

Housing Choice Vouchers and Project-Based Section 8

The Housing Choice Voucher (voucher) program is one of the federal government's largest housing programs helping low-income families find affordable housing. Eligible households use vouchers to help pay the rent on privately owned homes of their choosing. Project-based Section 8 rental assistance contracts provide subsidies that are assigned to particular developments to help offset the cost of construction and rehabilitation. Project-based rental assistance also makes up the difference between market rents and what a low-income tenant can afford.

Voucher and project-based Section 8 recipients are generally required to contribute 30 percent of their income for rent and utilities. The voucher pays the rest of the rent, up to a limit set by the state or local housing agency administering the program in the area where the housing is located. Currently, the voucher program assists approximately 2 million families and the project-based Section 8 program another 1.3 million.

With oversight from HUD, approximately 2,400 state and local public housing authorities (PHAs), including state Housing Finance Agencies (HFAs), administer voucher programs. PHAs solicit applications, determine recipient eligibility, establish allowable rent levels, review recipients' income annually, and determine whether homes for rent comply with the voucher program's housing quality standards. PHAs administering project-based Section 8 contracts review owner subsidy requests, evaluate proposed rent levels, renew expiring contracts, and monitor owner compliance with management and occupancy rules.

Federal rules require program administrators to ensure that at least 75 percent of households newly admitted to the voucher program have incomes of 30 percent of the area median income (AMI) or less. The other 25 percent or less of newly admitted households can have incomes up to 80 percent of AMI.

Voucher holders may take their vouchers with them when they move out of the jurisdictions of the PHAs that originally issued them, under a principle known as portability. The receiving agency (i.e., with jurisdiction over the home into which the family has relocated) can absorb the family into its own voucher program or bill the original agency for the cost of subsidizing the voucher holder's rent.

Vouchers are used primarily for tenant-based rental assistance; however, program administrators may use some of their vouchers to help home buyers pay closing costs or mortgage payments. Program administrators can also dedicate up to 20 percent of their vouchers for eligible families occupying pre-selected apartments, which is known as project-basing the vouchers. Program administrators may not provide project-based vouchers to more than 25 percent of the apartments in an individual multifamily housing development.

In FY 2010, total Housing Choice Voucher funding was \$18.2 billion, including \$16.3 billion to renew existing vouchers. Total project-based Section 8 funding was \$8.6 billion, including \$8.3 billion for contract renewals and \$258 million for contract administration. Since the beginning of FY 2011, federal agencies have been operating under a series of continuing resolutions (CR), which have maintained FY 2010 funding levels. Congress must either pass legislation

providing program funding for the remainder of FY 2011 or another short-term CR before the current CR expires on March 18. On February 19, the House passed a full-year FY 2011 CR with total voucher funding of \$18.1 billion, including \$16.7 billion to renew expiring vouchers. The full-year FY 2011 CR would provide \$9.3 billion for total project-based Section 8 funding, including \$326 million for contract administration.

The President's FY 2012 Budget proposes \$19.2 billion for the Housing Choice Voucher program, including \$17.1 billion to renew existing vouchers. The Budget requests \$9.1 billion for project-based Section 8, including \$289 million for performance-based contract administration.