



National Association of Housing and Redevelopment Officials

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July 17, 2020

Dear Secretary Carson:

I would like to express the National Association of Housing and Redevelopment Officials's (NAHRO's) concern regarding the delay of critical emergency funding provided to Public Housing Agencies (PHAs) via the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the Housing Choice Voucher (HCV) program and the Department of Housing and Urban Development's (HUD's or the Department's) conflicting and confusing guidelines related to the draw down and use of CARES Act Supplemental Operating Funds.

Formed in 1933, NAHRO represents over 20,000 housing and community development individuals and agencies. Collectively, our members manage over 970,000 public housing units, 1.7 million Housing Choice Vouchers (HCVs), and receive over \$1.5 billion in Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program funding to use in their communities. NAHRO has the unique ability to represent public housing agencies, local redevelopment agencies, and other HUD grantees of all sizes and geography.

NAHRO would also like to acknowledge all of the time and hard work that HUD's Office of Public and Indian Housing (PIH) has put in during this pandemic and the responsiveness of the PIH staff to the affordable housing industry and, more specifically, to the PHAs serving their communities during this unprecedented time.

Voucher Funding

On March 27th, the United States Congress passed the CARES Act. Among other provisions, the legislation included \$1.25 billion for the HCV program. This included \$850 million in administrative fees and \$400 million for additional Housing Assistance Payments (HAP) funding. On April 28th, the Department issued a notice titled "CARES Act – HCV Program Administrative Fees" (Notice PIH 2020-08) which "addresses HUD's allocation methodology for the administrative fee portion of [the CARES Act appropriation] and establishes new eligible activities to prevent, prepare for, or respond to coronavirus." The notice notes that the initial administrative funding disbursement would be "in the approximate amount of \$380 million" nationally. Most PHAs received this initial administrative fee funding within a few days of this notice being published.

Despite the twin crises of the coronavirus pandemic and the economic employment collapse, the Department has yet to disburse the additional \$910 million in emergency funding (\$510 million in administrative fees and \$400 million in HAP funding). On a Department call with HUD stakeholders on July 9th, a representative from HUD stated that the additional HAP funding would be disbursed in "late-July," while the additional administrative fee funding would be disbursed in July or August. This delay in disbursing the funds has had real on-the-ground consequences as many PHAs have had to stop issuing vouchers to ensure program viability.

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Conflicting Operating Fund Guidance

Furthermore, on Thursday, May 14, HUD sent an email informing Public Housing Agencies (PHAs) that “CARES Act Supplemental Operating Funds may only be drawn down to pay for immediate needs.” The email noted that, unlike regular Operating Funds, CARES Act Supplemental Operating Funds cannot be drawn down all at once, held by the agency, and then used for eligible activities.

NAHRO disagrees with HUD’s position on the drawdown of these funds. The email is inconsistent with language in the CARES Act which explicitly states that Operating Funds can be used for “costs of eligible activities under subsection (d)(1) and (e)(1) of Section 9 of the 1937 Housing Act and for other expenses related to preventing, preparing for, and responding to coronavirus.” According to the law, this includes maintaining normal operations and taking other necessary actions during the period that the program is impacted by coronavirus. HUD’s introduction of “immediate needs” has created unnecessary confusion among housing agencies and dictates a drawdown process that is inconsistent with the Operating Fund program. This email has caused agencies to question their robust response to the pandemic and has had a dampening effect.

Lack of CARES Act Reporting Guidance

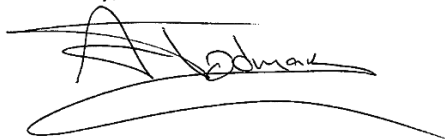
PHAs have also received conflicting and confusing information from HUD Field Offices on what activities constitute an eligible use of supplemental CARES Operating Funds and how those funds should be reported. According to language in the CARES Act, supplemental CARES Act Operating Funds can be used for any eligible Operating Fund expense and for activities that help PHAs prepare for, plan for, and prevent the coronavirus, HUD Field Offices have not made that explicitly clear to PHAs. HUD has also not informed PHAs how they should be reporting their CARES Act Operating Fund activities, leaving some PHAs hesitant to spend down those funds before proper reporting instructions are provided. The Department has also not provided CARES Act reporting guidance for voucher funds.

For these reasons, NAHRO requests that HUD immediately:

1. Disburse all administrative fee funding from the CARES Act;
2. Disburse all HAP funding from the CARES Act;
3. Retract guidance that CARES Act Operating Funds may only be drawn down to pay for immediate needs;
4. Publish clear and concise guidance on additional CARES Act reporting requirements for both the Public Housing and Housing Choice Voucher programs.

The National Association of Housing and Redevelopment Officials thanks HUD in advance for promptly taking these steps.

Sincerely,



Adrienne Todman,
NAHRO CEO

CC:

Assistant Secretary for the Office of Public and Indian Housing Hunter Kurtz