



January 6, 2021

Regulations Division, Office of General Counsel
U.S. Department of Housing and Urban Development
451 Seventh Street, SW, Room 10276
Washington, DC 20410-0500

RE: Docket No FR-6092-P-01, RIN 2577-AD06
Housing Opportunity through Modernization Act of 2016; Housing Choice Voucher and
Project-Based Voucher Implementation; Additional Streamlining Changes

To Whom It May Concern:

On behalf of the state Housing Finance Agencies (HFAs) it represents, the National Council of State Housing Agencies (NCSHA)¹ appreciates the opportunity to comment on the Department of Housing and Urban Development's (HUD) proposed rule, "Housing Opportunity through Modernization Act of 2016; Housing Choice Voucher and Project-Based Voucher Implementation; Additional Streamlining Changes."

We commend HUD for proposing changes to the Section 8 Project-Based Voucher (PBV) and Housing Choice Voucher (HCV) programs to help state and local housing agencies more efficiently manage limited funds to serve families in need. HUD's proposed rule will make the programs even more effective in providing affordable housing through streamlining and reducing administrative burden, especially if HUD amends it to take into account the following comments.

Payment Standards and Rent Setting

In general, NCSHA supports giving PHAs greater flexibility to establish exception payment standards without HUD approval in order to reduce administrative burden and allow PHAs to respond more quickly to rapidly changing rental markets. Because housing costs can vary significantly in submarkets within markets covered by HUD's fair market rent (FMR) rules, HUD should give PHAs more flexibility in using exception payment standards to increase

¹ NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

voucher-holders' access to affordable housing. PHAs are well-positioned to assess local housing conditions and determine appropriate exceptions.

Environmental Review Questions 19-22

NCSHA supports the changes HUD is proposing to limit the requirement of an environmental review for certain existing buildings and recommends HUD exempt all existing housing from environmental review if money from housing assistance payments is the only funding that would otherwise trigger a requirement for environmental review. HUD should, by default, infer that formerly federally-assisted projects have been subject to environmental review requirements, as opposed to placing the burden on the owners of the projects to demonstrate that the environmental review was previously conducted. Putting the responsibility on the owner to produce evidence of an environmental review or when it was conducted, especially in situations where the building has changed owners, is administratively burdensome and should not be a requirement.

Davis-Bacon Applicability Question 29

NCSHA appreciates the proposal to limit the applicability of Davis-Bacon wage requirements to a previously long-standing interpretation that excluded existing housing. Applying the wage requirement to existing housing usually significantly increases the cost of developing affordable housing, reducing the number of households that could be served by the PBV program. Under HUD's proposed change, states could still apply their own wage requirements, such as a prevailing wage rate for public works. HUD's proposal would also reduce the administrative burden of determining wages for projects that receive multiple sources of funding with varying wage requirements.

Housing Trust Fund Question 41

One of the greatest challenges HFAs face in financing affordable housing is ensuring the alignment of and compliance with cross-cutting program requirements of different funding sources. NCSHA appreciates HUD's thoughtful question on opportunities to better align the PBV program requirements with Housing Trust Fund (HTF) program requirements and recommends HUD modify PBV affordability terms to 30-year contracts to mirror the HTF program. This change would help address the mismatch between the PBV and HTF affordability requirements, which poses one of the biggest challenges in financing affordable housing developments because

developers committing to include HTF units in their developments face significant financial risks if they lose the PBVs for very low-income residents.

PBV Transfers of Assistance

Question 42

NCSHA recommends that HUD establish a new regulatory provision in part 983 governing transfers of assistance from one project to another to complement the Section 8 Project-Based Rental Assistance (PBRA) program, which allows the transfer of subsidy. The transfer authority permitted in the PBRA program has proven to be an effective tool in the preservation of affordable housing resources and should be expanded to the PBV program.

We appreciate your consideration of these issues and are ready and willing to discuss further how we can make these programs even better.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman
Director, Housing Advocacy and Strategic Initiatives