

Over 140,000 Go Without Housing

PHADA's Cost Neutral Proposal Would Help Fix this Growing Voucher Leasing Crisis

OVER THE LAST TEN YEARS, the percentage of authorized vouchers leased to eligible low-income households stagnated in the mid to low 90 percent range. **It stands at only 89 percent for 2015.**

Operating for another year with reduced administrative fee prorations – approximately an 80 percent proration for 2016 – the percentage of low-income households leased in Housing Authorities' (HAs) voucher programs will likely worsen if something is not done. **PHADA estimates that there are over 140,000 low-income households (6 percent) that could otherwise be housed with funding already appropriated by Congress.** However, underfunding of Section 8 administrative fees has, in part, contributed to stagnating and declining “voucher lease-up rates” of low-income households. Inadequate administrative funding continues to compromise HAs' ability to fill voucher program vacancies quickly, perform inspections, ensure housing quality, and fulfill other important voucher program obligations. PHADA's cost neutral proposal would go a long way to improving lease-up of households to help address this growing voucher leasing crisis.

HUD Acknowledges the Problem

President Obama's FY 2015 Congressional Budget Justifications for HUD state, **“Cutting administrative fees to the degree that PHAs are unable to sustain the leasing and utilization supported by the renewal funding ultimately defeats the purpose for which that renewal funding is appropriated...”** The Department is extremely concerned that the significant administrative fee proration[s] ...have depleted many PHAs' resources. Failing to provide adequate administrative fees will impede and disrupt PHA operations....”

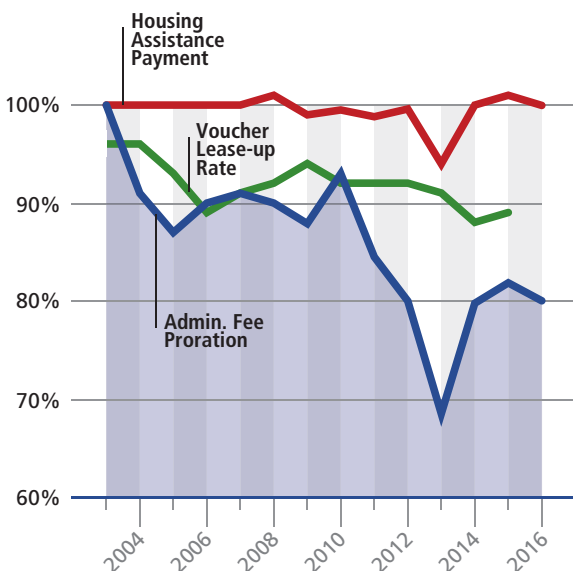
In response to a question about the underlying reason for stagnating voucher lease-up rates of low-income households during a July 10, 2015 hearing before the House Subcommittee on Housing and Opportunity, Principal Deputy Assistant Secretary of HUD's Office of Public and Indian Housing, Lourdes Castro Ramirez, answered, **“...I would specifically stress that not providing sufficient funding to Housing Agencies to administer the Housing Choice Voucher [program] has decreased and impacted their ability to deliver this program appropriately.”**

Status Quo: More Go Without Housing

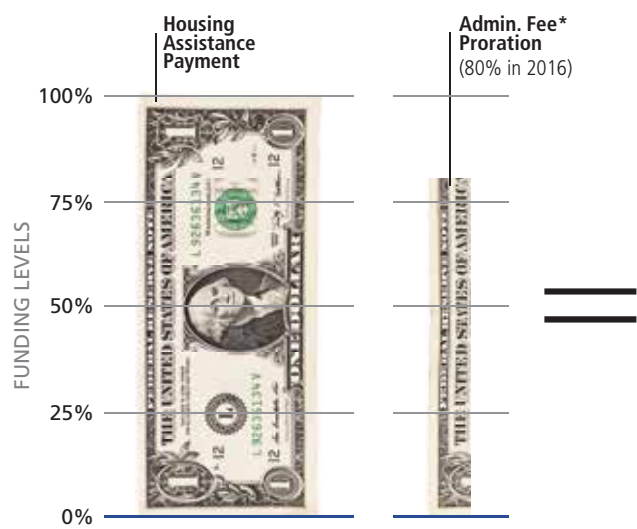
Fungibility between voucher money and admin. fees will help fix this problem and will not cost much. PHADA's modeling of the funds necessary to “funge” in order to

Section 8 Voucher Program Funding and Leasing Performance

(FY 2003–FY 2016)



Nationally, “voucher lease-up rates” have declined to 89% in 2016, while administrative fee prorations have dropped below 80%. PHADA's cost neutral proposal would help increase voucher lease-up rates significantly.



*Admin. Fees represent less than 10% of total HAP program costs. But while HAP is fully funded, the admin. fees necessary to implement the program have been prorated to around 80%.



PHADA estimates that there are over 140,000 low-income households (6%) that could otherwise be housed with funding already appropriated by Congress. However, admin. fee prorations – approximately an 80% proration for 2016 – have contributed to over 140,000 families from being housed.

bring admin. fee prorations from 80 percent to 95 percent would be about seven-tenths of one percent of the total HAP-related funds. With affordable housing needs so great for so many low-income unassisted households, enactment of this proposal will help HAs utilize previously appropriated funds to lease more eligible households. Continuation of the status quo will likely result in another year of over 140,000 households from being housed.

There Won't be More Money

HUD requested more funding for admin. fees for FY 2017, which PHADA deeply appreciates. However, strict budget caps and other factors have basically precluded sufficient increases in admin. fee funding in annual appropriations acts over many years. This grim budget reality is unlikely to change anytime soon under current law. If anything, administrative fee prorations may decline further, resulting in even fewer households being housed with already HAP-funded and authorized vouchers.

PHADA's Legislative Solution

Under PHADA's legislative proposal, if an HA does not receive 95 percent of the full amount of administrative fees

to administer Section 8 voucher programs at the existing authorized statutory fee rate (pre-Quality Housing and Work Responsibility Act of 1998 rate) for each leased household, it would be able to utilize its Housing Assistance Payment balances from a previous year(s) in order to receive a combined administrative fee using direct and indirect funding from Congress up to a 95 percent proration.

PHADA legislative solution to this problem would allow limited fungibility between HAP and admin. fee. PHADA's legislative proposal states, *"Provided further, That a public housing agency that does not receive from the Secretary of Housing and Urban Development an allocation sufficient to pay the full amount determined in the first proviso of such paragraph (3) under such heading in such Public Law (P. L. 105-276) may at its option utilize carryover balances under this heading, the heading "Tenant-Based Rental Assistance" for fiscal year 2017 and prior years remaining from housing assistance payment funds appropriated for the public housing agency, to the extent necessary to effect payment to the public housing agency of an amount not exceeding 95 percent of the full administrative fees and expenses payable to the public housing agency with respect to authorized vouchers under lease, notwithstanding the purposes for which such funds were appropriated."*

Please Contact Congress Today

Housing Authorities are encouraged to provide their elected U.S. Representatives and Senators with this issue brief, along with information and impacts on low-income households in their local communities, with a request to include this legislative provision in a pending FY 2017 appropriations bill.

If you have any questions or would like additional information and analysis regarding PHADA's proposal, please contact Policy Analyst, Jonathan Zimmerman, at: 202-546-5445, or via email: zimmerman@phada.org.