	LMSA	101	108	0	43	44	14	0	0

PROJECT: ***FHA #:*** 012EH023 OPEN DOOR SENIOR CITIZENS APARTMENT, 380 GRAND ST, NEW YORK, NY 10002,
Metro Area (MSA): New York, NY
Owner Info: Chinatown Planning Council, H.D.F.C., Inc., 150 Elizabeth Street, , NEW YORK, NY 10012 (212) 941-0920 Fax: (212) 966-8581
County Name: New York
Mgmt Info: Chinese-American Planning Council Inc., 150 Elizabeth St., , New York, NY 10012 (212) 475-7730 Fax: (212) 475-7802
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY363240201	12/2/2007	Active	108.7%	202/8 NC	155	156	0	143	12	0	0	0

PROJECT: ***FHA #:*** 012EH110 UJC BIALYSTOKER SYNAGOGUE HOUSES, 15 WILLETT ST, NEW YORK, NY 10002,
Metro Area (MSA): New York, NY
Owner Info: United Jewish Council Bialystoker HDFC Inc., 15-17 Willet ST, , New York, NY 10002 (212) 677-4451 Fax:
County Name: New York
Mgmt Info: United Jewish Cncl of East Side, Inc., 15-17 Willet ST, , New York, NY 10002 (212) 677-4451 Fax:
Ownership Type: Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36T791038	6/24/2008	Active	110.1%	202/8 NC	127	128	62	65	0	0	0	0

PROJECT: ***FHA #:*** SECURITAD I, 206 E 31ST ST, NEW YORK CITY, NY 10016,
Metro Area (MSA): New York, NY
Owner Info: 443 THIRD AVENUE, LLC, 301 Bridge Plaza North, , FORT LEE, NJ 07024 (201) 944-8700 Fax:
County Name: New York
Mgmt Info: 443 THIRD AVENUE, LLC, 301 Bridge Plaza North, , FORT LEE, NJ 07024 (201) 944-8700 Fax:
Ownership Type: Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY360004029	5/6/2008	Active	255.5%	Sec 8 NC	69	70	0	69	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	4
Total Contracts:	4
Total Assisted Units:	452
Total Units:	462

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in California's 42nd Congressional District

This report includes properties in Rep. Gary Miller's district in California with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* 122EH122 STEELWORKERS OLDTIMERS-2, 12855 OAKS AVE, CHINO, CA 91710, 909 591 3244 — *Metro Area (MSA):* Riverside-San Bernardino, CA

Owner Info: Oldtimers Housing Development Corporation of Chino, 12855 Oaks Avenue, , Chino, CA 91710 9095913244 Fax: 9094659986 — *County Name:* San Bernardino

Mgmt Info: Oldtimers Housing Development Corp. IV, 8572 Sierra Ave, , Fontana, CA 92335 909 829 0384 Fax: 909 829 0313 — *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA16T801009	7/10/2008	Active	151.7%	202/8 NC	84	84	0	84	0	0	0	0

PROJECT: *FHA #:* 14335076 VISTA PARK CHINO, 5819 RIVERSIDE DR, CHINO, CA 91710, 909 591-4212 — *Metro Area (MSA):* Riverside-San Bernardino, CA

Owner Info: Vista Park Chino Apartments, 55 Beattie Pl Fl 3, , Greenville, SC 29601 864 239-1000 Fax: 864 239-5802 — *County Name:* San Bernardino

Mgmt Info: OP Property Management, LP, PO Box 1089, , Greenville, SC 29602 (864) 239-1428 Fax: (864) 239-5802 — *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$1,588,936	Yes	Mrtg Rstr	RER Solutions, Inc.	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA160061005	4/4/2008	Active	103.2%	Sec 8 NC	40	40	0	0	20	20	0	0

PROJECT: *FHA #:* 12244106 LAS LOMAS GARDENS, 900 LAS LOMAS DRIVE, LA HABRA, CA 90631, 310 204 2050 — *Metro Area (MSA):* Orange County, CA

Owner Info: Las Lomas Gardens, Limited Partnership, 5150 Overland Avenue, , Culver City, CA 90231 3102042050 Fax: 3102041900 — *County Name:* Orange

Mgmt Info: G & K Management Co., Inc., 5150 Overland Ave, , Culver City, CA 90230 (310) 204-2050 Fax: (310) 204-1900 — *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$595,939	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CA33M000098	5/31/2008	Active	58.9%	Preservation	93	112	0	14	43	32	4	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	3
Total Contracts:	3
Total Assisted Units:	217
Total Units:	236

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Wisconsin's 4th Congressional District

This report includes properties in Rep. Gwen Moore's district in Wisconsin with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:***075EH241 BLANCHE AND MADGE HOME, 6965 N 55th ST, MILWAUKEE, WI 53223, (414)462-8116 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: Blanche and Madge Residence Home, Inc., 5329 N. Teutonia Ave., , Milwaukee, WI 53218 (414) 462-6116 Fax: ***County Name:*** Milwaukee

Mgmt Info: New Horizon Property Management, Inc., 5329 North Teutonia Avenue, , Milwaukee, WI 53209 262-242-2878 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39T851007	3/20/2008	Active	112.0%	202/8 NC	16	16	0	8	8	0	0	0

PROJECT: ***FHA #:***07511057 CLARE TOWERS APARTMENTS, 1546 S 29TH ST, MILWAUKEE, WI 53215, 414-643-6501 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: CLARE TOWERS, INCORPORATE, 1545 S LAYTON - #524 BLVD, , MILWAUKEE, WI 53215 (414) 643-6501 Fax: ***County Name:*** Milwaukee

Mgmt Info: ST CLARE MANAGEMENT, INC., 1545 S LAYTON BLVD, , MILWAUKEE, WI 53215 (414) 643-6501 Fax: (414) 643-4474 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.00	$6,935,292	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39T851005	1/7/2008	Active	116.4%	202/8 NC	32	140	0	16	16	0	0	0
WI39T791005	6/30/2008	Active	157.6%	202/8 NC	16	140	0	8	8	0	0	0
WI39T791006	6/30/2008	Active	137.9%	202/8 NC	40	140	0	20	20	0	0	0
WI39T791008	6/30/2008	Active	131.8%	202/8 SR	25	140	4	20	1	0	0	0

PROJECT: ***FHA #:***075EH046 EL JARDIN APARTMENTS, 920 W MADISON ST, MILWAUKEE, WI 53204, 414-384-3700 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: HISPANIC HOUSING CORPORATION, INC., 614 W NATIONAL AVE, , MILWAUKEE, WI 53204 (414) 384-3700 Fax: ***County Name:*** Milwaukee

Mgmt Info: Council for the Spanish Speaking, 614 W NATIONAL AVE, , MILWAUKEE, WI 53204 (414) 384-3700 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39T791009	6/30/2008	Active	108.6%	202/8 NC	32	32	0	31	1	0	0	0

PROJECT: ***FHA #:***075EH051 FOREST TOWERS-METRO, 9609 W ALLYN ST, MILWAUKEE, WI 53224, 262-446-9144 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: Forest Towers of Wisconsin, 1660 Duke Street, , Alexandria, VA 22314 703-341-5000 Fax: 703-341-7000 ***County Name:*** Milwaukee

Mgmt Info: VOLUNTEERS OF AMERICA of Wisconsin, Inc., 275 Regency Court, Suite 104, , Brookfield, WI 53045 (262) 432-0118 Fax: (262)432-4020 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39T791014	5/25/2008	Active	111.4%	202/8 NC	54	54	0	2	52	0	0	0

PROJECT: ***FHA #:***075EH034 GOLDA MEIR HOUSE, 1567 N PROSPECT AVE, MILWAUKEE, WI 53202, 414-276-1515 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: MJF HOUSING, Inc., 1360 N PROSPECT AVE, , MILWAUKEE, WI 53202 414-390-5732 Fax: ***County Name:*** Milwaukee

Mgmt Info: Metropolitan Associates, 1123 North Astor Street, , MILWAUKEE, WI 53202 (414) 276-1515 Fax: 414-276-9253 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI392874201	6/30/2008	Active	90.5%	202/8 NC	126	127	0	126	0	0	0	0

PROJECT: ***FHA #:***07535234 NEW HAMPTON GARDENS, 4821 N 22ND ST, MILWAUKEE, WI 53209, (414) 444-4821 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: New Hampton Gardens LLP, a New Jersey limited LP, 114 Raritan Avenue, , Highland Park, NJ 08904 (908) 545-0095 Fax: ***County Name:*** Milwaukee

Mgmt Info: Prairie Management & Development, 333 N Michigan Ave # 17TH, , Chicago, IL 60601 (312) 644-1055 Fax: (312) 644-0686 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$3,974,699	Yes	Rent Rdct	Wisconsin Housing & Econ. Dev. Authority	Y	Y

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI390043021	10/31/2007	Active	119.9%	Sec 8 NC	229	230	0	188	0	41	0	0

PROJECT: ***FHA #:*** NORTHWOOD APARTMENTS, 224 W WRIGHT ST, MILWAUKEE, WI 53212, 414-344-3111 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: Northwoods Crown Court Apartments Associates LP, 2233 W Mequon Road, , Mequon, WI 53092 262-242-2235 Fax: ***County Name:*** Milwaukee

Mgmt Info: Affiliated Capital Corporation, 21150 W. Capitol Drive, Suite 5, Pewaukee, WI 53072 (262) 271-2950 Fax: ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39E000004	2/5/2008	Active	94.9%	PD/8 MR	72	72	0	48	24	0	0	0

PROJECT: ***FHA #:***075EH283 RICHARDSON MANOR, 1919 N 11TH ST, MILWAUKEE, WI 53205, (414)264-9711 ***Metro Area (MSA):*** Milwaukee-Waukesha, WI

Owner Info: WAICO RHF HOUSING, INC., c/o Retirement Housing Foundation, 911 Studebaker Road, Long Beach, CA 90815 562-257-5100 Fax: 562-257-5200 ***County Name:*** Milwaukee

Mgmt Info: Foundation Property Management, Inc., 911 N Studebaker Rd, , Long Beach, CA 90815 (562) 257-5100 Fax: (562) 257-5200 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39T861015	6/23/2008	Active	148.2%	202/8 NC	40	40	0	20	20	0	0	0

PROJECT: *FHA #:*07592502 WEST VIEW MANOR, 3301 S 99TH ST, MILWAUKEE, WI 53227, 262-375-6868 *Metro Area (MSA):* Milwaukee-Waukesha, WI

Owner Info: Leo R. Lichter, W63 N674 Washsington Avenue, Suite B, , CEDARBURG, WI 53012 (414) 675-6868 Fax: *County Name:* Milwaukee

Mgmt Info: CAMBRIDGE MANAGEMENT, LTD., W63 N674 Washington Avenue, Suite B, CEDARBURG, WI 53012 (262) 375-6868 Fax: *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(c) / 221(d)(3) BMIR Ass	3.00	$55,030	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
WI39M000215	2/29/2008	Active	104.0%	Preservation	29	75	0	0	11	18	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	9
Total Contracts:	12
Total Assisted Units:	711
Total Units:	786

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Connecticut's 5th Congressional District

This report includes properties in Rep. Christopher Murphy's district in Connecticut with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* FAIRFIELD RIDGE, 2 MILL RIDGE RD., DANBURY, CT 06800, 203-797-0301 — *Metro Area (MSA):* Danbury, CT

Owner Info: DHA HOUSING CORPORATION, 2 MILL RIDGE RD,POB 86, , DANBURY, CT 06811 (203) 744-2500 Fax: — *County Name:* Fairfield

Mgmt Info: DHA HOUSING CORPORATION, 2 MILL RIDGE RD,POB 86, , DANBURY, CT 06811 (203) 744-2500 Fax: — *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26H037038	6/30/2008	Active	69.1%	HFDA/8 SR	25	25	0	0	18	7	0	0

PROJECT: *FHA #:*01711067 CRESTWOOD PARK I, STODDARD DRIVE, MERIDEN, CT 06451, 203-235-1145 — *Metro Area (MSA):* New Haven-Meriden, CT

Owner Info: IGP CRESTWOOD I LIMITED PARTNERSHIP, 200 Pratt Street, , MERIDEN, CT 06450 (203) 237-7400 Fax: (203) 235-6557 — *County Name:* New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 — *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	7.20	$204,148	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000242	11/30/2007	Active	77.0%	Preservation	55	100	0	7	44	4	0	0

PROJECT: *FHA #:*01711064 HILLSIDE GARDENS, 122 HALL AVE, MERIDEN, CT 06450, 203-237-2243 — *Metro Area (MSA):* New Haven-Meriden, CT

Owner Info: CR Hillside Limited Partnership, 200 Pratt Street, , Meriden, CT 06450 (203) 237-7400 Fax: (203)235-6557 — *County Name:* New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 — *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	7.20	$404,068	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000244	11/30/2007	Active	82.3%	Preservation	33	100	0	11	19	3	0	0

PROJECT: *FHA #:*01711066 OAKLAND GARDENS, 300 BRITTANNIA ST, MERIDEN, CT 06450, 203-238-3796 — *Metro Area (MSA):* New Haven-Meriden, CT

Owner Info: Oakland Gardens, Inc., 200 Pratt Street, , Meriden, CT 06450 (203) 237-7400 Fax: 203-235-6557 — *County Name:* New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 — *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	7.00	$396,391	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000246	5/31/2008	Active	82.4%	Preservation	23	80	0	2	15	5	1	0

PROJECT: ***FHA #:***01711065 PARKSIDE APTS, 160 PRATT ST, MERIDEN, CT 06450, 203-238-9825 ***Metro Area (MSA):*** New Haven-Meriden, CT

Owner Info: CR Parkside Limited Partnership, 200 Pratt Street, , Meriden, CT 06450 (203) 237-7400 Fax: (203)235-6557 ***County Name:*** New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	7.20	$491,148	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000243	11/30/2007	Active	78.3%	Preservation	51	164	0	5	41	5	0	0

PROJECT: ***FHA #:***01711068 STONEGATE APARTMENTS, 151 Long Swamp Rd, New Britain, CT 06053, 860-225-5019 ***Metro Area (MSA):*** Hartford, CT

Owner Info: CR STONEGATE LIMITED PARTNERSHIP, 200 Pratt Street, , MERIDEN, CT 06450 (203) 237-7400 Fax: (203)235-6557 ***County Name:*** Hartford

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.30	$1,212,581	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000245	5/31/2008	Active	72.3%	Preservation	60	216	0	0	37	23	0	0

PROJECT: ***FHA #:***01735226 TALCOTT GARDENS, 94 Talcott St, New Britain, CT 06051, (508) 336-9257 ***Metro Area (MSA):*** Hartford, CT

Owner Info: Talcott Gardens Associates c/o Related Companies, 625 Madison Avenue, , New York, NY 10022 (212) 319-1200 Fax: 212-593-5793 ***County Name:*** Hartford

Mgmt Info: Related Management Co.L.P., 203 East 86th Street, , New York, NY 10028 (212) 319-1200 Fax: (212) 753-6632 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$2,325,218	Yes	Mrtg Rstr	NW Financial Group		

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26A002003	2/28/2008	Active	82.3%	Sec 8 SR	84	84	0	4	55	23	2	0

PROJECT: ***FHA #:***01755069 NORTHSIDE TERRACES A.K.A. GRAHAM VILLAGE, 4 TERRACE DRIVE, TORRINGTON, CT 06 ***Metro Area (MSA):***

Owner Info: John Kelly Housing Corp., c/o Community Builders, 95 Berkeley St., Boston,, MA 02116 617-6959595-- Fax: 617-695-9805 ***County Name:*** Litchfield

Mgmt Info: The Community Builders, Inc., 95 Berkeley Street, Suite 500, BOSTON, MA 02116 (617) 695-9595 Fax: (617) 695-9805 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000235	12/31/2007	Active	90.8%	Preservation	72	72	0	8	48	16	0	0

PROJECT: ***FHA #:***01744039 DEERFIELD GARDENS, 1710 Midfield Drive, WATERBURY, CT 06705, 203-756-6951 ***Metro Area (MSA):*** Waterbury, CT

Owner Info: Deerfield Realty Company, 200 Pratt Street, , Meriden, CT 06450 (203)237-7400 Fax: (203)235-6557 ***County Name:*** New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$1,280,459	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000078	5/31/2008	Active	99.7%	Preservation	94	266	0	10	75	9	0	0

PROJECT: *FHA #:*01744151 EAST GATE APTS, 2171 E.MAIN ST, WATERBURY, CT 06705, 203-753-3000 *Metro Area (MSA):* Waterbury, CT

Owner Info: Eastgate Associates, One Exchange Place, , Waterbury, CT 06725 (203) 753-3000 Fax: *County Name:* New Haven

Mgmt Info: CREATIVE MANAGEMENT REALTY COMPANY, INC., 34 Prospect Street, , Waterbury, CT 06702 (203)753-3000 Fax: (203)757-4083 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$1,197,130	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000057	12/31/2007	Active	75.1%	LMSA	76	190	13	57	6	0	0	0

PROJECT: *FHA #:* NORTHWOOD APTS., 187 NORTHRIDGE- APT 1-10 DR, WATERBURY, CT 06708, 860-482-470 *Metro Area (MSA):* Waterbury, CT

Owner Info: New Year Preperty LP, 19 Howe St, , New Haven, CT 06511 203 777-6922 Fax: *County Name:* New Haven

Mgmt Info: Preperty LLC, 19 Howe St., Carriage House, , New Haven, CT 06511 203 777-6922 Fax: *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000233	12/31/2007	Active	94.9%	Preservation	161	182	0	0	106	55	0	0

PROJECT: *FHA #:*01744024 PROSPECT TOWERS, 34 PROSPECT ST, WATERBURY, CT 06702, 203-753-3000 *Metro Area (MSA):* Waterbury, CT

Owner Info: John A. Errichetti, P.O. Box 825, 34 Prospect St., Waterbury, CT 06720 (203) 753-3000 Fax: *County Name:* New Haven

Mgmt Info: CREATIVE MANAGEMENT REALTY COMPANY, INC., 34 Prospect Street, , Waterbury, CT 06702 (203)753-3000 Fax: (203)757-4083 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$875,593	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000079	5/31/2008	Active	114.7%	Preservation	151	151	82	69	0	0	0	0

PROJECT: *FHA #:*01744023 SUNSET GARDENS, 75 MIDFIELD DRIVE, WATERBURY, CT 06705, 203-756-6951 *Metro Area (MSA):* Waterbury, CT

Owner Info: SUNSET REALTY COMPANY, 200 PRATT STREET, , MERIDEN, CT 06450 (203) 237-7400 Fax: (203)235-6557 *County Name:* New Haven

Mgmt Info: CARABETTA MGMT CO, PO BOX 724, 200 PRATT STREET, MERIDEN, CT 06450 (203)237-7400 Fax: (203)235-6557 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	8.50	$1,188,328	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000067	9/30/2008	Active	90.0%	LMSA	46	231	0	3	39	4	0	0

PROJECT: *FHA #:* VALLEY MALL MANOR, 80 GLENBROOK AVE, WATERBURY, CT 06705, 203-754-3443 *Metro Area (MSA):* Waterbury, CT

Owner Info: Valley Mall Manor Associates, 94 Glenbrook Ave, , Waterbury, CT 06705 (203) 753-3000 Fax: *County Name:* New Haven

Mgmt Info: Superior Apartment Company, P.O. Box 3396, , Waterbury, CT 06705 203-754-3443 Fax: 203-879-1694 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000046	9/30/2008	Active	83.3%	LMSA	22	56	4	18	0	0	0	0

PROJECT: *FHA #:*01741016 VILLAGEWOOD APARTMENTS, 10 VILLAGE WOOD DR, WATERBURY, CT 06705, 203-573-884 ***Metro Area (MSA):*** Waterbury, CT

Owner Info: New Life Preperty LP, 19 Howe St., Carriage House, , New Haven, CT 06511 203 777-6922 Fax: ***County Name:*** New Haven

Mgmt Info: Preperty LLC, 19 Howe St., Carriage House, , New Haven, CT 06511 203 777-6922 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
241(f)/ 221-BMIR Equity Lo	6.50	$3,190,201	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26M000234	11/30/2007	Active	99.7%	Preservation	132	164	0	0	110	22	0	0

PROJECT: *FHA #:*01738046 COUNTRYSIDE APTS/LAKESIDE, 12 WOLF HILL RD, WOLCOTT, CT 06716, 203-879-0254 ***Metro Area (MSA):*** Waterbury, CT

Owner Info: Lakeside Associates LP c/o Settlers Group LLC, P.O. Box 825, , Waterbury, CT 06720 (203)753-3000 Fax: ***County Name:*** New Haven

Mgmt Info: CREATIVE MANAGEMENT REALTY COMPANY, INC., 34 Prospect Street, , Waterbury, CT 06702 (203)753-3000 Fax: (203)757-4083 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
231 Elderly Housing	7.50	$1,356,319	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT260023001	5/31/2008	Active	122.4%	Sec 8 NC	55	55	0	52	3	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	16
Total Contracts:	16
Total Assisted Units:	1,140
Total Units:	2,136

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Texas's 19th Congressional District

This report includes properties in Rep. Randy Neugebauer's district in Texas with contracts expiring in fiscal year 2008.

PROJECT: ***FHA #:*** HOMESTEAD APARTMENTS, 5401 56TH ST, LUBBOCK, TX 79414, 806/792-6952 — ***Metro Area (MSA):*** Lubbock, TX

Owner Info: LUBBOCK HOMESTEAD APARTMENTS LTD, 5214 68TH ST, SUITE 402, LUBBOCK, TX 79424 806-798-0211 Fax: 806-798-0880 — ***County Name:*** Lubbock

Mgmt Info: Stell & Young Management No. 1, LTD, 5214 68th St, , Lubbock, TX 79424 806-748-0211 Fax: 806-745-3348 — ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX16L000046	12/31/2007	Active	113.7%	LMSA	25	100	12	10	3	0	0	0
TX16M000252	7/31/2008	Active	121.8%	LMSA	15	100	5	4	6	0	0	0

PROJECT: ***FHA #:*** 11311079 SILVER VILLAGE, 5401 54TH ST, LUBBOCK, TX 79414, 806/797-1154 — ***Metro Area (MSA):*** Lubbock, TX

Owner Info: Silver Village Partners, L.P., 191 West Wilbur Road, Suite 103, , Thousand Oaks, CA 91360 805-495-8400 Fax: — ***County Name:*** Lubbock

Mgmt Info: California Commercial Investment Group, Inc., 191 W Wilbur Rd Ste 103, , Thousand Oaks, CA 91360 805-495-8400x427 Fax: 805-495-5471 — ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.00	$2,209,647	Yes	Rent Rdct	ONTRA, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX160007001	11/30/2007	Active	114.3%	Sec 8 NC	100	100	0	96	4	0	0	0

PROJECT: ***FHA #:*** 13355006 VILLA DEL NORTE APARTMENTS, 1913 Baylor, LUBBOCK, TX 79415, 806-762-2414 — ***Metro Area (MSA):*** Lubbock, TX

Owner Info: VILLA DEL NORTE II ASSOCIATES, Security Properties, Inc., 1201 Third Avenue, Suite 5400, Seattle, WA 98101 (206) 628-8047 Fax: — ***County Name:*** Lubbock

Mgmt Info: NHPMN Management, LP, 55 Beattie Place, 3rd Floor, , Greenville, SC 29601 (864) 239-1000 Fax: — ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	ONTRA, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX16M000292	5/31/2008	Active	95.7%	LMSA	55	62	0	8	29	18	0	0

PROJECT: ***FHA #:*** HARMON ELLIOTT COMPLEX, 901 W AVENUE K, MULESHOE, TX 79347, 806/272-5560 — ***Metro Area (MSA):***

Owner Info: HOUSING AUTHORITY OF THE CITY OF MULESHOE, 301 EAST 6TH STREET, , MULESHOE, TX 79347 (806) 272-5560 Fax: — ***County Name:*** Bailey

Mgmt Info: HOUSING AUTHORITY OF THE CITY OF MULESHOE, 301 EAST 6TH STREET, , MULESHOE, TX 79347 (806) 272-5560 Fax: — ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX16R000042	11/14/2007	Active	115.5%	515/8 NC	16	16	0	16	0	0	0	0

PROJECT: ***FHA #:*** 11344071 WESTERN HEIGHTS APARTMENTS, 1416 W ELM, OLNEY, TX 76374, 940/564-5071 ***Metro Area (MSA):***

Owner Info: WESTERN HEIGHTS APARTMENTS, LTD., 2320 Highland Avenue South, SUITE 175, Birmingham, AL 35205 (205) 933-2585 x203 Fax: (203) 933-2584 ***County Name:*** Young

Mgmt Info: MARCRUM MANAGEMENT COMPANY, 2320 Highland Ave S, Suite 230, Birmingham, AL 35205 205-933-2585 Fax: 205-933-2584 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$218,504	Yes	Mrtg Rstr	ONTRA, Inc.		

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
TX16L000220	12/31/2007	Active	104.9%	LMSA	47	48	0	8	28	11	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	5
Total Contracts:	6
Total Assisted Units:	258
Total Units:	326

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New Mexico's 2nd Congressional District

This report includes properties in Rep. Steve Pearce's district in New Mexico with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* EAGLE CREEK APARTMENTS, 302 N Fourth ST, ARTESIA, NM 88210, (505) 746-9731 *Metro Area (MSA):*

Owner Info: ALC Management Corporation, 1 Stone Place, Suite 200, Bronxville, NY 10708 (914) 746-1400 Fax: (914) 779-5125 *County Name:* Eddy

Mgmt Info: ALC Management Corporation, 1 Stone Place, Suite 200, Bronxville, NY 10708 (914) 746-1400 Fax: (914) 779-5125 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM02R000001	5/31/2008	Active	97.5%	515/8 NC	41	45	0	41	0	0	0	0

PROJECT: *FHA #:* COLONIAL HILLCREST APTS, 604 N FIFTH ST, CARLSBAD, NM 88220, (505) 885-3816 *Metro Area (MSA):*

Owner Info: CARLSBAD HOUSING CORP. Region VI Housing Authority, 106 E Reed St, , Roswell, NM 88203 (505) 622-0881 Fax: (505) 622-7507 *County Name:* Eddy

Mgmt Info: REGION VI HOUSING AUTHORITY, 106 E Reed St, , Roswell, NM 88203 (505) 622-0881 Fax: (505) 622-7507 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16M000097	8/31/2008	Active	123.4%	LMSA	74	76	0	24	40	10	0	0

PROJECT: *FHA #:* LA POSADA APARTMENTS, 710 HUECO ST, CARLSBAD, NM 88220, (505) 885-8204 *Metro Area (MSA):*

Owner Info: CARLSBAD HOUSING CORP. Region VI Housing Authority, 106 E Reed St, , Roswell, NM 88203 (505) 622-0881 Fax: (505) 622-7507 *County Name:* Eddy

Mgmt Info: REGION VI HOUSING AUTHORITY, 106 E Reed St, , Roswell, NM 88203 (505) 622-0881 Fax: (505) 622-7507 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16M000078	8/31/2008	Active	130.1%	LMSA	12	12	0	0	12	0	0	0

PROJECT: *FHA #:* GRANTS APARTMENTS, 1703 CORDOVA CT, GRANTS, NM 87020, (505) 287-4973 *Metro Area (MSA):*

Owner Info: GRANTS LIMITED PARTNERSHIP, 1720 Louisiana Blvd NE, Suite 402, Albuquerque, NM 87110 505-260-4800 Fax: 506-265-2995 *County Name:* Cibola

Mgmt Info: Monarch Properties, Inc., 16610 Dallas Pkwy Ste 1000, , Dallas, TX 75248 972 267-7222 Fax: 972 267-7010 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16M000094	4/30/2008	Active	114.0%	LMSA	49	50	0	12	26	11	0	0

PROJECT: *FHA #:*11611020 FOUR SEASONS APARTMENTS, 2405 N JEFFERSON ST, HOBBS, NM 88240, (505) 392-6243 ***Metro Area (MSA):***

Owner Info: THE FOUR SEASONS APARTMENTS CO., 2405 N. Jefferson Street, 1011 W. Kiowa Ave.; Hobbs, NM 88240-1145, Hobbs, NM 88240 979-299-6073 Fa ***County Name:*** Lea

Mgmt Info: THE CONNERLEY GROUP, LLC, PO Box 53039, , Albuquerque, NM 87153 (505)296-6676 Fax: (505)296-0612 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.50	$1,834,861	Yes	Rent Rdct	ONTRA, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16L000110	12/31/2007	Active	107.0%	LMSA	80	80	0	20	20	40	0	0

PROJECT: *FHA #:*11692502 HOBBS APARTMENTS, 2001 E CLINTON ST, HOBBS, NM 88240, (505) 393-2523 ***Metro Area (MSA):***

Owner Info: HOBBS LIMITED PARTNERSHIP, 1720 Louisiana Boulevard NE, Suite 402, Albuquerque, NM 87110 505-260-4800 Fax: 505-265-2995 ***County Name:*** Lea

Mgmt Info: Monarch Properties, Inc., 16610 Dallas Pkwy Ste 1000, , Dallas, TX 75248 972 267-7222 Fax: 972 267-7010 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(c) / 221(d)(3) MR Asset	6.00	$42,256	Yes	Rent Rdct	ONTRA, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16M000098	5/31/2008	Active	92.3%	LMSA	151	152	0	48	80	23	0	0

PROJECT: *FHA #:*116EH068 ABODE GROUP HOME, 1843-1845 SEXTON STREET, LAS CRUCES, NM 88001, (505) 523-5549 ***Metro Area (MSA):*** Las Cruces, NM

Owner Info: ABODE, INCORPORATED, 100 West Griggs Avenue, , Las Cruces, NM 88001 (505)526-3371 Fax: (505)647-2898 ***County Name:*** Dona Ana

Mgmt Info: SOUTHWEST COUNSELING, INC, 100 West Griggs Avenue, , LAS CRUCES, NM 88001 (505) 526-3371 Fax: (505) 647-2898 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16T851003	4/30/2008	Active	93.4%	202/8 NC	15	16	0	15	0	0	0	0

PROJECT: *FHA #:*11698042 KING ARTHUR'S COURT APARTMENTS, 428 WEST GALE STREET, LORDSBURG, NM 88045, (***Metro Area (MSA):***

Owner Info: Lordsburg/King Arthur's Court , LP, 29700 Woodford Tehachapi Road, , Keene, CA 93531 (661) 823-9300 Fax: (661) 823-6175 ***County Name:*** Hidalgo

Mgmt Info: Truth or Consequences Housing Authority, 108 S. Cedar, , Truth or Consequences, NM 87901 (505) 894-2244 Fax: (505) 894-0756 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
542(c) HFA Risk Sharing-Ex	5.47	$519,600	Yes	Mrtg Rstr	New Mexico Mortgage Finance Authority	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16L000023	2/29/2008	Active	108.2%	LMSA	27	28	0	8	12	7	0	0

PROJECT: *FHA #:*11644025 SUNSET 1600 APARTMENTS, 1601 S SUNSET AVE, ROSWELL, NM 88201, 505-623-2494 ***Metro Area (MSA):***

Owner Info: Sunset 1600 Assoc. Ltd. Ptn, 1301 Spring St. Ste-7E, , Seattle, WA 98104 (206) 324-3334 Fax: ***County Name:*** Chaves

Mgmt Info: The Connerley Group, L.L.C., P. O. Box 53039, , Albuquerque, NM 87153 (505) 296-6676 Fax: (505) 254-1988 ***Ownership Type:*** Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
236(j)(1)/ Lower Income Fa	7.00	$246,771	Yes	Rent Rdct	New Mexico Mortgage Finance Authority	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM02L000001	8/31/2008	Active	99.0%	LMSA	60	60	40	20	0	0	0	0

PROJECT: *FHA #:* CINNAMON RIDGE APARTMENTS, 3725 WILL ROGERS DR, SANTA ROSA, NM 88435, (505) 47 *Metro Area (MSA):*

Owner Info: CINNAMON RIDGE ONE, LTD, 3158 Redhill Ave Ste-120, , Costa Mesa, CA 92626 714/662-5565 Fax: *County Name:* Guadalupe

Mgmt Info: Monarch Properties, Inc., 16610 Dallas Pkwy Ste 1000, , Dallas, TX 75248 972 267-7222 Fax: 972 267-7010 *Ownership Type:* Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16R000005	12/31/2007	Active	140.6%	515/8 NC	42	42	0	12	18	12	0	0

PROJECT: *FHA #:* 11698044 TRADEWINDS CARRIAGE APARTMENTS, 1301 N PERSHING ST, TRUTH OR CONSEQUENCE *Metro Area (MSA):*

Owner Info: Tradewinds Carriage Limited Partnership, 29700 Woodford Tehachapi Road, , Keene, CA 93531 (661) 823-9300 Fax: (661) 823-6175 *County Name:* Sierra

Mgmt Info: Truth or Consequences Housing Authority, 108 S. Cedar, , Truth or Consequences, NM 87901 (505) 894-2244 Fax: (505) 894-0756 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
542(c) HFA Risk Sharing-Ex	5.47	$716,898	Yes	Mrtg Rstr	New Mexico Mortgage Finance Authority	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NM16L000022	2/29/2008	Active	114.8%	LMSA	31	32	0	12	12	7	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	11
Total Contracts:	11
Total Assisted Units:	582
Total Units:	593

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Arizona's 1st Congressional District

This report includes properties in Rep. Rick Renzi's district in Arizona with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* FAMILY ESTATES OF ELOY, 701 N A ST, ELOY, AZ 85231, 5204663779 — *Metro Area (MSA):* Phoenix-Mesa, AZ

Owner Info: ELOY APARTMENTS LTD, P.O. Box 2725, , Sioux City, IA 51106 712-276-1735 Fax: 712-276-4101 — *County Name:* Pinal

Mgmt Info: Landmark Management Group, Inc., P.O. Box 2725, , Sioux City, IA 51106 (712) 276-1735 Fax: (712) 276-4101 — *Ownership Type:* Other

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
AZ20R000001	3/31/2008	Active	85.8%	515/8 NC	24	24	0	4	16	4	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	1
Total Contracts:	1
Total Assisted Units:	24
Total Units:	24

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Connecticut's 4th Congressional District

This report includes properties in Rep. Christopher Shays's district in Connecticut with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:* CEDAR COURT SENIOR HOUSING PROJECT, 92 Cedar St, Norwalk, CT 06854, *Metro Area (MSA):* Stamford-Norwalk, CT

Owner Info: Cedar Court Senior Housing Development, 75 Rampart Rd, , Norwalk, CT 06854 2038532400 Fax: *County Name:* Fairfield

Mgmt Info: AFC Properties, 75 Rampart Road, , South Norwalk, CT 06854 (203) 838 - 5779 Fax: *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT268023006	1/31/2008	Active	83.6%	Sec 8 NC	45	45	0	45	0	0	0	0

PROJECT: *FHA #:*01711088 MISS LAURA RAYMOND HOMES, 306 MAIN AVE, NORWALK, CT 06851, 203-846-4500 *Metro Area (MSA):* Stamford-Norwalk, CT

Owner Info: Miss Laura M.Raymond Homes,Inc., 306 Main Avenue, , Norwalk, CT 06851 (203) 847-9551 Fax: *County Name:* Fairfield

Mgmt Info: Elderly Housing Management, Inc., 2666 State St Ste 2, , Hamden, CT 06517 (203) 248-6809 Fax: (203) 230-3628 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	5.90	$2,774,886	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26T831006	7/28/2008	Active	96.3%	202/8 NC	50	50	13	36	1	0	0	0

PROJECT: *FHA #:*017EH034 STOLER HOUSE, 186 Wolfpit Ave., NORWALK, CT 06851, 203 846 9581 *Metro Area (MSA):* Stamford-Norwalk, CT

Owner Info: STAR,INC., 182 Wolfpit Ave # P, , Norwalk, CT 06851 (203) 846-9581 Fax: 203-761-0811 *County Name:* Fairfield

Mgmt Info: STAR, INC., LIGHTING THE WAY, 182 Wolfpit, , Norwalk, CT 06851 (203)846-9581 Fax: (203)847-0545 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26T791004	1/31/2008	Active	43.3%	202/8 NC	6	6	0	6	0	0	0	0

PROJECT: *FHA #:*01735228 44 LIBERTY STREET APTS., 44 LIBERTY ST, STAMFORD, CT 06902, *Metro Area (MSA):* Stamford-Norwalk, CT

Owner Info: LIBERTY HOUSING CO, 29 KNAPP ST, POB 4401, , STAMFORD, CT 06907 (203) 348-2200 Fax: *County Name:* Fairfield

Mgmt Info: GARDEN HOMES MANAGEMENT CORPORATION, 29 KNAPP ST, POB 4401, , STAMFORD, CT 06907 203- 348-2200 Fax: 203-967-8372 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	10.00	$308,744	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
CT26A006009	4/11/2008	Active	67.2%	Sec 8 NC	8	8	0	0	6	2	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	4
Total Contracts:	4
Total Assisted Units:	109
Total Units:	109

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New Jersey's 13th Congressional District

This report includes properties in Rep. Albio Sires's district in New Jersey with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*03144902 SUMMIT PLAZA APARTMENTS II, 700 - 730 NEWARK AVE, JERSEY CITY, NJ 07306, *Metro Area (MSA):* Jersey City, NJ

Owner Info: Summit Plaza Associates, 70 E 55th St, , New York, NY 10022 (212)350-9909 Fax: (212)350-9912 *County Name:* Hudson

Mgmt Info: Grenadier Realty Corp., 1230 Pennsylvania Avenue, , Brooklyn, NY 11239 (718) 642-8700 Fax: (718) 642-2187 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
233(c)/ 236 Experimental H	7.00	$4,719,593	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39L000039	4/30/2008	Active	140.3%	LMSA	289	291	46	127	101	13	2	0

PROJECT: *FHA #:* VAN WAGENEN AVE APTS II, 117 VAN WAGENEN AVENUE, JERSEY CITY, NJ 07306, *Metro Area (MSA):* Jersey City, NJ

Owner Info: Pavonia Broadway Associates, 333 Meadowlands Parkway, 4th floor, Secaucus, NJ 07094 (201) 866-3888 ext.111 Fax: (201)866-3868 *County Name:* Hudson

Mgmt Info: JERSEY CITY MANAGEMENT, INC., 333 Meadowlands Parkway, 4th floor, Secaucus, NJ 07094 (201) 866-3888 Fax: (201) 866-3868 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Rent Rdct	CreditVest, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ390016014	6/16/2008	Active	117.4%	Sec 8 SR	113	114	1	43	52	13	4	0

PROJECT: *FHA #:* BRANCH BROOK MANOR, 1 BRANCH BROOK PLZ, NEWARK, NJ 07104, *Metro Area (MSA):* Newark, NJ

Owner Info: Newark Housing Authority, 500 Broad Street 4th Floor, , Newark, NJ 07102 973-273-6403 Fax: 973-273-6479 *County Name:* Essex

Mgmt Info: NEWARK HOUSING AUTHORITY, 57 Sussex AVE, , NEWARK, NJ 07103 (201) 622-1030 Fax: *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ390013021	5/15/2008	Active	87.9%	Sec 8 NC	200	200	0	180	20	0	0	0

PROJECT: *FHA #:* GARDEN SPIRES, 175-195 FIRST STREET, NEWARK, NJ 07107, *Metro Area (MSA):* Newark, NJ

Owner Info: Garden Spires LLC, 1465A Flatbush Ave, , Brooklyn, NY 11210 718- 434-9440 Fax: 718-434-9454 *County Name:* Essex

Mgmt Info: Garden Spires Management, , P O Box 498, Brooklyn, NY 11230 718-871-3400 Fax: *Ownership Type:*

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39E000018	11/30/2007	Active	103.8%	PD/8 Existing	350	550	0	245	77	28	0	0

PROJECT: *FHA #:*031SH017 WESLEY TOWERS, 444 MT PROSPECT AVE, NEWARK, NJ 07104, *Metro Area (MSA):* Newark, NJ

Owner Info: WESLEY TOWERS CORPORATION, 444 MT PROSPECT AVE, , NEWARK, NJ 07104 (973) 484-4441 Fax: *County Name:* Essex

Mgmt Info: Hillcrest Management Co, 505 Mt. Prospect Avenue, , Newark, NJ 07104 (973) 484-2043 Fax: (973) 485-8788 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ39M000086	12/31/2007	Active	64.5%	LMSA	169	279	90	74	5	0	0	0

PROJECT: *FHA #:* CENTRAL ELEVEN APTS, 1009 - 1015 CENTRAL AVE, UNION CITY, NJ 07087, *Metro Area (MSA):* Jersey City, NJ

Owner Info: Central Eleven Associates, 2000 Broadway, Suite 106, New York, NY 10023 212-580-2305 Fax: 212-877-7401 *County Name:* Hudson

Mgmt Info: Central Eleven Associates, 2000 Broadway, Suite 106, New York, NY 10023 212-580-2305 Fax: 212-877-7401 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NJ390016019	11/30/2007	Active	104.7%	Sec 8 SR	47	48	9	33	5	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	6
Total Contracts:	6
Total Assisted Units:	1,168
Total Units:	1,482

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in New York's 12th Congressional District

This report includes properties in Rep. Nydia Velazquez's district in New York with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*012EH047 MONSIGNOR MULLANEY APARTMENTS, 4301 Eighth AVE, BROOKLYN, NY 11232, *Metro Area (MSA):* New York, NY

Owner Info: Sunset Park H.D.F.C., 191 Joralemon Sreet, 8th Fl., , Brooklyn, NY 11201 718 7226000 Fax: 718 722 6134 *County Name:* Kings

Mgmt Info: Progress of Peoples Management Corporation, 191 Joralemon Street, 8th Floor, Brooklyn, NY 11201 (718) 722-6000 Fax: (718) 722-6134 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36T781020	11/16/2007	Active	262.6%	202/8 SR	15	16	3	9	3	0	0	0

PROJECT: *FHA #:*01257389 WILLIAMSBURG APARTMENTS, 757 Bushwick AVE, BROOKLYN, NY 11221, *Metro Area (MSA):* New York, NY

Owner Info: Bushwick Avenue Associates, 1060 Broad Street, , Newark, NJ 07102 (201)643-8588 Fax: (201)643-4715 *County Name:* Kings

Mgmt Info: Essex Plaza Management Associates, 1060 Broad Street, , Newark, NJ 07102 (973) 643-8588 Fax: (973) 643-4715 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7) Refi of 221d4 in a	6.50	$519,970	Yes	Mrtg Rstr	NW Financial Group	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36H110081	9/30/2008	Active	118.5%	Sec 8 SR	69	70	5	42	22	0	0	0

PROJECT: *FHA #:*01255021 HAVEN PLAZA, 200 Avenue C, NEW YORK, NY 10009, *Metro Area (MSA):* New York, NY

Owner Info: Haven Plaza HDFC., Inc., 328 W 14th St, , New York, NY 10014 212-243-0265 Fax: *County Name:* New York

Mgmt Info: Residential Management Associates, Inc., 726 E 13th St, , New York, NY 10009 (212)505-9710 Fax: (212) 505-9726 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(3) BMIR Urban Rene	3.00	$407,439	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36L000095	1/31/2008	Active	65.0%	LMSA	136	371	15	54	42	25	0	0

PROJECT: *FHA #:* TWO BRIDGES SENIOR APARTMENTS, 80 RUTGERS SLIP, NEW YORK, NY 10002, *Metro Area (MSA):* New York, NY

Owner Info: Two Bridges Senior HDFC., Inc., 50 MADISON STREET, , NY, NY 10038 (212) 349-3724 Fax: (212) 791-7540 *County Name:* New York

Mgmt Info: Grenadier Realty Corp., 1230 Pennsylvania Avenue, , Brooklyn, NY 11239 (718) 642-8700 Fax: (718) 642-2187 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
NY36T831022	2/4/2008	Active	142.1%	202/8 NC	108	109	27	81	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	4
Total Contracts:	4
Total Assisted Units:	328
Total Units:	566

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

NATIONAL HOUSING TRUST

Special Report: Expiring Section 8 Contracts in Ohio's 6th Congressional District

This report includes properties in Rep. Charles A. Wilson's district in Ohio with contracts expiring in fiscal year 2008.

PROJECT: *FHA #:*04355012 CARRIAGE HILL II, 115 CARRIAGE HILL DR., ATHENS, OH 45701, 740/594-2236 *Metro Area (MSA):*

Owner Info: Columbia - Athens, Limited, Post Office Box 1023, , Columbus, OH 43216 (614) 863-4640 Fax: (614) 863-5649 *County Name:* Athens

Mgmt Info: WALLICK PROPERTIES MIDWEST, LLC, PO Box 1023, , Columbus, OH 43216 614-863-4640 Fax: 614-863-5649 *Ownership Type:* Limited Dividend

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(3) BMIR Urban Rene	3.00	$308,051	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH16L000039	5/31/2008	Active	94.9%	LMSA	84	150	0	19	51	14	0	0

PROJECT: *FHA #:*043EH219 ALTERNATIVE LIFE STYLES, INC., 105 COMMODORE LN, BARNESVILLE, OH 43713, (740) 695 *Metro Area (MSA):* Wheeling, WV-OH

Owner Info: ALTERNATIVE LIFESTYLES, INC., 68353 Bannock Rd, , Saint Clairsville, OH 43950 (740) 695-9344 Fax: *County Name:* Belmont

Mgmt Info: COMMUNITY MENTAL HEALTH SERVICES, 68353 Bannock Rd, , Saint Clairsville, OH 43950 (740) 695-9344 Fax: *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH16T851006	1/26/2008	Active	147.0%	202/8 NC	10	10	0	10	0	0	0	0

PROJECT: *FHA #:*04335196 LANSING GARDENS, 68210 COMMERCIAL DR, BRIDGEPORT, OH 43912, 740-635-3941 *Metro Area (MSA):* Wheeling, WV-OH

Owner Info: New Lansing Gardens Housing Ltd., PO Box 307290, , Columbus, OH 43230 (614) 337-9716 Fax: (614) 337-0480 *County Name:* Belmont

Mgmt Info: RLJ Management Co., Inc., 3021 East Dublin-Granville Road, Suite 200, Columbus, OH 43231 (614) 942-2020 Fax: (614) 942-2000 *Ownership Type:* Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$726,175	Yes	Mrtg Rstr	ONTRA, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH160014004	10/31/2007	Active	107.9%	Sec 8 NC	54	54	0	20	24	10	0	0

PROJECT: *FHA #:*04211091 HARMONY VILLAGE, 901 S MAIN ST, COLUMBIANA, OH 44408, 330 482-3430 *Metro Area (MSA):* Youngstown-Warren, OH

Owner Info: HARMONY VILLAGE, INC., 901 S MAIN ST, , COLUMBIANA, OH 44408 (330) 482-3430 Fax: (330) 482-0359 *County Name:* Columbiana

Mgmt Info: HARMONY VILLAGE, INC., 901 S MAIN ST, , COLUMBIANA, OH 44408 (330) 482-3430 Fax: (330) 482-0359 *Ownership Type:* Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
207/ 223(f) Pur/ Refin Hsg.	6.00	$1,795,459	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH12T811016	6/23/2008	Active	145.9%	202/8 NC	50	50	0	48	2	0	0	0

PROJECT: ***FHA #:***04335223 NICHOLS TOWNEHOMES, 41102 HEATHER LN, FLUSHING, OH 43977, (740)968-4704 ***Metro Area (MSA):*** Wheeling, WV-OH

Owner Info: Nichols Townehomes, Limited, AIMCO Compliance, 55 Beattie Place, Greenville, SC 29601 (864) 239-1000 Fax: (864) 239-5848 ***County Name:*** Belmont

Mgmt Info: RLJ Management Co., Inc., 3021 East Dublin-Granville Road, Suite 200, Columbus, OH 43231 (614) 942-2020 Fax: (614) 942-2000 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			Yes	Mrtg Rstr	Heskin Signet Partnership	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH160019057	12/31/2007	Active	94.2%	Sec 8 NC	24	24	0	0	16	8	0	0

PROJECT: ***FHA #:***04335184 GALLIA MANOR, 138 BUHL MORTON RD, GALLIPOLIS, OH 45631, (740)446-4639 ***Metro Area (MSA):***

Owner Info: Gallia Manor, Limited, 64 State St, , Gallipolis, OH 45631 (740) 446-4639 Fax: (740)441-0220 ***County Name:*** Gallia

Mgmt Info: STEVEN B.CHAPMAN, GENERAL PARTNER, 64 State St, , Gallipolis, OH 45631 (740) 446-4639 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
221(d)(4) Mkt. Rate Mod Inc	7.50	$448,199	No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH160009012	5/6/2008	Active	113.9%	Sec 8 NC	35	36	0	35	0	0	0	0

PROJECT: ***FHA #:***043EH061 Jaycee Estates II, 1689-1/2 Colegate Drive, MARIETTA, OH 45750, 740-374-4343 ***Metro Area (MSA):*** Parkersburg-Marietta, WV-OH

Owner Info: MARIETTA JAYCEES ELDERLY HOUSING CORP., PO Box 253, , Marietta, OH 45750 (740) 374-8150 Fax: ***County Name:*** Washington

Mgmt Info: SILVERHEELS, INC., 410 3rd St, , Marietta, OH 45750 (740) 374-8150 Fax: (740) 374-4336 ***Ownership Type:*** Non-Profit

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH16T811001	7/28/2008	Active	161.0%	202/8 NC	50	50	0	50	0	0	0	0

PROJECT: ***FHA #:***04235590 INDIAN VILLAGE APARTMENTS, 125 RAVINE ST, MINGO JUNCTION, OH 43938, 740-535-1341 ***Metro Area (MSA):*** Steubenville-Weirton, OH-WV

Owner Info: INDIAN VILLAGE APARTMENTS, LTD, 1528 MADISON AVE, , TORONTO, OH 43964 (740) 537-2522 Fax: ***County Name:*** Jefferson

Mgmt Info: CALABRESE PROP MGT INC, 1528 MADISON AVE, , TORONTO, OH 43964 (740) 537-2522 Fax: ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
223(a)(7)/221(d)(4) MKT R	5.88	$1,386,899	Yes	Rent Rdct	CreditVest, Inc.	Y	

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH120002002	2/29/2008	Active	126.5%	Sec 8 NC	62	62	0	61	1	0	0	0

PROJECT: ***FHA #:*** LINCOLN PLACE, 1368 South Lincoln Avenue, SALEM, OH 44460, 330 332-4969 ***Metro Area (MSA):*** Youngstown-Warren, OH

Owner Info: LINCOLN PLACE PARTNERSHIP, LTD., 7596 CHIPPEWA RD, , BRECKSVILLE, OH 44141 (440) 526-2105 Fax: ***County Name:*** Columbiana

Mgmt Info: THE SNIDER COMPANY, 7596 CHIPPEWA RD, , BRECKSVILLE, OH 44141 (440) 526-2105 Fax: ***Ownership Type:***

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH12R000005	1/9/2008	Active	91.2%	515/8 NC	48	48	0	40	8	0	0	0

PROJECT: ***FHA #:*** FIRST STREET VILLAGE, 40 E FIRST ST, THE PLAINS, OH 45780, 740-797-2310 ***Metro Area (MSA):***

Owner Info: THE PLAINS LIMITED, 41601 Dunlap Dr, , Belmont, OH 43718 740-782-1354 Fax: 740-782-1365 ***County Name:*** Athens

Mgmt Info: THE PLAINS LIMITED, 41601 Dunlap Dr, , Belmont, OH 43718 740-782-1354 Fax: 740-782-1365 ***Ownership Type:*** Profit Motivated

Section of Act	Interest Rate	Unpaid Balance	In M2M?	M2M Option	PAE	Completed M2M?	Below Market?
			No				

S8 Contract #	Expiration Date	Contract Status	Rent Category	Program	Assisted Apts	Total Apts	# Effic.	# 1 BR	# 2 BR	# 3 BR	# 4 BR	#5+ BR
OH16R000024	6/20/2008	Active	108.9%	515/8 NC	39	39	0	39	0	0	0	0

Totals:

TOTALS FOR ALL OWNERSHIP TYPES:	
Total Properties:	10
Total Contracts:	10
Total Assisted Units:	456
Total Units:	523

Data compiled from several HUD sources and not independently verified. Does not include Section 202 and 811 properties with PAC or PRAC contract

Section 8 Contract information is from September 2007.

Exhibit 3

Sample HUD Letters Explaining Insufficient Appropriations

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Date: 9/6/2007

LIHI Cedar Heights Associates, L.L.C
2407 1st Ave, Suite 200 ,
Seattle , WA 98121

Name of Project: CEDAR HEIGHTS APARTMENT
Contract Number: WA190006003
City, State: Port Orchard , WA

Dear Project Owner:

The records of the Department of Housing and Urban Development ("HUD") indicate that the project identified above is subject to a Section 8 Housing Assistance Payments ("HAP") contract that has been renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997, Pub. L. 105-65, 111 Stat. 1344, 1384, as amended ("MAHRA"), for a multi-year contract term ("Renewal Contract"). Section 2 of the Renewal Contract, captioned "Term of Renewal Contract," states that it is "[s]ubject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD."

This letter constitutes notice that HUD has determined pursuant to the foregoing provision that sufficient appropriations are not available at this time to make housing assistance payments under the Renewal Contract for the entirety of the next annual increment.

19,125 = Contract for $29,830

This letter further serves as notification that HUD is hereby obligating $76,500, an amount sufficient to provide housing assistance payments for approximately the first 4 months of the next annual increment. HUD will provide additional funding subject to the availability of appropriations. This means that when such appropriations are available, HUD will obligate additional funding and provide you with written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the remaining portion of the annual increment to which it will be applied.

For questions concerning this letter, please contact, Mark Rennord, at 206 220 6445.

Sincerely,

Lanier M. Hylton

Lanier M. Hylton
Director, Office of Housing Assistance Contract Administration Oversight - (HACAO)

[Letter to be sent to owners of all section 8 projects subject to a multi-year MAHRA renewal contract on or before its anniversary date, notifying them of insufficiency of appropriations to provide a full twelve months' worth of funding for the next annual increment and of HUD's obligation of funds for the purpose of continuing subsidy payments for a portion of the next annual increment.]

FAX:5182181800 SEP 11 2007 11:14AM P002/002

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Date: 9/6/2007

PIERREPONT HOUSE FOR THE ELDERLY, INC.
191 JORALEMON Street, 8th Fl.
BROOKLYN , NY 11201

SEP 10 2007
CGI Albany

Name of Project: PIERREPONT HOUSE FOR TH
Contract Number: NY360004031
City, State: BROOKLYN , NY

Dear Project Owner:

The records of the Department of Housing and Urban Development ("HUD") indicate that the project identified above is subject to a Section 8 Housing Assistance Payments ("HAP") contract that has been renewed under the Multifamily Assisted Housing Reform and Affordability Act of 1997, Pub. L. 105-65, 111 Stat. 1344, 1384, as amended ("MAHRA"), for a multi-year contract term ("Renewal Contract"). Section 2 of the Renewal Contract, captioned "Term of Renewal Contract," states that it is "[s]ubject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD."

This letter constitutes notice that HUD has determined pursuant to the foregoing provision that sufficient appropriations are not available at this time to make housing assistance payments under the Renewal Contract for the entirety of the next annual increment.

This letter further serves as notification that HUD is hereby obligating $753,200 , an amount sufficient to provide housing assistance payments for approximately the first 5 months of the next annual increment. HUD will provide additional funding subject to the availability of appropriations. This means that when such appropriations are available, HUD will obligate additional funding and provide you with written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the remaining portion of the annual increment to which it will be applied.

For questions concerning this letter, please contact, Eric Wolsky, at 212-542-7748.

Sincerely,

Lanier M. Hylton

Lanier M. Hylton
Director, Office of Housing Assistance Contract Administration Oversight - (HACAO)

[Letter to be sent to owners of all section 8 projects subject to a multi-year MAHRA renewal contract on or before its anniversary date, notifying them of insufficiency of appropriations to provide a full twelve months' worth of funding for the next annual increment and of HUD's obligation of funds for the purpose of continuing subsidy payments for a portion of the next annual increment.]

Exhibit 4

Excerpt from Stub Contract for Belton Woods Apartments

IMPORTANT CONTRACT RENEWAL PROCEDURES

The recent changes in HUD funding procedures has made it necessary to replace the previous HAP contract that you executed as part of a recent contract renewal. The old version of the contract must be replaced with the enclosed new revision dated 8-09-2007.

Enclosed are two original copies of the revised HAP contract that have already been executed by Richard A. Hutto, as Director of Contract Administration for the S. C. State Housing Finance and Development Authority. Note that this is a change in procedure.

Please have the owner execute both copies and **return only a single copy of the fully executed** contract back to me in the preaddressed and postage paid envelope as soon as possible. The owner **retains the second copy** in his file. If the management agent wants a copy for their files, the owner should provide a copy to them from his original.

Please use only the preaddressed envelope and do not "overnight" the contract back to me. We will be on the alert for this particular envelope and, due to the volume of the contracts that we must process, an overnight mailing would only be a waste of money.

Note that funds have been reserved for this property only for the number of months and in the amount as specified in paragraph 1 of the contract. Additional funding will be provided as it becomes available and the owner will be advised when that occurs.

These changes are designed to eliminate the delays in funding that has been experienced in the past. When the single copy of the contract is returned to us, we must then transmit a copy to HUD Funding Ft. Worth as well as forward a copy to the local HUD office. Until the full distribution process is completed, no assistance payments can be made to this property. **I cannot tell you exactly when the property will be paid.**

I anticipate completing distribution of copies to Ft Worth via overnight mail and will hand deliver the contracts to the HUD Columbia office within one business day of receipt of the fully executed contract. Funds should reach the property a few days after that date.

If you have any questions as to what to do, please contact me, Frank Geiger, Manager, Contract Renewals, at SCSHFDA. My direct phone number is 803-896-8710 and my email address is Frank.Geiger@SCHousing.com.

Before returning the single copy of the fully executed contract to me, please review the instructions regarding the Rent Schedule as shown on the enclosed yellow transmittal form and follow the directions. Thank you.

Property Name: PALMS WOODS

Date of this Transmittal: September 5, 2007

IMPORTANT RENT SCHEDULE PROCEDURES

As a result of a recently renewed HAP contract, it may be necessary to have the property owner or management agent prepare new rent schedules.

Please use the most current Rent Schedule for Low Rent Housing, HUD-92458, which has an effective date of 11/05 in the lower right hand corner of page one and has the OMB Approval Number 2502-0012 in the upper right hand corner of the same page.

The rent schedule, in a fillable format, can be found at www.hudclips.org. Click on "Forms", and then click on HUD-9. The form is entry number 320 on the listing.

One of the four possible scenarios for your property is checked below. Please follow the instructions that pertain to your particular property.

[ ] **No new rent schedule is required at this time.**

[✓] **The previously submitted rent schedule was incorrect.** Please review the enclosed, manually corrected rent schedule for changes. Please prepare and have the owner execute three (3) original copies of the corrected schedule and return them to our office along with the owner executed copy of the HAP contract.

[ ] **New rent schedules are required.** Please prepare and have the owner execute three (3) new original copies of a rent schedule that reflect the new contract rents and utility allowances, if applicable, as shown on Exhibit A of the new HAP contract. Return them along with the owner executed copy of the contract.

[ ] **Enclosed are two original copies of a fully executed rent schedule.** Please remember to post one copy of the new rent schedule at the property.

If you have any questions as to what to do, just call me, Frank Geiger, Manager, Contract Renewals, at SCSHFDA. My direct phone number is 803-896-8710.

If you are returning a new rent schedule for us to execute, would you please enclose a self addressed envelope so that we can quickly return two copies back to you. Thank you.

Property Name: BELTON WOODS Date: September 5, 2007

TYPE OF RENEWAL

☒ Check this box for a project renewed under Section 524(a) of MAHRA (not including a Mark-Up-To-Market renewal).

☐ Check this box for a project renewed at exception rents under Section 524(b)(1) of MAHRA.

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator[4]

South Carolina State Housing Finance and Development Authority

Address of Contract Administrator

300-C Outlet Pointe Blvd.
Columbia, South Carolina 29210

Name of Owner[5]

Belton Woods, Limited Partnership

Address of Owner

8531 Six Forks Road, Suite 200

Raleigh, NC 27615

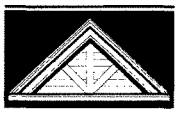
2 TERM AND FUNDING OF RENEWAL CONTRACT

a The Renewal Contract begins on August 1, 2007[6] and shall run for a period of one year.

b Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of $ 593,800,[7] an amount sufficient to provide housing assistance payments for approximately Five (5)[8] months of the Renewal Contract term.

Exhibit 5

Industry Letter Explaining the Implications of Short-Term Section 8 Contracts



NATIONAL
HOUSING
TRUST

October 10, 2007

To: Senator Patty Murray
Chair, Senate THUD Subcommittee of the Appropriations Committee
173 Senate Russell Building
Washington, D.C.

Senator Christopher Bond
Ranking member, Senate THUD Subcommittee of the Appropriations Committee
274 Senate Russell Building
Washington, D.C.

Representative John Olver
Chair, House THUD Subcommittee of the Appropriations Committee
1111 Longworth House Office Building
Washington, D.C.

Representative Joseph Knollenberg
Ranking member, House THUD Subcommittee of the Appropriations Committee
2349 Rayburn House Office Building
Washington, D.C.

Dear Chairmen and Ranking Members:

The undersigned 50 organizations, representing affordable housing lenders, state and local housing agencies, investors, tenant groups, and owners, are writing to inform you of a critical situation currently threatening federal government contracts on thousands of affordable housing properties subsidized through the U.S. Department of Housing and Urban Development (HUD). Congress is poised to provide an insufficient amount of money to fully fund all project-based Section 8 contracts in fiscal year 2008.

In order for federally assisted housing to stand the test of time, the federal government must act as a fair and consistent partner by honoring the contracts it has entered into with property owners. If Congress fails to provide a full year's funding for Section 8 it's a "lose-lose-lose" situation: owners will choose the unregulated private market and the federal investment in this housing will have been squandered; residents will be displaced; and communities will suffer the loss of an essential source of affordable housing.

We appreciate your already expressed interest in this issue. As you are aware, the current funding dilemma stems from HUD and OMB's failure to request adequate funds to renew all project-based Section 8 contracts. Over the last decade, a number of accounting maneuvers have been used, such as including "rescissions" in appropriations bills and borrowing from state housing finance agency long-term contracts, to distort the actual funding needs for contract renewals. This has led us to our present situation.

If there is an issue under the Antideficiency Act with one-year section 8 renewal contracts that cross fiscal years and are not fully funded by the initial year's appropriations, the problem can be solved by statutory authority in the FY 2008 T-HUD appropriations Act that specifically authorizes the Secretary to enter into these one-year contracts even if a portion of the payments are paid through future appropriations. This is not an uncommon practice. We recognize that the congressional budget process puts some constraints on this practice, but exceptions or waivers can be obtained.

To clear up any confusion on this matter, we suggest language be included into the FY'08 T-HUD appropriations bill as follows:

"Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may enter into a renewal contract for section 8 project-based assistance that obligates the Secretary to make assistance payments for one year, notwithstanding that some portion of these payments may be funded from future appropriation Acts."

Background

In response to HUD's FY'07 request, Congress appropriated $5.9 billion for Section 8 project-based contract renewals, an amount that has proven to be $1.2 billion less than what was actually needed. As a result, thousands of property owners have received late Section 8 payments, forcing them to use reserves to cover operational costs. Since most owners have reserves that are inadequate to compensate for this funding shortfall, owners have been forced to cut back on paying for essential services.

Despite this funding shortfall, HUD's budget request for FY'08 is ***less than*** what was appropriated in FY'07, even though the number of contracts up for renewal will increase. If the Administration's current FY'08 budget request is accepted, the FY'08 shortfall will be $2.5 billion.

The Administration's response to this crisis is to propose funding "stub" contracts. Under this plan, HUD will require owners to renew their contracts multiple times throughout the year and will not guarantee a full year of payments to property owners, as is contractually required.

Loss of Investor Trust

The Section 8 contract has already been devalued by sustained talk of inadequate funds, widespread late payments in 2007, and the inability of HUD to provide one-year extension contracts due to insufficient funds. **The following are just some of the anticipated consequences if HUD's "stub" contract solution is approved for FY'08:**

(1) If a property receives insufficient, legally obligated funding to operate, the low- income residents, many of them elderly and disabled, may well be displaced, and a scarce housing resource will be lost.

(2) Lenders will be less willing to make long-term loans for refinancings or purchases of Section 8 properties, transactions that are key to the rehabilitation and preservation of the our nation's affordable housing stock.

(3) Investors will be less willing to purchase low income housing tax credits, which are key to the sale and rehabilitation of these properties.

(4) Owners who can opt out of the Section 8 program will do so at the first opportunity.

(5) Owners will select the highest income tenants they legally can select in order to mitigate the effect of missed or reduced assistance payments.

(6) The cost of enhanced vouchers and other tenant protection vouchers will soar, or, alternatively, not all tenants will be protected if there is an opt-out.

(7) There will be an increase in defaults on FHA-insured mortgages.

(8) Affordability use restrictions that have been restructured in the mark-to-market program, which run 30 years, will be converted to permit higher income tenants to be served.

(9) For those remaining in the Section 8 program, there will be an increase in deferred maintenance, depletion of replacement reserves, and little likelihood of obtaining tax credits for rehabilitation.

(10) The lack of sufficient Section 8 funds will thwart the refinancing of older Section 202 housing for the elderly and disabled that have Section 8 subsidies. Many of these are 20 to 30 years old and can be preserved for another long period with recapitalization and rehabilitation, but lenders and investors will be wary of participating.

It is inappropriate for HUD or OMB to suggest a program of partial funding. This approach distorts the actual funding need, without addressing a critical funding shortfall.

Further, the continued delay in providing year long contracts without partial payments undermines the confidence of owners, resulting in owners' terminating such contracts. It is simply not acceptable that the nation's most vulnerable people, many of them elderly and disabled, will be put out on the street because the Administration requested insufficient funds to meet its contractual obligations.

We can ill afford to lose this unique housing resource.

Please support the appropriation of sufficient funds to renew for 12 months all Section 8 project-based contracts in FY'08.

If you have any questions, please contact Michael Bodaken at 202-333-8931, ext. 11.

Sincerely,

National Housing Trust, joined by:

Investors and Lenders
Community Capital of Maryland
Community Economic Development Assistance Corp. (MA)
Enterprise Community Investment, Inc.
Great Lakes Capital Fund
MMA Financial
National Affordable Housing Trust
National Association of State and Local Equity Funds
National Equity Fund
SunAmerica Affordable Housing Partners
National Association of Local Housing Finance Agencies

Housing Finance Agencies
National Council of State Housing Agencies
Florida Housing Finance Corporation
Maryland Department of Housing and Community Development
MassHousing
New York State Housing Finance Agency
North Dakota Housing Finance Agency
Ohio Capital Corporation for Housing
Oregon Housing and Community Services
Vermont Housing Finance Agency
Washington State Housing Finance Commission
Wisconsin Housing and Economic Development Authority

Local Governments
City of Boston
City of New York
City of Portland
City of San Francisco
City of Seattle

Developers
Affordable Housing Management, Inc.
American Capital Advisors, Inc.
Chicago Community Development Corporation
Community Development Trust
Evergreen Partners (national)
Gill Park Cooperative (IL)
Homes for America (MD)
Lake View Towers Residents Association (IL)
Leasing and Management Company (IL)
Mercy Housing
Mulford Square Preservation Corporation (IL)
National Housing Trust/Enterprise Preservation Corporation
Realty & Mortgage Co. (IL)
St. James Capital, LLC (MI)

Intermediaries and Advocates
Affordable Housing Tax Credit Coalition
California Housing Partnership
Community Alliance of Tenants (OR)
Enterprise Community Partners
Gideon Court Residents Council (IL)
Housing Preservation Project (national)
Local Initiatives Support Corporation
National Housing Conference
National Housing Law Project
National Low Income Housing Coalition
Stewards of Affordable Housing for the Future (SAHF)
Tabernacle Senior Citizens Project (IL)
850 West Eastwood Tenants Association (IL)

STATEMENT OF JOHN W. COX

Chief Financial Officer
U.S. Department of Housing and Urban Development

Hearing before the Committee on Financial Services
Subcommittee on Housing and Community Opportunity

United States House of Representatives

"The Impacts of Late Housing Assistance Payments on Tenants and Owners in the Project-Based Rental Assistance Program"

October 17, 2007

Chairwoman Waters, Ranking Member Capito, and other distinguished Subcommittee Members, thank you for the opportunity to appear before you today to address concerns raised over HUD's ability to fund and pay the annual renewals of Section 8 project-based housing assistance payment (HAP) contracts with funding available in Fiscal Year (FY) 2007 and requested for FY 2008. In my testimony today, I will: (1) reassure you that this Administration's policy remains in support of fully funding all HAP contract renewals as a needed source of affordable rental housing for nearly 1.25 million low-income families; (2) explain the program funding and payment issues experienced in FY 2007 and the Department's solution for resolving those issues; and (3) address the funding needs in FY 2008 to fully support this important housing program.

Background

HUD's Section 8 project-based housing assistance program serves to maintain the supply of affordable rental housing units for nearly 1.25 million low-income households. Under this program, either directly or through contract administrators, HUD makes housing assistance payments to private owners of multifamily housing. These payments help make project-based housing and related utilities affordable for lower income households. Under HUD's HAP contracts with these private owners, low-income tenants generally pay 30 percent of their adjusted income toward their rent, with the monthly HUD subsidy payment equal to the difference between what the tenants pay and the contract rents that HUD and the owners negotiate in advance. As an incentive to spur the private development of low-income housing in the late-1970s and early-1980s, Congress appropriated funding to enable HUD to execute long-term, typically 20- to 40-year HAP contracts. The varying tenant income levels and contract rent adjustment factors make it difficult to estimate HAP contract funding needs from year to year, let alone over a long term. As a result, the funding requirements for many of the long-term contracts executed in the 1970s and 1980s were either underestimated or overestimated. HUD has dealt with this issue by recapturing excess funds from long-term contracts as they expire and using those funds to provide additional funds to the contracts that were under-funded through contract amendments. Generally, HUD has recaptured significantly more from the expiring contracts than has been needed to cover the cost of the amendments. That excess, along with any excess funding found in other HUD programs is proposed for rescission each year.

As the initial 20- to 40-year HAP contracts began to expire during the 1990s, each successive Congress and Administration has sought legislative authority to renew the HAP contracts to preserve this important source of low-income housing. This goal led to the enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), enacted on October 27 of that year. In MAHRA, Congress eschewed the original Section 8 approach of appropriating funding in an amount sufficient to provide payments for a 20-, 30-, or 40 year term and instead permitted the Department, in most cases, to renew the contract for a term committed to the sound discretion of the Department. In all cases, however, the Department's duty under MAHRA to fund a

renewal contract for any given year, regardless of the contract term, is explicitly subject to the condition that Congress makes sufficient amounts of funding available each year in the Department's appropriation Acts. In general, HUD reduced the terms of the subsequent renewals to 1- or 5-year terms, with funding renewed annually, subject to appropriations. Contract renewals with terms of greater than one year included language noting that they, too, are "subject to annual appropriations," meaning that the terms apply only if HUD gets future appropriations sufficient to fund the contracts for each annual period beyond the first year. HUD currently administers over 18,000 HAP contracts to provide about 1.25 million low-income housing units. Of these contracts, 12,910 contracts, covering over 915,000 housing units, are subject to annual funding renewals.

As budgets became even tighter after 1997 and in this decade, HUD was often forced to partially fund some annual contract renewal terms for fewer than 12 months. HUD would fully obligate funding for as many monthly contract payments as financially feasible and wait for additional funding in the following federal fiscal year to complete the 12-month funding. This partial or "incremental" funding practice became more frequent in recent years. In the event that current appropriations and recaptured funding is insufficient to both renew all HAP contracts for a full 12-month term and to meet the Department's rescission mandate for the current fiscal year, the practice can shift some funding needs to the next fiscal year.

FY 2007 Funding and Current Payment Issues

While HUD thought its partial funding practice was acceptable – because the contract terms referenced funding as "subject to the availability of sufficient appropriations" – a closer review of the actual contract language and program funds control processes revealed that the intended "incremental funding" practice was not adequately captured in the wording of the contracts. In particular, the statement that the contract would run from year to year "subject to the availability of sufficient appropriations to make housing assistance payments for any year," did not make it clear that HUD might be obligating less than 12 months of funding at the time each renewal contract was executed. HUD did not have sufficient funding available to both fully fund all FY 2007 contract renewals for a 12-month period and meet HUD's $1.65 billion rescission mandate for FY 2007. At the time HUD discovered this problem, all but 1,728 of the 12,910 annual contract renewals had already been executed with 12-months of obligated funding, exceeding the funding HUD had originally planned to obligate for those contracts in FY 2007.

HUD developed and executed the following strategy to remedy the situation without terminating any contractual relationships or necessitating additional appropriations late in the fiscal year and in a constrained budget environment:

1. First, HUD fully obligated 12 months of funding on contract renewals that had already been executed in FY 2007 under previous contract terms. (See example of old contract terms in Attachment 1.)

2. Secondly, HUD revised key language in the renewal contract forms for the 1,728 contract renewals remaining to be processed in FY 2007, and for future renewals, to correctly implement an "incremental funding" clause to enable HUD to properly split the funding of annual contract renewals between two consecutive federal fiscal year appropriations. (See example of new contract terms in Attachment 2.)

3. Lastly, HUD re-estimated the funding needs of the remaining "long-term" Section 8 contracts and recaptured all excess funds for use in covering HUD's FY 2007 Section 8 contract renewal funding needs and rescission mandate.

HUD has successfully executed this strategy to provide funding for the renewal of all HAP contracts into FY 2008 and avoid the need for additional appropriations or the unintended rescission of unobligated funds in other HUD programs. Regrettably, many of our business partners experienced contract payment delays as we developed and executed this strategy. While we took steps to provide as much relief as possible – such as allowing owners to borrow against project reserves or requesting mortgage forbearance – many FY 2007 payments were not paid on time. I realize that some of our housing program partners may have experienced hardships during this transition period and I apologize on behalf of the Department.

HUD's current contract renewal and payment process involves multiple manual steps and participants and averages four weeks to complete negotiations and fully execute the contract to enable payment. HUD's funds control practices and accounting systems require that an active executed contract be in place with sufficient obligated funding to cover the specified contract term before any payments can be released for that contract. An owner cannot receive a monthly payment on a contract that HUD and the owner have not properly renewed. HUD sent the 1,728 fourth-quarter FY 2007 revised contract renewal packages, including the revised contract forms, to the contract administrators for processing the first week in September 2007, and all but 428 of the contracts were negotiated, executed and entered into HUD's system to facilitate payment by the end of September. As of last week, fewer than 250 FY 2007 contract renewals remained to be executed by owners and the number declines daily.

Contract renewals due in October of each year – the first month of the federal fiscal year – normally experience a one-month payment delay because the new fiscal year appropriation is not available until the same day payment is due to the owners – on October 1st – and it generally takes HUD two to three weeks to transition its books and financial systems from one fiscal year to the next. November renewals often experience payment delays in the first month, too. The simplest resolution to these delays is to begin processing both October and November contract renewals earlier, in August and September, with respective effective dates and final funding actions on October 1st and November 1st. HUD needs to alter its processing of October and November renewals to avoid payment delays next year and beyond.

Program Funding Needs for FY 2008

In resolving the FY 2007 HAP contract funding issues, HUD has performed considerable additional analysis on its budget needs for FY 2008. The President's FY 2008 Budget – which was submitted in February 2007 before HUD's FY 2007 program funding issues were identified and resolved – requested $5.522 billion for Section 8 HAP contract renewals and proposed a $1.3 billion rescission that was primarily intended to come from excess Section 8 Program funding. HUD's current analysis indicates it can meet the FY 2008 HAP contract renewal funding needs with the funding level in the President's FY 2008 Budget, and HUD estimates it can meet the rescission target with Section 8 and other HUD program resources.

Given that many HAP contracts were forward funded into FY 2008 with available FY 2007 funds, and with continued use of the new incremental funding clause for the FY 2008 contract renewals, HUD would require, and the President's Budget supports, a FY 2008 program funding level of $5.6 billion to incrementally fund all FY 2008 contract renewals through November of 2008. Incrementally funding the FY 2008 contract renewals two months into FY 2009 will allow sufficient time to process another round of incremental funding actions at the beginning of the next new fiscal year to avoid further late payment problems for housing owners; that is, if Congress enacts HUD's FY 2009 appropriation bill in a timely manner.

Conclusion

HUD is committed to continuing to improve its systematic means to more accurately forecast budgetary needs so that each year's budget request is sufficient to fund all annual Section 8 HAP contract renewals, as well as any amendment needs on remaining long-term contracts. We are in the process of concluding a contract-by-contract data clean-up in our program data system as a first step in reengineering the long-term solution to streamline and automate the overall Section 8 Project-Based Assistance Program budgeting and contract management and payment processes. Implementation of the necessary systems changes is subject to the availability of sufficient information technology systems funding for HUD's Working Capital Fund. The Department is committed to supporting HAP contract renewals to assist both the property owners and the families they serve. We will continue to work with our business partners and the Congress to improve the administration of this critically needed housing program.

That concludes my prepared testimony and I stand ready to address your questions. Thank you.

Attachment 1

HUD's Old Annual Funding Terms For Section 8 Project-Based Assistance Contracts

2 TERM AND FUNDING OF RENEWAL CONTRACT

a The term of the Renewal Contract begins on _____.

b Subject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD, the Renewal Contract shall run for a period of five (5) years, beginning on the first day of the term. Section 8 housing assistance payments to the Owner during the Renewal Contract shall only be made from budget authority appropriated by the Congress, and available for this purpose.

Attachment 2

HUD's New Incremental Funding Terms For Section 8 Project-Based Assistance Contracts

2 TERM AND FUNDING OF RENEWAL CONTRACT

a The Renewal Contract begins on _____[i] and shall run for a period of one year.

b Execution of the Renewal Contract by the Contract Administrator is an obligation by HUD of $ _____[ii], an amount sufficient to provide housing assistance payments for approximately _____[iii] months of the Renewal Contract term.

c HUD will provide additional funding for the remainder of the Renewal Contract term subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

---

[i] The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

[ii] Enter the amount of funding obligated.

[iii] Enter a whole number of months.

TESTIMONY OF LAWRENCE J. LIPTON

CHIEF FINANCIAL OFFICER, RELATED MANAGEMENT

ON BEHALF OF
THE NATIONAL LEASED HOUSING ASSOCIATION

ON LATE PAYMENTS UNDER

SECTION 8 PROJECT-BASED CONTRACTS

BEFORE THE SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

OCTOBER 17, 2007

1900 L STREET, NW, #300 ■ WASHINGTON, DC 20036 ■ 202.785.8888 t ■ 202.785.2008 f ■ hudnlha.com

TESTIMONY OF LAWRENCE J. LIPTON
CHIEF FINANCIAL OFFICER, RELATED MANAGEMENT
ON BEHALF OF THE NATIONAL LEASED HOUSING ASSOC.
ON LATE PAYMENTS UNDER
SECTION 8 PROJECT-BASED CONTRACTS
BEFORE THE SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
OCTOBER 17, 2007

Madam Chairperson and Members of the Subcommittee, my name is Larry Lipton and I am Chief Financial Officer of Related Management. I am appearing before you on behalf of the National Leased Housing Association, which for over 35 years has represented owners, managers, lenders, investors, public officials and others involved with Section 8 and other affordable housing programs. NLHA played a major role as Section 8 programs were being formulated and our member organizations were the original developers and owners of this critical housing resource.

Related Management is also an active member of the National Multi Housing Council (NMHC) and the National Apartment Association (NAA). Both organizations have joined with NLHA in submitting this testimony. NMHC represents the apartment industry's largest and most prominent firms and NAA is the largest national federation of state and local apartment associations, with 190 affiliates representing nearly 50,000 professionals who own and manage more than six million apartments. NMHC and NAA jointly operate a federal legislative program and provide a unified voice for the private apartment industry

.

Other national housing organizations are also deeply concerned about this issue and have weighed in with Members of Congress; a copy of their letter is attached.

My company, Related Management, has its headquarters in New York City and owns and manages about 26,000 units of multifamily housing in 12 states, spread from New York to California. Our Section 8 project-based inventory totals 11,287 units in 64 projects.

The Section 8 project-based programs, enacted more than 30 years ago, have provided effective and enduring shelter for millions of low-income families. In addition to making possible the construction or rehabilitation of housing units dedicated to low-income occupancy for extended periods, Section 8 has been used in several hundred thousand units in projects financed under other HUD programs to preserve those projects

from financial problems or to ease the rent burden on low-income tenants in those projects.

In our opinion, the Section 8 subsidy mechanism is the most effective housing subsidy ever devised by Congress. It is an elastic subsidy that can reach the very poorest families and keep their rent burden proportionately the same as the rent burden on families with more income.

However, for Section 8 to be an effective program, HUD must comply with its contractual promise to housing providers to make timely monthly assistance payments. These assistance payments cover the difference between tenant rent contributions, generally set at 30 percent of a tenant's adjusted income, and the HUD-approved rents for the project. The tenant rent contribution generally pays for only a small portion of the costs of running a project, including debt service payments. Without assistance payments from HUD a project cannot continue to operate and serve its tenants.

While HUD has been late sporadically in making payments over the past several years, this year late payments have been widespread over most parts of the country, with nonpayment often persisting for several months.

In the case of our company, for example, we billed HUD in June of this year for $9.8 million in assistance payments for the month of July. Almost one-third of our bill, or $3.1 million, was not paid by July 31, and about 20 percent or $2 million remained unpaid as of September 30. One of our projects, in San Diego, received no funds for the three-month period of July through September, for a total of $525,000. No doubt many other owners have been hit harder than us, but any late payment at any time is indefensible. We support legislation to charge HUD interest on payments not received within 30 days of the due date, a penalty payment available to most contractors doing business with the government, and that might also be an incentive to HUD to make timely payments.

Owners do what they can to cope during these periods of nonpayment, such as drawing funds from a replacement reserve, and other reserves if they exist, borrowing funds, delaying payments to vendors, and making personal contributions.

It is not exactly clear how these payment problems occurred and owners have no assurances that the problem will not recur in the future. To protect themselves from future late payments, some owners may consider taking several actions, including not making needed project repairs from funds in a replacement reserve in order to preserve these funds to offset late payments; selection of the highest income tenants legally possible in order to reduce the deficit between tenant rent contributions and the cost of operating the project; and, perhaps most significantly, planning to opt out of their contracts.

The late payment problem not only affects the operations of a project, but also makes difficult the preservation of these aging projects through sales, often to nonprofit

purchasers that commit to long affordability periods, and rehabilitation, usually with proceeds from the low-income housing tax credit. Purchasers, lenders, and tax credit investors have been put on alert that the government may not perform under its contracts, and they will act accordingly to protect their interests, assuming they continue to participate at all. We have attached to our testimony a list of 19 adverse consequences of delayed or insufficient HAP funding.

The damage of the late HAP payments is being compounded by concerns that Congress will not provide sufficient appropriations for the Section 8 project-based program in fiscal year 2008. HUD is responding to this potential shortfall by entering into renewal contracts that no longer purport to make a commitment for one year of funding, but rather obligate HUD for only a period of a few months with the promise to extend the short period for an indeterminate further period when and if sufficient appropriations become available.

The perception this kind of contract creates is devastating. Until recently, several years of predictability and stability in the Section 8 renewal process have led purchasers, lenders and investors in Section 8 properties to rely on long-term Section 8 renewal contracts, even though subject to annual appropriations, as sufficient backing for their investment. They assumed the appropriations risk in these contracts because they thought the risk was minuscule. They are not so sure anymore.

There are other more technical, but serious, concerns with short funding commitments. These contracts purport to bind an owner to providing section 8 housing for one year. If HUD funding stops after 4 months is the owner bound to continue to comply with Section 8 rent and other rules without receiving assistance payments? If the owner can get out of the contract will it be bound by the one-year tenant notice statute which will prevent the owner from raising rents for one year after an opt-out notice to the tenants? Will the tenants be eligible for enhanced vouchers if the contract is abrogated? Will HUD wait until the one-year notice period has elapsed before awarding enhanced vouchers, as has been its recent policy? Will there be sufficient funding for all enhanced vouchers?

These concerns will influence an owner's decision to remain in the program or to opt out, as well as decisions whether to purchase and rehabilitate Section 8 projects. At a minimum, owners will more likely give routine notices to tenants that they intend not to renew a Section 8 contract, in order to reduce their exposure period during which they do not receive assistance payments but cannot raise rents. These opt-out notices will cause anxiety among tenants who will be placed in a continual state of uncertainty as to whether they will lose their homes or not.

Unless the industry has confidence that the government is committed to adequate and timely funding, the Section 8 inventory is likely to shrink in size. Nor will it get the new investment needed to preserve these projects as affordable housing and to keep them affordable far into the future.

What can this Committee do to help rectify the damage done to the Section 8 inventory? First, it can exercise close oversight over the process HUD uses to make Section 8 assistance payments, as well as how budgetary needs are calculated. Second, a package of amendments submitted to the Committee by NLHA to remove statutory and administrative impediments to preserving affordable housing will help facilitate Section 8 renewals and the sale, rehabilitation, and long-term affordability of Section 8 and other HUD-assisted housing projects. Third, the Committee should urge that sufficient appropriations be provided for fiscal year 2008 to avert the use of a succession of short term funding obligations by HUD.

Thank you for the opportunity to testify on this important subject and I will be pleased to answer any of your questions.

NATIONAL
LEASED HOUSING
ASSOCIATION

SOME IMPLICATIONS OF INADEQUATE FUNDING OF PROJECT-BASED SECTION 8 CONTRACTS

If Congress fails to appropriate sufficient funds for FY 2008 to make all contractual section 8 payments, in original and renewal contracts, this failure will be regarded by participants in the Section 8 program, other housing programs, other federal programs, and the capital markets as a default by the United States in its perceived moral obligation. The section 8 contract has already been devalued even without a default by sustained talk of inadequate funds, widespread late payments in 2007, and the inability of HUD to provide one-year extension contracts because of insufficient funds. A quick and decisive fix may salvage some of the damage.

The following are several specific adverse consequences:

(1) Lenders will be less willing to make long-term loans for refinancings or purchases of section 8 projects, transactions which help in the rehabilitation and preservation of the projects.

(2) Investors and syndicators will be less willing to purchase low income housing tax credits, which are key to the sale and rehabilitation of those projects.

(3) To the extent the above players continue to participate, it will be on more onerous terms and with a more rigorous selection process to assist only projects that would be viable if section 8 payments terminated.

(4) Owners who economically can opt out of the section 8 program will plan to do so and will do so at the first opportunity.

(5) Owners can also stop providing section 8 housing even prior to contract expiration if HUD fails to provide assistance payments.

(6) Tenants will become anxious about the potential loss of their subsidy and homes. The elderly are particularly susceptible to those concerns. Some will move out and live with their families, thus losing their eligibility for tenant protection vouchers when an owner opts out.

(7) Owners will select the highest income tenants they legally can select in order to mitigate the impact of missed or reduced assistance payments.

1900 L STREET, NW, #300 ■ WASHINGTON, DC 20036 ■ 202.785.8888 t ■ 202.785.2008 f ■ hudnlha.com

(8) The cost of enhanced vouchers and other tenant protection vouchers will soar, or alternatively, all tenants will not be protected if there is an opt-out.

(9) There may be an increase in defaults on FHA-insured mortgages covering section 8 projects.

(10) Affordability use restrictions for projects that have been restructured in the mark-to-market program, which run 30 years, would be converted to permit higher income tenants to be served.

(11) Fifty-year affordability use restrictions for LIHPRHA projects and existing use restrictions for ELIPHA projects would be terminated and the projects rented to market tenants if HUD cannot provide all the contractual section 8 payments.

(12) For those projects remaining in the program, there will be an increase in deferred maintenance, depletion of replacement reserves, and little likelihood of obtaining tax credits for rehabilitation.

(13) Prices realized by HUD in selling foreclosed properties with section 8 subsidies would decline.

(14) If Congress authorizes the conversion of rent supplement and RAP contracts to section 8, there will be few takers.

(15) Participation and continued participation in other housing programs involving multi-year subsidies, such as project-based vouchers, regular vouchers, 202/811 would decline, or the quality of participants would decline.

(16) The lack of sufficient section 8 funds will also thwart the refinancing of older section 202 projects for the elderly and disabled that have section 8 subsidies. Many of these projects are 20 to 30 years old and can be preserved for another long period with recapitalization and rehabilitation, but lenders and investors would be wary of participating.

(17) The ability of public-housing agencies to borrow funds for capital improvements, secured by future appropriations to the capital fund, would be made more difficult and costly.

(18) Participation in non-housing federal programs, dependant on ongoing federal subsidies, would be compromised if participants felt the United States defaulted in the major section 8 programs.

(19) There are broader implications in the capital markets. A default by the United States in any area could send further shock waves to the already shocked markets. Would this be the end of the perceived federal backing of Fannie and Freddie obligations, and if so, increasing borrowing costs for home purchases and refinancing? Would the odor of default by the United States raise borrowing costs for Treasury?

October 5, 2007

The Honorable Dave Obey
Chair
Committee on Appropriations
2314 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Obey:

The undersigned organizations are writing to alert you to a desperate situation currently affecting federal government contracts on thousands of affordable housing properties subsidized through the U.S. Department of Housing and Urban Development (HUD).

Owners and developers of low income housing properties throughout the country that have entered into Section 8 project-based housing assistance payment (HAP) contracts with HUD are experiencing major funding shortfalls due to insufficient FY07 appropriations to renew such contracts. Without these funds, properties are not able to pay debt service, utility costs (including utility allowance payments to residents) or other operating expenses. If the property is unable to operate, the low income residents, many of them elderly and disabled, will be displaced and a scarce housing resource will be lost.

This crisis is a direct result of HUD and particularly the Office of Management and Budget (OMB) underestimating the funding renewal needs of such contracts and requesting less than is necessary in the Administration's budget request. From what we can gather, a number of "creative" accounting maneuvers have been used over the last ten years, including the Congressional practice of including "rescissions" in appropriations bills. These actions have distorted the actual funding needs for project-based Section 8 renewals, causing the current crisis.

HUD's budget request for FY08 is **less** than what was appropriated in FY07 even though the $5.829 billion appropriated for Section 8 project-based contract renewals in FY07 has proved to be nearly $1.2 billion less than what was needed. We believe the shortfall for FY08 to be $2.2 bllion.

It is not appropriate to continue HUD's band-aid solution of providing partial funding by bifurcating payments between fiscal years. Such an approach distorts the actual funding need, but does not reduce the amount of the shortfall. Further, the continued delay in making payment undermines the confidence of owners, resulting in owners' terminating such contracts. It is simply not acceptable that the nation's most vulnerable people, many of them elderly and disabled will be put out on the street because the Administration did not request sufficient funds to meet its contract obligations

We can ill afford to lose this scarce housing resource. Please support the appropriation of sufficient funds to renew for 12 months all Section 8 project-based contracts in FY08.

Sincerely,

American Association of Homes and Services for the Aging (AAHSA)
Council for Affordable and Rural Housing (CARH)
Institute of Real Estate Management (IREM)
Institute for Responsible Housing Preservation (IRHP)
Mortgage Bankers Association (MBA)
National Apartment Association (NAA)
National Association of Affordable Housing Lenders (NAAHL)
National Association of Homebuilders (NAHB)
National Affordable Housing Management Association (NAHMA)
National Leased Housing Association (NLHA)
National Multi Housing Council (NMHC)

Statement To

Subcommittee on Housing and Community Opportunity
Financial Services Committee
United States House of Representatives

Testimony on the Impacts of Late Housing Assistance Payments on Tenants and Owners in the Project-based Rental Assistance Program

By Carolann Livingstone, Vice-President/East
National Alliance of HUD Tenants
October 17, 2007

Prepared Statement of Ms. Carolann Livingstone
Vice-President/East
National Alliance of HUD Tenants

Subcommittee on Housing and Community Opportunity
Financial Services Committee
Wednesday, October 17, 2007

On behalf of the National Alliance of HUD Tenants (NAHT), I want to thank Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee for inviting our testimony today. My name is Carolann Livingstone. I am a tenant of project-based Section 8 housing; the President of the 1890 House Apartments Tenants Association in Providence, Rhode Island; a co-founder of the Rhode Island HUD Tenant Project; and the Vice President/East of the NAHT Board.

As you know, NAHT is the nation's only membership organization representing the two million families who live in privately-owned, HUD assisted multifamily housing, including the 1.5 million families, elderly and disabled people in apartments receiving project-based Section 8 assistance. The elected NAHT Board represents a membership including voting member tenant groups and areawide coalitions in 23 states.

The NAHT Board met with Subcommittee staff in September to urge that today's hearing be held. We are very grateful that the Subcommittee has responded so quickly. For today's hearing, NAHT convened two national conference calls to solicit input from tenants and affiliated organizations across the country. I am honored for the opportunity to make these tenant voices heard before the Subcommittee today. Our comments follow the questions provided to NAHT by the Subcommittee.

1) In what way do you rely on the project-based rental assistance program?

For me and my nine year old son, Section 8 housing is literally a matter of life and death. Like many thousands of Section 8 families across America, I was once homeless, living on the street for one and a half years before I could pull my life together. Section 8 housing provided the vital step up so I could stabilize my life, provide a decent home for my son, find a job at a local church, and take college courses to move up and out of poverty.

Well over half the 1.5 million project-based Section 8 households in America are very low income elderly and disabled people; the rest are families with children living on public assistance or with low wage jobs. We have no "choice" to rent market rate apartments, without subsidies to keep rents affordable. A major portion of the low income families with children, like me, were homeless or living in shelters before moving into life-saving Section 8 housing. For many of us, project-based Section 8 is the difference between having a home and living on the street.

Rents paid by Section 8 tenants (based on 30% of household income) typically cover only 25-35% of the actual costs of operating Section 8 apartments; HUD pays the difference to the owners through the Section 8 HAP contract. If HUD were to terminate Section 8 payments in the middle of the contract year, and tenants are forced to pay the difference, it would mean an

overnight increase of 3 to 4 times what we are paying now, forcing tenants out on the street. NAHT has already received reports of owners doing exactly that in New York, Ohio and Pennsylvania.

Today, more than 90% of project-based Section units, including the many in long-term contracts under HUD's Mark to Market, Mark Up to Market, or Preservation Programs, are "subject to annual appropriation by Congress." That means that more than 1,350,000 low income households are potentially affected by the Section 8 funding crisis. ***If Congress and HUD do not provide $2.5 billion out of an $8 billion need in 2008, then 30% of these households—that's 470,000 low income families, elderly and disabled people—could lose their homes overnight.***

2) What is your understanding of the reasons behind why the Department has been unable to make HAP's in a timely fashion? How does the current situation with late HAP's compare to prior years in which HAPs were late?

To our knowledge, this is the first time in the history of the project-based Section 8 program that anything like this has happened. I was part of the NAHT Board's meeting with Acting Deputy Assistant Secretary John Garvin and other HUD officials on September 14, 2007, to hear HUD's explanation of this crisis. HUD officials claimed that the late payments from July had been largely cleared up, after OMB released $1.4 billion which had been delayed in June and July.

But their explanation of the "funding shortfall" which appeared in the 4th Quarter, when money for Section 8 literally ran out, was disconcerting, to say the least. They said that ***no one at HUD had any idea of how much money was actually needed*** to fully fund all Section 8 contracts for one year. In fact, HUD had to farm out this analysis to an outside contractor. HUD acknowledged that Congress had asked for the contractor's report by September 15, in time for the FY 2008 Appropriations bill, but told us that the draft report wouldn't be ready until mid-November.

To fund contracts in the 4th Quarter, HUD said they had taken money out of 40 year, long-term Section 8 contracts obligated to other owners. We asked them if this was legal; they said they had a legal opinion from the HUD Office of General Counsel that it was, and that HUD didn't have to pay these funds back. Our understanding is that as much as $1.2 billion was transferred in this way. They did not say whether these owners have been notified of a reduction in their contracts.

Yet even this amount was not enough to fund all contracts that came up in the July-September 2007 quarter. So HUD is only providing short-term 3-6 month "stub" contracts with available funds, and telling owners that the balance of their one year contracts may or may not be provided by Congress, during fiscal year 2008.

We asked if HUD had an estimate of how much would be needed next year, since the House and Senate Appropriations bills for FY 2008 have already passed each chamber and appear to be short. HUD officials said the number could be anywhere from zero to $2 billion or even more; they really didn't know. Nor was HUD able or willing to commit to ask for whatever shortfall their contractor might identify, sometime in November or beyond. We have since heard that HUD admits the amount is $2.5 billion, but neither HUD nor OMB will make an

official appropriations request. Instead, President Bush has vowed to veto even the inadequate HUD Appropriations bills before the Congress.

Madame Chair, the inability of the Administration to provide answers to these questions or to request the needed funds is deeply disturbing. They are playing with peoples' lives! Obviously, with a $2.5 billion shortfall out of an $8 billion need, not providing enough money in FY 2008 will result in mass displacement and homelessness for tenants as owners are forced out of the program.

If tenants are more than 10 days late on our rent, we are threatened with eviction. Yet OMB and HUD were two months late with $1.4 billion--will the responsible officials be held accountable? What steps will HUD take to make sure this doesn't happen again?

If low income tenants inaccurately report our income, we can be evicted and even prosecuted for fraud. Yet HUD and OMB will not formally acknowledge that $8 billion is needed to honor Section 8 contractual obligations. Will the Administration at least admit the problem and ask Congress for what is truly needed?

The way this crisis has developed raises a legitimate question whether some in the Administration are deliberately planning a "train wreck" to destroy the project-based Section 8 housing system next year. We know that OMB officials, even in prior Administrations, have favored the conversion of project-based Section 8 into Vouchers, but there is no sign the Administration even plans to ask for additional Voucher funds for 470,000 families who could suddenly lose our homes. We ask that Congress dig deeper into this crisis to answer these questions.

3) How have you personally been impacted by late HAPs? Has the owner of your housing development entered into a "short-funding" contract, i.e., a contract in which the funding is not guaranteed for a full 12 months? How have late HAP's affected your neighbors or other tenants in your organization?

My building already suffers from inadequate repairs, maintenance, and management. Delayed or short-funded Section 8 payments can only make this worse. We expect even worse conditions, lower REAC scores, and potential HUD enforcement or even termination down the road.

In addition, my building is in a prime downtown Providence location. The owner will be able to "opt out" of his Section 8 contract by January 2011, and either convert to higher rent housing or tear down the building and replace it with more profitable new development. Our tenants association and the Rhode Island HUD Tenant Project, aided by a Rhode Island Right to Purchase law which we passed last year, hope to preserve our building as Section 8 family housing. But the Section 8 funding crisis dramatically increases the chances that our owner will opt out or be terminated by HUD, leaving no Section 8 contract to make affordable housing feasible.

NAHT tenants and affiliated local organizations across the country are already reporting adverse effects on tenants from the crisis so far. Some examples:

- At Morris Heights Mews ***in the Bronx***, the owner stopped making long overdue repairs and maintenance and halted utility and monthly mortgage payments in

August 2007, due to HUD's payment delays. Recently, ***management has begun to charge HUD's portion of the rent to tenants,*** many of whom are now paying market rents out of fear of eviction. Tenants are now afraid the owner will opt out of the expiring Section 8 contract in February 2008 due to HUD's inability to guarantee payments, according to the Urban Homesteading Assistance Board.

- At Washington, Square West Apartments ***in Philadelphia, AIMCO (which owns as much as 115,000 units of project-based Section 8 housing, 7% of the total) has forced tenants to sign "month to month" leases effective December 1, 2007.*** One tenant who contacted the NAHT office could see a rent increase from $198 to $1,015 overnight should HUD fail to provide Section 8 payments, at any time after December 31 (See attached excerpt from Model Lease and Rent Increase request).
- ***Senior citizens at a building in Cleveland were sent a letter notifying tenants that they would have to pay full market rents due to the HAP funding shortfall.*** The Cleveland Tenants Organization and Legal Aid intervened to get a correction letter, but tenants were panicked for 24 hours
- According to the Texas Tenants Union, tenants at Eastwood Terrace tenants in Nacogdoches reported high weeds and slow maintenance this summer. They also had problems with security no longer making rounds at night. The grass was cut at the end of August, around the time TTU heard landlords were getting paid again. At Edinburg Village in Edinburg, tenants reported that the manager was hardly in the office this summer and rehab stopped.
- The Coalition on Housing and Homelessness in Ohio (COHHIO) reports delays in utility allowance checks for tenants at Westover Village in Cincinnati from management as a result of a HAP shortfall, forcing tenants to pay higher amounts. COHHIO also reports a nonprofit owner of a 180 unit elderly and disabled tenant building in Cleveland who is "very disturbed" by HUD's short-funding letter and may not be able to operate the buildings.
- NAHT Board members and affiliates from high or rising market areas, such as Placer County, California, or Eastern Massachusetts, report that many owners who have been renewing their Section 8 contracts one year at a time to "keep their options open" may now throw up their hands and "opt out" rather than enter into HUD's Mark Up to Market program to preserve affordable housing

Perhaps the worst impact as tenants become aware of this crisis is the gnawing fear and terror of becoming homeless—for many of us, ***becoming homeless again.*** In my state of Rhode Island the one large homeless shelter has been demolished. As I look out my living room window I can see people sleeping on the sidewalk. Last night, there was a homeless woman and her child living there, in the rubble. What will happen if HUD cuts off funds and more are sent into the street? That can easily be me—that *was* me, not too long ago—I am asking, for all of us, that Congress and HUD solve this crisis now.

4) How have late HAP's changed your perception of or confidence in the project-based rental assistance program?

HUD's inability to provide accurate and timely information about its funding needs is almost as disturbing as the late payments and Section 8 shortfall themselves. As the crisis has unfolded, neither owners, tenants, Congress, nor HUD field staff have been correctly informed about what is going on. Just last weekend, HUD officials in New York attending the New York

Tenants and Neighbors Annual Conference denied there was anything more than a "temporary shortfall" that would soon clear up—obviously, they, too, are misinformed.

HUD's explanation that late HAP payments last summer were due to an undefined "administrative snafu" is not enough. Nor are "late payments" even the central problem; the deeper crisis is the $2.5 billion shortfall which emerged during FY 2007. Were OMB and/or HUD deliberately holding up 3rd Quarter payments to push owners out of the program, stretching funds it knew were inadequate into the 4th Quarter? Why has neither agency to date admitted, publicly, that there is a $2.5 billion shortfall? What did Department and OMB officials know about this emerging problem, and when did they know it? What contingency plans, if any, have they made for the hundreds of thousands of people like me who could be made homeless if contracts are shut off?

HUD has blamed the "shortfall" on a reported Office of General Counsel opinion last year, citing the Anti-Deficiency Act (ADA), which suddenly forced HUD to short-fund Section 8 contracts. This is not convincing. If HUD had asked for enough money in FY 2007 in the first place, the ADA would not have been problem. Even if OGC changed the standards for funding 12 month contracts, HUD could have asked for a supplemental appropriation at that time. If HUD and OMB simply request enough money to fully fund all Section 8 contracts for one year, the ADA problem will go away.

We ask that the Subcommittee investigate further how the late payments and the shortfall were allowed to happen, so that a repeat of this fiasco can be avoided in the future. We recommend that the Chair and Ranking Member request an investigation by the Government Accounting Office and by HUD's Inspector General of how this crisis developed, with remedies to avoid a recurrence and to rebuild public confidence in the project-based Section 8 program.

Congress could start by asking HUD to produce, as a follow up to this hearing, the Office of General Counsel legal opinions regarding the application of the Anti-Deficiency Act to Section 8 renewals, and allowing permanent transfer of funds from long-term Section 8 accounts for FY 2007 short-term renewals.

5) How will late HAP payments impact the future stability of the project-based rental assistance program, including any impact on residents of these developments?

You don't have to be an accounting genius to see that HUD's math doesn't add up. If all owners offered "stub" contracts come back in a few months for another short term contract, obviously the total demand will be $8 billion during FY 2008—not the $5.5 billion requested by the Administration. This means that the "train wreck" forcing early contract terminations from lack of funds will occur no later than May 2008, if Congress does not fully fund Section 8: either owners will seek funds from HUD that are simply not there and will suffer funding shortfalls, or they will "opt out" of renewals (where they can), or both. Either way, the nation will lose affordable housing. Is HUD basing its $5.5 number on an estimate that owners will choose to opt out? Where owners can't yet opt out, is HUD assuming that a certain number of contracts will be terminated due to lack of funds? We ask your help in getting to the bottom of these questions.

Even if Congress acts, there is a question whether HUD and OMB will be able to process the money in time. Has HUD done a cash-flow analysis of the impacts of continually renewed, short-term "stub contracts" on Section 8 funding needs for each Quarter? What is the impact of the Continuing Resolution level of funding ($5.9 billion) for the first Quarter of FY 2008? We are also concerned that the sheer confusion and chaos resulting from multiple and overlapping contracts of varying lengths will overwhelm HUD's already limited administrative capacity, with tenants at the losing end.

More urgently, tenants need to know what will happen if funds are suddenly cut off by HUD in the middle of a one year Section 8 funding cycle. Will tenants receive One Year Notice, from HUD and/or the owners, before our rent payments increase? Will we receive Section 8 Enhanced Vouchers to cover rent increases? How will these Vouchers be funded? If 470,000 households are cut from project-based Section 8 next year, will HUD ask Congress for 470,000 Vouchers? Will our leases be honored, or will HUD allow owners to terminate leases if Section 8 funds are not available and tenants cannot afford to pay the full rent? We urge the Subcommittee to get written answers from HUD to these critical questions as soon as possible.

Another real concern is the impact on the remaining supply of Section 8 housing. The nation has already lost at least 350,000 units of affordable housing since 1996, including project-based Section 8, due to owner opt outs and mortgage prepayments, according to the National Housing Trust. But owners in high or rising market areas who are facing funding uncertainty or terminations by HUD will almost certainly opt out of the program. NAHT's local affiliates in these areas are already monitoring owners who have up till now hedged their bets with short-term contract extensions, and fully expect to see a surge of opt outs, and a permanent loss of low income housing.

6) How should the Department resolve the current funding situation? Is "short-funding"contracts a feasible alternative to fully funding them for 12 months?

Obviously, short-funding Section 8 contracts is no alternative to full 12 months funding. Nor can we wait for the crisis to explode to act; the consequences for tenants, owners, and lenders would be too disastrous to contemplate. The time to fully fund Section 8 to save our homes is now.

We strongly urge the Chair and Ranking Member of the Subcommittee to write the House and Senate T-THUD Appropriations Conferees to increase project-based Section 8 funds to at least $8 billion for FY 2008, without any cuts to other HUD programs. If HUD and OMB are unable or unwilling to provide a formal request or analysis to justify their estimates, we suggest that Congress multiply the average 12 month Section 8 outlay cost per unit by the number of units requiring annual funding during FY 2008, plus a small percentage factor, to approximate the funding need. That way, owners and tenants will be reasonably assured that funds will be available for the entire fiscal year. Any surplus funds can be rolled over into the next fiscal year.

Another urgent measure is to provide resources to help inform tenants about Section 8 contract renewals and to participate in the decisions affecting their homes. Section 514 of the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA) authorizes HUD to spend up to $10 million annually to involve tenants in Section 8 renewal decisions. But HUD

has failed to spend any of these funds since 2002. Commissioner Montgomery did support creation of a new grant program, TRIO, last spring, but was unable to get Appropriations Committee approval to reprogram funds at the time. This will delay TRIO funds until 2009, at the earliest.

The Section 8 crisis makes it imperative to get information out to tenants immediately so we can engage owners and HUD to renew Section 8 contracts. The Stakeholders convened by HUD to advise the Department on Section 514 have proposed that HUD renew its Interagency Agreement with the Corporation for National and Community Service, a federal agency, for a $1 million VISTA Volunteer program in HUD multifamily housing, as the quickest and most cost effective way to get Section 514 resources to organizations across the country, now that the startup of the TRIO program has been delayed for at least a year. Unfortunately, the Commissioner has rejected this request (see attached correspondence). The Stakeholders have also recommended legislation to get funds out to qualified nonprofits in 2008, ahead of the TRIO NOFA process. We request that the Subcommittee adopt this legislation at the soonest opportunity, so tenants can better cope with the loss of their homes.

Madame Chair, homeland security begins with a home. The fear and terror of mass homelessness which HUD's negligence has caused tenants is unacceptable. Today's hearing helps restore confidence that Congress will act to help tenants Save Our Homes in the weeks ahead.

House Financial Services Housing and Community Opportunity Subcommittee
Hearing on "The Impacts of Late Housing Assistance Payments on Tenants and Owners in the Project Based Assistance Program"
October 17, 2007

Written Testimony of Larry Minnix, President and CEO
American Association of Homes and Services for the Aging

My name is Larry Minnix and I am the President and CEO of the American Association of Homes and Services for the Aging. I would like to thank you for the opportunity to be here today and share the stories of our members regarding this important problem. I have been in aging services field for over 35 years and was the CEO of Wesley Woods Center of Emory University. Wesley Wood is a comprehensive aging services organization, with acute, outpatient, outreach, HUD housing, and nursing home care. I began there as an administrative intern and spent 28 years committed to the mission of serving seniors. I am speaking to you today as the leader of an association of providers, and also as someone that has walked in the shoes of these administrators. We are looking to you for leadership.

The members of the American Association of Homes and Services for the Aging (www.aahsa.org) serve as many as two million people every day through mission-driven, not-for-profit organizations dedicated to providing the services people need, when they need them, in the place they call home. Our 5,700 members offer the continuum of aging services: adult day services, home health, community services, senior housing, assisted living residences, continuing care retirement communities, and nursing homes. AAHSA's commitment is to create the future of aging services through quality people can trust.

The majority of AAHSA members own and operate affordable senior housing communities, funded under the HUD Section 202 and 236 programs. Because many of our members are dedicated to serving the lowest income seniors they rely heavily on project based rental subsidies to operate safe, decent, supportive housing for their residents. Depite HUD's express commitment and contractual obligation to provide housing assistsance payments in a timely manner, they have fallen far short of the mark. I cannot stress enough that this is a national problem for providers. We have heard from members in Illinois, Texas, Ohio, Georgia, California, Florida, Michigan, Oklahoma, Missouri, Connecticut and several other states. This trend, if it is allowed to continue, will endanger the future of affordable, senior housing throughout this country.

Background

Although the recent funding gaps have been broad and exceptional in scope, late payments from HUD are not a new problem. A 2005 Government Accountability Office (GAO) study[1] requested by this committee found that payment gaps in rental obligations have occurred sporadically on a national level since the onset of expiring long-term Section 8 contracts. According to the report, the primary factors affecting the timeliness of HUD's housing assistance payments were delays in the contract renewals, absence of procedures for funding and monitoring contract balances and inaccurate or incomplete submissions of monthly vouchers by project owners. The report also cites as major causes for repeated delays the bureaucratic contract renewal process, HUD's

[1] GAO Report "*Project-Based Rental Assistance: HUD Should Streamline Its Processes to Ensure Timely Housing Assistance Payments*" (November 2005)

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

underestimation of its funding needs and a failure to allocate additional funds when contract balances decline faster than anticipated.

Since Congress mandated that contract renewals be implemented "subject to annual appropriations" under Multifamily Assisted Housing Reform and Affordablility Act of 1997 (MAHRA), and new rental subsidy vouchering system and payment review processes were put into effect, an increasing number of AAHSA members have detailed lengthy delays. According to the GAO report, between fiscal years 1995 and 2004, and with an average of 26,000 contracts paid per month, only three-fourths of the monthly housing assistance payments were made by the due date. Of the remaining contracts, 8 percent were delayed by 2 to 4 weeks, 6 percent - more than 18,000 per year - were 4 to 8 weeks late and another 10,000 payments per year were 8 or more weeks late. One issue that GAO did not address, were the significant problems experienced by providers of extended delays, although it did acknowledge growing problems with PRAC payments.

AAHSA's Understanding of the Reasons for the Late HAP Payments

HUD has insisted that the primary reasons for the ongoing funding problems are the legal requirements laid out in the Anti-Deficiency Act and the shortage of funds for new contracts. According to HUD, there has been a departmental "legal opinion" based on the federal Anti-Deficiency Act that prohibits them from providing contract renewals to providers unless they have a full year's worth of funding available for a particular property. It should be noted that this does not appear to be a formal, written legal opinion from departmental attorneys. What that

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

means, of course, is that unless HUD requests sufficient funding to renew all the contracts, contracts renewed in the last quarter and perhaps the third quarter can not be renewed for a full 12 months.

HUD has repeatedly requested too little funding for the project based Section 8 account to meet the existing need. HUD has borrowed from long-term contracts within its project based Section 8 portfolio – those that received full funding initially – to meet their current funding obligations for contract renewals. While they can be admired for their creativity, the simple fact that they have taken such steps suggests that the amount of funding requested and the amount appropriated by the Congress are drastically below the actual program needs. According to experts in the field, HUD will need more than $2 billion dollars to fully fund their FY08 obligations and repay the contracts that they have "borrowed" from.

HUD has also indicated that they have been given such small increments from OMB in each periodic apportionment that they cannot meet all outstanding needs and their 12 months allocation requirements for contracts expiring in any given period. Addressing contract shortfalls or renewals has become increasingly problematic over the last half of the FY07 fiscal year. Basic payments have been delayed even if the contracts have been renewed with 12 months of funding. Furthermore, HUD's subsidy renewal, allocation and payment processes remain highly dependent on a number of manual steps which must be accomplished in sequence. So, once funding is "released" at HUD headquarters, it can still take 2 to 3 weeks for funds to reach individual project accounts.

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

AAHSA members have generally reported the same funding problems, particularly for those contracts expiring in the 4th quarter of the federal fiscal year or the 1st quarter of the coming fiscal year. AAHSA has repeatedly met with HUD to discuss these problems and we acknowledge the efforts taken by certain HUD officials trying to improve the data collection and funding policies or helping assign emergency funds to untold numbers of members facing a true crisis as their reserves were depleted. However, a long-term fix has never been fully identified or implemented. Whether HUD itself truly knows how much it should have on hand for each apportionment period or not is questionable and the House Appropriations Committee expressed sincere doubts in the FY08 report.

> *The Committee is deeply concerned about HUD's inability to calculate the actual funding needs of this program. Based on recent calculations on expiring contracts and the true annual voucher cost, the Department has put the Committee in the difficult position of correcting an undefined, seemingly unlimited shortfall. The Department is either unable or unwilling to report its recaptures in this account and seems to have lost track of its contracts. As this program is based on legal contracts, it seems reasonable that HUD should be able to calculate the true need of this program. The Committee understands that the Department has engaged a contractor to assess the needs of this program and anticipates getting accurate information from this report. The Department is instructed to provide the results of that report to the Committee and to discuss the results within one week of the issuance of the report." The Committee also directed HUD to submit supporting documentation for the FY09 project–based Section 8 budget request. The required documentation is a project–by–project analysis, verifying funding for renewals and amendments.*

Impact of Funding Delays and Short Funding on AAHSA Members

The non-payment of contract funding has a disastrous impact on providers, residents and communities. AAHSA members are not-for-profit organizations, typically faith-based, with

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

limited resources. Often times whatever capital reserves are available are spent-down to cover the missing payments, mortgages are delinquent, planned maintenance or property rehabilitation is delayed resulting in increased costs over time, staff may be laid off, and/or utility payments are held off until the last possible moment. I would like to cite a range of examples of the experiences that AAHSA members have had over the last five months.

Bethany Center Senior Housing, Inc., is stand alone property based in the Mission District of San Francisco, California. This past summer the property's administrator, who has been with the property for almost 20 years went two months without a payment from HUD. The community was forced to use his reserves to pay the property's bills, including the mortgage. Ultimately the property had to face the possibility of losing staff because they no longer had the funds to meet their payroll obligations. In addition the funding crisis hit in the middle of an asbestos abatement project at the site. The administrator was no longer able to continue paying the contractor and the contractor stopped work. He further noted that their vendors, from security companies to pest control, cannot afford to do work for free. Bethany Center was at risk of losing the people that they did business with to "higher priced" vendors who inevitably cost more.

National Church Residences, is a national housing provider with over 200 senior properties, including two in Charleston, West Virginia and several in Southern California. In July 2007, NCR reported to us that they had 64 properties that had not received $2.5 million in housing assistance payments. By August 1, they were missing $3.5 million in

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

HAP contract funding. NCR is a leading sponsor of Section 202 properties. The organization has been instrumental in working on the most financially and legally complex deals to preserve existing affordable senior properties from California to New Jersey. If organizations like NCR cannot rely on HUD to meet their obligations on existing property subsidy contracts they will not have the time, expertise and resources to dedicate towards new developments or affordable housing preservation.

King's Daughters and Sons Housing, Inc. in Norwalk, CT is sponsored by an organization that has been active in the commuity for more than 100 years. The property has experienced repeated delays during its lifetime due to process problems with contract renewal delays. In the past, the property has had to borrow money to meet it operational needs, but according to their Execitive Director the situation has never been as bad as it is today. Like 59 other properties in Connecticut, King's Daughters and Sons, did not receive its July and August 2007 payments on time. Their experience is indicative of what small local organizations face when HUD does not meet its obligations. Two of the property's staff members went without paychecks, invoices were not paid and the medical insurance was cancelled. The Board, made up of local community leaders, has spent significant amount of time trying to deal with funding issues rather than focusing on the mission of the organization. Local HUD staff has been extremely responsive and helpful where they are able, but the fact is that if HUD headquarters does not provide the contract funds there is very little that they can do to help the provider meet their operational expenses.

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

AAHSA does not have a count of exactly how many of its members have "short funded" contracts, but we do know that every renewal since August has received contract language that provides incremental or "short funding". Our primary concern, given the desperate needs of our members was that they understood that in order to receive any funding at all, they had to sign whatever HUD sent them. In short, with regards to the funding and the abbreviated contracts, HUD has housing providers over a barrel.

One thing that has become clear to us is that HUD's solution to "short funding" contracts is exacerbating the chronic underfunding that properties have experienced over the last several years. King's Daughters and Sons Senior Housing, in Connecticut, has received notification from HUD that they will receive a "short funded" contract to provide five months worth of funding. Unfortunately, the level of funding that HUD estimated they needed does not take into consideration the operating cost adjustment factor (OCAF) that was requested to meet the increased operational expenses. Their funding will not meet the actual expenses for the full five months. We have heard similar stories from other providers that have received notification letters on "short-funded" contracts.

HUD's "short funding" of projects will have growing effect on the physical properties due to deferred capital improvements, and even reoutine maintenance. Given the recent funding crisis, providers are hesitant to enter into long term projects and repairs that they may not have the funding to pay for in the near future. HUD insists that sponsors provide safe, decent sanitary

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

housing, but their short sighted "solution" to their contractual obligations makes it more difficult for providers to live up to those expectations. Senior housing properties typically have exceptional REAC scores on the physical conditions of the properties, scores that are in jeopardy.

This move to "short-fund" contracts also wreaks havoc on preservation deals that are underway or may be considered in the future. One AAHSA member, who is refinancing an older project with low-income hosuing tax credits has reported that investors are becoming leery of the certainty of HUD funding in the long term. This sentiment will only grow as HUD is unable to take the steps necessary to provide long term commitments to the properties. The LIHTC program is an essential source of capital for new developments, as well as preservation. Without the confidence of those investors the goal of serving the lowest income seniors will not be possible.

The Future Viability of the Affordable Senior Housing Portfolio

The failure of HUD to provide for timely and adequate payments on their contractual obligations to thousands of affordable senior housing providers will have a predictable impact on the future of these valuable programs. Just because AAHSA members are faith and community based organizations, they are not novices when it comes to running a business. Their commitment to serving the least among us certainly will not change, but they will have to face the fact that they cannot successfully and responsibly continue to operate communities where the residents, the staff and the soundness of the property depend on an agency that has turned out to be as unreliable as HUD.

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

Some providers will remain involved in the Section 8 program, but many will recognize the inefficiency and futility of trying to meet their mission without adequate, predictable funding. Some are considering serving more moderate-income residents instead of the very-low-income or creating their own funding streams or endowments even if it would mean serving fewer people. Some, who are particulary appalled with HUD's performance, have discussed redefining their mission to get out of affordable housing all together. For providers with maturing mortgages, such a step is not inconceivable.

I want to add that this problem of late payments is not limited to Section 8 payments. Section 202 PRAC projects, built since 1990, experience delays in payments as well. AAHSA knows that the funding is in the Section 202 account, so it is unclear why providers are not being paid. Fewer units may ultimately be built because HUD has underestimated the amount of funding required for PRAC renewals and each year must set aside additional dollars to renew contracts, but the funding is available. AAHSA is afraid that PRAC renewals will become the Section 8 renewal crisis of the future.

How HUD Can Resolve the Current Funding Situation

While the current crisis may have been staved off at this point, this "short funding" of existing contracts will result in annual shortages like the type we saw this past summer, next summer and every summer going forward. The current method of "short funding" contracts is unsustainable in the future. It is AAHSA's understanding that the reason that HUD turned to short term renewals is because they have exhausted available sources of funding – including borrowing from long-

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

term contracts that were fully funded at the beginning. All of this funding will eventually come due and HUD, like someone that has lived off of credit cards for decades will have to the face the fact that they have nowhere else to "borrow" from to meet their obligations.

The Administration must recognize the importance of affordable senior housing in the nation's continuum of care and HUD must face their contractual obligations to providers. The Department must address its antiquated method of tracking contracts, expenses and projected funding needs. HUD must also educate and inform its field offices so that they can better address provider concerns. HUD should develop a communication system that will allow them to alert providers when payments are delayed and when they can expect to receive funding. This small change will allow providers to plan operations accordingly and give them the peace of mind. Most importantly, we urge HUD to reveal the extent of the underfunding of the project based Section 8 contracts, to provide accurate estimates of the real funding need for the portfolio and submit a formal supplemental funding request to Congress, as well as a realistic budget request for FY09.

In addition to the changes that I believe HUD must make, Congress will have to do the hardest part. On behalf of AAHSA, our member communities and the residents they serve, I call on Congress to provide the necessary funding to allow these properties to remain affordable, safe and secure homes. Federal support for these projects will ensure that dedicated, professional housing providers remain committed to their communities for well into the future. The lives involved cannot survive the patchwork approach to problem solving that this country will face if HUD and Congress continue to address these issues on a temporary, emergency basis and if HUD

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

continues to "manage" its way out of its funding shortfall. As well the Section 8 program has been the piggy bank for too long in rescissions demanded from HUD and the piggy bank is dry. It's time for Congress to reject such budget gimmicks and provide sufficient funding for affordable housing.

American Association of Homes and Services for the Aging
2519 Connecticut Avenue, NW Washington, DC 20008-1520 | aahsa.org | 202.783.2242

400 North Columbus Street
Suite 203
Alexandria, VA 22314
(703) 683-8630
(703) 683-8634 FAX
www.nahma.org

Testimony of J. Kenneth Pagano
House Financial Services Subcommittee on Housing and Community Opportunity
The Impacts of Late Housing Assistance Payments on Tenants and Owners in the Project-Based Rental Assistance Program
October 17, 2007

Thank you, Chairwoman Waters for holding this important hearing to examine the impact of late Housing Assistance Payments (HAPs). Good morning, Ranking Member Capito and members of the Subcommittee.

My name is Ken Pagano, and I am honored to be here today to speak on behalf of the National Affordable Housing Management Association (NAHMA). NAHMA represents management agents and owners involved in federal rental assistance programs. Executives of property management companies, owners of affordable rental housing, public agencies and vendors that serve the affordable housing industry constitute NAHMA's membership. Our members have considerable experience both in developing the properties and in ensuring regulatory compliance. I am also President and CEO of Essex Plaza Management Company, of Newark, New Jersey and President of NAHMA's regional chapter, New Jersey Affordable Housing Management Association (JAHMA).

I would like to begin by commending you, Chairwoman Waters, for the leadership role you have taken on this issue. Today's hearing is a very important step toward reassuring concerned affordable housing professionals, owners and investors that Congress is interested in resolving the serious payment disruptions in the project-based Section 8 program. Thank you for your efforts.

Background

Before I discuss the specifics of how late HAP payments harm affordable properties and our tenants, there are a couple of key background points I would like to emphasize. First, making timely HAP payments to housing providers is a contractual obligation between the federal government and affordable housing providers. HAPs are the contractual rental subsidy payments made by HUD to the owner of a federally-assisted housing unit. These payments make up the difference between 30 percent of a tenant's income and the rent. The most common term for the HAP contract is one year, but there are also multi-year terms. Regardless of the contract length, all HAP renewal contacts are subject to annual appropriations. Secondly, late HAP payments are chronic problems which have plagued affordable housing managers for about the last ten years. The events of this summer, when payments nationwide were delayed for one to three months, were a dramatic and painful example of how badly the system is broken. Thirdly, late HAPs jeopardize the financial and physical health of apartment communities that serve low-income families with few housing options. Ironically, the more low-income tenants a property houses, the more burdened it is by late payments because tenants cannot afford to pay market rents and there are few other ways to increase cash flow. When HAP payments are late, owners and agents must use maintenance funds to make the mortgage payments, meet payroll, pay utilities or other expenses. The final background point I would raise is if owners begin to opt-out of this program and if nervous investors walk away from preservation deals because they've lost faith in the dependability of Section 8 funding, the low-income families who need this housing most will lose it; and the tragedy of this situation will be that it was entirely avoidable.

A Chronic Problem Documented by the Government Accountablity Office (GAO)

Late HAPs are not a new problem. They have presented management challenges for nearly ten years, since contract renewal process under the Mark-to-Market program was implemented.

Thanks to the bipartisan request of Housing and Community Subcommittee Chairwoman Waters, Financial Services Committee Chairman Frank, and the previous Republican leadership of the Financial Services Committee and Housing Subcommittee, the Government Accountability Office (GAO) provided independent, unbiased documentation of the late HAP payment problem. GAO's November 2005 report, "Project-Based Rental Assistance: HUD Should Streamline Its Processes to Ensure Timely Housing Assistance Payments (GAO-06-57)," corroborated much of what the affordable housing industry already knew about late HAP payments from membership surveys and anecdotes. Specifically, late HAPs occur quite frequently, are usually resolved within two weeks of the due date, and are more likely to occur during a contract renewal, mark-to-market, or mark-up-to-market process, and owners receive no advanced warning. It also corroborated our arguments about the damaging toll late subsidy payments have on the operations of affordable properties. GAO noted that some properties are in a better financial position to continue operations until the subsidy arrives; but they also spoke with owners who incurred thousands of dollars worth of penalties for late payments on their mortgages and utility bills which could have been avoided if they had received their subsidy payments on time.

Some of GAO's other key findings included:

- No statutory or regulatory standard exists for HUD's timeliness of subsidy payments to owners.
- "Although HUD has made changes to improve contract administration, it has not comprehensively addressed the factors that most affect the timeliness of payments--that is, its contract renewal and contract funding and monitoring processes."[1]
- HUD's failure to promptly allocate and obligate additional funds to contracts also results in late payments.

---

[1] See page 31 of the 2005 report.

- Some HUD field office staff do not have access to data systems, were not trained to use the systems, or were not trained to monitor funding levels.
- HUD frequently underestimates the amount of money a contract will need when it makes obligations at the beginning of a year.
- HUD's existing monitoring has failed to prevent payment delays for HAPs that need more obligated funds.

- Local market factors primarily drive opt-out decisions.
- Continuing resolutions should not affect HAP timeliness. (In a GAO report released in April 2007, HUD reversed course and cited CRs as a major cause of late HAPs.)
- HUD has no system for alerting owners about late payments or expected time for resolution.

The report concentrated on HUD's payment processes, with only passing references to Congress' role in the appropriations process and no attention at all to OMB's part in releasing funds to HUD for distribution. This is an important point, because there are still procedural issues which must be addressed even after funding is stabilized. For example, NAHMA believes GAO missed an opportunity to examine the turn-around time for moving appropriated funds from OMB to HUD.

GAO made three recommendations to HUD for improving timeliness of HAP payments,[2] and HUD agreed with all of them.[3] The specific recommendations were that HUD should:

- "Streamline and automate the contract renewal process to prevent processing errors and delays and eliminate paper/hard copy requirements to the extent practicable;"
- "Develop systematic means to better estimate the amounts that should be allocated and obligated to project-based housing assistance payment contracts each year,

[2] See page 32 of the 2005 report.
[3] See pages 37-38 of the 2005 report. The specific HUD comments are found on page 38.

monitor the ongoing funding needs of each contract, and ensure additional funds are promptly obligated to contracts when necessary to prevent payment delays;" and

- "Notify owners if their monthly housing assistance payments will be late and include in such notifications the date by which HUD expects to make the monthly payment to the owner."

Much of HUD's hopes for improving its HAP contract renewal process rested on its Business Process Reengineering (BPR) effort, a long-term project intended to improve "inefficient or redundant processes" and to integrate data systems.[4] Unfortunately, the BPR was abandoned due to cost concerns. At the time, however, GAO also pointed out that the BRP was a larger initiative not focused on the HAP payment process, and focusing on this strategy would cost HUD the opportunity to make immediate improvements. GAO proposed,

> "...HUD effectively could prevent many delayed payments by better estimating the amounts it needs to obligate to contracts each year, more systematically monitoring contract funding levels on an ongoing basis, and promptly allocating and obligating additional funding to contracts when necessary."[5]

In April 2007 GAO released another noteworthy report, "Project-Based Rental Assistance: HUD Should Update Its Policies and Procedures to Keep Pace with the Changing Housing Market (GAO-07-290)." This report analyzed contract activity from 2001 to 2005. It focused on the number of opt-outs, which properties were most at-risk, HUD's preservation tools and reasons for the decisions to continue or leave the program. Late HAPs were mentioned in this report, as a source of "HUD fatigue" for owners and management agents which could lead to fewer contract renewals.[6] It is important to note here that while GAO again cited local market conditions as the primary factor in the opt-out decision, they acknowledged that other factors could eventually outweigh purely economic factors.

---

[4] See page 21 of the 2005 report.
[5] See page 31 of the 2005 report.
[6] See page 28-29 of the 2007 report.

NAHMA agrees with GAO's assessment that market factors are the major factor in an owner's decision to opt out, but we would caution that each of these studies was released prior to the financial chaos project-based Section 8 properties experienced from July through September of 2007. Late HAPs and insufficient contract funding are now an economic consideration.

More importantly, the 2007 GAO report provided compelling documentation about the consequences of late HAP payments:

> "Owners told us that when they did not receive payments on time, they often had to use reserve funds to cover critical operating expenses, leading to cash flow problems. During these periods, some owners delayed needed maintenance to make up for the budget shortfall. For example, we found in our work for this current report that in Baltimore, a nonprofit owner of a project-based Section 8 property for elderly residents delayed critical repairs to the boiler system when the payments were delayed. The owner used reserve funds that should have been used for repairs to cover operating costs. This situation contributed to a lower physical REAC score for the owner because the boiler was in need of repair."[7]

This example is consistent with reports by many NAHMA members who have had to lay-off staff, cut services to residents, miss mortgage payments, make late utility payments or miss payments to site vendors because of late HAP payments.

A Difficult Summer: Late HAP Payments Harmed Affordable Properties and Tenants

The negative impact of late HAPs for properties and tenants were only worsened by the funding crisis of this summer. In one awful situation, a NAHMA member from Louisiana expressed

[7] See page 34 of the 2007 report.

frustration that her property could not take in Katrina evacuees because without the HAP payments, the property could not afford to prepare the vacant units for occupancy.

In my own experience as a management agent, the problems with HAP payments this summer have caused a crisis in confidence for owners, investors, and the vendors who service my properties. The cost of operating project-based Section 8 properties has increased as a result of the late HAPs. Despite many years of timely payments, vendors are now asking for upfront deposits, and I've lost discounts because I was not able to pay them on time. Banks as well as vendors are charging late fees. Ironically, no such fee is imposed on HUD for making late HAP payments to the properties in the first place! My properties have paid between 12 to 18 percent late fees on water, sewer and tax payments in New Jersey because HUD did not pay us on time.

Maintenance and services to tenants have also been cut back on my properties due to the funding delays. For example, I've had to cut the hours of the Neighborhood Networks (community learning centers) on the properties. I've also had to defer scheduled work outlined in the mark-to-market process because I needed the money to make debt service payments. I've also had to defer general maintenance and cut back supportive services.

I am also feeling pressure to opt-out from the partners on some of the properties I manage. My owners and limited partners are looking at this situation where their costs are increasing, returns are diminishing and the uncertainty of HAP funding is putting the projects at risk of default on the mortgages. Risks to properties restructured under mark-to-market include default on the first mortgage, as well as inability to make interest payments on the HUD-held second mortgage. The partners are asking me, "Why am I still in this program?" At the same time, they are being approached by investors who would like to convert the properties to condominiums or market rate units.

Additional Lessons from the Summer of 2007

GAO's extensive commentary on HUD's lack of information about the funding needs for these contracts foreshadowed the major funding interruptions affordable housing providers experienced during the forth quarter of 2007. House Appropriations Committee Report (H. Rept. 110-238) to accompany the FY 08 Transportation- HUD bill (HR 3074) was more blunt about its lack of confidence in HUD's budget request for project-based Section 8. Under the heading, Project-Based Rental Assistance Committee Recommendation, the Committee wrote:

> "The Committee is deeply concerned about HUD's inability to calculate the actual funding needs of this program. Based on recent calculations on expiring contracts and the true annual voucher cost, the Department has put the Committee in the difficult position of correcting an undefined, seemingly unlimited shortfall. The Department is either unable or unwilling to report its recaptures in this account and seems to have lost track of its contracts. As this program is based on legal contracts, it seems reasonable that HUD should be able to calculate the true need of this program. The Committee understands that the Department has engaged a contractor to assess the needs of this program and anticipates getting accurate information from this report. The Department is instructed to provide the results of that report to the Committee and to discuss the results within one week of the issuance of the report..."

The report referenced by the House Appropriations Committee is a contract review study that has been underway for some time. It is NAHMA's understanding that this study was supposed to have been completed by the end of last year. Later, we were told this report would be released in the summer of 2007. We are concerned that if Congress waits until the report is finally released to correct the appropriations for project-based Section 8, it may be too late. We

respectfully suggest that Congress could use other cost estimates, perhaps from the Congressional Budget Office.

NAHMA and other industry participants believe the funding crisis affordable housing providers experienced during the fourth quarter of FY 2007 was the result of insufficient FY 07 appropriations for project-based Section 8 contract renewals, and failure on the part of HUD and the Office of Management and Budget to submit adequate funding requests to Congress. Our members remain gravely concerned that the Administration has not revised its FY 08 request, which would cut appropriations for project-based Section 8 contract renewals, when the FY 07 appropriations have been clearly insufficient. We are even more puzzled by the fact that the Senate's FY 08 Transportation-HUD Appropriations bill adopted the President's request on the heels of this crisis.

Project-Based Section 8 Contract Renewals: Short-Term Funding Language

At the insistence of HUD's attorneys, the project-based Section 8 HAP contracts now include a new section 2, which allows HUD to obligate funding to owners for a period of time (expressed in months) less than the term of the contract (either one-year or multi-year). For example, the new contract language might state, "HUD is providing $350,000, which is sufficient to fund HAPs for approximately 4 months of the Renewal Contract term." HUD's lawyers believe the new language is necessary to continue providing short-term payments on contracts when funds for the whole term of the contract are insufficient.

Interestingly, HUD has cited the challenges in working out the new language as a cause of this summer's funding interruptions. I would note, however, that many of our members went weeks or months without payment on contracts that were not expired and therefore, would not have been using the new contracts.

The HAP contract forms are available as attachments to the Section 8 Renewal Guide and posted to HUD's website: http://www.hud.gov/offices/hsg/mfh/exp/guide/s8renewpgchg80907.pdf.

The new contracts have already been used to renew contracts that expired in the 4th quarter of FY 2007.

In the case of multi-year contracts, HUD is sending a letter to owners at every anniversary date which will notify owners when HUD does not have sufficient appropriations to make payments for the entirety of the next annual increment, and it is obligating a specified dollar amount to provide HAP payments for a specific number of months in the next annual increment. The letter is also stating HUD will obligate additional funding when appropriations are available and owners will receive written notification "of (i) the amount of such additional funding, and (ii) the approximate period of time within the remaining portion of the annual increment to which it will be applied."

According to HUD, the benefits of the new contract renewal language are two-fold. First, it allows the Department to keep some money flowing to owners when funding for the full contract term is not available. Second, it notifies owners about the status of funding for the contract.

A number of NAHMA members have expressed serious concerns that the new language legally binds them to provide housing under Section 8 rules and rent limitations for a year (or more) with no assurance of payment beyond the months to which HUD commits. While NAHMA agrees that partial funding is better than no funding, we believe the new short-term funding language in the HAP renewal contracts only underscores the importance of fully funding HAP renewals for the full 12 month term (or 12 month annual increments for multi-year contracts). Please put yourself in the position of the management agent who has to explain this new contract language to the property owner—who may already have doubts about whether to continue participating in the project-based Section 8 program.

Requested Congressional Action

Not surprisingly, NAHMA is unequivocal in our position that HAPs must be made to owners on time and in full. NAHMA believes the project based Section 8 program is at a crossroads. The severe payment problems of this summer, combined with HUD's new short-term funding language in Section 8 contracts, the Administration's requested cut for project-based Section 8 contract renewals, and the adoption of this cut in the Senate's FY 2008 Transportation-HUD Appropriations Act are raising questions throughout the affordable housing industry about whether the federal government is truly committed to the project-based Section 8 program--and whether it is worth the risk of participating in the program.

We call on Congress and the Administration to take immediate decisive steps that will restore confidence in this important program and protect the low-income tenants. We respectfully suggest these steps would include:

1. **Stabilizing funding by providing the necessary appropriations to pay the full 12 month increments of HAP contracts;**

   Regardless of whether the Administration submits a revised budget request, we urge Congress to use its own best judgment and increase the funding for project based Section 8 contract renewals to roughly $8 billion. We believe a minimum of $2.2 billion above the Administration's request is necessary to fully fund 12 month contracts in FY 08. Cutting this program--when FY 07 has been proven inadequate--will be disastrous for housing providers and residents.

2. **Addressing any regulatory issues that affect the timeliness of HAP payments;**

   This includes requiring the Administration to submit accurate budgetary information and improving the turn around time on inter-agency and intra-agency processing of these funds.

3. **Increasing protections for vulnerable tenants;**

   We urge Congress to amend the enhanced voucher statute to make these tenant protections available when HAP payments stop for any reason (especially due to the government's failure to pay owners) and also to provide these vouchers to tenants even before the end of a one year notice period.

4. **Requiring HUD to pay owners interest on late HAP payments.**

   Ideally, we believe HUD should pay interest on late HAPs, just as owners must pay late fees on missed mortgage and / or utility payments which result from the late HAP. A precedent exists in the U.S. Treasury Department's prompt payment rule, which assesses late interest charges against federal agencies that pay vendors after a payment due date.

   NAHMA supports a legislative change which would:

   - Require HUD to notify owners when payments will be late;
   - Require HUD to automatically approve releases from reserves when the HAP is 10 days late; and
   - Require HUD to pay interest on late HAP payments to owners after 10 days.

   A copy of this draft legislation follows my testimony.

   I would like to emphasize our preference is to receive HAP payments on time and in full rather than late payments with interest. Unfortunately, NAHMA has come to believe this measure is necessary to create disincentives against chronically late subsidy payments.

Conclusion

Once again, I would like to thank Chairwoman Waters for allowing me to testify this morning. I would be happy to answer any questions from the Subcommittee members.

SEC. ____. CORRECTING HARM CAUSED BY LATE SUBSIDY PAYMENTS.

Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by adding at the end the following new subsection:

"(ff) LATE PAYMENTS. –

"(1) GENERAL. – The Secretary, or the Secretary's designee, shall make project-based housing assistance payments under this section each month on or before the due date.

"(2) DUE DATE. – The due date for a monthly payment shall be the first business day of the month.

"(3) NOTIFICATION OF LATE PAYMENT. – The Secretary, or the Secretary's designee, shall notify a project owner at least 10 days prior to the due date if payment of a housing assistance payment will be late and shall inform the project owner of the approximate date the payment will be made.

"(4) USE OF RESERVES. – If a payment has not been received 10 or more days after the due date, a project owner shall be entitled to obtain funds from a project replacement reserve, residual receipts reserve or other project reserve in order to pay operating and debt service costs.

"(5) INTEREST PAYMENT. – If a monthly payment is not made within 10 days after the due date, the Secretary shall pay simple interest computed from the due date until the date of payment at a rate determined by the Secretary of Treasury in accordance with section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611)."

J. Kenneth Pagano, CPM®, NAHP-E®, SHCM®

President & CEO, Essex Plaza Management, Montgomery Management, Brunswick Management, and JKP Management Associates, Inc., Newark, NJ, *June 1983-Present*

Certifications:
SHCM – Specialist in Housing Credit Management, National Affordable Housing Management Association, 2006
CPM – Certified Property Manager, Institute of Real Estate Management 1983
Housing Credit Certified Professional National Association of Home Builders and National Affordable Housing Management Association, 1999
National Assisted Housing Management Association Executive Certification, 1995
New Jersey Real Estate Broker, 1977-Present

Honors:
- Presidents Award, National Affordable Housing Management Association, 2006
- Medical Missions for Children Humanitarian Award, 2002
- New Jersey Affordable Housing Management Association Exemplary Family Development, 1997
- New Jersey Affordable Housing Management Association Exemplary Property Award, Senior and Family Housing, 1996
- Il Leone di San Marco Business Award, 1994

Activities:
- Member, New Jersey Housing Policy Task Force, *2006 – Present*
- Secretary, National Affordable Housing Management Association, *2006 – Present*
- Board of Directors, National Affordable Housing Management Association, *2005 – Present*
- President, New Jersey Affordable Housing Management Association, *2000 – Present*, Vice President, *1994-2000*
- Board of Directors, Medical Missions for Children, *2000 – Present*
- President, Saint Rose of Lima School Board, *2006-Present*, Board Member, *1997-2006*
- Member, National Affordable Housing Management Association Executive Committee, *1996-Present*
- Chairman, National Affordable Housing Management Association Limited English Proficiency Task Force, *2005- Present*
- Member, New Jersey Housing Mortgage and Finance Agency Management Task Force, *1994-Present*
- President, University Heights Development Corporation, *1993-Present*
- Vice President, New Jersey Affordable Housing Management Association, *1994-2000*
- Member, United States Department of Housing and Urban Development Community Empowerment Team for the State of New Jersey, *1995*
- Member, United States Department of Housing and Urban Development SNAP Committee, *1994*

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Housing and Community Opportunity, Committee on Financial Services, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. EDT
Wednesday, October 17, 2007

PROJECT-BASED RENTAL ASSISTANCE

HUD Should Streamline Its Processes to Ensure Timely Housing Assistance Payments

Statement of David G. Wood, Director
Financial Markets and Community Investment

GAO-08-199T

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-08-199T, a testimony to the Subcommittee on Housing and Community Opportunity, Committee on Financial Services, House of Representatives

Why GAO Did This Study

The Department of Housing and Urban Development (HUD) provides subsidies, known as housing assistance payments, under contracts with privately owned, multifamily projects so that they are affordable to low-income households. Project owners have expressed concern that HUD has chronically made late housing assistance payments in recent years, potentially compromising owners' ability to pay operating expenses, make mortgage payments, or set aside funds for repairs. This testimony, based primarily on a report issued in 2005, discusses the timeliness of HUD's monthly housing assistance payments, the factors that affected payment timeliness, and the effects of delayed payments on project owners.

What GAO Recommends

In the 2005 report discussed in this testimony, GAO made recommendations to the Secretary of HUD to improve the timeliness of housing assistance payments and mitigate the effects of delayed payments. Specifically, GAO recommended that HUD streamline and automate the contract renewal process, better estimate and monitor contract funding levels, and notify owners about late payments.

HUD agreed with our conclusions and recommendations but has not fully implemented them.

To view the full product, including the scope and methodology, click on GAO-08-199T. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

October 2007

PROJECT-BASED RENTAL ASSISTANCE

HUD Should Streamline Its Processes to Ensure Timely Housing Assistance Payments

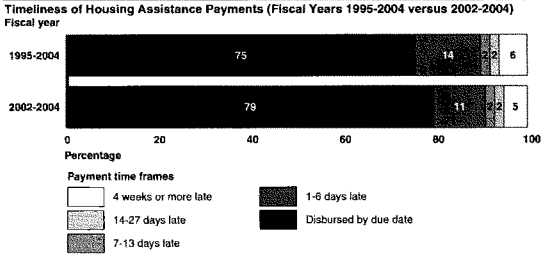
What GAO Found

From fiscal years 1995 through 2004, HUD disbursed three-fourths of its monthly housing assistance payments on time, but thousands of payments were late each year, affecting many property owners. Over the 10-year period, 8 percent of payments were delayed by 2 weeks or more. Payments were somewhat more likely to be timely in more recent years (see figure).

The process for renewing HUD's subsidy contracts with owners can affect the timeliness of housing assistance payments, according to many owners, HUD officials, and contract administrators that HUD hires to work with owners. HUD's renewal process is largely a manual, hard-copy paper process that requires multiple staff to complete. Problems with this cumbersome, paper-intensive process may delay contract renewals and cause late payments. Also, a lack of systematic internal processes for HUD staff to better estimate the amounts that HUD needed to obligate to contracts each year and monitor contract funding levels on an ongoing basis can contribute to delays in housing assistance payments.

Although HUD allows owners to borrow from reserve accounts to lessen the effect of delayed housing assistance payments, 3 of 16 project owners told GAO that they had to make late payments on their mortgages or other bills—such as utilities, telephone service, or pest control—as a result of HUD's payment delays. Owners who are heavily reliant on HUD's subsidy to operate their properties are likely to be more severely affected by payment delays than other, more financially independent, owners. Owners reported receiving no warning from HUD when payments would be delayed, and several told GAO that such notification would allow them to mitigate a delay. Nonetheless, project owners, industry group officials, and HUD officials generally agreed that late housing assistance payments by themselves would be unlikely to cause an owner to leave HUD's housing assistance programs, because such a decision is generally driven primarily by local market factors.

Timeliness of Housing Assistance Payments (Fiscal Years 1995-2004 versus 2002-2004)



Source: GAO analysis of HUD data.

Note: Percentages do not add to 100 percent due to rounding.

Madam Chairwoman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the timeliness of subsidies paid by the Department of Housing and Urban Development (HUD) to owners of multifamily properties. Under contracts with HUD, project owners provide affordable rental housing to approximately 1.6 million low-income households. Owners rely on these subsidies from HUD, often to a great extent, to pay for operating expenses, such as staff salaries and maintenance, as well as to make their monthly mortgage payments and set aside funds for contingencies and major repairs. Although HUD's subsidy payments to owners are not subject to a statutory or regulatory standard for timeliness, HUD's goal, with some exceptions, is to provide the payments by the first business day of the month.

My statement today is based primarily on our 2005 report concerning the timeliness of HUD's subsidy payments, along with relevant portions of our 2007 report on HUD's efforts to encourage project owners' continued participation in the subsidy programs.[1] Specifically, my statement discusses (1) the extent to which HUD made monthly housing assistance payments in a timely manner during the 10-year period from 1995 through 2004, (2) the factors that affected the timeliness of those payments, and (3) the effects of payment delays on project owners and their willingness to continue providing affordable housing.

In preparing the 2005 report, we analyzed trends in HUD's monthly payment data to determine whether payment timeliness had changed over time and whether there were differences in payment timeliness depending upon the type of contract administrator (i.e., whether HUD staff or contractors processed monthly payment vouchers). To determine the factors that affect the timeliness of housing assistance payments, we analyzed the portion of HUD's monthly payment data (generally, payments made from fiscal years 2002 through 2004) that captured the reasons particular payments were delayed, and supplemented our analyses by interviewing HUD officials from headquarters and eight field offices,

[1]GAO, *Project-Based Rental Assistance: HUD Should Streamline Its Processes to Ensure Timely Housing Assistance Payments*, GAO-06-57 (Washington D.C.: Nov. 15, 2005) and GAO, *Project-Based Rental Assistance: HUD Should Update Its Policies and Procedures to Keep Pace With the Changing Housing Market*, GAO-07-290, (Washington, D.C.: April 11, 2007).

contract administrators, project owners, and industry group officials. To assess the effects of payment delays on project owners and their willingness to continue providing affordable housing, we compared available HUD data on projects that opted out of HUD's programs with monthly payment timeliness data to determine whether these projects experienced more payment delays than projects that were currently receiving assistance from HUD at the time of our review. We also interviewed project owners and contract administrators at HUD field office locations we visited, and we met with officials from eight industry associations representing property owners. In preparing the 2007 report, among other things we conducted standardized interviews with both for-profit and nonprofit owners of subsidized properties, housing industry organizations, state housing finance agencies, and other stakeholders in five localities. Collectively, we conducted this work between October 2004 and April 2007 in Baltimore, Maryland; Boston, Massachusetts; Chicago, Illinois; Columbus, Ohio; Des Moines, Iowa; Houston, Texas; Kansas City, Kansas; Kansas City, Missouri; Los Angeles, California; New York, New York; Manchester, New Hampshire; Seattle, Washington; and Washington, D.C. in accordance with generally accepted government auditing standards.

In Brief

Most of HUD's housing assistance payments were timely—HUD disbursed by the due date 75 percent of the 3.2 million monthly payments for fiscal years 1995 through 2004. However, 25 percent of its payments were late, and 8 percent (averaging about 25,000 payments per year) were significantly late—that is, they were delayed by 2 weeks or more, a time frame in which some owners indicated the late payment could affect their ability to pay their mortgages on time. HUD made payments on an average of about 26,000 contracts per month. About one-third of these contracts experienced at least one payment per year that was late by 2 weeks or more. The timeliness of HUD's monthly housing assistance payments varied over the 10-year period, decreasing in 1998 shortly after HUD began implementing the Multifamily Assisted Housing Reform and Affordability Act of 1997, which contained new contract renewal and processing requirements. Timeliness gradually improved after 2001, after HUD began using performance-based contract administrators to administer a majority of the contracts. In the 3-year period of fiscal years 2002 through 2004, HUD disbursed 79 percent of payments by the due date, but 7 percent of these payments were significantly late.

The primary factors affecting the timeliness of HUD's housing assistance payments were the process of renewing owners' contracts; internal HUD

processes for funding contracts and monitoring how quickly each contract uses its funding; and untimely, inaccurate, or incomplete submissions of monthly vouchers by project owners. More specifically:

- Monthly housing assistance payments were more likely to be late when owners' contracts to participate in HUD's programs were not renewed by their expiration dates. For example, our analysis of available HUD data on the reasons that payments were 2 weeks or more late from fiscal years 2002 through 2004 found that the most common reason was the payment being withheld pending contract renewal. HUD officials and contract administrators said that delays on HUD's part—stemming from a renewal process HUD officials agreed could be cumbersome and paper intensive—could cause (or exacerbate) late payments that resulted from the lack of a renewed contract. The timeliness, quality, and completeness of owners' renewal submissions also could cause delays in contract renewals, particularly when an owner's initial contract expired and it had to be renewed for the first time.

- HUD did not know exactly how much it would pay owners each year because the amounts varied with tenant turnover, so HUD estimated how much funding it would need to obligate, or commit, to each contract and how quickly the contract would use these funds. However, HUD often underestimated how much funding a contract would need in a given year, and the agency lacked consistent processes for field office staff to monitor contracts and allocate and obligate additional funds when contracts used funds faster than anticipated. Failure to allocate and obligate additional funds to contracts promptly could cause payments to be late.

- According to HUD officials and contract administrators, owners' untimely, inaccurate, or incomplete monthly voucher submissions also might cause late housing assistance payments. However, the contract administrators with whom we spoke generally indicated they were able to correct errors in owners' submissions ahead of time to ensure timely payments.

According to project owners with whom we met, delays in HUD's housing assistance payments had negative financial effects and may have compromised owners' ability to operate their properties, but the delays were unlikely to cause owners to opt out of HUD's programs or stop providing affordable housing. Some owners said they incurred late fees on their mortgages and other bills or experienced interruptions in services at their properties because of delayed payments. Effects of delayed payments could vary in severity, depending on the financial condition of the property

owner and the extent to which the operation of the property was dependent on HUD's subsidy. Further, owners said that HUD did not notify them of when or for how long payments would be delayed, which prevented them from taking steps to mitigate the effects of late payments. The owners and industry group officials generally agreed that the negative effects of delayed payments alone would not cause owners to opt out of HUD's programs, although they could be a contributing factor.

We made several recommendations to HUD designed to improve the timeliness of these subsidy payments, with which the agency concurred. My statement incorporates information on the status of HUD's actions in response to these recommendations.

Background

HUD operates a variety of project-based rental assistance programs through which it pays subsidies, or housing assistance payments, to private owners of multifamily housing that help make this housing affordable for lower-income households. HUD entered into long-term contracts, often 20 to 40 years, committing it and the property owners to providing long-term affordable housing. Under these contracts, tenants generally pay 30 percent of their adjusted income toward their rents, with the HUD subsidy equal to the difference between what the tenants pay and the contract rents that HUD and the owners negotiate in advance.

In the mid- to late-1990s, Congress and HUD made several important changes to the duration of housing assistance contract terms (and the budgeting for them), the contract rents owners would receive relative to local market conditions, and the manner in which HUD administers its ongoing project-based housing assistance contracts. Specifically:

- Because of budgetary constraints, HUD shortened the terms of subsequent renewals, after the initial 20- to 40-year terms began expiring in the mid-1990s. HUD reduced the contract terms to 1 or 5 years, with the funding renewed annually subject to appropriations.[2]

- Second, in 1997, Congress passed the Multifamily Assisted Housing Reform and Affordability Act (MAHRA), as amended, in an effort to ensure that the rents HUD subsidizes remained comparable with

[2]Contracts with terms for greater than 1 year include language noting that they are "subject to annual appropriations," meaning that the terms apply only if HUD gets an appropriation sufficient to fund the contracts beyond the first year.

market rents.[3] Over the course of the initial longer-term agreements with owners, contract rents in some cases came to substantially exceed local market rents. MAHRA required an assessment of each project when it neared the end of its original contract term to determine whether the contract rents were comparable to current market rents and whether the project had sufficient cash flow to meet its debt as well as daily and long-term operating expenses. If the expiring contract rents were below market rates, HUD could increase the contract rents to market rates upon renewal (i.e., "mark up to market"). Conversely, HUD could decrease the contract rents upon renewal if they were higher than market rents (i.e., "mark down to market").[4]

- Finally, in 1999, because of staffing constraints (primarily in HUD's field offices) and the workload involved in renewing the increasing numbers of rental assistance contracts reaching the end of their initial terms, HUD began an initiative to contract out the oversight and administration of most of its project-based contracts. The entities that HUD hired—typically public housing authorities or state housing finance agencies—are responsible for conducting on-site management reviews of assisted properties; adjusting contract rents; reviewing, processing, and paying monthly vouchers submitted by owners; renewing contracts with property owners; and responding to health and safety issues at the properties. As of fiscal year 2004, these performance-based contract administrators (PBCA) administered the majority of contracts—more than 13,000 of approximately 23,000 contracts. HUD also has two other types of contract administrators. "Traditional" contract administrators (typically local public housing authorities) were responsible for administering approximately 5,000 contracts until they expired; at which time, these contracts would be assigned to the PBCAs. Finally, HUD itself also administered a small number of contracts under specific types of project-based programs.

To receive their monthly housing assistance payments, owners must submit monthly vouchers to account for changes in occupancy and tenants' incomes that affect the actual amount of subsidy due. However,

[3]Pub. L. No. 105-65, title V, 111 Stat. 1384 (Oct. 27, 1997) (*set out at* 42 U.S.C. § 1437f note).

[4]Prior GAO reports on HUD's mark-to-market efforts include the following: *Multifamily Housing: Physical and Financial Condition of Mark-to-Market At-Risk Properties*, GAO-02-953 (Washington, D.C.: Sept. 6, 2002); *Multifamily Housing: Issues Related to Mark-to-Market Program Reauthorization*, GAO-01-800 (Washington, D.C.: July 11, 2001); and *Multifamily Housing: HUD's Restructuring Office's Actions to Implement the Mark-to-Market Program*, GAO/RCED-00-21 (Washington, D.C.: Jan. 20, 2000).

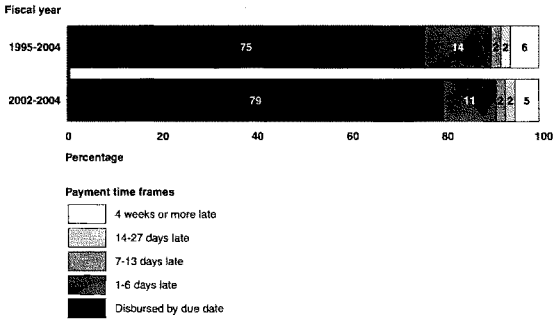
the manner in which the owners submit these vouchers and the process by which they get paid varies depending on which of the three types of contract administrators handles their contract. For HUD-administered contracts, the owner submits a monthly voucher to HUD for verification, and HUD in turn pays the owner based on the amount in the voucher. For PBCA-administered contracts, the owner submits a monthly voucher to the PBCA, which verifies the voucher and forwards it to HUD for payment. HUD then transfers the amount verified on the voucher to the PBCA, which in turn pays the owner. In contrast, for traditionally administered contracts, HUD and the contract administrator develop a yearly budget, and HUD pays the contract administrator set monthly payments. The owner submits monthly vouchers to the contract administrator for verification, and the contract administrator pays the amount approved on the voucher. At the end of the year, HUD and the contract administrator reconcile the payments HUD made to the contract administrator with the amounts the contract administrator paid to the owner, exchanging payment as necessary to settle any difference.

From Fiscal Years 1995 through 2004, HUD Made Three-fourths of Its Housing Assistance Payments on Time

Overall, from fiscal years 1995 through 2004, HUD disbursed by the due date 75 percent of the 3.2 million monthly housing assistance payments on all types of contracts (see fig. 1).[5] However, 8 percent of payments, averaging 25,000 per year, were significantly late—that is, they were delayed by 2 weeks or more and therefore could have had negative effects on owners who relied on HUD's subsidy to pay their mortgages. During this period, 6 percent of the total payments (averaging 18,000 per year) were 4 weeks or more late, including about 10,000 payments per year that were 8 weeks or more late.

[5]For contracts administered by the PBCAs and traditional contract administrators, HUD disburses funds to the contract administrator, rather than directly to the owner. HUD's data systems do not track the date the owner received payment under these contracts. As a result, we did not have data to reflect the exact payment date and, instead, for these contracts, we characterize timeliness based on the date the U.S. Treasury disbursed funds to the contract administrator. Based on our discussions with PBCA officials, it generally took the PBCAs from 1 to 5 days to turn around payments to owners.

Figure 1: Timeliness of Housing Assistance Payments, Fiscal Years 1995 Through 2004 Versus 2002 Through 2004



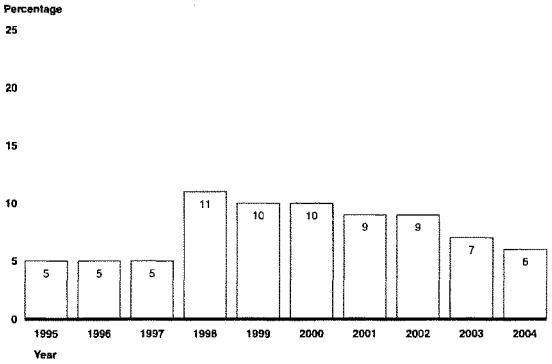
Source: GAO analysis of HUD data.

Note: Percentages do not add to 100 percent due to rounding.

HUD does not have an overall timeliness standard, by which it makes payments to owners or its contract administrators, that is based in statute, regulation, or HUD guidance. However, HUD contractually requires the PBCAs (which administer the majority of contracts) to pay owners no later than the first business day of the month. HUD officials said that they also used this standard informally to determine the timeliness of payments on HUD-administered and traditionally administered contracts. Therefore, we considered payments to be timely if they were disbursed by the first business day of the month. Based on our discussions with project owners who reported that they relied on HUD's assistance to pay their mortgages before they incurred late fees (generally, after the 15th day of the month), we determined that a payment delay of 2 weeks or more was significant.

The timeliness of housing assistance payments varied over the 10-year period (see fig. 2). The percentage of payments that were significantly late increased in 1998, which HUD and PBCA officials indicated likely had to do with HUD's initial implementation of MAHRA and new contract renewal procedures and processing requirements for project owners. Timeliness gradually improved after 2001, shortly after HUD first began using the PBCAs to administer contracts.

Figure 2: Percentage of Payments That Were 2 Weeks or More Late, Fiscal Years 1995 Through 2004

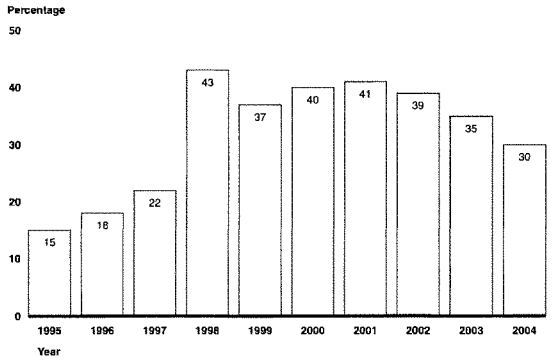


Source: GAO analysis of HUD data.

Note: Ten-year total number of payments: 3,212,982.

The percentage of contracts experiencing at least one significantly late payment over the course of the year showed a similar variation over the 10-year period, rising to 43 percent in fiscal year 1998 and decreasing to 30 percent in fiscal year 2004 (see fig. 3). As with the percentage of late payments, the percentage of contracts with late payments increased in fiscal year 1998 when HUD implemented requirements pursuant to MAHRA. Over the 10-year period, about one-third of approximately 26,000 contracts experienced at least one payment per year that was delayed by 2 weeks or more.

Figure 3: Percentage of Contracts Experiencing at Least One Payment Delayed by 2 Weeks or More, Fiscal Years 1995 Through 2004



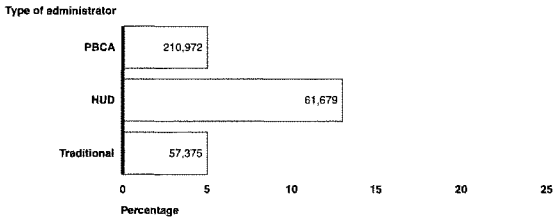
Source: GAO analysis of HUD data.

Note: Ten-year average: 32 percent.

Payments on HUD-administered contracts were more likely to be delayed than those on contracts administered by the PBCAs and traditional contract administrators, based on HUD's fiscal year 2004 payment data (see fig. 4). Further, HUD-administered contracts were more likely to have chronically late payments.[6] In fiscal year 2004, 9 percent of HUD-administered contracts experienced chronic late payments, while 3 percent of PBCA-administered contracts and 1 percent of the traditionally administered contracts had chronic late payments.

[6]We defined chronically late payments as contracts with six or more payments per year that were 2 weeks or more late.

Figure 4: Percentage of Payments That Were 2 Weeks or More Late, by Contract Administrator, Fiscal Year 2004



Source: GAO analysis of HUD data.

Note: Categorization by type of administrator is based on HUD contract administration data as of February 2005. We limited our analysis to 2004 because the data from HUD did not allow us to identify for prior fiscal years which type of contract administrator was responsible for each contract and because, over the course of these years, HUD was in the process of transferring contract administration responsibilities. For a small number of the payments characterized as PBCA-administered in this figure, HUD may have transferred processing to the PBCA during the fiscal year.

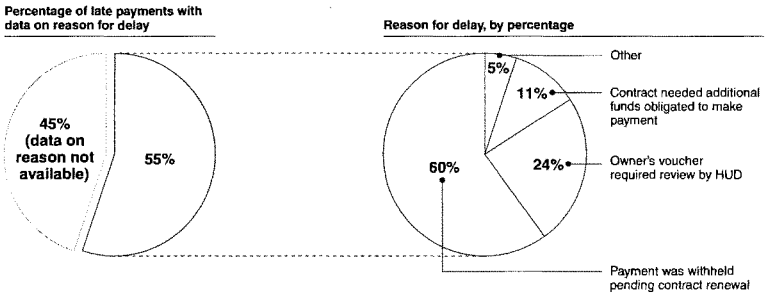
Contract Renewals, HUD Funding and Monitoring Issues, and Problems with Some Owners' Vouchers Contributed to Payment Delays

Late monthly voucher payments were more likely to occur when a contract had not been renewed by its expiration date, according to many of the HUD officials, contract administrators, and property owners with whom we spoke. HUD's accounting systems require that an active contract be in place with funding obligated to it before it can release payments for that contract. Therefore, an owner cannot receive a monthly voucher payment on a contract that HUD has not renewed.

Our analysis of HUD data from fiscal years 2002 through 2004 showed that 60 percent of the payments that were 2 weeks or more late was associated with pending contract renewals, among late payments on PBCA-and HUD-administered contracts for which HUD recorded the reason for the delay (see fig. 5).[7]

[7]HUD data recorded the reason for the delay for 55 percent of the PBCA-and HUD-administered payments that were 2 weeks or more late from fiscal years 2002 through 2004. We could not determine the reasons for the delay in the remaining 45 percent of the late payments. For almost all of the remaining 45 percent of payments, HUD's data systems did not accept the voucher in time for a timely payment. According to HUD officials, late acceptance of the voucher could be the result of a problem with the voucher or late submission by the owner or the PBCA. HUD did not collect data that would include the reasons for delayed payments on traditionally administered contracts.

Figure 5: Percentage of Payments That Were 2 Weeks or More Late, by Reason Code, Fiscal Years 2002 Through 2004, PBCA- and HUD-Administered Contracts



Source: GAO analysis of HUD data.

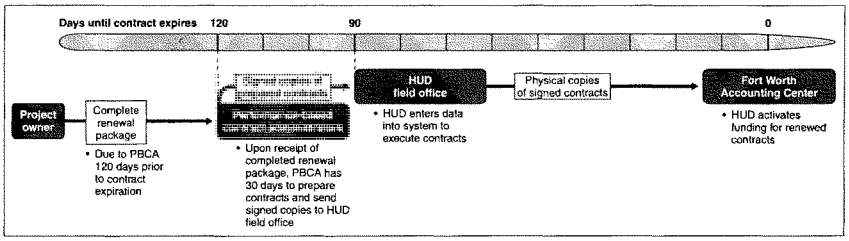
Note: Of the 62,851 PBCA-and HUD-administered payments that were 2 weeks or more late during this 3-year period, HUD's database included a reason code for 34,828, or 55 percent. The "other" category included pending verification of bank information, pending HUD review of a rent increase, insufficient tenant data, or other missing data on owners' payment vouchers. We excluded payments on traditionally administered contracts because HUD did not collect data on the reasons for delays.

A contract renewal might be "pending" when one or more parties involved in the process—HUD, the PBCA, or the owner—had not completed the necessary steps to finalize the renewal. Based on our interviews with HUD officials, contract administrators, and owners, pending contract renewals might result from owners' failing to submit their renewal packages on time. Often the delay occurred when owners had to submit a study of market rents, completed by a certified appraiser, to determine the market rent levels. However, late payments associated with contract renewals also might occur because HUD had not completed its required processing. For example, according to a HUD official, at one field office we visited, contract renewals were delayed because HUD field staff were behind in updating necessary information, such as the new rent schedules associated with the renewals and the contract execution dates in HUD payment systems.

HUD's contract renewal process was largely manual and paper driven and required multiple staff in the PBCAs and HUD to complete (see fig. 6). Upon receipt of renewal packages from owners, the PBCAs then prepared and forwarded signed contracts (in hard copy) to HUD field offices, which executed the contracts; in turn, the field offices sent hard copies of

contracts to a HUD accounting center, which activated contract funding. To allow sufficient time to complete the necessary processing, HUD's policy required owners to submit a renewal package to their PBCAs 120 days before a contract expires, and gives the PBCAs 30 days to forward the renewal package to HUD for completion (leaving HUD 90 days for processing). However, some owners told us that their contract renewals had not been completed by the contract expiration dates, even though they had submitted their renewal packages on time.

Figure 6: Contract Renewal Process for PBCA-Administered Contracts



Sources: GAO and HUD.

While initial contract renewals (upon expiration of the owner's initial long-term contract) often exceeded the 120-day processing time, subsequent renewals were less time-consuming and resulted in fewer delays, according to HUD officials, the PBCAs, and owners. Initial renewals could be challenging for owners because they often involved HUD's reassessment of whether the contract rents were in line with market rents. Additionally, the initial renewal represented the first time that owners had to provide HUD with the extensive documentation required for contract renewals to continue receiving housing assistance payments.

Further, in preparing our 2007 report, some property owners we contacted raised concerns about the renewal process, particularly on the clarity of the HUD policies and procedures and the way the policies were applied.[8] Specifically, these owners were concerned that the contract renewal guide that was published in 1999 had not been updated despite many changes to

[8]GAO-07-290.

HUD's policies and procedures, which has led to confusion among some owners.

To improve the timeliness of housing assistance payments, we recommended in our 2005 report that HUD streamline and automate the contract renewal process to prevent processing errors and delays and eliminate paper/hard-copy requirements to the extent practicable. In its response, HUD agreed with our recommendation and commented that streamlining and automating the renewal process would be accomplished through its Business Process Reengineering (BPR) effort. As we noted in our 2005 report, HUD launched this initiative in 2004 to develop plans to improve what it characterized as "inefficient or redundant processes" and integrate data systems. However, according to HUD, the agency has not received funding sufficient to implement the BPR initiative. As a result, HUD has been pursuing other solutions aimed at streamlining and simplifying the contract renewal process. According to HUD, the agency is planning to implement a Web-based contract renewal process that would be paperless, which it expects to complete in fiscal year 2010. HUD also told us that although it does not have funding in place to fully develop this automated renewal process, it has been implementing this new process in phases, as funding becomes available.

HUD's Difficulties in Assessing Rate of Funding Use and Monitoring Funding Levels

The methods HUD used to estimate the amount of funds needed for the term of each of its project-based assistance contracts and the way it monitored the funding levels on those contracts also affected the timeliness of housing assistance payments. When HUD renews a contract, and when it obligates additional funding for each year of contracts with 5-year terms, it obligates an estimate of the actual subsidy payments to which the owner will be entitled over the course of a year.[9] However, those estimates were often too low, according to HUD headquarters and field office officials and contract administrators. For example, an underestimate of rent increases or utility costs or a change in household demographics or incomes at a property would affect the rate at which a contract exhausted its funds, potentially causing the contract to need additional funds obligated to it before the end of the year. If HUD

[9]An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other actions that require the government to make payments to the public or from one government account to another.

underestimated the subsidy payments, the department needed to allocate more funds to the contract and adjust its obligation upwards to make all of the monthly payments.

Throughout the year, HUD headquarters used a "burn-rate calculation" to monitor the rate at which a contract exhausted or "burned" the obligated funds and identify those contracts that may have had too little (or too much) funding. According to some HUD field office and PBCA officials, they also proactively monitored contract fund levels. Based on the rate at which a contract exhausted its funds, HUD obligated more funds if needed.

However, based on our analysis of available HUD data and our discussions with HUD field office officials, owners, and contract administrators, payments on some contracts were still delayed because they needed to have additional funds allocated and obligated before a payment could be made. As shown in figure 5, our analysis of HUD's payment data showed that, where the reasons for delayed payments on PBCA-and HUD-administered contracts were available, 11 percent of delays of 2 weeks or more were due to contracts needing additional funds obligated. That is, those payments were delayed because, at the time the owners' vouchers were processed, HUD had not allocated and obligated enough funding to the contracts to cover the payments.

One potential factor that likely contributed to payment delays related to obligating contract funding was staff at some HUD field offices—unlike their counterparts in other field offices and staff at some of the PBCAs—lacking access to data systems or not being trained to use them to monitor funding levels. At some of the field offices we visited, officials reported that they did not have access to the HUD data systems that would allow them to adequately monitor contract funding levels. HUD field offices reported, and headquarters confirmed, that some field officials had not received training to carry out some functions critical to monitoring the burn rate. A HUD headquarters official reported that changes in the agency's workforce demographics posed challenges because not all of the field offices had staff with an optimal mix of skill and experience.

We recommended in our 2005 report that HUD develop systematic means to better estimate the amounts that should be allocated and obligated to project-based housing assistance payment contracts each year, monitor the ongoing funding needs of each contract, and ensure that additional funds were promptly obligated to contracts when necessary to prevent payment delays. HUD agreed that this recommendation would improve the

timeliness of payments, noting that it planned on achieving improvements through training, data quality reviews, and data systems maintenance. To determine how best to improve the current estimation/allocation system, HUD stated that it had obtained a contractor to analyze current data systems and make recommendations on improvements that would allow better identification of emerging funding requirements as well as improved allocation of available resources. As of October 2007, HUD reported that it was in the process of verifying and correcting data critical to renewing project-based rental assistance contracts in its data systems to produce a "clean universe of contracts." Based on its preliminary results, HUD officials told us that the data appeared to be reasonably accurate for the purposes of estimating renewal funding amounts. In addition, HUD has evaluated the current methodology for estimating its budget requirements for the project-based programs and developed a "budget calculator" to estimate renewal funding amounts. HUD has been pursuing contracting services to implement this "calculator" using the recently verified contract data; however, HUD could not provide a specific date by which it expected to complete these improvements.

Owners' Untimely, Inaccurate, or Incomplete Submissions

The PBCAs with which we met estimated that 10 to 20 percent of owners submitted late vouchers each month. For example, one PBCA reported that about 20 percent of the payments it processed in 2004 were delayed due to late owner submissions. However, the PBCAs also reported that they generally could process vouchers in less than the allowable time—20 days—agreed to in their contracts with HUD and resolve any errors with owners to prevent a payment delay. According to PBCA officials, they often participated in several "back-and-forth" interactions with owners to resolve errors or inaccuracies. Typical owner submission errors included failing to account correctly for changes in the number of tenants or tenant income levels, or failing to provide required documentation. Because HUD's data systems did not capture the back-and-forth interactions PBCA officials described to us, we could not directly measure the extent to which owners' original voucher submissions may have been late, inaccurate, or incomplete.

HUD officials and the PBCAs reported that owners had a learning curve when contracts were transferred to the PBCAs because the PBCAs reviewed monthly voucher submissions with greater scrutiny than HUD had in the past. The timeliness of payments also might be affected by a PBCA's internal policies for addressing owner errors. For example, to prevent payment delays, some of the PBCA officials with whom we spoke told us that they often processed vouchers in advance of receiving

complete information on the owners' vouchers. In contrast, at one of the PBCAs we visited, officials told us that they would not process an owner's voucher for payment unless it fully met all of HUD's requirements.

HUD's Payment Delays Caused Difficulties for Project Owners, but Were Unlikely to Be a Significant Factor in Owners Opting Out of HUD Contracts

In preparing our 2005 report, some owners reported that they had not been able to pay their mortgages or other bills on time as a result of HUD's payment delays.[10] Three of the 16 owners with whom we spoke reported having to pay their mortgages or other bills late as a result of HUD's payment delays. One owner reported that he was in danger of defaulting on one of his properties as a direct result of late housing assistance payments. Another owner was unable to provide full payments to vendors (including utilities, telephone service, plumbers, landscapers, and pest control services) during a 3-month delay in receiving housing assistance payments. According to this owner, her telephone service was interrupted during the delay and her relationship with some of her vendors suffered. This owner also expressed concern about how the late and partial payments to vendors would affect her credit rating.

If owners were unable to pay their vendors or their staff, services to the property and the condition of the property could suffer. At one affordable housing property for seniors that we visited, the utility services had been interrupted because of the owner's inability to make the payments. At the same property, the owner told us that she could not purchase cleaning supplies and had to borrow supplies from another property. One of the 16 owners with whom we spoke told us that they were getting ready to furlough staff during the time that they were not receiving payments from HUD. According to one HUD field office official, owners have complained about not being able to pay for needed repairs or garbage removal while they were waiting to receive a housing assistance payment. According to one industry group official, payment delays could result in the gradual decline of the condition of the properties in instances where owners were unable to pay for needed repairs.

According to owners as well as industry group and HUD officials, owners who were heavily reliant on HUD's subsidy to operate their properties were more severely affected by payment delays than other owners. Particularly, owners who owned only one or a few properties and whose

[10]We did not independently assess the owners' ability to meet their financial obligations without the HUD subsidy payments that were late.

operations were completely or heavily reliant on HUD's subsidies had the most difficulty weathering a delay. For example:

- Two of the 16 owners with whom we spoke reported that they could not pay their bills and operate the properties during a payment delay. These owners were nonprofits, each operating a single property occupied by low-income seniors. In both cases, the amount of rent they were receiving from the residents was insufficient to pay the mortgage and other bills. Neither of these owners had additional sources of revenue.
- In contrast, owners with several properties and other sources of revenue were less severely affected by HUD's payment delays. Three of the owners with whom we spoke reported that they were able to borrow funds from their other properties or find other funding sources to cover the mortgage payments and other bills. All three of these owners had a mix of affordable and market-rate properties. According to HUD and PBCA officials, owners who receive a mix of subsidized and market rate rents from their properties would not be as severely affected by a payment delay as owners with all subsidized units.

While HUD's payment delays had negative financial effects on project owners, the delays appeared unlikely to result in owners opting out of HUD's programs. Project owners, industry group officials, contract administrators, and HUD officials we interviewed generally agreed that market factors, not late payments, primarily drove an owner's decision to opt out of HUD programs. Owners generally opt out when they can receive higher market rents or when it is financially advantageous to convert their properties to condominiums. For profit-motivated owners, this decision can be influenced by the condition of the property and the income levels of the surrounding neighborhood. Owners were more likely to opt out if they could upgrade their properties at a reasonable cost to convert them to condominiums or rental units for higher-income tenants. In preparing our 2007 report, we also found that although the majority of the owners who opted out of the program did so for economic or market factors, growing owner frustration over a variety of administrative issues, including late payments, could upset the balance causing more owners to consider opting out even when economic conditions could be overcome or mitigated.[11] However, most of the owners with whom we spoke, including some profit-motivated owners, reported that they would not opt out of HUD programs because of their commitment to providing affordable

[11]GAO-07-290.

housing. Industry group officials also stated that most of their members were "mission driven," or committed to providing affordable housing.

HUD had no system for notifying owners when a payment delay would occur or when it would be resolved, which industry associations representing many owners as well as the owners with whom we met indicated impeded their ability to adequately plan to cover expenses until receiving the late payment. Most of the owners with whom we spoke reported that they received no warning from HUD that their payments would be delayed. Several of the owners told us that notification of the delay and the length of the delay would give them the ability to decide how to mitigate the effects of a late payment. For example, owners could then immediately request access to reserve accounts if the delay were long enough to prevent them from paying their mortgages or other bills on time. Industry group officials with whom we met agreed that a notification of a delayed payment would benefit their members.

To mitigate the effects on owners when payments were delayed, we recommended in our 2005 report that HUD notify owners if their monthly housing assistance payments would be late and include in such notifications the date by which HUD expected to make the monthly payment to the owner. HUD agreed with the recommendation and noted it would examine the feasibility of notifying project owners if HUD anticipated that there would be a significant delay in payment due to an issue beyond the control of the owner.

Based on discussions with HUD, the agency does not appear to have made significant progress in implementing this recommendation. HUD stated that it had begun notifying owners regarding the amount of funding available under their contracts, which would allow owners to judge when their contracts are likely to experience shortfalls (and thus possibly experience late payments). However, the notification would not warn owners that their payments would be delayed or advise them on the length of the delay. Without this information, it would be difficult for owners to plan for such a contingency.

Madam Chairwoman, this concludes my prepared statement. I would be happy to answer any questions at this time.

Contact and Acknowledgments

For further information on this testimony, please contact David G. Wood at (202) 512-8678 or woodd@gao.gov. Individuals making key contributions to this testimony included Andy Finkel, Daniel Garcia-Diaz, Grace Haskins, Roberto Piñero, Linda Rego, and Rose Schuville.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "E-mail Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, DC 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Susan Becker, Acting Manager, BeckerS@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

PRINTED ON RECYCLED PAPER

HUD MODEL LEASE FOR SUBSIDIZED PROGRAMS
FAMILY COMMUNITY

Washington Square West Apartments
220 South Eleventh Street
Philadelphia, PENNSYLVANIA 19107

1. **Parties and Dwelling Unit:** The parties to this Agreement are **Washington Square West Preservation Llc**, referred to as the Landlord, and [redacted] referred to as the Tenant. The Landlord leases to the Tenant(S) unit number 52, located at **220 South Eleventh Street, Philadelphia, Pennsylvania**, 19107in the project known as **Washington Square West Apartments**.

2. **Length of Time (Term):** The initial term of this Agreement shall begin on **December 1, 2007** and end on **December 31, 2007**. After the initial term ends, the Agreement will continue for successive terms of one **Month** each unless automatically terminated as permitted by paragraph 23 of this Agreement.

3. **Rent:** The Tenant agrees to pay $0.00 for the partial month ending on . After that, Tenant agrees to pay a rent of $198.00 per month. This amount is due on the 1st day of the month at **Washington Square West Apartments, 220 South Eleventh Street, Philadelphia, Pennsylvania 19107**.

The Tenant understands that this monthly rent is less than the market (unsubsidized) rent due on this unit. This lower rent is available either because the mortgage on this project is subsidized by the Department of Housing and Urban Development (HUD) and/or because HUD makes monthly payments to the Landlord on behalf of the Tenant. The amount, if any, that HUD makes available monthly on behalf of the Tenant is called the tenant assistance payment and is shown on the "Assistance Payment" line of the **Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures** form which is Attachment No. 1 to this Agreement.

4. **Changes in the Tenant's Share of the Rent:** The Tenant agrees that the amount of rent the Tenant pays and/or the amount of assistance that HUD pays on behalf of the Tenant may be changed during the term of this Agreement if:

a. HUD or the Contract Administrator (such as a Public Housing Agency) determines, in accordance with HUD procedures, that an increase in rents is needed;

b. HUD or the Contract Administrator changes any allowance for utilities or services considered in computing the Tenant's share of the rent;

c. the income, the number of persons in the Tenant's household or other factors considered in calculating the Tenant's rent change and HUD procedures provide that the Tenant's rent or assistance payment be adjusted to reflect the change;

d. changes in the Tenant's rent or assistance payment are required by HUD's recertification or subsidy termination procedures;

e. HUD's procedures for computing the Tenant's assistance payment or rent change; or

NOTICE TO TENANTS OF INTENTION TO SUBMIT A REQUEST TO HUD FOR APPROVAL OF AN INCREASE IN THE MAXIMUM PERMISSIBLE RENTS

September 19, 2007

Dear Resident:

Take notice that on July 20, 2007, we submitted a request for approval of an increase in the maximum permissible rents for Washington Square West Apartments, to the United States Department of Housing and Urban Development (HUD). The proposed increase is needed for the following reasons:

1. Annual Operating Adjustment Factor Increase

The rent and utility increases for which we have requested approval to be effective November 23, 2007 are:

Bedroom Size	Present Rent	Proposed Increase	Proposed New Rent	Present Utility Amount	Increase Amount	New Utility
1 BR Elevator	$984	$31	$1,015	$32	$00	$32
2 BR WU	$940	$30	$970	$91	$00	$91
2 BR BI	$1,272	$41	$1,313	$112	$00	$102
2 BR WU	$1,216	$39	$1,255	$127	$00	$115
3 Bedroom	$1,604	$51	$1,655	$98	$00	$87
4 Bedroom	$1,936	$62	$1,998	$148	$00	$133

A copy of the materials that we are submitting to HUD in support of our request will be available during normal business hours at the Community Office, for a period of 30 days from the date of service of this notice for inspection and copying by tenants of Washington Square West, if the tenants wish, by legal or other representatives acting for them individually or as a group.

During a period of 30 days from the date of this notice, tenants of Washington Square West may submit written comments on the proposed rent increase to us at AIMCO. Tenant representatives may assist tenants in preparing those comments. If, at HUD's request or otherwise, we make any material change during the comment period in the materials available for inspection and copying, we will notify the tenants of the change or changes, and the tenants will have a period of 15 days from the date of service of this additional notice in which to inspect and copy the materials as changed and to submit comments on the proposed rent increase. These comments will be transmitted to HUD, along with our evaluation of them and our request of the increase. You may also send a copy of your comments directly to HUD at the following address:

The Wanamaker Building
100 Penn Square, East
Philadelphia, PA 19107-3380
Re: Washington Square West, Contract #PA260044006

Or

Pennsylvania Multifamily Asset Managers, LLC
7700 Old Georgetown Road, Suite 658
Bethesda, MD 20814
Re: Washington Square West, Contract #PA260044006

HUD will approve, adjust upward or downward, or disapprove the proposed rent increase upon reviewing the request and comments. When HUD advises us in writing of its decision, you will be notified. Any increases will be put into effect only after a period of at least 30 days from the date you are served with that notice and in accordance with the terms of existing leases.

We want to stress that we do not anticipate any changes to tenants receiving Section 8 assistance other than the increase in the utility allowance, if approved by HUD.

Sincerely,

Robin Taylor, Community Manager