



**BOARD OF GOVERNORS MEETING MINUTES**  
**Sunday, March 25, 2012**  
**Renaissance Washington DC Hotel**

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La Tonya Rajah called the roll. President Martens recognized and welcomed new members of the Board, guests, and staff.

**APPROVAL OF AGENDA**

**Action:** Motion to approve the revised agenda by Renée Rooker; second by Barbara Cook. **Motion carried.**

Having no responses to President Martens' call for Associates' comments, she introduced Mr. Humphrey Mmemezi, MEC, Local Government and Housing, Province of Gauteng, South Africa, to the Board for remarks.

President Martens exercised presidential privilege and added an item to the agenda: action on a resolution in honor of Mary L. Pike, on the occasion of her retirement. It acknowledges and expresses appreciation to Mary for more than 42 years of exemplary service as a member of the NAHRO staff.

**Action:** Motion by Pamala Thompson; second by Mary Paumen to adopt the resolution honoring Mary Pike. **Motion carried.**

**APPROVAL OF MINUTES**

**Action:** Motion to approve by Dianne Hovdestad; second by Alan Styles. **Motion carried.**

- Approval of Summary: **October 25, 2011** Board and Annual Business Meeting
- Ratification of Steering Committee Action: **2/29/12 Teleconference:**  
Approved 2012 Legislative and Regulatory Agenda

**PRESENTATION OF HIGHLIGHTS/ACTIONS OF NATIONAL/STANDING COMMITTEES:**

The following committees had no action items for the Board's consideration; thus, presented highlights.

International Committee: Mary Paumen-Vice President  
Budget & Administration Committee: Dianne Quast-Chair  
Professional Development Committee: Deborah Wilson-Vice President

## HOUSING COMMITTEE -- CONSENT AGENDA

Chris Lamberty-Vice President

**Action:** Motion to approve consent agenda items by Chris Lamberty, second by Larry Hopkins. **Motion carried.**

### Principles for Public Housing Subsidy Reform

**Background:** As stated in the Administration's FY 2013 budget request, HUD has begun exploring proposals to provide PHAs with additional flexibility to use available funds to meet their individual needs. The budget proposes providing PHAs of all sizes with full fungibility between the Operating Fund and Capital Fund. The Department is also exploring proposals to consolidate the Public Housing Operating and Capital Funds. NAHRO has concerns about potential negative consequences of consolidating these funds.

**Resolution:** NAHRO supports the following principles for public housing subsidy reform:

Reforms to the public housing subsidy framework **MUST NOT:**

- Result in reduced funding for public housing.
- Result in the redistribution of funding from one PHA to another.
- Directly or indirectly force conversion from public housing to another form of assistance.
- Create additional statutory or regulatory burdens for PHAs.

Reforms to the public housing subsidy framework **MUST:**

- Affirm a commitment to funding the full cost of operations as well as accruing capital needs.
- Maintain a system by which appropriations can be measured relative to established measures of need.
- Have obligation and expenditure timelines reflective of the real estate cycle, the physical needs of each property, and the relative accrual rate of funds for small agencies.
- Be accompanied by appropriate policies that allow for the creation of reserve accounts for Public Housing operations, capital improvements, and replacement.
- Have meaningful safeguards for fees earned by PHAs' COCCs.
- Recognize the role of existing commitments and obligations including financing and energy savings contracts.
- Be accompanied by complimentary policies to maximize PHAs' ability to leverage additional resources.

## **Bedbug Infestation**

**Background:** In March 2012, HUD issued new guidelines on the treatment of bedbugs by PHAs.

**Resolution:** NAHRO opposes the provisions of PIH 2012-17 that prevent PHAs from classifying bedbug infestations as tenant created damages. NAHRO believes that responsibility should be shared between residents and PHAs and supports providing PHAs with the discretion to implement appropriate resident accountability measures.

## **MtW**

**Background:** NAHRO has been engaged in a process convened by HUD to develop a set of consensus principles to serve as the structure of an MtW title to be included in the Affordable Housing and Self Sufficiency Improvement Act.

**Resolution:** NAHRO endorses the [expansion of MtW](#) as characterized by the final consensus principles and proposals as produced by HUD and conveyed to Hill staff on March 9<sup>th</sup>.

## **Affordable Housing and Self-Sufficiency Improvement Act of 2012**

NAHRO has a number of concerns and recommendations (listed below in order of each section as they appear in the bill) relating to the “Affordable Housing and Self-Sufficiency Improvement Act of 2012” (AHSIA, January 31, 2012) regarding the following sections:

### **Section 102 – Rent Reform and Income Reviews**

**Issue:** To date, the income and rent calculation methodology in AHSSIA have not been practiced by a single PHA. Since the inception of similar reform bills in this area spanning a seven year period, the amounts of each allowance, deduction and disregard by household type have changed significantly.

**Resolution:** It is not until CBO, CRS, HUD or GAO provide an analysis of how Section 102 would likely play out in practice by: 1) household type (i.e. elderly, disabled, families with children), 2) the percentage of each household type that will be paying more or less than they do now and their attendant income to rent burdens, 3) Federal program type, 4) housing market (i.e. urban, suburban and rural); that we will be able to make an informed decision about whether to support the total effect of this section.

If possible, it would be most helpful if the impacts of the provisions contained in section 102 of the bill could be analyzed and presented in a “before and after” application of AHSSIA by:

- 1 Program type – *i.e.*, Housing Choice Voucher, Public Housing and Section 8 Project-Based Multi-Family programs, and
- 2 Household type – *i.e.*, elderly households, non-elderly disabled households, non-elderly / non-disabled households, and non-elderly / households with children with child care expenses

It would be helpful also to know if impacts vary significantly by state or territory and between metropolitan and non-metropolitan areas. We are also interested in knowing if under the provisions of Section 102 of the bill, there would likely be a significant income to rent burden on any particular category of tenants affected by these changes within the Federal programs covered by the bill, and if so, the probable extent of such hardship.

**Issue:** A provision of Section 102 of the bill titled, “Impact on Public Housing Revenues – Adjustments to Operating Formula” allows but does not require HUD to make appropriate adjustments to a PHA’s Public Housing Operating Fund formula income if the income and rent provisions result in a material and disproportionate reduction in the rental income of a PHA during the first year of implementation. The bill does not contain a similar provision relating to Section 8 tenant-based and project-based programs.

**Background:** Section 102 would revise in significant respects, the manner in which tenant income and rent are calculated under the Section 8 rental assistance programs and Public Housing. If enacted, the income and rent provisions of the bill would apply to all agencies would affect as many as 4.2 million extremely-low, very-low and low-income households in these three programs. In practice, the income and rent provisions in the bill for households assisted in Section 8 Tenant-Based, Project-Based and Public Housing programs, would also interact with LIHTC, HOME TBRA as well as other state and locally funded programs modeled on the existing Section 8 voucher program.

**Resolution:** NAHRO is interested to learn what the financial impacts of Section 102 would have on rent revenues in Public Housing and Section 8 Project-Based Rental Assistance as well as on Housing Assistance Payment costs in Section 8 tenant-based programs. Obviously, we would like Section 8 Tenant-Based and Project-Based programs to be added to this provision and to require HUD to make these adjustments rather than making it optional.

The bill allows but does not require HUD to make appropriate adjustments to a PHA’s Public Housing Operating Fund formula income if the income and rent provisions

(described above) result in a material and disproportionate reduction in the rental income of a PHA during the first year of implementation. The bill does not contain a similar provision relating to Section 8 tenant-based and project-based programs.

The bill requires HUD to submit to Congress, in the first two years after enactment, reports identifying and calculating the impact of these income and rent provisions on costs and revenues for: 1) public housing program's; 2) Section 8 Housing Choice Voucher program and 3) Section 8 Project-Based Rental Assistance (PBRA). If such report identifies a material reduction in the net income of PHAs nationwide or a material increase in the costs of funding for Section 8 Voucher or PBRA programs, HUD must include in its report to Congress the Department's recommendations for legislative changes to reduce or eliminate such a reduction. We believe that the amended provision described in the previous paragraph regarding adjustments, would be a requirement of HUD each year AHSSIA is in effect.

### **Interim Re-certifications for Households with Earned Income**

**Issue:** In terms of decreases in earned income and/or increased deductions for households (who do not have fixed incomes of 90 percent or more of their income), PHAs would be required to lower their rent accordingly during the twelve months from the effective date of their last annual recertification in the same dwelling unit. The one exception to this requirement is in the last three months of a household's annual recertification, where a PHA may elect not to conduct such a review for income decreases and/or increased deductions of 10 percent or more.

Under the bill, for households (who do not have fixed incomes of 90 percent or more of their income), there will be no interim rent increases based on a household's increase in earned income, unless the household received an interim rent reduction based on their reported decreases in earned income and/or decreased deductions during the twelve months from the effective date of their last annual recertification in the same dwelling unit. In other words, the bill would enable assisted households a twelve-month grace period on currently received earned income, before a PHA would be allowed to include any additional earned income in their rent share (or voucher homeownership payments). Each year between annual re-certifications in a given assisted dwelling unit, the bill would mandate that assisted households with earnings who experience an increase in income and/or decrease in deductions, receive a twelve-month grace period before their increased income and/or decreased deductions could be counted by a PHA in their rent calculations.

Over a twelve month period households may remain in occupancy at an assisted dwelling unit, or they may transfer from one assisted dwelling unit to another. It is unclear to us from the language in AHSSIA, if within a twelve month period described above, a voucher-assisted household who transfers from one assisted- dwelling unit to another, as opposed to remaining in the same assisted-dwelling, whether PHAs would

be allowed or prohibited from capturing a households' income increase or reduced deductions/allowances as of the effective date of their new assisted dwelling lease.

The bill also appears to be silent on how changes in household composition interact with the other provisions in this section. Under current program rules, if a change in household composition allowed under the statute, regulations and a PHA's discretionary policies in its administrative plan, results in an increase in household income each PHA may choose whether or not to capture the income with a thirty-day advanced notice of increased household rent share, and is mandatory for changes resulting in decreases in household income with lowered rent shares taking effect the first of the month.

It appears to us that the above provisions in the bill would take away existing discretionary authority PHAs have to capture household income for housing-assisted households with seasonal and sporadic income in a way that "annualizes" their income accurately and in an efficient manner.

Based on our current understanding, we believe that the combination of the two provisions described above would eliminate an important area of PHAs' existing discretionary authority on interim increases in household income as well as lead to increases in PHAs' Housing Assistance Payment costs. If this occurs, PHAs that previously captured increases in household income as under their discretionary interim re-exam policies and/or at the time a household transferred to another assisted dwelling unit, will likely result in their being able to serve fewer families and/or having to increase households' income to rent burdens up to HUD's existing "affordability standard" in voucher programs.

**Resolution:** In determining the income for any household (who does not have a fixed income of 90 percent or more of their income) based on their prior year's income, NAHRO believes that a PHA or owner should have the discretionary authority to make other adjustments as it considers appropriate to reflect a household's current income, with respect to a PHA or owner's prior year calculations of income.

**Resolution:** In terms of decreases in earned income and/or increased deductions for households (who do not have fixed incomes of 90 percent or more of their income), NAHRO believes that PHAs should not be required to lower their rent accordingly during the twelve months from the effective date of their last annual recertification (regardless of whether it is in the same dwelling unit or as part of a transfer of unit/relocation). The one exception to this requirement in AHSSIA is in the last three months of a household's annual recertification, where a PHA may elect not to conduct such a review for income decreases and/or increased deductions of 10 percent or more.

### **Earned Income Disregard for Public Housing Households**

**Issue:** A summary of AHSSIA states that the bill it would eliminate the existing Earned Income Disregard (EID) for Public Housing households ([http://www.hud.gov/offices/pih/phr/about/ao\\_faq\\_eid.cfm](http://www.hud.gov/offices/pih/phr/about/ao_faq_eid.cfm)).

Unless there have been revisions to previous iterations of the bill, our consultations with Congressional staff regarding earlier versions of the bill resulted in our understanding that the existing Earned Income Disregard in place since the “Quality Housing and Work Responsibility Act of 1998” would remain in effect in addition to the new 12 month grace period households (who do not have fixed incomes of 90 percent or more of their income). If our understanding is correct, this would likely result in two different earned income disregards that would complicate PHAs’ administration of both provisions, and likely lead to increased improper payment errors.

**Resolution:** NAHRO supports eliminating the Earned Income Disregard in current law, in favor of an earned income disregard that is less complicated to administer and would have more effective outcomes for applicable households. We welcome the opportunity to discuss this with you.

### **Excluded Amounts**

**Issue:** Currently, PHAs are required to capture food stamp information/documentation, enter it into HUD’s household level data systems and then exclude it from all of their calculations. We hope that the record keeping exemption in AHSSIA will eliminate the necessity for PHAs to go through this labor intensive exercise.

**Resolution:** Although there is a provision in AHSSIA that gives HUD the opportunity to define other excluded amounts from household income and another provision regarding exemptions to PHAs’ record keeping, NAHRO would like to make sure that food stamp income will remain excluded from tenant income.

### **Permissive Deductions vs. Permissive Exclusions of Household Income**

**Issue:** The bill contains a provision (which would enable PHAs to include other permissive deductions at their discretion, except that HUD must establish procedures to ensure that such deductions do not materially increase Federal expenditures. This provision could conceivably enable individual PHAs to maintain at their discretion, a permissive Earned Income Disregard in Public Housing and/or expand it to PBRA-assisted households and HCV-assisted households under a budget-based funding formula. This provision would come at the expense of a given PHA’s HAP and/or HAP

Reserve funds. Including existing deductions letting alone PHAs adding additional deductions albeit on a discretionary basis, poses complications and risks to PHAs because they tend to complicate the income and rent calculation process leading to improper payments.

**Resolution:** NAHRO supports PHAs having discretionary authority to provide exclusions from household income as stipulated in their PHA Plans and Administrative Plans. One example of this would be excluding court ordered child support (garnished or paid) by the payer, from household income. This recommendation would give PHAs a greater measure of “rent simplicity” than providing them with permissive household income deductions.

**Resolution:** NAHRO staff are directed to review the existing statutory and regulatory language regarding HUD providing PHAs with the ability to exclude court ordered child support (garnished or paid) by the payer from household income, subject to appropriations for this purpose.

### **Minimum Tenant Rent Contribution**

**Issue:** The bill updates current statute to reflect the minimum rent contribution requirement. The amount would change from an amount to be determined by HUD between \$25 and \$50 to \$69.45, and indexes that number to inflation annually. Under the bill, PHAs would be required to charge applicable households a standard minimum rent of \$69.45, instead of not charging a minimum rent or charging a minimum rent in different amounts up to \$69.45. At their discretion, some PHAs currently charge minimum rents and others do not. Specifically, HUD found that in 2010 approximately 27 percent of PHAs chose not to charge a minimum rent. Some PHAs currently charge the maximum minimum rent allowed, and others charge lesser minimum rent amounts. Overall, the hardship exemptions as currently constituted are administratively time consuming.

**Resolution:** If there is going to be a change to the minimum tenant rent provision in current law, NAHRO recommends retaining PHAs’ existing discretionary authority to charge up to the maximum minimum tenant rent, and making the minimum rent a whole dollar amount (i.e. \$70). We would also support indexing the maximum minimum rent amount to inflation and stating that when the inflated amount reaches a whole dollar value in ten dollar increments, PHAs can then charge up to the new inflated amount (i.e. \$80).

### **Section 103 - Eligibility for assistance based on assets**



**Issue:** In Sec. 103(1) (B) of the bill, a family cannot receive assistance who owns a home. The language says, “has a present ownership interest in,” “has a legal right to reside in,” “has the effective legal authority to sell, real property that is suitable for occupancy by the family as a residence.”

**Resolution:** We would like to get clarification about the operational definition of the word “suitable” in how it would be applied in practice. For example, a PHA receives an application from a person(s) who owned a home in another state that they were renting out. The applicant “owned” it, had the “legal right” to live in it, had the “legal authority” to sell it, and it was clearly a residence. However, we would like clarification about whether this example would meet the bill’s definition of “suitable,” given that the applicant would have to move to another state in order to live in it.

### **Rent Simplicity**

**Issue:** There is already a very similar rent reform demonstration in AHSSIA under Section 302 – “Research Demonstration to Evaluate Options for Taking Economic Security Initiatives to Scale in Subsidized Housing.” Both rent demonstrations in Section 102(g) and Section 302 feature systems in which families pay amounts different from 30 percent of their adjusted income for rent.

In difficult economic times when PHAs are not receiving 100 percent pro-rations of Public Housing Operating Funds and having their Operating Fund Reserves substantially reduced, or experiencing 74 percent pro-rations in ongoing administrative fees, giving PHAs the option to require increased amounts of rent revenues from Public Housing-assisted households while not charging them more than 30 percent of their income would be a modest but important and prudent measure. Other benefits of enabling PHAs to choose among alternative rent options under the rent reform options from HR 1851 for eligible households, is that it would reduce the amount of administrative work PHAs have to do (and would have to do under non-MtW income and rent calculations in the “Affordable Housing and Self-Sufficiency Improvement Act of 2011.” Unlike income-based rents, the flat rent system for eligible households for example, does not encourage residents to underreport income so as to minimize rent payments, including discouraging households from adding another working adult to their lease. Last but not least, using a flat rent for eligible households that results in contract rents well below any other private market unassisted rental housing in the area, provides assisted households to pay rent based on the PHAs’ costs to operate and maintain a rental unit which is closer to the experience of unassisted renters than the current rent structure. This experience provides an important transition for households into the unassisted housing market.

**Background:** The bill permits, but does not require, HUD to administer a demonstration program to start within a year from enactment of the bill, for a limited number of households to determine the effectiveness of different policies which include providing income disregards, family self-sufficiency accounts, and policies under which families pay amounts different from 30 percent of their adjusted income for rent, to encourage families to obtain employment, increase their incomes and achieve self-sufficiency. The demonstration would test the effectiveness of 1) ceiling rents that are based on the rental value of the unit; 2) income tiered tenant rents where the amount a household pays for rent is established on broad tiers of income with annual adjustments; and 3) the amount of rent a household pays is reduced through an income disregard of a portion of the amount or percentage of their earned income. This rent demonstration must include PHAs of various sizes, including small PHAs.

Given that another rent demonstration already exists in AHSSIA through Section 302 that is very similar to Section 102 of the bill, the bi-partisan rent reform program from HR 1851 ensures that households' rents would conform to the "Brooke Amendment," PHAs could opt-into such a rent structure without having to compete to utilize them under a new demonstration, and PHAs could avail themselves of these rent structures as a non-MtW agencies, NAHRO supports inclusion of these rent reform provisions under HR 1851 instead of the rent demonstration - Section 102(g) – in AHSSIA.

If adopted, the rent reform program from HR 1851 would still enable HUD to study households' rent structures for PHAs that opt into this rent reform program, but PHAs would not have to be held up by this third demonstration. HUD can hold up the process and make substantive changes to the rent reform designs or options PHAs would have available to them. For example, HUD PIH instituted a simplified and uniform household data collection system for MtW agencies' (50058 and 50059 household forms) about five years ago, and then HUD PD&R started about two years ago to develop a research design to study MtW agencies which would illustrate the impacts of MtW agencies' various household interventions regarding income and rent calculations as well as other measures. There is no indication that HUD's study of MtW agencies is anywhere near close to starting let alone new MtW study reports being published for lawmakers and other program stakeholders.

Even though it is more limited in scope than the rent reform demonstration (Section 302 in AHSSIA), we believe it will provide a promising avenue for some agencies to avail themselves of alternate income and rent structures in a timely manner, instead of having to wait for the results of another rent demo study (in addition to HUD's existing rent demos described below) that may not even be designed in a way that works in their local communities.

HUD's May 2010 analysis of rents and rent flexibility in HUD's study titled "Study of Rents and Rent Flexibility" (described below) includes a number of findings including but not limited to:

- Public Housing-assisted households are opting for flat-rate rent payments at increasing rates. In 2008, 15 percent of assisted households chose a flat rent, compared to 10 percent in 2004 and 6 percent in 2001;
- In 2008, about two-thirds of flat rents (69 percent) were set at less than half the FMR; and
- Households that pay flat rent tend to be employed and have higher incomes. In 2005, their average income was \$28,150, compared to \$9,426 for other assisted households.

Under a contract with Abt Associates, Inc., HUD first published a study titled, “Use of Flat Rents in the Public Housing Program” in July 2008 in its CityScope periodical (<http://www.huduser.org/periodicals/cityscope/vol10num1/ch4.pdf>).

HUD’s First Rent Reform Demo - On May 26, 2010 HUD published its “Study of Rents and Rent Flexibility”

([http://www.huduser.org/publications/pdf/Rent%20Study\\_Final%20Report\\_05-26-10.pdf](http://www.huduser.org/publications/pdf/Rent%20Study_Final%20Report_05-26-10.pdf)). HUD’s study examined:

- Alternatives to the present income-based rent structure explored in this study include a flat-rent or flat-subsidy system wherein all households, regardless of income level, would pay the same amount.
- A second approach would set rents at a low level that increases with each year of assistance, and subsidies for voucher holders would start high and decrease with each year of assistance.
- A hybrid system would feature a flat rent up to a certain income threshold and then charge a percentage-of-income rent above it. For example, a model considered in the study charged a flat rent of \$150 per month to households earning less than \$6,000 annually; households exceeding this threshold paid an additional percentage-of-income rent.

It is worth noting that HUD’s study design, included a random stratification of sample PHAs to ensure that they were representative—by region of the country, PHA size, and rental market prices—of PHAs with at least 500 combined units operating in metropolitan areas and included a wide range of impacts. HUD’s Policy and Development and Research (PD&R) team also made extensive use of an Office of Public and Indian Housing Information Center (PIC) data set that contained income, rent, and demographic information for a representative sample of 5 percent of nonelderly, non-disabled public housing and voucher recipients from 2003 to 2008. HUD’s research team used the data for simulating effects of alternative rent structures on rent burden

and for providing factual information on rents, FMRs, and payment standards. They matched the PIC sample with Census data on neighborhood characteristics for analysis of PHA-specific policies. Finally, HUD used American Housing Survey (AHS) and Census data to provide nationally representative information on low-income unassisted households, the characteristics of neighborhoods where assisted households live, and context for the income and housing situation of assisted households.

In HUD's Fiscal Year 2010 Appropriations Act, Congress enacted the Transformation Initiative (TI), which made up to one percent of program funds available for (1) research, evaluation, and program metrics; (2) program demonstrations; (3) technical assistance; and (4) information technology. By in large, funding for HUD's Transformation Initiative came out of HUD's program funds (i.e. Section 8 HCV, Public Housing, CDBG, etc.) and are for multiple years' funding. In FY 2010 HUD received \$258 million and \$245 million in FY 2011 for a total of \$503 million.

HUD's Second Rent Reform Demo - Under its Transformation Initiative HUD is currently launching another rent demonstration called the "Rent Reform Demonstration Small Grant Research Program" (OMB Control No: 2528-0277). HUD's new rent reform demonstration will also study the present income-based rent structure, a flat-rent structure, a tiered rent structure, and a hybrid system using a flat rent up to a certain income threshold and then charge a percentage-of-income rent above it. In Fiscal Year 2012, HUD states that the Department's purpose this effort is to provide funding to support research that will build upon a larger social experiment funded by HUD. Awardees will be selected through a competitive process, announced through a Notice of Funding Availability (NOFA).

HUD's Third Rent Reform Demo - The rent reform and income review provisions currently contained in the "Affordable Housing and Self-Sufficiency Improvement Act of 2011" – 1/13/02 version ), would create a third demonstration and study of: 1) flat rents 2) ceiling rents; and 3) conditional cash transfers tied to achieving certain goals such as full-time work. As rent demo is drafted, it would likely not allow participating PHAs to choose the own income and rent design within each rent structure option allowed under the demonstration. Instead, it would likely feature HUD-established rent designs within each rent structure option.

**Resolution:** NAHRO supports a bi-partisan "rent simplicity" program (not a demonstration) that was included in a previous version of the "Section Eight Voucher Act of 2007" (pages 13- 16 of HR 1851) would enable PHAs to establish: 1) a ceiling rent for each dwelling unit that it owns and operates based on the rental value of the unit, 2) a ceiling on the amount of the tenant contribution toward rent required of a family provided tenant-based assistance; and such ceiling rent and tenant contribution are adjusted periodically on the basis of an inflation index or a recalculation of the rental value of the unit (which may be recalculated by unit or by building); 3) an income-tiered tenant rent structure in which the amount of rent a family shall pay is set and

distributed on the basis of broad tiers of income and such tiers and rents are adjusted on the basis of an annual cost index except that families entering public housing shall not be offered a rent lower than the rent corresponding to their income tier; or 4) a tenant rent structure in which the amount of rent a family must pay is based on a percentage of their income, except that lower percentages may apply only with respect to earned income. Such a rent structure may provide for an amount of rent based on a calculation of earned income that provides for disregard of a higher percentage or higher dollar amount, or both, (than the family's prior year earned income minus an amount minus and amount equal to 10 percent of the lesser of their prior year earned income or \$10,000.) NAHRO supports modifying this "rent simplicity" provision to enable each PHA to calculate the current average monthly adjusted income to housing costs by household type (i.e. elderly, disabled, families with children) before converting to "rent simplicity" method using percent of gross annual income with no deductions, allowances, etc. for all households of a particular household type, rather than on a household by household basis.

### **Section 106 - PHA project-based assistance**

#### **Percent of units that can have project-based assistance in an agency's voucher portfolio**

**Issue:** The provision of AHSSIA regarding the percent of units that can have project-based assistance in an agency's voucher portfolio, would allow a PHA can project-base up to the greater of 20 percent of their authorized vouchers, plus an additional 5 percent for units (totaling 25 percent) for: individual or family homeless populations that meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act 7 (42 U.S.C. 11302) that house families with veterans, and disabled persons that require supportive services, and to provide project-based voucher assistance for units located in areas where tenant-based vouchers are difficult to use which would be defined by HUD. HUD may, by regulation, establish additional categories for this exception.

**Resolution:** Previous versions of this bill defined areas where tenant-based vouchers are difficult to use under HUD's existing definition of "success rate payment standard," as PHAs that: 1) established its payment standards at 110 percent of the 40th percentile FMR for a period of at least six months; and 2) established a policy of granting automatic extensions of voucher terms to at least 90 days; but 3) notwithstanding these actions, the PHA still has less than a 75 percent voucher holder success rate in finding and leasing units. This definition of a tight housing market where tenant-based vouchers are difficult to use already has existing regulations and implementation for PBV program stakeholders. Creating an open-ended definition subject to formulation by HUD is unnecessary and given the Department's slow track record for implementing regulations

would be imprudent. We recommend restoration of the above definition of units located in areas where tenant-based vouchers are difficult to use.

**Resolution:** NAHRO recommends exempting Public Housing assisted households in a development that is converted into Section 8 Project-Based Voucher Assistance, from the percentage of their voucher portfolio that they can project-base. In addition, we recommend that PHAs' with existing PBV contracts from conversions of Public Housing, are "grandfathered."

### **Downward HAP Pro-rations**

**Issue:** Under AHSSIA, an initial housing assistance payment contract between a PHA and the owner of a project may be up to 20 years (compared with 15 years under current law), subject to the availability of sufficient appropriated funds for the purpose of renewing expiring PBV contracts for assistance payments, as provided in appropriation Acts and in the agency's annual contributions contract (ACC) with HUD. In the event of insufficient appropriated HAP funds, payments due under PBV contracts must take priority if other cost-saving measures that do not require the termination of an existing contract are available to the agency. Currently, if PHAs' receive downward pro-rations in HAP funds for their tenant-based voucher programs, one of the measures available to PHAs to help prevent them from having to terminate HAP contracts and leases on behalf of existing voucher-assisted households, is to lower their voucher payment standards for newly admitted households upon turnover and for households relocating from one unit to another with the benefit of voucher assistance. In those instances, participants in the tenant-based voucher program pay between 30 – 40 percent of their income towards rent and utilities. Even though the PBV program is a subset of the tenant-based voucher program, all PBV-assisted households must pay no more than 30 percent of their income towards rent and utilities. In other words, when there is a downward pro-ration in HAP, tenant-based voucher households described above, bear the full brunt of downward pro-rations.

**Resolution:** NAHRO understands and appreciates how important it is that PBV HAP contracts receive 100 percent HAP pro-rations, even if the level of HAP appropriated funds results in a downward pro-ration below 100 percent. However, PHAs that utilize a greater percentage of their portfolios to PBV assistance will be disproportionately harmed in their tenant-based voucher programs as a result of this provision in AHSSIA. In addition to the language in the bill, NAHRO recommends that PHAs also be provided the authority to help make-up for downward pro-rations in HAP funds overall, to also opt to raise PBV-assisted households Total Tenant Payment (TTP) from 30% of their monthly adjusted income to between 30 – 40 percent of their monthly adjusted income like the tenant-based voucher program. Clearly this is a measure that would only be implemented under downward pro-rated HAP funds, as way for all PHAs' program participants to share the burden of such action. Absent this change, PHAs that may

have considered utilizing and/or increasing the percentage of their units under the PBV program would face significant financial disincentives in doing so.

### **Income Mixing**

**Issue:** The bill allows PHAs to attach project-based voucher assistance to 100 percent of dwelling units for projects that serve elderly populations, and persons that require supportive services. However the bill does not appear to also exempt units designated for disabled households or for FSS participants who are receiving supportive services.

**Background:** Under § 983.56(b), units in a multifamily building that are occupied by the elderly, families with disabilities, or families receiving supportive services are exempt from the overall 25 percent cap. HUD's final rule revises § 983.261 in accordance with § 983.56 to expand the exemption from families with a contract of participation in the statutory FSS program under 42 U.S.C. 1437u to units made available to all families receiving supportive services as stated in § 983.57(b)(2)(ii). A family is "receiving supportive services" if it has at least one member receiving at least one such service. If a family successfully completes its supportive services program, the unit remains an excepted unit as long as the family resides in the unit. If a family fails to complete its FSS or other supportive services participation, or no longer has a member qualifying as elderly or disabled, the family must vacate the unit in a reasonable time established by the PHA and the PHA shall cease paying housing assistance on behalf of the non-qualifying family. In the case of a partially assisted building, the owner has the choice of substituting a different unit in accordance with 983.206(a) or terminating the lease. The assistance for a family that is not in compliance with its obligations, such as non-completion of its FSS program without good cause, shall be terminated by the PHA.

**Resolution:** NAHRO recommends retaining HUD's existing treatment that except for units designated for families that are elderly, disabled, or receiving supportive services (including FSS participant households), no more than 25 percent of units in a project may have project-based voucher assistance.

We recommend retaining the current HUD practice that allows project-basing at 100 percent of vouchers at a project for any household designated as elderly, disabled or receiving supportive services. We recommend adding to this exception, project-based VASH housing where the VA is providing supportive services as a condition to receiving the housing assistance. For example, one of our PHA members has been approached by the VA to project base 80 of its HCV for a new development where veterans will live. The development includes 7,000 sq. ft. of space for gym/fitness center and a community room. Also, the VA will lease 10,000 sq. ft. on the 2nd floor to provide a full continuum of supportive services for the residents (case management; vocational rehabilitation; mental health and primary medical care). While the current VASH regulations allow for 100 percent project-basing of its VASH vouchers, this PHA will be using a certain portion



of their regular HCV vouchers to project base the development up to the 100 percent. We believe these types of supportive services should qualify under the exemption to project base for the long-term.

**Resolution:** NAHRO recommends exempting Public Housing assisted households in a development that is converted into Section 8 Project-Based Voucher Assistance. In addition, we recommend that PHAs' with existing PBV contracts from conversions of Public Housing are "grandfathered."

### **Section 8 Project-Based Vouchers**

**Issue:** We recommend for purposes of project-basing vouchers, in instances where a property that is owned or substantially controlled by a PHA such as Public Housing, that the project is exempted from the competition provisions requiring PHAs to compete with themselves for the ability to project-base their vouchers. One of our PHA members just received HUD Special Application Center (SAC) approval to "dispose of" 100 public housing units, which they will convert to Section 8 Project-Base Vouchers PBV. Currently, they have to run an open competition, submit a proposal, award the PBVs to themselves, and then send the proposal and selection process documentation to the local HUD office for approval. It is a make-work exercise, in an era of very limited voucher administrative fees and Operating Funds.

**Resolution:** NAHRO supports inclusion of the following legislative language:

"PHA PROJECT-BASED ASSISTANCE. Paragraph (13) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f (o) (13)) is amended— (8) by adding at the end the following new subparagraph:

“(P) STRUCTURE OWNED BY AGENCY.—A public housing agency that, as part of an initiative to improve, develop, or replace a public housing property or site, otherwise has the authority to attach assistance to an existing, newly constructed, or rehabilitated structure in which the agency has an ownership interest or which the agency has control of, may attach such assistance without following a competitive process, but only if the agency includes such initiative in its public housing agency plan under section 5A. The preceding sentence may not be construed to alter the ability of a public housing agency to attach assistance to structures or to alter any requirements related to such assistance under other applicable law.”

### **Section 107 - Establishment of Fair Market Rent**

**Issue:** Few voucher program procedures affect the operation of the program and the housing opportunities of participating families more than the manner in which Fair



Market Rents are calculated. Basing FMRs on the 50th percentile of market rents allows for greater housing opportunities and lower poverty concentration, but serves fewer families with available funding that basing them on the 40th percentile of market rents (as is currently the case). Because of the importance of this factor on program performance and its impact on families, NAHRO recommends that it be the subject of specific periodic inquiry and reporting by the Secretary.

**Resolution:** NAHRO recommends that the HUD Secretary examine and report to Congress the impacts on rent burdens and poverty concentration that result from implementation of the provisions of this Act. To this end, we suggest that the following new clause (iv) be added to accomplish this: *“(iv) EFFECT OF FAIR MARKET RENT CALCULATION. – The Secretary shall examine and report periodically to Congress the effect that the applicable percentile of market rents used in the calculation of Fair Market Rents under subsection (c) of this section has upon concentrations of poverty and rent burdens.”*

**Resolution:** Listed below is a matrix comparing existing law relating to FMRs, FMR provisions in SEVRA, and language in AHSSIA. Please note that words that are bolded from SEVRA (HR 3045) underscore differences in statutory language between SEVRA and AHSSIA.

NAHRO is concerned about a number of changes in AHSSIA to the language from SEVRA, including but not limited to: striking the statutory language from AHSSIA requiring HUD to define market areas in areas sufficiently distinct as is necessary to avoid concentration of voucher holders; taking into consideration factors such as the efficient administration of the program by PHAs and the administrative costs of HUD in establishing additional areas; the availability of data for a sufficient number of dwelling units to establish accurate fair market rentals; and the ability of PHAs to adjust the payment standard to more accurately reflect typical rental costs. We are also concerned about the proposed FMR statutory changes to SEVRA, which would strike a requirement for HUD to establish procedures to permit a PHA to request the establishment of separate market areas for either all or contiguous parts of the areas under the jurisdiction of such agency. NAHRO is in favor of the statutory and report language from SEVRA regarding the FMR Section (Sec. 107) of AHSSIA.

AHSSIA would strike the language from SEVRA that required HUD to phase in large increases or decreases in the fair market rentals that result from changes in market area boundaries or other methodological changes that do not reflect actual year-to-year trends in rents by limiting such increases or decreases to not more than 5 percent each year. Please find attached NAHRO’s FMR comment letter and analysis to HUD illustrating the adverse impacts the Department’s FMR boundaries and methodology, without our recommended change, has had on communities around the country.

<b>Section 8 (c) of the United States Housing Act of 1937</b>	<b>Section Eight Voucher Reform Act (HR 3045)</b>	<b>AHSSIA</b>
<p>(c)(1)...Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section. ....</p> <p>..... (2)(A) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals</p>	<p>(a) IN GENERAL.—Paragraph (1) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(1)) is amended—</p> <p>(1) by inserting “(A)” after the paragraph designation;</p> <p>(2) by striking the seventh, eighth, and ninth sentences; and</p> <p>(3) by adding at the end the following:</p> <p>“(B)(i) The Secretary shall define market areas for purposes of this paragraph in areas sufficiently distinct as is necessary—</p> <p>“(I) to establish fair market rentals that accurately reflect typical rental costs</p> <p>of units suitable for occupancy by persons assisted under this section in communities in <b>metropolitan and non-metropolitan areas (including low poverty areas);-and</b></p> <p><b>“(II) to avoid concentration of voucher holders; while taking into consideration the factors specified in clause (ii).</b></p> <p>“(ii) The factors specified in this clause are—</p> <p><b>“(I) the efficient administration of the program by public housing agencies and the administrative costs of the Secretary of establishing additional areas;</b></p> <p><b>“(II)the availability of data for a sufficient number of dwelling units to establish accurate fair market rentals; and</b></p> <p><b>“(III) the ability of public housing agencies to adjust the payment standard to more accurately reflect typical rental costs.</b></p> <p><b>“(iii) The Secretary shall establish procedures to permit a public housing agency to request the establishment of a separate market areas for either all or</b></p>	<p>SEC. 107. ESTABLISHMENT OF FAIR MARKET RENT.</p> <p>(a) IN GENERAL.—Paragraph (1) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(1)) is amended—</p> <p>(1) by inserting “(A)” after the paragraph designation;</p> <p>(2) by striking the fourth, seventh, eighth, and ninth sentences; and</p> <p>(3) by adding at the end the following:</p> <p>“(B) Fair market rentals for an area shall be published not less than annually by the Secretary on the site of the Department on the World Wide Web and in any other manner specified by the Secretary. Notice that such fair market rentals are being published shall be published in the Federal Register, and such fair market rentals shall become effective no earlier than 30 days after the date of such publication. The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and to request, within a time specified by the Secretary, reevaluation of the fair market rental in a jurisdiction. The Secretary shall cause to be published for comment in the Federal Register notices of proposed material changes in the methodology for estimating fair market rentals and notices specifying the final decisions regarding such proposed substantial methodological changes and responses to public comments.</p>

	<p>contiguous parts of the areas under the jurisdiction of such agency. The Secretary shall consider and approve any such request using the criteria established in clause (i) and the considerations under clause (ii).</p> <p>“(iv) The Secretary shall not reduce the fair market rental in a market area as</p> <p style="padding-left: 40px;">a result of a change in the percentile of the distribution of market rents used to establish the fair market rental.</p> <p>“(v) The Secretary shall phase in large increases or decreases in the fair market rentals that result from changes in market area boundaries or other methodological changes that do not reflect actual year-to-year trends in rents by limiting such increases or decreases to <b>not more than 5 percent each year.</b>”.</p> <p>(b) PAYMENT STANDARD.— Subparagraph (B) of section 8(o)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(B)) is amended by inserting before the period at the end the following: “, except that no public housing agency shall be required as a result of a reduction in the fair market rental to reduce the payment standard applied to a family continuing to reside in a unit for which the family was receiving assistance under this section at the time the fair market rental was reduced”.</p> <p style="text-align: center;"><b><u>House Report 111–277</u></b></p> <p><i>Accurate Rentals.</i> The bill requires HUD to define fair market rent (FMR) areas as sufficiently distinct as is necessary to reflect typical rental costs and to avoid concentration of voucher holders, while taking into consideration the efficient administration of the program by PHAs and HUD</p>	<p>(b) PAYMENT STANDARD.— Subparagraph (B) of section 8(o)(1) of the United States Housing Act of 1937(42 U.S.C. 1437f(o)(1)(B)) is amended by inserting before the period at the end the following: “, except that no public housing agency shall be required as a result of a reduction in the fair market rental to reduce the payment standard applied to a family continuing to reside in a unit for which the family was receiving assistance under this section at the time the fair market rental was reduced. The Secretary shall allow public housing agencies to request exception payment standards within fair market rental areas subject to criteria and procedures established by the Secretary”.</p> <p>(c) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the date of the enactment of this Act.</p>
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	<p>administrative costs, the availability of sufficient data to establish separate FMRs, and the ability of PHAs to adjust their payment standards to reflect accurate rent levels. HUD is required to establish procedures to permit a PHA to request a separate FMR area, to be evaluated using this criteria.</p> <p>HUD is required to phase in changes in FMRs as a result of boundary changes to no more than 5 percent a year. No PHA can be required to reduce their payment standard for existing families as a result of an FMR change.</p>	
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**Sec. 108. Screening of applicants**

**Issue:** Informal Hearing with PHA Consideration of Applicant Household’s Remedial Conduct from The Denial Notice to the Informal Hearing – Under AHSSIA, any applicant or participant determined to be ineligible for admission or continued participation to the program shall be notified of the basis for such determination and provided, within a reasonable time after the determination, an opportunity for an informal hearing ([CFR 982.555](#)) (rather than informal reviews for applicants - [CFR §982.554](#) - currently required for denied applicant households) on such determination at which mitigating circumstances, including remedial conduct subsequent to the notice, must be considered. With respect to the requirement for an informal hearing following denial of admission, existing regulations (24 CFR 982.554) already prescribe minimum due process standards that require PHAs’ informal reviews.

**Background:** The number of voucher applicant households denied admission to voucher programs is considerable. Requiring “informal hearings” in the bill, will undoubtedly lead to more costly procedures similar to the public housing program’s informal hearing procedure. Although the minimum due process requirements between “informal reviews” and “informal hearings” are not significant, the administrative costs between them are considerably greater for “informal hearings.” There have been a number of court cases in recent years regarding “informal reviews.” Examination of these court cases shows that courts are making the “informal hearing” less and less informal. There was a time when PHAs received “preliminary fees” of approximately \$125 per year, to help pay for the administrative costs of all the requirements prior to an applicant household leasing up under the voucher program including offsetting the costs of applicant households denied housing assistance. Funding of “preliminary fees” was eliminated. Since that time, PHAs have had to absorb

the costs without due compensation for requirements including but not limited to informal reviews.

**Resolution:** NAHRO recommends maintaining existing law requirements as it relates to PHAs' obligations to conduct "informal reviews" for applicant households denied admission to voucher programs but not to add a new requirement that PHAs' perform informal hearings in these instances. Adding this requirement would dramatically increase PHAs' administrative costs while at the same time not adding substantively to the existing due process that denied applicants receive under HUD's existing informal review requirements. If the language regarding informal hearings remains in the bill, it will undoubtedly lead to PHAs' increased administrative costs. If that occurs, PHAs' increased fee expenses should be reflected as an add-on to the existing ongoing administrative fee formula in Section 8(q).

### **Sec. 109. Utility data**

**Background:** Currently, PHAs can apply to HUD for a waiver in order to use the utility allowance of a household's authorized voucher size if the bedroom size of their leased unit is greater than their authorized voucher size. Although this is something that HUD can do now through waiver approvals to PHAs, the Department has not done a good job of providing education to PHAs about it.

**Resolution:** NAHRO recommends a statutory change to enable, PHAs to use the utility allowance of a household's authorized voucher size if the bedroom size of their leased unit is greater than their authorized voucher size.

### **Sec. 501. Access to HUD programs for persons with limited English proficiency**

**Issue:** The bill reflects some positions taken by NAHRO in partnership with other national organizations, in a January 24, 2009 comment letter filed on HUD's initial Limited English Proficiency (LEP) guidance (attached), but not all of the important ones. For example, AHSSIA would enable HUD to charge a reasonable fee for LEP written and verbal translation services, which may be included in project costs but may not be passed along to assisted families or applicants, eliminate authorizing appropriated funds to pay for the cost of implementing the required activities, and would also eliminate a provision requiring HUD to provide an annual compliance report to Congress. In FY 2012, Congress provided \$300,000 to HUD's FHEO for such translations. As drafted, it appears that the bill would require payment of a fee to HUD by eligible entities, only for the telephone interpretation services, not the document translation service. Please know that there are currently organizations that provide the services covered in the bill for a fee.

**Resolution:** NAHRO recommends restoring the LEP provisions in earlier versions of this reform bill including: authorizing appropriated funds to pay for the cost of implementing the required activities for LEP written and verbal translation services, and a provision requiring HUD to provide an annual compliance report to Congress. If under the bill, HUD provided these translation services in the future, we would also like to make sure that PHAs would have to have the ability to continue to provide it on their own and through such services providers, and not be mandated to use HUD's translation services.

## **FAMILY SELF-SUFFICIENCY PROGRAM**

### **PHAs with Existing FSS Coordinators**

**Issue:** It appears to us that the language regarding PHAs with existing FSS Coordinator grants that are to be eligible for FSS grants at the highest number of FSS Coordinators from FY 2006 to FY 2010 (C – PREVIOUSLY FUNDED SELECT FSS PROGRAMS on Page 81, Lines 21-25, and Page 82, Lines 1-7) which NAHRO supports is superseded by the language regarding subsection on Allocation (Page 83– 84) for first priority to final priority. This is an issue that NAHRO worked with our PHA members with existing FSS Coordinators that were substantially de-funded by HUD's actions with FY 2009 FSS Coordinator grants, but properly reversed and corrected by HUD with FY 2010 and FY 2011 FSS Coordinator grants. As you know, HUD has been using the identical formula (i.e. 25 FSS participants, 75 FSS participants, 125 FSS participants) for FSS Coordinator grants distributed to PHAs through fees which is identical to the formula in AHSSIA.

**Background:** Eligibility For Fees to Administer FSS Program - Under AHSSIA, a PHA that received funding from HUD or more than three FSS Coordinators that was appropriated in any of fiscal years 2006 through 2010 shall be eligible for funding for the highest number of coordinators funded in a single fiscal year during that period, provided such agency meets applicable size and performance standards set by HUD and subject to the availability of appropriations for such fees.

HUD's Allocation of FSS Coordinator Funds through Add-Ons to Ongoing Administrative Fees - Under AHSSIA, FSS Coordinator funds allocated by HUD must be allocated under the following order of priority:

- 1) If insufficient funds exist to provide the full cost of all coordinators in the previous fiscal year at each eligible entity with an existing Family Self-Sufficiency program that meets applicable size and performance standards set by HUD, the Department may prorate such funding for each eligible FSS Coordinator, as long as each eligible entity that has received funding in the prior fiscal year is provided sufficient funding for at least one coordinator as part of any such proration.

- 2) Renewal of the full cost of all coordinators in the previous year at each eligible entity with an existing Family Self-Sufficiency program that meets applicable size and performance standards set by the Secretary.
- 3) New or incremental FSS Coordinator funding up to three Coordinators per eligible entity.
- 4) Any other new or incremental FSS Coordinator funding.

HUD's "Announcement of Funding Awards for the Housing Choice Voucher Family Self-Sufficiency Administrative Fee for Fiscal Year 2009" published in the April 22, 2010 *Federal Register* represented a departure from past funding practice for this program. The practical result of the change was that certain PHAs with existing Family Self-Sufficiency (FSS) programs are receiving reduced (inadequate) funding while other PHAs that do not operate FSS programs at all are receiving funding they cannot immediately use.

NAHRO requested that the Department reconsider its approach for awarding FY 2009 administrative fee funding for Family Self-Sufficiency (FSS) Coordinators and revert to the competitive grant award process employed in prior years. NAHRO also requested HUD to have a competitive process for FY 2010 since the appropriated funding has been established at a level that will not permit program expansion. HUD followed this course of action for FY 2010 and FY 2011

(<http://portal.hud.gov/hudportal/documents/huddoc?id=hcvfssnofa.pdf>) that helped prevent significant upheaval among hundreds of Public Housing Authorities' (PHAs') FSS programs around the country and the low-income families they serve while providing a sound and rational basis for transitioning into a FSS Coordinator policy that has received bipartisan support.

With FY 2010 and FY 2011 FSS Coordinator funds, HUD distributed administrative fees to renew PHAs' *existing* FSS programs, and begun funding *new* FSS programs that *were not* receiving FSS Coordinator funds with any funds remaining after the renewal process. NAHRO supported this measure and would support this treatment continuing in AHSSIA.

**Resolution:** NAHRO supports inserting language in the bill to ensure that PHAs with existing FSS Coordinators (as described above) are listed as first priority for FSS Coordinator fees at the highest level of FSS Coordinators from FY 2006 – 2012. To accomplish this, we have legislative language for your consideration (below) as the first priority listed.

PREVIOUSLY FUNDED AGENCIES. A public housing agency that received funding from the Department of Housing and Urban Development for more than three such coordinators in any of fiscal years 2006 through 2011 for Housing Choice Voucher Family Self-Sufficiency Programs and/or Public Housing Family Self-Sufficiency program shall be



eligible for funding for the highest number coordinators funded in a single fiscal year during that period, provided such agency meets applicable size and performance standards set by the Secretary, and subject to the availability of amounts provided for such funding in appropriation Acts.

### **FSS: Providing Discretionary Authority to HUD**

**Issue:** In determining whether an eligible entity meets a specific threshold for funding HUD must consider the number of FSS participants enrolled by the eligible entity as well as other criteria determined by HUD (Page 82, Lines 22-25, Page 83 Lines 1-4). This Administration demonstrated a different set of criteria for the eligibility and purposes of FSS Coordinators from the previous Administration that lead to significant losses of FSS Coordinator grants by some PHAs around the country who previously used the funds for homeownership counseling. The same is true with the previous Administration, which created bonus points for PHA FSS applicants that were administering homeownership in its scoring methodology which led to one-third of all PHAs with FSS programs, losing FSS Coordinator funds for this purpose. We believe that the FSS program should be allowed to grow, but Congress should ensure greater continuity and development of FSS programs across all eligible purposes for FSS funds.

**Resolution:** For the reasons stated above about ever changing FSS priorities from different Administrations, we believe the FSS program and eligible entities that administer it, would be well served to have “other criteria determined by HUD” to be stipulated in legislative language rather than leaving it open-ended through subsequent regulation or notice.

### **FSS Coordinator Fees Before or After PHAs Increase Their FSS Participants**

**Issue:** It is clear to us that under AHSSIA for the first year in which an eligible entity implements a Family Self-Sufficiency program they will be eligible for funding to cover the costs of up to one FSS Coordinator, as specified in its action plan (Page 82, Lines 8 – 15). However, it is not clear to us that PHAs that already have one or more FSS Coordinators that would like to expand the number of FSS participants to be eligible for another FSS Coordinator (i.e. 25 FSS participants, 75 FSS participants, 125 FSS participants) would be eligible for another FSS Coordinator without first having to serve an additional FSS participants and then be eligible for additional FSS Coordinator grants and escrow account funding. PHAs do not have sufficient administrative revenues or HAP funds for 50 new FSS escrow accounts to spend/float in hopes of being funded at higher FSS Coordinator grant and FSS escrow account levels.

It is also worth noting that AHSSIA’s existing HAP renewal formula does not have a provision to adjust/increase PHAs’ increased expenses associated with increased FSS escrow accounts. We have submitted language to accomplish this goal. Without such



changes, PHAs will not be able to grow their FSS programs by virtue of not having the administrative fees or HAP escrow funds to float for one year before possibly getting FSS Coordinator grants the next year or not at all.

**Background:** Determination of Number of FSS Coordinators - Under AHSSIA, in determining whether an eligible entity meets a specific threshold for funding HUD must consider the number of FSS participants enrolled by the eligible entity as well as other criteria determined by HUD.

Under AHSSIA, HUD must establish a fee to be awarded by formula or as otherwise determined by the Department for costs incurred by an eligible entity in administering a local FSS program.

**Resolution:** NAHRO supports revising the language regarding FSS fees from "...for the costs incurred by an eligible entity..." (Page 80, Line 14) to "...for the costs incurred or to be incurred by an eligible entity in administering a local Family Self-Sufficiency program under this section based on the size specified in its action plan for such program in accordance with subparagraph (A).."

**Resolution:** NAHRO also supports language to re-establish a HAP renewal formula in AHSSIA to adjust/increase PHAs' increased expenses associated with increased FSS escrow accounts.

### **Allowing PHAs to Exit FSS Program Under Existing Law If Not Funded for FSS & Impact on FSS Participants if Program Terminated**

**Issue:** - Under AHSSIA's PHAs' Continuation of Prior Mandatory FSS Programs (Page 66, Lines 14-22), each PHA that was required to administer a mandatory FSS program must continue to operate FSS program to the extent provided in the bill.

**Resolution:** There are several provisions under existing FSS law (Section 23 attached) that enable PHAs that do not receive funding from HUD for FSS funds may discontinue their FSS programs. We would like to see these existing provisions of FSS retained in AHSSIA. These provisions of law include Section 23(b)(2); Section 23(b)(4); and Section 23(c)(4).

**Resolution:** There should be a provision that addresses the participant's access to escrow funds if the FSS program is terminated through no fault of the FSSs participant.

### **Homeownership Counseling**

**Issue:** Existing FSS law allows PHAs with FSS programs to develop contracts of participation relating to education and employment as well as housing counseling and homeownership.

**Background:** Section 23(c)(4) under Employment and Counseling states, “The contract of participation shall require the head of the participating family to seek suitable employment during the term of the contract. The PHA may, during such period, provide counseling for the family with respect to affordable rental and homeownership opportunities in the private housing market and money management counseling.

**Resolution:** We would like you to cross reference the FSS provisions of AHSSIA with existing FSS law to ensure that housing counseling and homeownership remain eligible activities for FSS Coordinator grants (as well as education and employment in other areas) in a way that is not narrowed to PHA homeownership programs exclusively.

### **Helping Elderly & Disabled Households with Homeownership Counseling**

**Issue:** Funds under the current FSS NOFA states that FSS Coordinator funds may not be used to pay for services for non-FSS program participants. Previous to HUD’s change in policy in its NOFA for FY 2009 – FY 2012 FSS funding, PHAs’ FSS Coordinators were allowed to help families increase their education and employment as well as to provide housing counseling to first time home buyers who often time were elderly or disabled on living on fixed incomes. HUD’s recent restrictions led to PHAs having to sign up elderly and disabled homeownership participants to sign FSS contracts of participation. Going forward in AHSSIA as drafted, these elderly and disabled households may not be able to secure and maintain employment and therefore they would have their participation in FSS terminated, which could jeopardize their participation in PHAs’ homeownership programs.

**Resolution:** NAHRO supports restoring PHAs previous ability to allow FSS Coordinators to provide housing counseling to non-FSS participants who are elderly or disabled first time home buyers without them having to sign an FSS contract of participation, as well as to help FSS participant families increase their education and employment.

### **FSS Coordinators’ Administrative Costs**

**Issue:** The HCV FSS Coordinator program may currently be used to pay salaries and fringe benefits of HCV FSS program staff. However, the current FSS Coordinator fees/grants can only be used for direct service to FSS participants but not overhead (i.e. training and travel reimbursement) or program supervision. If FSS is going to become a mandatory program, it is important that the amount of Federal funds provided for FSS Coordinators include reasonable amounts for overhead and program supervision.

**Resolution:** NAHRO supports providing PHAs with the authority to use FSS Coordinator grants/fees for salaries, fringe as well as for FSS overhead and program supervision of FSS program. Fortunately, the bill states that not more than 10 percent of the amounts provided to an eligible entity for any fiscal year for fees may be used for costs of training for staff or contractors of a local program (Page 85 lines 19 – 23). NAHRO recommends that this provision on training costs, be added to the bill's provision regarding HUD's estimate of FSS Coordinator grants for personnel rather than being subsumed within the existing FSS Coordinator grant amount.

### **Household Participation in FSS, For PHAs' Administering the FSS Program**

**Issue:** Although Sections 301 & 302 of AHSSIA will make it mandatory for PHAs of 500 or more HCV and PH units to provide the FSS program, participation in the FSS program would remain voluntary for individuals. It would better serve the vertical mobility goal of the bill to require at least the head of household, (excluding seniors and the disabled) to participate in the FSS program. Without a requirement, many heads of household choose not to participate and continue the prolonged dependency on federal housing assistance.

**Resolution:** Among PHAs participating in the FSS program with adequate funding, NAHRO supports giving each PHA the discretionary authority to make it mandatory for non-elderly/non-disabled heads of household to participate in the FSS program.

### **FSS Escrow Calculations & Uses and Purposes of FSS Escrow Funds**

**Issue:** Currently, escrow calculations are based upon tenant rent payments at the time of FSS contract execution. Unfortunately, families entering the FSS program with higher amounts of earned income are unfairly penalized by the current formula. A family entering an FSS contract with zero earnings will be highly rewarded monetarily in an unfair and inconsistent manner as compared to those families entering the FSS program with earnings. With added flexibility PHA's could form partnerships and leverage dollars, they could potentially afford to serve more families in an equitable fashion. Asset building is key for families moving out of poverty, and flexibility around the regulations governing asset building would give PHA's an additional tool to assist families in this important endeavor. NAHRO supports reform to the existing HCV FSS program's escrow formula, that would require HUD to provide PHAs (MtW and non-MtW PHAs) with flexibility to design their FSS escrow formula method across all current and future applicable programs (HCV, PBV, Public Housing, Project-Based Section 8 Rental Assistance) that is more equitable to all participating households within a particular program as well as across programs.

A new methodology rewarding participating families equally, based upon their engagement in training, education, or employment would be a substantial improvement. Additionally; flexibility around escrow and asset building in the Family Self Sufficiency program would encourage communities to fully utilize and expand partnerships with outside entities such as agencies administering Individual Development Account, (IDA) programs. PHA's could potentially leverage available escrow funds with community partners through IDA programs and serve more families in a more equitable fashion. Other alternate FSS escrow earning approaches could be strike points where a family begins earning escrow after reaching a designated tenant rent payment towards rent. For example if \$400 in tenant rent due to earnings was the agreed upon strike point. For example, all participating families who achieved a tenant rent of \$401 or more per month would see dollars directly corresponding to their higher rent as a result of earnings going into an escrow account. The IDA and strike point are just two examples of many potential escrow alternatives.

**Resolution:** NAHRO believes that a new methodology is needed for FSS escrow calculations, as the current method is not easy to understand for staff or participants nor is it easy to calculate or understand the calculation when done by housing software providers. A revised FSS escrow methodology should still be based on increases in a household's earned income, but not for simply being engaged in training or education. The FSS program already allows earned FSS escrow funds to be used to support training or education.

**Resolution:** Either in conjunction with the recommendation above or in lieu of it, NAHRO supports coming up with cap on the total amount that an FSS household could receive in total FSS escrow funds. With limited funding for FSS escrow funds, placing a reasonable cap on the total amount of FSS funds an FSS household could receive would enable the dollars to spread further to more FSS participants.

## **PHAS and SEMAP**

**Issue:** HUD must issue regulations within 12 months from enactment, to modify the Public Housing Management Assessment Program (PHASA) and the Section Eight Management Assessment Program (SEMAP) to provide incentives for PHAs to increase the scope and size of their FSS programs.

As HUD determines appropriate, the Department may give consideration to individual eligible entity's FSS program performance, and may supplement or prorate FSS Coordinator fees accordingly.

**Resolution:** NAHRO has concerns about this language (Page 91, Lines 1-13) in AHSSIA. Similar to our earlier comments about the ever changing policy priorities of each

Administration and the destabilizing affect they have had on PHAs' retaining and growing their FSS programs with excellent performance, this provision leaves open the possibility that past problems could continue in the future. Stipulating the incentives in statute would be more beneficial, and enabling each Administration to abide by those incentives would work well. Making sure that such incentives were a bonus in PHAS and SEMAP where additional FSS funds could be provided.

**Resolution:** Incentives to increase the FSS program should be tied to funding and as a bonus (es) only, not part of the standard scoring in PHAS and SEMAP.

### **Corrective Action Plans**

**Issue:** The MtW section requires HUD to review PHAs' annual reports each year and determine whether they can continue in the MtW program. Currently, non-MtW PHAs that are deemed "troubled" have an opportunity to put together a Corrective Action Plan with HUD with specific benchmarks and time frames to remedy the problems. MtW agencies should be afforded a similar process.

The bill enables HUD to consider supplementing (increasing) or downward pro-rate (decreasing) fees. The approach on decreasing a PHA's FSS funding appears to be the same manner as utilization funding; which reallocates funds from underutilized programs to programs that are fully utilized. This is too simple an approach. A fully utilized program does not always translate into a well administrated program due to factors beyond the PHAs control (Indicator 13, expensive rents/40% affordability, lack of suitable HQS housing, etc).

**Resolution:** As with other voucher and Public Housing program areas (described above), NAHRO believes that PHAs with FSS performance issues should be given the opportunity to sign and adhere to a Corrective Action Plan with HUD that contains specific and measurable areas and timeframes for improvement.

### **Discretionary vs. Mandatory PHA Participation in FSS Program**

**Background:** Subject to appropriations, AHSSIA would expand the Family Self Sufficiency Program (FSS) by making participation mandatory for PHAs with 500 or more combined authorized vouchers / units from in section 8 tenant-based, Public Housing programs. PHAs with public housing units designated for the number of households who are seniors or people with disabilities living in public housing designated by household type would be excluded for purposes of determining a PHAs' total eligible units and whether or not they would be required to participate in the FSS program.

If after consideration of non-elderly/non-disabled households in Public Housing designated developments, these qualifying PHAs would be required by HUD to

participate in the FSS program and only if Congress appropriates funding necessary for FSS Coordinator(s). PHAs with less than 500 or more combined authorized vouchers / units (as described above) may participate in the FSS program on a voluntary basis. The bill also allows property owners and managers of Section 8 Project-Based Rental Assistance developments, to administer FSS programs on a voluntary basis in cases where a local program option is not available. The bill allows PHAs to partner or collaborate with other authorities and outside groups to prevent duplication of work or improve efficiencies within the program.

The bill makes FSS available to all residents of assisted housing under section 8 tenant-based, Public Housing, and Section 8 project-based rental assistance (PBRA) programs, on a voluntary basis.

### **PHAs' Continuation of Prior Mandatory FSS Programs**

Each PHA that was required to administer a mandatory FSS program must continue to operate an FSS program to the extent provided in this bill. Housing assistance may not be terminated as a consequence of either successful completion of the FSS contract of participation or failure to complete such contract. The bill places requirements on the uses of escrow accounts under the program for FSS graduates who remain on some form of housing assistance, requiring that any money dispersed to these FSS households be used to advance the goal of household economic independence. The approved uses of FSS escrow funds during households' participation in Federally assisted housing programs include: formal education or job training, starting or investing in a small business, buying or repairing an automobile, paying down debt as part of a credit repair program, investing in a retirement savings vehicle, education savings accounts and/or purchasing a home through a PHA's homeownership program. FSS graduates that leave federally assisted housing would be able to use funds from their FSS escrow account are not restricted in the uses of those funds in the future. The bill would require any forfeited FSS escrow account funds to a PHA be used for family self-sufficiency activities as stipulated by HUD through future regulatory rulemaking.

**Resolution:** NAHRO supports the FSS program. However, actions by HUD and Congress ranging from dramatic reductions in ongoing administrative fee pro-rations, elimination of special fees, reductions to Public Housing operating fund prorations, proposed elimination of PH FSS program and proposed used of PHAs' PH Operating Funds for FSS, demonstrate that the powers that be are more interested in mandating PHAs to administer FSS programs and doubt whether the existing language in AHSSIA requiring FSS funding to go along the NAHRO opposes any new statutory provisions making FSS participation by PHAs of any size, mandatory.

## **FSS Contract of Participation**

**Issue:** Under AHSSIA, the contract of participation with FSS participants requires them to seek and maintain suitable employment (Page 72, Line 10-12). FSS participants that secure suitable employment may through no fault of their own be unable to maintain their job, if there are layoffs due to insufficient employer revenues. To address this issue, we would like to see language added to the bill

**Resolution:** NAHRO supports PHA's existing discretionary authority under FSS regulations pertaining to FSS contracts of participation. If however, if it appears that Congress is insistent on adding a requirement for FSS participants to "maintain" suitable employment, NAHRO would support adding language to the bill that would allow FSS participants to continue in the FSS program if after losing their job they demonstrate efforts to secure employment again.

## **Optional Tenant Relocation Assistance**

**Issue:** In instances where a PHA terminates the HAP contract for extended non-compliance with HQS, the bill provides PHAs with the discretionary authority to provide relocation assistance to households relocating from non-compliant dwelling units (described above) including up to two-months of abated HAP funds to tenants for relocation assistance for costs directly associated with relocation of the family to a new residence which may include moving expenses and security deposits. In addition, the bill states that PHAs may require a tenant who receives two months "relocation assistance" to remit to the PHA the amount of any security deposit refunded by the owner of the unit for which the lease was terminated. If a PHA determines that the non-compliance of dwelling unit with HQS requirements was caused by the tenant beyond ordinary use, a member of the tenant's family, a guest of the tenant or any other person under the tenant's control, the PHA may disallow the family from receiving two-months of relocation assistance.

If enacted, this will be an administrative and enforcement nightmare. In many cases this provision would pull PHAs back into the administrative issues around damages at the end of each lease term. Some PHAs are in court with property owners who think damage claims are PHAs' administrative and financial responsibility now, even though this provision was eliminated in QHWRA in 1998.

**Resolution:** Even though we understand the underlying purpose of the optional tenant relocation assistance provision, NAHRO believes that some PHAs will be under pressure from legal services through the local court system to exercise this authority even if it is optional.



## **Voucher Payment Standard**

**Issue:** Due to HUD's changes in geography used to determine PHA's Fair Market Rent (FMR) values, some communities experience dramatic increases or decreases (i.e., 20 percent) year- to-year, that do not accurately reflect their rental housing market values. When this occurs, in order for PHAs to maintain payment standard levels commensurate with their rental housing market values for the voucher program(s) and to remain within their basic range payment standards from 90 – 110 percent of FMRs, they must get a waiver from HUD. HUD's payment standard waiver process is cumbersome and not timely. Under a budget-based HAP renewal funding formula coupled with the administrative fee formula based on leased households, there are inherent checks and balances for PHAs to set their payment standards at optimal levels.

**Resolution:** NAHRO recommends HUD go through the rulemaking process and publish the criterion it currently uses to evaluate and award PHAs' waiver requests for exception and special exception payment standards. Once completed, NAHRO recommends HUD enable PHAs to adopt exception and special exception payment standards (above or below "basic range" payment standards from 90 – 110 percent of FMRs) within their FMR areas, if they meet HUD's applicable criterion without having to go through a waiver process.

## **Study and Guidance on Legacy Vouchers**

**Issue:** A provision of the bill would require HUD to study the extent to which a head of household in the HCV program, who was originally awarded a voucher for their family, subsequently leaves the voucher program but transfers the voucher to a remaining family member who then continues to benefit from housing assistance. The provision gives HUD the authority to promulgate regulations based on the findings and recommendations of its study.

**Recommendation:** NAHRO supports the bill's provision regarding legacy vouchers, but believe the study should be broadened to all of HUD's major rental housing assistance programs.

## **Ineligibility of dangerous sex offender applicants for admission to federally assisted housing**

**Background:** Sec. 578 of QHWRA - Owners of federally assisted housing (including public housing and Section 8) must prohibit admission of persons who are subject to a lifetime registration requirement under a State sex offender registration program. Similar to criminal record checks under §575, PHAs must conduct the sex offender criminal history background checks and make further sex offender inquiries with State and local agencies on behalf of owners of federally assisted housing.



Subsequently, HUD's Office of Inspector General issued a report regarding limitations in existing law, with respect to PHAs' ability to evict [Sex Offenders](#) from Public Housing. Although not covered in the IG's report, the same issue applies to Section 8 assisted housing programs. To add to existing law, Senator Charles Schumer drafted an amendment years ago that would have required PHAs to terminate assistance to, and any lease or right to occupancy Public Housing or Section 8 housing assistance programs, a household that includes any individual who is subject to a lifetime registration requirement under a State sex offender registration program. For several reasons, the amendment was not offered by Senator Schumer at that time and as a result is not part of existing law.

**Resolution:** NAHRO supports the provision of AHSSIA (listed below) that would require PHAs to terminate assistance to a household that includes any individual who is subject to a lifetime registration requirement under a State sex offender registration program, and terminate any lease or right to occupancy Public Housing or Section 8 housing assistance programs.

Page 50-51 if AHSSIA (1/31/12 version) states:

*10 (b) LEASES AND TENANCY.—Subparagraph (E) of  
11 section 8(o) (7) of the United States Housing Act of 1937  
12 (42 U.S.C. 1437f (o) (7)(E)) is amended by inserting  
13 “termination or” after “any” the last place such term appears.  
14 (c) REMOVAL OF SEX OFFENDERS.—Section 578 of  
15 the Quality Housing and Work Responsibility Act of 1998  
16 (42 U.S.C. 13663) is amended by striking subsection (a)  
17 and inserting the following new subsection:  
18 “(a) IN GENERAL.—notwithstanding any other pro  
19 vision of law, an owner of federally assisted housing—  
20 “(1) shall prohibit admission to such housing  
21 for any household that includes an individual who is  
22 subject to a lifetime registration requirement under  
23 a State sex offender registration program; and  
24 “(2) shall terminate assistance to, and any  
25 ease or right to occupancy of such housing by, any*

*1 household that includes any individual who is subject  
2 to a lifetime registration requirement under a State  
3 sex offender registration program.”*

## HOUSING COMMITTEE – DISCUSSION AGENDA

Chris Lamberty-Vice President

### Operating Reserve Offset

**Background:** In FY 2012, the Congress provided HUD with authorization to “take into account PHAs’ excess operating reserves, as determined by the Secretary,” a provision which led to an offset of \$750 million against PHAs' existing operating reserves. Offset amounts were finalized in March of 2012, and a significant percentage of PHAs were affected. In response, the Housing Authority Insurance Group funded research into potential legal challenges to this action.

**Resolution:** The Housing Committee recommends that NAHRO support the filing of a suit against HUD for damages resulting from the FY 2012 operating reserve offset. The Housing Committee recommends that NAHRO inform and coordinate participation for PHAs considering becoming party to a suit against HUD for damages resulting from the FY 2012 operating reserve offset.

**Action:** Motion to approve, Chris Lambert; second by Carlos Sanchez.

**Action:** Motion to amend the resolution by Don Cameron; second by Carlos Sanchez: delete “and coordinate participation for, considering” and replace with “inform PHAS to consider....” Both Chris Lamberty and Carlos Sanchez accepted Don Cameron’s amendment. **Motion carried.**

**Resolution as amended and adopted:** The Housing Committee recommends that NAHRO support the filing of a suit against HUD for damages resulting from the FY 2012 operating reserve offset. The Housing Committee recommends that NAHRO inform PHAs to consider becoming party to a suit against HUD for damages resulting from the FY 2012 operating reserve offset.

## COMMUNITY REVITALIZATION AND DEVELOPMENT COMMITTEE -- CONSENT AGENDA

Dionne Roberts, Vice Chair

**Action:** Motion to approve the consent agenda by Alan Styles, second by Renée Rooker.  
**Motion carried.**

### **Low-Income Housing Tax Credit (LIHTC) Reform Legislation**

**Background:** Congressmen Pat Tiberi (R-OH) and Richard Neal (D-MA) recently introduced H.R. 3661, a bill to permanently extend the flat 9 percent credit rate and create a flat 4 percent credit rate for allocated LIHTCs. Senators Maria Cantwell (D-WA) and Olympia Snowe (R-ME) introduced S. 1989, the Senate version of the same legislation.

The 9 percent flat rate credit for new construction and substantial rehabilitation LIHTCs was authorized by the Housing and Economic Recovery Act of 2008 and is set to expire in 2013. Fixing the value of these credits at 9 percent removed the uncertainty and financial complexity of the LIHTC floating credit rate, simplified state administration, and facilitated development of affordable housing after HERA's enactment. If the flat rate credit is not extended, new and pending affordable housing developments will need to be underwritten at the (substantially reduced) floating credit rate, which would mean a sudden and substantial reduction in the amount of equity that a development could receive for its LIHTC allocation.

**Resolution:** NAHRO supports the enactment of H.R 3661/S. 1989.

### **CDBG Disaster Funding**

**Background:** In a break with legislative precedent, the FY 2012 HUD appropriations bill provided the HUD Secretary with the discretionary authority to set aside up to \$300 million from the Community Development Fund to provide Community Development Block Grant (CDBG) disaster assistance. This type of assistance has traditionally been provided as off-budget emergency spending, typically through supplemental appropriations bills (the FY 2012 HUD funding bill provided an additional \$100 million in disaster CDBG funding as emergency spending.)

NAHRO has traditionally opposed set-asides under the Community Development Fund since set-asides ultimately reduce the amount of funding available for distribution through CDBG formula allocations. Accordingly, NAHRO and its community development industry partners formally urged the Department not to set aside the \$300 million authorized under the FY 2012 bill and to instead request supplemental appropriations (in the form of emergency spending) to the extent that resources beyond

the separately appropriated \$100 million in disaster CDBG are needed to address disasters occurring during FY 2012. HUD denied this request, thus effectively reducing FY 2012 CDBG program funding to \$2.948 billion from a potential maximum of \$3.248 billion.

**Resolution:** NAHRO reaffirms its general opposition to set-asides that negatively impact CDBG formula funding and urges HUD and Congress to return to the past practice of seeking and providing CDBG disaster assistance as emergency spending.

### **COMMISSIONERS COMMITTEE -- CONSENT AGENDA**

Alan Styles-Vice President

**Action:** Motion to approve the Commissioners Committee's Consent Agenda by Alan Styles; second by Thomas Jefferson. **Motion carried.**

#### **Legislative Network Appointees**

**Resolution:** The Commissioners Committee recommends that one commissioner from each region be appointed to the LEGNET.

#### **Strategic Action Plan**

The Commissioners Committee endorses the Strategic Action Plan as a blueprint to establish the committee's goals/objectives.

### **COMMISSIONERS COMMITTEE -- DISCUSSION AGENDA**

Alan Styles-Vice President

**Resolution:** It is the recommendation of the Commissioners Committee that the Board of Governors direct the Chairs of the Commissioners Committee and Professional Development Committee work together to accomplish the items set forth below with input from each committee and final approval by the BOG at the 2012 Summer Conference to be implemented by January, 2013.

- 1.) Offer Train the Trainers courses to the Commissioners at ALL NAHRO conferences with the purpose of increasing the available pool of Certified Commissioners who can lead training courses for Commissioners; limited to the Commissioners Fundamental Course only;
- 2.) Commissioners lead the training for the Commissioners Fundamental Seminar Courses only with the purpose of addressing the concerns of Commissioners who are

puzzled why an Executive Director is training them on how to be a Commissioner. Commissioners would prefer to have a fellow Commissioner to train them;

3.) Commissioners can lead the Commissioners Fundamental training course in all states where the training is offered to address the concerns that a Commissioner from one state is prohibited from conducting training in another state; and

4.) Remove financial barriers from the fee schedule to allow Commissioner Trainers to conduct training nationwide.

**Action:** Motion to approve by Alan Styles; second by Thomas Jefferson.

**Action:** Motion to table the resolution by Don Cameron; second by Renée Rooker.  
**Motion to table carried (24-14)**

Don Cameron shared that his reason for offering the motion to table the resolution was not to stop a discussion between the vice presidents, but rather to create an opportunity for the vice presidents to have a conversation. He felt that it was inappropriate for the Board to take action on the resolution prior to vice presidents having an opportunity to talk. If it is found that the discussion was not productive, the issue may be presented to the BOG at a later date.

#### **MEMBER SERVICES COMMITTEE -- CONSENT AGENDA**

Pamala G. Thompson-Vice President

**Action:** Motion to approve consent agenda items by Pamala Thompson; second by Alan Styles. **Motion carried.**

#### **Fellows Application: Changes**

The proposed change to NAHRO's Fellowship application is to place mastery of Professional Association front and center as a requirement and then four additional areas of mastery. This change and the other less significant changes focuses on participation in NAHRO as part of one career and life of service, an integral and natural part of giving back to our fellow citizens.

**Resolution:** Acceptance of the changes to the [Fellows Application](#).

#### **Michigan Bylaws: Changes**

The proposed changes to the Michigan By-Laws allow electronic voting and to clarify when voting would commence.

**Resolution:** Acceptance of the changes to the Michigan Chapter's by-laws.

## **PRESENTATION OF HIGHLIGHTS AND ACTIONS OF TASK FORCES AND OTHER GROUPS:**

The following had no action items for the Board's consideration; thus, presented highlights.

- Legislative Network – Chris Pegg-Chair  
Housing America Task Force – Steve Merritt-Chair
- BECT – Marilyn Medley-Chair
- Small Agencies Task Force -- Regina Stone Mitchell

## **PRESENTATION OF HIGHLIGHTS AND ACTIVITIES OF REGIONAL COUNCILS**

NERC: Steve Merritt	SW: Blake Farris
MARC: Andrew French	PS: Chris Gouig
NCRC: Carlos Sanchez	PN: Lisa Wolters
SERC: L. Thomas Rowe	MP: Donald May

## **PRESENTATION OF:**

- President's Report  
Strategic Action Plan

**Action:** Motion to accept [Strategic Action Plan](#) by Patti Webster; second by Alan Styles.  
**Motion carried.**

- Senior Vice President's Report
- Chief Executive Officer's Report

Mr. Ramirez commented on action taken by the previous Board regarding negotiations with a major developer to enter into partnership or sale of the NAHRO building. It permitted staff to engage the services of a third-party to conduct an appraisal and prepare both a detailed analysis and matrix of different alternatives and options for NAHRO to consider during negotiations with the developer. The B&A Chair and members of the B&A Committee have been kept completely informed of all conversations with the third party and the developer.

Staff seeks Board approval to allow staff to use the B&A Chair as the strategic point person, who will examine all documents related to the work performed by the third party; help staff with the development of a recommendation for review and consideration by the B&A; then submit the B&A Committee's recommendation to Steering Committee, which will act on behalf of the BOG. At its July meeting, the Board would discuss--and if it deems appropriate--ratify the action of the Steering Committee.

Mr. Ramirez said that this issue is brought before the Board now due to the timeline put forth by the developer. President Martens called for a motion that would reflect the request from staff as described above.

**Action:** Motion by Barbara Cook; second by Steve Merritt to approve the above request from staff.

Mr. Ramirez urged the Board to move into executive session to hear more details, as the developer has asked NAHRO to keep negotiations as confidential as possible. If not, Mr. Ramirez encouraged the Board to adopt the above motion. Don Cameron said that he would like to hear more and recommended that the Board table the motion on the floor until after the executive session; then take the matter back up.

**Action:** Motion to table the resolution on the floor by Don Cameron; second by Mary Paumen. **Motion carried.**

**Action:** Motion by Don Cameron; second by Renée Rooker to move the Board into executive session. **Motion carried.**

#### **Executive Session**

**Action:** Motion by Mary Paumen; second by Don Cameron to take from the table the above resolution. Motion carried.

**Action:** President Martens called for Board action on the tabled resolution: That the Board allow staff to use the B&A Chair as the strategic point person, who will examine all documents related to the work performed by the third party; help staff with the development of a recommendation for review and consideration by the B&A; then submit the B&A Committee's recommendation to the Steering Committee, which will act on behalf of the BOG. **Motion carried.**

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#### **ANNOUNCEMENT: Summer Conference: July 29-31; BOG Meeting: Monday, July 30.**

**Attendance:** Betsey Martens, Preston Prince, Deborah Wilson, Alan Styles, Chris Lamberty, Pamala Thompson, Mary Paumen, Nola Popoola, Renée Rooker, Don Cameron, Steve Merritt, Bill Quirk, Carlos Sanchez, Cindi Ring, Gary Keller, Doug Rise, Andrew French, Clif Martin, Sam Hudman, Michael Kelly, L. Thomas Rowe, John Nolen, Ailrick Young, Tina Akers Brown, Blake Farris, Katie Anderson, David Zappasodi, Larry Hopkins, Chris Gouig, Liz Chavez, Don Swift, Ken Cole, Lowel Krueger, Dianne Quast, Lisa Wolters, Don May, Barb Cook, Dianne Hovdestad, Patti Webster, Thomas Jefferson, Michael Reardon, Marilyn Medley, Chris Pegg and Regina Stone-Mitchell.

Excused absence: Paul Purcell, Kevin Nelson, Steve O'Rourke, Fred Purnell, Andy Rodriguez, and Jacob Fox

**NAHRO Staff:** Saul Ramirez, John Bohm, Sylvia Bowen, Sylvia Gimenez, Katy Gorman, Reginald Hart, Lori Myers-Carpenter, Blake Pavlik, Mary Pike, La Tonya Rajah, Jasmin Rathod, and Sharon Sherrill.