



Washington Report

September 18, 2024



Meet the Presenters

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Agenda

- Introduction
- Section 8 - Budget
- Offset
- HOTMA Updates
- Notices
- Regulations
- Congressional Update

Fiscal Year 2025 Appropriations Timeline

President's Budget (March)

House THUD Subcommittee (June)

House Appropriations Committee (July)

Senate Appropriations Committee (July)

FY25 Begins on **October 1, 2024**

Budget Caps on Capitol Hill



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- **Fiscal Responsibility Act of 2023**
 - ❑ Limits how much the budget can increase in FY24 and FY25
 - ❑ “Side deals” – Supported funding in FY24, House rejecting these for FY25
- **House Appropriations Committee proposing cuts to several key HUD programs**

Section 8 - Budget

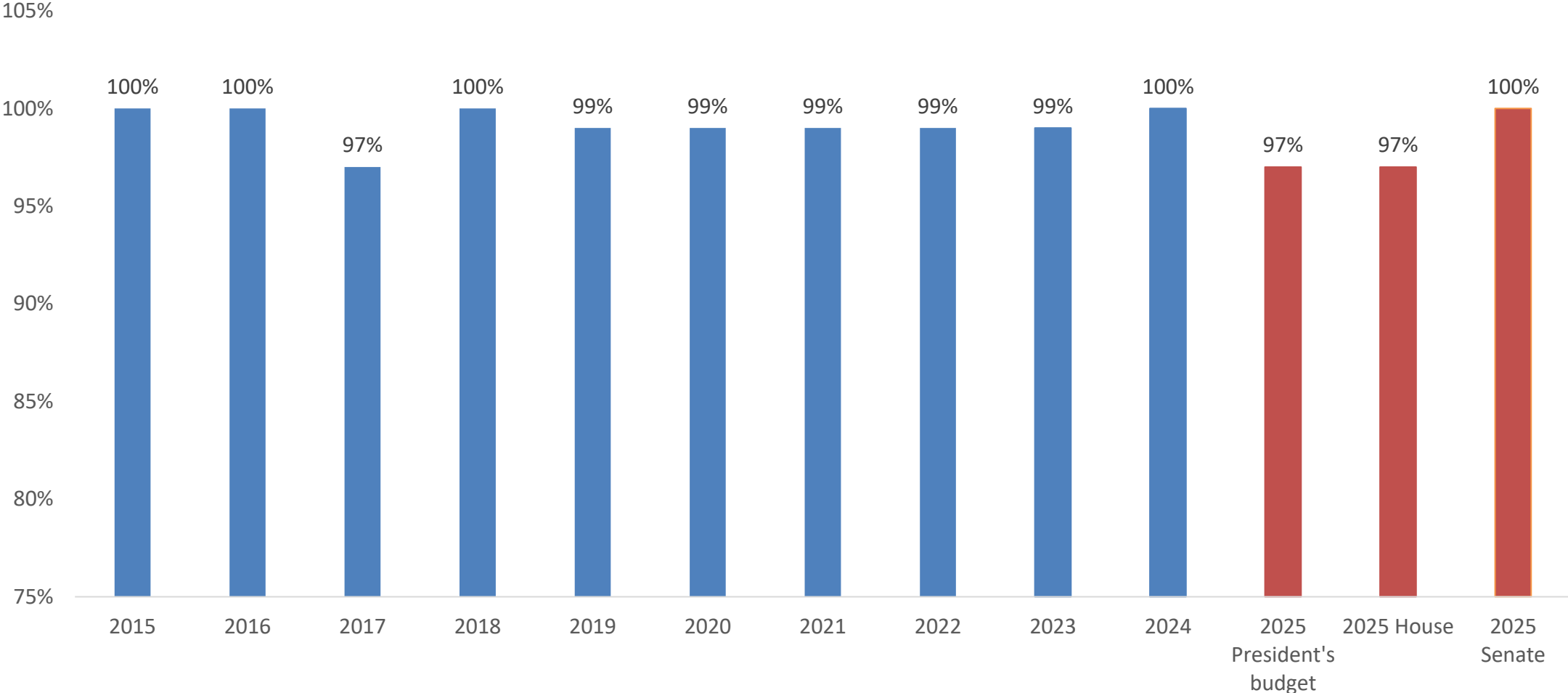


FY 2025 Voucher Funding

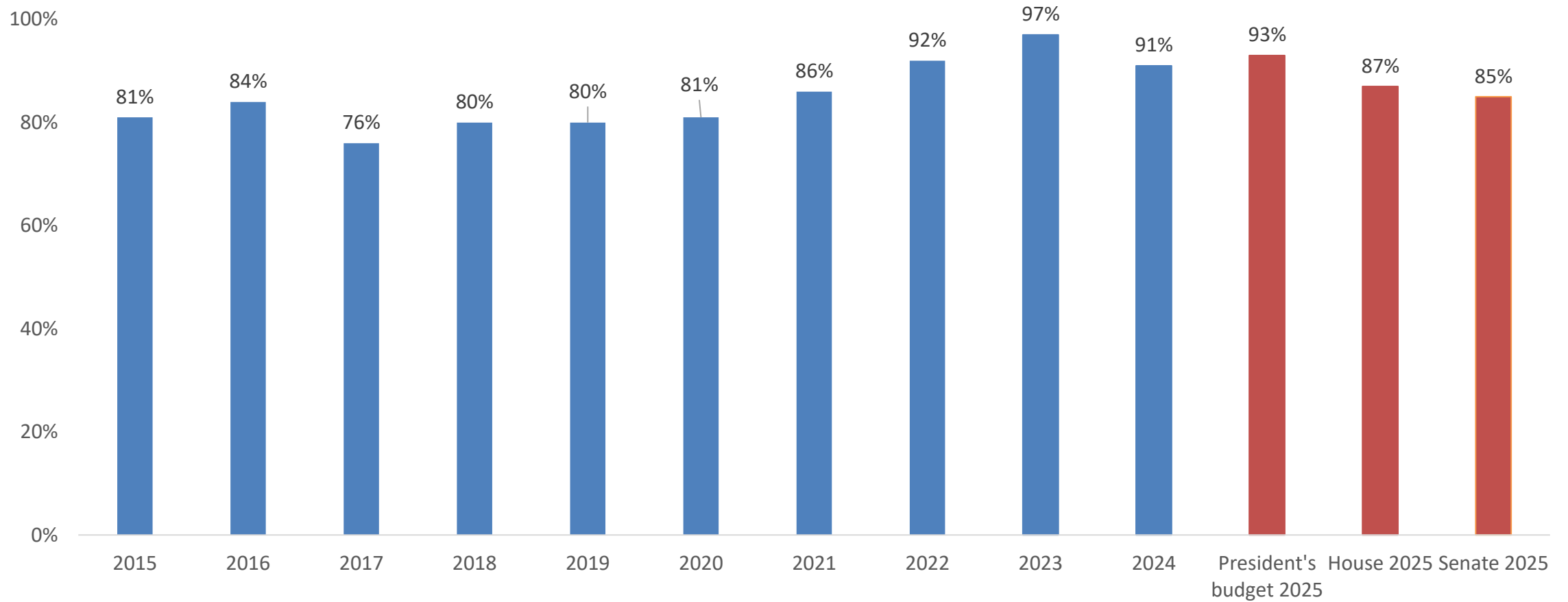
Voucher account (in millions)	FY 23 Enacted	FY 24 Enacted	FY 25 President's Budget	FY 25 House	FY 25 Senate
HAP Renewals	\$26,402	\$28,491	\$29,251*	\$28,500	\$32,035
Administrative Fees	\$2,778	\$2,771	\$2,964	\$2,771	\$2,880
Project-based Rental Assistance	\$14,907	\$16,010	\$16,686	\$16,595	\$16,654

*Includes \$701 million in Mainstream voucher funding.

Housing Choice Voucher HAP Proration



Housing Choice Voucher Admin. Fee Proration



A Note About HAP Prorations

HAP Prorations

A note on prorations:

- The numbers in the previous slides are based on HUD's assumptions of what full funding would be for 2024.
- Since there has been a massive shortfall, the proration for 2024 is clearly wrong.
- We have asked HUD provide us with updated proration numbers.

Voucher Expansion

Voucher program (in millions)	FY 23 Enacted	FY 24 Enacted	FY 25 President's Budget	FY 25 House	FY 25 Senate
New General Vouchers	\$50	--	\$241	--	--
HUD-VASH	\$50	\$15	--*	--	\$15
FUP (including FYI)	\$30	\$30	--*	--	\$30
Mainstream (including admin. fees)	\$607	\$743	\$701**	\$701	\$811**
Mobility Related Services	--	--	--	--	--

*Includes mandatory funding of \$13 billion for veterans and \$9 billion for youth aging out of foster care.

**Included in HAP renewals.

President's Proposed Budget FY 2025 – Policy

Proposed Policy Proposals

HAP Flexibility Demonstration:

- Would test whether additional assistance helps a family lease a unit
- Continue through 2028 in difficult markets at a limited number of PHAs
- Allow to use HAP and HAP reserves to fund utility and security deposits and “other costs consistent with the terms of the demonstration”
- Any amount returned to the PHA would only be available for future HAP expenses, including demonstration uses

President's Proposed Budget FY 2025 – Policy

Proposed Policy Proposals

- Consolidating the Mainstream Voucher program into the HAP renewals account
- Use offset authority to offset certain agencies and provide additional funding to agencies that have high utilization and demonstrated capacity to lease additional vouchers
- Use carryover funding, including prior year TPV funding, to reduce the HAP proration
- Allow for the offset of MTW single fund funding from original 39 MTW agencies

President's Proposed Budget FY 2025 – Policy

Proposed Legislative Proposals

- Allow agencies to go to 140% of FMR for payment standards without asking HUD for permission for a reasonable accommodation
- Pre-inspection of units for the HCV program
- Codify expanded uses of administrative fees in statute

President's Proposed Budget FY 2025 – Policy

Proposed Legislative Proposals

- Align PBV maximum payment standard with HCV tenant-based side
- Allow HUD to recapture FUP and Mainstream Vouchers

FY 2025 House Bill Takeaways

Housing Choice Voucher Program

- No new special purpose vouchers
- No mobility funding
- No HAP expanded eligible uses demonstration
- No policy or legislative changes

FY 2025 Senate Bill Takeaways

Housing Choice Voucher Program

- No new special purpose vouchers
- No mobility funding
- Does authorize HAP expanded eligible uses demonstration
- Would direct HUD to provide technical assistance regarding the PBV portfolio cap and training opportunities for the Homeownership program

Offset



HUD is Conducting a Second Offset

HUD will be conducting a second offset

- This process was detailed in Notice PIH 2024-29 titled “HCV 2024 HAP Funding – Second Offset Based on Excess HAP Reserves”
- The HAP renewal funding is not high enough to meet need
- Despite having \$200 million in set-aside funding, HUD will still need to do a second offset
- This will impact regular PHAs and Expansion MTW-agencies
- If you are being offset, you should have heard by August
- You had the opportunity to appeal, if you did you should hear back by **end of September**

HUD is Conducting a Second Offset

Here's what we've heard (not official numbers)

- 398 agencies are in shortfall
- Right now the total shortfall amount is \$415 million, but that's not the final amount and is subject to change
- The amount offset is \$230 million
- There have been 96 appeals filed, which could change the final amount offset
- While there are \$200 million in requests in the other 7 shortfall categories – currently there's no way to fund this amount

HUD is Conducting a Second Offset

There's also a chance that a Continuing Resolution (CR) will be passed

- This CR may have an “anomaly” that would allow for tenant-protection voucher (TPV) funding to be used for shortfall purposes
- This would be TPV funding from 2023 and 2024
- This could allow HUD to access an additional \$400 million in funding
- HUD says, if this happens, and they are able to access this funding, then HUD will possible refund some of the offset money back to PHAs
- They think doing this will be okay because there will likely be TPV funding in the new budget (for FY 2025)

HOTMA Updates



Housing Information Portal (HIP) Delayed

- HUD is rescinding Notice PIH 2024-12 which detailed a timeline for HIP implementation
- PHAs should continue to use IMS/PIC until additional information is provided by HUD
- HUD notes that it is discussing the feasibility of delaying the implementation of Sections 102 (income reviews) and 104 (asset limitations) of HOTMA

HOTMA Sections 102 and 104

This the latest information we have:

- While this is not yet official, unofficially we have heard that the Jan. 1, 2025 compliance date will not happen.
- HUD is thinking about implementing this in phases.
- They are thinking of this in terms of color coded lists
- **Green** – items that can be done with no impact to PIC, won't be in HIP, and don't require vendor changes
- **Yellow** – Might need smaller adjustments in PIC/HIP and will need adjustments by vendors; vendors have this list and are providing feedback
- **Red** – Can't do right now and require more change

HOTMA Sections 102 and 104

This the latest information we have:

- Green and some yellow items will be implemented in phase 1
- At this time, there are 12 items in phase 1
- The remaining items will be in phase 2
- Some **preliminary** thoughts on timelines are
- Phase 1 – around April
- HIP coming out in summer 2025
- Phase 2 – sometime after that, but before the end of the year

HOTMA HCV and PBV Rule

Makes changes to the HCV and PBV program:

- Making it easier to set payment standards at 120% of the Fair Market Rent when certain conditions are met;
- Allowing the use of Small Area Fair Market Rents in more places;
- Requiring that PHAs abate Housing Assistance Payment (HAP) in instances of uncorrected HQS deficiencies;
- Allowing for site-based waiting lists administered by owners;
- Allowing for operating cost adjustment factor (OCAF) changes in the PBV program;
- Expanding PBV selection without competition; and
- Many other changes.

Effective Date: June 6, 2024

HOTMA HCV and PBV Rule

Read **PIH Notice 2024-19** titled “HOTMA HCV and PBV Final Rule – Guidance on Effective and Compliance Dates and PHA Implementation Preparation” – this will have additional information on the compliance date for many of these provisions

- Some provisions are delayed indefinitely;
- Some provisions have a compliance date of Sept. 4, 2024;
- Some provisions have a compliance date of Dec. 3, 2024;
- Some provisions have a compliance date of June 6, 2025.
- There will be a forthcoming notice on payment standard changes.

Notices



New Mainstream Notice

There's a new Mainstream Voucher notice (PIH Notice 2024-30):

- Compliance date for this notice is **120 days after publication** – published on August 20th

Mandatory policies

Initial Search Term - PHAs must adopt an initial search for Mainstream vouchers of at least 120 days.

1. The new search term also applies when a family chooses to move.
2. PHAs must provide a current listing of available accessible units known to the PHA and otherwise assist the family in identifying accessible units.

New Mainstream Notice

Mandatory policies

Extension policy – PHAs must adopt an extension policy for their mainstream program.

1. Each extension must be for a minimum of 90 days;
2. The first extension must be approved (whether it is made orally or in writing) as long as the request is made on or before the term expiration date;
3. The PHA must (at least once after the voucher is issued) notify the family prior to the initial term expiration to remind the family of the following:
 - a. The term expiration date;
 - b. The process for requesting an extension; and
 - c. Ask if the family requires search assistance.

New Mainstream Notice

Mandatory policies

Extension policy (cont.) – PHAs must adopt an extension policy for their mainstream program.

4. PHAs must grant additional extensions if requested in accordance with the PHA's admin. plan. PHAs may not restrict first extension approvals to certain circumstances nor require documentation from applicants.

Residency Preference – PHAs cannot apply a residency preference for Mainstream voucher applicants

New Mainstream Notice

Discretionary policies

Waiting lists – PHAs may establish a separate waiting list for Mainstream Vouchers.

1. PHAs should determine which applicants on the current HCV waiting list are families with non-elderly people who have disabilities.
2. Applicants on the HCV waiting list should be notified about a separate waiting list and told how to be added to it.
3. The PHA must allow **60 calendar days** to allow families to respond before issuing vouchers from the Mainstream waiting list.
4. When pulling from this waiting list, the PHA can draw randomly or use date and time of the application.

New Mainstream Notice

Discretionary policies

Local Preferences – PHAs may establish a referral preference if receiving referred families from another entity (HUD encourages forming MOUs with those entities).

1. Information about the referral process should be on the PHA's website.
2. PHAs need to follow all civil rights laws here.
3. Referrals should not be limited to be from a single entity that refers only a subset of people who are eligible for Mainstream vouchers.

Reasonable Accommodation - PHAs administering Mainstream vouchers may need to provide various reasonable accommodations for individuals with disabilities.

2025 FMRs are Published

New 2025 FMRs have been published:

- HUD has published a notice in the Federal Register titled “Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs; Fiscal Year 2025”
- No big methodological changes
- Comments on the methodology or request for FMR reevaluations need to be submitted by October 1
- You have until Jan. 1 to change your payment standards
- 41 additional metro areas added to list of mandatory Small Area FMR areas (no new areas in MN!)

New HUD-VASH Program Rules

HUD published a new notice in the Federal Register titled “Section 8 Housing Choice Vouchers: Revised Implementation of the HUD-Veterans Affairs Supportive Housing Program”:

- This notice makes several changes to the HUD-VASH Program
- PHAs must now serve up to 80% of AMI
- PHAs must exclude certain Veterans Affairs disability payments received from Veterans Affairs
- Must accept self-certification of assets of less than \$50,000

New HUD-VASH Program Rules

HUD published a new notice in the Federal Register titled “Section 8 Housing Choice Vouchers: Revised Implementation of the HUD-Veterans Affairs Supportive Housing Program”:

- Allows for noncompetitive selection of one or more PBV projects on a VA facility where all the units in the project are for HUD-VASH families
- Allows for admittance of zero-HAP families for HUD-VASH PBV
- Allows PHAs to set lower minimum rent (including minimum rent of \$0) for HUD-VASH program and
- Certain other requirements

NSPIRE-V Compliance Date Extended

- HUD published a notice in the Federal Register delaying NSPIRE compliance to **Oct. 1, 2025**
- Agencies implementing early must inform HUD
- Applies to the following: HCV, PBV, Mod. Rehab., HOME, Housing Trust Fund, HOPWA, ESG, and Continuums of Care
- The NSPIRE standards for carbon monoxide devices and smoke alarms still apply as they are statutory requirements previously put in place by appropriations bills

New RAD Notice Soon

There may be a new RAD notice soon:

- Expect changes around RAD rents for RAD early adopters.

Regulations



Reducing Barriers to HUD-Assisted Housing

HUD published a *proposed* rule that would make the following changes:

- Establish a “lookback period” of up to three years in considering criminal history (a longer period would be “presumptively unreasonable”)
- Give 15 days to tenants to challenge the accuracy and relevance of information and to provide mitigating information
- Require an individualized assessment considering mitigating circumstances in admission and termination decisions

Reducing Barriers to HUD-Assisted Housing

HUD published a *proposed* rule that would make the following changes:

- Require tenant selection documents to be updated within 6 months of the finalized rule being published
- Define currently engaged in criminal activity as having occurred within the previous 12 months
- Forbid receiving PHAs from rescreening portability voucher households
- Certain other changes.

Reducing Barriers to HUD-Assisted Housing

In its comment letter, NAHRO wrote:

- The rule should not disincentive private landlords from participating in federal housing programs
- The rule should only encourage PBRA (and HCV and PBV) landlords to follow it, but not require them
- There should be additional flexibility in the length of the lookback period (PHAs should be able to make it long or short, but up to 7 years)
- PHAs should have at least a year to implement the rule with HUD having the option of delaying it through a notice in the federal register

Direct Rental Assistance

- Testing a direct rental assistance model via a pilot program
- Households already on HCV waiting lists would be randomly selected and given the opportunity to join pilot
- Participating families would receive comparable assistance as HCV participants
- Source of funding: “philanthropy”
- PHAs calculate household incomes
- Families pay landlords directly and perform initial inspections themselves

New Proposed Rule on Success Rates Soon

- New Rule on Success Rates Coming Out
- Establishes a 120 day min search term for vouchers
- The ability to use Homeownership vouchers for 30 years
- Updates to rent reasonableness in shared housing
- This has not been published yet

Miscellaneous

- 2024 Family Unification Program (FUP) NOFO is out – Deadline in Oct 30, 2024

Congressional Update



Impact of Elections

Congress is almost exclusively focused on elections

- Less time dedicated to legislation and policy change
- August Recess + October Recess
- Some primary elections run through September

How do elections impact NAHRO and our members?

- NAHRO is *non-partisan*; we work with everyone to support housing
- Policy focus will shift over the next two years
- Relationship building with the newly elected and their appointees

The Opportunity to Inform a New Administration

Recommendations

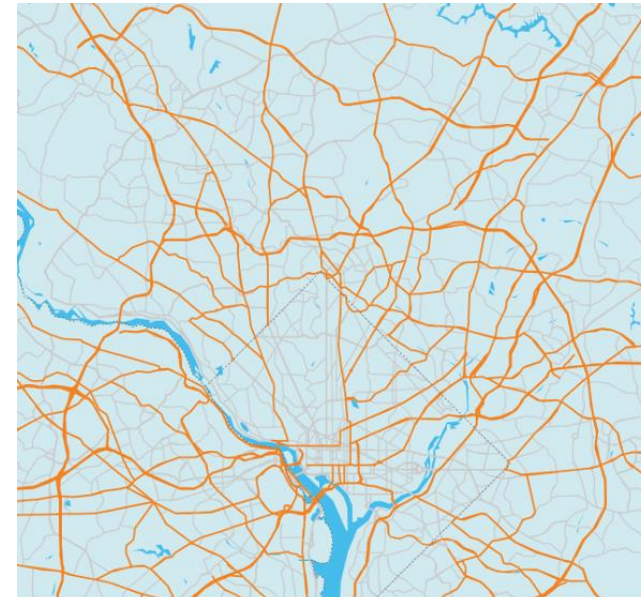
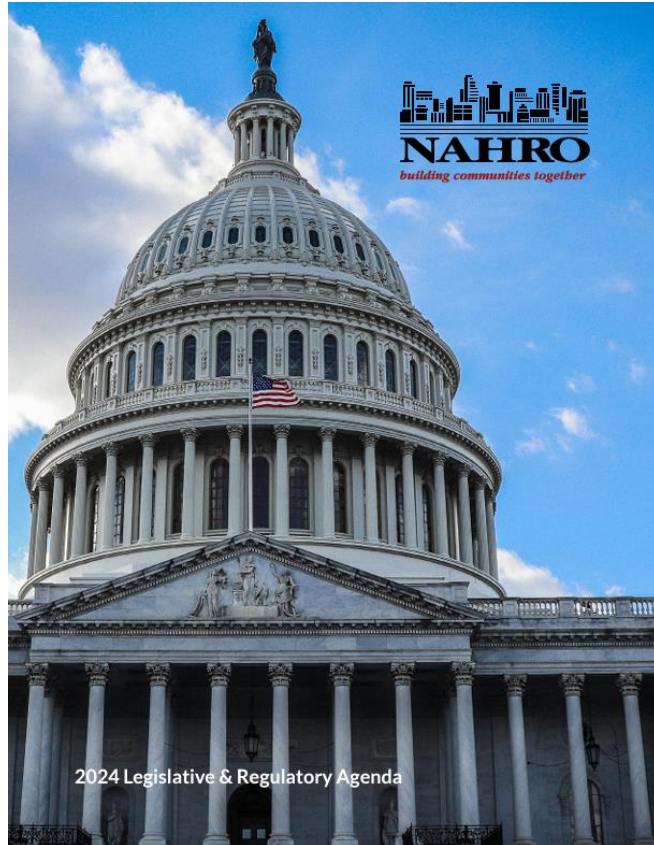
- Strengthen and improve rental assistance programs
- Preserve existing affordable units
- Increase the affordable housing supply
- Build vibrant communities
- End homelessness

The Opportunity to Inform a New Administration

Recommendations Continued

- Promote upward mobility
- Ease the regulatory and reporting process
- Provide necessary resources to American Indian, Alaska Native, and Hawaiian Homeland communities
- Support disaster recovery efforts
- Build a stronger, more efficient HUD

The Opportunity to Inform a New Administration



NAHRO 360°

A Comprehensive View of America's Housing and
Community Development Programs - 2023 Edition



NAHRO Votes! GOTV Campaign

NAHRO Votes — a *nonpartisan* campaign — provides resources to our PHA members to help every eligible voter in our communities exercise their right to vote, including:

- Do's & Don'ts of Getting Out the Vote
- Guidance from HUD
- Accessibility and Voting



National Voter Registration Day | Tuesday, September 17

AUGUST ADVOCACY



2024



10,709
Advocates

104,386
Letters to
Congress

416/78% contacted!

140,223
Total
Letters

1. Fully Fund FY25 HUD Programs

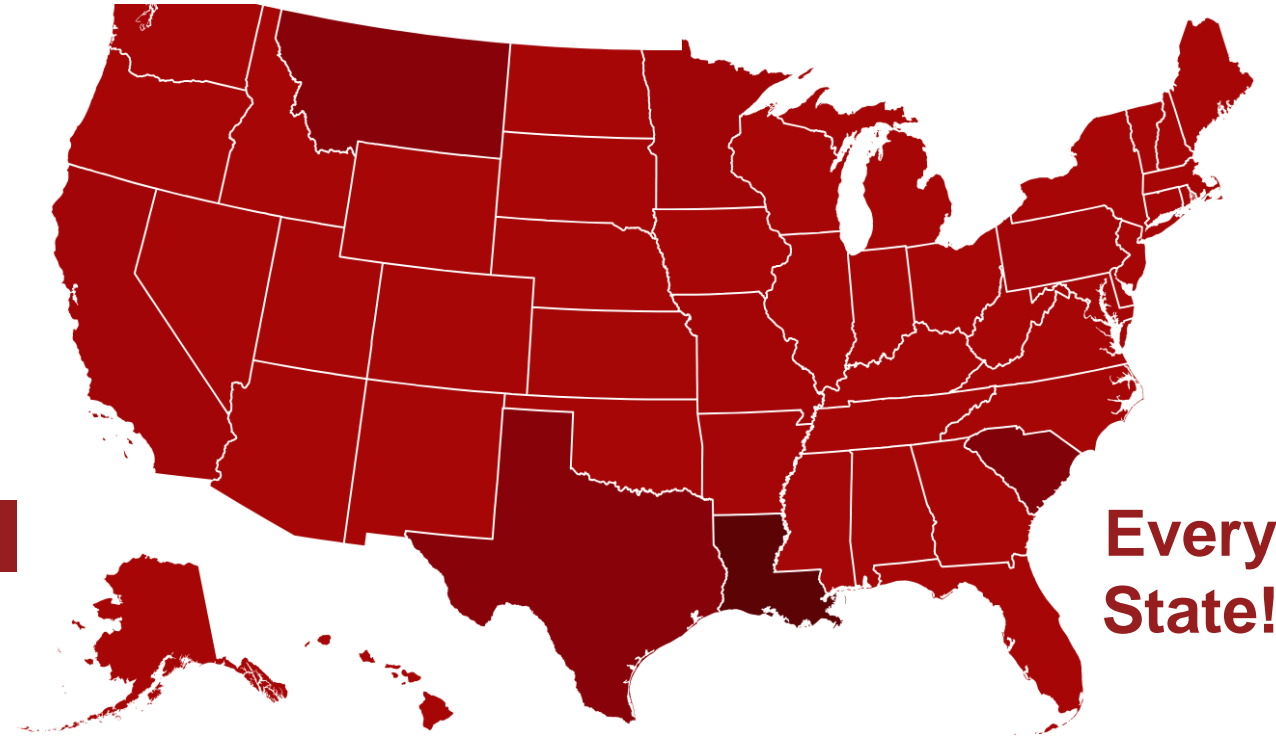
2. Fully Fund & Improve Voucher Effectiveness

3. Support and Preserve Public Housing

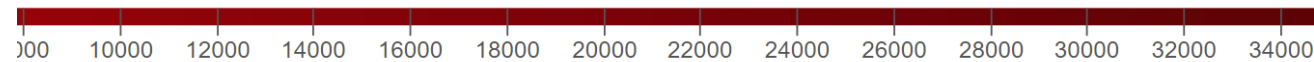
4. Invest in Community Development & Housing Supply

5. Address Increases in Homelessness

6. Expand Housing Tax Credits



Every
State!



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