

Resolution No. 1

Date: June 8, 2007

City: Washington, D.C.

NAHB Resolution

Title: Sustaining Long-Term Feasibility of Affordable Housing Projects
Original Sponsor: Housing Credit Group

WHEREAS, affordable rental housing programs administered by the Department of Housing and Urban Development (HUD), the Department of Agriculture and the Department of the Treasury are designed to serve low-income households;

WHEREAS, the success of these programs and the continued ability to serve low-income households depends on financially sound rental properties;

WHEREAS, the current mechanisms for determining rents and utilities vary among these programs but are often based on data that do not reflect actual changes in market conditions, particularly in the areas of wages and operating costs;

WHEREAS, as a result, rents in many affordable properties financed by federal programs have remained stagnant, while operating expenses have increased, particularly in areas of the country experiencing spikes in energy prices and property insurance;

WHEREAS, the result is decreased revenue to many affordable properties, which clearly endangers the long-term financial feasibility of the affordable housing stock;

WHEREAS, property owners have limited options in terms of finding additional revenue sources to fill the gaps and additionally may be limited by federal program rules in using property reserves or third-party sources; and

WHEREAS, new systems need to be developed that will ensure that rents remain affordable to tenants per the requirements of the various federal programs, while at the same time generating adequate revenue to cover the operating costs of the properties,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Congress and the federal agencies to set key parameters for affordable rental housing programs that are consistent with the long-term financial feasibility of the developments;

BE IT FURTHER RESOLVED that such parameters should include, but not be limited to, the rents that can be charged, the incomes of tenants who can be served and allowances for utility and insurance expenses and other operating costs; and

BE IT FURTHER RESOLVED that program parameters should support the long-term financial viability of existing properties and enable new projects to be underwritten and built to preserve the primary goal of the programs, which is to provide affordable rental housing for low-income households.

Board of Directors Action:	Approved
Joint Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Multifamily Finance Subcommittee of the Housing Finance Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Taxation Subcommittee of the Federal Government Affairs Committee Action:	Recommends Approval
Multifamily Council Board of Trustees Action:	Recommends Approval
Housing Credit Group of the Multifamily Board of Trustees Action:	Recommends Approval