

## Congressional & Administration Neglect

*FY2016 HUD budget undermines Nation's remaining supply of affordable housing units*

HUD Housing Program	Industry FY2016 Needs Estimate	FY2015 Enacted Level	FY2016 White House budget	FY2016 House THUD bill	FY2016 Senate THUD bill
Operating Fund	\$5.370B	\$4.400B	\$4.600B	\$4.440B	\$4.500B <b>84% proration*</b>
Capital Fund	\$5.00B	\$1.875B	\$1.925B	\$1.681B	\$1.743B <b>half of annual accrual</b>
Voucher Renewals	\$18.364B	\$17.486B	\$18.007B	\$18.151B	\$17.982B <b>98-99% funding*</b>
Administrative Fee	\$2.233B	\$1.53B	\$2.010B	\$1.53B	\$1.620B <b>73% proration*</b>
Choice Neighborhoods	\$120M	\$80M	\$120M	\$20M	\$65M <b>funds for only 2 grants</b>

\* proration levels are approximate

### Operating Fund

For the fifth consecutive year Congress and the Obama Administration are defunding the management and maintenance of housing for the poorest households by providing only about 84% of the Operating Fund need. Deep cuts to the Operating Fund directly affect the condition of housing and the quality of life for many of the nation's most vulnerable households including the elderly, the disabled and families with children. Even using the better Senate number, the Operating Fund is short-funded \$870 million for FY2016.

### Capital Fund

Congress and the Obama Administration have added billions more to the already enormous \$26 billion capital funding backlog by sharply cutting Capital Fund spending that fails to keep up with annually accruing capital needs. Deep and chronic underfunding of the Capital Fund concentrates more and more capital needs on public housing properties that, if unchecked, will eventually lead to the catastrophic loss of units from the housing inventory. Once lost, replacement of public housing units will be virtually impossible.



## HCV and Administrative Fee

Congress appears very supportive of the Housing Choice Voucher program by “funding vouchers currently in use” each fiscal year. However, Congress has also systematically cut funds to the HCV Administrative Fee since 2008. For FY2016 the House underfunds the Admin Fee by \$700 million and the Senate by \$600 million. The Senate’s “better” funding provides approximately 73% of the funding necessary for agencies to adequately implement voucher programs in their communities. The Admin Fee underfunding means there are far fewer skilled staffers available to determine family eligibility, maintain the waiting list, recruit landlords, settle disputes between landlords and tenants, brief and counsel new participants or perform inspections in a timely manner. Underfunding of the fee effectively shrinks the voucher program by limiting agencies’ ability to issue vouchers to families quickly and efficiently.

## Key policy provisions contained in the Senate THUD bill and supported by PHADA:

- Expansion of Moving To Work program by 300 additional agencies
- Allows all agencies to use 20% of Operating Funds for capital uses.
- Triennial recertifications for households with incomes that are 90% fixed
- A utility rolling base conservation pilot that allows agencies to retain savings
- Existing salary cap (which is still objectionable) is preferable to the one proposed by Administration
- Ability to build replacement reserves for capital improvements

**PHADA does not support the requirement that housing authorities (of any size) prepare Green Physical Needs Assessments (PNA).** PHADA supports the House PNA provision that eliminates this costly waste of money for all housing agencies.

## Funding Denied to Essential Public Housing Programs

	Operating Fund		Capital Fund		HCV Administrative Fee	
	Actual Funding	Below Industry Estimate by:	Actual Funding	Below Industry Estimate by:	Actual Funding	Below Industry Estimate by:
2009*	4.455B	- .845B	2.450B	- 2.550B	1.450B	- .090B
2010**	4.760B	- 0 -	2.500B	- 2.500B	1.575B	- .075B
2011	4.956B	- 0 -	2.040B	- 2.960B	1.447B	- .273B
<b>Sequestration becomes law – Budget Control Act of 2011***</b>						
2012****	3.941B	- 1.035B	1.875B	- 2.125B	1.350B	- .420B
2013	4.054B	- 1.002B	1.785B	- 3.236B	1.307B	- .500B
2014	4.399B	- .751B	1.875B	- 3.196B	1.500B	- .468B
2015	4.400B	- .915B	1.875B	- 3.125B	1.530B	- .604B
<b>Cumulative lost funding for 2009 - 2015</b>		<b>- \$4.548B from Operating Fund</b>		<b>- \$19.692B from Capital Fund</b>		<b>- \$2.430B from Administrative Fee</b>
2016	Even the higher-funded Senate THUD bill continues sequestration-level funding and thus adds to the losses for financially-stressed public housing agencies, properties, residents and those waiting for assistance.					

**Cumulative lost funding for 2009 - 2015**

**More than \$26B Total**

\* American Recovery & Reinvestment Act (ARRA) passed \*\* HUD Public Housing Capital Needs Assessment conducted 2010  
 \*\*\* Budget Control Act of 2011 \*\*\*\* HUD took PH agency operating reserves

## *10 Things Congress Can Do to Mitigate the Damage of Chronic Low Funding*

- 1. Robust Expansion of the original Moving to Work (MTW) program.** HUD's proposal to increase MTW by only 15 HAs over the next three years is far too meager. MTW has resulted in numerous policy innovations and improvement to national policy. Thankfully, the Senate Appropriations bill includes the addition of 300 new MTW agencies.
- 2. Provide regulatory streamlining for small, low-risk housing authorities (<551 units) per SHARP (Small Housing Authority Reform Proposal).** Recommendation comes directly from 2008 HUD-sponsored study by IBM Business Study Group. SHARP allows for risk-based oversight.
- 3. Institute a moratorium on new rules and reporting requirements** until such time that there are funds to support the heavier work load. Unfunded mandates take agency staff time away from the core mission of providing safe, secure and decent housing.
- 4. Allow agencies to charge a fair and reasonable minimum rent** that includes a hardship provision. If Congress fails to pay its full subsidy portion of the rent, agencies need to ask more of residents who have not seen an increase in the minimum rent for 17 years.
- 5. Reinstate the "frozen rental income" provision for 3-5 years to encourage residents and agencies to work in tandem to raise household incomes and rent revenue.** The previous use of the frozen rent initiative raised millions of additional dollars to support public housing.
- 6. Simplify the costly and time-consuming rent-setting process by using gross rather than adjusted income.**
- 7. Suspend HUD's non-statutory PHAS and SEMAP scoring – and make scoring advisory –** until agencies have adequate funds to restore pre-funding-cuts scores. It is the height of unfairness to continue to "grade" agencies when low funding is so heavily influencing score results.
- 8. Permit a small portion of HAP or NRA to supplement Administrative Fees that fall below a 90% funding proration.** This would allow agencies to lease up with vouchers idled by too low fees – and provide valuable housing assistance to low-income families on waiting lists.
- 9. Allow housing authorities to recertify (triennial recertifications) elderly and disabled households when 90% of their household income is fixed.**
- 10. Allow blanket regulatory suspensions and waivers under 24 CFR Part 5.**



*Talk to your members of Congress – ask them to:*

**1. End sequestration-level funding and restore adequate funds to preserve and protect the critically-important public housing inventory.**

**2. Pass the Senate version of the THUD funding proposal (H.R.2577) that provides uniformly better funding than the House version – and that includes a significant expansion of the Moving To Work program to 300 more housing agencies.**

**3. Provide more policy flexibility to housing agencies to lessen the impact of chronic low funding, including:**

- Passage of the Small Housing Authority Reform Proposal (SHARP)
- A moratorium on new HUD rules & reports until funds are available to implement these mandates

