

Congress of the United States
Washington, DC 20515

January 23, 2007

The Honorable Robert C. Byrd
Chairman
Senate Committee on Appropriations
S – 131 The Capitol
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Senate Committee on Appropriations
S – 146A The Capitol
Washington, DC 20510

Dear Chairman Byrd and Ranking Member Cochran:

As you work to finalize the year long Continuing Resolution for fiscal year (FY) 2007, we are writing to express our concern regarding funding levels for the Housing and Urban Development (HUD) Operating Fund, and to urge the inclusion of increased funding levels to ensure public housing authorities receive funding for their entire eligibility.

Many people in HUD-assisted housing programs will suffer if programs are funded at FY 2006 levels, and we are particularly concerned about the Operating Fund. The Housing Act of 1937 provides for an Operating Fund to make up the difference between what it costs to run public housing and what low-income tenants pay in rent. While the new Operating Fund formula raises many concerns, it remains critical that public housing authorities receive adequate funding for 100% of their eligibility.

Housing authorities have to pay escalating utility bills regardless of shortfalls in the Operating Fund. Recent shortfalls have resulted in cutbacks in security and maintenance, and have slowed the ability to turn units around. In 2007, HUD acknowledged that it miscalculated and underestimated public housing operating expenses for utilities by almost \$300 million. If housing authorities continue to be funded at FY 2006 levels, their operating subsidies would be underfunded by about 25% of what HUD says is needed in FY 2007.

We share your commitment to the programs that assist low-income families afford stable housing. While we understand that much has changed in the last six months, we ask that you consider the impact of the new formula as you determine how to address the Operating Fund in the Continuing Resolution.

Again, we appreciate your long-standing support of housing programs. In light of the new Operating Fund formula and the desperate needs of our housing authorities, we respectfully request that you consider increasing funding for the Operating Fund in the FY 2007 Continuing Resolution. Thank you for your consideration.

Sincerely,


ROBERT MENENDEZ
United States Senator


FRANK R. LAUTENBERG
United States Senator