



# Legislative Position Paper

2018

# Introduction

The North Central Regional of the National Association of Housing and Redevelopment Officials (NCRC NAHRO) is a membership organization serving as a catalyst for ethical leadership, professional development and legislative advocacy in the affordable housing and community development industry. NCRC consists of more than 628 agency members that serve low-income households in the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, Ohio, and Wisconsin.

NCRC NAHRO created a Legislative Task Force to help with the communication between our agency members, US Department of Housing and Urban Development (HUD) and Congress by providing a means to gather and disseminate relevant information back and forth between the three entities. The Legislative/Advocacy Task Force determined that its purpose would be (1) Advocacy, (2) Relevancy, (3) Collaboration, (4) Training, and Legislative Regulation-

The following discussion points have been identified across the NCRC NAHRO region as issues for establishing legislative priorities.

## Portability/Housing Choice Vouchers

Loss of vouchers through portability reduces the local impact on community poverty and creates a loss of revenue for property owners that participate in the program which results in lower tax collections for the local unit of governments. Many Public Housing Authorities (PHA) are losing the ability to assist the maximum number of families in their service areas due to high portability expenses for vouchers. This also causes PHAs to experience sharp decreases in administrative fees that are normally earned to operate their Housing Choice Voucher Section 8 programs. Portability issues are compounded due to higher per unit costs and decreased administrative revenue when a voucher holder ports out to a more expensive living area of the country. PHAs have also experienced issues with “voucher shopping” as new recipients fulfil their first-year lease, then port out of the PHA’s jurisdiction. This action reduces the PHAs ability to service their own population and further decreases their administrative fees to just 20%.

One recommendation to consider is to make it mandatory for the receiving PHA absorb the ported voucher within a 6-month period of receiving the ported voucher holder.

The Administrative fees for the Housing Choice Voucher program have been inadequately funded for the last 8 years. NCRC requests Congress to restore administrative fee funding for voucher programs. In addition NCRC supports giving Housing Authorities the ability to draw from HAP reserves to fund the administrative fee account, when administrative fees are not high enough to adequately run the program.

## REAC Inspections

Inconsistencies in the Real Estate Assessment Center (REAC) inspection methods and ratings has become an issue of concern for NCRC NAHRO. The concerns stem from inconsistent Real Estate Assessment Center inspection methods, ratings and unrealistic inspection criteria. Many PHAs in NCRC region report that scores in general are decreasing, both in Public Housing and multi-family properties and that recent regulations are more onerous than in previous years, resulting in more point deductions for minor items. PHAs are also reporting notification miscues from Quality Assurance Inspectors which could result in more expenses for an agency to conduct additional inspections.

An opportunity could be found in both areas by presenting a balanced solution, perhaps through the use of interim advisory REAC scores that would allow HUD the ability both to show it is measuring PHA physical properties while also evaluating the effect of new inspection procedures and by developing a clear and concise inspection criteria tool that essentially take the human characteristics out of the inspections.

## Moving To Work (MTW) Expansion

The current MTW program gives significant flexibility and local program control to participating agencies. With the support of the MTW Expansion, additional agencies can design locally controlled solutions that encourage work, upward mobility and self-sufficiency amongst federally assisted low income people in our nation. MTW is “America’s Housing Lab” and is a better way to deliver federal housing programs than other tried and failed programs.

## Investment in Public Housing

Our region believes that because Public Housing is the main source of affordable housing for Seniors and Persons with Disabilities in our nation, we need to protect the nation’s investment by supporting full funding of both Operating and Capital funds. To preserve this critical resource for our most vulnerable citizens, expansion of HUD programs such as the HOPE VI, Choice Neighborhoods programs and the Rental Assistance Demonstration (RAD) is critical. These types of programs can help resolve the epidemic of severely distressed public housing units in our nation.

NCRC supports an infrastructure package that includes a significant federal investment in the form of direct appropriations. NCRC supports the inclusion of the Public Housing Capital Fund in any infrastructure investment made by Congress. The Capital Fund is a critical resource for housing authorities with aging or deteriorating public housing stock; it provides necessary funding for the modernization and rehabilitation of properties, uplifting entire neighborhoods.

NCRC supports the provisions within the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) that would remove regulatory barriers for small agencies.

## Regulation Changes/Considerations

Members of NCRC NAHRO region request a change in regulation or consider evaluation and revision to the following:

HUD not add any new additional regulatory requirements until PHA’s can be fully funded through Operation Subsidies and Capital Funds.

The HUD created Green Physical Needs Assessment (GPNA), although a good idea in the beginning, had transformed into a giant HUD data collection tool with little benefit to the PHAs who are required to spend additional operation subsidy to perform its requirements.

HUDs newly proposed UPCS-V would create a new inspection requirement for Housing Choice Voucher units that will increase costs and complications for the PHA’s and Landlords. In many of our communities, landlords are choosing not to work with the program. Changing inspection standards may be a detractor for participation further reducing the amount of affordable housing available to our communities. NCRC NAHRO recommends that HUD evaluate the impact this regulatory change will have on PHAs and the families served.

NCRC NAHRO believes and supports the intention behind the Affirmatively Further Fair Housing. However, HUDs new Affirmatively Furthering Fair Housing Assessment Tool has taken some good data and a need for analysis of metro areas and has turned it into a monstrous new planning and reporting requirement that PHAs cannot do themselves and which far exceeds the scope of their mission. This requirement for PHAs impacts operation expenditures with no return on the investment.

A request to stop HUD from changing Asset Management principles which took years to implement. HUD now wants to increase monitoring of the fees paid to Central Office Cost Centers that they created. The current regulation allowed fees to be mingled with fees from other programs and sources and can't be easily unmingled without once again reverting to a different allocation and management model.

Eliminate Public Housing Community Service requirements. This requirement effects an extremely small amount of our residents and causes an undue burden reporting on the PHA.

Amend the Davis Bacon requirements to cover construction contracts above \$250,000 instead of the current \$2,000 threshold. Davis-Bacon requirements extend to federally funded public housing and add a significant layer of bureaucracy and paperwork to even relatively minor contracts. The \$2,000 threshold was established in the 1930's and is significantly out of date. Increasing the threshold to \$250,000 would ensure that the requirements are applied to major construction projects as originally intended. Keeping the threshold at \$2,000 increases the cost of the project and increases burden on the PHA staff in required reporting procedures related to this regulation.

Agencies in NCRC NAHRO region are experiencing higher audit fees based on a HUD requirement to audit an increased number of files in the public housing and voucher programs while conducting the mandated yearly audit. The increased costs are not accounted for in increased subsidy and adds to the burden of the PHA financially with little to no more benefit.

**Legislative Task Force Members:**

**Jim Dewey, Chair**

**Branna Lindell**

**Steven Rackis**

**Barbara Dacy**

**Alan Zais**