Reducing Poverty: FY 2017 and FY 2018 Funding Priorities

California has a tremendous shortfall of affordable housing. According to the Center on Budget and Policy Priorities (CBPP), 82% of very low-income renter households in California pay too much for rent and do not receive a Section 8 Housing Choice Voucher subsidy, Public Housing or other federal rental assistance. Of these, 73% pay more than half their income for housing. Nationally, only a quarter of those eligible for affordable rent will receive any form of assistance.

California’s Housing Authorities provide a variety of critical services and opportunities designed to address these issues. Having a stable funding source is key to our success. Running the federal government with multiple, short-term Continuing Resolutions (CRs) prevents Housing Authorities from completing critical budget-making processes and leaves their agencies in limbo, while thousands of families may lose access to stable housing and vital investments in affordable housing are put at risk.

CAHA RESPECTFULLY URGES MEMBERS OF CONGRESS TO:

- Finalize the FY 2017 budget and provide sufficient appropriations for housing programs for FY 2018.
- Provide relief from the austere spending caps required by the Budget Control Act of 2011 and ensure affordable housing, community development and transportation programs receive the highest allocation of discretionary funds possible.
- Continue to treat defense and nondefense programs equally when providing budget relief.

The Housing Choice Voucher (HCV) Program is the nation’s largest rental assistance program and helps approximately 2.2 million households.

- California uses 14% of all HCVs—about 303,000—the most in any state.
- In 2015, California’s landlords were paid $2.96 billion in rental subsidy.
- Eighty-seven (87%) percent of California’s HCV households include children or people who are elderly or disabled according to CBPP.
- Sixty-eight (68%) percent of California’s HCV non-elderly, non-disabled households were working or had worked recently according to CBPP.
- California Housing Authorities administer 17,690 vouchers under the VASH (Veteran's Affairs Supportive Housing) program. This represents 19% of VASH vouchers nationwide.
- The HCV Family Self-Sufficiency (FSS) program promotes the development of local strategies to help eligible families achieve economic resiliency. As of July 2016, 55 housing authorities in California had successful FSS programs.
CAHA RESPECTFULLY URGES MEMBERS OF CONGRESS TO:

- Adopt an FY 2017 budget that fully funds the Housing Assistance Payments (HAP) and Administrative Fee accounts. Due to the CR, Housing Authorities are currently operating with only 95% of HAP funds, which will lead to an estimated reduction of 15,000 vouchers in California.
- Revise the Fair Market Rent (FMR) methodology so that it reflects accurate rents in high cost areas OR provide Housing Authorities with funding to pay for rental market surveys to update HUD's data.
- Provide special Administrative Fee funding for landlord recruitment in areas where units are hard to find OR allow the use of rental subsidy funds for this purpose.
- Provide supplemental Administrative Fees for serving the homeless.
- Increase funding for the Family Self Sufficiency (FSS) Program.

Regulatory Reform

Housing Authority programs are a key component of security at home while also serving as a launch pad to future individual success. With both high need and current constraints comes the need for regulatory reform to allow Housing Authorities the opportunity to create strategies that best serve local priorities and national interests. To accomplish that, CAHA proposes the following regulatory reform agenda.

CAHA RESPECTFULLY URGES MEMBERS OF CONGRESS TO:

- Require final implementation of all provisions of the unanimous Congressional approval of HOTMA.
- Make the provisions of Moving to Work (MTW) the basic template for Housing Authority operations.
- Direct HUD to cancel its proposal to re-federalize Housing Authority funds in the Central Office Cost Center, in accordance with the intent of Congress and QHRWA.
- Eliminate UPCS-V and continue with HQS for Section 8 inspections as a landlord friendly and understood methodology.
- Delay implementation of the Affirmatively Furthering Fair Housing (AFFH) Plan until sufficient funding is provided to Housing Authorities and localities to develop the AFFH Plan.
- Make the use of Small Area Fair Market Rents (FMR) voluntary - they can disadvantage communities and rural jurisdictions.
- Eliminate Section 3 hiring requirements but encourage and fund learning and construction apprenticeship training to improve resident self-sufficiency as opposed to “check the box” on new hires.
- Expand the repositioning and preservation of Public Housing by lifting the cap on RAD conversions.
Affordable Housing & Community Development Infrastructure

Housing is infrastructure, too. HUD programs such as Public Housing, the Community Development Block Grant (CDBG) Program and the HOME Partnership Investment Program help preserve and sustain our nation’s affordable housing stock.

The Public Housing Program is a basic safety net providing safe affordable places to call home for millions of Americans. In California, more than 30,000 households live in Public Housing. These families are among the lowest income families in the U.S., with 86% having incomes below $20,000 per year. For years the Public Housing program has, unfortunately, been extremely underfunded, causing needed modernization and repairs to go unattended and essential services to be cut. The deferred maintenance backlog for Public Housing was estimated to be nearly $26 billion in 2010, with an annual accrual of capital needs of $3.4 billion.

The CDBG Program provides block grant funding for community development programs, assists urban, suburban and rural communities in improving infrastructure, housing and living conditions, as well as expands economic opportunity through job creation and the retention or expansion of businesses. Communities use the flexibility of the CDBG Program to support projects meeting local priorities for community development, water, infrastructure needs and human services. Today, for every $1 of CDBG funds, an estimated $4.07 is leveraged in non-CDBG funds and over the last decade CDBG has created or retained 353,000 permanent jobs and sustained an additional 861,000.

Since 1990, HOME has invested $26.3 billion to help build and preserve nearly 1.2 million affordable homes and to provide direct rental assistance to more than 270,000 families. Estimates show this investment has supported 1.5 million jobs and generated $94.2 billion in local income. To date, HOME has leveraged an additional $117 billion in public and private resources for a total investment of $143 billion. Additionally, every $1 of HOME leverages $4 in additional investments.

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CAHA RESPECTFULLY URGES MEMBERS OF CONGRESS TO:

- Enact a FY 2017 budget that sustains and/or expands these highly successful HUD programs that have a proven track record for leveraging significant resources.
- Include Public Housing capital improvement needs on the national infrastructure priority list in order to preserve a critical national safety net for low income families.
- Remove regulatory regulations that contribute to administrative burden such as the 24 month commitment requirement and CHDO requirements in the HOME Program.
Tax Reform: Federal Low Income Housing Tax Credit Program

Housing Authorities are proven community development partners. Congress created the Low-Income Housing Tax Credit (LIHTC) program in 1986 to provide the private market with an incentive to invest in affordable rental housing. Today, the LIHTC is the largest source of infrastructure capital supporting our nation’s affordable housing inventory. This funding source is particularly important to California since the dissolution of local redevelopment agencies in 2012. In addition to producing new units of affordable housing, developers can use the equity raised through the sale of tax credits to support modernization of existing units, a key affordable housing preservation strategy for many local communities.

Since program inception, 345,000 affordable housing units have been built in California. In 2015 alone, $91.1 million in 9% tax credits leveraged $1 billion in private equity to build 4,794 units and $137.6 million in 4% tax credits leveraged $1.5 billion to develop 13,317 rental units.

CAHA RESPECTFULLY URGES MEMBERS OF CONGRESS TO:

- Retain and prioritize the LIHTC as it considers reforms to the nation's tax code and makes investments in the nation's infrastructure.
- Ensure a more stable investment tool by permanently fixing the 4% tax credit through legislation.
- Support and pass the Affordable Housing Credit Improvement Act of 2017 (S. 548), which expands the volume cap by 50 percent to increase the availability of stable and affordable housing.

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