



Fiscal Year (FY) 2021 Public Housing and Section 8 Program Funding Needs (February 2020)

The National Association of Housing and Redevelopment Officials (NAHRO), the Public Housing Authorities Directors Association (PHADA), the Council of Large Public Housing Agencies (CLPHA) and the MTW Collaborative are pleased to release 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 2021 Funding Recommendations (in millions)
Public Housing Operating Fund	\$4,659 ¹
Public Housing Capital Fund	\$5,000
Emergency Capital Needs	\$65
Resident Opportunities and Supportive Services (ROSS)	\$50
Jobs Plus	\$100
Public Housing Financial and Physical Assessment Activities	\$23
Section 8 Tenant-Based Housing Choice Voucher HAP Renewal	\$22,779
Tenant Protection Vouchers	\$130
Section 8 Ongoing Administrative Fees & Special Fees	\$2,550 ²
Section 8 Project-Based Rental Assistance	Fully Fund ³
Consolidated Family Self-Sufficiency (FSS) Program	\$150
Choice Neighborhoods Initiative	\$300

HUD's FY 2021 budget ⁴ calls for safer, healthier, more affordable housing, but then proposes a 15.2 percent cut to HUD funding, slashing the public housing operating fund by 21 percent and zeroing out the Capital Fund. While eliminating the cap on RAD and providing \$100 million for RAD funding, the HUD budget renders RAD effectively unusable with the proposed cuts to operating and capital funds. HUD's proposed funding for FY 2021 will result in significantly lowered funding proration across public and assisted housing programs. As a result, there will be a substantial reduction in the total number of assisted low-income households served, the total number of waiting list households that will be served and a substantial reduction in the quality with which they will be served.

Public Housing Operating Fund: \$4.659 billion. The Public Housing Operating Fund is the only major source of federal funds available to housing authorities, aside from tenant rent, to support public housing operations. The requested \$4.659 billion would ensure that housing authorities can continue to adequately maintain operations and support the needs of residents who reside in public housing.

¹ Due to a number of factors, determining the formula eligibility for FY 2021 is difficult at this time for the following reasons: HUD has incorporated rent reform assumptions not approved by Congress in what it states is a 100 percent proration; HUD has separated MTW and non-MTW accounts in the budget; we do not have a final proration number from HUD for FY 2020 and HUD has stated that this will not be available until May. The industry estimate is based on averages of increases and decreases to the formula eligibility from 2017-2019, to which was added the current CPI inflation factor of 2.5 percent.

² This amount includes only administrative fees for renewal vouchers. It does not include administrative fees for any potential incremental vouchers awarded in FY 2021.

³ NAHRO, PHADA, CLPHA and the MTW Collaborative support fully funding this account to ensure that all assisted households will be served in the upcoming year. At this time, we cannot accurately determine the need for this budget for the following reasons: the Budget assumes significantly higher tenant rents associated with rent reform proposals and a freeze on all rent increases; the baseline for PBRA renewals will be higher in 2021 because of RAD properties coming online in 2020 and some original term contracts will be renewed for the first time in 2020 with PBRA under MAHRA, instead of the Housing Certificate Fund; HUD has assumed an increased inflationary factor, so rents should grow at an even greater rate without the rent freeze than last year.

⁴ The HUD budget labels the Public Housing Operating Fund as the Public Housing Fund and separates funding for Moving to Work (MTW) agencies. The MTW account includes budgeted amounts for Operating Funds, Voucher Renewals and Administrative Fees. The industry recommendations do not take these changes into account in the recommendations above and assume that the accounts remain combined..

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 annually⁵, 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. The total Capital Fund backlog 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. The President's budget would eliminate the Capital Fund in its entirety. Without sufficient funding, the Public Housing portfolio will continue to shrink. According to HUD, each year roughly 10,000 units of public housing are lost due to disrepair.⁶

Emergency Capital Needs: \$65 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: \$100 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): \$50 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.

Financial and Physical Assessment Activities: \$23 million to support HUD's Real Estate Assessment Center's activities including the modernization of the physical inspection process, the deployment and upgrades to key systems such as PIC-NG, and other improvements expected to produce better outcomes for PHAs and their residents.

Housing Assistance Payment Renewals: \$22.779 billion to ensure the renewal of assistance for all voucher-assisted low-income households served in 2020. No offset is assumed in this recommendation.

Tenant Protection Vouchers (TPVs): \$130 million. NAHRO, PHADA, CLPHA and the MTW Collaborative support funding sufficient to provide all eligible households with a Tenant Protection Voucher for FY 2021. The final enacted number should be reflective of current TPV needs and all subsequent legislative actions and HUD initiatives.

HCV Administrative Fees: \$2.55 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 \$20 million in special administrative fee 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.

Choice Neighborhoods Initiative (CNI): \$300 million. As has been the practice in previous years, NAHRO, PHADA, CLPHA and the MTW Collaborative 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.

Family Self-Sufficiency (FSS) Program: \$150 million with \$125 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.

Section 8 Project-Based Rental Assistance (PBRA): Full funding for PBRA programs, including the renewal of all contracts based on 12-months of funding needs rather than based on quarterly increments throughout each year. NAHRO, PHADA, CLPHA and the MTW Collaborative oppose suspending application of Annual Operating Cost Adjustment Factors (OCAFs) for FY 2021 for Sections 8, 202, 811 and 236 developments, including RAD-PBRA converted properties.

⁵ *Capital Needs in the Public Housing Program* by Abt Associates (2010), p.21.

⁶ HUD Archives: news Releases, HUD No. 17-033, May 11, 2017.