

Housing Choice Vouchers

Final FY12 HUD funding bill:

- Underfunds tenant-based rental assistance (housing choice voucher) contract renewals by \$93 million. This shortfall could result in the loss of between 12,000 and 24,000 vouchers, according to a November 18 report by the Center on Budget and Policy Priorities.
- Provides \$75 million for new Veterans Affairs Supportive Housing (VASH) vouchers, or about 11,000 vouchers. This restores VASH funding to the FY10 level. In FY11, only \$49 million was provided for new VASH vouchers.
- Contains none of the policy changes requested by HUD related to simplifying rent-setting and expanding access in rural areas to the voucher program.

Background:

Congress has been considering various versions of a Section 8 Voucher Reform Act (SEVRA) for several years. SEVRA was developed in response to HUD's mismanagement of voucher renewal funding in 2004, which ultimately resulted in the loss of more than 100,000 vouchers nationally. Iterations of SEVRA would have addressed the voucher renewal formula, simplified rent setting and income verification processes for the voucher, public housing, and project-based programs, improved portability, improved how well vouchers can be project-based into developments, expansion of the Moving to Work demonstration, as well as many other provisions.

In June 2011, House Financial Services Subcommittee on Insurance, Housing and Community Opportunity Chair Judy Biggert (R-IL) circulated a discussion draft of the Section 8 Savings Act (SESA). In October 2011, a second draft of Chair Biggert's SESA was circulated. The newest version includes no improvements from NLIHC's perspective and now contains provisions that would cause NLIHC to oppose the bill. The bill is expected to be voted on in Subcommittee on November 30.

The new draft bill contains a provision allowing public housing agencies to increase minimum rents. Today, PHAs can set minimum rents of up to \$50 a month. The draft bill would allow agencies to set rents to the greater of \$75 or 12% of Fair Market Rent. The bill would also allow private owners with project-based contracts to set rents up to these new standards as well. Today, the HUD Secretary has the sole authority to set privately owned, HUD-subsidized minimum rents, which are set at \$25 a month. CBPP estimates that the proposal would increase rents for almost 700,000 households, with the greatest rent increases falling on the poorest and largest families living in the highest cost areas.

The draft SESA bill would:

- Streamline the inspection process for units assisted with vouchers.
- Make many simplifications to rent-setting and income verification while maintaining the all-important Brooke standard, which ensures each household's rent is affordable.

But, for PHAs to take advantage of these simplifications, the newest SESA would require them to first operate an undefined self sufficiency program.

The bill would also:

- Authorize a rent policy demonstration for a limited number of public housing agencies.
- Change the definition of “extremely low income” to allow households below the poverty level to access HUD programs.
- Merge the voucher and public housing family self sufficiency programs.
- Make many improvements to HUD’s responsibilities for persons with limited English proficiency.
- Extend HUD’s Mark to Market program.

NLIHC testified in support of the discussion draft at the June 23 Subcommittee hearing. NLIHC submitted written testimony to the draft bill’s second hearing on October 13, speaking in strong opposition to the bill’s minimum rent provisions and also strongly opposing a draft Moving to Work expansion bill that may be attached to SESA during Subcommittee consideration.

NLIHC is urging that the bill also: include a voucher renewal funding process; broaden its provisions on project-basing vouchers; restrict and strengthen its rent policy demonstration, along with other suggestions. A second hearing on SESA, which is expected to focus on the Moving to Work program, is scheduled for October 13.

In March, Representative Maxine Waters (D-CA) introduced the Section 8 Voucher Reform Act (SEVRA), H.R. 1209. The Section 8 Voucher Reform Act of 2011 introduced by Mrs. Waters, H.R. 1209, would, among other provisions:

- Institute a voucher funding distribution system to stabilize voucher funding for the 2,800 agencies that administer vouchers.
- Revise and improve how apartments and houses that are rented by voucher holders are inspected.
- Encourage public and assisted housing residents to increase their earned incomes while also simplifying the rent-setting process.
- Increase voucher holders’ ability to use vouchers in neighborhoods of their choosing by directing HUD to improve the portability of vouchers and to improve how Fair Market Rents are set.
- Prohibit the rescreening of public housing residents receiving vouchers as replacement housing.
- Expand, modify and rename HUD’s Moving to Work program into a new Housing Innovation Program (HIP).
- Authorize funding for 150,000 new tenant- and project-based vouchers in FY12.
- Place into statute performance assessments for the voucher program.
- Establish requirements for HUD and public housing agencies to guard against high rent burdens for voucher households.

The bill’s HIP provisions were negotiated in the 110th Congress and would make some improvements to the current MTW program, which NLIHC has criticized for its potential harm to residents. NLIHC continues to oppose expanding or extending the MTW program until the program has been evaluated for its harm to residents. Evaluations of MTW thus far have been cursory, anecdotal and incomplete.

In its FY12 budget request, HUD sought several SEVRA provisions. The SEVRA provisions in HUD’s FY12 budget request included allowing public housing agencies and owners to recertify incomes of fixed income



households once every three years, instead of annually as is currently required; raising the standard deduction for elderly and disabled families from \$400 to \$675 while raising the threshold for medical and handicapped assistance expense deductions, for the purpose of determining rents, from 3% to 10% of a family's annual net income; and, defining "extremely low income" as under 30% of area median income, which is HUD's current definition, or the federal poverty level. HUD says that these provisions would result in \$150 million in savings in FY12 and \$1 billion in savings over the next five years. None of these provisions were included in the final FY12 HUD funding bill.