

2017 Transition Report - Housing Committee

The Housing Committee addresses administrative, legislative, regulatory, and funding issues for a wide range of housing programs and operations. The committee recommends actions and policies to the Board of Governors to further the goal of providing adequate and affordable housing for low- and moderate-income families.

The Housing Committee is comprised of three representatives from each region who serve on the regional committee, and 14 at-large members appointed by the NAHRO president. Of the presidential appointments, at least one representative must come from each region.

April, 2016

- **Re-federalizing Central Office Cost Center Dollars**

- *Background:* HUD is planning to address concerns that stemmed from a 2014 OIG report that questioned the underpinning and validity of asset management in public housing. Among other things, the report recommended that HUD “re-federalize” fee revenues from the Operating and Capital Funds in public housing authorities’ (PHAs’) Central Office Cost Centers (COCCs) earned from asset management. HUD has decided to initiate rulemaking to re-federalize fees paid into the Central Office Cost Center (COCC) as per the HUD Inspector General’s request. This means that after a final rule is published following the informal rulemaking process, Section 8 (Housing Choice Vouchers) and Section 9 (Operating and Capital Fund) funded fees paid into the COCC will be limited to Section 8 and 9 uses and eligible activities only. Currently, HUD has planned an implementation date of December, 2017. Both NAHRO and HUD expressed significant concerns with the OIG report after its release. In addition to the OIG’s findings and recommendations, the report included HUD’s Office of Public Housing and Voucher Program’s response, which included a full-throated defense of the asset management system. NAHRO still substantially disagrees with this report, however NAHRO plans to be at the forefront of HUD’s process to ensure that PHAs remain able to utilize the asset management system in the way it was originally intended. Committee Members discussed HUD’s current position and provided input NAHRO can take to HUD regarding this decision and its potential implementation and adopted a resolution.
- *Resolution:* Be it resolved, NAHRO opposes HUD’s plan to re-federalized fees paid into Central Office Cost Centers (COCCs), and NAHRO should take a legislative, regulatory, and legal approach to address the issue. This includes looking at the Congressional reasoning for the initial establishment of the asset management program to determine if the proposal goes against Congressional intent. Be it further resolved, NAHRO staff should create and distribute a survey to determine how members use de-federalized COCC dollars and the impact that re-federalizing these dollars will have on their PHAs. Be it further resolved, NAHRO recommends that HUD Policy Development and Research (PD&R) perform an impact study on re-federalizing fees placed in the COCC before any proposed regulation is implemented.

Be it further resolved, if HUD moves forward with a proposed regulation, NAHRO recommends that the regulation only impact fees paid into the COCC after the implementation date, the regulation maintains a high level of fungibility and flexibility for funds paid into the COCC, and that the implementation date be pushed back to provide PHAs more time for financial planning moving forward.

May, 2016

- **Adequate Funding of USDA Rural Development Programs**

- *Background:* In rural areas throughout the country there is an overwhelming need for both affordable and decent housing. With high poverty rates in rural America, United States Department of Agriculture (USDA) Rural Development (RD) programs are essential for many family and elderly households. Properties developed and funded through the RD program are aging and in need of modernization and with funding shortfalls, RD properties have suffered.

In March 2016, Minnesota NAHRO passed a board resolution to support The Council for Affordable and Rural Housing (CARH), a national trade organization serving Housing Authorities with USDA housing programs, FY 2017 funding proposal for the USDA Rural Development Programs. The resolution requested that the agenda be passed onto NAHRO NCRC and then to NAHRO Housing Committee for support.

- *Resolution:* Be it resolved, NAHRO supports the Council of Affordable Rural Housing's FY 2017 USDA Rural Development funding levels.

- **HR 5137 - Moving to Work Reform and Expansion Act of 2016**

- *Background:* On May 10, House Majority Leader McCarthy publicly released a Moving to Work (MTW) expansion bill ("Moving to Work Reform and Expansion Act of 2016" - H.R. 5137) that would remove the cap on the number of agencies that would be allowed to participate in the program. The bill would allow not less than 25 agencies to become MTW each year, 10 of which would have 6,000 or less combined voucher and public housing units. PHAs participating in the expanded MTW program would be required to submit publicly reviewed annual reports and annual budget plans to be approved by HUD. Existing MTW agencies and MTW agencies that begin the program through the 2016 Omnibus expansion would maintain current MTW contracts until their expiration, at which point the agencies would be subject to requirements set forth in HR 5137.

- *Resolution:* Whereas, NAHRO has continually supported expanding the Moving to Work (MTW) Demonstration;
Whereas, NAHRO strongly supports the protection of the existing MTW agency contracts;
Be it Resolved, NAHRO supports H.R. 5137, the Moving to Work Reform and Expansion Act of 2016.

July, 2016

- **Small Area Fair Market Rents (FMRs) Proposed Rule**

- *Background:* The Committee discussed HUD's proposed SAFMR rule. The rule states that metropolitan areas that meet certain criteria would be forced to use SAFMRs. The committee discussed the rule and was concerned about the effect of small area FMRs on the welfare of tenants; the additional administrative burden; and the impact on the choice of the voucher holders to choose the neighborhoods in which they lived. The committee chose to pass a resolution making implementation of SAFMRs completely voluntary.
- *Resolution:* Whereas, the use of Small Area Fair Market Rents poses tenant welfare concerns, concerns about limiting choice of tenants in metropolitan areas, and numerous administrative concerns,
Whereas, additional time is needed to study the full impact of Small Area FMRS, and
Whereas, additional funding is needed to support the transition to Small Area FMRs,
Be it resolved that NAHRO does not support the mandatory implementation of Small Area FMRs, but believes that use of Small Area FMRs should be completely voluntary.

- **Rural Housing Preservation Act of 2016**

- *Background:* The committee discussed the Rural Housing Preservation Act of 2016. The bill would amend the Housing Act of 1949 to direct the Department of Agriculture (USDA) to extend rural housing vouchers to any low-income household (including those not receiving rental assistance) residing in a property financed with a Section 515 loan made or insured for housing and related facilities for elderly or other low income persons and families which has been prepaid, or which has matured. The bill would also so prohibit owners of properties financed with these loans from refusing to lease available units in the property to a rural housing voucher holders. The bill also decouples USDA rental assistance (Section 521) from a USDA Section 515 loan, allowing USDA to make or renew annual rental assistance payments to owners of projects that have matured on or after enactment of the bill among other provisions. The committee passed a resolution supporting the bill.
- *Resolution:* Be it resolved, NAHRO supports the Rural Housing Preservation Act of 2016 (H.R. 4908 and S. 2783),
Be it further resolved, NAHRO recommends including language in the bill that would allow PHAs to receive loan forgiveness when acquiring properties financed with rural development loans and language that guarantees the PHA housing affordability on the property for 30 years.

- **HUD Office of General Counsel on Memorandum on Criminal Records**

- *Background:* The committee discussed HUD's Office of General Counsel (OGC) Memorandum on the use of criminal records. The memorandum provides guidance

concerning how the Fair Housing Act applies to the use of criminal history by providers of housing and real-estate transactions. The Housing Committee, along with the Community Revitalization and Development Committee, passed a joint-resolution to form a working group to work on a white-paper on the topic of implementing successful policies and guidelines that are in line with OGC's memorandum. Andrew Lofton from the Seattle Housing Authority came to speak to the Committee about their experience regarding removing criminal backgrounds from their selection criteria.

- *Resolution:* Be it resolved, the Housing and CR&D Committees recommend to the Board of Governors that NAHRO form a working group to develop and publish a white paper on the topic of implementing successful policies and guidelines that are in line with the OGC's memorandum on the application of Fair Housing Act standards to the use of criminal records by providers of housing and real-estate transactions. The white paper will provide best practices and broad policy recommendations that are sensitive to state and regional variations and will act as Fair Housing guidance for housing agencies. The white paper will be developed with input from NAHRO members and from other organizations relevant to the issue.

October, 2016

- **Adjusting Davis-Bacon Threshold Requirements for Inflation**

- Background: At the request of Southwest NAHRO, the Housing Committee discussed the Adjusting Davis-Bacon for Inflation Act (H.R. 3472). The bill increases from \$2,000 to \$50,000 the contract threshold requiring the locally prevailing wage rate to be paid to various classes of laborers and mechanics working under federally-financed or federally-assisted contracts for construction, alteration, and repair of public buildings or public works (Davis-Bacon Act). The committee passed a resolution supporting the bill and supporting adjusting the Davis-Bacon threshold for inflation.
- *Resolution:* Whereas, the Davis-Bacon threshold has not been indexed with a measure of inflation and has not been adjusted in 85 years,
Be it resolved that NAHRO supports updating the Davis-Bacon threshold by adjusting the threshold to the current value and then applying an inflation adjustment moving forward,
Be it further resolved that NAHRO supports H.R. 3472 introduced by U.S. representative Jeff Duncan (R-SC-3) Adjusting Davis-Bacon for Inflation Act to increase the contract threshold from \$2,000 to \$50,000.

July, 2017

- **NAHRO FY 2018 Budget Recommendations for Selected HUD Programs**

- *Background:* See reference table: <http://www.nahro.org/appropriations>.

- *Resolution:* Whereas the Housing Committee and the CR&D Committee have reviewed the FY 2018 NAHRO budget recommendations relevant to their portfolio, be it resolved that the Committees recommend for BOG to adopt NAHRO's FY 2018 NAHRO HUD budget recommendations.

- **Housing Assistance Payment (HAP) and Administrative Fee Fungibility**
 - *Background:* The Housing Committee voted for the following resolution, which maintains NAHRO's broad position supporting full fungibility between Housing Choice Voucher Program Housing Assistance Payments and Administrative Fees accounts, while still supporting the incremental position to make Housing Assistance Payments reserves and current administrative fees fungible.

 - *Resolution:* Be it resolved NAHRO recognizes that full fungibility is optimal for the success of the Housing Choice Voucher program; we support incremental steps toward this optimal position;
Be it further resolved that NAHRO also supports fungibility between Housing Choice Voucher Program Housing Assistance Payments (HAP) and current administrative fees.

October, 2017

- **Operating Fund Formula**
 - *Background:* In October, NAHRO along with the other industry groups, met with HUD staff to discuss potential changes to the calculation of the Utility Expense Level (UEL) Inflation/Deflation Factor and the Formula Income Inflation Factor. According to HUD, these changes should work to reduce the year-to-year volatility that many PHAs have experienced with their Operating Fund subsidy last year. The committee will discuss merits and concerns related to the proposal

 - *Resolution:* Whereas, Operating Fund subsidy eligibility has been declining in recent years due to HUD's application of a high formula income inflation factor and Utility Expense Level (UEL) deflation, And, whereas, many PHAs have not seen increases in tenant rents or utility cost savings equal to what HUD is currently projecting, And, whereas, many PHAs experienced significant subsidy decreases between Calendar Year (CY) 2016 and CY 2017 as a result of the high income inflation factor and the UEL deflation, And, whereas, PHAs are at risk of receiving additional subsidy decreases for CY 2018 Operating Fund subsidies due to the declining Operating Fund subsidy eligibility, Be it resolved, NAHRO encourages staff to work with HUD to develop short-term fixes to the Operating Fund income inflation factor and the Utility Expense Level (UEL) inflation/deflation factor while continuing discussions with HUD on longer term fixes.

2015-2017 Board of Governors Meeting Links

[April 2016 - Washington, DC](#)

[July 2016 - Portland, OR](#)

[October 2016 - New Orleans, LA](#)

[March 2017 - Washington, DC](#)

[July 2017 - Indianapolis, IN](#)

[October, 2017 - Pittsburgh, PA](#)

Ongoing Issues:

Public Housing:

- Legislation: MTW expansion, RAD expansion, public housing preservation, administrative relief for PHAs
- Regulation: Streamlined section 30 (Public Housing Mortgage Program), HOTMA provisions, COCC refederalization, smoke-free public housing, FAST Act triennial recertifications, streamlined demo/dispo, streamlined Section 3, AFFH
- Research: NAHRO, along with PHADA and CLPHA, works with the Housing Authority Insurance Group (HAI) to sponsor and conduct research on various areas of interest to PHAs. The committee is called on to help generate research projects.
- PHA accreditation
- PH conversion

Section 8:

- Legislation: MTW expansion, discussion of RAD expansion, fungibility between the administrative fee and housing assistance payment accounts, and administrative relief for PHAs.
- Regulation: Continuing to ensure that Small Area FMRs remain voluntary, Housing Opportunity Through Modernization Act of 2016 implementation, FAST Act triennial recertifications, Affirmatively Furthering Fair Housing Tool Streamlining, following administrative fee formula changes, following Fair Market Rent methodology calculation changes, monitoring the UPCS-V Demonstration, monitoring potential changes to UPCS-V, streamlining waiver requests for disaster related provisions, regulatory reform, and monitoring other changes which may provide regulatory relief.
- Research: NAHRO, along with PHADA and CLPHA, works with the Housing Authority Insurance Group (HAI) to sponsor and conduct research on various areas of interest to PHAs. The committee is called on to help generate research projects.
- PHA accreditation.