



Fiscal Year (FY) 2020 Public Housing and Section 8 Program Funding Needs (March 2019)

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 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 vulnerable 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.

	NAHRO/PHADA/CLPHA FY 2020 Funding Recommendations (in millions)
Public Housing Operating Fund	\$5,400
Public Housing Capital Fund	\$5,000
Emergency Capital Needs	\$30
Resident Opportunities and Supportive Services (ROSS)	\$35
Jobs Plus	\$15
Public Housing Financial and Physical Assessment Activities	\$10
Section 8 Tenant-Based Housing Choice Voucher HAP Renewal	\$21,200
Tenant Protection Vouchers	\$130
Section 8 Ongoing Administrative Fees & Special Fees	\$2,500 ¹
Section 8 Project-Based Rental Assistance	\$12,100 ²
Consolidated Family Self-Sufficiency (FSS) Program	\$110
Choice Neighborhoods Initiative	\$300

HUD's FY 2020 budget calls for safer, healthier, more affordable housing, but then proposes a 16 percent cut to HUD funding, slashing the public housing operating fund by 38 percent and zeroing out the capital fund. While eliminating the cap on RAD and providing \$100 million for the program, the HUD budget renders RAD effectively unusable with the proposed funding cuts to operating and capital funds. HUD's proposed funding for FY 2020 will result in significantly lowered funding prorations 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: \$5.4 billion for the Operating Fund for FY 2020. 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. Over the past several years, Congress has not provided the funding level calculated by formula to meet the full operating subsidy, but rather provided deeply prorated funding. Based on HUD methodologies for calculating the PEL, UEL, and Rental Income, while accounting for adjustments related to RAD, the requested \$5.4 billion would ensure that housing authorities can continue to adequately maintain their existing stock of public housing.

Public Housing Capital Fund: \$5.0 billion for the Capital Fund, to be distributed by formula, for FY 2020. 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 in local economies. The total Capital Fund backlog today is estimated to be in excess of \$50 billion.

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

¹ This amount includes only administrative fees for renewal vouchers. It does not include administrative fees for any potential incremental vouchers awarded in FY 2020.

² NAHRO, CLPHA, and PHADA support fully funding this account. 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. This estimate also assumes current rent-setting requirements remain in place. 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.

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

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. 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 FY 2000, representing an average loss of approximately 8,700 units annually."

Emergency Capital Needs: \$30 million in emergency capital needs funding to address needs resulting from non-Presidentially declared disasters and emergencies, including safety and security measures related to crime and drug-related activity.

Jobs-Plus Initiative: \$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.

Resident Opportunities and Supportive Services (ROSS): \$35 million for the (ROSS) program for FY 2020, 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.

HUD-REAC: \$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: \$21.2 billion for Housing Assistance Payments (HAP) for FY 2020 in order to ensure the renewal of assistance for all voucher-assisted low-income households served in 2019. No offset is assumed in this recommendation.. All HAP amounts associated with prior years' temporary relocation vouchers are excluded from HAP renewal amounts above.

Tenant Protection Vouchers (TPVs): \$130 million for Tenant Protection Vouchers. NAHRO, PHADA, and CLPHA support funding sufficient to provide all eligible households with a Tenant Protection Voucher for FY 2020. Actual TPV needs are dependent on factors such as legislative actions and local agency decisions that cannot be predicted at this time. The final enacted number should be reflective of current TPV needs and all subsequent legislative actions and HUD initiatives.

HCV Administrative Fees: \$2.5 billion for ongoing administrative fees for FY 2020. 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 \$30 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 (FUP) Vouchers.

Choice Neighborhoods Initiative (CNI): \$250 million for the CNI for FY 2020. As has been the practice in previous years, NAHRO, PHADA and CLPHA 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: \$110 million for the FSS Program for FY 2020, with \$90 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 and would ensure that as many PHAs as possible will not lose funding under HUD's soon to be implemented Performance Measurement System. The additional amounts would enable PHAs that previously funded FSS Coordinators in their Public Housing programs but lost the grant when those properties were converted under the RAD-PBRA option. An additional \$20 million would support expansion of the program, including Section 8 PBRA properties, without having to use residual receipts as the funding source for FSS Coordinators. Expansion of FSS in voucher and public housing programs would also be funded.

Section 8 Project-Based Rental Assistance (PBRA): \$12.1 billion for PBRA programs for FY 2020, which would allow for contract renewals based on 12-months of funding needs rather than based on quarterly increments throughout each year. NAHRO, PHADA and CLPHA oppose suspending application of Annual Operating Cost Adjustment Factors (OCAFs) for FY 2020 for Sections 8, 202, 811 and 236 developments, including RAD-PBRA converted properties.