

"Section 8 Program Reforms: What to Expect in Legislative Reforms"

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Section 8 Housing Assistance Programs

- **Disaster Relief for Section 8 and Public Housing and Residents as part of the Continuing Resolution**
- **Improvements to DHAP Program through DHAP Ike and Gustav**
- **Section 8 PBV Program Improvements as part of the Housing and Economic Recovery Act of 2008 (HERA)**
- **Section Eight Voucher Reform Act (SEVRA)**
 - HR 1851 vs. S. 2684
- **Family Self-Sufficiency Act of 2007 (H.R. 3018)**
- **Lead Safe Housing for Kids Act of 2008 (H.R. 6309)**
- **Implementation of HCV Program & Administrative Issues**
 - Housing Assistance Payments & Net Restricted HAP Assets
 - PHAs' Leasing Practices in CY 2008 for CY 2009
 - Administrative Fees and Special Fees for Mid-Month Moves
 - Accommodations to PHAs Attributable to HUD's IT Problems
 - Cash Accounting in Voucher Management System Only
 - Improved Verification Process

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Disaster Relief for Public Housing & Section 8 Residents

- After a provision of law elapsed, which was designed originally to assist PHAs located within the most heavily impacted areas of Louisiana and Mississippi in connection with Hurricane Katrina or Rita, NAHRO worked with a PHA member and the Congress to ensure that the provision was reinstated for 2008 and remains in place in 2009 as part of the Continuing Resolution (CR, PL 110-329). The reinstated provision authorizes affected PHAs to combine Public Housing and Section 8 HCV program assistance for the purpose of facilitating flexible and efficient use of funds provided to help displaced low-income households meet their current housing needs and to restore and operate damaged public housing units.

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Improvements to DHAP Program

- In the development of HUD's previous Disaster Housing Assistance Programs (DHAPs) for Hurricane Katrina and Rita, NAHRO filed comments that led to several positive changes including local PHAs being able to administer the program in their communities and an improved program design that accounted participants' income to housing cost burdens
- With the implementation of HUD's DHAP program relating to Hurricane Ike and Rita, NAHRO is pleased to see further improvements to the DHAP program that ensures even greater affordability for participants' housing costs burdens rather than through a cumbersome hardship exemption process from prior years.

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Section 8 PBV Program Improvements

- Included as part of the enactment of the Housing and Economic Recovery Act of 2008 (HERA) were nine provisions designed to facilitate the use of Section 8 project-based vouchers in LIHTC projects. Many of these provisions were previously supported by NAHRO as part of the House-passed version of the Section Eight Voucher Reform Act of 2007 (H.R. 1851) and the Senate's companion bill (S. 2684).
- These provisions accomplish the following...

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Section 8 PBV Program Improvements

- Alter the measure (25 percent) on income-mixing from "building" to "project." The term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land.
- Increase the maximum initial voucher contract term from 10 to 15 years, to be consistent with the holding period under LIHTC program, thus improving coordination with the LIHTC program and ensuring longer-term affordability.
- Clarify that housing agencies and owners may commit in advance to extensions of the initial contract term.
- Allow project-based vouchers to be used in co-ops and elevator buildings.

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Section 8 PBV Program Improvements

- Except for cases requiring lower rent limits established under the low-income housing tax credit (LIHTC) program, allow rent for a Section 8 project-based voucher unit using LIHTCs to be established at the higher Section 8 program rent up to 110 percent of FMR. The contract could provide that the maximum rent permitted for a dwelling unit shall not be less than the initial rent for the dwelling unit under the initial housing assistance payments contract covering the unit.
- Remove the requirement for a subsidy layering review by HUD, if a PHA enters into a HAP contract for an existing structure, or if a subsidy layering review has been conducted by the applicable state or local agency.
- Enable PHAs to enter into a HAP contract for an existing structure without undertaking an environmental review, unless it is otherwise required by statute or regulation.

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Section 8 PBV Program Improvements

- Allow the "rent reasonableness" requirements for units in a project using LIHTCs or funds under HOME Investment Partnerships to be met, if rents for units in the private unassisted local market are equal to or less than the rent for other comparable units receiving such tax credits or assistance in the project for unassisted households. However, the rent for such a unit would not be considered reasonable if it exceeds **1)** the greater of the rents charged for other comparable units receiving such tax credits or assistance in the project that are not occupied by families assisted with tenant-based assistance, or **2)** the payment standard established by the PHA for a unit of the size involved.

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Section 8 PBV Program Improvements

- Require each State agency administering tax credits under section 42 of the Internal Revenue Code of 1986 to provide the HUD Secretary at least annually, information concerning the race, ethnicity, family composition, age, income, use of rental assistance under the Section 8 Project-Based Voucher Assistance program or other similar assistance, disability status, and monthly rental payments of households residing in each property receiving such credits through such agency. To the extent feasible, State agencies would be required to collect such information through existing reporting processes and in a manner that minimizes burdens on property owners. The Secretary of HUD would be required to compile and make this information publicly available at least annually. H.R. 3221 authorizes appropriations for FY 2009 – FY 2013 for these purposes.

Section 8 Voucher Reform Act

- July 2007, the House passed SEVRA (H.R. 1851) in bi-partisan fashion with 80% approval. From beginning to end, NAHRO made significant contributions which were adopted in H.R. 1851
- SEVRA (S. 2684) introduced in Senate Banking, Housing and Urban Affairs Committee. On April 16, 2008, Committee holds hearing on S. 2684. For several months, NAHRO presented information on S. 2684 and HR 1851 during national, state and regional conferences.
- NAHRO provided Senate with letter expressing our views on S. 2684. NAHRO also provided our analysis, critique and recommended improvements where applicable, and met with lion's share of Senate Committee staff to discuss the bill as introduced. Legislative calendar and prospects of SEVRA through remainder of 110th Congress.

Overview of NAHRO Reform Principles and SEVRA

- NAHRO has, over the course of many years, advocated for and played a meaningful role in responsible reform of both the Section 8 and Public Housing programs. Our goal has been to effect reforms that empower local decision-making and enable our members to meet local needs in a cost-effective manner, with a high degree of administrative efficiency. A full copy of NAHRO's reform provisions is located at <http://www.nahro.org/members/news/2005/HCVRestructuringMatrix.pdf>.
- NAHRO prepared a matrix at http://www.nahro.org/members/news/2008/hr1851_analysis.pdf comparing S. 2684 with the house-passed SEVRA (H.R. 1851).

SEVRA – S. 2684

- A more detailed version of this presentation on SEVRA is available at: http://www.nahro.org/members/news/NAHRO_Legislative_Update_on_SEVRA.pdf
- Sound Voucher Distribution Formula: NAHRO supports the calendar year unit-based Housing Assistance Payment (HAP) funding formula contained in S. 2684, which has proven to be a sound funding policy.
- 5 Year Authorization Bill: NAHRO supports the 5-year authorization for an improved unit-based voucher HAP funding formula as contained in S. 2684.
- Inspection of Dwelling Units: NAHRO believes that the section of S. 2684 dealing with inspection of dwelling units will discourage current and prospective property owners' participation in the Section 8 Housing Choice Voucher program, and would thereby limit the availability and affordability of decent, safe and sanitary dwelling units in diverse neighborhoods.

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Rent Simplicity & Income Reviews

- NAHRO believes that the complexities introduced by the rent simplicity and income review provisions of S. 2684 do not sufficiently accomplish the goal of "rent simplicity" for low-income households, PHAs, property owners or HUD.
- Individual PHAs that have calculated the potential impacts of the income and rent provisions in S. 2684 on their program participants by household type--elderly, disabled and families with children--found that significant increases in the percentage of income towards housing costs would, for one or more of these household types, create significant hardships to families and a loss of support for the program in their communities.

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Rent Simplicity & Income Reviews

- NAHRO believes that, in significant measure, the rent simplicity provisions in S. 2684 do not correspond with the findings under HUD's Rental Housing Integrity Improvement Program (RHIIIP) or Rental Integrity Management (RIM) studies. As such, we have concerns that the income and rent provisions in S. 2684 may fail to improve the amount of improper payments attributable to rent calculations and income verifications.
- With respect to rent simplicity (as differentiated from rent reform), NAHRO supports basing voucher subsidy levels on a uniform percent of gross household income with no deductions or income disregards. We believe this approach would result in the vast majority of participating households bearing similar housing costs burdens.

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Portability

- The provisions of S. 2684 dealing with portability inadvertently create PHAs that “win” or “lose” as a result of its provisions, and introduces a greater measure of financial uncertainty and program instability than is necessary.
- Although NAHRO believes some improvement could be made to the existing portability system through regulation, we suggested particular statutory changes that we believe would improve the provisions presently being offered in the bill.

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Administrative Fees

- NAHRO strongly opposes certain portions of S. 2684 as introduced relating to administrative fees. NAHRO opposes the portion of S. 2684 that would enable the HUD Secretary to revise the method of calculating the per unit fee for all agencies through the rulemaking process.
- NAHRO advocates S. 2684 to make clear that any administrative fees for issued vouchers be an amount added on to the ongoing administrative fee, rather than a set-aside within the existing fee structure.

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Administrative Fees

- The language in S. 2684 also provides that the payment of administrative fees “include an amount for the cost of issuing vouchers to new participants.” As written, this provision does not address fees for vouchers issued to eligible households that do not lease for reasons beyond a PHA’s control, such as household tenant/landlord history or credit history that remains unaddressed. This circumstance presently results in significant un-reimbursed expenses to PHAs. We recommended that the bill address this need.
- Presently, administrative fees are paid only for vouchers leased on the first day of each month. NAHRO recommended that S. 2684 be modified to direct that PHAs receive administrative fees for every day a voucher-assisted household is under an assisted dwelling lease under existing law.

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Authorization for 100,000 New Vouchers

- NAHRO's position on the distribution of incremental vouchers has been that housing needs should be the controlling factor in combination with agencies' utilization of funds and the percentage of authorized families served.
- NAHRO objects categorically to the preferences in S. 2684 for allocations of incremental voucher assistance for regional agencies. NAHRO represents PHAs of all types around the country, including city, county, multi-county, and state agencies. S. 2684 does not provide an operational definition of "regional," which would create subjectivity in the distribution of the 100,000 additional vouchers authorized in the bill.

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Matters Presently Not Included in S. 2684

- **Public Housing Conversion Pilot:** NAHRO remains strongly interested in achieving the enactment of a pilot program to convert up to 100 public housing projects to project-based Section 8 assistance, as specifically described in proposals previously delivered.
- **MtW/Housing Innovation Program (HIP):** NAHRO supports expansion of the Moving-to-Work demonstration. To date, no such title or section is in S. 2684.
- **Regulatory and Administrative Reforms:** In August 2003 and successive years, NAHRO has requested HUD to move forward with regulatory and administrative reforms (<http://www.nahro.org/members/news/2005/HUDActNow.pdf>)

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Family Self-Sufficiency

- NAHRO supported the "Family Self-Sufficiency Act of 2007" (H.R. 3018). The bill would:
 - replace annual competitive grants with a new renewal funding formula, based on PHAs' actual program costs (including FSS escrow deposits) in the prior year, with necessary adjustments in current year funding to ensure agencies are made whole for increased deposits to families' FSS escrow accounts.
 - convert FSS coordinator costs to an admin fee that would be added on to the standard ongoing fee provided to PHAs.
 - establish standards for the number of FSS coordinators for which an agency may be funded, and restores coordinator funding for agencies with effective FSS programs that lost funding under the FSS NOFA for reasons unrelated to performance.
 - provide that voucher administrative fees include an amount for Family Self Sufficiency costs.
 - fees are generally provided based on the number of coordinators employed and the number of families being served.
 - funding would be provided for agencies that received funding for 3 or more self-sufficiency coordinators anytime from FY 21 1998 to FY 2007.

Lead Safe Housing for Kids Act of 2008

- On June 24 the House Financial Services Committee passed the "Lead Safe Housing for Kids Act of 2008" (H.R. 6309)
- NAHRO advocated successfully with NMHC/NAA, NAHMA and NLHA to for important improvements adopted in the bill including but not limited to:
 - defining an environmental intervention blood lead level for a child under six years of age, as a confirmed concentration of lead in whole blood equal to or greater than 10 ug/dL 23 (micrograms of lead per deciliter) for a *confirmatory* test; and
 - not creating any obligations on the part of public housing agency or owner to comply with any new obligations the act establishes, except to the extent that HUD makes necessary and adequate funding amounts available to them or other parties for the costs of such compliance

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Implementation of FY 2008 HCV Program

- Housing Assistance Payments & Net Restricted HAP Assets
- PHAs' Leasing Practices in CY 2008 for CY 2009
- On-Going Administrative Fees and Special Fees for "Mid-Month Moves"

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Net Restricted HAP Assets: Relocation or Replacement Vouchers

- In 2008, some PHAs received relocation vouchers for their public housing developments scheduled for demolition, in connection with a HUD-approved demolition/disposition plan. In prior years, HUD provided twelve-months of Housing Assistance Payments (HAP) to PHAs with their relocation vouchers. Recently however, some PHAs report that HUD's relocation voucher award letter states that significant portions of the HAP are to come from their net restricted HAP assets. To make matters worse, HUD's calculations of the amount of these PHAs' net restricted HAP assets available were incorrect resulting in greater financial liability to those PHAs.
- NAHRO is interested in learning how widespread HUD's practice may be. NAHRO has and will continue to work on behalf of PHAs where their funding has been adversely affected

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Financial & Programmatic Accommodations to PHAs Attributable to HUD's IT Problems

- In order to prevent a series of adverse financial and programmatic implications, NAHRO wrote to HUD PIH requesting an extension and accommodations to PHAs for unresolved problems with Public Housing Information Center (PIC) and Voucher Management System (VMS) beyond their control. Absent an extension and accommodations:
 - lowering PHAs' Section Eight Management Assessment Program (SEMAP) scores below what they should be if HUD's IT systems and HUD PIH program staff evaluations were performed in accordance with HUD's governing regulations, notices and guidance;
 - sanctioning PHAs' administrative fee earnings permanently for those with PIC reporting rates below 94.5 percent;
 - jeopardizing PHAs' ability to earn all of the Public Housing Capital and Operating Funds to which they are entitled for their occupied units;
 - under-calculating a portion of PHAs' ongoing administrative fee earnings and Housing Assistance Payments for vouchers leased
 - sanctioning PHAs for RIM and RHIPP findings; and
 - eliminating 50 percentile Fair Market Rents (FMRs) for 15 non Moving-to-Work (MtW) PHAs in the New Haven-Meriden, CT HMFA, Baltimore, Towson MD MSA, and Washington-Arlington-Alexandria DC-VA₂₅ MD HMFA, affecting upwards of 19,303 voucher-assisted families.

Some Accommodations Made by HUD But More Are Needed

- HUD has made some *modest* accommodations in the following areas:
 - administrative fee sanctions relating to PIC reporting rates,
 - additional HAP funding to approximately 1,100 PHAs for under-calculating a portion their HAP for vouchers leased by the last day of the month (i.e. "mid-month moves"), and
 - the three 50th percentile FMR areas
- NAHRO continues to advocate for further accommodations in all of the above areas.

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Cash Accounting in Voucher Management System Only

- NAHRO wrote to HUD requesting the Department allow PHAs to use the cash accounting method for purposes of Voucher Management System (VMS) reporting only. For purposes of PHAs' Financial Data Schedule (FDS) unaudited statements, independently audited financial statements, and financial 50058 household data extractions from PIH Information Center (PIC), NAHRO recommends continued use of the accrual accounting method consistent with Generally Accepted Accounting Principles (GAAP). In the short-term, NAHRO's recommendation would alleviate PHAs from very time consuming and costly processes associated with the accrual accounting method for reporting in VMS, which often yields inaccurate financial information.

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Improved Verification Process

- NAHRO filed extensive comments to HUD's proposed "rent refinement" rule, which would redefine household annual income from current and anticipated income to prior-year income, as well as dramatically reduce the need for PHAs to use manual third-party income verifications for Public Housing, Section 8 tenant-based and project-based programs. We anticipate that a final "rent refinement" rule and PIH guidance will be issued before the end of the year.

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Q & A

- Questions & Answers...

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