

August 4, 2009

The Honorable Anthony Weiner
U.S. House of Representatives
2104 Rayburn House Office Building
Washington, DC 20515

The Honorable Gary Miller
U.S. House of Representatives
2349 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Weiner and Miller:

The undersigned groups are writing to commend you for your work in improving the FHA multifamily insurance programs, which provide an essential credit enhancement for the production and preservation of affordable rental housing, and to endorse H.R. 3527, the FHA Multifamily Loan Limit Adjustment Act of 2009. By increasing the FHA loan limits for elevator properties and in extremely high-cost areas, H.R. 3527 will allow FHA to facilitate the construction and rehabilitation of apartments, particularly in urban areas where financing is not readily available in the current economic environment.

The current FHA multifamily loan limits are severely restricting the ability to use FHA insurance programs to finance rental housing in many urban areas. While the base loan limits and high-cost factors have been raised over the past eight years to address issues in most parts of the country, the problems are now concentrated in major cities where high-rise construction is involved. HUD data shows that, in fiscal years 2007 and 2008, only three non-subsidized high-rise construction/rehabilitation projects – nationwide – have been endorsed for insurance with FHA.

We believe this is largely due to the maximum loan limits imposed by statute on the FHA insurance programs, which is being addressed in H.R. 3527. A recent survey of major lenders shows that there are more than 11,000 units in elevator structures with a mortgage amount of more than \$3 billion that are on hold and, when H.R. 3527 is passed, should be able to move forward using the FHA programs. These properties are in many urban areas across the country, from Seattle and Los Angeles, to Houston, Columbus and Chicago, to Boston, New York, and Washington, DC.

From analyzing actual cost data, it is clear that the current approximately ten percent differential between the loan limits of garden apartments and those for high-rise structures is insufficient and should be set at 50 percent, as provided in H.R. 3527. Data from a number of major cities also demonstrates the need for the Secretary of HUD to have some discretion in extremely high-cost areas to utilize high-cost factors similar to those specified in the statute for Alaska, Hawaii, Guam and the Virgin Islands. H.R. 3527 appropriately provides this flexibility.

Decent, affordable rental housing allows working families to live in stable environments and within their means and also allows seniors to live in communities with appropriate amenities to permit aging in place. Well-maintained and attractive rental housing in turn contributes to

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neighborhood stability. In today's economic environment when other sources of financing for the new construction, or refinancing and repair, of rental housing are simply not available, and Fannie Mae and Freddie Mac are limited in their capacity, we believe that it is critical to provide FHA with the tools it needs to facilitate the construction and rehabilitation of apartments.

The undersigned groups strongly endorse your initiative to improve the FHA programs and your leadership in this effort. We look forward to working with you on this legislation.

Sincerely,

American Association of Homes and Services for the Aging
Enterprise Community Partners
Institute of Real Estate Management
Mortgage Bankers Association
National Apartment Association
National Affordable Housing Management Association
National Association of Home Builders
National Association of Local Housing Finance Agencies
National Association of Realtors
National Housing Conference
National Leased Housing Association
National Multi Housing Council
New York Housing Conference
Stewards of Affordable Housing for the Future

Copies to:

The Honorable Barney Frank, Chairman, Committee on Financial Services
The Honorable Spencer Bachus, Ranking Member, Committee on Financial Services