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HUD Appropriations Update

The U.S. Senate and House Subcommittees on 2011 Transportation, Housing and Urban Development Appropriations supported some of HUD’s prioritization of core rental programs in the Office of Public and Indian Housing (PIH). The Subcommittees recommended fully funding HUD’s requests for the Public Housing Operating Fund and the Project-Based Rental Assistance (PBRA) program. The Subcommittees recommended increasing the budget on the Public Housing Capital Fund.

The subcommittees did not recommend full funding HUD’s request for the Tenant-Based Rental Assistance (TBRA) program. Their recommendations fell between \$55 and \$155 million lower than requested.

2011 PIH Program Budget (Dollars in Millions)

Program	2011 Request	Senate Mark-Up	House Mark-Up
Tenant Based Rental Assistance	\$19,551	\$19,496	\$19,400
Project Based Rental Assistance	94	94	94
Public Housing Capital Fund	2,044	2,510	2,500
HOPE VI	0	0	200
Choice Neighborhood	250	250	0
Public Housing Operating Fund	4,829	4,829	4,829
Native American Housing Block Grants	580	700	700
Indian Housing Loan Guarantee	9	9	9
Native Hawaiian Loan Guarantee	{.....}	1	1
Native Hawaiian Housing Block Grants	10	10	10
Subtotal, Public and Indian Housing	27,367	28,099	27,649

The House Subcommittee recommended funding the HOPE VI program with \$200 million, rather than the Choice Neighborhoods program. The Senate Subcommittee, however, agreed with HUD’s request for 250 million for the Choice Neighborhoods to build on the success of HOPE VI.

While the Appropriations Subcommittees declined to fund the Secretary’s hallmark initiative, Preservation, Enhancement, and Transformation of Rental Assistance (PETRA), both subcommittee reports expressed a basic agreement with its concepts and encouraged HUD to continue to reach out to stakeholders to refine the proposal as both the Administration and Congress approach a new budget cycle. The Subcommittees chose to restore funding on the 202 Supportive Housing Program for the Elderly to its FY 2010 funding level. While the House Subcommittee also restored FY 2010 funding to the Section 811 Supportive Housing Program for Persons with Disabilities, the Senate Subcommittee recommended a funding level of \$200 million. The Subcommittees did agree that HUD should continue plans to modernize the 202 and 811 programs to bring about these legislative and collaborative changes.

The appropriations bill for HUD passed the House of Representatives in a vote on July 29, 2010. The Senate has not yet voted.

For information on HUD’s 2011 budget:
<http://portal.hud.gov/portal/page/portal/HUD/fy2011budget>

To read the subcommittee reports:
<http://thomas.loc.gov/home/approp/app11.html>



Asset Management Training and Technical Assistance

In response to the overwhelming need for training and technical assistance to ensure a smooth transition to Asset Management, HUD has created a Web-based training curriculum which addresses a number of areas key to the Asset Management paradigm: project-based budgeting, project-based accounting, preventive maintenance, physical needs and capital planning, and many more. The courses take advantage of the latest technologies in Web-oriented training, including “real” personages and real time feedback the student’s responses to issues and situations. Look for a total of sixteen courses to be available via Web portal or on DVD in January 2011.

HUD has also made available on-demand technical assistance for PHAs which are experiencing special difficulties with the transition to Asset Management. Technical assistance is requested by your local HUD field office and evaluated on a case-by-case basis. If you feel your PHA needs specialized technical assistance in any phase of the transition to Asset Management, contact the PIH Director in your local HUD field office.

Resources

The Urban Institute hosted a forum on issues raised by the proposed Preservation, Enhancement and Transformation of Rental Assistance (PETRA) Act.

The forums focused on three sets of critical policy issues raised by PETRA: residents’ rights and participation, the financing of public housing preservation, and housing choice and mobility.

The audio files of these sessions are available for free download at:

Session 1: Residents’ Rights and Responsibilities from July 13, 2010
<http://www.urban.org/events/public-housing-residents-rights.cfm>

Session 2: Housing Choice and Tenant Mobility from July 26, 2010
<http://bit.ly/bC6Ccu>

Session 3: Financing Public Housing Preservation from July 28, 2010
<http://bit.ly/ay63mY>

PIH Notices

PIH Notice 2010-28, “Extension of Notice PIH 2009-23 (HA) - Requirement for Designation of Public Housing Projects,” issued July 30, 2010. This Notice extends Notice PIH 2009-23 (HA), same subject, which expired on July 31, 2010, for another year until July 31, 2011. The Notice reiterates the streamlined requirements for designating public housing projects for occupancy by elderly families only, disabled families only, or elderly and disabled families only. No substantive changes were made to the Notice.

PIH Notice 2010-29, “Request for Applications under the Moving to Work Demonstration Program,” issued July 30, 2010. This Notice offers eligible public housing agencies (PHAs) the opportunity to apply for admission to the Moving to Work (MTW) demonstration program. HUD has authorization to increase the number of MTW agencies by three. MTW does not increase an agency’s funding amount, but increases its flexibility in designing and testing approaches to providing and administering housing assistance. The Notice includes eligibility information and has an attached eligibility worksheet.

PIH Notice 2010-30, “Transactions between Public Housing Agencies and their Related Affiliates and Instrumentalities,” issued Aug 2, 2010. This Notice extends PIH Notice 2007-15 (HA) for another year. (The Notice was previously extended by 2008-27 and 2009-24.) This Notice provides guidance to PHAs regarding the creation and use of affiliates and instrumentalities so to participate in Public and Indian Housing programs under the United States Housing Act of 1937. No changes were made to the Notice.

All Office of Public and Indian Housing (PIH) Notices can be found on line at:
<http://bit.ly/djivjl>

UPCOMING DATES

October 15, 2010

Deadline for Year 5 Stop Loss

Applications available by clicking the Stop Loss Link on the Project-Based Funding page at:

<http://bit.ly/c6G62G>



Why Occupied Units Pay Off

Apartment vacancies are the bane of any manager's existence. Every time a vacancy occurs, there are the costs of cleaning, painting, and making needed repairs, and the additional time and expense it takes to interview prospective residents, verify their income, and conduct background or reference checks. These are a cost of doing business. "Make ready" is a phrase in every manager's handbook. However, let those vacancies linger then you're dealing with lost revenue and additional security costs. The negotiated Operating Fund rule of 2005 (24 CFR 990) generously awarded PHAs a vacancy allowance of full operating subsidy for up to 3 percent of a PHA's public housing units (and more for small PHAs). The allowance recognized that extended vacancies are costly and that PHAs needed help adjusting to project-based budgeting and funding—that the time would soon pass when the economies of one project could prop up the deficiencies of another.

The best way to avoid the vacant unit conundrum is to lease units as quickly as possible and to take advantage of the extra income an occupied unit affords. Yes, it may be easy to simply collect the operating subsidy for a few vacant units, but there's no way to defray the extra expenses involved in maintaining a vacant unit. The advantages to renting up as quickly as possible are obvious, but nonetheless require restating.

- An occupied unit earns extra income, the tenant's contribution toward rent, whether it's a flat rent of a portion of the tenant's income.
- A vacant unit wastes energy. It has to be heated during the winter and cooled during the summer. Heating is important in the Northeast and upper Midwest where the harsh winters require constant heating to avoid pipes bursting. Cooling is important during the humid summer months in the mid-Atlantic and Southeast where the lack of air conditioning can expose a unit to mold and mildew.
- An occupied unit is a secure unit. It doesn't present an attractive nuisance for theft and vandalism.

Finally, and perhaps most importantly, you will have provided shelter to a family in need—the reason the housing is there to begin with.

This is the latest in a series of articles focused on HUD's Strategic Goal No. 2, "Meet the need for quality affordable rental homes." Our goal is to house an additional 33,143 families by September 2011.

Asset Management Help Desk

Asset Manager Duties

Q: My agency has several mixed-income developments that include some public housing units as well as units that are moderate-income and market-rate apartments. The properties are managed by a third party property management company. Are the duties of the PHA's asset manager the same as the property management company's regional manager?

A: The term "asset manager" may be used to describe the duties of a site manager, who is the person largely in charge of the day-to-day operations of a project, or it can be used to refer to the individual who oversees one or more housing managers, i.e. a "regional manager" who would be responsible for monitoring the overall performance of several properties. The specific responsibilities of the asset manager depend on the relationship among the PHA, a property's ownership entity, and the property management company. Those relationships are generally in the formal contracts and closing documents. The duties of the property management company are most likely defined in the contract signed between the property management company and the mixed-income development's ownership entity. For your specific mixed-income property and asset manager, you must refer to the contracts that establish the relationship and responsibilities of each entity.

Contact us:

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(Put "HUD Asset Management Newsletter" in the subject line)

