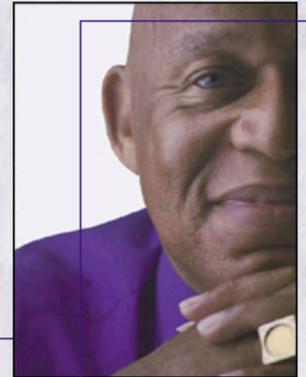




# State and Local Housing Flexibility Act of 2005



# Need for Change

- Administrative inefficiencies are wasting precious resources that could be better used for serving additional families
- Targeting requirements have shut the door to low-income individuals who work hard to raise their income
- Inadequate work incentives have led families to stay in the programs too long
- Costs per family served have been rising. With budget-based funding this has become more onerous

# Key Points

- SLHFA does not mandate wholesale change. Local decision-making is primary
- Provisions safeguarding existing systems are included
- SLHFA is not a cost allocation proposal. Budgets will continue to be based on appropriations

# SLHFA Themes

- Simplifying programs
- Giving PHAs greater flexibility
- Requiring more accountability of PHAs
- Encouraging tenant work contributions
- Lessen intrusion in families' lives
- Containing program costs



# **SLHFA** Components

- Flexible Voucher Program (Title I)
- Rent Flexibility and Simplification (Title II)
- Moving to Work Program (Title III)

# **Title I:** Flexible Voucher Program

# Admission Of Families

- PHAs may continue to establish local preferences for admission of families, including special disability preferences
- Income eligibility remains the same at 80% of Area Median Income
- Applicants cannot own a significant interest in any real property
- Applicants cannot have assets over an amount determined by HUD



# Income Targeting

- Allows PHAs to keep current income targeting if they so choose
- Determination of income is simplified to exclude all deductions and exclusions
- Like the HOME Program, at least 90% of families selected must have gross incomes at or below 60% of area median income

# Family Rent Contribution



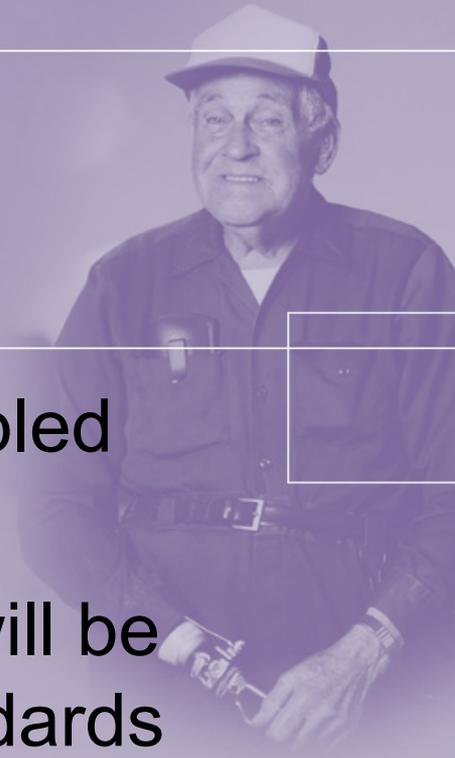
- PHAs will devise local rent structure from a menu of options:
  - Rents calculated in accordance with current statutory requirements
  - Flat rents
  - Tiered rents based on income ranges
  - Rents as a percent of income
  - Rents calculated using one or more elements of the above approaches

# Reasonable Rents

- Eliminates reliance on FMRs that may not reflect local rental conditions
- Requires reasonable and appropriate rents of a non-luxury standard
- Rents shall be reviewed annually and should reflect the local market

# Elderly and Disabled Families

- No effects to existing elderly and disabled families up to January 1, 2009
- Newly admitted elderly and disabled will be subject to same rent and income standards as existing elderly and disabled tenants
- Newly admitted elderly and disabled will be subject to PHAs locally determined rent policies if instituted before 2009



# Local Preferences

- PHAs have flexibility to serve local populations in ways that meet local needs
- Can provide deeper subsidies for certain groups such as the homeless or the elderly
- Can specify disabled groups to be served
- Hardships are a local option



# Homeownership

- Provides homeownership assistance for first-time homebuyers:
  - One-time grant of up to \$10,000 for down payment assistance and closing costs
  - Mortgage assistance
  - Purchase agreements for homes before construction

# Project-Based Vouchers

- PHA may continue to use up to 20% of FVP voucher funding for project-based assistance
- Contracts are for a period of 10 years with extensions without HUD approval



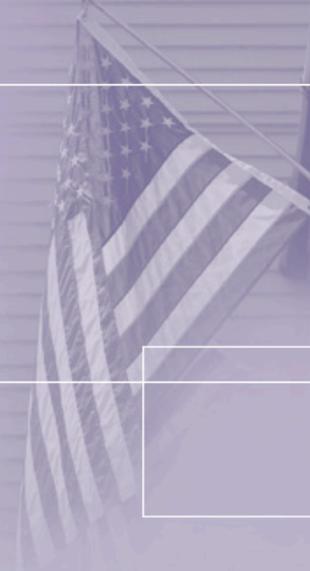
# Family Self-Sufficiency



- PHAs may design and implement local self-sufficiency programs to assist families towards increased earnings
- Cumbersome FSS requirements are eliminated for vouchers
- FSS can be used:
  - for housing assistance
  - to employ FSS coordinators
  - to provide escrow account incentives

# Portability

- Retains state and regional portability
- Provides for mutual agreements between PHAs
- Notification to HUD of agreements encompassing more than one state or the District of Columbia



# Term Limits

- PHAs will have the option of instituting term limits or not, but not before 2008
- HUD prescribes limits:
  - Elderly and disabled families are protected
  - Any term limit established by a PHA shall not be less than five years

# Enhanced Vouchers

- Eligible families will receive enhanced voucher assistance for one year
- Enhanced voucher converts to regular voucher after one year
- Elderly and disabled are protected for a period of three years



# Housing Quality Standards

- PHAs must conduct an initial inspection of all units within 60 days of the first HAP payment
- PHAs may deny a family move to a unit that does not meet HQS if the PHA believes the owner will not make repairs within 60 days
- PHAs must reinspect at least 25% of the units in the program annually
- Every unit must be inspected at least once every four years

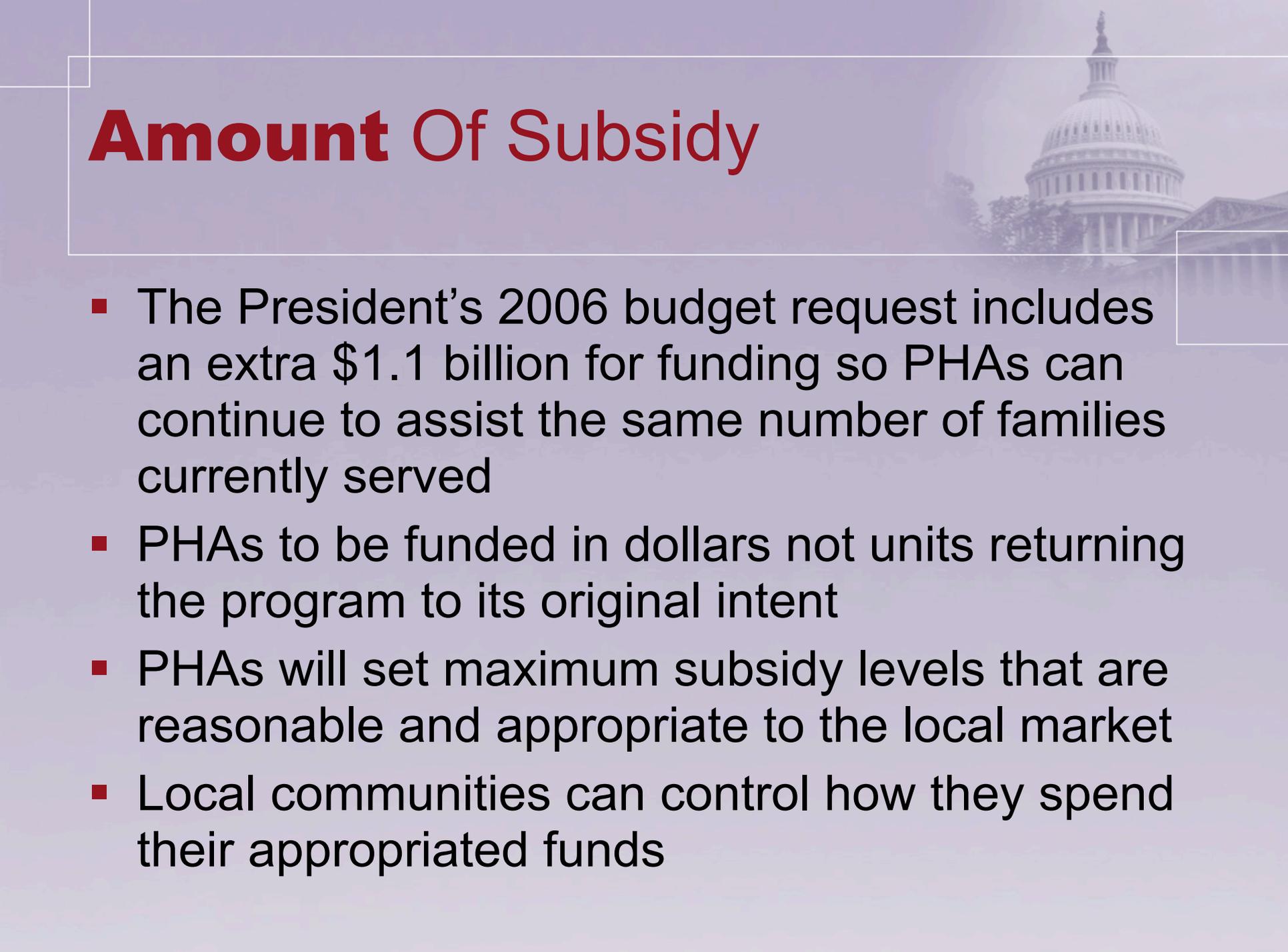
# Program Administration

- FVP will be administered by local PHAs
- HUD will focus on a few basic performance measures that will be results, not process, oriented:
  - Number and eligibility of families served
  - Housing standards
  - Rent reasonableness
  - Financial management

# Reduced Administrative Burdens

- Income recertifications every three years for elderly and disabled, and every two years for all others
- HQS inspections of 25% of all units annually
- Greatly simplified rent calculations at option of PHA (e.g. flat rents)

# Amount Of Subsidy



- The President's 2006 budget request includes an extra \$1.1 billion for funding so PHAs can continue to assist the same number of families currently served
- PHAs to be funded in dollars not units returning the program to its original intent
- PHAs will set maximum subsidy levels that are reasonable and appropriate to the local market
- Local communities can control how they spend their appropriated funds

# PHA Administrative Fees and HAP

- Administrative fee and HAP will be finalized through negotiated rulemaking within 24 months of FVP legislation becomes law
- Until negotiated rule is effective, HUD will allocate administrative fee and HAP funds on a pro rata basis based on the amount of HAP and fees each PHA received in fiscal year 2005

# **Title II – Public Housing Flexibility and Simplification**

- Simplify program administration
- Eliminate excessive oversight requiring numerous reviews
- Lessen intrusion in residents' lives
- Reduce errors in income calculations and reporting
- Provide incentives for work and increased income

# How it is the same as Title I

- Provides exactly the same rent options
- Uses same definition of gross income
- Treats elderly and disabled in the same way
- Recertifications will be required every two years except for elderly and disabled who will be reviewed every three years
- PHAs must establish a minimum rent to be paid by each family

# How it differs from Title I

- Targeting – remains unchanged from current law – 40% below 30% of AMI
- Allows some over-income families in particular instances at PHA discretion
- Establishes escrow savings accounts outside of FSS

# Title III - Moving to Work Program

- Builds on success of the MTW Demonstration
- Makes Moving to Work permanent
- Provides full fungibility and flexibility of operating, capital, and voucher funds
- Allows PHAs to develop innovative, locally-designed housing and self-sufficiency strategies

# MTWP – Eligibility: Non Demonstration PHAs

- PHA must manage 500 units of public housing;  
and
- PHA must administer at least 500 vouchers;  
and
- PHA must be a high performer under  
applicable assessment system
- PHAs that do not meet the above criteria may  
be able to participate if they meet other criteria  
as established by the Secretary

# **MTWP** – Eligibility: Current Demonstration PHAs

- All PHAs currently designated MTW sites can opt in to the MTW program
- PHAs with MTW demonstration contracts ending in 2005 or 2006 can have those contracts extended for an additional three years

# Conclusion

“ ...taken together, these three initiatives of Flexible Voucher Reform, Rent Reform and Moving to Work ... can serve as the engine for reform that is genuinely necessary... ”

— Secretary Jackson