

Resolution No. 1

Date: February 6, 2002

City: Atlanta, GA

NAHB Resolution

Title: Changes to the Rural Housing Service (RHS) Multifamily Production Programs
Original Sponsor: Fred Griffin, Jackson, MS

WHEREAS, the National Association of Home Builders strongly supports federal funding (including the insurance and guarantee of loans) for the production and preservation of affordable multifamily rental housing in rural areas, as well as funding for rental assistance for those projects that assist low- and very low-income households with housing affordability;

WHEREAS, the multifamily rental programs administered by the Rural Housing Service (RHS) in the Department of Agriculture are valuable and needed resources in order to provide affordable rental housing to rural families;

WHEREAS, the RHS multifamily portfolio consists of over 400,000 units, many of which require extensive rehabilitation at this point in time, and there is a critical need for additional affordable rental housing units in rural communities; however, federal funding levels to support needed rehabilitation and new construction of additional units have declined significantly since 1990 and have been stagnant for more than four years;

WHEREAS, the Section 538 multifamily housing loan guarantee program has been hampered by restrictions that make the program unattractive to lenders and the secondary market;

WHEREAS, the budget for the RHS Section 521 Rental Assistance program, which is targeted to Section 515 projects, also is not being funded at levels sufficient to both sustain current households and provide rental assistance to new units;

WHEREAS, some owners of these multifamily properties are prohibited from prepaying their mortgages and, in addition, must wait years before any funds are available from the RHS to provide incentives to keep their mortgages and continue to participate in the program;

WHEREAS, members of NAHB believe that there must be a consistent and adequate funding source to produce new and preserve existing affordable multifamily rental housing in rural areas, and that there must also exist a consistent and adequate funding source to provide rental assistance to such projects;

WHEREAS, there is a proposal to address the above-stated issues by:

1. Shifting the RHS multifamily rental housing programs to HUD, whose mission and responsibility is to provide affordable housing to very-low, low- and moderate-income households, regardless of location;
2. Allowing owners of Section 515 housing to prepay their mortgages; and
3. Converting the Section 521 Rental Assistance program to Section 8 project-based rental assistance; and

WHEREAS, in the interest of all parties involved, including owners and residents, members of NAHB believe that these programs should be administered by the agency best able to do so, in light of funding and personnel resources,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders support legislative provisions that would:

1. Allow owners to prepay their Section 515 mortgages,
2. Convert the Section 521 Rental Assistance Program to Section 8 project-based rental assistance, and
3. Provide federal budget funding to support increased production to meet the market demand for affordable multifamily housing in rural areas.

Board of Directors Action:

Joint Executive/Resolutions Committee Action:

Resolutions Committee Action:

Housing Finance Committee Action:

Federal Government Affairs Committee Action:

Multifamily Finance Subcommittee of the Housing Finance Committee Action:

Rural Housing Subcommittee of the Housing Finance Committee Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Disapproval

Recommends Approval

Recommends Tabling