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## Ten Things to Know About the Rental Housing Revitalization Act

Six million households pay more than half their income for housing. Despite this growing crisis, every year, America loses tens of thousands of affordable homes. Indeed, over the past 10 years, approximately 150,000 public housing units have left the affordable inventory through sale or demolition. In response, early last year, HUD offered draft legislation which would allow local agencies to access one of the nation’s safest forms of lending—bringing \$25 billion in much-needed repair and renovation to the public’s affordable housing stock and creating more than 300,000 new jobs in communities across the country.

The Rental Housing Revitalization Act (HR 6468), introduced by Congressman Keith Ellison of Minnesota on December 1, 2010, builds on and refines the Obama Administration proposal. By allowing public housing units to convert to project based contracts, this legislation will allow the owners to access private and public funding sources to make renovations. The bill reflects months of briefings and listening to key stakeholders in America’s diverse communities who share a commitment to preserving the nation’s inventory of affordable rental housing—and improving the way the system serves families—for generations to come.

**1. Completely Voluntary:** The Rental Housing Revitalization Act explicitly says the conversion of public housing to project based contracts will be voluntary. Further, the legislation requires that all terms and requirements will apply only to properties that are converted to the new system and that owners will have the right to renew under the current system if they so choose.

**2. Access to New Capital:** Funding provided by HUD for public and multifamily housing under the Rental Housing Revitalization Act will be based on local market rents—resulting in increased funding per converted unit in most communities. For markets with rents too low to sustain the property, such as many rural areas, the legislation allows HUD to provide an above-market “exception rent.” Tenants will continue to pay 30 percent of their income. With these new resources, public housing authorities (PHAs) that convert will be able to leverage additional public and private financing to repair and rehabilitate their properties—opening the door to as much as \$25 billion in additional funding and virtually eliminating the \$20-30 billion backlog of repair and rehabilitation needs in public housing.

**3. Safe Borrowing:** The Rental Housing Revitalization Act will provide public housing and multifamily properties the opportunity to access financing tools that every other affordable housing program has safely borrowed with for decades. Multifamily owners have preserved thousands of affordable homes by leveraging Section 8 with other sources—and even in the current economy, banks have foreclosed on multifamily owners less than 0.5 percent of the time. With the proven model of the long-term Section 8 contract, public housing owners will be able to access Low-Income Housing Tax Credits and private financing and address their capital needs.

**4. Permanent Affordability:** If the property is in good condition and owners have complied with HUD rules, the Rental Housing Revitalization Act requires HUD to offer contract extensions and for local agencies to accept

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them—preserving these properties *forever*. If the property or owner is not in good standing, HUD may, after consulting with residents, transfer the assistance to a nearby property or provide other forms of rental assistance to tenants.

- 5. Foreclosure Protections:** The Rental Housing Revitalization Act mandates that public housing will remain publicly-owned in the event of foreclosure. In the highly unlikely event of foreclosure, HUD will be required to purchase a property or assign the right to another public entity. Protections exist even before a property reaches this point. If a property goes into default, HUD must be notified immediately and has the authority to make the loan current using rental assistance funding. Further protections exist beyond foreclosure and default: a PHA cannot sell or transfer a property without HUD approval and HUD may only approve a sale or transfer to a non-profit entity if there is no capable public entity willing to take ownership of the property. Even if a PHA uses Low-Income Housing Tax Credits to rehabilitate a property and partners with a for-profit entity, the PHA must have an option to purchase the property at the end of the tax credit compliance period and maintain an active role in property management decisions.
- 6. Real Resident Choice:** Families should be able to choose where they live and be able to take responsibility for their futures. The Rental Housing Revitalization Act ensures families have that choice and that owners have the opportunity to renovate their properties to bring them up to standard. That is why the Resident Choice Option will only apply to converted properties and become available after 2 years. The only exception would be if no rehabilitation is needed. To be fair to families waiting for vouchers, HUD cannot require a PHA to use more than one out of every three available vouchers for Resident Choice and HUD may establish new wait list procedures to address any delay for these families as a result of the Choice option.
- 7. Strong, Fair Resident Rights and Protections:** Real choice means not only the option to move but also the opportunity to stay in decent, strong, well-maintained housing in your current neighborhood. That is why the Rental Housing Revitalization Act protects residents from eviction, rental assistance termination or re-screening as a result of conversion. For the first time in history, it extends these rights and protections to voucher holders as well. Tenants will not pay more than 30 percent of income for rent and utilities after conversion. Residents must be consulted prior to, during and after conversion. And tenants have a right to organize, independent of PHAs and owners—and HUD is required to fund legitimate organizing efforts. And organizations who currently receive funding for tenant organizing will continue to.
- 8. Less Bureaucracy:** Today, HUD has thirteen different deep rental assistance programs each with its own rules, administered by three operating divisions that contract with more than 20,000 separate entities. The system forces families to wade through a mass of paperwork to receive assistance—and owners face a maze of regulations to provide it. Under the Rental Housing Revitalization Act, the Federal government will get its house in order, making HUD's programs easier to use, so that local partners can focus more on the needs of their communities and less on complying with inflexible, one-size-fits-all rules. Indeed, small or partially assisted properties will have the option to convert to project-based vouchers. These properties will have a contract with a PHA and fewer HUD requirements.
- 9. Closer Ties to Community:** Isolated, segregated communities have been a recipe for failure for America's poorest families. To bring these neighborhoods out of isolation and encourage a mix of incomes, owners may distribute units in their contract between properties with HUD approval so long as the total number of affordable units is maintained. Owners would also have the flexibility to create commercial spaces on their property such as grocery stores or other local businesses that any community needs.
- 10. Overall 300,000 Jobs:** By unlocking \$25 billion in public and private capital sitting on the sidelines that can't be invested in public housing because of antiquated Federal rules, the Rental Housing Revitalization Act would create more than 90,000 new jobs across the country in the first year—and 300,000 overall. These are the good-paying construction, contracting and maintenance jobs America needs to succeed in the 21st century—jobs that cannot be outsourced and will be created in the communities that need them most.

Congressman Ellison plans to reintroduce the bill in the 112th Congress. Read the bill at: <http://bit.ly/hf0lzh>

## Asset Management – Project Level Funding for 2011

PHAs received the first installment of project level Operating Fund monies by January 1, 2011, based on an initial estimate and the Continuing Resolution or Appropriation. The Operating Fund program anticipates that the notice providing instructions for Calendar Year (CY) 2011 operating subsidy calculations will be available in February. The submission schedule will be posted on the Asset Management Web site. For CY 2011, eligibility data will be collected using an Excel Tool Form HUD-52723 for Operating Fund subsidy calculations and an Excel Tool Form HUD-52722 for Utility Expense Level calculations. This is the first time that the program will collect utility data from PHAs using an Excel Tool.

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The Financial Management Division (FMD) is continuing to move the Operating Fund program eligibility data collection towards utilizing PIH Information Center (PIC) as the primary data source. In 2008 as part of the implementation of Asset Management, FMD, Real Estate Assessment Center-Information Technology (REAC-IT), PHAs, and HUD Field Offices worked together to utilize PIC's new project numbers as the basis for PHA project-level funding. This connected project-level funding to the PIC inventory system for the first time. In 2011 and 2012, another step will be taken toward utilizing the PIC inventory system for Operating Fund eligibility data. Unit status data in PIC will be refined for use in the form HUD-52723 to populate Eligible Unit Months and other unit months categories. Additional information in this regard will be in the CY 2011 operating subsidy calculations notice.

## Asset Management CD and Web-Based Training Modules

Coming Soon! Specialized Technical Assistance Training for PHAs. This training consists of 16 asset management courses. The 16 courses will be available via CD and the Web in early 2011. The courses, which are instructional modules, are designed to educate and reinforce the imperative components of asset management. Participants will become familiar with the fictional Karson Housing Authority as they transition to asset management through Adult E- Learning. Look for more information on the asset Management Web-based training and CD in future months.

### Personal Testimonials about Technical Assistance for PHAs:

*"The training module for the Asset Management implementation is a great start for those wishing to begin this focus. The information is delightfully couched in a theme that allows the learner to go forth with his/her learning at a good pace."*

Beverly Moore  
Assistant Executive Director  
Allegheny County Housing Authority

*"Overall staff found the modules to be a useful tool in understanding asset management and feel this will greatly benefit our housing authorities. The game concept was easy to use and kept the participant's interest."*

Kathleen Tallarico  
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## Further Reflections on Technical Assistance Training

Testing the new asset management technical assistance courses gave Beverly Moore, Assistant Executive Director of the Allegheny County Housing Authority, an opportunity to reflect on the importance of technical assistance training. Her agency implemented asset management in 2006 and she remembers some long nights as staff made the transition.

The training courses "are a good tool for agencies who are just getting started," but also for those who are further along in the process. The courses "cover so many topics and users can go to the topics individually." For agencies which made the switch early and are "pretty strong in 2010," the new training modules offered something of a validation of their hard work. "It shows that we've been doing it right all this time," Moore said.

## PIH Notices

PIH Notice 2010-46, "Performance of Physical Needs Assessments by Public Housing Authorities," issued November 10, 2010. This Notice reiterates the existing guidance related to the American Recovery and Reinvestment Act (ARRA) Physical Needs Assessments (PNA) requirement. It also advises that PHAs may remain in compliance with 24 CFR 968.315(e)(2) by updating their existing PNAs if necessary. Thus this Notice advises PHAs of acceptable means to maintain a current PNA. PHAs should be aware that it is HUD's intent to require all PHAs to submit PNA data via the new PNA form when it is ready. To the extent that an existing PNA does not contain all of the data required by the new PNA form, a PHA will be required to revise its PNA to provide the missing information.

To view the Notice: <http://bit.ly/fyrSsO>

## UPCOMING DATES

January 2011  
National Radon Action Month  
<http://bit.ly/eYUo29>

February 2011  
Notice for Operating Fund guidance for  
CY 2011 Expected

