

# NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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Understanding Paul Ryan's Poverty Plan, "Expanding Opportunity in America"

### **Background**

On July 24, 2014, House Budget Committee Chairman Paul Ryan (R-WI) introduced a discussion draft of his [plan](#) "Expanding Opportunity in America," which seeks to reduce poverty and increase economic opportunities for low-income individuals and families across the country.

To accomplish this, Ryan's proposal would allow states to enter into a new pilot project wherein a number of means-tested, federal assistance programs would be consolidated into a new Opportunity Grant (OG) program. To qualify, states would be required to set clear guidelines for measuring an individual's success in improving themselves as they receive assistance. According to House Budget Committee staff, a detailed plan would have to be submitted for congressional approval before implementation of the pilot OG program in a state that chose to participate.

The largest funding contributions for the OG would come from the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) program, various child-care programs, and housing-assistance programs. The housing programs which would be drawn from to support the OG program would be:

- Section 8 Housing Choice Voucher Program
- Section 521 Rural Rental Assistance
- Section 8 Project-Based Rental Assistance
- Public Housing and Operating Funds

The federal government would require each participating state to develop and submit a concrete plan to develop a new aid program. To obtain approval, the plan would have to meet the following four conditions:

- The plan must demonstrate how the funds would be used to move people out of poverty and into independence. The state could not use the Opportunity Grant to fund other priorities, such as highways. And the plan must, at a minimum, direct assistance first toward people below the poverty line;

- The new program would have to require all able-bodied recipients to work or engage in work-related activities in exchange for aid. The elderly and the disabled would be exempt from this requirement;
- The state would need to use some funds from the consolidated programs to encourage new approaches by innovative groups as well as non-governmental organizations with a proven track record. It would also need to show how it would give low-income Americans more service providers to choose from; and
- The state and the federal government would have to agree on measures of success and evaluation by a third party to conduct an objective assessment of the plan.

Though this plan has positive intentions, its proposed reforms to housing programs are drastic. Placing housing assistance programs under the same funding stream as food assistance or welfare programs raises numerous questions about the distribution of funds. Additionally, there are concerns about the new protocols for the OG program and the responsibility of states in coordinating and implementing these changes to their assistance programs.

### **Housing Assistance under the Ryan Plan**

NAHMA's main concern with Representative Ryan's plan is its proposed transition of assisted housing away from contract-based housing programs into a block grant style funding model. Under this proposal, states could choose either to keep many of the large rental-assistance and project-based programs in current form or to consolidate these programs into the Opportunity Grant program. States that chose to place their housing programs under the OG program would be required to fund existing contracts until they expired. However, the framework for this transition is vague in Ryan's plan. According to House Budget Committee staff, this vagueness is intentional because the housing model under the OG program would be left entirely up to a participating state.

A similar proposal which called for a single funding stream, or "block grant" model, has been suggested in the past. For example, the Housing Assistance for Needy Families (HANF) block grant proposed in the 2004 HUD Budget under George W. Bush would have converted all Housing Choice Vouchers into a block grant for each state. The states would have had to design their own administration for the grant, but the funding for the vouchers would have been allocated under federal appropriations. This proposal was not adopted by Congress because of the substantial risk and procedural overhauls that it would introduce into the Housing Choice Voucher program.

The same risks that HANF could have introduced are even more present in Ryan's "Expanding Opportunity in America" plan. Though each participating state's plan would have to be approved by Congress before it could go into effect, NAHMA is concerned that altering housing assistance from a standard federal model into an OG program model would severely complicate the management of affordable housing properties. Furthermore, Ryan's plan fails to consider the relationship between the federal government and private property owners. States could voluntarily participate in a pilot OG model and may design it so that housing assistance programs are wrapped under the state grant. If a state chooses this option, could a private property owner in that state be barred from signing contracts with the federal government? This and other specific questions are not addressed in the Ryan plan as it is still in the preliminary draft phase.

## **Case Managers**

As laid out in the discussion draft of “Expanding Opportunity in America”, an individual/family living in a state using an OG program could be linked with a case manager to outline their specific assistance needs. In the envisioned scenario, providers would design a customized life plan to provide a structured “roadmap” out of poverty. When crafting this life plan, states would be required to include:

- A contract outlining specific and measurable benchmarks for success;
- A timeline for meeting these benchmarks;
- Sanctions for breaking the terms of the contract;
- Incentives for exceeding the terms of the contract; and
- Time limits for remaining on cash assistance

A case manager could provide individuals and families with excellent guidance and measurable goals that may be lacking in some states. However, the case manager model would require major responsibility in coordinating and implementing these individualized plans, and the new salaries required for the managers would significantly increase costs. States would have to take a portion of the OG program funds to pay for their managers, which would reduce available assistance for those in need. This is especially concerning as federal appropriations for affordable housing programs continue at their low levels.

Additionally, questions arise as to how case managers would align applicants with their housing needs. Would managers be well versed in housing needs for persons with disabilities? How would these managers structure their waiting lists for housing applicants? Will these case managers be a point of contact for property O/As? Again, these decisions would be decided by the states. Although a state may choose to retain the current framework for their housing programs, an affordable housing owner with properties in different states may be forced to comply with wildly different practices across their portfolio. This will require more staff time to ensure all of the various rules are followed.

## **The Future of Ryan’s Plan**

At the time of publication of this NAHMA analysis, Congressman Paul Ryan has not formally introduced any legislation to implement his plan. It is currently at the discussion draft stage when other lawmakers and the public may comment on its provisions. Though much could change in the plan before it is formally introduced, NAHMA is still concerned about the proposed reforms to place affordable housing programs under a block grant styled OG program. Currently the “Expanding Opportunity in America” plan is too vague in regards to this transition.

Another factor to consider is Paul Ryan’s own influence in setting the legislative agenda in the House of Representatives. As the Budget Committee Chairman, he has been a key lawmaker in compiling the budget for the U.S. federal government. He is now poised for an even more influential position as the Chairman for the House Ways and Means Committee, which is the chief tax-writing committee in the House. The Ways and Means Committee also has jurisdiction over entitlement programs like Social Security and Medicare, and over other assistance programs like unemployment benefits or TANF. Ryan is slated to take leadership over this committee at the beginning of the 114<sup>th</sup> Congress in January, 2015.

NAHMA plans to consider all elements of the “Expanding Opportunity in America” plan in consultation with our Federal and Regulatory Affairs Committees. Although NAHMA supports legislators exploring new strategies for alleviating poverty, we have serious concerns with the proposal to lump housing in with other assistance programs. We will oppose any proposal that would jeopardize the funding of affordable housing properties by consolidating affordable housing programs with other assistance programs.