

Information from the USDA-Rural Housing Service Stakeholder Conference Call on May 22, 2013

Rental Assistance

- Rental assistance is affected by sequestration; shortfalls will occur
- With the additional Agriculture funding cuts in the FY 2013 continuing resolution, RHS has experienced a funding cut of 7.7 percent:
 - This has caused a \$65 million reduction in rental assistance for FY 2013
 - Per RHS, the amount is much larger than what can be supplemented from other accounts, plus there are limitations on moving account funds to other programs
 - The RHS has said that the impact will be limited to September 2013
- Contracts that are not funded in FY 2013 will be the first to be funded in FY 2014, which begins on October 1, 2013:
 - If contracts run out of money in August, no funding will be available in September
 - Tenants may not be evicted for the lack of rental assistance funds
 - Rental assistance not received in September will never be received, because RHS cannot use funding for FY 2014 to cover FY 2013 shortfalls
 - RHS will try to mitigate the shortfall with servicing actions
- The evaluation of property contract renewals is needed on a quarterly basis:
 - The next evaluation is planned for June 1, 2013
 - This quarterly review schedule will give Rural Development an idea of which properties will be affected by RA shortfalls
 - RHS should have a good idea which properties are affected by the 3rd week of June
- Rental assistance contracts end when money runs out – occasionally there is leftover rental assistance past the date on the contract because a higher-income tenant moves on the property
- Rural Development is examining options to make servicing tools available
 - Servicing actions listed in regulations – reserve accounts, waivers on occupancy, deferral of deposits, deferral of mortgage payments, waiver of late fees,
 - RHS' goal is to control operating costs

Plans from the Rental Policy Work Group

- Physical Inspections: the original participating states are gearing up for a second round in the pilot program; the pilot program will be expanded to another 8 to 10 states
- Financials: for rural development projects within Section 8, HUD will accept the RD report and RD will adopt the HUD audit guidelines (with some modifications)
- Income Reporting: very slowly working toward a common income certification