

Possible PHA Strategies to Respond to 04 Funding Shortfall

Overall, any strategy that helps PHA lease 100% of its vouchers may increase administrative fees (at least up to April 04 level) and will likely result in more funding in FY 05. Conversely, reducing vouchers used below 100% will reduce administrative fees earned and may result in locking in lower funding level in future.

I. Best Responses	Savings Potential	Legality	Pros	Cons
1. Aggressive rent reasonableness – individual unit determinations	Depends on degree of improvement possible	yes	No shift in rent burden to tenants; no mid-term termination of contracts	If overdone could cause owners to opt out; Staff intensive (though could prioritize based on rent levels)
1a. Across the board rent reasonableness reductions	Depending on % reduction could be fairly substantial	?; increased if based on some data and rebuttable by owners	Same, and much less staff time required	More risk of owner opt-out;
2. More accurate income/tenant payment determinations	Probably slim	yes	Helps PHA on SEMAP and RIM reviews; increases program credibility	Time-consuming; could result in adverse actions for some tenants
3. Voluntary rent reductions by owners	Depends on # who accept; will have more potential in many agencies than #1.	Probably	No shift in rent burden to tenants; no mid-term termination of contracts	If overdone could cause owners to opt out; Staff intensive
4. Ask HUD to order jurisdictions that bill (and are not overleased) to absorb portables	Depends on circumstances; could be substantial	See 982,355(d)(2), (f)(4)	No adverse consequences for participants [?]	Reduces leasing rate for initial May reduce access to new vouchers for families on waiting list of initial agency
5. Increased HQS enforcement	Depends on circumstances: savings results from suspending HAP for violations	Yes	Improved housing conditions	Could increase evictions; staff intensive
6. Administrative efficiencies	Depends on circumstances	Yes: excess admin. fees may be used to meet subsidy gap	Helps PHA in long-run	PHA may want to save excess fees against future “rainy day”

II. Responses that Cause Minimal Harm	Savings Potential	Legality	Pros	Cons
1. No delay in rent recertification when tenant income increases	Small (?) and only for agencies that now delay	Yes — option now		Eliminates only general income disregard in voucher program; more staff time
2. No new FSS enrollees	? — depends on what PHA would otherwise have allowed	Depends on whether PHA meets mandatory level (Waiver likely)	Saves staff time	Reduces self-sufficiency efforts and tenant savings
3. No “moving” vouchers for families in project-based voucher units	Seems none unless don’t honor project-based contract or else part of no issuance strategy below.	Illegal if other vouchers being issued		
4. Strict enforcement of (or changes to) occupancy standards on unit size	Depends on how much of a change and timing of implementation	Yes	More uniform	Rent increases for newly “overhoused” families
5. No rent increases for units of tenants staying in-place, regardless of whether rent increase requested is reasonable.	Moderate [?]	Unclear. I think there is no obligation to pay a reasonable rent, just not to pay <i>more</i> than reasonable. HUD 6/14/04 powerpoint, slide 55, says PHA may not refuse to “process” owner requests for rent increases, but not clear if that means that PHAs may not notify owners not to make requests, and that must make payment if reasonable.]	Simple to administer; no rent shift to tenants	In rising market may increase owner opt-outs and generally undermine confidence

III. Responses that Cause Moderate Harm	Savings Potential	Legality	Pros	Cons
1. Increase minimum rent	Depends on how many families paying less and likely hardship exceptions	Yes		Hurts poorest families; exception requests could be time-consuming
2. Decrease payment standards	Small initially; Increases with time, depending on % of rents above new payment standard and amount of moves/new participants	Yes (for new participants and movers, and stayers after 2 nd redetermination). Examine whether likely to result in more than 40% of families paying more than 30%.	Good only if really were too high (so may be better if done only for some neighborhoods or BR sizes)	Shifts rent burdens to tenants; undermines choice and deconcentration; could hurt utilization and success (esp. for lowest income)
3. Adjust preferences to admit highest income ELI households and minimum targeting compliance	Modest per new admission (many HAs are not issuing new vouchers)	Yes (assuming no problem posed by Con Plan). HUD also is promoting targeting waivers.		Hurt homeless and other extremely poor applicants
4. Reducing or temporarily suspending payments to owners (w/o rent reas.)	Significant (but may lose HUD funding if suspending payments reduces determination of "units leased")	No. See HUD's 6/14/04 webcast and powerpoint.	Unclear if owners could shift rent obligations to tenants mid-lease	Likely opt-outs. PHA liability for penalty for late payments if suspend.
5. No moves except to same or lower rent units	Seems minor but probably depends on program size and types of moves	I think not legal, as must deny all moves not just to more expensive units. See 982.314(e)(1). HUD says is legal.	Probably affects few tenants and no owners	Contrary to purpose of program; could interfere substantially with families' lives
6. No portability (or only if not more costly of if receiving PHA absorbs)	Similar to above	Same as above.	same	Same
7. No increase in utility allowance	Modest, depending on local situation	Depends on data		Higher actual tenant payments
8. No FSS escrow deposits	Depends on # of families	No. See HUD's 6/14/04 webcast and powerpoint.	No immediate harm. May make up payments later	Undermines PHA commitment to families

IV. Responses that Cause Severe Harm	Savings Potential	Legality	Pros	Cons
1. Reduce # served by a. not issuing unused authorized vouchers (on turnover or otherwise)	In light of new HUD policy on May – July 03 leasing level as “floor,” PHA will lose HAP only for units now above floor; lose admin fees	yes	Easier to reverse than many other policy changes; saves staff time	Hurts applicants at top of list and social service programs that rely on availability of vouchers. Could lock in lower authorized level. Hard to make visible. If lose high-performer status, more admin. burdens
b. by more aggressive fault terminations	Same as above	Depends on grounds and process used		Also hurts families terminated; staff intensive
c. by also freezing vouchers of searchers	Same	Same	Same	Also hurts affected families. Bad publicity for agency (though helps make harm visible).
d. by denying all moving vouchers	Same (assuming increases turnover)	Yes		Unfair impact on families needing to move
2. Terminate some or all HAP contracts with owners and reoffer at lower payment standard	Substantial, depending on amount of payment standard reduction	I think illegal (unless HUD changes reg); some argue within PHA discretion if funding inadequate	Shares pain; May maintain number of vouchers in use (depending on owner opt-outs and tenants’ ability to find new units)	Shifts rent burdens to tenants; Some owners will terminate and displaced families may not find other units; Undermines owner confidence (and known to <i>all</i> landlords); Politically invisible
3. Terminate a small % of current participants	Substantial below “floor” as in (1). Above August 03 leasing level, most savings if terminate poorest families with least ability to afford rent.	Yes (if PHA has insufficient reserves to cover funding shortfall and PHA adopts criteria properly). HUD urges PHAs to contact HUD beforehand.	Very visible. Most likely to help defeat 05 cuts. Fewer owners affected.	Risk of homelessness etc. to families affected. Could mitigate harm somewhat if offer public housing units. Undermines confidence in reliability of funding.