



FY 2003 Appropriations Conference NAHRO Position Summary and Recommendations

The following summary provides a brief description of the House and Senate funding and administrative provisions going into conference on FY 2003 Appropriations Bills. The provisions described here were taken from the House Appropriations Committee-passed version of the FY 2003 VA-HUD Appropriations Act (H.R. 5605 --- referred to as “the House bill” in this memo) and the VA-HUD provisions of the Senate-passed FY 2003 Omnibus Appropriations Act (H.J. Res. 2 --- referred to as “the Senate bill” in this memo). As passed, the Senate bill carries a nearly 3 percent across-the-board cut to all funding levels specified in the bill.

These summaries also recommend which provisions of the bills members should support when contacting their representatives in Congress. In general, NAHRO supports the higher of the recommended funding levels between the House and Senate bills, unless otherwise noted. For your information, NAHRO has also distributed a summary table displaying appropriations levels for many line items in the House and Senate bills via Direct News. Links to the text of both bills appear elsewhere in the NAHRO Appropriations Comparisons distributed via Direct News on January 28th.

If you would like any additional information about the appropriations bills, please contact Housing Policy Analyst Beth Cooper at (202) 289-3500 ext. 240.

Funding Provisions

- **Housing Certificate Fund (Section 8):**

- Section 8 Housing Choice Voucher Formula Calculation: ***NAHRO recommends that members support the Senate’s voucher renewal formula provisions.*** The Senate’s H.J. Res. 2 improves greatly upon the House’s restructuring of the voucher renewal formula by 1) maintaining Congress’ historic commitment to serve the currently authorized number of families; 2) providing initial funding for the amount of vouchers *expected to be leased* in the upcoming period, 3) accomplishing the goal of reducing unnecessary budget authority recaptures. We are also encouraged that the Senate’s report language to H.J. Res. 2 emphasizes the importance of moving toward renewal funding with more current and accurate per-unit cost data.
- Section 8 Administrative Fees: ***NAHRO recommends that members support the Senate’s position on Section 8 administrative fees.*** H.R. 5605 would dramatically alter the calculation of fees (by limiting fees to no more than 10 percent of an agency’s HAP payments) and would limit use of fees to activities related to the provision of rental

assistance under Section 8. The Senate's H.J.Res. 2 retains current HUD rules with regard to the funding and eligible uses Section 8 administrative fees.

- **Section 8 Reallocation language:** NAHRO has some concerns regarding Senate bill provisions governing reallocation of Section 8 vouchers. Although NAHRO is supportive of reallocation generally, we are concerned that the Senate's language, as drafted, creates a preference for state or regional jurisdictions in the reallocation of vouchers. We are communicating with appropriations staff in an attempt to resolve these issues. *NAHRO recommends that our members request that Section 8 voucher reallocation provisions in the final FY 2003 appropriations act ensure that all agencies have an equal opportunity to compete for and receive reallocated vouchers without regard for their jurisdictional service areas.*
- **Public Housing Operating Fund:** *NAHRO recommends that members support the House bill's funding level of \$3.6 billion. However, NAHRO also strongly recommends that members urge Congress to enact a \$250 million emergency supplemental appropriation in order to address the FY 2002 shortfall in Operating Funds.* Despite the fact that this HUD-created shortfall has resulted in nearly 50 percent operating fund cuts to many local agencies, the Administration has not requested this funding for what is truly an emergency. The Senate bill would allow HUD to direct up to \$250 million of its FY 2003 Operating Funds to backfill the FY 2002 operating fund shortfall. This effort would simply push the impact of this crisis into FY 2003. The House bill is silent on the issue.
- **Public Housing Capital Fund:** *NAHRO recommends that members support the House bill's funding level of \$2,834 million, but call for all set-asides (including the ROSS program and a \$550 million set-aside for agencies that spend funds expeditiously) to be funded outside of the account. NAHRO strongly opposes the House bill's \$550 million set aside* because it did not achieve its intended purpose of rewarding timely obligators with higher funding in the FY 2002 funding round. In FY 2002, only 3 percent of all agencies did not receive the award. However, 96 percent of all agencies lost funds as compared with amounts received in FY 2001, although FY 2001 and 2002 overall awards were about the same. NAHRO believes that an effective bonus system would be funded in addition to the regularly appropriated amount and would ensure that agencies meeting the criteria receive bonuses rather than cuts in funding.
- **HOPE VI:** *NAHRO recommends that members urge the conferees to support the House bill funding level of \$574 million for HOPE VI.* The Senate bill also supported this amount prior to the adoption of across-the-board cuts.
- **Community Development Fund:** *NAHRO recommends that members support the House bill funding level of \$5 billion for the Community Development Fund.* The Senate also provided these levels prior to the enactment of across-the-board cuts. The House bill supports Community Development Block Grant (CDBG) formula funding of approximately \$4.6 billion. The conference bill should fund all set-asides separately so as not to reduce CDBG formula funding. Members with an interest in a particular line item should consult NAHRO's FY 2003 Appropriations Summary chart for more information.

- HOME:** *NAHRO recommends that members support the House bill's funding level of \$2.22 billion for the HOME program. However, we recommend that members ask their representatives to redirect the \$200 million set-aside in the House bill for the American Dream Downpayment Assistance program into the HOME formula grant program.*

Downpayment assistance is already an eligible activity under HOME, and NAHRO believes that local communities should have the opportunity to determine the most effective use of HOME funds for their communities. The Senate bill does not include a set-aside for downpayment assistance.
- Housing Counseling:** The House supports \$25 million for housing counseling activities, while the Senate bill provides \$40 billion. However, both House and Senate bills fund housing counseling as a set-aside of the HOME program. *NAHRO recommends that members advocate for housing counseling funds to be provided as a separate program outside of HOME.*
- Homeless Assistance Grants:** *NAHRO recommends that members support the House-supported funding levels of \$1.25 billion for the Homeless Assistance Grants program.* NAHRO supports provisions of the Senate bill recognizing that up to \$193 million may be needed to renew expiring shelter plus care grants and requiring HUD to track renewals needs in future budgets. However, we believe that shelter plus care renewal funding should be provided in addition to basic HAG grants, preferably within the Section 8 renewal account. In addition, both bills include a 30 percent set-aside for permanent housing within the homeless grants account. *NAHRO opposes a 30 percent set-aside because it limits local flexibility and makes it more difficult for communities to respond to locally-identified gaps.*
- Housing for Special Populations:** *NAHRO recommends that members support the House bill's funding level of \$1.1 billion for housing for the elderly and disabled.*
- Office of Lead Hazard Control:** The Senate bill (factoring in the three percent reduction) provides \$195 million for lead hazard control, nearly \$75 million more than is provided by HR 5605. This \$75 million is targeted toward a new lead hazard reduction demonstration program for urban areas. The demonstration would target privately-owned, low-income family occupied units in the 25 urban areas where the incidence of lead hazard is greatest, based upon: number of pre-1940 units, deterioration of paint, and disproportionately high numbers of documented cases of lead-poisoned children. *NAHRO recommends that members support the Senate bill's lead hazard control levels.*