



U.S. Department of Housing and Urban Development | USDA Rural Development | Pennsylvania Housing Finance Agency

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FOR RELEASE

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Pennsylvania Agencies Launch Federal Subsidy Layering Review Alignment Effort to Reduce Regulatory Burdens on Affordable Housing

Federal Rental Alignment Effort to Improve Affordable Rental Housing Programs, Make Rental Housing More Affordable

HARRISBURG – Today, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA) Rural Development and the Pennsylvania Housing Finance Agency (PHFA), jointly announced the launch of a pilot program that will reduce regulatory burdens on affordable housing developers and owners. This program will help state and federal agencies better serve low-income families who rent their homes.

HUD Regional Administrator Jane C. W. Vincent; USDA Rural Development Regional Administrator Tammie H. Trevino; USDA Rural Development State Director Thomas P. Williams; and PHFA Executive Director and CEO, Brian A. Hudson Sr. met in Harrisburg to sign the Official Memorandum of Understanding (MOU). This agreement will allow the State to align Subsidy Layering Review requirements between the three agencies, reducing redundancy and unnecessary paperwork.

“This initiative is an excellent example of HUD partnering with federal and state agencies to eliminate burdensome requirements for our customers,” said Vincent. “The subsidy layering review process has been streamlined to create a faster, simpler application for those who pursue financing options with the federal government. This is an important step forward in the Obama Administration’s desire to streamline government policies and build strong inter-agency partnerships to serve the American public as cost-effectively and efficiently as possible.”

“The Obama Administration is committed to increasing the supply of affordable rental housing for low- and moderate-income residents,” said Trevino. “This agreement will reduce paperwork and the amount of time needed to review financing sources for rural rental housing and help make that commitment a reality.”

In response to the White House’s Domestic Policy Council request for improved coordination of federal rental policy, HUD, USDA Rural Development, and PHFA have worked together since April to align irregular program requirements affecting government supported affordable rental housing programs.

Almost all federal housing programs have statutory requirements requiring the administering agencies to confirm that, at the time of making a grant or subsidized loan, the total amount of subsidy being provided by public sources does not exceed eligible costs. When developers of affordable housing are awarded multiple sources of public funding, they are subject to multiple Subsidy Layering Reviews (SLRs), which cause delays and add costs to projects that are preparing to start construction.

The new initiative will increase communication between agencies, provide a “one-stop-shop” for development applicants, implement timelines to ensure expediency of reviews, and simplify the application process. This will benefit owners, developers, tenants and local communities working to create and preserve affordable housing.

“PHFA is delighted to, on behalf of the state of Pennsylvania, participate in this common-sense endeavor that will alleviate an unnecessary burden on the affordable housing industry,” said Hudson. “All too often rental housing projects are funded by more than one agency in order to reach the lowest-income tenants and duplicate reviews are required. The MOU achieves an efficient goal of less regulatory burden. The winners will be developers and owners who can better concentrate on delivering housing resources to those in need, state and federal agencies that serve families, and of course, the residents of affordable housing.”

Historically, the issue of subsidy layering has been addressed differently by the United States Department of Treasury, HUD, and USDA Rural Development. Subsidy layering is a HUD statutory requirement that assures federal resources are not duplicative and wasteful when applied to affordable rental housing. These differences are reflected in the extent of subsidy layering analysis that the agencies require; ranging from USDA that relies on the Low Income Housing Tax Credit (LIHTC) review and does not require a formal subsidy layering analysis to HUD’s multifamily HOME program, which has detailed guidance on how the analysis must be completed.

The MOU approved by HUD, USDA Rural Development and PHFA is an administrative solution that better aligns and uses state and federal affordable rental housing program policies.

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