



H.R. 6216 – Asset Management Improvement Act

FLOOR SITUATION

H.R. 6216 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Albio Sires (D-NJ) on June 9, 2008. The bill was ordered to be reported, as amended, by the House Committee on Financial Services on June 25, 2008.

H.R. 6216 is expected to be considered on the floor of the House on July 9, 2008.

SUMMARY

The bill directs the Housing and Urban Development (HUD) and public housing agencies (PHAs) to negotiate, after April 1, 2009, property and asset management fees with interested stakeholders. These fees would be implemented in January, 2011.

H.R. 6216 also prevents HUD from imposing a limit on the amount of funding that can be used for management fees, as well as increases the unit threshold under which smaller PHAs are exempt from asset management requirements from 250 to 500 units. This legislation also prevents HUD from limiting the use of Public Housing Capital Fund assistance for the central office costs of a PHA.

The bill requires the Secretary to ensure that PHAs allow reasonable efforts of resident tenant organizations to represent their members and for tenants to organize.

H.R. 6216 also permits public housing residents to possess a firearm in their residence. PHAs, however, would be allowed under this provision to terminate the lease of a tenant found to be illegally using a firearm. Illegal immigrants are ineligible for financial assistance under this legislation.

BACKGROUND

In 1998, Congress enacted legislation that required the Department of Housing and Urban Development to conduct a negotiated rulemaking to develop a new operating fund formula for public housing authorities (PHAs). PHAs are eligible to receive two sources of funding from HUD: operating funds and capital funds. Capital funds are distributed to PHAs to further the core purposes of public housing, including construction, operation and maintenance of affordable housing units. Operating funds are provided to PHAs to subsidize the difference between what low-income tenants pay in rent and the amount it costs the PHA to operate the building.

In January 2007, the Department of Housing and Urban Development (HUD) issued a final rule that established a new operating fund formula. The rule encourages PHAs to move from agency-based management to project-based, also referred to as asset-based, administration in an effort to increase the transparency of operating expenditures. This requires PHAs to use project-based funding, budgeting, accounting, management, and performance management. Under this rule, PHAs that operate less than 250 units are exempt from the asset-management requirements.

The new formula provided some PHAs with additional funding and decreased the operating funds given to others. In order to give PHAs time to deal with the changes, funding increases will be phased in over two years and losses will be phased in over five years. In addition, those PHAs that experience a decline in funding would have the ability to stop that loss by demonstrating a successful conversion to asset-management.



LEGISLATIVE DIGEST

HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM

1420 LONGWORTH HOB, WASHINGTON, DC 20515

www.GOP.gov

PHONE 202.225.5107

FAX 202.226.0154

The new operating formula was slated to begin in 2007, but was delayed due to concerns voiced by public housing authorities and Republican and Democrat Members of Congress. Similar legislation to this bill, H.R. 3521, was pulled from the House floor on February 26, 2008, when Representative Bachmann (R-MN) offered a motion to recommit concerning firearm possession in public housing.

COST

According to the Congressional Budget Office (CBO), H.R. 6216 "would have no significant impact on the federal budget." [Full CBO Cost Estimate](#)

STAFF CONTACT

For questions or further information contact Adam Hepburn at (202) 226-2302.