



SERC-NAHRO

**Southeastern Regional Council of the National Association of Housing & Redevelopment Officials
.....envisioning communities where everyone will have safe, decent, stable and affordable housing**

AN OPEN LETTER TO CONGRESS – MARCH 2020

The Southeastern Regional Council of the National Association of Housing and Redevelopment Officials (SERC-NAHRO) mission is to facilitate the development of new affordable housing and support the preservation of existing housing. We will combine our voices to advocate for the improved living conditions and interests of those we serve and petition federal, state and local governments for assistance. We will further our mission through the training and education of our membership. SERC-NAHRO is an association of knowledgeable and dedicated housing and community development professionals. Organized over 79 years ago, SERC-NAHRO consists of more than 700 agency members that serve over a half million low-income households in ten southeastern states (Alabama, Georgia, Florida, North Carolina, South Carolina, Mississippi, West Virginia, Virginia, Kentucky and Tennessee). Through this Open Letter, SERC-NAHRO seeks continuing support and a commitment by Congress to sufficiently fund HUD programs and/or amend rules and regulations in need of reform. SERC-NAHRO members are unified in their efforts to house America's economically disadvantaged and we urge Congress to recognize that these efforts are successful.

Throughout the United States, affordable housing agencies have been highly effective in providing critical housing resources through their federally funded Public Housing, Rental Voucher Programs, Rental Assistance Demonstration (RAD) Program, and Multifamily Programs yet many unmet needs remain. Market demands over the past decade have shifted, resulting in a decrease in homeowners and an increase of approximately 17% in renters, reducing overall rental unit availability. Based on HUD's most recent study (2017), households meeting worst case criteria have steadily increased by 41% since 2007 with only one in four low-income families having access to rental assistance. While demand continues to grow for affordable rental housing as the nation's stock of public housing units dwindles, it is widely recognized that homelessness is reaching crisis levels. Past failure to re-invest in the aging public housing stock have resulted in the loss of over 250,000 units since the mid 1990's. Underfunding of multiple HUD programs over the past decade has resulted in housing authorities being unable to meet the housing needs of their local communities. Fortunately, the past three T-HUD Appropriations Bills have seen modest increases in funding for many affordable housing programs. Regrettably, for the third year in a row, the President is proposing significant cuts or elimination of housing programs in FY 2021 in spite of the budget agreement between the Administration and Congress. It is imperative that Congress continue to support adequate funding of Affordable Housing.

With the current state of the national deficit, it is likely that federal funding levels necessary to preserve and operate public housing into the foreseeable future will be challenging to maintain. Programs that were in the not-so-distant-past considered untouchable, such as Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME), are continuously considered for termination in Presidential budgets. Legislative efforts to provide deregulation have met with some success within the recent past; however, Congressional attempts to provide significant regulatory relief have been elusive. If Congress intends to continue down the path of disinvestment in Public Housing, then bold and swift regulatory reform is crucial. Housing Authorities must have more autonomy and flexibility to sustain operations and preserve housing stock.

SERC-NAHRO has identified several priorities which are critical to effectively address the needs within our communities and support future operation of the Housing Programs that serve the most vulnerable. These priorities are as follows –

- Reforms focused on providing flexibility and reducing or eliminating burdensome regulation.
- Suitable and sustained funding of all Housing Programs that will allow Housing Authorities to satisfy the mission as established by the Department of Housing & Urban Development.
- Support and expansion of Housing Development/Re-development programs to address the growing need for affordable housing.

It is the position of SERC-NAHRO that failure to address these key issues will ultimately result in exacerbation of the housing crisis and a detrimental decline in quality of life and the opportunity to reach self-sufficiency for those we serve.

SERC-NAHRO members understand Congress' fiscal concerns and we support efforts to responsibly reduce spending. However, we believe that safe, decent, and affordable housing is essential to the well-being of all citizens and that reductions in spending levels should not be directed at vital domestic programs. We urge Congress to do all it can to ensure that housing, one of the most basic and fundamental needs, is available to our nation's most vulnerable families, including our elderly citizens, disabled citizens and our veterans.

Each of the housing programs has unique characteristics and challenges. For this reason, SERC-NAHRO has developed supplemental documents regarding Public Housing, Resident Self-Sufficiency Programs, Repositioning, Housing Choice Voucher Program, and Housing Production Programs. These Supplemental documents can be provided upon request.

PUBLIC HOUSING (supplemental)

GENERAL

Public Housing has been one of the cornerstones of the federal government's assisted housing effort for 80 years or since the inception of the Housing Act of 1937. Public Housing, as originally conceived by the Franklin D. Roosevelt Administration, was built to eradicate slums and serve working families having difficulty finding affordable housing in the private market. It was intended that poor families would be assisted in moving up and out into private market housing. The original financial model for Public Housing utilized tenant rents to support day-to-day operations. With the implementation of the Brooke Amendment in 1969, income-based rents were established. The change in focus from working tenants who pay the costs of operating their housing units to low-income residents created the need for ongoing federal subsidies. In addition, implementation of income-based rents created a disincentive for residents to strive for self-sufficiency and has made the programs vulnerable to fraud. With the passing of the Brooke Amendment, Congress committed to fund the difference between what low-income tenants could pay for rent and the actual costs of operation – in return for agencies serving the lowest income residents. Unfortunately, Congress has not lived up to its funding responsibilities established decades ago. **Public Housing Authorities would prefer that the appropriate resources be provided to satisfy our housing mission as defined by HUD, however, if adequate funding cannot be appropriated then regulatory burdens must be relieved.**

OPERATING FUND

Housing Authorities have struggled in recent years to manage and maintain their Public Housing programs with heavily prorated funding. Thankfully, the 2018 and 2019 Operating Funds saw a modest increase. However, the 2020 Budget received a \$104 million reduction, an amount that provides housing authorities with 84% of industry estimated need. There is more bad news in the recently released 2021 Presidential Budget, which further cuts the Operating Fund by \$305 million or 7%. Housing authorities are working with less staff, foregoing needed maintenance projects, and trying to make reduced funding cover ever-increasing expenses. Most housing authorities will find it difficult, if not impossible, to continue successful operations under these declining conditions. SERC-NAHRO urges Congress to consider the adverse impact of historic underfunding in the Operating Fund and resume the trend of increasing support that ensued in the 2018 and 2019 Budgets.

CAPITAL FUND

A critical need remains for sufficient Capital Funds to preserve Housing Authorities' Public Housing stock. Year after year, Congress has underfunded the Capital Fund Program creating a massive backlog of capital needs. The repeated failure to adequately fund this program has resulted in the loss of viable units, deferment of needed repairs, and has been an impediment to proper facility management. On a positive note, the 2018, 2019 and 2020 Capital Fund received small increases. However, the 2020 Budget funds the program at \$2.869 billion for the calendar year, far less than the estimated \$5.0 billion needed and well below the \$3.4 billion in annually accruing capital needs. The need for capital improvements increases with the aging of the housing stock, while the Capital Fund has been historically underfunded. This has resulted in a backlog of capital needs, now estimated at \$70 billion, that continues to grow yearly. Unfortunately, the recently released 2021 Presidential Budget presumably folds the Capital Fund into the Operating Fund and reflects a total decrease in the two funds of over 57%. SERC-NAHRO urges Congress to provide \$5.0 billion in Capital Funding for 2021; otherwise, the physical needs of our public housing properties will continue to grow, threatening its viability.

INFRASTRUCTURE

Over the course of the past three years, the President's administration has continued to state intentions for infrastructure improvements. Without a doubt, the Public Housing inventory is a significant and valuable part of the country's infrastructure. Verbal commitments have been repetitively made by HUD Secretary Ben Carson to include Public Housing in any infrastructure funding. SERC-NAHRO is pleased that lawmakers have recently focused on Public Housing capital needs with the introduction of the Public Housing Emergency Response Act (H.R. 4546) in Congress at the end of 2019 and the pending introduction of the Housing as Infrastructure Act, both of which would provide a major infusion of capital funding. Public Housing capital needs have even been recognized in the 2020 Presidential campaign, with candidates developing written positions. We encourage Congress to support bills, legislation, and/or any other action that addresses the need for capital improvements, which will stimulate a slowing economy caused by the coronavirus.

PUBLIC HOUSING PROGRAM REFORMS

The current Administration has made clear its intent to reduce regulatory burdens. Presidential Executive Orders have been issued directing each government agency to establish a regulatory reform task force and ordering government agencies to eliminate two old regulations for every new regulation issued. On May 28, 2018, the Economic Growth Act was signed into law amending the Housing Act of 1937 and other housing laws. On June 25, 2019, the President issued an Executive Order establishing the White House Council on Eliminating Regulatory Barriers chaired by HUD Secretary Ben Carson. **If funding continues to be reduced, regulatory reform will become critical.** SERC-NAHRO encourages Congress to take the following actions to address this:

- Small Public Housing Agency reforms. HUD has been slow to issue guidance on legislation such as the Housing Opportunity Through Modernization Act (2016). This has prevented Housing Authorities from realizing many of the benefits that might be available from this legislative relief. Despite the progress discussed, additional aggressive deregulation is needed, particularly for small Public Housing Agencies. Small Agency reforms that have been considered in the recent past would provide relief for approximately 80 percent of the 3,200 Public Housing authorities, which administer only a small fraction of the financial resources provided through the Public Housing and Voucher programs. These reforms include changes to the assessment systems, limits on administrative requirements, alternative rent structures, fungibility of housing assistance, and other time/cost-saving measures that are badly needed.
- Suspend all current and future unilateral efforts by HUD to implement a revised consolidated Annual Contributions Contract (ACC). The ACC is the agreement between HUD and Housing Authorities governing administration of programs. Since May of 2018, HUD has made several attempts to impose a new ACC, without agreement from Housing Authorities, which will make significant changes in the contractual relationship. Industry groups have informed HUD that this action is a breach of the terms of its existing contract with Housing Authorities and fails to comply with the U.S. Housing Act of 1937. The latest effort by HUD was blocked by language in the 2020 funding bill.
- Suspend HUD efforts to re-federalize Central Office Cost Center (COCC) funds. COCCs were instituted as a part of HUD's transition to Asset Management. Elimination of the COCC will render Asset Management unworkable.
- Suspend HUD efforts to implement Cash Management for the Public Housing Program. Regular and timely receipt of funds are critical to maintaining units, responding to emergency capital needs and supporting staffing needs. Implementation of Cash Management for the Public Housing Program would jeopardize business relationships, hinder cash flow, and add further bureaucracy. Additionally, it is questionable whether HUD has the technological capacity or resources to efficiently implement such a complicated system.
- Institute a moratorium on new rules, regulations and reporting requirements until such time that adequate funding can be provided to support heavier workloads. Despite recent improvements in both Operating and Capital funding, Housing Authorities continue to be significantly underfunded.
- Suspend HUD's non-statutory Public Housing Assessment System (PHAS) scoring and require negotiated rulemaking for any significant changes to the PHAS physical inspection protocol. HUD has moved forward with changes to the inspection protocol that will now be called National Standards for the Physical Inspection of Real Estate (NSPIRE). The new protocol reportedly will prioritize resident health and safety, which is a welcome change. However, the department has already implemented an ill-advised and drastically shortened inspection notification period of 14 days. This change does not take into consideration difficulties such as the availability of Housing Authority staff on short notice, ability of inspectors to provide timely inspections, and compliance with local or state tenant notification requirements. SERC-NAHRO opposes the drastic shortening of the PHAS physical inspection notification period and asserts that PHAS scoring should be advisory until adequate funding can be restored.
- Suspend burdensome and time-consuming requirements such as Affirmatively Furthering Fair Housing studies, Section 3 Reporting, PHA Annual/Five Year Plan, and Executive Compensation reporting until Congress provides adequate funding.
- Allow blanket regulatory suspensions and waivers under 24 CFR Part 5.
- The President's FY 2021 budget sets forth several rent reforms that are included in the Making Affordable Housing Work Act (MAHWA). SERC-NAHRO supports rent reform where flexibility is given to the local public housing agency to determine what changes are best to support operations and serve residents. These **flexibilities** include –
 1. Allow agencies to charge a fair and reasonable minimum rent. A minimum rent of \$50 was established by the Quality Housing & Work Responsibility Act of 1998 (QHWRA). It has been 22 years since the passage of QHWRA and the minimum rent has not been adjusted for inflation or market conditions.
 2. Allow elimination of utility reimbursements.
 3. Allow removal/reduction of exemptions and deductions.
 4. Allow application of user fees where feasible.
 5. Current rent structures penalize work for many residents, which is exacerbated by federal taxes. Allow revised rent setting structures that incentivize work.
- Expand the Moving to Work (MTW) Program. The flexibilities of the MTW Program allow agencies to make local decisions that better serve their communities and address plans for future needs. SERC-NAHRO supports future reauthorization and broad-based expansion of MTW in a manner that protects existing agreements while providing a significant number of new MTW agencies with financial flexibility and the freedom to pursue innovative policies and practices. A primary objective of any MTW expansion should be to retain all flexibility found in the original statute.
- Oppose the Fair Chance at Housing Act. The Fair Chance at Housing Act significantly redefines criminal activity as it relates to housing applicants and residents and places major restrictions on the actions a Housing Authority can take to maintain security. The Act also implements burdensome requirements for evaluation, review, reporting and appeals.

RESIDENT SELF-SUFFICIENCY PROGRAMS (supplemental)

The President's administration has taken the position that assisted persons need to become more self-sufficient and recommends numerous reforms. The prior Republican held House of Representatives released "A *Better Way*" Plan, which also discusses the need for self-sufficiency. However, the President has repeatedly decreased or eliminated funding for HUD self-sufficiency programs, which are the primary tools that Housing Authorities have at their disposal to move residents towards independence.

RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY (ROSS) PROGRAM

The ROSS Program was level funded at \$35 million in the 2020 Budget. ROSS promotes and develops local strategies and coordinates the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing, self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place. SERC-NAHRO urges Congress to preserve the ROSS Program and continue adequate funding.

FAMILY SELF SUFFICIENCY (FSS) PROGRAM

The FSS Program was level funded at \$80 million in the 2020 Budget. FSS Program links residents with training opportunities, job placement organizations, and local employers. Eligible residents enter into a contract of participation, which outlines their responsibilities towards completion of training and employment objectives over a five-year period or less. The contract of participation also stipulates PHA responsibilities towards helping residents achieve their goals. The Program goal is for the participating family to become independent from welfare assistance and remain independent for at least one year prior to the expiration of the contract. During the period of participation, residents may earn an escrow credit, based on increased earned income, which they may use in a variety of ways upon successful graduation from the program. As many Housing Authorities reposition to other programs through the Rental Assistance Demonstration, concerns have arisen regarding their ability to continue operation of the FSS Program. While the 2020 Budget included language allowing FSS services under the Project Based Rental Assistance Program (PBRA), there was no funding provided for hiring coordinators. SERC-NAHRO urges Congress' continued support of the FSS Program to include funding for repositioned agencies.

SELF SUFFICIENCY PERFORMANCE MEASUREMENT SYSTEM

In 2018, HUD announced intentions to implement an FSS performance measurement system that unfairly evaluates the FSS programs of Housing Authorities. The measurement system has numerous flaws to include -

- Focuses on increased earnings through moving participants into jobs quickly rather than providing needed services.
- Is not in line with statute, which encourages serves and education/job training.
- Interferes with the local decision making process.
- Avoids Congressional intent (S. 2155) that FSS promote post-secondary education or certification for better outcomes leading to true self-sufficiency.
- Scores the program before participants complete the contract of participation.
- Unfairly evaluates performance retroactively.
- A significant look back period of 3.5 up to 7.5 years will make it difficult for Housing Authorities to gauge whether or not changes to their program have had the desired effect
- Depends on flawed data from the Public and Indian Housing Information Center (PIC)

Implementation of this performance measurement system will most likely result in many small Housing Authorities, particularly rural agencies, losing their FSS Coordinator funding. SERC-NAHRO supports local decision-making and flexibility to the greatest degree possible. Housing Authorities best know their residents, service providers, and local conditions. Housing Authorities should be allowed to create programs that are responsive to local needs, as long as they are in line with statute. SERC-NAHRO is opposed to any evaluation system that penalizes Housing Authorities who have established extensive human service and educational components for their residents participating in the FSS Programs. The 2020 Budget includes language that prohibits HUD from implementing an FSS scoring system that determines funding for FSS Coordinators. SERC-NAHRO urges Congress to continue diligent oversight of this important program and prohibition of the establishment of and unfair evaluation system for FSS.

JOBS PLUS INITIATIVE PROGRAM

The purpose of the Jobs Plus Initiative Program is to develop locally-based, job-driven approaches to increase earnings and advance employment through work readiness, employer networking, job placement, educational advancement, technology skills, and financial literacy for residents of Public Housing. The Program addresses poverty among Public Housing residents by incentivizing and enabling employment through income disregards for working families, and a set of services designed to support work including educational advancement and financial counseling. Ideally, these incentives will saturate the target developments, building a culture of work and making working families the norm. The 2020 Budget included \$15 million in funding for the Jobs Program, a decrease of \$5 million from the previous year. SERC-NAHRO urges Congress to continue support of the Jobs Program through adequate funding.

REPOSITIONING (supplemental)

Congress has established a cap of repositioning 455,000 units of public housing for long-term sustainability. Housing Authorities are primarily expected to achieve this goal by converting their units to project based or tenant based vouchers. The four methods currently in place to achieve conversion are the Rental Assistance Demonstration (RAD), Section 8 Demolition/Disposition, Voluntary Conversion to Section 8, or Declaration of Trust Release. Recent HUD messaging concerning Repositioning has been confusing and sometimes intimidating. HUD's messaging on repositioning must be uniform and needs to make it clear that it is optional, voluntary, and should only be undertaken if it makes sense at the local level.

RENTAL ASSISTANCE DEMONSTRATION PROGRAM (RAD)

A report released in October of 2017 by the Turner Center for Housing Innovation at U.C. Berkley indicates that Housing Authorities that have undertaken conversion of Public Housing under the Rental Assistance Demonstration (RAD) have largely succeeded in preserving their assets. However, RAD has both proponents and opponents in the housing industry, largely because of the funding uncertainties that still exist. While RAD is one way to ensure the preservation of Public Housing properties, it is not and should not be seen as a substitute for responsible funding for operating and capital funds under the traditional Public Housing program. SERC-NAHRO encourages Congress to direct HUD to work closely with the National Association of Housing and Redevelopment Officials and the Public Housing Authorities Directors Association to address flaws and ensure the success of RAD so that additional housing authorities will have the option to convert Public Housing units to the Section 8 platform. In that regard, we believe RAD should change from a demonstration to a permanent program. Working together, HUD, NAHRO and PHADA can achieve results that do not undermine the fiscal stability of the Public Housing program for agencies that opt against conversion.

Additional suggestions for the Rental Assistance Demonstration include –

- Ensure that RAD's promise of flexibility and regulatory streamlining is not eroded as the Program matures.
- Open up the program to any/all PHA's seeking conversion (eliminate unit limit)
- Support legislation that will expand and strengthen the Low Income Housing Tax Credit Program.
- Provide a Low Income Housing Tax Credit set aside for RAD conversions.
- Specifically include RAD in any affordable housing financing reform.
- Ease Congressional requirements that RAD conversions be income neutral.

HUD has stated a goal of *“acting to improve existing housing stock and rehabilitate it so it is available in the future.”* However, the President's 2020 and 2021 Budget merged the Public Housing Operating Fund with the Capital Fund resulting in total cuts to these programs of approximately 60%. In addition, Congress did not provide any targeted funding for RAD in its 2020 Bill. With RAD funding levels tied directly to these programs, HUD does not provide a workable solution to reach their stated objective. Congress should be aware that any reductions in the Operating Fund or Capital Fund would have a negative impact on the repositioning of Public Housing through the RAD Program.

HOUSING CHOICE VOUCHER PROGRAM (supplemental)

GENERAL

The Section 8 Housing Choice Voucher (HCV) Program was authorized by Congress in 1974 and has become the dominant form of federal housing assistance since its inception. More than 5 million people in 2.2 million low-income families across the nation use vouchers. Low-income families often use vouchers to help pay for housing that they find in the private market. Since its beginning, the HCV Program has **generally** received continuous universal support from Congress and HUD. Unfortunately, following the 2010 federal budgetary cycle, funding has not kept up with costs. **Public Housing Authorities would request that the appropriate resources be provided to satisfy our housing mission, however, if adequate funding cannot be appropriated then regulatory burdens must be relieved.**

HOUSING CHOICE VOUCHER FUNDING LEVEL

The 2020 Budget funds the Voucher Program at \$21.502 billion for renewals, which current estimates indicate will fund the Program at 99.2% for the year. Even with nearly full funding for the past three years, chronic underfunding has caused Housing Authorities to drain their Net Restricted Assets/HAP Reserves to operate the program. As a result, many Housing Authorities have little or no reserves to absorb any increases in Housing Assistance Payments costs throughout the year. The loss of these assets/reserves may result in the loss of or underutilization of vouchers throughout the coming year. This trend will continue into the foreseeable future unless Congress takes other measures, such as a more favorable renewal funding method or restoration of HAP money lost through the sequestration. Industry Media releases reflect that the as much as \$371 million may be cut from the Housing Choice Voucher Program in the calendar year 2021 Presidential Budget, adding to the depletion of the Voucher program that has resulted from prior proration. SERC-NAHRO urges Congress to consider the adverse impact of proration and continue full funding of this critical housing program.

HCV PROGRAM ADMINISTRATIVE FEES

There has been clearly established history of funding the Housing Choice Voucher Administrative Fees at a level significantly below the amounts required to properly administer the program. The administrative fees for 2020 have been funded at \$1.977 billion, an estimated proration of 81%. While this is a beneficial increase from the previous year (\$91 million), it is not enough to make meaningful headway in alleviating the problem of underutilization created by chronic underfunding. Unfortunately, inadequate administrative fees have contributed to approximately 250,000 vouchers going unused. Not since CY 2010, have housing authorities received above 90 percent of their earned administrative fees. The low point was in CY 2013 when the proration was 69%. Compounding the problem, housing authorities only earn an administrative fee for each household leased on the first day of each month, so the downward spiral in the number of families served also adversely affects already low administrative fee earnings. At last count, more than 200 housing authorities have handed back their voucher programs to HUD or transferred them to other housing authorities because they could no longer afford to administer the program. Many housing authorities that have weathered the cuts have suffered staff layoffs, furloughs and hiring freezes that have increased caseloads, in turn affecting their ability to administer the complex, regulation-heavy Voucher program. The 2021 Presidential Budget provides \$1.805 billion for administrative fees cutting \$172 million from current levels. SERC-NAHRO requests that Congress provide the additional funding in the 2021 Budget necessary to fully fund administrative fees at the true cost of administration. It is important to note that the HCV Program Administrative Fees are actually an operating subsidy for PHA's. These fees are what the housing authority uses to run the program. It is ineffective to raise the voucher funding level to 90+% while failing to adequately fund the HCV Program Administrative Fees for the operation of the program.

HOUSING CHOICE VOUCHER PROGRAM REFORMS

There are several actions Congress and HUD can take to cut future program and administrative costs. In requesting reforms, SERC-NAHRO recognizes the need for balance between program changes, Housing Authorities' responsibility to assist and support residents, and responsible government oversight. SERC-NAHRO encourages Congress to take the following actions to introduce reforms:

- Small Public Housing Agency reforms. HUD has been slow to issue guidance on legislation such as the Housing Opportunity Through Modernization Act (2016), This has prevented Housing Authorities from realizing many of the benefits that might be available from this legislative relief. Despite the progress discussed, additional aggressive deregulation is needed, particularly for small Public Housing Agencies. Small Agency reforms that have been considered in the recent past would provide relief for approximately 80 percent of the 3,200 Public Housing authorities, which administer only a small fraction of the financial resources provided through the Public Housing and Voucher programs. These reforms include changes to the assessment systems, limits on administrative requirements, alternative rent structures, fungibility of housing assistance, and other time/cost-saving measures that are badly needed.
- Revise Portability. The portability option that is available to Voucher holders can be challenging, in particular, for small Housing Authorities. Portability can financially impair Housing Authorities that have low fair market rents/payment standards. Essentially, when a Voucher holder "ports" to a higher cost area and that voucher is not absorbed by the receiving authority, the porting Housing Authority's housing assistance payment to the receiving

Housing Authority may be more than double for that family than what it was in the original Housing Authority's jurisdiction. The resulting increase in costs reduces the number of local families a Housing Authority is able to assist. In addition, the originating Housing Authority only receives 20 percent of administrative fees for port-billing vouchers, which further exacerbates the problem. SERC-NAHRO proposes that Congress amend the law by requiring receiving Housing Authorities to immediately absorb incoming vouchers if their unit or budget authority utilization is less than 95 per cent. In any case, receiving housing authorities should be required to absorb ported families within 90 days of the initial lease. Further, it should be at each Housing Authority's option whether it will port a family to an area where the Fair Market Rent (FMR) exceeds the initial Housing Authority's FMR by more than 10%.

- Suspend HUD efforts to re-federalize Central Office Cost Centers (COCC) funds.
- Institute a moratorium on new rules, regulations and reporting requirements until such time that adequate administrative funding can be provided to support heavier workloads.
- Suspend HUD's non-statutory SEMAP scoring. Housing Authorities cannot be expected to perform efficiently and effectively with chronic underfunding. SEMAP scoring should be advisory until adequate administrative funding can be restored.
- Allow housing authorities to implement reduced voucher payment standards in a more judicious manner. SERC-NAHRO recommends that Congress require HUD to reduce the current time frames required of agencies to implement reduced payment standards from the households' second reexamination to the greater of 90 days from the date the household is notified or a household's lease anniversary date. This would provide housing authorities with the opportunity to more quickly remedy their funding shortfalls within the existing HAP amounts provided while not imposing undue hardships on families or owners.
- Allow fungibility of Voucher funds when proration falls below 90%. This would permit agencies to utilize HAP funds and/or Net Restricted Assets (program reserves) to support the administration of the program.
- Institute rent reforms. SERC-NAHRO supports rent reform where flexibility is given to the local public housing agency to determine what changes are best to support operations and serve residents. These **flexibilities** include –
 1. Allow agencies to charge a fair and reasonable minimum rent. A minimum rent of \$50 was established by the Quality Housing & Work Responsibility Act of 1998 (QHWRA). It has been nearly 22 years since the passage of QHWRA and the minimum rent amount has not been adjusted for inflation or market conditions.
 2. Allow elimination of utility reimbursements.
 3. Allow removal/reduction of exemptions and deductions.
 4. Allow application of user fees where feasible.
 5. Current rent structure penalizes work for many residents and is exacerbated by federal taxes. Allow revised rent setting structures that incentivize work.
- Reduce the time-consuming nature of annually collecting utility consumption and cost data by allowing Housing Authorities to develop their utility charts based on one structure type only and, for those Housing Authorities serving multiple counties, allow the averaging of utility consumption and costs on a countywide basis. Currently, most housing authorities must determine utility costs for multiple types of structures.
- Eliminate Interim Re-Examinations unless there is a change of greater than \$2400.00 annually, regardless of whether there is a change in the source of income. (Individual PHA's currently have the ability to adopt interim re-examination policy changes that allow for not conducting an interim re-examination action. However, PHA's have not been able to fully utilize this provision because it will lead to an income discrepancy in HUD's EIV system.)

HOUSING PRODUCTION (supplemental)

Congress has not funded a program for the construction of Public Housing units since 1995. The number of households needing assistance has increased substantially since that time yet the number of available affordable housing units has remained basically unchanged or has decreased. SERC-NAHRO members strongly urge Congress to take steps to ensure an adequate future supply of affordable housing through these programs.

LOW-INCOME HOUSING TAX CREDIT PROGRAM

The Low-Income Housing Tax Credit (LIHTC) Program is a vital tool for those working to preserve and expand the affordable housing inventory, particularly through Rental Assistance Demonstration. The Affordable Housing Credit Improvement Act has been reintroduced in the House of Representatives (H.R. 3077) and the Senate (S. 1703). This bipartisan legislation would –

- Phase in an increase in the tax credit cap by 50 percent over 5 years
- Establish a permanent 4 percent minimum floor for financing with housing bonds and tax credits
- Include new provisions aimed at making the credit more effective in hard-to-reach rural communities
- Restrict project rents to the tax credit rent, rather than the higher Fair Market Rent, enabling public housing authorities to utilize funds to assist more households

SERC-NAHRO urges Congress to fully support the Affordable Housing Credit Improvement Act or any subsequent legislation that expands the availability of tax credits.

HOUSING TRUST FUND

The current administration has made efforts in the past to eliminate the National Housing Trust Fund (HTF). HTF is one method of spurring housing production and any attempts to dissolve the trust fund should be rejected. Authorized under the Housing and Economic Recovery Act of 2008, the HTF would provide formula-based allocations to states to finance the development, rehabilitation and preservation of affordable rental and homeowner housing. SERC-NAHRO urges Congress to permit capitalization of the Trust Fund and ensure housing authorities have access to it, in the form of set asides, for the preservation of their Public Housing stock.

COMMUNITY DEVELOPMENT BLOCK GRANTS

Community Development Block Grants (CDBG) are the cornerstone of community revitalization efforts. The 2020 Budget reflects funding of CDBG at \$3.425 billion, an increase in \$125 million. Unfortunately, CDBG continues to face efforts by the President to eliminate it in his 2021 Budget. The CDBG Program is one of the most effective forms of federal assistance available to local governments because of its flexibility and local determination of community needs and it needs to be sufficiently funded. SERC-NAHRO recommends continued support of the CDBG program with level funding of \$3.425 billion.

HOME

Since the program began more than 20 years ago, HOME has facilitated the construction, acquisition or rehabilitation of more than 200,000 owner-occupied units, a half-million homebuyer units and 450,000 rental units. HOME has leveraged approximately \$115 billion of affordable housing funding, and it has been estimated that every \$1 of HOME funds leverages another \$4.16 from other sources. The 2020 Budget funds the HOME program at \$1.35 billion, which is \$100 million more than the previous year. The President's 2021 Budget proposes to eliminate the program. SERC-NAHRO recommends continued support of the HOME program with minimum funding of \$1.4 billion.

Instructions

This year, we made efforts to shorten the Position Paper. Unfortunately, with the numerous housing programs that need to be addressed, it is nearly impossible to adequately cover everything in just a couple of pages. The strategy that we decided to take was to provide a summary page (page 1 - "*An Open Letter to Congress*") that can be given alone to Representatives and they should be able to get an understanding of what our primary objectives are. Each section of the Paper thereafter is listed as a "*supplemental*." This was done so that if a member had a particular area of concern, they could provide the first page and a supplemental to their Representative and they should have their priorities covered in detail. It is recommended that the Public Housing and Voucher supplemental be printed front and back to minimize the number of pages.

For example, if an Authority has only the Public Housing program, they could give page 1 and the Public Housing supplemental to their Reps and they will have provided everything that needs to be addressed. This approach should reduce written documentation provided to Representatives to a couple of pages.