

Update: Over 100,000 Go Without Housing

PHADA's Cost Neutral Proposal Would Help Fix this Growing Voucher Leasing Crisis

OVER THE LAST TEN YEARS, the percentage of authorized vouchers leased to eligible low-income households stagnated in the mid to low 90 percent range. **It stands at only 92 percent for 2016.** Operating for another year with reduced administrative fee prorations – approximately an 83 percent proration for 2016 – the percentage of low-income households leased in Housing Authorities' (HAs) voucher programs will likely worsen if something is not done. **PHADA estimates that there are over 100,000 low-income households (4 percent) that could otherwise be housed with funding already appropriated by Congress.** However, underfunding of Section 8 administrative fees has, in part, contributed to stagnating and declining “voucher lease-up rates” of low-income households. Inadequate administrative funding continues to compromise HAs' ability to fill voucher program vacancies quickly, perform inspections, ensure housing quality, and fulfill other important voucher program obligations. PHADA's cost neutral proposal would go a long way to improving lease-up of households to help address this growing voucher leasing crisis.

HUD Acknowledges the Problem

In response to a question about the underlying reason for stagnating voucher lease-up rates of low-income households during a July 10, 2015 hearing before the House Subcommittee on Housing and Opportunity, Principal Deputy Assistant Secretary of HUD's Office of Public and Indian Housing, Lourdes Castro Ramirez, answered, “...**I would specifically stress that not providing sufficient funding to Housing Agencies to administer the Housing Choice Voucher [program] has decreased and impacted their ability to deliver this program appropriately.**”

Status Quo: More Go Without Housing

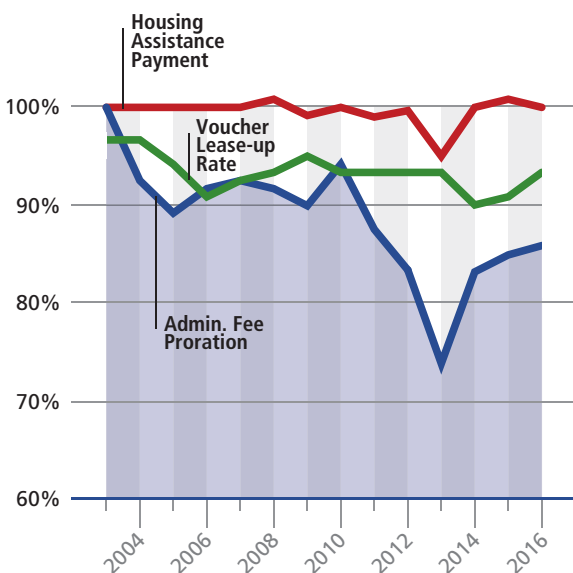
Fungibility between voucher money and admin. fees will help fix this problem and will not cost much. PHADA's modeling of the funds necessary to “funge” in order to bring admin. fee prorations from 77 percent to 95 percent would be about 1.4 percent of the total national HAP-related funds. With affordable housing needs so great for so many low-income unassisted households, enactment of this proposal will help HAs utilize previously appropriated funds to lease more eligible households.

There Won't be More Money

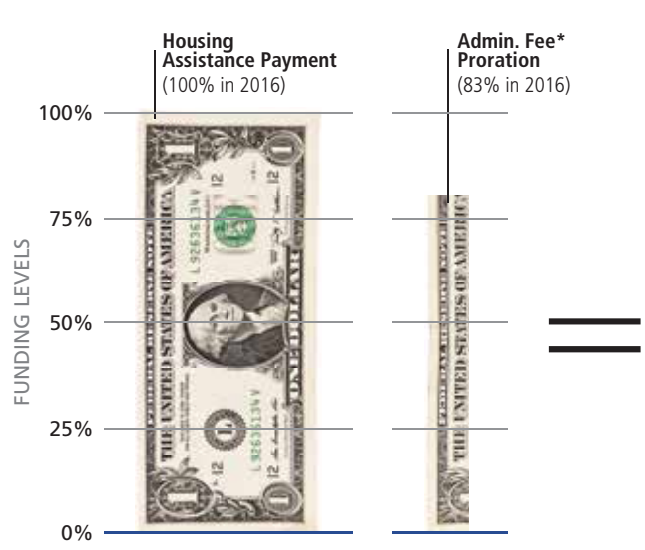
HUD requested more funding for admin. fees for and the Senate version of the FY 2017 THUD Appropriations

Section 8 Voucher Program Funding and Leasing Performance

(FY 2003–FY 2016)



Nationally, the “voucher lease-up rate” was 92% in 2016, while administrative fees were 83%. PHADA's cost neutral proposal would help increase voucher lease-up rates significantly.



*Admin. Fees represent less than 10% of total HAP program costs. But while HAP has been fully funded through a combination of direct appropriations and offsets of "excess" HAP reserves, the admin. fees necessary to implement the program have been prorated to around 83%.

PHADA estimates that there are over 100,000 low-income households (4%) that could otherwise be housed with funding already appropriated by Congress. However, admin. fee prorations – approximately an 83% proration for 2016 – have contributed to over 100,000 families from being housed.

bill (S. 2844) provides funding for an 83 percent proration, which PHADA deeply appreciates. PHADA has and will continue to advocate for improved and adequate administrative fee and HAP funding in a very public and sustained way throughout each year (www.phada.org/pdf/FY17%20Appropriations_FINAL.pdf). However, strict budget caps and other factors have basically precluded sufficient increases in admin. fee funding in annual appropriations acts over many years. This grim budget reality is unlikely to change anytime soon under current law. If anything, administrative fee prorations may decline further, resulting in even fewer households being housed with already HAP-funded and authorized vouchers.

PHADA's Legislative Solution

Currently, annual appropriations law enables HUD to utilize its unobligated, carryover funds from prior year(s), regardless of the purpose for which such funds were original appropriated, to help augment direct appropriations and raise HAs' fee prorations. HUD utilized this authority for last seven consecutive years. Absent HUD's use of this discretionary provision in law, national voucher program performance would have been substantially worse.

PHADA's legislative proposal is modeled on existing law. If adopted, HUD would maintain its discretionary authority to augment appropriated fee prorations in a given year (e.g., FY '17) up to 95 percent of their authorized fee rates for each household leased in the voucher program(s), by approving HAs' use a portion of **their** HAP reserves from a previous year(s).

PHADA's legislative proposal states, "Provided further, That if a public housing agency that does not receive from the Secretary of Housing and Urban Development an allocation sufficient to pay the full amount determined in the first proviso of such paragraph (3) under such heading in such Public Law (P. L. 105-276) the Secretary may allow a public housing agency to utilize carryover balances under this heading, the heading "Tenant-Based Rental Assistance" for fiscal year 2017 and prior years remaining from housing assistance payment funds appropriated for the public housing agency, to the extent necessary to effect payment to the public housing agency of an amount not exceeding 95 percent of the full administrative fees and expenses payable to the public housing agency with respect to authorized vouchers under lease, notwithstanding the purposes for which such funds were appropriated."

Please Contact Congress Today

Housing Authorities are encouraged to provide their elected U.S. Representatives and Senators with this issue brief, along with information and impacts on low-income households in their local communities, with a request to include this legislative provision in a pending FY 2017 appropriations bill.

If you have any questions or would like additional information and analysis regarding PHADA's proposal, please contact Policy Analyst, Jonathan Zimmerman, at: 202-546-5445, or via email: zimmerman@phada.org.