

Rental Assistance Reform

The Housing Choice 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 program contracts provide subsidies that are assigned to particular developments to help offset the cost of construction and rehabilitation and to make 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.

The House passed the Section 8 Voucher Reform Act (SEVRA), H.R. 1851, in 2007. Representative Maxine Waters (D-CA), Chair of the House Financial Services Subcommittee on Housing and Community Opportunity, reintroduced SEVRA as H.R. 3045 in the 111th Congress.

H.R. 3045 would create a permanent voucher funding allocation formula that bases each program administrator's funding on its voucher utilization and costs over the previous 12 months, authorize funding for 150,000 incremental vouchers in FY 2010, and allow more agencies to participate in the Moving to Work (MTW) regulatory waiver program while renaming it the Housing Innovation Program (HIP). It would also increase to 25 percent, from the current 20 percent, the percentage of an agency's voucher funds that can be project-based; reduce the frequency of required income recertifications from annual to biennial; simplify income deductions; and base rent on a tenant's income from the previous year.

The House Financial Services Committee reported H.R. 3045 September 30, 2009. There is currently no companion bill in the Senate.

The Obama Administration's Budget for Fiscal Year (FY) 2011 proposes to initiate a multi-year effort called the Transforming Rental Assistance (TRA) initiative to regionalize the voucher program and convert public housing and some assisted housing to project-based

vouchers. The primary goals of this initiative are to improve the physical condition and management of the public housing stock, increase the mobility of assisted families, and streamline HUD's oversight of its rental assistance programs. The Budget proposes \$350 million in FY 2011 to fund the first phase of this initiative, preserve approximately 300,000 units of public and assisted housing, increase administrative efficiency at all levels of program operations, and enhance housing choice for residents.

HUD's budget materials indicate that by the spring of 2010, the Administration will transmit to Congress proposed legislation to amend the project-based voucher program and authorize long-term property-based rental assistance contracts with a resident mobility feature. HUD says that enactment of a number of SEVRA provisions is also integral to the TRA initiative. HUD's budget materials state that the Administration will work with Congress to finalize this legislation.

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.