

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

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E-NAHMAanalysis 2005-0414: State and Local Housing Flexibility Act

Senator Wayne Allard (R-CO), Chairman of the Senate Banking Committee's Subcommittee on Housing and Transportation, has introduced the Section 8 voucher legislation requested by HUD. The bill is entitled the State and Local Housing Flexibility Act (S. 771). The bill is 71 pages, and the Section-by-Section analysis is 14 pages. Companion legislation has not yet been introduced in the House.

NAHMA will make more information available in the near future, and our Section 8 Task Force will play a key role in analyzing this legislation. In the meantime, here is a brief overview of the bill based on a quick skim of it and the Section by Section analysis provided by HUD as well as a briefing held yesterday evening at HUD HQ to explain the bill:

- The current Section 8 Housing Choice Voucher Program is replaced with a new grant to Public Housing Agencies (PHAs)
- PHAs are not tied to Fair Market Rents in setting payment standards
 - The idea is to let PHAs respond to local market conditions
 - HUD noted FMRs are about 2 years old by the time they are released
- 90% of the assistance must be directed to families at or below 60% of Area Median Income
 - HUD believes this change will
 - Allow the tenants to earn more income
 - Allow more people to be served (less subsidy)
 - Provide opportunities for assistance to the working poor at 35% or 40% of AMI
- Eligible uses of assistance are tenant-based rental assistance, project-based rental assistance, and homeownership assistance, self-sufficiency programs, and administrative costs
- PHAs can establish their own rent structures by choosing from a menu of options
 - Flat rent
 - Income-tiered rents
 - Percentage of Income
 - Status quo
 - Any other rent structure that includes 1 or more of the elements of the rent structures specified in this subsection"
- Families would pay a minimum monthly rental amount established by the PHA
- Treatment of elderly & disabled families
 - PHAs are required to develop a policy that would ensure the needs of assisted elderly and disabled families are met as to eligibility and rent by January 1, 2009

- Currently assisted Elderly & disabled families are exempt from the Flexible Voucher Program until January 1, 2009
- Those assisted after enactment of the bill may be exempt from the Flexible Voucher Program until January 1, 2009
 - Unless the PHA develops and implements the aforementioned policy before this date and implements it for new admissions
- PHAs may develop self-sufficiency initiatives
- Income recertifications must occur
 - At least every 2 years for families and
 - Every 3 years for elderly and the disabled
 - HUD assumes this is not inconsistent with the RHIP initiative because PHAs will continue to have income verification tools and will have the opportunity to design less complicated rent policies which, in theory, should be less prone to erroneous subsidy payments
- Unit inspections:
 - Will not have to take place prior to move-ins, but must be inspected within 60 days of a move in
 - PHAs must inspect at least 25% of its units assisted under this program annually and
 - Each assisted unit must be inspected at least once every 4 years
- PHAs may establish time limits on rental assistance
 - But elderly and disabled families are exempt.
 - Time limits must be at least for 5 years.
- Portability is restricted; according to the Section by Section analysis provided by HUD,
 - “Section 113 provides that under the flexible voucher program, a PHA may enter into agreements with other PHAs within the same state or region to facilitate the ability of transfer-eligible families to transfer their voucher assistance to another jurisdiction within the same state or region. PHAs may establish inter-state regions subject to notification and a 60 day no objection period by the Secretary. The Secretary may establish procedures to implement this section.”
- Enhanced Vouchers
 - Will still be provided to tenants when an owner opts-out, but only for 12 months
 - After a year, the tenant will receive normal assistance.
 - HUD says there will continue to be a line item for enhanced vouchers in the budget and the PHA budget will be adjusted for this.
- Flexibility is more limited for troubled PHAs
- Title II of the bill is the “Public Housing Rent Flexibility and Simplification Act” which provides many of the same flexibility options for public housing programs as proposed for Section 8
- Title III: Moving-to-Work
 - The demonstration program is made permanent
 - It grandfathered all current Moving-to-Work PHAs, and
 - Opens the program to high performing PHAs with 500 units or vouchers.