

**NEWS from Congressman John W. Olver (MA-1)**

**Chairman, House Appropriations Subcommittee on Transportation, Housing and Urban Development**

1111 Longworth House Office Building

Washington, DC 20515-2101

Tel: 202-225-5335

<http://appropriations.house.gov/>

---

FOR IMMEDIATE RELEASE: April 23, 2008

Contact: Sara Merriam 202-225-5335

**Prepared Remarks of Chairman John W. Olver**  
**Project Based Section 8, Part I, Outside Group Panel**

Today's two part hearing will focus on the growing crisis in the Project Based Section 8 Program. This afternoon we will be joined by HUD Assistant Secretary for Housing, Brian Montgomery to discuss the Section 8 Program. This morning we will hear from outside witnesses about the impact HUD's changes to the Project Based Section 8 Program has had on owners, developers, and tenants.

Before I introduce our panel, let me set the context for today's hearing.

The Project Based Section 8 Program provides about 1.3 million affordable rental units for low-income families, over half of which are elderly or disabled.

As the initial 20 year long-term contracts from the 1970's began to expire in the 1990's, the contracts were replaced with shorter contracts subject to annual appropriations. Currently, close to 80 percent of Section 8 units or 14,000 contracts are funded by 1-year contracts through annual appropriations.

In the 1990's, HUD modified this policy of obligating 12 months of funding *without notifying property owners or tenants that it had done so*.

Instead of obligating 12 months of funding at renewal, HUD increasingly provided only a few months for some contracts, typically just enough to cover the remaining months of a fiscal year.

In FY 2007, HUD's legal office determined that the "short-funding" of contracts as I just described constituted a potential violation of the Anti-Deficiency Act (ADA).

Instead of requesting additional funding from Congress to cover the shortfall and fix the potential ADA violation, HUD began to issue 3 to 5 month contracts to landlords.

Today, our panel will discuss the impact these short term contracts and the estimated \$2.8 billion shortfall are having on owners and residents of Project Based Section 8 housing.

Joining us this morning are Michael Bodaken, President of the National Housing Trust, Kenneth Pagano, President and CEO of Essex Plaza Management, and Larry Minnix, President and CEO of the American Association of Homes and Services for the Aging.

Before we hear from our panel, I would like to recognize my Ranking Member, Mr. Knollenberg, for any comments that he would like to make.

###