

A PLAN FOR ACTION

national association of housing and redevelopment officials 2014 Legislative & Regulatory Agenda







Loussac Place:

The Cook Inlet Housing Authority (CIHA) competed and won the bid to redevelop Loussac Manor as "Loussac Place, Where Families Grow," a property consisting of 120 units of 5 Star Plus energy rated, mixed-income housing.



Westbury Splash Park:

Portsmouth Redevelopment and Housing Authority (Va.) constructed the Westbury Splash Park in an effort to provide children of the community with a safe, recreational activity. Located in the heart of downtown Portsmouth and within close proximity to a neighborhood recreation facility and playground, Westbury Splash Park sits on land once occupied by a highly inefficient city water pump facility. The new facility is less expensive to operate than a pool.







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NAHRO Congressional Relations and Public Policy Staff

National Association of Housing and Redevelopment Officials

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The National Association of Housing and Redevelopment Officials (NAHRO) is a professional membership organization comprising more than 22,000 housing and community development agencies and officials throughout the United States that collectively administer a variety of affordable housing and community development programs at the local level.

NAHRO Membership at a Glance:

- 19,300 individual members and associates
- 3,100 agency members including housing authorities, community development departments, redevelopment agencies and affiliates

NAHRO's Mission

NAHRO makes available resources for its members and others who provide decent, safe, affordable housing, and viable communities that enhance the quality of life for all Americans, especially those of low- and moderate-income, by:

- Ensuring that housing and community development professionals have the leadership skills, education, information and tools to serve communities in a rapidly changing environment;
- Advocating appropriate laws, adequate funding levels and responsible public policies that
 address the needs of the people served; are financially and programmatically viable for our
 industry; are flexible, reduce regulatory burdens and promote local decision-making;
- Fostering the highest standards of ethical behavior, service, and accountability to ensure public trust.

NAHRO enhances the professional development and effectiveness of its members and the industry through its comprehensive professional development curriculum, which includes certifications, conferences and publications. These efforts work to equip NAHRO's members with the skills, knowledge and resources necessary to succeed and prosper in a changing environment.

NAHRO's Vision

NAHRO is committed to help create a nation in which all people have decent, safe, affordable housing and economic opportunity in viable, sustainable communities.

NAHRO's Values

NAHRO will carry out its mission and strive to achieve its vision with diligence, dedication, competence, and integrity, upholding at all times the highest standards of ethical conduct.







Foreword

A Message from the NAHRO President...

Thank you for your interest in the National Association of Housing and Redevelopment Officials (NAHRO) and our 2014 Legislative and Regulatory Agenda. Whether you are a Member of Congress. Congressional staffer, federal official, fellow NAHRO member, or a private citizen interested in learning more about us. I hope you will carefully review the recommendations contained within this document and consider taking action in support of those recommendations.

Preston Prince, CME

Every day, in every state and in counties, cities, and towns across America. NAHRO members are working to build stronger communities and improve the quality of life for their lowand moderate-income neighbors. They do this through the administration of a wide range of federal programs, including Public Housing, Housing Choice Vouchers, Community Development Block Grants and the HOME Investment Partnerships program. NAHRO members preserve and produce affordable housing using Low Income Housing Tax Credits. They create jobs through economic development initiatives, and they play a critical role in addressing homelessness, including among veterans. They also collaborate with local social service providers to enhance the lives of families, the elderly and persons with disabilities.

The work that NAHRO members are engaged in is having a positive impact on our nation and in our neighborhoods, but they face serious challenges. Funding for our most important affordable housing and community development programs has eroded in recent years, and new tools to produce affordable housing have been slow in arriving. The regulatory environment our members must navigate is outdated and overly complex, and programmatic reforms have lagged. Still, NAHRO members remain dedicated to our organization's mission. And while they are realistic about the political climate and federal budget constraints, they also remain hopeful.

Our members' optimism, tempered by pragmatism, informs the policy proposals outlined in this year's agenda. If enacted, our recommendations will allow local agencies to stretch federal investments further. house more families, and pursue targeted community and economic development activities with the potential to transform neighborhoods and communities. In all that we do, our members are committed to using taxpayers' dollars wisely and with integrity to move us closer to the fulfillment of NAHRO's vision; a nation in which all people have decent, safe, affordable housing and economic opportunity in viable, sustainable communities. We welcome the opportunity to engage all interested parties in the effort to strengthen the federal commitment to addressing our nation's most urgent housing and community development needs. We hope you will join us in this important work, and we look forward to partnering with you to ensure that our best days as an industry and a nation are still ahead of us.

Preston Prince, CME

President, National Association of Housing and Redevelopment Officials CEO & Executive Director, Fresno Housing Authority, Fresno, California

For more information about the recommendations in NAHRO's 2014 Legislative and Regulatory Agenda, please visit www.nahro.org/2014agenda.





Parc Grove Community Building:

Through the combined funding of private and public investments, the Fresno Housing Authority transformed two dilapidated public housing complexes into an energy-efficient, progressive community that serves 215 low-income families.

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VASH Housing Fair:

In 2008, the District of Columbia Housing Authority (DCHA), along with other public housing authorities participating in the newly established Veterans Affairs Supportive Housing (VASH) program, was faced with the challenge of issuing vouchers and ultimately housing veterans in a timely manner. Tapping into the success of an existing local permanent supportive housing model for the homeless based on effective collaborations with local agencies, DCHA employed a combination of lessions learned and established the DCHA-VASH Rapid Housing model. As a result, the average time to house VASH veterans was cut in half

2014 Legislative & Regulatory Agenda

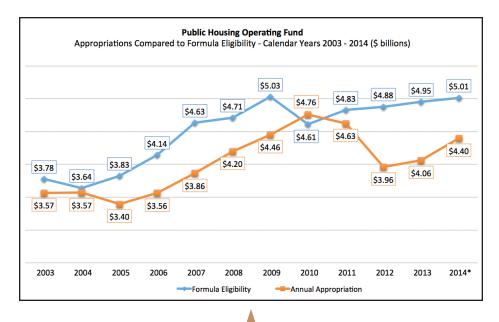
1 | Preserve and Revitalize the Public Housing Inventory

Public Housing Agencies (PHAs) own and operate nearly 1.2 million units of federally subsidized public housing, providing affordable homes to families, the elderly, people with disabilities, and veterans. Although the public housing portfolio is an integral component of our nation's infrastructure, chronic underfunding has placed the inventory at risk. Capital Fund appropriations have grown increasingly inadequate, meeting only about half of the newly accruing physical needs each year. Furthermore, resources provided through the Operating Fund for the operations and maintenance of public housing have lagged dangerously behind actual costs, casting a shadow of uncertainty over the program.

NAHRO has never been afraid to offer the essential, hard truth about the preservation of the public housing inventory: achieving success will require a level of federal investment above the status quo. At the same time, we acknowledge that the resources we need are unlikely to arrive solely in the form of direct appropriations. It is imperative that federal decision makers work together and in partnership with the industry to formulate and bring to scale a comprehensive public housing preservation policy. The option to convert to the Section 8 platform should be one component of that policy, but all PHAs — including those for which conversion is not feasible — should have access to a range of flexible tools capable of addressing their properties' unmet capital needs.

Public Housing Funding

• NAHRO will continue to advocate full funding for the operating costs and annual capital accrual needs of public housing through direct appropriations.

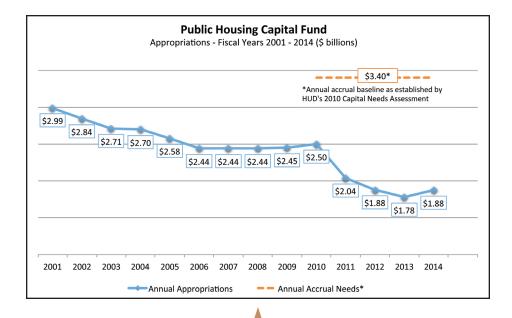


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- NAHRO will push for the reauthorization and broad-based expansion of the Moving to Work (MTW)
 demonstration in a manner that protects existing MTW agreements while providing a significant
 number of new MTW agencies with financial flexibility and the freedom to pursue innovative policies.
- NAHRO will work to provide all PHAs with greater flexibility to direct available resources toward their highest priority needs.
- NAHRO will work to secure resources to allow PHAs to meet the critical needs of their communities, neighborhoods, and residents.

Public Housing Preservation

- NAHRO will work with HUD and our industry partners to address the flaws and ensure the success
 of the Rental Assistance Demonstration so that additional PHAs will have the option to convert
 public housing units to the Section 8 platform in a manner that does not undermine the fiscal
 stability of the public housing program for agencies that opt against conversion.
- NAHRO will work to advance multiple policies aimed at unlocking the value of public housing assets and empowering PHAs to leverage and invest in the preservation of their properties.
- NAHRO will continue to advance its proposal for the creation of protected capital reserve accounts to allow PHAs to plan responsibly for future needs.
- NAHRO will work to reenergize tools designed to allow PHAs to steward their portfolios as true asset managers, including HUD's demolition and disposition regulation.
- NAHRO favors enhanced incentives for energy efficiency upgrades.



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2 I Reform and Strengthen the Section 8 Programs

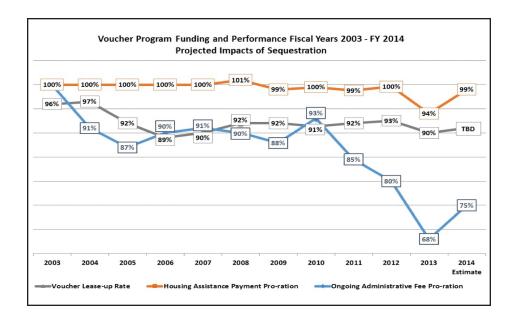
HUD's Section 8 rental assistance programs are essential to the nation's commitment to providing low-income American families with access to affordable housing options. In particular, the Section 8 Housing Choice Voucher (HCV) program is an essential element of the social safety net that provides rental assistance, allowing nearly 2.2 million low-income families to lease modest dwelling units owned by the private sector. Administered by city, county, multi-county and state PHAs, the program helps a number of vulnerable and low-income populations — families, seniors, the disabled, households displaced by disasters, homeless veterans, children aging out of the foster care system, families ready for reunification with children in the foster care system — to live stable and independent lives.

PHAs that run local voucher programs earn ongoing administrative fees for each family under lease, and these funds are appropriated separately from the rental assistance funding used to renew existing vouchers. With the exception of 2013, Congress has provided largely adequate voucher renewal funding in recent years but has increasingly failed to provide a responsible level of administrative fee funding to PHAs, to the point that the FY 2013 appropriations act provided just 68 percent of the funds for which PHAs were eligible – the lowest proration in the 38-year history of the program. These cuts have led directly to PHA staff layoffs, hiring freezes, and furloughs, meaning that a substantial and growing number of PHAs are experiencing increased caseload sizes and an inability to remain in compliance with the myriad of HUD regulations, leading to falling performance scores. A growing number of PHAs can no longer afford to administer the program at all. Since FY 2003 – the last year that PHAs received 100 percent of their administrative fee eligibility – over 210 PHAs, or approximately 9 percent of all PHAs administering voucher programs, have "handed back" their programs to HUD or transferred those programs to other PHAs. These cuts also have consequences for the low-income families the voucher program serves, including a reduction in the level of services provided to participants. Consider, for example, that of the PHAs that ended their voucher programs between 2003 and 2013, nearly 20 assisted 10,000 or more families.



Cooper House:

Fargo Housing and
Redevelopment Authority's
Cooper House development
provides permanent supportive
housing for chronically
homeless individuals with
mental health or chemical
dependency problems.
Project-based vouchers are
awarded to clients referred by
local social service providers.
The community has realized a
dramatic drop in emergency
room, detox, court and police
intervention.



Voucher Renewals

- NAHRO has long called for appropriations sufficient to renew vouchers at actual rental assistance
 costs for all participating households and full funding for ongoing and special administrative fees
 as provided in Section 8(q) of the U.S. Housing Act as amended by the Quality Housing and
 Work Responsibility Act of 1998 (QHWRA).
- NAHRO has traditionally supported an ongoing voucher funding formula that is based on the number
 of families served and voucher costs for the most recent calendar year for which data are available.
 However, for the 2015 program year, NAHRO will emphasize the need to provide Housing Assistance
 Payment (HAP) renewal funding in amounts sufficient to allow agencies to fully restore vouchers to
 the approximately 70,000 households that lost assistance in 2013 as a result of sequestration.
- NAHRO will continue its strong support for the HUD-Veterans Affairs Supportive Housing (HUD-VASH)
 program while also working to ensure that policies governing HUD-VASH vouchers no longer force
 local agencies to deplete funds intended to renew other vouchers.

Voucher Administrative Fee Funding

- NAHRO will aggressively advocate the restoration of full funding (defined as 100 percent of eligibility) for voucher program administrative fees.
- NAHRO's efforts in this area will include recommendations for innovative approaches, including the creation of new authority to allow PHAs to utilize a portion of their Housing Assistance Payment Reserves to cover unmet administrative expenses related to leasing and retaining leased households.



Voucher Legislative and Regulatory Reform

- NAHRO will continue to advocate the enactment of meaningful voucher program reform legislation.
- NAHRO continues to pursue the immediate implementation by HUD of long-overdue regulatory and administrative reforms that will allow for the more efficient use of resources in voucher programs.

As a result of cuts to funding for the Housing Choice Voucher Program, housing authorities served 70,000 fewer families in 2013 than they did in 2012.

 Center for Budget and Policy Priorities

Section 8 Project-Based Rental Assistance Program

- NAHRO will continue to advocate a responsible level of funding for the renewal of Section 8
 multi-family project-based rental assistance (PBRA) contracts.
- In order for HUD to ensure cost-effective and high quality services, NAHRO strongly supports maintaining a level playing field in the competition for contracts under the Section 8 Performance-Based Contract Administrators initiative.



Meeting the Needs of our Aging Population:

The Housing Authority of the City of Hagerstown (Md.) transformed a formerly abandoned gas station into C. Williams Brooks, a 60-unit senior green mid-rise, to meet the growing need for affordable housing options for seniors in Hagerstown.

3 I Fully Fund Community and Economic Development Programs

For 40 years, the proven Community Development Block Grant (CDBG) program has empowered states, local governments, and their partners to rebuild local economies, strengthen public infrastructure, recover from disasters, and improve the quality of life for millions of low- and moderate-income Americans. This flexible program emphasizes local decision-making and prioritization of needs and ensures accountability through citizen participation and rigorous performance measurement.

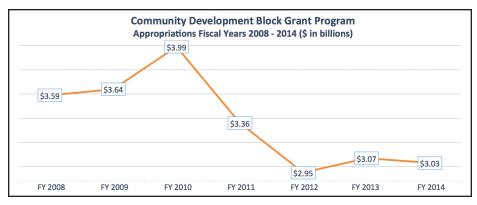
Given the importance of job creation and public service provision during a fragile economic recovery, the need for CDBG funding in states and localities across the nation is as great as it has ever been. In spite of the program's proven track record, CDBG formula funding has declined by 31 percent from FY 2004 to FY 2014, even before adjusting for inflation.

CDBG Formula Funding

- Working in partnership with a broad national coalition of state and local elected officials, community development
 practitioners, and nonprofit organizations, NAHRO will continue to work to restore funding for CDBG to ensure
 the success of state and local efforts to spur job creation and retention, provide vital public services, and expand
 affordable housing opportunities for low- and moderate-income families and individuals.
- NAHRO supports the restoration of funding for the Sustainable Housing and Communities Initiative, but only
 if such funding is provided through a stand-alone line item and not as a set-aside under the CDBG program.

Economic Development Programs

- NAHRO supports continued appropriations to cover the credit subsidy for HUD's Section 108 loan guarantee program, and we favor increasing the loan guarantee limit to \$500 million as previously proposed by the Administration.
- NAHRO supports the restoration of funding for the Community Development Financial Institutions Fund's Capital Magnet Fund, preferably through the original off-budget mechanism authorized under the Housing and Economic Recovery Act of 2008.







4 I Enact the Small Housing Agency Reform Proposal

The Small Housing Authority Reform Proposal (SHARP) is a joint initiative of NAHRO and the Public Housing Authorities Directors Association (PHADA). SHARP would significantly ease administrative burdens and increase program flexibility available to smaller organizations operating the public housing program and/or the Housing Choice Voucher (HCV) program. The need for SHARP is clear: of the more than 4,000 PHAs that administer public housing units, Housing Choice Vouchers, or both, approximately 80 percent are small agencies (550 or fewer public housing units and Housing Choice Vouchers combined). Although these small agencies

manage only around 20 percent of the nation's inventory of public housing and Housing Choice Voucher-assisted units, they bear most of the same regulatory burdens as larger agencies.

SHARP would liberate small PHAs from unnecessary and unproductive red tape and provide those agencies with new flexibility to administer assisted housing programs effectively, efficiently, and in the interests of low-income residents, applicants, and taxpayers.

SHARP has been introduced in the current Congress as the Small Public Housing Agency Opportunity Act (S. 576). NAHRO strongly supports the enactment of this important legislation.

For more information on the common sense reforms contained in SHARP, see www.nahro.org/SHARP.



SHARP would...

- Reduce regulatory and administrative burdens for both agencies and HUD
- Provide flexibility to improve services to residents
- Enable HUD to target its scarce monitoring resources where risks are greatest
- Reform HUD's burdensome oversight and monitoring processes
- Provide administrative and regulatory relief
- Reform arcane rent structures
- Encourage housing development among small agencies



5 I Expand the Supply of Affordable Housing

THE AFFORDABLE HOUSING CRISIS

More than half of renters (21.1 million households) were cost burdened (paying more than 30 percent of income for housing) in 2012, the greatest number of housing cost-burdened renters on record. Joint Center for Housing Studies of Harvard University

Demand for low rent housing far exceeds supply. The shortfall in the number of units affordable to extremely low-income renters (earning up to 30 percent of Area Median Income) more than doubled from 1.9 million in 2001 to 4.9 million in 2011. *Joint Center for Housing Studies of Harvard University*

The supply of rental housing expanded from 2010 to 2011, increasing by a little more than 700,000 units. However, 61 percent of those new units were affordable only to renter households with incomes above 80 percent of AMI.

National Low Income Housing Coalition

Forty five percent of units affordable to extremely low-income renters are actually occupied by households earning more than 30 percent of AMI, meaning there is a true shortage of 7.1 million units for ELI renter households in 2011.

National Low Income Housing Coalition

Nationally, the total number of units renting for \$500 per month or less fell by one million from 2007 to 2012.

American Community Survey

The number of renter households with worst-case housing needs (defined as paying more than half of monthly income for rent, living in severely substandard housing, or both) grew from 5 million in 2001 to 8.5 million in 2011.

U.S. Department of Housing and Urban Development

The Low-Income Housing Tax Credit Program

The Low-Income Housing Tax Credit program is currently the most important tool available to those working to expand the nation's affordable housing inventory. NAHRO remains committed to working with our industry partners to preserve and strengthen the LIHTC program moving forward.

- NAHRO supports legislation to permanently extend the minimum 9 percent credit rate enacted under the Housing and Economic Recovery Act of 2008 while also creating a minimum 4 percent credit rate for allocated acquisition credits.
- NAHRO supports a substantial increase to the annual LIHTC allocation, and believes states should be required to reserve a significant portion of incremental credits for use by PHAs.

Housing Trust Fund

NAHRO has been a longtime champion for new federal resources aimed at supporting the production of affordable units of rental and homeowner housing. The Housing and Economic Recovery Act of 2008 authorized a national Housing Trust Fund intended to support the production, preservation, and rehabilitation of affordable housing. While the Housing Trust Fund has the potential to make a significant contribution toward the expansion of the nation's affordable housing inventory, it has never been capitalized.

 Having long pursued the enactment of a budget-neutral mandatory funding source for the Housing Trust Fund, NAHRO supports the initiation of statutorily mandated contributions by the Government Sponsored Enterprises to the Fund.

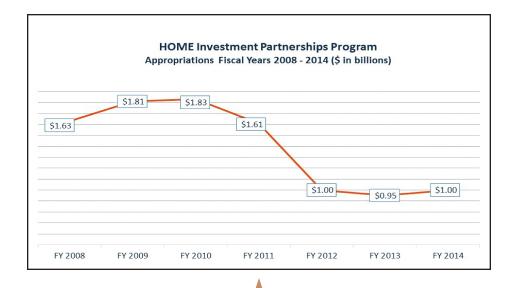
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- NAHRO will work to ensure that long-term operating assistance remains a clearly eligible activity for rental housing developed through the Housing Trust Fund.
- NAHRO believes PHAs and local housing and redevelopment authorities (HRAs) should be empowered to access and effectively utilize Housing Trust Fund resources, including for the preservation of public housing units.

HOME Program

The proven and effective HOME Investment Partnerships program empowers states and localities to design and implement affordable housing strategies to respond to locally determined "critical" needs. Given our nation's affordable housing shortage, restoring HOME formula funding is critically important. Since the program began over 20 years ago, HOME has made possible the construction, acquisition, or rehabilitation of approximately 225,000 owner-occupied units, 485,000 homebuyer units and 450,000 rental units. HOME has also provided help to over 285,000 households through local tenant-based rental assistance programs. And HOME doesn't just build housing — it builds local economies. Since its inception, HOME has leveraged over \$100 billion of other funds for affordable housing, a leveraging ratio of four to one. According to data provided by HUD, restoring the traditional formula funding level for HOME would create or preserve nearly 30,000 jobs.

- NAHRO supports the restoration of a responsible level of funding for the HOME formula program.
- NAHRO will work to address the negative impact recent HOME regulatory reforms have had on the ability of PHAs and redevelopment authorities and their instrumentalities to fully engage the program.



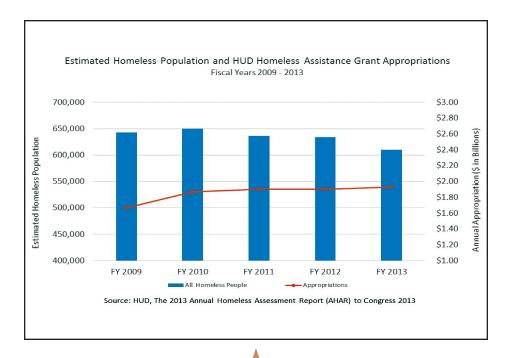
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6 I Fully Fund Homeless Assistance Grant Programs

Congress enacted and the President signed the Homeless Emergency and Rapid Transition to Housing Act (HEARTH) in 2009, resulting in major changes to HUD's McKinney-Vento homeless assistance programs. HUD has been working for several years to implement the programmatic reforms mandated by HEARTH, but that work has been hamstrung by inadequate funding. NAHRO strongly supported many of HEARTH's important reforms, including new flexibility to prevent at-risk families from falling into homelessness and an expanded HUD definition of homelessness that is better aligned with the definition employed by other federal agencies. The impact of the recent economic crisis illuminated the importance of ensuring adequate program funding as HUD continues to work to implement changes to its homeless assistance programs, as well as new initiatives created by HEARTH.

- NAHRO supports full funding for HUD's homeless assistance programs and recognizes
 the need for program funding to keep pace with the rising costs associated with renewing
 expiring contracts.
- NAHRO will work to improve access to HUD's homeless assistance programs in order to better position PHAs to act as full partners in local efforts to eradicate homelessness.







7 I Improve the Regulatory Environment for Housing and Community Development Agencies

In a climate characterized by fiscal constraints, HUD should endeavor to help its partners to maximize the use of federal resources. Unfortunately, housing and community development agencies remain burdened by outdated regulatory and administrative requirements. In 2014, NAHRO will continue to encourage HUD to create a more supportive operating environment by reducing unnecessary burdens, barriers, and obstacles, and pursuing meaningful reforms to existing regulations and administrative requirements. Among other actions, HUD should:

- In consultation with the industry, move quickly to issue responsible guidance related to the implementation of the program reforms and cost-saving measures included included in the FY2014 omnibus appropriations act.
- Reevaluate its full complement of information collections to remove duplicative and unnecessary
 reporting requirements, including those aimed at PHA executive compensation, which overstep the
 federal role and single out PHAs for special scrutiny not visited upon any of HUD's other partners.
- Suspend annual planning requirements and revisit the annual planning process with an eye toward streamlining it.



HACSB Artisan Court 5:

In 2011, the Housing Authority of the City of Santa Barbara (HACSB) developed Artisan Court, a housing site comprised of 55 studio apartments for three of Santa Barbara's underserved populations: youth aging out of foster care, the homeless and disabled, and downtown workers. This project is also unique in that each of the development's 55 units were furnished and decorated by members of the community through HACSB's Adopt-a-Room campaign.

- Temporarily make all requirements under the Enterprise Income Verification system voluntary (other than its use as a required income verification tool).
- Establish a streamlined and expedited waiver process through which individual PHAs may request and receive waivers.
- Suspend Section Eight Management Assessment Program (SEMAP) ratings for the purpose of sanctions until such time as ongoing administrative fees are meaningfully restored. Until then, HUD should provide PHAs with SEMAP scores that are purely advisory.
- Immediately designate all Public Housing Assessment System scores above 59 as advisory.
- Indefinitely suspend implementation of the revised Physical Needs Assessment.
- Formally reinstate the policy making capital improvements an eligible use of operating reserves for all agencies.
- Take meaningful action to ease the administrative burdens associated with Section 3 compliance and reporting.
- Amend its existing policies and allow for the subordination of Deeds of Trust in order to provide PHAs with a more flexible tool to leverage the value of their public housing assets and attract private investment into their properties.

In 2014 NAHRO will also continue to work to remove statutory and regulatory barriers to PHA/HRA participation in various federal programs, often because these agencies do not enjoy nonprofit status under the Internal Revenue Code. For example, PHAs and HRAs are prohibited from acting as subrecipients under the Emergency Solutions Grant program, even though many local government grantees want PHAs to fill that role without having to go through a time-consuming and costly procurement process. PHAs and HRAs are also barred from collecting developer fees under the CDBG program, even though these agencies often engage in the same development work as for-profit and private nonprofit developers of affordable housing — all while risking their own non-federal funding, generated through entrepreneurial activity.



Bridgeport People:

Bridgeport Housing First (BHF), an initiative launched by the Housing Authority of the City of Bridgeport (Conn.) and community service providers, provides permanent supportive housing for homeless families. BHF's Critical Time Intervention (CTI) model was responsible for a 20 percent decline in family homelessness in Bridgeport according to 2011 Point-in-Time data.

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