

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

National Affordable Housing Management Association – 400 N. Columbus Street, Suite 203 - Alexandria, VA 22314
Phone 703-683-8630 - Fax 703-683-8634 - www.nahma.org



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Fiscal Year 2005 Consolidated Appropriations Act (HR 4818)

Background

This NAHMAanalysis is an update to NAHMAanalysis 2004-1004. This analysis reflects the FY 2005 appropriations figures included in the Consolidated Appropriations Act (HR 4818). HR 4818 has been passed by both chambers of Congress, and the President is expected to sign the bill.

As predicted, the final VA-HUD and Agriculture Appropriations Bills were rolled into this large omnibus package. The Consolidated Appropriations Act (HR 4818) also includes the Commerce/Justice/State, Energy & Water, Foreign Operations, Interior, Labor/Health and Human Services/Education, Legislative Branch, and Transportation/Treasury bills.

The news for housing programs is not good. There are real cuts below the 2004 levels for popular programs such as HOME, Section 202, Section 811 and Section 515 Rural Housing. Worse still, the figures listed below are subject to an additional 0.83% across-the-board rescission applicable to discretionary non-defense and non-homeland security spending. Therefore, the figures listed below are likely to be further reduced. Information presented in this NAHMAanalysis was taken from HR 4818 and the accompanying conference report, H.Rept.108-792.

Summary

Key HUD Appropriations Accounts:

Housing Certificate Fund

House: The House split the Housing Certificate Fund into the Tenant-Based Rental Assistance Account and the Project-Based Rental Account. According to a press release issued by the House Appropriations Committee, the Housing Certificate Fund was split into two separate accounts for project-based Section 8 and tenant-based Section 8, “to provide better accountability and oversight.” The House bill proposed \$14,677,055,000 for the Tenant-Based Rental Assistance account, which would fund the Section 8 voucher program and related programs or activities. The Project-Based Rental Assistance account would fund the project-based Section 8 contracts and related programs such as Section 8 moderate rehabilitation,

single room occupancy contracts, and the contract administration program. For this account, appropriations of \$5,340,745,000 were proposed.

Senate: \$20,707,804,000

Administration Request: \$18,465,800,000

2004 Appropriation: \$19,257,190,000

HR 4818: According to the conference report, the bill splits the HCF into separate accounts for tenant-based and project based assistance “to provide better transparency and oversight of expenditures in these programs that now represent over fifty percent of the Department’s budget.” Discussion and funding levels follow.

Tenant-Based Rental Assistance Account: \$14,885,000,000 which includes:

- \$13,462,989,000 for voucher renewals;
- \$163,000,000 for tenant protection vouchers;
- The voucher program will continue to be budget-based;
- Annual PHA budgets will be determined by “using the average of the May, June and July 2004 Voucher Management System (VMS) data (for leasing and costs) as reported to, verified and determine to be complete by HUD.” This figure will be adjusted using the 2005 Annual Adjustment Factor;
- No recaptured or carry-over monies may be used to increase the voucher funds;
- No central fund is provided;
- No funding is provided to replenish program reserves in 2005;
- Conferees sought to avoid last year’s confusion over the funding formula by directing HUD to publish a notice implementing these tenant-based provisions within 30 days of the legislation’s enactment; furthermore, HUD must inform PHAs what their annual budgets are within 45 days of enactment;
- The conference report directs that, “HUD shall also provide agencies with flexibility to adjust payment standards are portability policies as necessary to manage within their 2005 budgets;”
- Over-leasing is prohibited; and
- This account also provides for administrative fees, Family Self-Sufficiency Coordinators, and a transfer to the Working Capital Fund (for information technology expenses).

Project-Based Rental Assistance Account: \$5,341,000,000 which includes:

- \$4,990,100,000 for project-based contract renewals;
- \$101,900,000 for performance-based contract administrators;
- Conferees assume contract amendments will be met “through the use of recaptures available in the Housing Certificate Fund...;”and
- This account also makes provisions for Moderate Rehabilitation Renewals and Administrative Costs, Section 441 Renewals and Administrative Costs, and a transfer to the Working Capital Fund (for information technology expenses).

HOME

House: \$1,920,000,000

Senate: \$2,050,000,000

Administration Request: \$2,084,200,000

2004 Appropriation: \$2,005,597,000

HR 4818: \$1,865,000,000

Section 202

House: \$741,000,000, distributed as follows:

- \$654,550,000 for new capital grants and PRACs;
- \$3,000,000 for one-year PRAC renewals;
- \$48,000,000 for service coordinators;
- \$20,000,000 for assisted living conversion;
- \$15,000,000 for predevelopment grants;
- At least \$450,000 for the Working Capital Fund.

Senate: \$773,800,000, distributed as follows:

- \$53,000,000 for service coordinators;
- \$30,000,000 could be used for assisted living conversion and for emergency capital repairs;
- \$20,000,000 for the predevelopment grants (architectural and engineering work, site control, planning);
- Limited funds provided for capital repairs of Section 202 properties.

Administration Request: \$773,300,000

2004 Appropriation: \$773,728,000

HR 4818: \$747,000,000 allocated as follows:

- \$650,550,000 for new capital grants and PRAC contracts;
- \$3,000,000 for one-year PRAC renewals;
- \$50,000,000 for service coordinators;
- up to \$25,000,000 for assisted living conversation grants and emergency capital repairs;
- \$18,000,000 for competitive Section 202 predevelopment grants (planning, design, & development);
- \$450,000 transfer to the Working Capital Fund (for information technology activities);
- Conferees noted HUD missed the August 15 deadline for submitting its report on the long-term conditions & needs of the Section 202 and Section 236 stock; the conferees have set a new deadline of December 15, 2004.

Section 811

House: \$238,000,000, distributed as follows:

- \$146,311,000 for new capital grants and PRACs;
- \$50,000,000 for renewals of expiring tenant-based rental assistance;
- \$2,349,000 for PRAC renewals;
- \$10,000,000 for incremental tenant-based 811 assistance;
- \$28,890,000 for amendments to tenant-based voucher contracts entered into before FY 2004. Authority was also provided to amend \$14,610,000 in tenant-based contracts with FY 2004 appropriated funds; and
- \$450,000 for the working capital fund

Senate: \$250,000,000

- The Senate did not lay out its recommendation for distribution of Section 811 monies, except that no less than \$75,000 would be transferred to the Working Capital Fund and up to 25 percent of appropriations could be used for tenant-based rental assistance.

Administration request: \$248,700,000

2004 Appropriation: \$249,092,000

HR 4818: \$240,000,000 to be allocated as follows:

- \$148,311,000 for new capital grants and PRACs;
- \$50,000,000 for one-year renewals of Section 811 rental assistance;
- \$2,349,000 for PRAC renewals;
- \$10,000,000 for incremental tenant-based assistance;
- \$28,890,000 for tenant-based contract amendments;
- \$450,000 for the Working Capital Fund;
- HUD is directed to issue program guidance for the Section 811 mainstream voucher program by March 15, 2005;
- Housing assistance made available under Section 811 should remain available to disabled persons upon turnover in the program.

Administrative Provisions in HR 4818

The final bill does not include provisions in the Senate VA-HUD bill endorsed by NAHMA and the Elderly Housing Coalition which would have:

- Allowed PHAs to use up to project-base up to 50 percent of their voucher funding;
- Assisted preservation by authorizing HUD to transfer project-based assistance, debt, and income restrictions to a different property; and
- Required that project-based assistance be continued for units in HUD-held property of which HUD disposes.

The backlash against student-athletes living in subsidized housing continues. Section 224 of the VA-HUD Bill reads,

“The portion of any athletic scholarship assistance that is available for housing costs shall be considered adjusted income for purposes of section 3(b)(5) of the United States Housing Act of 1937. The Secretary of Housing and Urban Development shall by notice establish criteria under which persons who receive athletic scholarship assistance may be denied housing assistance under the United States Housing Act of 1937.”

Key RHS Accounts in the Agriculture Appropriations Bill

Section 515

House: \$116,063,000; funds limited to repair and rehabilitation

Senate: \$90,000,000; permits new construction

Administration Request: \$60,000,000; no new construction

2004 Appropriation: \$115,857,000

HR 4818: \$100,000,000; no prohibition on use of appropriations for new construction

Rental Assistance

House: \$592,000,000

Senate: \$585,900,000 million

Administration Request: \$592,000,000

2004 Appropriation: \$580,554,000

HR 4818: \$592,000,000

Section 538 Loan Guarantee Program

House: \$100,000,000

Senate: \$85,960,000

Administration Request: \$100,000,000

2004 Appropriation: \$99,410,000

HR 4818: \$100,000,000

Issues of Concern to NAHMA

Obviously, NAHMA’s major concern is that this bill includes real cuts to important housing programs.

Positive Aspects of This Policy/Proposal

1. The Flexible Voucher Program (FVP) proposed in the Administration's 2005 budget request to Congress was not included in the final bill. The FVP would have converted the Section 8 Housing Choice Voucher Program to a block grant program to PHAs. It would have cut funding substantially and made major programmatic changes to the program.

Thanks to the efforts of NAHMA members and concerned industry colleagues, this proposal was rejected despite a reported last-minute, high-level push to block grant the Section 8 program.

2. Very preliminary analysis by knowledgeable industry colleagues suggests there is reason to be hopeful that appropriations for the tenant-based Section 8 may, for the most part, be sufficient to cover the costs of vouchers currently in use; however, PHAs are unlikely to have enough funds to rent to their authorized voucher levels.

3. For the third year in a row, Congress has rejected calls to stop awarding Section 515 funds for new construction.

NAHMA's position

NAHMA strongly opposes cuts to federal affordable housing programs. We believe these cuts are not only unfortunate, but are also unnecessary. Now more than ever, we must speak with a unified voice about the importance of federal housing assistance.

Interested members who wish to read the appropriations documents will find a link to the Library of Congress website on NAHMA's Legislative News webpage, which is accessible through <http://www.nahma.org/content/news.html>.