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FY 2018 Senate Appropriations Bill In-Depth: Public Housing

NAHRO News

Direct News - Washington Update

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On July 27, the Senate Appropriations Committee voted unanimously to approve its fiscal year (FY) 2018 Transportation, Housing and Urban Development (T-HUD) bill. The bill provides \$60.058 billion in funding overall, \$2.407 billion higher than current funding levels and \$3.5 billion higher than the House. Considering the constraints of the FY 2018 budget cap, the increased -THUD allocation is a huge win and allowed appropriators to avoid making the same types of cuts seen in the House T-HUD bill. The House Appropriations Committee approved its bill on July 17.

This *Direct News* item is intended to provide NAHRO members with a comprehensive summary of the FY 2018 Senate appropriations bill as it relates to Public Housing programs. It covers the Public Housing Operating Fund, the Capital Fund, the Rental Assistance Demonstration, Choice Neighborhoods Initiative, Family Self-Sufficiency, Executive Compensation, and other proposals and initiatives.

If you have questions on any of these items, please contact Eric Oberdorfer, NAHRO's Policy Advisor for Public and Affordable Housing, at eoberdorfer@nahro.org.

Public Housing Operating Fund

The Senate bill would provide \$4.5 billion to support the operation and management of public housing. This is \$100 million more than funding for FY 2017, \$100 million more than the House bill and \$600 million more than what was proposed by the President's FY 2018 budget request. According to HUD's Congressional Justifications, funding provided by the Senate bill would be sufficient to fund 93.1 percent of public housing agencies' (PHAs') anticipated formula eligibility.

The Senate bill recognizes the challenges of operating a calendar year program with fiscal year appropriations; as a result, the bill would continue to extend the period of availability of Operating Funds from one year to two years.

Like the House bill, The Senate bill does not include any of the policy proposals contained in the President's budget, including the implementation of mandatory minimum rents, elimination of utility reimbursements, or rental increases.

The Senate Appropriations Committee report language notes the Committee's concern that HUD's methodology for calculating formula income and utility expenses for PHAs does not reflect local trends and conditions for many PHAs. NAHRO, along with our industry partners, brought this concern to the attention of HUD earlier this year. NAHRO is pleased that this language was included in the Committee report. The Committee directs HUD to report to the House and Senate Committees on Appropriations within 30 days of enactment of the Act on alternative methodologies for calculating PHA formula income for the purposes of Operating Fund eligibility.

Exemption from Asset Management

As in past years, the Senate bill contains language exempting PHAs that own and operate 400 or fewer public housing units from asset management requirements in connection with the Operating Fund rule. Congress has elected to continue this exemption each year since the language was first introduced.

Small Agency Relief

Senate Committee report language directs HUD to report to the House and Senate Committees on Appropriations with recommendations for statutory and regulatory relief for small- to medium-sized PHAs within 120 days of enactment of the Act. Furthermore, report language notes that the Committee "urge[s] HUD to eliminate excessive paperwork and administrative requirements and develop opportunities that achieve new efficiencies in management and operations for small public housing agencies." NAHRO has long advocated for regulatory relief for all PHAs, including small- and medium-sized agencies. NAHRO is pleased to see this report language included.

Public Housing Capital Fund

The Senate bill would provide \$1.945 billion for the Capital Fund, \$3.5 million more than FY 2017 funding, with a higher portion of dollars being distributed through Capital Fund Program grants due to decreased set-aside levels. The Senate bill includes \$1.317 billion more than the President's budget, and \$95 million more than the House bill. The Senate's proposed funding for the Capital Fund is dramatically lower than the \$3.4 billion annual accrual baseline established by HUD's 2010 Capital Needs Assessment.

The Senate bill once again includes the hard-fought language requiring HUD to notify PHAs of their formula allocation within 60

days of enactment. In years past, the processing and awarding of Capital Fund Program grants was significantly delayed relative to the timing of the appropriations acts. Starting with the FY 2014 appropriations cycle, NAHRO has urged Congress to require timely distribution of these funds.

Capital Fund Set-Asides

Competitive Lead-Based Paint Hazard Grants: Like the President's budget and the House bill, the Senate bill would remove the set-aside for the competitive Lead-Based Paint Hazard Grants that were established in the FY 2017 omnibus. The FY 2017 omnibus provided \$25 million to be available for competitive grants to PHAs to evaluate and reduce lead-based paint hazards in public housing. FY 2017 is the first year these grants will be made available. Senate Committee report language instructs HUD's Office of Public Housing Investment (OPHI) to work with HUD's Office of Lead Hazard Control and Healthy Homes to create a Notice of Funding Availability (NOFA) for FY 2017 grant funding that meets the unique needs of PHAs facing lead-based paint risks.

Emergency Capital Needs: The Senate bill would provide \$21.5 million for grants to PHAs for emergency capital needs resulting from unforeseen or unpreventable emergencies and natural disasters, excluding presidentially declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act. This includes a set-aside of \$5 million reserved for safety and security emergencies. The Senate's proposed funding is level with FY 2017, and \$1.5 million more than the President's budget.

Jobs-Plus Initiative: The Senate bill would provide \$15 million directly for Jobs-Plus, level with FY 2017 and the House bill, and \$5 million more than the President's budget. The direct funding is not limited to providing "incentives" to participants, meaning that it can also be used to support the service component of the program.

Resident Opportunities and Self-Sufficiency (ROSS): The Senate bill would provide \$25 million for ROSS, \$10 million less than FY 2017 funding and the House bill. The President's budget would have eliminated funding for the program.

REAC and Receiverships: The Senate bill would provide \$8.3 million for Public Housing Financial and Physical Assessment activities, \$1.7 million less than FY 2017 funding and level with the President's budget and the House bill. The Senate bill would also provide \$1 million for the cost of administrative and judicial receiverships.

The Senate Committee report language also directs HUD to quickly implement provisions relating to inspections contained in the Housing Opportunity Through Modernization Act of 2016 (HOTMA).

Public Housing Subsidy Flexibility

The Senate bill would carry forward the FY 2015 Appropriations provision increasing the limit on fungibility for PHAs with 250 or more units of public housing to transfer up to 25 percent of their annual Capital Fund grant to operations. Like the House bill, the Senate bill does not include the provision that would allow all PHAs to have full fungibility between Operating and Capital Funds that was included in the President's budget.

As in previous years, the Senate bill would provide HUD the authority to waive the transfer limit to fund activities related to anticrime and antidrug activities, including the costs of providing adequate security for Public Housing residents such as above-baseline police service agreements.

Small agencies retain their flexibility to make fungible 100 percent of their annual grants.

Physical Needs Assessments

As in previous years, the Senate bill would prohibit HUD from requiring or enforcing the Physical Needs Assessment for all PHAs.

Inspections of Public Housing Dwelling Units

The Senate bill includes language that would prohibit any funding provided through this Act to be used toward interfering with State and local inspections of public housing dwellings.

Family Self-Sufficiency (FSS)

The Senate bill would maintain level funding for the FSS program at \$75 million, and like previous Appropriations Acts, would allow owners of multifamily Section 8 project-based rental assistance (PBRA) to fund coordinators out of their residual receipts.

Rental Assistance Demonstration (RAD)

Like the President's budget, the Senate bill would eliminate the September 20, 2020 deadline for the submission of RAD applications under the first component and eliminate the cap on conversions. Currently, the cap is 225,000 units. The cap was last expanded in the 2017 omnibus.

The Senate bill would provide \$4 million in incremental funding and also expand the second component of RAD to include the conversion of Section 202 Project Rental Assistance Contract (PRAC) properties. NAHRO is continuing to monitor the progress of the demonstration and to analyze the impact of the transfers of Operating and Capital Funds to the Project-Based and Tenant-Based Rental Assistance accounts.

Choice Neighborhoods Initiative

The Senate bill would provide \$50 million for the Choice Neighborhoods Initiative, significantly less than the \$137.5 million funding provided for FY 2017, but \$30 million more than the House bill. The President's budget would have eliminated funding for Choice Neighborhoods.

The Senate bill also includes language that would require not less than \$25 million of the funding to be awarded to PHAs, and would allow for no more than \$5 million to be provided as grants to undertake local planning with input from residents and the community.

As in prior years, the Senate bill includes language permitting unobligated balances, including recaptures, remaining from funds appropriated under HOPE VI in fiscal year 2011 and prior to be used for the Choice Neighborhood program.

PHA Employee Compensation

The Senate bill once again includes language prohibiting PHAs from using any Tenant-Based Voucher, Operating Fund, or Capital Fund dollars to pay any amount of salary above the base rate of pay for level IV of the Executive Schedule for FY 2018. This restriction includes salary as well as bonuses or other incentive pay. This provision affirms a policy which is already in place, since the FY 2015 bill extended the restrictions to all future appropriations acts.

Affirmatively Furthering Fair Housing

Like the 2017 Appropriations Act and the 2018 House bill, the Senate bill would prohibit HUD from using any funds to direct grantees to undertake specific changes to existing zoning laws as a part of the "Affirmatively Furthering Fair Housing" (AFFH) Final Rule or the Assessment of Fair Housing (AFH) Tools.

Additional Resources:

- [FY 2018 Senate Appropriations Bill](#)
- [FY 2018 Senate Appropriations Bill Report Language](#)
- [NAHRO's Coverage of the House Bill](#)
- [NAHRO's Coverage of the President's Budget Proposal](#)