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# Congress of the United States

## House of Representatives

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AND FORESTRY

June 19, 2015

The Honorable Julian Castro  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street, SW  
Washington, DC 20410

Dear Secretary Castro:

We write to express our concerns with the Department's current methodology in determining the renewal funding inflation factors used to allocate Housing Choice Voucher (HCV) funds among Public Housing Agencies (PHAs). This policy has had serious unintended consequences for many areas experiencing rapidly escalating rental costs, including the Puget Sound region in Washington state. It is our hope that HUD will refine the methodology to account for changes in local rental markets experienced between 2014 and 2015, and to better address market differences in future years.

Prior to 2012, the HCV renewal funding inflation factors were determined primarily using Consumer Price Index (CPI) data that account for variations in rent and utility inflation among different geographic regions — the same indicators used to calculate the Fair Market Rents (FMR) for areas across the U.S. This was a well-reasoned formula, as PHAs are required to establish the level of subsidies they provide to HCV recipients using the FMR. In 2012, however, the Department updated its methodology to allocate HCV renewal funds among PHAs based on expected changes in the national Per-Unit Cost (PUC) for the HCV program. While this methodology may be effective when the change in PUC is positive, as was the case between 2012 and 2014, it has extraordinarily damaging consequences when the national PUC declines. Between 2014 and 2015, when the expected change in PUC was negative, no area in the nation — regardless of how steeply rental costs climbed — received an inflation factor.

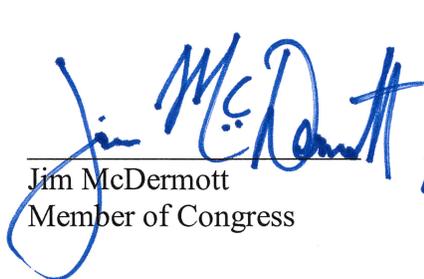
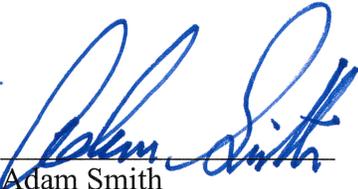
This policy shift has had dire consequences in the Puget Sound region, where our local rental market has seen some of the fastest growing rental costs in the nation. We share the concerns expressed by HUD on April 20, 2015, that the current methodology may “reduce a family's ability to rent in higher rent markets and higher opportunity areas.” For example, the King County Housing Authority, which serves a large suburban area that includes some of the highest and lowest performing schools in the region, saw a 26 percent increase in their neighborhoods' FMR between 2014 and 2015. Without a HCV inflation factor commensurate with local rental costs, families may be forced to live in neighborhoods that are farther from employment opportunities, with higher levels of poverty and lower performing schools. This risks

concentrating wealth, increasing racial disparities, and limiting the career and educational opportunities available to lower-income families.

The HCV program is built on the promise of providing the most vulnerable members of our community with safe, affordable housing, in order to expand access to economic opportunity nationwide. We are deeply concerned that the current methodology for determining HCV inflation factors will not only hurt thousands of families in the short-term, but also erode the long-term effectiveness of the program in meeting these critical goals. We urge you to adjust the methodology to account for changes in local rental markets experienced in 2014, and to ensure it effectively measures regional changes going forward.

Thank you for your consideration.

Sincerely,

 Suzan DelBene Member of Congress	 Patty Murray United States Senator	 Maria Cantwell United States Senator
 Jim McDermott Member of Congress	 Adam Smith Member of Congress	 Dave Reichert Member of Congress

cc: Miguel A. Fontanez, Director, Housing Voucher Financial Division  
Peter B. Kahn, Director, Economic and Market Analysis Division