

Picking up the Pieces of the Sequester: Local Advocacy Efforts to Encourage PHAs to Start Spending in 2014

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Agenda

3

- Overview of HCV funding
- Effective arguments to encourage PHAs to spend
- Examples from the field: payment standard and subsidy standard policies
- Advocacy Strategies
- Time for questions

HCV Funding

4

HCV Renewal Funding Policy

5

- Prior to 2003, PHAs generally received renewal funding annually for all authorized vouchers.
- To save money, in 2003 Congress began a policy of funding only authorized vouchers in use. But in 2004 – 2006, funding policy was more like a block grant, pegged to voucher costs at a prior point in time.
- Beginning in 2007, Congress initiated a hybrid policy of basing renewal funding on the cost of authorized vouchers used in the prior year, plus inflation.
 - PHAs could supplement annual federal funding with reserves and thereby increase the next year's renewal funding eligibility.

Except for Sequestration in 2013 and Block Grant Years, Consistent Support for HCV Renewal Funding

6

Year	Renewal Proration
2014	99.7%
2013	93.98%
2012	99.6%
2011	98.81%
2010	99.5%
2009	99.1%
2008	101.453%
2007	105.017%
2006	94.6%
2005	95.9%

HCV 2014 Renewal Funding

7

- PHAs' CY14 renewal funding eligibility is based on leasing/costs in CY13, adjusted (slightly) for inflation, partial-year use of new vouchers and other factors. (For MTWs, in accord with MTW agreement.)
- PHAs will receive 99.7% of CY14 renewal eligibility. HUD notified PHAs of CY funding Mar. 18.
 - New funding reduced (“offset”) by reserves >10% of 2014 eligibility (with adjustments to sustain Dec. 2013 leasing)
- ~\$75M set aside to prevent terminations due to insufficient funds and other adjustments.

HCV Administrative Fees

8

- Funding for HCV admin fees cut sharply beginning in 2011
- In FY2014, increase of nearly \$200M above sequester 2013 level, but still below 2010
- But HUD estimates fees will be prorated this year at 75% of eligibility
- Fees earned for HCVs leased on first of month
- HUD advances fees monthly based on prior quarter leasing, then reconciles quarterly

Implications

9

- Most PHAs will receive substantially more HCV funding in 2014 than last year. If they don't spend it, funding will be cut in 2015 (for non-MTW PHAs).
- PHAs that reduced vouchers in use in 2013— $\frac{3}{4}$ -- will be able to serve *more* households in addition to reissuing turnover vouchers and/or modifying harmful policies
 - Could restore nearly half of more than 70,000 vouchers lost due to sequestration, Dec. 2012 – Dec. 2013
 - ✦ <http://www.houserscorner.org/sequestrations-toll-by-agency/>
 - ✦ State fact sheets:
<http://www.cbpp.org/cms/index.cfm?fa=view&id=3586>

Implications cont'd

10

- Why need to encourage PHAs to spend increased funding?
 - Many have very low reserves because used to offset sequestration cuts, and will want to restore
 - ✦ May not be unreasonable, within limits, but reduces administrative fees and 2015 eligibility
 - ✦ Accumulating more than 8% (one month) reserve likely self-defeating; Congress likely to repeat offset authority
 - ✦ Reserve data:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/psd
 - MTW agencies have no financial incentive to spend
 - ✦ May risk contract extension if not using 90% of HCVs funded

2015 HCV Funding

11

- HUD proposes \$18.0 billion for renewals, \$641 million above 2014, and supports restoration goal
- Request should be sufficient to fully renew in 2015 all vouchers in use in 2014, but will not restore to use 40,000 vouchers cut under sequestration
 - PHAs can act with confidence that voucher renewals will be fully funded next year
- \$205 million increase in administrative fees should raise the proration to range of 83-86% in 2015

2015 Restoration Vouchers

12

- 13 national organizations (including NHLP and CBPP) endorse restoration through funding for **40,000 vouchers targeted on vulnerable households** for whom Housing Choice Vouchers are essential to maintain safe, decent, and stable housing:
 - \$240 million for 30,000 vouchers to house homeless or at-risk individuals or families with children, or, as part of the Family Unification Program, to enable children to live with their families rather than in foster care;

2015 Targeted Restoration Vouchers - 2

13

- \$40 million for 5,000 vouchers to help reduce unnecessary institutionalization of people with disabilities (*Olmstead* compliance);
- \$40 million for 5,000 “tenant protection” vouchers will enable victims of domestic violence, sexual assault, stalking, and dating violence who live in public housing or federally subsidized privately-owned housing to relocate quickly and safely, as Congress directed in last year’s Violence Against Women Act.

2014 Federal Policy Changes Will Reduce HCV Costs

14

- **Targeting:** definition of “extremely low-income” for 3 major rental assistance programs changed to *higher of 30% of AMI or the federal poverty line*
- **HCV utility allowance** limited to unit size covered by voucher
- **Biennial inspections** for HCV units and use of comparable inspections by other agencies
- HUD likely to implement by Federal Register notice in June, followed by proposed rule for comment

Effective Engagement

15

The Need for Affordable Housing

16

- CBPP State Housing Fact Sheets
- HUD publishes a variety of data:
<http://www.huduser.org/portal/index.php>
- PHA Annual Plan or Con Plan may have local information/statistics on the need for affordable housing.
- Other sources of data about the needs of special populations, number of homeless families, cost of housing in your area, etc.

Fair Housing Concerns

17

- If payment standard was revised to 90% FMR, are there neighborhoods where voucher holders can rent and still pay under 40% of income? Where do voucher holders live now?
 - Will PHA release this data?
 - Anecdotal evidence?
 - Does Annual Plan or Con Plan have this info?
- PHAs increasingly serious about AFFH with rule around the corner
- Deconcentration goals

Need for Strong and Effective Programs

18

- Cycle of underfunding → poor performance → reduced public and political support
- Funding must be sufficient so that participants can successfully obtain and maintain housing.
- Tension between providing more vouchers vs. substantial benefits to voucher holders.

Local Policies

19

Local Policies Following Sequestration

20

- Spend down reserves
- Recall vouchers
- Reduce payment standards
- Reduction in subsidy standards
- Other administrative savings

Payment Standard Reductions

21

- Notice requirement; reductions effective the date of the family's **second regular reexamination after** the decrease in the payment standard amount, see 24 CFR § 982.505(c)(3)
- Legal issues: concentration, fair housing concerns
- Policy issues: funding formula, quantity vs. mobility
- Note: small market FMRs are one way to accommodate; PHAs have authority to set FMRs at varying levels within 90%-110% for designated parts of an FMR area; see 24 C.F.R. Sec. 982.503(b)(1)(ii)

Subsidy Standards

22

- Subsidy standard determines number of bedrooms; HUD OGC: no authority to consider living room a bedroom, see 24 CFR § 982.402.
- Confusion with PIH 2011-28, 24 CFR § 982.401(d)(2)(ii) (“The dwelling unit must have at least one bedroom or living/sleeping room for each two persons.”)
- No notice requirement for changes; arguable where change in subsidy standard decreases effective subsidy (w/o change in family composition)

Advocacy Strategies

Advocate Directly with Your Local PHA

24

- Go to PHA Board Meetings
- Get to know friendly Board members
- Cultivate a relationship with PHA staff
- Form local coalitions that work with special tenant populations.
- Advocate during the PHA Plan process
- Team up with a local landlord group that has interest and influence

Advocate Directly with HUD

25

- File an administrative complaint
- File a fair housing complaint
- Write letters to local HUD office and c.c. the D.C. office on correspondence.
- Contact the HUD General Counsel office
- Have tenants file a Complaint with the HUD Office of Inspector General at <http://www.hudoig.gov/>

Involve Tenant/Residency Groups

26

- Know your tenant leaders
- Gather stories about the impacts of the sequester
- Work with tenant/resident organizations whenever possible.

Media Campaigns

27

Mass. Scrambling to Fund Housing for its Homeless
Sequestration Hits Hispanic Families Hard
Pain of Sequestration is Real

Professional Videos:

<http://www.siliconvalleydebug.org/articles/2013/08/26/priced-out-valley-sequester-cuts-devastate-section-8-housing-tenants>

Involve a Sympathetic Representative

28

- Work with a sympathetic Congress person, city council member, etc.
- Collaborate with PHA staff, residents, and possibly landlords.

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29

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