



### FY 2017 Public Housing and Section 8 Program Funding Needs

The Public Housing Authorities Directors Association (PHADA), the National Association of Housing and Redevelopment Officials (NAHRO), and the Council of Large Public Housing Agencies (CLPHA) are pleased to release the following joint funding recommendations for Public and Indian Housing programs administered by the U.S. Department of Housing and Urban Development. These programs provide resources essential to ensuring that vulnerable seniors, families, veterans, and people with disabilities across the country have access to decent, safe, and sanitary affordable housing to help stabilize and improve the quality of their lives.

	President's FY 2017 Budget Request (in millions)	NAHRO/PHADA/CLPHA FY 2017 Funding Recommendations (in millions)
<b>Public Housing Operating Fund</b>	\$4,569	\$5,464 <sup>1</sup>
<b>Public Housing Capital Fund</b>	\$1,865	\$5,000
<i>Emergency Capital Needs</i>	[\$20]	\$20
<i>Resident Opportunities and Supportive Services (ROSS)</i>	\$0	\$35
<i>Jobs Plus</i>	[\$35]	\$15
<i>Public Housing Financial and Physical Assessment Activities</i>	\$10	\$3
<b>Section 8 Tenant-Based Housing Choice Voucher HAP Renewal</b>	\$18,447	\$18,477 <sup>1</sup>
<i>Tenant Protection Voucher HAP Funds</i>	[\$110]	Fully Fund <sup>2</sup>
<b>Section 8 Ongoing Administrative Fees</b>	\$2,077	\$2,122 <sup>3</sup>
<i>Special &amp; Ongoing Fees for TPV,CNI, HUD-VASH</i>	[\$10]	\$20
<b>Section 8 Project-Based Rental Assistance</b>	\$10,816	\$10,839 <sup>4</sup>
<i>Rental Assistance Demonstration (RAD) Renewals</i>	[\$149]	[\$149] <sup>5</sup>
<i>Contract Administrator Program</i>	[\$235]	[\$235]
<b>Mobility Demonstration</b>	\$15	\$15
<b>Consolidated Family Self-Sufficiency (FSS) Program</b>	\$75	\$85
<b>Choice Neighborhoods Initiative</b>	\$200	\$200

[ ] – Set-aside amount within main account's overall funding level

**Public Housing Operating Fund: \$5.464 billion for the Operating Fund** for FY 2017. HUD estimates that total resident rent contributions will increase by \$77 million in FY 17. However, the Department did not explain its justification for this assumption. As such, we recommend that total resident contributions are kept at the same level as were estimated for FY 2016.

**Public Housing Capital Fund: \$5.000 billion for the Capital Fund**, to be distributed by formula, for FY 2017. This amount would allow PHAs to address their newly accruing needs, estimated at \$3.4 billion annually<sup>6</sup>, as well as make progress towards making other critical repairs and pursuing much-needed programs of modernization. These dollars represent an investment in public housing, but also an investment in local economies--every dollar that PHAs spend on capital and maintenance results in an additional \$2.12 of indirect & induced economic activity nationwide for a total economic impact of \$3.12.<sup>7</sup>

HUD acknowledges that "Public housing constitutes an economic and social asset that cannot be created or sustained by the private market. Replacing this inventory would be cost prohibitive. The Capital Fund preserves as many of these units as possible to mitigate the heightened costs of future replacement." Public Housing receives the lowest funding per unit of any of HUD's rental assistance programs, despite serving the same low-income populations. Public Housing is also unique because it is permanently affordable, with no threat of opt-outs. But as the public housing stock ages and its physical needs increase, chronic underfunding is threatening the future viability of this important component of our national infrastructure. The Administration's FY 2017 budget request of \$1.865 billion, represents a \$35 million cut from the FY 2016 enacted level which would meet only 54 percent of the recommended annually accrued need. Without sufficient funding, the Public Housing portfolio will continue to shrink. According to HUD, "[d]espite the addition of replacement public housing units, there has been a net loss of over 139,000 public housing units since fiscal year 2000, representing an average loss of approximately 8,700 units annually."

- NAHRO, PHADA and CLPHA recommend **\$20 million in emergency capital needs** funding to address needs resulting from non-Presidentially declared disasters and emergencies, *including safety and security needs related to crime and drug-related activity*, a currently eligible use of funds that the Administration has proposed eliminating.
- **Jobs-Plus Initiative: \$35 million for the Jobs-Plus Initiative**, an evidence-based strategy for increasing the employment opportunities and earnings of Public Housing residents through employment services, rent-based work incentives, and

community support for work.

- NAHRO, PHADA and CLPHA object to the Administration's proposal to eliminate funding for the Resident Opportunities and Supportive Services (ROSS) program and recommend **\$35 million for the ROSS program** for FY 2017, a level sufficient to renew all existing service coordinators. Through this important program, PHAs continue to link Public Housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
- NAHRO, PHADA and CLPHA support **\$3 million for HUD-REAC** to support ongoing Public Housing Financial and Physical Assessment activities for its ongoing Quality Assurance physical inspections of Public Housing. However, HUD requests an additional \$7 million out of the Capital Fund for Section 8 tenant-based voucher program activities, which the groups do not support. HUD requests \$2.8 million for HUD-REAC to support federalizing the oversight of HCV inspection process including funding to maintain 20 Full-Time Permanent (FTP) staff to be hired during fiscal year 2016. The groups support adequate funding for the UPCS-V *demonstration* and *evaluation* costs. However, until and unless Congress is provided with a future evaluation of the UPCS-V demonstration from FY 2016 and had the opportunity to hold hearings regarding HUD's results and to hear from other voucher program stakeholders like HAS, participating property owners, residents, etc. it is premature for Congress to fund full *implementation* of UPCS-V for "on-site implementation support of UPCS-V at PHAs nationwide; this will involve instructing, coaching, and in-the-field testing and collaboration with PHA inspectors and staff so that they are able to accurately and effectively apply the new, standard inspection protocol." Until it is clear what purposes and activities would be funded with the remaining \$4.2 million (totaling \$10 million for FY 2017) requested for HUD-REAC the PHA groups cannot support it.

**Housing Assistance Payment Renewals: \$18.477 billion for Housing Assistance Payments (HAP)** for FY 2017 in order to ensure the renewal of assistance for all voucher-assisted low-income households served in 2016. No offset is assumed in this recommendation.

**Tenant Protection Vouchers:** NAHRO, PHADA and CLPHA support sufficient funding to provide all eligible households with a tenant protection voucher for FY 2017, including: tenant-protection, CNI, HUD-VASH and FUP vouchers, etc.

**HCV Administrative Fees: \$2.122 billion for ongoing administrative fees** for FY 2017. Based on the Administration's estimates, this figure would be sufficient to fund all PHAs at 100 percent of their eligibility based on the fee rates in effect immediately prior to the enactment of the Quality Housing and Work Responsibility Act of 1998 (QHWRA). We also recommend **\$20 million in special administrative fee funding** to support PHAs' administration of tenant protection vouchers and special purpose vouchers, including, but not limited to: HUD-Veterans Assisted Supportive Housing (VASH), Mainstream, and Family Unification Program vouchers.

**Choice Neighborhoods Initiative (CNI): \$200 million for the CNI** for FY 2017. As has been the practice in previous years, NAHRO, PHADA and CLPHA recommend that two-thirds of the funds be reserved for applications in which a public housing authority is the lead applicant or a co-applicant. Large capital grants through programs like Choice Neighborhoods are among the most effective tools to help PHAs address the needs of severely distressed public housing developments by attracting private capital and transforming communities into thriving, mixed-income neighborhoods with reduced crime and increased opportunities for residents.

**Family Self-Sufficiency (FSS) Program: \$85 million for the FSS Program** for FY 2017, with \$75 million reserved for PHAs. This funding level is needed to maintain funding for all existing program coordinators in the consolidated Public Housing and Section 8 FSS program. The additional funding would support expansion of the program to include Section 8 PBRA properties.

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<sup>1</sup> This estimate does not assume the adoption of the Administration's proposed change to the medical/disability expense deduction threshold for elderly and disabled households up from 3 percent to 10 percent of their gross income before such expenses can be counted as a deduction. HUD estimates this change would reduce eligibility by \$23 million for the Public Housing program, \$30 million for the Section 8 Tenant-Based Voucher Program, and approximately \$23 million for the Project-Based Rental Assistance (PBRA) program. NAHRO, CLPHA, and PHADA support adequate funding to ensure that all assisted-households will be able to continue to be served in the upcoming year. In addition, our joint recommendations assume that HUD will not transfer money from program accounts into the Research and Technology account. If the transfers occur, then our recommendations will increase by the amount transferred from each program account respectively.

<sup>2</sup> HUD's budget request would continue to prevent PHAs/owners/managers from receiving the number of TPV vouchers for each unit that was in occupancy 24 months prior to a triggering event (i.e. demolition/disposition, opt-outs, RAD conversions, etc.). This results in PHAs/owners/managers receiving fewer tenant-protection vouchers than they were entitled to in previous years. In addition, the PHA Groups oppose HUD's budget which would result in Tenant-Protection vouchers being funded in quarterly increments rather than 12-months of funding when the TPV vouchers are awarded.

<sup>3</sup> This amount includes only administrative fees for renewal vouchers. It does not include administrative fees for incremental vouchers.

<sup>4</sup> NAHRO, CLPHA, and PHADA support fully funding this account by providing for 12 months of funding for all contracts from January through December 2017. This is HUD's current estimate of that cost with the addition of approximately \$23 million related to the proposed change in medical/disability expense deductions. This estimate does not assume the adoption of the Administration's proposed change to the medical/disability expense deduction threshold for elderly and disabled households up from 3 percent to 10 percent of their gross income before such expenses can be counted as a deduction. NAHRO, CLPHA, and PHADA support adequate funding to ensure that all assisted-households will be able to continue to be served in the upcoming year.

<sup>5</sup> NAHRO, CLPHA, & PHADA support full funding for this account.

<sup>6</sup> *Capital Needs in the Public Housing Program* by Abt Associates (2010).

<sup>7</sup> *Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements* by Econsult Corporation (2007).