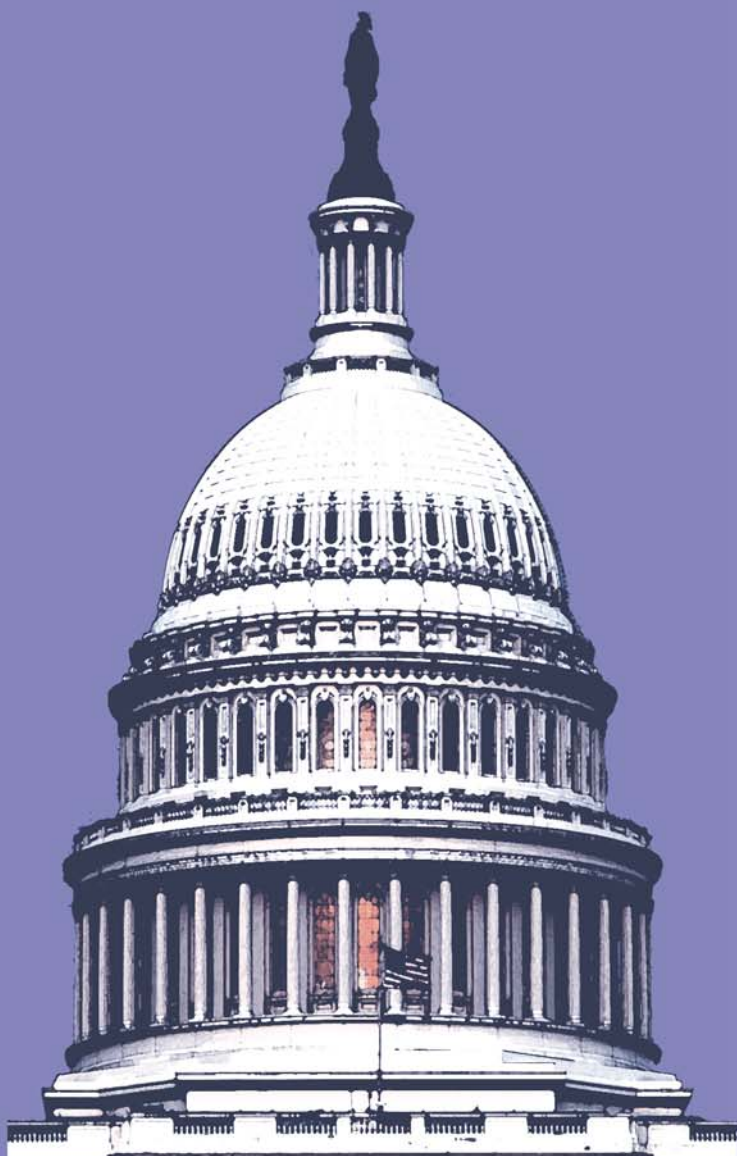




2008 Legislative and Regulatory Agenda



NAHRO's 2008 Legislative and Regulatory Agenda

The Problem:

Affordable housing in quality communities continues to be a bridge too far for many American families, seniors and the disabled. For a growing and more economically diverse constituency of individuals and families in need, including an increasing number of returning veterans, housing is a primary concern. In a recent poll for NAHRO's *Housing America Campaign*, more than 80 percent of those interviewed indicated that housing was a top priority. The current mortgage foreclosure crisis is an ominous and striking example of the breadth of the housing problem we give voice to in this agenda, but it is only one manifestation of a larger problem that has been festering for years. In fact, according to HUD's own worst case needs report, over 5 million currently unassisted households face severe rent burdens with housing costs above 50% of reported income, and recent estimates put the nation's homeless population at nearly 745,000. At the same time our nation's infrastructure—of which housing is a vital part—is also in need of repair. At present, our ability to support the development/redevelopment of our communities has been marginalized in large measure due to diminished federal support.

The capacity of local housing agencies and community redevelopment authorities to address unmet housing and community development needs in recent years has been fundamentally and negatively impacted in each of three ways: through the **under-funding** of federal programs designed to preserve and expand the nation's inventory of affordable housing; through **overreaching, burdensome and costly regulations**; and more recently as a consequence of the **failure to agree upon new approaches designed to address local housing and community development needs** in a more pragmatic and efficient manner.

NAHRO believes that the federal government must continue to play an important role in program development and resource allocation to address housing and community development needs, whether or not resources and programs are made available to local agencies from other sources. A resilient partnership between the federal government and local agencies that empowers local decision making and local autonomy remains essential to sustaining viable communities that provide housing opportunities for those most in need.

NAHRO's Response:

In 2008, NAHRO will continue to communicate with decision makers and inform public policy discussions to enable a more efficient and cost-effective approach to the production of affordable housing and meeting community development needs at the local level. Our legislative program in 2008 will seek to accomplish the following six objectives:



- **P**reservation of the existing affordable housing inventory, including public housing and repositioning of that inventory to ensure its long-term financial and physical integrity
- **P**rovision of incremental Section 8 rental assistance to provide new affordable housing options to address current unmet needs
- **P**roduction of new affordable housing
- **D**evelopment and maintenance of quality communities
- **R**ealization of program reform
- **C**reation of new and innovative responses to address current needs

Finally, NAHRO's member agencies are working to assist families impacted by the ongoing home mortgage and foreclosure crisis. We support strategies, including homeownership counseling and efforts to increase financial literacy, which serve to prevent foreclosures. At the same time, NAHRO will work to secure new resources to help families in need and to strengthen at-risk communities, including emergency CDBG funding, new incremental Section 8 rental assistance, and additional mortgage revenue bond authority to refinance untenable mortgages. A responsive secondary market prepared to address anomalies in the market is also necessary. Most importantly, we believe that the production of new affordable rental housing units is critical if we are to increase housing opportunities for families not yet prepared to enter the housing market.

Public Housing

Local public housing agencies (LHAs) own and operate approximately 1,200,000 units of federally subsidized public housing. Public housing serves families, elderly and disabled persons who are among the nation's poorest. HUD administers operating subsidy provided under the public housing Operating Fund, which is supposed to bridge the gap between public housing rents, which are limited by law, and operating expenses. Additionally, HUD supplies funding for the capital needs of public housing projects under the public housing Capital Fund.



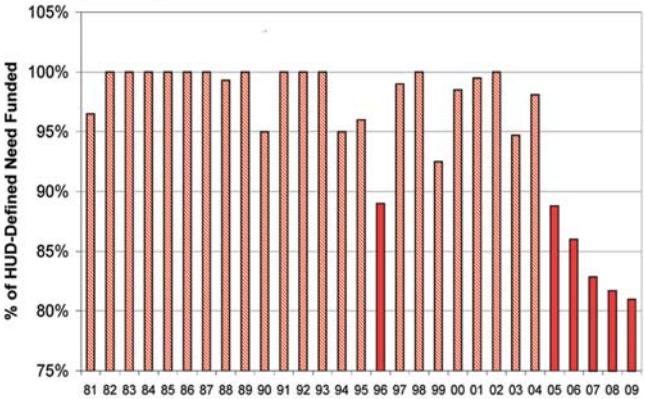
For several years, HUD's requests, and the amounts actually appropriated, for public housing have been alarmingly insufficient. For FY 2009, for example, HUD has requested \$4.3 billion in operating subsidy, notwithstanding that its own formula for determining need indicates that more than \$5.3 billion is needed – an annual shortfall of more than \$1 billion. Capital Fund requests have similarly lagged, failing to keep up even with annually accruing need, let alone providing resources for addressing a backlog that has been estimated at \$18 billion, or more. The cumulative effect of this pattern of disinvestment in public housing must be addressed and remedied.

Accordingly, NAHRO will:

- Seek the enactment of federal legislation to preserve the existing public housing stock by addressing the huge unfunded capital needs of public housing through the use of federal income tax credits, tax credit supported bonds and other means.
- Put to use public housing assets valued in excess of \$100 billion by fully enabling LHAs to finance the rehabilitation and preservation of public housing by encumbering public housing properties as contemplated by the Quality Housing and Work Responsibility Act of 1998 (QHWRA).
- Enact a Public Housing Conversion Pilot in which up to 100 asset management projects are converted to project-based Section 8 assistance with oversight transferred to HUD's Office of Housing.
- Continue to participate in the development of legislation to reauthorize the HOPE VI program that is workable and accessible to LHAs of varying sizes.

Public Housing Operating Fund in Historic Decline

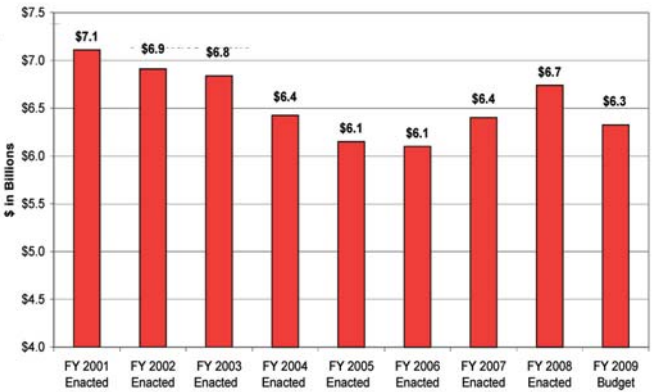
Operating Fund Prorations, FY 1981 - FY 2009



Note: The proration is the percentage of HUD-defined Operating Fund needs covered by available appropriations. Source: HUD Operating Fund data. Fiscal Year 2009 = President's budget; all others enacted.

NAHRO supports \$5.3 billion for the Public Housing Operating Fund in FY 2009.

President's FY 2009 Budget Continues Public Housing Disinvestment



Total funding includes Public Housing Operating Fund, Capital Fund, Drug Elimination Grants and HOPE VI. Enacted dollars not adjusted for inflation. FY 2005 annualized to correct for a one-time shift in the Operating Fund program year.

NAHRO supports \$3.5 billion for the Public Housing Capital Fund for FY 2009.

Federal Oversight

Excessive federal regulation of LHAs diminishes the return on existing appropriated resources. It also undermines LHAs' ability to leverage new resources. In short, LHAs are charged with the responsibility for



providing housing for the nation's poorest renters, yet they are denied the flexibility that is necessary to embrace this vital mission in the most effective manner.

Accordingly, NAHRO will:

- Seek enactment of permanent authorization for the Moving to Work (MtW) Demonstration Program.
- Seek reform of the contractual relationship between LHAs and the federal government so that federal administrative and regulatory demands fairly reflect resources provided, and federal subsidies for public housing are predictable, adequate and stable.
- Continue to advocate for a reasonable transition to asset management of public housing with an optional exemption for agencies operating fewer than 500 public housing units.
- Continue the Administrative Reform Initiative (ARI) process begun at HUD in 2007 for regulatory and administrative reform and seek meaningful, practicable reform of federal oversight activities pertaining to LHAs and the federal programs they administer.
- Explore with HUD and Congress enactment of a program to achieve substantial de-regulation of small LHAs.
- Work to develop alternatives to existing methods of evaluating the performance of LHAs and their programs and properties.

Program (\$ in Millions)
Public Housing Operating Fund
Elderly & Disabled Service Coordinators
Public Housing Capital Fund
Resident Opportunity & Supportive Services
HOPE VI
Safety & Security
Tenant-Based Rental Assistance (Sec 8 Vouchers), Total
Housing Asst. Payments
Admin Fees
FSS Coordinators
Tenant Protection Vouchers and Administration
Project-Based Section 8
Community Development Fund
Community Development Block Grant formula grants
Brownfields
Rural Housing/Econ. Dev.
Sec. 108 Loan Guarantees
HOME
HOME Formula Grants
ADDI set-aside in HOME
HOPWA
Homeless Assistance Grants
Affordable Housing Production

- a NAHRO requests are for stand-alone programs only. Blank
- b Reflects the administration's own estimate of need.
- c TBRA figures displayed on a program-year basis, consistent figures on a fiscal year basis, which blends program years.
- d Renewal of existing and incremental vouchers based on 2007 September 30, 2007, inflated by blended BLS Consumer Price component. Assumes a 96% utilization rate.
- e The President's budget nominally requests \$3.000 billion for presuming the cancellation of \$206 million in FY 2008 Econ fund. The combination of the request and rescission results for the CD Fund.
- f NAHRO's proposed funding level for Homeless Assistance include the administration's proposed \$50 million set-aside for
- g Affordable Housing Production should be derived from source

ding Recommendations

	'08 Enacted	'09 Proposed	NAHRO Recommendation ^a
	\$4,200	\$4,300	\$5,300 ^b
	[\$15]	[\$16]	\$50
	\$2,439	\$2,024	\$3,500
	[\$40]	[\$38]	\$55
	\$100	\$0	\$800
	\$0	\$0	\$310
	\$16,391 ^c	\$15,881 ^c	
	[\$14,695] ^c	[\$14,161] ^c	\$15,400 ^d
	[\$1,351]	[\$1,400]	\$1,540
	[\$49]	[\$48]	\$72
	[\$200]	[\$150]	Fully Fund
	\$6,382	\$7,000	Fully Fund
	\$3,866	\$3,000 ^e	
	[\$3,593]	[\$2,934] ^e	\$4,500
	\$10	\$0	\$25
	\$17	\$0	\$25
	\$5	\$0	\$7
	\$1,704	\$1,967	
	\$1,628	\$1,901	\$2,000
	[\$10]	[\$50]	
	\$300	\$300	\$300
	\$1,586	\$1,636	At least \$1,636 ^f
			\$1 billion ^g

< indicates no position.

nt with appropriations bill language. HUD documents display

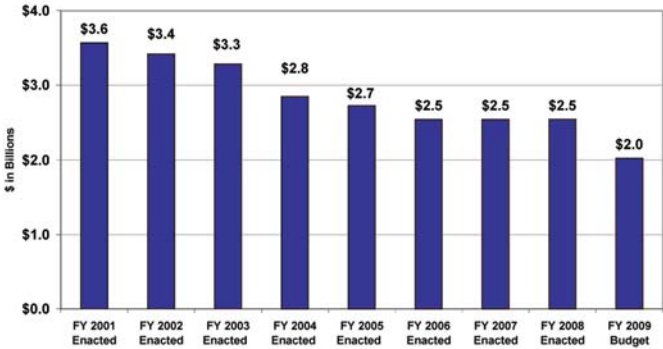
07 calendar year voucher leasing and cost data through
rice Index, Urban (CPI-U), Rent of Primary Residence

or the CD Fund for FY 2009. However, it offsets this amount by
omic Development Initiatives and other earmarks within the
s in a net FY 2008 appropriations request of just \$2.794 billion

Grants is for existing McKinney-Vento programs and does not
for the Samaritan Initiative.

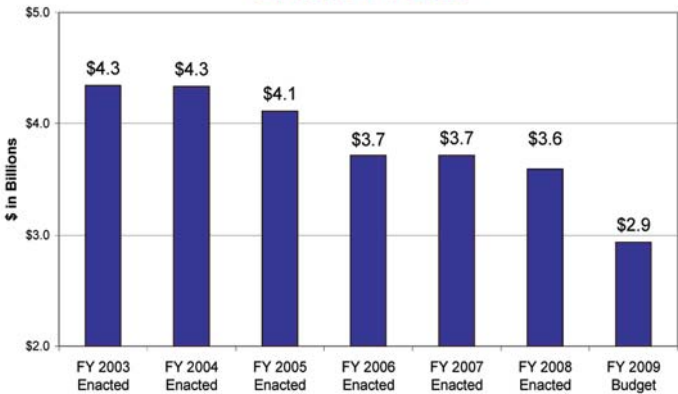
rces other than appropriations to the extent possible.

**Public Housing Capital Investment
Eroding
FY 2001 - FY 2009**



Note: Total includes the Public Housing Capital Fund and HOPE VI.

**Community Development Block Grants Cut
Dramatically
FY 2003- FY 2009**



Note: CDBG *formula* grants only. President's FY 2008 Budget proposes \$2.934 billion for CDBG formula grants, but assumes 206 that amount would be funded through rescission of prior-year earmarks.

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) program provides rental assistance to approximately 2 million low-income families. The flexibility of the HCV program's design has helped make it the optimal tool for meeting a wide variety of critical affordable housing needs. Administered by local and state housing agencies, the program helps families, seniors and persons with disabilities live stable and independent lives; helps the working poor to become self-sufficient; and enables families to live in neighborhoods where poverty is not concentrated.



Legislative Reform

The Section 8 HCV program has a demonstrated track record of success. Nonetheless, the HCV program can be further improved to provide PHAs with additional tools to help maximize the number of families served in their communities. NAHRO's HCV legislative and regulatory reform proposal addresses, among other things, enhancements to current voucher subsidy and administrative fee funding distribution formulas; benchmarking important program goals and appropriations; rent simplification; increased self-sufficiency; improved housing affordability burdens and deconcentration of poverty for voucher-assisted households; and improving the use of tenant-based vouchers for project-based assistance. NAHRO's complete reform proposal for the HCV program can be found on its website at www.nahro.org.

Regulatory Reform

NAHRO has requested that HUD move forward with voucher program regulatory reforms to achieve cost savings and greater program efficiency. Such an effort is now underway. NAHRO will work with HUD and our industry group partners to ensure full consultation with program stakeholders, as well as timely implementation of responsible regulatory and administrative reforms.

Voucher Renewals and Administrative Fees

NAHRO supports \$15.4 billion for FY 2009 renewals of housing assistance payment contracts in the HCV program and no less than \$1.54 billion in funding in FY 2009 for ongoing administrative fees.

Community and Economic Development

Full funding for HUD's community and economic development programs is a major NAHRO priority.

Community Development Block Grants (CDBG)

For more than 30 years, the CDBG program has successfully mobilized community resources to expand economic opportunity, strengthen local infrastructure and improve the quality of life for low- and moderate-income families and individuals. Despite this flexible program's proven track record, CDBG formula funding has declined by 17 percent since FY 2004. **NAHRO supports \$4.5 billion for CDBG formula grants for FY 2009.**

HOME Investment Partnerships (HOME) Program

Because our nation is experiencing an affordable housing crisis, restoring HOME program formula funding - which has declined by 12 percent since FY 2004 - is critically important. The proven and effective HOME program empowers states and localities to design and implement affordable housing strategies to respond to locally-determined needs. Since 1990, HOME has made possible the construction, acquisition or rehabilitation of 166,000 homeowner units, 347,000 homebuyer units and 311,000 rental units. **NAHRO supports \$2 billion for HOME formula grants for FY 2009.**

Complementary Programs

Congress should also fund all of the complementary programs within HUD's community and economic development toolkit, ensuring that HUD does not lose sight of the development component of its mission. To that end, NAHRO supports continued funding for the Section 108 loan guarantee program, the Brownfields Economic Development Initiative and the Rural Housing and Economic Development program. Each of these programs plays a unique role in building stronger, more economically viable communities, while enabling communities to leverage external financing in a way the CDBG program alone cannot do. **For FY 2009, NAHRO supports \$7 million for Section 108 and \$25 million apiece for BEDI and RHED.**

Homeless Assistance Programs

NAHRO will continue to support full funding for HUD homeless assistance programs. As Congress considers McKinney-Vento reauthorization legislation, NAHRO will advocate greater local flexibility, including an expanded definition of homelessness that will allow agencies to better respond to locally-determined needs. **NAHRO supports at least \$1.636 billion for HUD's Homeless Assistance Grants for FY 2009** and recognizes the need for appropriations to keep pace with the rising cost of renewals.

Production of Affordable Housing Units

For several years NAHRO has called for a new federal program for the production of affordable units of rental and homeowner housing. We favor a new production program that provides local communities and



agencies direct access to federal funds with minimal federal regulation. Under our preferred model, 60 percent of the funds distributed under such a program would be allocated through a formula to local governments, with the remaining 40 percent allocated to states.

NAHRO has consistently called upon the Congress to include a formula-driven affordable housing production program in the final version of Government Sponsored Enterprise reform legislation.

NAHRO also strongly supports the National Affordable Housing Trust Fund Act.

NAHRO will work to ensure that the resources made available through any new affordable housing production program are accessible to local housing and community development agencies, including public housing authorities.



As the present home mortgage crisis demonstrates, homeownership is not for everyone. While NAHRO values and supports the role that homeownership plays in meeting affordable housing needs, we believe that any new production program should prioritize efforts to address our nation's acute shortage of affordable rental housing.

The Housing America Campaign

The Housing America campaign is an effort initiated by the National Association of Housing and Redevelopment Officials to raise public consciousness of the critical role of housing and community development initiatives and the fundamental public policy benefits we as a nation derive from affordable housing and community revitalization activities.



The Housing America Mission Statement

We believe this is a critical national objective that can only be met through an unwavering federal commitment; an ongoing ability on the part of state and local government to fill in the gaps created by the limits of federal assistance; a dedicated, mission-driven not-for-profit community; and a forward-thinking private sector.

Today, 15.6 million households pay more than half of their income for housing; homeless estimates are nearly 750,000. America is the best housed nation on earth, yet for a growing and more economically-diverse number of families, children, seniors and persons with disabilities, affordable housing in quality communities is illusionary. As individuals, organizations and a nation, we must do more and do better to help those least able to help themselves. Safe, decent and affordable housing is pivotal in our society—beyond providing basic shelter, it positively impacts the economy and improves the quality of our environment.

Over the years, the public and private sectors have learned much about the cost-effective provision of affordable housing. Together we know what works, what does not work, and why, yet unmet housing needs in our communities persist. Each in our own way, using the resources available to us, we recommit ourselves today to a national goal of meeting the housing needs of all Americans.

About NAHRO

The National Association of Housing and Redevelopment Officials (NAHRO) is the leading housing and community development advocate for the provision of adequate and affordable housing and strong, viable communities for all Americans—particularly those with low and moderate incomes. The association's membership of more than 21,000 housing and community development agencies and officials throughout the United States administers Public Housing, Section 8, HOME, the Community Development Block Grant, programs for homeless people, and more, at the local level.

NAHRO's mission is to create affordable housing and safe, viable communities that enhance the quality of life for all Americans, especially those of low and moderate income, by:

- **E**nsuring that housing and community development professionals have the leadership skills, education, information and tools to serve communities in a rapidly changing environment;
- **A**dvocating for appropriate laws and policies that are sensitive to the needs of the people served; are financially and programmatically viable; and are flexible and promote deregulation and local decision making; and
- **F**ostering the highest standards of ethical behavior, service and accountability.

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