



National Association of Housing and Redevelopment Officials

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Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410-0500

To Whom It May Concern:

On behalf of the National Association of Housing and Redevelopment Officials (“NAHRO”), I would like to offer the following informal comments on ideas to increase utilization for the Housing Choice Voucher (“HCV”) program.¹

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, 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.

The National Association of Housing and Redevelopment Officials strongly supports the U.S. Department of Housing and Urban Development’s (“HUD’s” or “the Department’s”) efforts to maximize utilization in the HCV program. This letter offers several suggestions for improving utilization in the HCV program. It is divided into two sections. The first section consists of actions that HUD’s Office of Public and Indian Housing (“PIH”) can take unilaterally to improve utilization (based on NAHRO’s understanding of internal HUD processes), while the second section highlights actions that PIH can take which may require additional cooperation from other sub-agencies at HUD or Congressional action.

Section I: Actions That PIH Can Take Unilaterally to Increase HCV Utilization

Clarify the Allowable Uses of the HCV Administrative Fee

The Department should clarify that the administrative fee can be used for a broader range of housing-related purposes than for which it is currently being used. The law provides broad authority in defining the scope of available uses for the administrative fee.² The Department should do the following:

1. Immediately issue guidance in the form of a new PIH notice clarifying that administrative fees may be used for activities and expenses that help a PHA utilize vouchers; and

¹ All citations are informal.

² It states that HUD “shall establish fees for the costs of administering the tenant-based assistance, certificate, voucher, and moderate rehabilitation programs under this section.” See Section 8(q)(1)(A) of the United States Housing Act of 1937 [42 U.S.C. 1437f(q)(1)(A)].

Patricia Wells, MPA, CME, President; **George Guy**, Senior Vice President; **Lucille Boss**, Vice President-Commissioners; **Sharon L. Carlson**, CME, SPHM, PHM, SHM, CRPBRA, CSO-PH, CSEC-PH Vice President-Professional Development; **Irma Gorham**, PHM, Vice President-International Research and Global Exchange; **Duane Hopkins**, Vice President-Budget & Administration; **Milet Hopping**, PHM, Vice President-Member Services; **Peter F. LiFari**, Vice President-Community Revitalization and Development; **Wayne Pollard, Jr.**, Vice President-Housing; **Michael Gerber**, Interim CEO

2. Begin the process of promulgating a rule that states that administrative fees may be used for activities and expenses that help a PHA utilize vouchers.

In 2022, HUD has twice clarified the allowable uses of administrative fees through the use of guidance. First, in a notice on carbon monoxide detectors published in January, HUD wrote that “PHAs may use their HCV administration funds for landlord outreach and education on [carbon monoxide] requirements.”³ Second, in an email sent to PHA executive directors in February, HUD stated that “PHAs may use Section 8 administrative fees . . . to meet the costs for [certain voter registration] permissible activities.”⁴

As it has already done before, the Department should publish guidance clarifying the additional activities and expenses the administrative fee may be used for. The activities and expenses should be those that would help a PHA utilize its vouchers. If the Department is concerned that PHAs may spend their administrative fees on impermissible activities and expenses, it may structure the guidance as a list of permitted activities and expenses with a catch-all clause at the end that allows for additional activities and expenses at HUD’s discretion. For example, the guidance may state language similar to that below.

Housing Choice Voucher administrative fees may be used for the following purposes:

- Security deposits;
- Screening fees;
- Application fees;
- One-time utility deposits;
- First and last moving costs;
- Hold fees;
- Double rent (in instances where rental overlap is unavoidable);
- Moving expenses;
- Renter’s insurance (if needed for a lease); and
- The costs of other activities or expenses that help utilize vouchers with HUD approval.

Additionally, the Department should comb through its guidance and pull out all instances where it has clarified the use of administrative fees. For example, the HCV Landlord Guidebook states that “PHAs may use administrative fees . . . to cover the cost of materials and marketing for events directly related to administration of the voucher program.”⁵ It also states that the “PHA may use administrative fees and administrative fee reserves to cover the cost of a venue for events directly related to administration of the voucher program.”⁶ Similarly, the landlord guidebook notes that “PHAs can choose to fund their landlord point of contract through their administrative fee dollars”⁷

The Department should create a new PIH Notice that supersedes PIH Notice 2015-07 (which currently describes the current allowable uses of administrative fees). The new notice should include the following components:

³ Carbon Monoxide Alarms or Detectors in U.S. Housing and Urban Development (HUD)-Assisted Housing, PIH 2022-01, p. 5.

⁴ See “PIH Announcements” email sent on Feb. 9, 2022 to PHA executive directors. The permissible voter registration activities include the following: 1. Providing documentation of residence; 2. Operating as a voter registration agency; 3. Making voter registration resources available to residents; 4. Permitting the use of community space for meetings, candidate forums, or voter registration; and 5. Using PHA space for drop boxes and voting sites.

⁵ HCV Landlord Guidebook, Education and Outreach Chapter, p. 6.

⁶ HCV Landlord Guidebook, Education and Outreach Chapter, p. 18.

⁷ HCV Landlord Guidebook, Landlord-Focused Customer Service Chapter, p. 18.

1. Any relevant information from PIH Notice 2015-07 that is still applicable;
2. New clarifications of the administrative fees described above (i.e., activities or expenses that help PHAs utilize vouchers); and
3. A compilation of other clarifications of administrative fees uses through other older guidance documents (e.g., the HCV Landlord Guidebook, the carbon monoxide notice, etc.).

This new notice will centralize the allowable uses of the administrative fee and serve as a simple guidance document to publicize all the activities and expenses that PHAs may cover with administrative fees to increase voucher utilization.

Finally, the Department should promulgate a regulation that also clarifies some of the administrative fee uses. This is not necessary before the new PIH Notice is released, since the notice would fall within the scope of the current regulatory language, but would nonetheless remove some of the vagueness of the current regulation.⁸ The guidance should be published before the regulation because the guidance can be released on a shorter timeline giving PHAs the necessary tools to increase utilization as soon as possible.

Complete the HCV Guidebook

The Department should complete the HCV Guidebook that it has been working on for the past several years.⁹ The guidebook would provide new employees working on voucher administration a single place where they could easily look up answers on how the program should be run. It would also provide field office staff with a single authoritative document that they could check when providing information to PHAs throughout the country. The guidebook would be easier to read than the current regulations because the information is centralized in one place as opposed to the more decentralized regulatory text. The guidebook should be accessible from the single web address described below.

Create a Single Web Address for HCV Utilization Resources

The Department should create a single, easy-to-remember web address that houses all of its HCV utilization resources. This will allow HUD to easily advertise one place where everything is located and will allow industry associations and advocacy groups to have an easy-to-remember link to tell PHAs in their interactions.

Some suggested resources to be included on this site include the following:

- A completed and easy-to-read HCV guidebook;
- Training videos on the two-year tool and complementary other tools;
- All the tools, new information, and guidance from the landlord task force;
- Links or embeds of the HCV dashboards;
- Links of additional information on special purpose vouchers;
- Links to important utilization-related notices;
- Links to information on the Project-basing vouchers;
- Videos summarizing the guidebooks chapters and HCV Landlord Guidebook chapters;
- Other relevant tools, data, guidance, videos, webinar recordings, or other resources.

⁸ See 24 CFR 982.152.

⁹ The incomplete HCV Guidebook can be found here:
https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/guidebook.

Allow HUD Staff to Visit State and Regional Housing Conferences to Inform and Train

The Department should send HUD staff to state and regional housing conferences that are occurring across the country to educate PHAs about all the information and tools that are available to the PHAs to increase utilization. Some things that HUD staff may want to think about presenting include the website where all of HUD's utilization information is located, information about using the two-year tool, some of the most useful strategies from the HCV Landlord Guidebook, and ideas for funding additional activities and expenses that may help with utilization.

Highlight the Project-Based Voucher Program

The Department should highlight the project-based voucher ("PBV") program and explain how it might be a good option for PHAs in housing markets where it is difficult for program participants to find units. In these instances, project-based vouchers, especially in structures that the PHA owns, may offer guaranteed affordable housing in tight markets. While the PBV program is not for every PHA, those that are sophisticated enough to administer it have another tool in ensuring their program participants are housed. In describing the program to potentially interested PHAs, the Department should explicitly address the choice mobility option in the program and explain the PHA's duty to ensure that program participants are aware of the option and are able to exercise the option, in instances where they may want to.

Quickly Implement HOTMA's Site-Based Waiting Lists

The Department should quickly implement the site-based waiting list provision of the Housing Opportunity Through Modernization Act of 2016 ("HOTMA").¹⁰ This provision would allow PHA staff to focus less on managing their waitlists and would free up time for those staff to work on increasing utilization for the tenant-based assistance.

Section II: Actions That PIH Can Take with Other Entities to Increase HCV Utilization

Administrative Fee Formula Reform Should Focus on Layering Fees onto the Current Base Formula

NAHRO recommends structuring any reform to the administrative fee formula by layering fees onto the current base formula. There are two reasons to do this:

1. It is easy to explain to PHAs; and
2. PHAs will not have to worry about budgetary uncertainty.

Changing the underlying formula will result in a formula that will be hard to explain to PHAs across the country. While some staff at larger, more sophisticated PHAs may understand and embrace this change, many PHAs will not have the time or capacity to study the formula change. An easy-to-explain formula change, like adding additional fees for additional services, is a simple concept and can be understood simply without spending much time deciphering it.

Whether justified or not, many PHAs remain wary that any base administrative fee formula change will slash their budgets. Adding fees onto the current formula will immediately allay concerns involving shrinking PHA budgets.

¹⁰ See Section 106(7)(C) of the Housing Opportunity Through Modernization Act of 2016.

Finally, if any new fee formula is based on the 2015 Administrative Fee Study, it may be relying on out-of-date data. The study was conducted over a period beginning in 2013 and ending in 2014.¹¹ Many things have changed since that time, which may have caused the true cost of administering the HCV program to have risen, including the following: higher staff costs post-pandemic; new regulations (e.g., HOTMA) being implemented; the creation of new types of special purpose vouchers (e.g., Emergency Housing Vouchers and Foster Youth to Independence vouchers); etc. A new study is required before a formula change, and a study should be conducted every decade to keep pace with the changing legislative, regulatory, and economic landscape.

Issue New Revised FMRs

It is NAHRO's understanding that HUD's Office of Policy Development and Research ("PD&R") is working with three outside groups to create a new methodology to calculate fair market rents ("FMRs"). The Department should consider using one of these experimental methodologies to recalculate the FMRs, publish the revised FMRs, and then allow PHAs the option of using the FMR calculated with the new methodology at its discretion.

The Department may also want to consider whether FMRs should still be set at 40th percentile gross rents or whether 50th percentile gross rents would be more appropriate given the low utilization rates.

Payment Standard Discretion Should Be Increased

While the Department has taken steps to increase payment standards in certain contexts (e.g., with Emergency Housing Vouchers and with expedited waivers), an additional increase in the amount that payment standards may be set at will offer greater opportunities for program participants to lease up.¹² NAHRO recommends legislative changes allowing for payment standards to be set at 130% or 140% of the fair market rent (FMR). The Department need not worry that program participants will pay excessively for units because units will still need to pass rent reasonableness checks.

Administrative Fees Should Be Fully Funded

As mentioned in the past by NAHRO, every future President's budget should suggest administrative fees be fully funded. This will be even more important if the scope of administrative fee uses is clarified, as previously mentioned in this document, to include activities and expenses that enable a PHA to utilize vouchers.

A National Source of Discrimination Law Should Be Passed

The administration should propose legislation to Congress to enact a national source of income discrimination law. The legislation should specifically mention vouchers as type of income that may not be discriminated against in housing markets.

Units That Have Already Received a Federal Inspection Should Not Be Inspected Again

In its next President's budget, HUD should propose language to require units that have received any federal inspection to be exempt from a HQS inspection, unless it occurs in the next naturally occurring

¹¹ Housing Choice Voucher Program Administrative Fee Study, pg. xiv, https://www.huduser.gov/portal/publications/pdf/AdminFeeStudy_2015.pdf.

¹² U.S. Department of Housing and Urban Development "Landlord Participation Study," p. 45, <https://www.hud.gov/sites/dfiles/PIH/documents/Landlord-Participation-Study-Final-Report.pdf>.

inspection cycle. For example, a PHA conducting biennial inspections should not be required to inspect a unit that has received an inspection 6 months ago until eighteen months in the future.

Streamline The Inspections Process

One of the primary reasons that landlords choose not to participate in the HCV program is the HQS inspection which landlords find to be a time-consuming process.¹³ A streamlined inspections protocol—more streamlined than NSPIRE-V—would likely greatly increase utilization.¹⁴

Increase the PBV Program Caps

The Department should consider increasing the PBV program cap in areas where units are hard to find beyond the amounts increased with the passage of HOTMA. This will allow PHAs to project-base more of their units in these areas guaranteeing more units are available for families.

The National Association of Housing and Redevelopment Officials thanks the Department for the opportunity to share these informal comments. If you have any questions or comments on these points, or any other issue, please feel free to reach out to me at tgurjal@nahro.org.

Sincerely,



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¹³ “The frequency of inspections and the time required to complete the inspection process were identified by PHA staff as historically prominent issues among landlords.” [Italics removed.] U.S. Department of Housing and Urban Development “Landlord Participation Study,” p. 27, <https://www.hud.gov/sites/dfiles/PIH/documents/Landlord-Participation-Study-Final-Report.pdf>.

¹⁴ One example of a streamlined inspection protocol, suggested by a NAHRO member, is the following: <https://www.hudexchange.info/resource/1153/hprp-housing-habitability-standards-inspection-checklist/>.