

PHADA Priorities for the 118th Congress

Legislative Priorities

PHADA supports the following legislation from the 118th Congress:

- **Public Housing Emergency Response Act (H.R. 307)** – Appropriates \$70 billion to the public housing capital fund to address the backlog of capital needs in public housing properties across the U.S.
- **Affordable Housing Credit Improvement Act (H.R. 3238 and S. 1557)** – Expands and improves the Low Income Housing Tax Credit (LIHTC) program to address the critical shortage of affordable housing.
- **Tax Relief for American Families and Workers Act of 2024 (H.R. 7024)** – Includes several key provisions of the Affordable Housing Credit Improvement Act which would increase production of affordable housing nationwide.
- **Respect State Housing Laws Act (H.R. 802 and S. 3755)** – Repeals the CARES Act’s 30-day notice requirement before a property owner may begin eviction proceedings due to rent non-payment, which will help minimize tenant accounts receivable for public housing agencies.
- **Interagency Council on Affordable Housing Act (H.R. 2974)** – Establishes an interagency council to “develop Federal Policy ... to preserve and increase affordable housing supply.”

PHADA Positions on HUD Programs and Actions

PHADA has consistently and vigorously raised concerns about the multitude of mandates coming from HUD. These include:

1. Affirmatively Furthering Fair Housing (AFFH) (Federal Register, February 9, 2023)

Although HUD took modest steps to address some of PHADA’s concerns, the proposal still imposes unnecessary and complicated burdens on Equity Plan submitters (including HAs), and on HUD which must review, oversee, and monitor fair housing progress. There are simpler, less complicated approaches to accomplish federal fair housing goals more efficiently and effectively. At this stage, HUD must evaluate submitted public comments, revise, and publish its proposal as a final rule.

2. National Standards for the Physical Inspection of Real Estate (NSPIRE)

(Already in effect for Public Housing and for Housing Choice Vouchers on October 1, 2024)

PHADA, in a September 21, 2022, letter to Dominique Blom, General Deputy Assistant Secretary of PIH, and Ashley

Sheriff, Deputy Assistant Secretary of REAC, requested that HUD delay implementation dates of NSPIRE standards and allow for provisional scores when the system is instituted.

Implementation concerns include supply chain issues, lack of

adequate staffing, operating fund shortfalls, rising tenant accounts receivable, all of which make it difficult to maintain operations and properties and, subsequently, SEMAP and PHAS scores. Additionally, landlords, HAs, residents,

and vendors may not have been fully informed, prepared, or trained to-date. Lastly, NSPIRE will result in significantly increased costs to agencies and will require adequate funding to implement. To our knowledge, HUD has not requested additional funding from Congress to execute required changes in the standards. Agencies operate under unique local challenges with inadequate funding.

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3. Build America, Buy America (BABA)

(In effect for most Agencies on August 23, 2024)

The Department has provided additional HUD-specific guidance to HAs through PIH-Notice 2024-01. While HUD's public interest phased implementation waivers and additional guidance have been helpful, clearer, and more comprehensive guidance is needed for HAs to be able to effectively implement the Buy American Preference (BAP) of BABA by August 23, 2024, as several questions remain. For example, it is unclear what sourcing marketplaces exist for BABA products and materials, and if they exist in appropriate quantities and at reasonable prices. Further, it is unclear how HAs will be measured for compliance related to subjects like documentation of compliance. HUD and OMB should provide technical assistance, training, and resources for HAs. Otherwise, many HAs are ill-equipped to navigate the burdens of BABA. PHADA will continue to advocate to the Department for transparency, tools, and resources to assist agencies.

According to HUD's own data, over one-in-five HAs have been "severely impacted" by TARs—meaning they had increased TARs and decreased reserves.

4. Tenant Accounts Receivable for Public Housing

Since the beginning of the pandemic in 2020, rates of tenant accounts receivable—that is, rent that HAs are unable to collect—have risen dramatically. Pre-pandemic, HAs were not able to collect roughly 4–6 percent of rent; for 2022, HAs were unable to collect nearly 20 percent of rent across the public housing program. Further, according to HUD's own data, over one-in-five HAs have been "severely impacted" by TARs—meaning they had increased TARs and decreased reserves. Higher TARs challenge HAs' ability to provide safe, sanitary, and decent housing because they are not accounted for in the operating fund formula. PHADA continues to urge Congress to act on a supplemental funding package and to end the 30-day notice requirement for rent non-payment evictions, which our members cite as a key driver of increased TARs.

5. Small Area Fair Market Rents (SAFMRs) (Effective January 1, 2025 in mandated areas)

The goal of the SAFMR policy is to better match payment standards to local rental housing markets to expand housing choice, make it easier for voucher holders to lease in higher-

opportunity neighborhoods, and to decrease the concentration of voucher use in areas of high poverty.

In October 2023, HUD issued an updated list of mandatory SAFMR areas, requiring that agencies operating in newly mandated areas adopt payment standards for SAFMRs to be effective January 1, 2025. Non-mandated areas can also choose to utilize SAFMRs in two ways—through voluntary adoption of SAFMRs for their program, or to establish excep-

tion payment standard areas using the SAFMRs in higher-cost zip codes. The Department's own data shows substantial local variation in the effectiveness of the policy. Due to these substantial local variations, PHADA continues to be concerned about negative and unintended consequences in many localities,

including higher costs per unit, reduced options and more difficulty finding units especially in the short term, and the potential for having to serve fewer households. PHADA will continue to raise concerns about potential negative impacts, especially at the local level where national statistics tend to minimize that impact.

6. Housing Opportunity Through Modernization Act (HOTMA) (Compliance date of January 1, 2025)

HUD has adopted a convoluted implementation schedule for HOTMA Sections 102 and 104, with an "effective date" of January 1, 2024, and a "compliance date" of January 1, 2025. In theory, this means that HAs can implement Sections 102 and 104 as early as the effective date (January 2024), but that they must implement them by the compliance date (January 2025). In practice, though, HAs cannot begin implementation until the Department rolls out the Housing Information Portal, software vendors make the necessary changes to their products, and agencies update their policies and procedures to be HOTMA-compliant. PHADA remains concerned that the Department is not being realistic about its readiness to implement HOTMA. The Association recently wrote to HUD requesting a delay in HOTMA implementation due to the slow rollout of HIP and the need to train staff to comply with new policies.

PHADA Strategic Planning

Local Flexibility Option

PHADA is focusing on creating more flexibility for HAs so that they can better address the needs of residents and their local communities. PHADA proposes that local HAs be provided with substantially expanded flexibilities to allow agencies to use limited available resources in ways that will have the greatest impact based on local conditions. Modeled on the original Moving to Work demonstration program, agencies would be able to modify policies based on local needs rather than HUD requirements. Given the ongoing lack of adequate

funding for the public housing operating, capital and HCV administrative fees funds, and the challenges of FMRs, HAs would be able to flex the use of funds to achieve the greatest local impact. For example, if an agency is unable to use all its available Housing Assistance Payments subsidy dollars due to the lack of units available to voucher holders under standard rules, it could redirect those funds to: preservation, landlord incentives, mobility, housing navigator or FSS services, local payment standards, homelessness prevention, homeownership or AFFH initiatives, or other related activities.