

January 23, 2007

Dear Senate Appropriations Committee Member:

We are writing to express support for a provision that was included in the FY07 Senate Transportation, Treasury, Judiciary and Housing and Urban Development appropriations bill as reported out of the full committee last summer (H.R. 5576).

The Senate bill includes a provision (Section 322) that will preserve the assisted housing inventory by extending for five years the authority of the Department of Housing and Urban Development (HUD) to restructure FHA insured mortgages under the "Mark to Market Program." The FY07 appropriations bill reported out of the full committee (H.R. 5576) includes an important provision to preserve the assisted housing inventory by extending for five years the authority for HUD to restructure FHA insured mortgages under the "Mark to Market Program." This program was authorized in 1997 under the Multifamily Assisted Housing Reform and Affordability Act (MAHRA) as part of an effort to address the expiration of rental subsidy contracts under the Section 8 project-based programs. The legislation resulted in a program that allowed for the restructuring of FHA mortgages on projects with above-market rents, to reduce such rents in exchange for an extended affordability term of 30 years. HUD has preserved over 3000 projects as part of this program.

The authority for HUD to restructure such mortgages expires with the "Continuing Resolution" on February 15, 2007. We urge the Conference Committee to adopt the five-year extension in order to preserve an additional 1000 properties that are expected to be eligible for the debt restructuring program during that timeframe. The Congressional Budget Office (CBO) has estimated that the five-year extension would avoid FHA defaults resulting in a savings of \$307 million.

Thank you for your interest and commitment to preserving the affordable housing stock.

Sincerely,

American Association of Homes and Services for the Aging
Council for Affordable Rural Housing
Institute for Responsible Housing Preservation
Institute for Real Estate Management
Mortgage Bankers Association
National Affordable Housing Management Association
National Apartment Association
National Association of Homebuilders
National Association of Affordable Housing Lenders
National Leased Housing Association
National Multi Housing Council