



FY 2018 Public Housing and Section 8 Program Funding Needs (July 19, 2017)

The National Association of Housing and Redevelopment Officials (NAHRO), the Public Housing Authorities Directors Association (PHADA) and the Council of Large Public Housing Agencies (CLPHA) are pleased to release our 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.

	NAHRO/PHADA/CLPHA FY 2018 Funding Recommendations (in millions)
Public Housing Operating Fund	\$5,074 ¹
Public Housing Capital Fund	\$5,000
<i>Emergency Capital Needs</i>	\$21.5
<i>Resident Opportunities and Supportive Services (ROSS)</i>	\$35
<i>Jobs Plus</i>	\$15
<i>Public Housing Financial and Physical Assessment Activities</i>	\$10
Section 8 Tenant-Based Housing Choice Voucher HAP Renewal	\$19,840 ¹
Section 8 Ongoing Administrative Fees & Special Fees	\$2,389 ²
Section 8 Project-Based Rental Assistance	\$11,400 ³
Consolidated Family Self-Sufficiency (FSS) Program	\$95
Choice Neighborhoods Initiative	\$200

Public Housing Operating Fund: \$5.074 billion for the Operating Fund for FY 2018.

Public Housing Capital Fund: \$5.000 billion for the Capital Fund, to be distributed by formula, for FY 2018. This amount would allow PHAs to address their newly accruing needs, estimated at \$3.4 billion annually,⁴ 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 and induced economic activity nationwide for a total economic impact of \$3.12.⁵

In the past, HUD has acknowledged 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. After the non-capital set-asides are factored out of the Capital Fund, the President’s budget would meet only 18 percent of the recommended annually accrued need. Without sufficient funding, the Public Housing portfolio will continue to shrink. Previously HUD has stated that “[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 **\$21.5 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.
- NAHRO, PHADA and CLPHA recommend **\$15 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 recommend **\$35 million for the Resident Opportunities and Supportive Services (ROSS)** program for FY 2018, 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 **\$10 million for HUD-REAC** to support ongoing Public Housing Financial and Physical Assessment activities for its ongoing Quality Assurance physical inspections of Public Housing. The groups support adequate funding for the UPCS-V *demonstration* and *evaluation* costs.

Housing Assistance Payment Renewals: \$19.840 billion for Housing Assistance Payments (HAP) for FY 2018 in order to ensure the renewal of assistance for all voucher-assisted low-income households served in 2017. No offset is assumed in this recommendation. NAHRO, PHADA, and CLPHA support sufficient funding to provide all eligible households with a tenant protection voucher for FY 2018, including the following: tenant-protection, CNI, HUD-VASH, and FUP vouchers, etc. All HAP amounts associated with prior years' temporary relocation vouchers are excluded from HAP renewal amounts above.

HCV Administrative Fees: \$2.389 billion for ongoing administrative fees for FY 2018. At this time, we believe 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). This amount also includes \$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 2018. 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: \$95 million for the FSS Program for FY 2018, with \$85 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 as well as expansion of FSS in voucher and public housing programs.

¹ Funding recommendation represents a 105% proration. Our recommendation to fund at 105% is a result of possible aberrations in the data utilized by the Department to estimate inflation and deflation factors related to tenant rental income and utilizes expense levels. Additional information has been requested to provide clarification, but to date, has not been provided.

² This amount includes only administrative fees for renewal vouchers. It does not include administrative fees for any potential incremental vouchers awarded in FY 2018.

³ NAHRO, CLPHA, and PHADA support fully funding this account by providing for 12 months of funding for all contracts from January through December 2018. This estimate does not assume HUD's implementation of the HOTMA's 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.

⁴ *Capital Needs in the Public Housing Program* by Abt Associates (2010).

⁵ *Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements* by Econsult Corporation (2007).

* Across all applicable Federal rental assistance accounts, the above funding recommendations exclude any assumptions associated with enactment and implementation the "Housing Opportunity Through Modernization Act of 2016" (HOTMA). Until such time that HUD promulgates and finalizes regulations regarding the income and rent provisions under HOTMA, the above funding recommendations exclude any assumed cost savings or revenue increases.