TRANSFORMING RENTAL ASSISTANCE

A Presentation on the Future of HUD's Rental Assistance Programs

Department of Housing
and Urban Development

Transforming Rental Assistance

HUD's Transforming Rental Assistance (TRA) initiative is intended to preserve and improve assisted housing by aligning it with the broader housing market.
The **key goals** of the initiative are:

- **Preserve** assisted units through an infusion of public and private market capital
- **Streamline and simplify** HUD's rental assistance programs
- Encourage **mix of incomes and uses** in HUD-assisted housing
- Encourage **tenant choice and mobility**

CURRENT STATE – PRESERVATION

HUD currently **lacks a viable preservation strategy** for its 1.2 million units of public housing and for other "legacy" programs.

- 150,000 public housing **units were lost** over the last 15 years
- Public housing has **unmet capital needs** of ≈ $20 to $30 Billion
- Section 8 Moderate Rehab (25,000 units), Rent Supplement (9,500 units), and Rental Assistance programs (11,300 units) either offer **no option to renew** or cannot renew on terms that attract sufficient capital to preserve long-term affordability.

Current State – Streamline and Simplify

HUD provides rental assistance across **multiple programs** with **varying rules,** through a **maze of administrative structures** that make it difficult for local agencies to operate programs and confusing to those seeking housing assistance.

Program	Administrators	Projects	Units
Conventional Public Housing	3,123	7,460	1,175,244
Section 8 Housing Choice Vouchers	2,406	-	2,233,706
811 Mainstream Vouchers	203	-	14,783
Section 8 Moderate Rehabilitation	189	429	25,037
Section 8 Project-based Contract	53	10,287	1,189,294
Rent Supplement	n/a*	234	9,557
Rental Assistance Program	n/a*	134	11,382
202 Project Rental Assistance Contract	n/a*	2,527	102,550
811 Project Rental Assistance Contract	n/a*	2,489	27,666
HOME Tenant-Based Rental Assistance	134	-	12,239
HOPWA	219	1,073	23,862
McKinney Supportive *(administered locally)*	1,938	3,666	87,435
TOTAL	**8,265**	**28,309**	**4,912,755**

Current State – Mix of Income and Uses

Current programs are stuck with rigid, inflexible rules and out-dated bureaucratic hurdles that have left many developments isolated and segregated -- racially and geographically

Restrictions in the Declaration of Trust, and on the use of Operating and Capital funds, disallow most: non-residential development; mixed-income housing; and integration with local land use planning.

Current State - Tenant Choice and Mobility

Residents of HUD-assisted housing are often unable to leave **neighborhoods of concentrated poverty** because moving means giving up their subsidy.

	% living in area of concentrated poverty	Average Income
Public housing resident	48%	$13,346
Assisted housing resident	26%	$11,504
Housing voucher recipient	19%	$12,755

Even when households have the ability to move with a voucher, **jurisdictional barriers** and a **lack of knowledge about other housing options** are significant impediments.

PETRA

Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010

Department of Housing
and Urban Development

PETRA

Funding and regulation of HUD-subsidized affordable housing multifamily property would shift to 8(n) of the 1937 Housing Act.

- PETRA Conversion is **voluntary.**
- **Long-term property-based contract** is established between owner and HUD to maintain property.
- **Leveraging** must address immediate repairs, renovations and long-term capital needs.
- Rents are based on **local Market** conditions.

PETRA

PETRA will allow local housing agencies to convert to a **consolidated and stable funding stream** and concentrate on property management over program administration.

CURRENT – Public Housing	**FUTURE – Project Based Contract**
Losing ≈ 10,000 units per year	Halts the Loss of Units
Operating Fund + Capital Fund	Housing Assistance Payment (with compulsory renewals)
$7.2 Billion (2010)	$8.4 Billion
≈ $4 Billion Capital Leverage	$27+ Billion Capital Leverage
Declaration of Trust	Minimum 30-Year Use Agreement

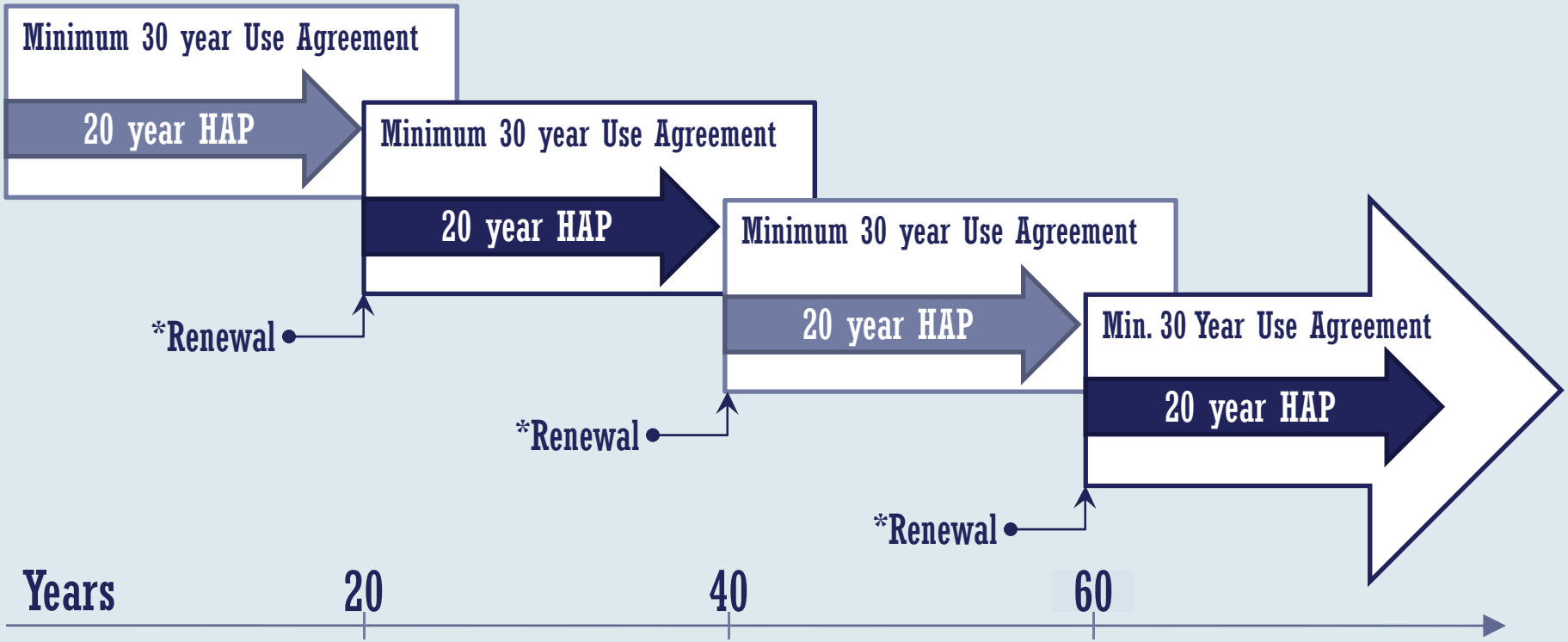
PETRA

TRA will allow HUD's programs to access private **market tools** and **integrate** with other affordable housing programs.

- Move from separately regulated Operating and Capital subsidies to a single market-based rent subsidy.
- Allow local agencies to:
  - Use public subsidy to leverage debt. Local housing agencies could leverage an estimated ***$25 Billion in public and private debt*** to address capital backlog.
  - Finance repairs and replacement with a mix of publicly available funds, such as *Low-Income Housing Tax Credits.*

PETRA – PRESERVATION

When the Housing Assistance Payment (HAP) **Contract** is renewed, it triggers a renewal of the **Use Agreement** for converted public housing.



*PETRA requires converted public housing to accept HAP renewal when offered.

PETRA – PRESERVATION, CONT.

PETRA assures properties **remain affordable for the long-term**:

- Public housing converts to a **minimum 30-year use agreement** and required acceptance of extension, regardless of ownership
- Rental assistance contract and use agreement **survive foreclosure or bankruptcy**
- HUD may **transfer rental assistance** to a new agency or owner in the event of a contract breech, foreclosure or bankruptcy
- **Enhanced enforcement powers** for HUD
- **Federal option to purchase** at end of contract; use agreement
- **Replace Every Hard Unit 1-for-1** with only exception for weak markets where vouchers are easy to use in low-poverty areas (estimated as less than 10% of units)

PETRA – Streamline and Simplify

TRA recognizes that the complexity of HUD's programs is part of the problem and seeks to move from 13 rental assistance programs toward a single platform for major Federal rental assistance programs with the same fundamental rules.

Three variations within Section 8:

- Long term Project based contracts (**PBCs**)
- Project based vouchers (**PBVs**)
- Tenant based vouchers (**TBVs**)

Establish uniform core policies for all rental assistance programs.

PETRA – Streamline and Simplify, cont.

PETRA would authorize **two new sections** in the U.S. Housing Act of 1937:

SECTION 8(m)

- Section 8(m)(1) **streamlines policies** across rental assistance programs
- Section 8(m)(2) authorizes the **conversion** of rental assistance

SECTION 8(n)

- Authorizes the Secretary to enter into **long-term, property-based contracts** for rental assistance, subject to annual appropriations, with owners of converting properties.

PETRA – Mix of Income and Uses

Integrate HUD-funded rental assistance with the **broader property market** and eliminate barriers to it co-locating with stores, services and other public and private housing.

Public and assisted housing would gain rights equal to other residential property. HUD-assisted housing could be **built, financed and managed** to attract a mix of uses, incomes and stakeholders, including the flexibility to:

- Move contracts and portions of contracts between properties.
- Dedicate more project based assistance to partially assisted properties, while reducing all-or-nothing requirements for 100% of a building to be included in a project based contract.

PETRA – Tenant Choice and Mobility

Over 2.3 million recipients of HUD-funded rental assistance - including **families, elderly and senior** - should not have to **sacrifice affordability** if they need or want to move.

- After **two years** in a converted property, residents gain option to move using a **housing choice voucher**, subject to availability
- Up to 1 in 3 turnover vouchers each year for the Choice option
- No reduction in number of applicants receiving federal rent subsidies each year
- Property-based subsidy **continues for the unit**

Later stages **may need to constrain choice** if demand exceeds available supply of vouchers.

PETRA – Resident Participation

PHAs and owners required to consult with residents before, during, and after the conversion process.

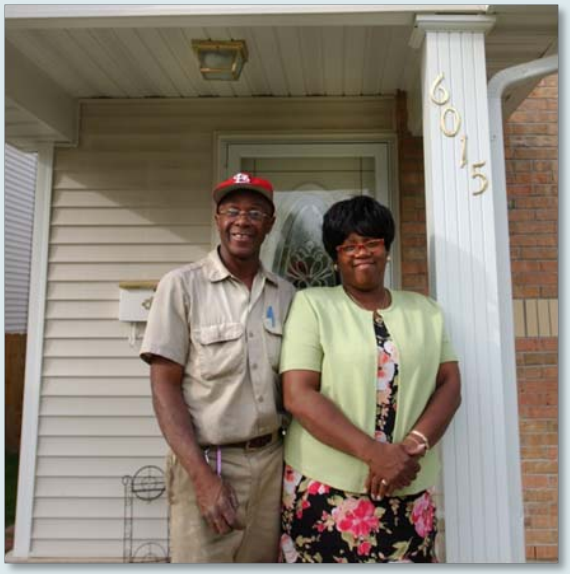
- PHAs required to have at least one tenant on their board

- No changes to annual and five-year planning requirements

PETRA – Resident Rights

Income-based rents and security of tenure

- No re-screening
- Evictions only for good cause



Procedural rights

- Notice requirements
- Required elements of due process

Organizing rights

- Right to organize and be recognized by owners
- Funding for organizing

Section 3

- Hiring and contracting requirements continue to apply
- Hiring preferences uniform across programs

Visit the TRA Web page

http://www.hud.gov/tra

Join the TRA E-Mail List

Follow the instructions at the bottom of the TRA Web page.

Email TRA@hud.gov

Submit Questions and Comments to HUD