

## Rental Assistance Reform

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 assistance also makes up the difference between market rents and what a low-income tenant can afford.

In addition to providing a housing safety net for some of our lowest income families, vouchers and project-based Section 8 assistance make it possible for Housing Credit, Bond, and HOME properties to house lower income families than they otherwise could. The financial viability of some Housing Credit, Bond, and HOME developments depends on vouchers and project-based Section 8. Project-based contracts provide owners sufficient income and certainty to build and maintain affordable housing for very low-income families.

NCSHA proposes Congress provide new state-administered funding for project-based operating subsidies to support affordable rental housing and tenant-based rental assistance to support state-determined priorities unmet under the voucher program. Allowing state HFAs greater direct access to project- and tenant-based assistance would enable them to extend the reach of other federal and state programs to more very low-income households. It would also simplify the development process by allowing developers to secure both operating and capital subsidies from state HFAs.

During the 111<sup>th</sup> Congress, House Financial Services Subcommittee on Housing and Community Opportunity Chair Maxine Waters (D-CA) sponsored the Section 8 Voucher Reform Act (SEVRA), H.R. 3045. H.R. 3045 would have created a permanent voucher funding allocation formula that based each program administrator's funding on its voucher utilization and costs over the previous 12 months, and authorized funding for 150,000 incremental vouchers in FY 2010. The bill also would have reformed the Moving to Work (MTW) program, renaming it the Housing Innovation Program (HIP), which currently permits HUD to waive certain regulations for 30 public housing agencies, allowing them to experiment with different rent structures and programs. It also would have increased to 25 percent, from the current 20 percent, the percentage of an agency's voucher funds that can be project-based; reduced the frequency of required income recertifications from annual to biennial; simplified income deductions; and based rent on a tenant's income from the previous year. The House Financial Services Committee reported H.R. 3045 on September 30, 2009. No comparable bill has been introduced in the 112<sup>th</sup> Congress.

The President's FY 2012 Budget proposes a \$200 million demonstration program to convert up to 255,000 public housing units to long-term project-based rental assistance contracts under the Transforming Rental Assistance (TRA) initiative. The Administration unveiled TRA last year, but Congress did not authorize it. These conversions are intended to leverage private capital to

reduce the huge backlog of capital repair needs and provide tenants with a meaningful option to move to different neighborhoods. HUD's budget materials say the TRA initiative would preserve 7,600 privately-owned, HUD-assisted units at risk of leaving the affordable housing stock. The initiative is also expected to make it easier for families to use vouchers to move to neighborhoods with greater opportunities, through competitive grants to housing authorities to address mobility barriers, and includes a demonstration program to test the impact and cost effectiveness of alternative approaches to mobility assistance.

NCSHA supports:

- Increasing voucher program funding;
- Authorizing new vouchers;
- Funding all project-based Section 8 contracts for a full year;
- Improving the voucher funding allocation formula;
- Allocating new rental assistance to state HFAs they can use as project-based or tenant-based assistance in combination with state-administered Housing Credit, Housing Bond, HOME, and other federal or state resources;
- Simplifying and providing PHAs greater flexibility in their administration of income determination, rent calculation, and other program rules;
- Allowing PHAs to provide more project-based vouchers to their developments; and
- Authorizing HUD to admit more PHAs into the MTW/HIP program with appropriate income targeting safeguards and improved monitoring.