

Federal Legislative Update: What's Happening with

- Public Housing?
- Section 8?
- Development Programs?

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Authorizing Legislation

- ★ SEVRA – Section 8 Voucher Reform Act (and it affects Public Housing, too)
 - Approved by House on July 14, 2007
 - Senate will consider SEVRA in August?
 - Details below
- ★ NAHTF – National Affordable Housing Trust Fund
 - Senator Coleman may co-sponsor?

Authorizing Legislation, cont'd

- ✦ Some authorizing language in Senate appropriations bill
- ✦ Authorizing language may cause appropriations bills to stall
- ✦ (PHDEP – Feingold Bill)

Appropriating Legislation

- ★ HR 3974 – House Appropriations Bill on Transportation & HUD (“THUD”)
 - Full House to vote this week?
 - Committee approved some increases over Administration’s request
 - CDBG – cuts restored
 - Public Housing Capital Fund - cuts restored
 - Public Housing Operating Fund
 - HOPE VI restored
 - Increase in voucher funding
 - Total for HUD programs: \$50.7 billion

Appropriations, cont'd

- ★ HR 3974 – House Appropriations Bill, cont'd
 - Earmarks listed, including Community Development/EDI grants
 - Declawing cats: Require HUD to clarify that HUD does not require declawing; encourage HUD to prohibit PHA's from requiring declawing (Rep. Marcy Kaptur, D-OH)

Appropriations, cont'd

- ★ SF ____ - Senate Appropriations Bill on Transportation & HUD (“THUD”)
 - ★ Senate won’t consider until August (or later?)
 - ★ Appropriations Committee (July 12) approved some increases over Administration’s request:
 - CDBG restored
 - Public Housing Capital Fund
 - Public Housing Operating Fund
 - HOPE VI restored
 - ★ Total for HUD programs: \$38.75 billion

Appropriations, cont'd

- ★ SF ___ - Senate Appropriations Bill:
Other Housing
 - Housing & services for homeless veterans:
\$500 million added for tenant-based rent
assistance (7500 HCV-VASH vouchers)

Appropriations, cont'd

★ THUD Appropriations Bills: Competing Interests

- ★ Amtrak
- ★ “Essential Air Service” subsidies
- ★ Air traffic control - FAA
- ★ Highway funding
- ★ Transportation safety inspectors

Appropriations, cont'd

- ★ White House threatens veto
- ★ Enough votes to override?
- ★ Possibility of another Omnibus Appropriations Act after 10/1/2007

NAHTF (CBPP Summary)

- ★ HR 2895 – National Affordable Housing Trust Fund
- ★ HR 1427 – GSE Affordable Housing Fund
- ★ HR 1852 - Expanding American Homeownership Act

NAHTF (CBPP Summary)

- ★ The goal of the Trust Fund is to construct, rehabilitate, and preserve 1,500,000 units of housing over the next 10 years.
- ★ Matching Requirements: For every \$2 of Trust Fund monies, the bill requires matching funds of \$1 of state, local and private resources or for every \$1 of Trust Fund monies, \$1 in matching funds from federal sources.

NAHTF (CBPP Summary)

☀ Targeting requirements

- ☀ All assistance for incomes below 80% of median
- ☀ 75% of assistance for incomes below 30% of median
- ☀ 30% for incomes equivalent to SSI amounts

NAHTF (CBPP Summary)

★ Eligible Uses of Trust Fund Monies:

- ★ Construction, rehabilitation, acquisition, preservation incentives (including for manufactured housing and community land trusts)
- ★ Up to 12 months of project-based rental assistance.
- ★ Funds may be used for both rental housing that is affordable and for down payment and closing cost assistance by first time homebuyers.

SEVRA (CBPP Summary)

- ★ SEVRA – Section 8 Voucher Reform Act (and it affects Public Housing, too)
 - HR 1851
 - Approved by House on July 14, 2007
 - Senate will consider SEVRA in August?

SEVRA Details (CBPP Summary)

★ Payment Standards and Exception rents

- ★ 120% of FMR allowed without HUD approval, for reasonable accommodation
- ★ 120% with HUD approval – other
- ★ Payment standard must be raised up to 120% if percent of “rent burdened” (>30% or >40%) exceeds national average
- ★ Report rent burden data in Agency Plan

SEVRA Details (CBPP Summary)

☀ Fair Market Rents

☀ Smaller areas?

- Each city >40,000 rental units
- “Each urban county” defined under CDBG

- ☀ When FMRs drop, PHA can continue to use higher payment standard while family stays in the same unit

SEVRA Details (CBPP Summary)

☀ Portability

- ☀ Receiving PHA must absorb ports-in
- ☀ Receiving PHA will receive more subsidy in initial year and renewals, “if subsidy costs are higher” (??)
 - Effect on waiting list?
- ☀ Sending PHA can re-issue voucher to applicant on waiting list

SEVRA Details (CBPP Summary)

★ Section 8 Inspections

- ★ HQS still applies
- ★ Unit must be inspected prior to payment
- ★ Initial payment can be made before unit passes inspection IF deficiencies are not life-threatening (at PHA discretion)
 - ★ Deficiencies must be corrected within 30 days or payments stop

SEVRA Details (CBPP Summary)

☀ Initial Section 8 Inspections

- ☀ No inspection required before move-in IF property passed inspection under a “federal housing program inspection standard” in last 12 months
- ☀ When unit passes HQS inspection, payment may be retroactive to move-in

SEVRA Details (CBPP Summary)

★ Ongoing Section 8 Inspections

- ★ Inspections required at least every 2 years
- ★ Inspections may be on a “property basis”, not necessarily the voucher-subsidized unit
- ★ Can substitute inspection for “another federal housing assistance program” OR
- ★ Under a non-federal program with standards = or >HQS
(City of St. Paul “Fire Certificate of Occupancy” inspections)

SEVRA Details (CBPP Summary)

★ Section 8 Inspections, cont'd

- ★ 24 hours to fix life-threatening conditions
- ★ 30 days (or longer if PHA allows) for other
- ★ If defects aren't fixed, PHA must withhold subsidy for up to 60 days
- ★ PHA may use withheld subsidy to pay for repairs
- ★ Tenant protected from eviction...

SEVRA Details (CBPP Summary)

☀ Section 8 Inspections, cont'd

- ☀ If repairs aren't made and PHA terminates contract
 - 90 days to find new unit
 - Extension allowed "if necessary"
 - Or PHA may give priority for public housing admission
- ☀ PHA must give "reasonable assistance finding new unit"
- ☀ PHA must allow 2 months' subsidy for relocation costs

SEVRA Details (CBPP Summary)

- ★ Performance Standards (SEMAP)
 - ★ Statutory requirement for SEMAP-type assessment [none now]
 - ★ New HUD regulations required
 - ★ Deconcentration must be assessed (not just a “bonus factor”)
 - ★ Rent burdens must be assessed
 - ★ “Silent on consequences of different levels of performance” (“High performer” etc.)

SEVRA Details (CBPP Summary)

☀ Renewal funding levels

- ☀ Based on actual leasing and costs in the last completed Calendar Year
 - Annual adjustment factors
 - Adjustments for recently-issued Tenant Protection Vouchers and Incremental Vouchers
 - Adjustments for unused vouchers reserved for project-based commitments
 - Full-year funding for ports-in absorbed

SEVRA Details (CBPP Summary)

☀ Renewal funding, cont'd

- ☀ PHA can't exceed authorized number of vouchers
- ☀ No renewal funding for vouchers "funded out of agency reserve funds above 103% of authorized level"
- ☀ If appropriations are insufficient, each agency's share will be pro-rated (except for enhanced vouchers, funded in full)

SEVRA Details (CBPP Summary)

☀ Reserves; Recaptures

- ☀ HUD must recapture unused funds above 5% of annual renewal funding at end of CY
- ☀ First year only: PHA may retain 12.5% (that's 1 ½ months) in reserves
- ☀ HUD may not recapture authorized reserves; PHA may use for all authorized purposes.

SEVRA Details (CBPP Summary)

☀ Reserves, cont'd

- ☀ 2% advance on next year's renewal funds permitted
 - In last calendar quarter
 - PHA must use reserves first, then can draw down difference between reserves and 2%
 - May be used to pay costs of temporary overleasing

SEVRA Details (CBPP Summary)

☀ New Incremental Vouchers

- ☀ 20,000 vouchers each year for 5 years, including
 - “Tenant protection” vouchers
 - “Litigation” vouchers – consent decree, etc.
 - Replacement vouchers – demo/dispo/
conversion
 - No requirement that units were occupied

SEVRA Details (CBPP Summary)

☀ Administrative fees

- ☀ Based on units leased
- ☀ Include “cost of issuing vouchers to new participants”
- ☀ HUD to update the fee annually

SEVRA Details (CBPP Summary)

★ FSS - Family Self-Sufficiency

- ★ Fees for FSS Coordinators distributed by formula, not competition
- ★ Additional funds for costs related to FSS savings accounts (IDA's?)
- ★ Escrowed savings not counted as assets
- ★ HUD evaluation (\$10 million)
 - ★ 4 years – Interim report
 - ★ 8 years – final report

SEVRA Details (CBPP Summary)

☀ Project-based vouchers (PBV)

- ☀ PHA can project-base up to 25% of budget authority
- ☀ PLUS 5% for homeless individuals/families
- ☀ 15 year initial contract term + renewals (matches LIHTC)

SEVRA Details (CBPP Summary)

- ☀ Project-based vouchers (PBV), cont'd
 - ☀ Greater of 25% of units in a project (not building), or 25 units, may receive PBV
 - 50% in tight market areas
 - ☀ Permits owner-managed site-based waiting lists
 - ☀ “Streamlines” subsidy-layering and environmental reviews

SEVRA Details (CBPP Summary)

- ★ Voucher Home Ownership –
Down Payment Assistance
 - HUD may offer it immediately (removes “subject to appropriations)
 - \$10,000 maximum, instead of 1-year subsidy limit
- ★ Buying mobile homes OK (again)

SEVRA Details (CBPP Summary)

- ☀ Income Eligibility: Initial and ongoing
 - ☀ 80% of AMI limit for applicants *and residents/participants*
 - Exception for tenant protection vouchers
 - (PBV exception)
 - ☀ PHA may delay eviction/termination for 6 months

SEVRA Details (CBPP Summary)

★ Asset Limits

- ★ \$100,000 net asset limit for applicants *and residents/participants*
- ★ Can't own a "suitable" home with legal right to reside in it (exceptions)
- ★ Many exclusions:
 - Retirement accounts
 - Settlements from disabling injury claims, etc.
- ★ PHA may ignore assets in recertifications
- ★ 6-month delay allowed before termination

SEVRA Details (CBPP Summary)

- ★ **Citizenship, Identification, SSNs – For Voucher Program only**
- ★ Each adult must provide Social Security card and photo ID (specified)
- ★ No exemptions
- ★ No assistance to the household unless all adults have proper ID
- ★ (6/19/07 HUD proposed rule – SSNs required for all ages)

SEVRA Details (CBPP Summary)

☀ Alternative Rents Permitted (PH, HCV)

- Rent ceilings, income tiers, etc.
- BUT Rent cannot exceed tenant's rent under regular rules (30% of adjusted income)
- Elderly/disabled families are not eligible for alternative rents

SEVRA Details (CBPP Summary)

RENT CALCULATIONS

- ★ \$725 deduction for elderly/disabled (up from \$400)
- ★ \$500 deduction for dependents (up from \$480)
 - Future adjustments for inflation
- ★ Medical deduction only for expenses above 10% of income
- ★ No child-care deduction

SEVRA Details (CBPP Summary)

RECERTIFICATIONS

- ✦ At least every 3 years for families on “fixed incomes”
 - ✦ 90% of income from Social Security, SSI or similar
- ✦ At least annually for all others

SEVRA Details (CBPP Summary)

INTERIM RECERTIFICATIONS

- ✦ At tenant's request, if income decreases by \$1500 annually (\$125/mo)
- ✦ Required if income increases by \$1500 annually
 - ✦ EXCEPT: No increase based on earnings, unless family had an interim decrease in rent during the year
- ✦ Interim not required during last 3 mos of year

SEVRA Details (CBPP Summary)

Prior- Year Income

- ☀ PHA/Owner must use earned income from prior year for rent calculations
- ☀ May use prior year unearned income for rent calculations

SEVRA Details (CBPP Summary)

Work-related Deductions

- ★ 10% deduction from first \$10,000 of earnings
- ★ Replaces Earned Income Disregard (!)
- ★ NO separate deduction for child-care expenses

SEVRA Details (CBPP Summary)

RENT CALCULATIONS

- ★ \$725 deduction for elderly/disabled (up from \$400)
 - Future adjustments for inflation
- ★ Medical deduction only for expenses above 10% of income

SEVRA Details (CBPP Summary)

- ☀ Verification of Income:
PHA can rely on determinations for other federal means-tested programs
 - ☀ MFIP
 - ☀ Food Stamps
 - ☀ Medical Assistance

SEVRA Details (CBPP Summary)

☀ Income from Assets

- Actual income from assets is counted
- Imputed income is not counted

SEVRA Details (CBPP Summary)

- ★ Moving to Work (MTW) < “Housing Innovation Program” (“HIP”)
 - 10 year authorization
 - Up to 60 agencies, including current ones
 - Up to 20 more agencies in “HIP-Lite”
 - “Development-focused”
 - More program design and evaluation
 - Selection of agencies within 18 months of SEVRA’s enactment

SEVRA Details (CBPP Summary)

Housing Innovation Program/HIP

- HUD will select a mix of agencies
- Priorities:
 - Develop additional affordable housing OR preserve existing public housing
 - Increase employment and earnings without significant rent burdens

SEVRA Details (CBPP Summary)

Housing Innovation Program/HIP

★ Other selection preferences

- ★ Demonstrated need for HIP flexibility to achieve PHA's goals and objectives
- ★ Commitment of local funding
- ★ Extent of resident and community support
- ★ PHA's past success in similar activities
- ★ (HUD may set additional criteria)

SEVRA Details (CBPP Summary)

Housing Innovation Program/HIP

- ★ Fungibility: May combine public housing and voucher funding (if utilizing 95% of funding or vouchers)
 - ★ Serve substantially similar number of low income families, comparable mix of family sizes
 - ★ Same targeting requirements: 40%/75%

SEVRA Details (CBPP Summary)

Housing Innovation Program/HIP

- ★ Changes in Rent structures allowed
 - ✿ Requires (prior) “Impact analysis” and evaluation
 - ✿ Hardship and transition provisions required
 - ✿ Reassess impact every 2 years, report
 - ✿ Work participation requirements allowed
 - Similar procedures and safeguards

SEVRA Details (CBPP Summary)

Housing Innovation Program/HIP

- ★ Annual report and financial documents to HUD
 - “Rigorous evaluation” is a purpose of the program
 - HUD must report to Congress in 3, 5 and 10 years
 - Also report in 4 years: “extent to which [HIP agencies] are meeting the specified purposes of the program”

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