

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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Affordable Housing and Community Development Programs: Appropriations for Fiscal Year 2021 and COVID19 Relief Package

Background

In late December, Congress passed a year-end legislation package that combined a \$900 billion COVID-19 relief bill, \$1.4 trillion omnibus fiscal year 2021 (FY21) funding bill, and tax provisions. At the time of this publication, President Trump indicated he would sign the legislation to fund the government and provide much needed pandemic relief. Overall, the funding levels for both HUD and USDA are positive and maintain funding increases from FY20, despite both agencies facing significant cuts proposed in the administration's FY21 budget request and the threat of yearlong continuing resolutions.

For HUD, the FY21 bill provides \$49.6 billion, a \$561 million increase from last fiscal year, and over \$12 billion more than the administration's budget request. For USDA Rural Development, the FY21 bill provides mostly the same funding with some increases to preserve rural housing. In providing increased funding, Congress sustained its rejection of the Administration's proposed rent reforms to HUD's rental assistance programs. Congress also continued rejecting the Administration's proposed elimination of several key affordable housing programs, including the Public Housing Capital Fund, Housing Trust Fund, HOME, CDBG, Choice Neighborhoods, and the U.S. Interagency Council on Homelessness.

1. Appropriations for HUD's Affordable Housing Programs

The FY21 omnibus provides increased funding levels for nearly all of HUD's affordable housing and community development programs. After industry-wide opposition to the President's budget request for this fiscal year, which had proposed funding levels insufficient to renew Section 8 contracts and eliminated funding for certain community development programs, NAHMA welcomes the much-needed boost for Project-based Rental Assistance (PBRA) and other programs outlined in the following pages.

Project-Based Rental Assistance (PBRA)

The omnibus bill provides \$13.465 billion for project-based rental assistance (PBRA), an \$823 million increase over last year’s funding level. The bill provides \$350 million for PBCA oversight. NAHMA continues to monitor the PBCA process closely. The Committee Report directs HUD “to ensure that any solicitation for PBCA does not impede housing finance agencies from bidding on State-based contracts.”

Housing and Urban Development Fiscal Year 2021 Appropriations Act (\$ in millions)		
HUD Programs	Last Year (FY20)	FY21 Enacted (Current)
Tenant-Based Rental Assistance	23,874	25,777
<i>Contract Renewals</i>	<i>21,502</i>	<i>23,080</i>
Project-Based Rental Assistance	12,570	13,465
Housing for the Elderly (Section 202)	793	855
<i>Capital Advance</i>	<i>90</i>	<i>52</i>
<i>Service Coordinators</i>	<i>100</i>	<i>125</i>
<i>FY20 Home Modifications – Aging in Place/ FY21 Intergenerational dwelling units</i>	<i>10</i>	<i>5</i>
Supportive Housing for Persons with Disabilities (Section 811)	202	227
<i>Capital Advance</i>	<i>40</i>	<i>54</i>
Community Development Fund	3,400	3,475
HOME	1,350	1,350

Tenant-Based Rental Assistance – Housing Choice Vouchers (HCV)

The omnibus spending bill provides \$25.777 billion for tenant-based rental assistance (or Housing Choice Vouchers, HCV), an increase over FY20 enacted levels and significantly more

than requested by the Administration. The increased funding provides \$23.080 billion for voucher renewals.

Housing for the Elderly, Section 202

HUD Section 202, Housing for the Elderly, received \$855 million, an increase over FY20 enacted levels. The bill provides \$52 million for new capital advances and project-based rental assistance contracts, up to \$125 million for service coordinators and the continuation of existing congregate service grants, and \$5 million for intergenerational dwelling units. NAHMA and industry partners continue to advocate for each of these improvements to the 202 program and applauds the much-needed support for elderly housing. The Integrated Wellness in Supportive Housing (IWISH) program is also extended in this bill. The Committee Report also directed HUD to “evaluate methodologies to improve the PRAC/SPRAC contract renewal process, identify existing funding and administrative mechanisms to assess the scheduling of renewal anniversary dates to more effectively meet the renewal need, and report to congressional committees.”

Housing for Persons with Disabilities, Section 811

Similar to Section 202, HUD Section 811 receives new capital advance funding (\$54 million) under the omnibus bill. Overall, the program funding is increased to \$227 million in FY21 from \$202 million in FY20.

HOME Investment Partnerships Program and the Community Development Fund

After being targeted for elimination under the President’s FY21 budget request, both the HOME and Community Development Block Grant (CDBG) programs remained funded, with CDBG receiving a slight increase under the omnibus spending bill: Funding for HOME remains flat at \$1.350 billion, and the funding for the Community Development Fund is \$3.475 billion.

2. Appropriations for USDA Rural Housing Programs

USDA – Rural Development Fiscal Year 2021 Appropriations Act (\$ in millions)		
RHS Programs	Last Year FY20	FY21 Enacted (Current Year)
Section 521 Rental Assistance	1,375	1,410
Section 515 Rental Housing Direct Loans	40	40
Multifamily Revitalization	60	68
Preservation Demonstration	28	28

Section 542 Rural Housing Vouchers	32	40
Section 538 Loan Guarantee	230	230

In the FY21 omnibus, some of USDA’s rural housing programs also see an increase over Fiscal Year 2020 enacted levels. The funding levels are sufficient to renew existing affordable housing contracts.

Section 521 Rental Assistance (RA)

The omnibus bill provides \$1.410 billion for the Section 521 Rental Assistance (RA) program, which represents a slight increase from the previous year.

Section 515 Rental Housing Direct Loans

Lawmakers continue to pay more attention to the impending number of Section 515 properties that are reaching their mortgage maturity dates. The omnibus maintains the \$40 million funding level from last year’s enacted level.

Multifamily Revitalization and Rural Housing Vouchers

Despite the Administration’s request to zero out funding for the Multifamily Revitalization Program, the omnibus bill provides a slight increase to the program. The new total funding level of \$68 million maintains \$28 million for the Preservation Demonstration, while funding for Rural Housing Vouchers is increased to \$40 million.

Lastly, the Section 538 Loan Guarantee remains flat at \$230 million.

3. COVID-19 Relief Legislation

As stated earlier, a \$900 billion COVID-19 relief bill was included with the FY21 appropriations package. The following are some economic and housing-related highlights of this pandemic relief package, as outlined in the bill. A full summary of all provisions are available [HERE](#).

Support for small business: Includes over \$284 billion for first and second forgivable PPP loans; expanded PPP eligibility for nonprofits and local newspapers, TV and radio broadcasters; key modifications to PPP to serve the smallest businesses and struggling non-profits and better assist independent restaurants; and \$15 billion in dedicated funding for live venues, independent movie theaters, and cultural institutions. The agreement also includes \$20 billion for targeted EIDL Grants which are critical to many smaller businesses on Main Street.

Community Development Financial Institutions and Minority Depository Institutions:

Includes dedicated PPP set-asides for very small businesses and lending through community-based lenders like Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs); \$9 billion in emergency U.S. Treasury capital investments in CDFIs and MDIs to support lending in low-income and underserved communities, including

persistent poverty counties that may be disproportionately impacted by the economic effects of the COVID–19 pandemic; and \$3 billion in emergency support for CDFIs through the CDFI Fund to respond to the economic impact of the pandemic on underserved low-income and minority communities.

Rental assistance: Includes \$25 billion in emergency rental assistance and an extension of the CDC eviction moratorium to January 31, 2021. Regarding rental assistance, the bill states, “Funds would be required to be allocated to state and local governments (“grantees”) within 30 days of enactment. Eligible households are defined as renter households who: (1) have a household income not more than 80 percent of AMI; (2) have one or more household members who can demonstrate a risk of experiencing homelessness or housing instability; and (3) have one or more household members who qualify for unemployment benefits or experienced financial hardship due, directly or indirectly, to the pandemic. Assistance would be prioritized for renter households whose incomes do not exceed 50 percent of AMI as well as renter households who are currently unemployed and have been unemployed for 90 or more days. Financial assistance provided under this section is non-taxable for households receiving such assistance.”

Strengthens the Low Income Housing Tax Credit: Provides a permanent 4 percent rate floor for calculating credits related to certain acquisitions and housing bond-financed developments for purposes of the low-income housing credit. It also includes a \$1.2 billion allocation of disaster LIHTC authority for the 11 states and Puerto Rico that experienced non-COVID-19 major disasters in 2020.

Direct payment checks: Includes a new round of direct payments worth up to \$600 per adult and child.

Enhanced Unemployment Insurance benefits: Prevents the expiration of Unemployment Insurance benefits for millions and added a \$300 per week UI enhancement through March 14, 2021 (or April 5, 2021 if individual has not reached maximum number of weeks).

Carbon Monoxide Alarms or Detectors in Federally Assisted Housing. Authorizes \$300 million over three years to support a new requirement to install and maintain carbon monoxide detectors in federally assisted housing.

4. Conclusion

Although long overdue and only narrowly avoiding another devastating government shutdown, the year-end legislative package represents a significant achievement for the affordable housing industry. NAHMA has strongly advocated for the emergency rental assistance, expansion of LIHTC, and program funding increases in the bill. While we applaud Members of Congress for rejecting drastic program cuts and enacting bipartisan legislation to help families and businesses during the pandemic, more assistance is needed. We ask that NAHMA members continue to advocate for pandemic relief funding. NAHMA will keep members updated as future negotiations unfold throughout the new 117th Congress and President-elect Biden Administration.