

Presidential Transition Report



Executive Summary

Founded in 1933, the National Association of Housing and Redevelopment Officials (NAHRO) represents more than 26,000 housing and community development providers and professionals who manage affordable homes for more than 8 million people nationwide. NAHRO's membership includes public housing agencies (PHAs) and community development organizations that are essential for addressing the nation's housing affordability and supply crises. Despite chronic underfunding, **NAHRO members are well equipped to equitably meet local housing needs by acting as developers, landlords, and service providers.** They represent communities of all sizes, demographics, and geography, including in rural, suburban, and metropolitan areas. This transition report provides policy recommendations to the incoming administration on how to address the affordable housing crisis.



NAHRO's key recommendations for the incoming administration include:

- 1 Strengthening rental assistance programs
- 2 Preserving existing affordable units
- 3 Increasing the supply of affordable housing in vibrant communities

Program-specific examples include:

- To better support both residents and landlords, the Housing Choice Voucher (HCV) program needs improvements in Fair Market Rent calculations and full funding for administrative fees.
- To maintain and preserve public housing units, which provide homes to over 1.6 million people in 886,235 units nationwide (37% of which are headed by seniors and 34% of which house children), adequate funding, including funding to address the capital needs backlog, is essential.
- To expand affordable housing options, we must increase the use of Project-Based Vouchers (PBV), boost funding for the HOME Investment Partnerships program, and strengthen the Low-Income Housing Tax Credit (LIHTC).



These recommendations both address our housing crisis, and direct investments, jobs, and improved financial outcomes for low-income families in communities nationwide.

Other Recommendations

NAHRO advocates for renewed support and streamlined application processes for essential community development programs like the Community Development Block Grant (CDBG) and the Choice Neighborhoods Program.

Enhancing disaster recovery efforts and the Department of Housing and Urban Development's (HUD's) operational capacity is crucial for improving community resilience and saving taxpayer expense.

To combat increasing homelessness, NAHRO calls for making the Emergency Housing Voucher (EHV) program permanent and developing innovative transitional housing solutions with funding for critical support services. NAHRO also recognizes the importance of pandemic-era programs, such as the Emergency Rental Assistance Program, as vital safeguards against housing loss.

Additionally, NAHRO supports initiatives that reduce federal program dependency, improve educational and health outcomes, and promote upward mobility, including homeownership programs and collaborations with the Department of Education and the Department of Health and Human Services.

Addressing the urgent need for more housing requires easing regulatory burdens, especially for smaller PHAs, and streamlining oversight to improve service delivery and protect federal funds. It also includes providing critical resources to American Indian, Alaska Native, and Hawaiian communities through the reauthorization of the Native American Housing and Self-Determination Act (NAHASDA).

By implementing these recommendations, the administration can foster vibrant communities, reduce homelessness, and encourage sustainable economic growth while ensuring safe and affordable housing for all Americans.



2.3 million households served by the Housing Choice Voucher Program.



1.6 million people housed in public housing units.



1.3 million units built or preserved with HOME funding since 1992.



\$3.64 dollars leveraged for every dollar invested in CDBG.



3.85 million units created through LIHTC.



NAHRO and Its Members Are Key to Addressing Our Housing Crisis

More than 26,000 NAHRO members manage affordable housing units and programs for over 8 million people, including public housing, Section 8, and other assisted housing units. They also receive funding through programs like CDBG and HOME to support their communities.

For more than 90 years, NAHRO has worked with HUD and federal agencies to improve housing for low-income families. However, underinvestment in affordable housing, rising costs, and tight rental markets present ongoing challenges. NAHRO remains committed to addressing these issues through advocacy and collaboration with federal agencies.

Currently, the U.S. is facing unprecedented housing affordability and supply crises. NAHRO members – especially Public Housing Agencies (PHAs) and Community Development Agencies (CDAs) – are indispensable in addressing these local housing needs. They responsibly manage billions in federal, state, and local funds to provide access to safe, affordable housing, while also establishing trust and connection with residents and landlords. They are the lynchpins that ensure successful delivery of federal rental assistance and community development programs. **Our housing crisis cannot be solved without them.**

NAHRO members are rigorous in their accountability – they adhere to strict performance standards, and account for every dollar spent. Despite chronic underfunding, they consistently innovate, forming strategic partnerships to tackle housing shortages and rising costs. Their work drives local economic growth, sustains essential workers, and empowers communities by offering life-changing housing and self-sufficiency programs that uplift families and strengthen the fabric of society.

Recommendations

Strengthen and Improve Rental Assistance Programs

Celebrating its 50th year, **the Housing Choice Voucher (HCV) program provides essential rental assistance to 2.3 million low-income Americans**, enabling them to afford housing in the private market. However, the program faces significant challenges, including tight rental markets and rising costs, making it difficult for families to find eligible units and for landlords to participate in the program. To enhance the program's effectiveness, NAHRO recommends developing better methods for calculating Fair Market Rents (FMRs), ensuring full funding for HCV administrative fees, and prohibiting source-of-income discrimination. Additionally, allowing Housing Assistance Payments (HAP) to be used for short-term financial assistance, such as security deposits, would help families secure housing in high-opportunity areas.

Preserve Existing Affordable Units

The Public Housing program offers permanently affordable housing to over 1.6 million people in 886,235 units across the country. **37% of families in public housing are headed by seniors, and 34% include children.** This vital program also requires urgent attention due to chronic underfunding and a significant backlog in capital needs.



\$90 Billion
Needed to Meet All Existing
Public Housing Capital Needs

The resources for developing and maintaining these public housing units come out of the Public Housing Capital Fund which currently faces a crushing backlog, estimated at \$90 billion in 2024, due to decades of underinvestment. To address this, it is essential to fully fund the Capital Fund backlog and increase public housing repositioning options through programs like the Rental Assistance Demonstration (RAD).

RAD converts public housing units to Section 8 funding, allowing access to stable financing for rehabilitation. To ensure financial stability, NAHRO recommends enhancing the use of tenant-protection vouchers during public housing redevelopment and allowing for flexible contract rents in RAD properties to reflect local market conditions. This will ensure RAD vouchers receive full value on par with regular HCVs. Additionally, protecting the role of Performance-Based Contract Administrators (PBCAs) is vital for managing Section 8 contracts and preventing property deterioration.

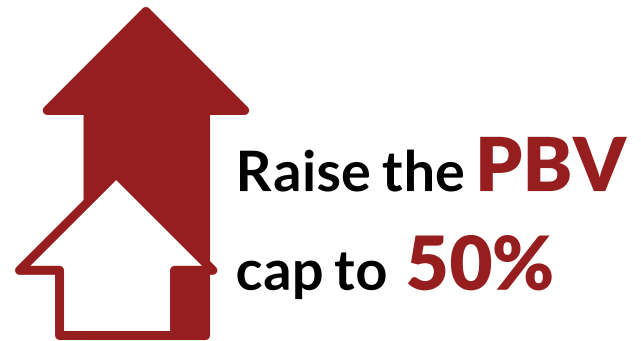
Lastly, streamlining USDA Rural Housing Services is necessary to tackle the affordable housing crisis in rural America. HUD should work closely with the Department of Agriculture to improve this program. NAHRO recommends increasing the number of units built with Section 515 financed mortgages, decoupling those mortgages from Section 521 rural rental assistance when needed to maintain affordability, and simplifying regulations to encourage PHAs to acquire and rehabilitate these properties.

Increase Affordable Housing Supply

The Project-Based Voucher (PBV) program is vital for PHAs facing tight rental markets, allowing them to attach subsidies to specific units and target special needs populations. However, PHAs are currently limited to project-basing a certain amount of their unit allocations, which can be insufficient in high-demand areas, leading to challenges in assisting residents.

To help PHAs create more affordable housing options, NAHRO recommends raising the PBV cap to 50%.

Additionally, the HOME Investment Partnerships (HOME) program, crucial for developing affordable housing, has suffered significant budget cuts. HOME needs increased funding and alignment with



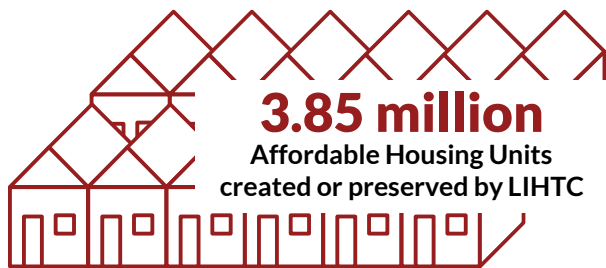
other HUD programs to better support permanent supportive housing and provide much-needed gap financing to ensure that affordable housing development is financially feasible.

The Low-Income Housing Tax Credit (LIHTC) program, run through the Department of the Treasury, is an essential tool for encouraging private investment in affordable rental housing. To date, LIHTC has developed or preserved 3.85 million affordable housing units. But the program faces challenges such as a shortage of private activity bonds and a loophole that allows for the premature termination of affordability requirements. **NAHRO recommends closing the Qualified Contract loophole, expanding allocations, and passing legislation like the Affordable Housing Credit Improvement Act.** This would restore the 12.5% LIHTC cap increase that expired in 2021 and further increase allocations by 50% over two years. It would also decrease the private-activity bond (PAB) financed by test from 50% to 25%, provide basis boosts for rural and Tribal developments and properties for extremely low-income residents, and grant states a discretionary boost to make more properties financially feasible.

Build Vibrant Communities

Community development programs are critical for ensuring access to vibrant communities throughout the U.S. The Community Development Block Grant (CDBG) program provides flexible funding to states and localities for activities benefiting low- to moderate-income individuals, supporting public services, housing, and economic development. It plays a key role in enhancing community well-being and addressing housing needs. Funding for CDBG must be preserved to help create thriving communities. **Every dollar of CDBG invested leads to \$3.64 from other public and private sources.**

The Choice Neighborhoods Initiative (CNI) focuses on revitalizing distressed housing and neighborhoods, promoting mixed-income housing, and offering services related to health, education, and income. Despite its success in attracting private investment and promoting economic development, CNI funding has declined in recent years. NAHRO recommends strengthening and adequately funding the initiative while streamlining the application process to encourage more participation.



End Homelessness

On a single night in 2023, roughly 653,100 people – or about 20 of every 10,000 people in the United States – were experiencing homelessness, a staggering 12% increase between 2023 and 2022. This is the largest count of homeless individuals since reporting began in 2007. **While ending homelessness will require more affordable homes, strengthening specific programs is also critical.** Emergency Housing Vouchers (EHVs) have

been vital in addressing homelessness by providing short-term financial assistance and supportive services, such as mental health care. However, EHVs are not reissued after families move off assistance, limiting their long-term impact. Making EHVs permanent would be an important step in addressing the increase in homelessness.

To rehouse families and individuals experiencing homelessness more effectively, NAHRO recommends the creation of a general supportive services fund and the enhancement of data-sharing infrastructure between agencies. Additionally, we need to expand shelter capacity with both preventive measures and transitional housing solutions. NAHRO recommends providing service fees to PHAs, creating a permanent Emergency Housing Rental Assistance Program (run through HUD), and empowering localities to develop innovative transitional housing solutions.

Promote Upward Mobility

Promoting upward mobility supports financial stability and lays a critical foundation for many low-income households to build generational wealth. The HCV Homeownership program allows voucher holders to use assistance to buy homes. Since the program's beginning, it has enabled over 10,000 home purchases as of April 2024. Expanding this program and providing mobility funding would help more families become homeowners and move to neighborhoods with access to jobs and well-resourced public amenities, like schools and transportation. Further, families in the HCV program should have access to neighborhoods of opportunity through mobility programs and Enhanced Payment Standards. Self-sufficiency programs like Family Self-Sufficiency (FSS), Resident Opportunities and Self-Sufficiency (ROSS), and Jobs Plus also help residents gain financial independence and self-sufficiency through job training, educational advancement, and empowerment activities.

Ease the Regulatory Reporting Process

To effectively promote affordable housing, any new regulations should provide clear, actionable goals that acknowledge limited community resources. PHAs, especially smaller ones, face challenges due to inadequate funding, burdensome regulations, and rising costs. The flexibilities implemented during the pandemic, such as eased inspection and reporting requirements, have proven effective and should be made permanent to enable PHAs to better serve their communities.

Additionally, **overly burdensome and outdated regulations must be streamlined and modernized.**

The Davis-Bacon Act wage threshold, which was set at \$2,000 in 1931 and has not been adjusted since, needs to be adjusted to 2024 dollars and pegged to inflation to avoid delays and increased costs in federally funded projects. The Build America, Buy America (BABA) requirements hinder affordable housing development by increasing costs and compliance challenges for PHAs – affordable housing and community development projects should be exempted. Finally, escalating property insurance costs present a serious challenge to the fiscal viability of PHAs, and HUD must seek solutions to stabilize these costs and maximize the impact of insurance proceeds.



**The HCV
Homeownership Program
has enabled **10,000+**
home purchases**

NAHRO also advocates for the removal of the onerous Community Service Self-Sufficiency Requirement (CSSR), which provides minimal

benefits to residents and taxpayers. Many residents encounter significant challenges in meeting CSSR, such as childcare constraints, transportation issues, and health-related concerns. Additionally, this requirement places administrative burdens on agencies, including the need to gather documentation and monitor compliance.

Provide Necessary Resources to American Indian, Alaska Native, and Hawaiian Homeland Communities

Native American Housing Assistance and Self Determination Act (NAHASDA) funds support new construction, rehabilitation, infrastructure, and various community services in American Indian, Alaska Native, and Hawaiian Homeland communities. But Congress has not reauthorized NAHASDA since 2013, despite continuing to fund its programs annually. This funding has remained stagnant, failing to account for rising costs due to inflation. To ensure these communities can meet their housing needs, **Congress must reauthorize NAHASDA**, and HUD should increase its budget request to address growing costs.

Support Disaster Recovery Efforts

The Community Development Block Grant Disaster Recovery (CDBG-DR) program provides crucial funding for disaster-affected areas, but accessing these funds can be cumbersome and inconsistent. PHAs and local governments utilize CDBG-DR funds for community recovery, infrastructure redevelopment, and resilience enhancement. To improve the program's effectiveness, NAHRO recommends that the administration and Congress streamline regulations and pass the Reforming Disaster Recovery Act for faster, more equitable recovery, particularly for low-income and marginalized households. Additionally, to mitigate future disaster impacts on low-income families, **PHAs and CDAs need resources for resilient construction practices that incorporate energy-efficient building systems.**

Build a Stronger, More Efficient HUD

Spending cuts and resulting staff reductions have weakened HUD's ability to manage key rental assistance, community development programs, and implement Fair Housing initiatives. According to HUD's FY 2025 budget proposal, the number of full-time equivalent employees declined by approximately 10 percent between 2012 and 2023. **To ensure success and consistent operations, HUD needs increased funding and support from the administration and Congress.** NAHRO recommends that the administration fully fund HUD programs and prioritize staffing and technology needs to help HUD achieve its mission of creating strong, sustainable, inclusive communities and quality affordable homes for all.

The Road Ahead

NAHRO and its members are optimistic that, together with HUD and other federal agencies key to our members' work, we will move forward to improve the lives of the low-income families we serve. NAHRO members understand the local needs, concerns, and conditions of their communities better than anyone. Each member contends with different housing markets, varying access to community and philanthropic partnerships, and local conditions. Yet they make affordable housing and community development programs work.

NAHRO members:

- **Know the residents they serve,**
- **Have close relationships with local landlords,**
- **Are successful and responsible stewards of federal dollars,**
- **Find creative solutions to complex problems,**
- **Positively impact local economies.**

NAHRO looks forward to working with a new administration in finding solutions to the housing challenges currently faced across the country. We can solve the housing crisis together by ensuring the effective and efficient development, preservation, and management of affordable housing properties so that all families continue having access to safe, secure housing in viable and vibrant neighborhoods.

If you have questions or want more information about the policies outlined in this report, please email: eberdorfer@nahro.org or call **877-866-2476**

To learn more about these programs, please visit nahro.org/360

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