



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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How PHAs Can Leverage Partnerships with Housing Finance Agencies

Over the past several years, much attention has been given to the development of new low-income housing to combat the growing lack of affordability nationwide. Because Public Housing Agencies (PHAs) have faced insufficient funding and lacked operating flexibilities, their ability to develop new units or to keep pace with needed life-cycle improvements on existing projects has been diminished. In light of this, HUD's Office of Public and Indian Housing (PIH) has recognized that PHAs need to reposition their portfolios to ensure that existing affordable housing assets are improved and retained with long-term affordability. This is especially of paramount concern in areas of high cost, low vacancy, and rapid escalation of rents. PIH has provided many hours of technical assistance, training, and guidance to PHAs and their partners to assist them in repositioning their portfolios in light of the need to preserve existing housing.

PHAs are currently able to use existing funding, programs, and initiatives to bolster their low-income and affordable housing stock. For example, public housing Capital Funds, Operating subsidy, tenant protection vouchers, and project-based vouchers are traditional programs that allow PHAs to serve very low-income families.

But there are other programs that allow a PHA to develop projects and to diversify its portfolio. To this end, the mixed-finance development program, Choice Neighborhood Planning and Implementation grants, the Rental Assistance Demonstration program, the Section 30 Public Housing Mortgage Program, Section 22 (voluntary conversion), and expanded flexibilities under Section 18 (demolition and disposition) can all be employed. PIH is very interested in allowing PHAs to reposition their portfolios to better preserve and expand housing resources.

On their own, these programs and initiatives may meet with limited success unless they are paired with additional sources of debt and equity. Many PHAs have had success in developing projects using low-income housing tax credits (LIHTCs), both 4 percent and 9 percent, which provide equity to projects and ensure long-term financial viability. According to the National Council of State Housing Agencies' *Recommended Practices in Housing Credit Administration*, "The Housing Credit is a vital tool for the preservation of affordable housing. Since the inception of the program, Agencies have used the Credit creatively to preserve affordability of existing housing at risk of demolition or conversion to market rate use, including housing originally assisted by HUD, USDA, and other financing programs."

State Housing Finance Agencies (HFAs) are responsible for administering the LIHTC program; and many HFAs also have a variety of other financing programs potentially available to PHAs. Thus, HFAs can be instrumental in not only replacing but also expanding lost low-income housing opportunities in communities across the nation. Their mission, as is HUD's, is to serve

the most vulnerable populations with a variety of capital and debt financing products, including but not limited to the LIHTC program.

PIH encourages PHAs nationwide to engage with their state HFA and advocate during the Qualified Allocation Plan process for continuation and/or expansion of HFA programs to assist with the development of housing. More information is available at <https://www.ncsha.org/advocacy-issues/preservation/>.