NATIONAL LOW INCOME HOUSING COALITION

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*Dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes*
727 15th Street NW, 6th Floor | Washington, D.C. 20005
Tel 202.662.1530 | Fax 202.393.1973

# HOUSING CHOICE VOUCHERS
FACT SHEET

**Early 2012 Advocacy:**

- House consideration of the voucher reform bill, the Affordable Housing and Self-Sufficiency Act of 2012, will need input to oppose minimum rent increases and broad, unfettered expansion of the Moving to Work program.
- The President's release of his FY13 HUD budget request on February 13 will indicate not only funding levels sought by the Administration, but also possibly policy changes to the voucher program.

**Affordable Housing and Self-Sufficiency Act of 2012**

The Affordable Housing and Self-Sufficiency Act of 2012 will be considered by the House Committee on Financial Services in February.

The latest draft of the bill would require the HUD Secretary to set minimum monthly rents at $69.45, and then index this minimum rent to inflation, for public housing, voucher, and project-based Section 8 assisted households. The previous version of the bill, circulated on January 13, would have required the HUD Secretary to set minimum monthly rents of at least $69.45, with no upward limit, and then would have also allowed public housing agencies and private owners to seek permission to go above the HUD minimum rent, again with no upward cap.

While an improvement over the January 13 draft, the new bill would mean significant rent increases for lowest income households. The Center on Budget and Policy Priorities estimates that, if rents were set to $69.45 a month, more than 490,000 households would see rent increases. These households are those with the lowest incomes, as higher income households do not get caught in the web of minimum rent policies because 30% of their adjusted monthly income, the basis for determining rents in HUD assisted housing programs, is more than $69.45.

Furthermore, 27% of housing authorities have never adopted the current allowable $50 minimum rent, either because they understand such a rent's impact on the lowest income households or because they do not wish to develop and administer a hardship exemption policy, which any housing authority that adopts a minimum rent above $0 must have. Thus, the January 31 draft of the bill mandates that these 27% of housing authorities have a minimum rent of $69.45 and also develop and administer a hardship exemption policy. The bill does nothing to strengthen housing authority or owner requirements around hardship exemption policies, which NLIHC understands to be underpublicized, underutilized, and generally unhelpful.

The new bill does not make any changes to the bill's other most controversial section, that on expanding and making permanent the Moving to Work demonstration program, which provides about 35 housing authorities with the ability to merge their voucher and public housing funding as well as freedom from key tenets of affordable housing law, e.g., income targeting and affordability. MTW agencies can also impose time limits on assistance, establish work requirements, and require residents to participate in any manner of self improvement programming as a condition of continued assistance. NLIHC has long opposed any expansion of

MTW as the demonstration has never been evaluated so that lessons learned can be incorporated into any expansion.

NLIHC is participating with HUD and several national stakeholder groups in an attempt to reach agreement on a MTW program that could be included in the bill. The bill's current placeholder language would open MTW up to any agency. Various proposals under consideration include generally the same set of key provisions to be ironed out: how many new agencies could be admitted, what the evaluation component would look like, what income targeting standards must be adhered to, affordability levels for rents, what to do with the existing MTW agencies, resident participation and capacity, among other issues.

The January 31 bill makes some other changes compared to the January 13 draft. The bill would decrease the standard deduction for elderly and disabled households to $525. In the January 13 draft, this deduction was $550. In early versions of the voucher reform bill, this deduction was increased from the current $400 to $675. The increase in the standard deduction is a trade off for a closely related provision in the bill, which simplifies the calculation for the deduction of unreimbursed medical expenses and other similar costs. Today, any out of pocket such costs equaling more than 3% of household income can be deducted from the income of elderly and disabled households; the bill would limit such deductions to expenses exceeding 10% of income. In the bill's section on improvements to the project-basing of vouchers, the bill adds, in addition to persons with disabilities, "or elderly persons" when describing which circumstances a housing authority could project-base an additional 5% of its vouchers in supportive housing.

The bill would also require HUD to conduct a study of "legacy vouchers," which the bill defines as a rental assistance voucher used by any member of the household of the person to whom the voucher was originally issued for rental of a dwelling that is not occupied by that original person as a primary residence any longer. After the study is completed, HUD would be required to issue guidance regarding use of legacy vouchers, subject to public comment.

NLIHC testified in support of the discussion draft at the June 23 Subcommittee hearing. NLIHC also submitted written testimony to the draft bill's second hearing on October 13.
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.

**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 March of 2011, 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.

**Funding**

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.