



Fiscal Year (FY) 2023 Public Housing and Section 8 Program Funding Needs (November 2022 - Revised)

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

| | FY 2023 Funding Recommendations (in millions) |
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| Public Housing Operating Fund | \$5,384 ¹ |
| Public Housing Capital Fund | \$5,000 |
| Public Housing Infrastructure | \$70,000 |
| Emergency Capital Needs | \$75 |
| Resident Opportunities and Supportive Services (ROSS) | \$35 |
| Jobs Plus | \$20 |
| Public Housing Financial and Physical Assessment Activities | \$50 |
| Section 8 Tenant-Based Housing Choice Voucher HAP Renewal | \$26,234 |
| Incremental Voucher Assistance | \$1,550 |
| Incremental Voucher Supportive Services Fees | \$473 |
| Mobility Funding | \$445 |
| Tenant Protection Vouchers | \$364 |
| Section 8 Ongoing Administrative Fees & Special Fees | \$3,046 ² |
| Section 8 Project-Based Rental Assistance | \$15,000 |
| Consolidated Family Self-Sufficiency (FSS) Program | \$200 |
| Choice Neighborhoods Initiative | \$500 |

Public Housing Operating Fund: \$5.384 billion for the Public Housing Operating Fund, which is the only major source of federal funds available to housing authorities, aside from tenant rent, to support public housing operations. Full funding for this account ensures that housing authorities can continue to adequately maintain operations and support the needs of residents who reside in public housing. These needs, and the funds to address them, have expanded significantly due to COVID-19. HUD is aware that the associations believe that the \$5.384 billion needs to be enhanced to reflect current inflation factors, discrepancies with tenant rents, and existing Operating Fund shortfalls that were not funded in FY 22.

Public Housing Capital Fund: \$5 billion, to be distributed by formula. This amount would allow PHAs to address their newly accruing needs, estimated at \$3.4 billion annually,³ as well as make progress towards addressing critical repairs and pursuing much-needed programs for modernization. These dollars represent an investment in public housing and local economies.

Public Housing Infrastructure: \$70 billion, with shares to be distributed by formula and competitive processes. This amount would allow PHAs to address the Capital Fund backlog, which today is estimated to be in excess of \$70 billion. In the past, HUD has acknowledged: "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. According to HUD, each year roughly 10,000 units of public housing are lost due to disrepair.⁴

¹ HUD's formula uses an unrealistic inflation factor and is based on rents charged, not collected. PHAs have been unable to collect rents at pre-COVID levels impacting their ability to operate. HUD also determined that there is an existing \$345 million in Operating Fund Shortfall which was not funded in FY 22.

² This amount includes administrative fees for renewal vouchers and administrative fees for recommended incremental vouchers.

³ *Capital Needs in the Public Housing Program* by Abt Associates (2010), p.21.

⁴ HUD Archives: news Releases, HUD No. 17-033, May 11, 2017.

Emergency Capital Needs: \$75 million to address needs resulting from non-Presidentially declared disasters and emergencies, including safety and security measures related to crime and drug-related activity. These funds allow PHAs to pay for unforeseen capital emergencies that could not otherwise be supported through Operating or Capital funding.

Jobs-Plus Initiative: \$20 million in funding for this 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. This increase in funding will allow an expansion of this program to serve more residents.

Resident Opportunities and Supportive Services (ROSS): \$35 million to renew all existing service coordinators and provide additional funds for expansion. Through this important program, PHAs continue to link public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

HUD-REAC: \$50 million to support ongoing Public Housing Financial and Physical Assessment activities for its ongoing Quality Assurance physical inspections of Public Housing.

Section 8 Tenant-Based Housing Choice Voucher Housing Assistance Payment (HAP) Renewal: \$26.234 billion to ensure the renewal of assistance for all voucher-assisted low-income households served in addition to funding to cover an additional 32,000 vouchers that HUD expects will occur through additional leasing from reserves. This amount includes \$50 million for the Rental Assistance Demonstration to support the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. HUD should determine the impact of increased FY23 Fair Market Rents (FMR) and the extension of regulatory waivers for increasing payment standards up to 120 percent of the FMR on the need for additional HAP set-aside funding. Finally, we support an expansion of the voucher program to all eligible households.

Incremental Voucher Assistance: \$1.550 billion for new incremental vouchers that are general-purpose vouchers that PHAs should have maximum flexibility in utilizing according to the needs of their communities. These vouchers should be subject to MTW single-fund authority.

Incremental Voucher Supportive Services Fees: \$473 million for new supportive services fees that should be structured to allow broad flexibility to PHAs in using the fees to provide supportive services or assist PHAs in utilizing their vouchers. The supportive services fee should be distributed with the new incremental vouchers. These fees should be subject to MTW single-fund authority.

Mobility Funding: \$445 million to allow families with children to expand their neighborhood choice. This funding will enable PHAs provide mobility-related services and incentives, similar to the services offered in the Community Choice Demonstration (i.e., the Mobility Demonstration). These services may include security deposit assistance, enhanced search assistance, and other services. Incentives may include landlord incentive payments. These fees should be subject to MTW single-fund authority.

Tenant Protection Vouchers (TPVs): \$364 million. Finding that PHAs are increasingly using TPVs for redevelopment, NAHRO, PHADA, CLPHA, the MTW Collaborative, and LHAC support funding sufficient to provide all eligible households with a Tenant Protection Voucher for FY 2023. This recommendation has been updated based on additional information provided by HUD about the Department's need in the upcoming year. The final enacted number should be reflective of current TPV needs and all subsequent legislative actions and HUD initiatives.

Section 8 Ongoing Administrative Fees & Special Fees: \$3.046 billion to support effective and efficient management of the HCV program by PHAs. At this time, we believe this figure is sufficient to fund all PHAs at 100 percent of their eligibility based on the fee rates formula in effect immediately prior to the enactment of the Quality Housing and Work Responsibility Act of 1998 (QHWRA). This amount also includes \$30 million in special administrative fees funding to support the administration of tenant protection vouchers and special purpose vouchers, including, but not limited to HUD-Veterans Assisted Supportive Housing (VASH) and Family Unification Program (FUP) Vouchers. This amount also includes administrative fees for the recommended incremental vouchers.

Choice Neighborhoods Initiative (CNI): \$500 million. As has been the practice in previous years, NAHRO, PHADA, CLPHA, the MTW Collaborative, and LHAC recommend that two-thirds of these 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. The groups also note that the initiative needs to be streamlined to address PHA obstacles to participation.

Family Self-Sufficiency (FSS) Program: \$200 million with \$165 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 programs and would ensure that as many PHAs as possible will not lose funding under HUD's proposed Performance Measurement System. The additional amounts would support the restoration of funding to PHAs that lost the grant when public housing properties were converted under the RAD-PBRA option and would extend funding availability to Section 8 PBRA properties. Funding would also allow for expansion of FSS in voucher and public housing programs. An increased request is also made to address increased needs due to COVID-19 and the effects the pandemic has had on the economy and the loss of jobs.

Section 8 Project-Based Rental Assistance (PBRA): \$15 billion to fully fund renewal of all contracts based on 12-months of funding needs rather than based on quarterly increments throughout each year. NAHRO, PHADA, CLPHA the MTW Collaborative, and LHAC support the application of Annual Operating Cost Adjustment Factors (OCAFs) for FY 2023 for Sections 8, 202, 811 and 236 developments, including RAD-PBRA converted properties. This amount includes \$60 million for the Rental Assistance Demonstration to support the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. This amount also includes \$375 million for project-based contract administrators, \$275 million for certain rental adjustments for certain properties, and \$31 million for the cost of service coordinators to help elderly residents age in place.

