

CRS Report for Congress

Section 8 Housing Choice Voucher Program: Issues and Reform Proposals in the 110th Congress

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Summary

The Section 8 Housing Choice Voucher program provides monthly rental assistance to around 2 million low-income households each year. It is administered at the local level by nearly 2,500 quasi-governmental public housing agencies (PHAs). While some form of Section 8 rental assistance has been in place since the mid-1970s, the modern program was shaped largely by the 1998 public housing reform act (P.L. 105-276). Nearly 10 years later, the Section 8 Housing Choice Voucher program has come under new scrutiny, with PHA industry leaders, low-income housing advocates, the Bush Administration, and some Members of Congress calling for reforms. This report introduces the primary features of the Section 8 Housing Choice Voucher program, issues that have arisen, and reform proposals under consideration in the 110th Congress. It will be updated to reflect legislative activity.

Many of the key features of the Section 8 voucher program have been considered for reform, including its administration; eligible uses of program funds; the method by which income is determined and rents are calculated; who is eligible and what conditions are placed on eligibility; and other features of program administration such as portability and quality inspections. Some reform proposals have focused on changing aspects of the program seen as administratively cumbersome and prone to errors. Other proposals have focused on altering the incentives in the program in order to promote policy goals such as homeownership and family self-sufficiency.

Issues have also arisen regarding how the Section 8 voucher program is funded, how changes in formula allocations have affected PHAs, and the unobligated balances PHAs have recently accumulated as a result of those changes. In part in response to funding issues, and in part in response to programmatic issues, there have been calls for deregulation of public housing authorities through expansion of the Moving to Work Demonstration. Legislation in the 110th Congress would expand participation in the demonstration, from 32 agencies to 250 agencies (S. 788).

On March 29, 2007, Representative Waters, the chairwoman of the House Financial Services Committee's Subcommittee on Housing and Community Opportunity, introduced a Section 8 voucher reform bill, co-sponsored by the ranking member of the subcommittee and the chairman and ranking member of the full committee. The Section 8 Voucher Reform Act of 2007 (H.R. 1851) would make modifications to several features of the existing program, including how income is calculated, how inspections are conducted, and how portability is treated, and it would adopt a new Section 8 voucher funding formula. It is narrower in scope than a similar bipartisan reform bill introduced in the 109th Congress and approved by the House Financial Services Committee (H.R. 5443, 109th Congress). The President's FY2008 budget request indicated that HUD would advance the Administration's preferred reform proposal in the 110th Congress, although it has not been introduced.

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Introduction

The Section 8 Housing Choice Voucher program provides monthly rental assistance to around 2 million low-income households each year. It is administered at the local level by quasi-governmental public housing agencies (PHAs). While some form of Section 8 rental assistance has been in place since the mid-1970s, the modern program was shaped largely by the 1998 public housing reform act (P.L. 105-276). Nearly 10 years later, the Section 8 Housing Choice Voucher program has come under new scrutiny, with PHA industry leaders, low-income housing advocates, the Bush Administration, and some Members of Congress calling for reforms. This report introduces the primary features of the Section 8 Housing Choice Voucher program, issues that have arisen, and reform proposals under consideration in the 110th Congress.

Current Program Features and Issues

Administration

The current Section 8 Housing Choice Voucher program and its approximately 2 million vouchers are administered by more than 2,500 local PHAs across the country. PHAs vary greatly in their size, jurisdiction, and capacity. Some administer as few as 10 vouchers, while one PHA, the New York City Housing Authority, administers almost 90,000. Half of all PHAs administer 250 or fewer vouchers.¹ Some PHAs have jurisdiction over all rural areas of a state or an entire county or city, while others have jurisdiction over only part of a city or county. Some PHAs have a full-time director and a large staff; others have one person serving part-time in director and staff capacities.

This heterogeneity has been criticized at times by some researchers, housing advocates, and the Administration. They have argued that housing markets are

¹ Written Testimony, Michael Liu, Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development, hearing before the Housing and Community Opportunity Subcommittee of the House Financial Services Committee, May 22, 2003.

regional, and thus housing programs should be administered on a regional level.² Most other social service programs serving the low-income population — such as Temporary Assistance for Needy Families, child care assistance, and Food Stamps — are administered at the state level. If the voucher program were administered at the state level, some say, it might be easier to coordinate it with other services.

The organizations representing PHAs have disagreed, arguing in favor of the current locally driven and focused system. PHAs have important local connections with entities ranging from landlords to local zoning boards, connections that states, they contend, would not have.³ Furthermore, PHAs have the most experience in administering federal housing assistance for the poor, both through the voucher program and the federal public housing program.

HUD has taken some steps to promote consolidation of PHAs. Specifically, it has provided guidance to PHAs on how to voluntarily transfer their voucher programs to another PHA.⁴ In the President's FY2008 budget proposal, HUD requested additional funding to provide bonus administrative fees to PHAs that volunteer to consolidate.⁵

Eligible Uses of Funds

Today's voucher program provides a federally-defined subsidy, called a voucher, that a family can use to help pay its housing costs in the private market. That voucher pays roughly the difference between a unit's rent and the tenant's contribution towards the rent.⁶ In some cases, families can use their vouchers to help pay the monthly costs of a mortgage,⁷ but only if their local PHA chooses to run a homeownership voucher program.⁸ The bulk of voucher funds provided by HUD to PHAs is used to renew existing vouchers. No funds have been provided for

² Margery Turner and Bruce Katz, "Who Should Run the Housing Choice Voucher Program: A Reform Proposal," *Housing Policy Debate*, Vol. 12, Issue 2, 2001. HUD made similar arguments when advocating for the Housing Assistance for Needy Families Act of 2003, which would have transferred administration of the voucher program from PHAs to states.

³ National Association of Housing and Redevelopment Officials (NAHRO), NAHRO Direct News: Section 8, May 29, 2003, attachment C.

⁴ HUD PIH Notice 2007-6 (HA), *Process for Public Housing Agency Voluntary Transfers of Housing Choice Vouchers, Project-Based Vouchers and Project-Based Certificates*, issued March 7, 2007.

⁵ HUD FY2008 Congressional Budget Justifications, Part 1, page C-2.

⁶ The actual calculation of the value of a voucher is more complicated than presented here. See later discussions under the headings "Tenant Rent" and "Calculation of Income."

⁷ Congress also provided authorization for PHAs to use voucher funding for downpayment assistance in lieu of monthly mortgage contributions; however, HUD has never implemented the downpayment program because the authorizing statute has been interpreted as requiring direct appropriations, which Congress has not provided (see 24 CFR 982.643).

⁸ According to HUD, over 720 PHAs have participated in over 8,200 closings in the voucher homeownership program [http://www.hud.gov/offices/pih/programs/hcv/homeownership/publiclist_vhosites.xls].

additional vouchers since 2002.⁹ PHAs earn administrative fees, which they can use to cover the cost of administering the voucher program, and for other purposes, such as providing supportive services, downpayment or security deposit assistance, or housing search assistance.

This system is governed by hundreds of pages of regulations and guidance that make the program, some argue, overly prescriptive and difficult to administer. Past reform initiatives have proposed to convert the current program into something more akin to a block grant, redefining the concept of a voucher by instead providing funds that PHAs could use for rental assistance, homeownership assistance, and supportive services, as defined by the grantee.¹⁰ A “voucher” would no longer have uniform meaning, and PHAs could provide more or less generous assistance to families at their discretion, outside of some, if not all, current federal rules. Such a reform would be consistent with the 1996 welfare reform law that abolished the Aid to Families with Dependent Children (AFDC) program and replaced it with the broader-purpose Temporary Assistance for Needy Families (TANF) block grant.¹¹

There has also been debate about how much of the voucher program should, and can realistically, be focused on promoting homeownership. The Bush Administration has made a priority of increasing the number of first-time homebuyers making purchases with homeownership vouchers. Successful homeownership can help lower-income families build assets and wealth, which can help their long-term financial security. However, the voucher homeownership program has minimum requirements that many families currently served by the rental voucher program may be unable to meet (minimum income standards, employment requirements). Furthermore, some voucher families, particularly those in low-wage and/or volatile employment markets may not have the financial stability necessary to successfully maintain homeownership.

⁹ While no new vouchers (often referred to as incremental vouchers) have been funded since 2002, Congress has funded new tenant protection vouchers every year. Tenant protection vouchers are provided to families that had been receiving other forms of housing assistance, but are losing that assistance through no fault of their own (such as when public housing is demolished or when the long-term contract on a project-based Section 8 property expires). While the addition of new tenant protection vouchers does increase the number of families receiving vouchers, it does not necessarily increase the number of families receiving housing assistance, since the families that receive them had been previously assisted through another program.

¹⁰ In 2003, the Bush Administration introduced such a reform, termed Housing Assistance for Needy Families (HANF). The legislation was introduced in the House and Senate, but no further action was taken in the 108th Congress (H.R. 1851/S. 947).

¹¹ For more reading on the merits and drawbacks of various voucher block grant ideas, see Housing Policy Debate, Volume 14, Issue 3, 2003.

Rent Structure

Under the current rules of the voucher program, families are required to pay roughly 30% of their adjusted incomes toward rent.¹² It is generally accepted that housing is affordable for low-income families if it costs no more than 30% of their adjusted gross income, on the assumption that low-income families need the full remaining 70% to meet other needs. However, this figure is somewhat arbitrary. For some families with few costs for work, transportation, medical, child care, or other needs, 40% or even 50% of income might be a reasonable contribution toward housing costs. In fact, the current voucher program allows families to choose to pay up to 40% of their incomes toward housing costs initially, and even greater amounts upon renewal of a lease. For other families, with high expenses for work, transportation, medical, child care, or other outside costs, some percentage lower than 30% might be the most reasonable contribution.

Critics of the current rent calculation, including the Bush Administration¹³ and some PHA groups,¹⁴ have argued that PHAs should have the flexibility to modify the existing income-based rent system or adopt new systems partially or fully decoupled from income, such as flat or tiered rents. Under flat rents, families would pay a PHA-determined, fixed, below-market rent, based on unit size, regardless of their incomes. As income changed, rent would stay the same. Current law permits PHAs to set voluntary flat rents for public housing. Families are permitted to choose to pay flat rents, but must be permitted to switch back to income-based rents.

Under tiered rents, PHAs could set different flat rents for broad tiers of income. Families would pay the rent charged for their income tier, and only fluctuations in income that move them from one tier to another would change their rent. If PHAs set rent tiers very low, then fewer tenants would face an increase in rent, but PHAs could face decreases in the income they need to run the property. If the tiers were set higher, then more tenants would face rent increases, but PHAs would see increased program income.

Shallower subsidies under flat or tiered rents would allow PHAs either to save money or serve more people with the same amount of money, depending on the authority provided by HUD and Congress, but might lead to greater cost-burdens for the lowest-income families.

Another argument in favor of moving from an income-based rent to a flat rent concerns administrative ease. The current complicated rent calculation, paired with the difficulty of verifying the incomes of tenants, has led to high levels of error in the

¹² The formula is actually more complicated. Families must pay the higher of 30% of adjusted income, 10% of gross income, the amount of welfare benefits designated for housing costs, or PHA minimum rents (which can be no higher than \$50 a month).

¹³ HUD, *The Flexible Voucher Program: Why A New Approach to Housing Subsidy Is Needed: A White Paper*, May 18, 2004, available at [<http://www.hud.gov/offices/pih/programs/hcv/fvp/wponfvp.pdf>].

¹⁴ Public Housing Authorities Directors Association (PHADA), *Rent Reform: Fair and Simple Solutions*, 2005, available at [<http://www.phada.org/pdf/rentreform.pdf>].

subsidy calculation. According to a HUD 2001 Quality Control study, 60% of all rent and subsidy calculations contained some type of error. HUD has estimated an annual \$2 billion in subsidy over- and under-payments in the Section 8 voucher program. These errors have led the Government Accountability Office (GAO) to designate the Section 8 program a “high risk” program, meaning that it is particularly susceptible to waste, fraud, and abuse. Beginning with the FY2003 Consolidated Appropriations Act (P.L. 108-7), HUD was given access to the National Directory of New Hires, a database that may allow PHAs to better verify income data. There has been some improvement. A 2003 Quality Control study released in 2004 found a 37% reduction in erroneous payments from 2001, although 40% of subsidies were still erroneously calculated. Adopting flat or tiered rents could substantially reduce — if not eliminate — errors in rent calculations.

A flat rent structure may also help reduce the work disincentives inherent in the current calculation. Since rent goes up as income goes up, families face an effective 30% tax on any increase in earnings and therefore they may have a disincentive to increase earnings and/or an incentive to hide income. To help address this problem in the Public Housing program, Congress has instituted a mandatory income disregard; however, no such mandatory disregard exists in the voucher program, except in the case of certain disabled recipients.¹⁵ If PHAs choose to disregard increased earnings, they must pay the difference out of their own budgets or face sanctions from HUD for not accurately calculating subsidies. Under flat or tiered rents, families can generally increase their earnings without facing changes in their rents.

Low-income housing advocates generally agree that the current rent-setting system is overly complicated, but still support income-based rents over flat rents. Flat rents are not as responsive to changes in family income as income-based rents, and their adoption could result in some families paying much more toward rent than is generally considered affordable (30% of income). They argue that changes to the method of calculating income could do much to simplify the rent-setting process.¹⁶

Calculation of Income

Under the current voucher program, rent is based on a family’s annual adjusted income. The current system for calculating income has been criticized as cumbersome and prone to errors.

Annual income, for the purpose of rent determination, is defined as all amounts that are anticipated to be received by all members of a household during the

¹⁵ For more information, see the National Housing Law Project’s Earned Income Disregard Packet for Public Housing Voucher Program and Other HUD Programs, available at [http://www.nhlp.org/html/pubhsg/eid_packet.htm].

¹⁶ See National Low Income Housing Coalition, *Rent Reform*, Memo to Members: Vol 10, No. 24, June 17, 2005 and Center on Budget and Policy Priorities, *Rent Changes in Housing Bill Will Help Many Tenants*, August 1, 2006.

subsequent 12 months, with some exclusions (such as foster care payments).¹⁷ Anticipating low-income families' future incomes can be very difficult, as their employment is often variable. The composition of a family may also be variable, with members joining or leaving the household over the course of a year. Further, PHAs are expected to verify families' incomes using third-party sources, which can be a time-consuming process.¹⁸ Once the total amount of income has been determined, the family may qualify to have certain amounts deducted from total income, such as \$480 per dependent, \$400 for elderly and disabled households, and reasonable child care expenses, disability expenses, and certain medical expenses of the elderly or disabled.¹⁹

The complexity of the income determination system is a major factor behind the high rates of error in rent determination. Many of the current requirements are regulatory, rather than statutory, and PHA groups have called on HUD to simplify the process. HUD has stated that it is looking at ways to improve the income calculation process,²⁰ although no major administrative changes have been made.

Eligibility

The current voucher program sets initial eligibility for assistance at the very low-income level (50% or below of area median income (AMI)), with a requirement that 75% of all vouchers be targeted to extremely low-income families (30% or below AMI).²¹ The targeting requirement was enacted as a part of the 1998 public housing reform law and was designed to ensure that the neediest families received assistance.

Serving lower income families results in higher costs per voucher. In a limited funding environment, the higher the per voucher cost, the fewer the number of families that can be served. The difficult tradeoff between serving more families with less generous subsidies or serving fewer families with more generous subsidies can be found in most social programs and lies at the center of many of the voucher reform debates.

The Bush Administration has advocated loosening current targeting standards in an attempt to either serve more families or reduce the cost of the program.²² Low-

¹⁷ Summarized from 24 CFR 5.609.

¹⁸ See 24 CFR 982.516 (a).

¹⁹ See 24 CFR 5.611 for a list of deductions.

²⁰ See Government Accountability Office (GAO), *Progress and Challenges in Measuring and Reducing Improper Rent Subsidies*, GAO-05-224, Chapter 5.

²¹ For example, 50% of AMI for a three person family in Missoula, MT was \$24,550, and 30% was \$14,750 in 2007. Fifty percent of AMI in San Francisco, CA was \$50,900, and 30% was \$30,550 in 2007.

²² HUD, *The Flexible Voucher Program: Why A New Approach to Housing Subsidy Is Needed: A White Paper*, May 18, 2004, available at [<http://www.hud.gov/offices/pih/>]

income housing advocates generally support retaining current income eligibility and targeting requirements, arguing that the lowest-income households face the heaviest rent burdens and are the most in need of assistance.

Work Requirements and Time Limits

The voucher program does not currently have time limits or work requirements. Families that receive voucher assistance can retain that assistance until either they choose to leave the program; they are forced to leave the program (due to non-compliance with program rules or insufficient funding); or their income rises to the point that 30% of their income equals their housing costs, at which point their subsidy is zero. The Public Housing program does have a mandatory eight-hour work or community service requirement for non-elderly, non-disabled tenants; however, most public housing residents are exempted, and it is unclear how thoroughly the provision has been implemented.²³

Some have advocated setting time limits for receipt of voucher assistance and making work a requirement for ongoing eligibility. They argue that under the current system, families have no incentive to increase their incomes or work efforts and leave the program.²⁴ Adopting a work requirement in the voucher program may help encourage non-elderly, non-disabled households that are not currently working to go to work. Time limits and work requirements have been at least partly credited with decreasing the size of the welfare rolls.

Another reason to consider time limits relates to the fact that many communities have long waiting lists for assistance. Since new vouchers have not been funded for several years, turnover in the current program is the only way to serve those families on the waiting lists.

There is evidence that families with children, those most likely to be affected by work requirements and time limits, already leave the program relatively quickly. According to HUD research from 2003, the median length of stay for families with children is two and a half years.²⁵ Further, while time limits and work requirements may help move families out of the voucher program, it is unclear whether such changes would increase families' incomes or lead to self-sufficiency. Research based on the 1996 welfare reform changes (P.L. 104-193) indicates that for many poor families, increases in work do not necessarily translate into greater total income, and

²² (...continued)
programs/hcv/fvp/wponfvp.pdf].

²³ For more information on the community service/work requirement in public housing, see CRS Report RS21591, *Community Service Requirement for Residents of Public Housing*, by Maggie McCarty.

²⁴ Howard Husock, "The Housing Reform That Backfired," *The City Journal*, Summer 2004.

²⁵ Jeffery Lubell, et al. Work Participation and Length of Stay in HUD-Assisted Housing, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Cityscape: A Journal of Policy Development and Research*, Volume 6, Number 2, 2003.

most households need work supports (such as child care and transportation assistance) in order to make them successful in becoming financially self-sufficient.²⁶ Such supportive services are not currently part of the voucher program, and would require additional funding. In fact, it is unclear how low-income families that are leaving the program now are meeting their housing costs. HUD conducted research looking at families with children who left the voucher program over a five-year period, and found that less than 1% of them had incomes sufficient to afford an apartment at the fair market rent in their community.²⁷

Low income housing advocates promote providing incentives for families to increase their work efforts and their incomes, rather than limits and requirements. Non-elderly, non-disabled families could be encouraged to find and increase work through expansions in the Family Self-Sufficiency program, a Section 8 voucher program which provides work supports and deposits tenant rent increases resulting from work into escrow accounts on their behalf.

Inspections

Before a PHA can approve a unit selected by a tenant, the unit must first be inspected to ensure that it complies with the HUD-adopted Housing Quality Standards (HQS).²⁸ If the unit is approved, it must be reinspected at least annually. If the unit fails inspection, the PHA cannot make payments to the landlord until the unit is in compliance. These inspections are designed to protect the tenant from substandard conditions. However, the inspections themselves (or finding inspectors to conduct them) can add delays to the process, resulting in landlords' reluctance to participate and families losing out on units in tight markets. Further, some HQS failures may be for what a tenant might consider a "minor" violation (such as missing light-switch plates or a tear in the carpet that could be considered a tripping hazard), yet PHAs are still required to withhold payment. This can also contribute to landlords' reluctance to participate in the program. The occurrence of substandard stock varies widely; areas with relatively new stock (particularly in the southwest) may only need inspections every couple of years to ensure quality, whereas areas with relatively old stock (such as the northeast) may require more frequent inspections, perhaps even more than once a year, in order to ensure quality. While there have been calls to change the inspection requirements, it has proven difficult to balance providing flexibility to PHAs to address the needs of specific communities with ensuring protection for tenants from substandard conditions.

Portability

Section 8 vouchers are nationally portable, which means that families can take their vouchers and move from the jurisdiction of one PHA to the jurisdiction of

²⁶ See CRS Report RL30797, *Trends in Welfare, Work and the Economic Well-Being of Female-Headed Families with Children: 1987-2005*, by Thomas Gabe.

²⁷ Department of Housing and Urban Development, *Performance and Accountability Report, FY2004*, pp. 2-65.

²⁸ See 24 CFR 982.401 for HQS.

another PHA. Once a family moves, the two PHAs come to an agreement on how to administer the voucher. The original PHA can choose to forgo the voucher and allow the receiving PHA to “absorb” it, meaning that the voucher would be permanently transferred from the old PHA to the new PHA. If the voucher is absorbed, when the family leaves the program, the new PHA has the right to reissue the voucher. Alternatively, the original PHA can also choose to be “billed” for the voucher, meaning the new PHA will administer the voucher on behalf of the original PHA, and will seek reimbursement from the original PHA for any costs associated with the voucher. In a billing situation, the original PHA will retain the voucher as a part of its stock, and if and when the family leaves the program, the original PHA can reissue it.

There are advantages and disadvantages to both billing and absorbing. Originating PHAs that bill must forgo a portion of their administrative fees and the administration can be complicated. Originating PHAs that allow their portability vouchers to be absorbed lose vouchers, often in communities where the waiting list for a voucher is very long. Recognizing these problems, PHAs have the ability to limit portability. A PHA can require a family to live in its jurisdiction for up to one year upon initial receipt of a voucher and a PHA can deny a portability move if it will increase PHAs costs above what can be supported by federal appropriations. In the past, proposals have been offered to alter portability to make it administratively easier. They have ranged from limiting portability except between jurisdictions with preexisting agreements²⁹ to having a national pool of vouchers that could be used to smooth out the absorption process.³⁰

Mobility. Portability offers the possibility for families with vouchers to move from areas of high concentrations of poverty, poor schools, and little opportunity to areas with low concentrations of poverty, good schools, and more opportunity. Researchers and advocates for low-income families have argued that the mobility potential of portability has not been fully reached. They argue for more funding for mobility counseling and performance standards that encourage mobility efforts. Advocates for state or regional administration of the voucher program argue that moving away from PHAs could help improve program mobility.³¹

Funding Allocation

The cost of a voucher is equal to roughly the difference between the rent (capped by a maximum set by the PHA and called the payment standard) and the tenant’s contribution toward the rent (30% of the tenant’s income). PHAs’ costs fluctuate as tenants’ incomes and market rents increase or decrease. Prior to FY2003, HUD reimbursed PHAs for the actual cost of their vouchers, and each year, HUD

²⁹ See Section 113 of H.R. 1999, 109th Congress.

³⁰ Statement of Richard Godfrey, Executive Director, Rhode Island Housing, Hearing before the Committee on House Financial Services Subcommittee on Housing and Community Opportunity, March 9, 2007.

³¹ Margery Turner and Bruce Katz, “Who Should Run the Housing Choice Voucher Program: A Reform Proposal,” *Housing Policy Debate*, Vol. 12, Issue 2, 2001.

would ask Congress for funding sufficient to cover what HUD anticipated it would take to fund PHAs' costs.

Due partly to changes in the rental market and partly to changes in the rules of the voucher program (such as increases in the payment standard), PHAs' actual costs began rising rapidly in 2002 and 2003.³² This raised concerns for both the Administration and Congress. Partly in response to these cost increases, the Administration proposed potentially cost-saving changes in both the way that PHAs received funds and in the underlying factors that led to the cost growth, including the amount tenants were asked to contribute toward rent and the maximum payment standard.

Congress reacted by changing only the way that PHAs receive their funding without enacting other program reforms. In FY2005, Congress directed HUD to fund PHAs based on what they received in the previous year. This new funding formula, which was continued in FY2006, was more predictable for PHAs, similar to formulas used for other discretionary social programs, and easier for HUD to administer. However, it also led to problems for some PHAs, whose actual costs were still driven by the difference between rents and incomes in their communities while their funding was capped. As a result, some PHA groups called for either a change back to an actual cost funding formula or changes to the structure of the voucher program that would allow them to better control their costs. In the FY2007 funding act (P.L. 110-5), Congress reverted back to a funding formula based on actual costs and utilization. This change was generally supported by PHA groups and low-income housing advocates, but opposed by the Administration. (For more information, see CRS Report RS22376, *Changes to Section 8 Housing Voucher Renewal Funding, FY2003-FY2006*, by Maggie McCarty.)

Legislation in the 110th Congress

Moving to Work Expansion

In recent years there have been calls to expand the Moving to Work Demonstration. MTW was authorized by Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-134) in order to design and test ways to:

- Promote self-sufficiency among assisted families;
- Achieve programmatic efficiency and reduce costs; and
- Increase housing choice for low-income households.

Under Moving To Work, up to 30 agencies can apply to HUD for waivers of most rules that govern public housing and Section 8 (those under the U.S. Housing

³² See Government Accountability Office, *Policy Decisions and Market Factors Explain Changes in the Costs of the Section 8 Programs*, April 2006.

Act of 1937 (P.L. 75-412)).³³ With HUD approval, MTW agencies can merge their Section 8 voucher, public housing capital and public housing operating funds, alter eligibility and rent policies, modify their funding agreements and reporting requirements with HUD, and make other changes. Rules outside of the 1937 Act, as amended, cannot be waived under MTW, such as labor requirements and fair housing rules, nor can rules governing the demolition and disposition of public housing. Agencies must also agree to serve substantially the same number of people they were serving before the demonstration and they must agree to continue to serve low-income families.

Agencies participating in MTW have used the flexibility it provides differently. Some have made minor changes to their existing Section 8 voucher and public housing programs, such as limiting reporting requirements; others have implemented full funding fungibility between their public housing and voucher programs and significantly altered their eligibility and rent policies.³⁴

The Moving to Work Charter Program Act of 2007 (S. 788) would expand and modify the MTW program. It would permit the Secretary of HUD to enter into charter contracts with up to 250 PHAs. Similar to the current MTW demonstration, the Secretary would be permitted to waive all of the aspects of the Housing Act of 1937 except for the labor standards and demolition and disposition requirements and PHAs would be permitted to blend their Section 8 and Public Housing funding. Unlike the current MTW program, the MTW Charter program would require PHAs to ensure that at least 75% of the families assisted are very low-income families; establish a reasonable rent policy designed to encourage employment, self-sufficiency, and home ownership by participating families; and meet other specified additional requirements.

Several of the national PHA industry groups support an expansion of MTW. They argue that the flexibility would permit them to more efficiently and effectively manage their limited federal funding and make programmatic changes tailored to their local communities.³⁵ Low income housing advocates, particularly the National Low Income Housing Coalition, have expressed opposition to an MTW expansion. The organization sees the expansion as an attempt “to reduce the obligations of PHAs to serve families with the most serious housing problems.” Specifically, they are concerned that MTW agencies will choose to serve higher income families than they do under current law and that the agencies will disconnect rent-setting policies from income with the result that tenants will pay increased rents.³⁶

³³ Congress later directed HUD to approve the applications of two additional PHAs, increasing the number of MTW agencies to 32.

³⁴ For more information on MTW, see Housing Agency Responses to Federal Deregulation: An Assessment of HUD’s “Moving to Work” Demonstration, Urban Institute, 2004.

³⁵ Public Housing Authorities Directors Association, “Housing industry groups hold Capitol Hill briefing on the Moving To Work Charter Act,” *Advocate*, Vol. 21, No. 14, August 16, 2006.

³⁶ See National Low Income Housing Coalition, Three Public Housing Bills Introduced in Senate, Memo to Members: Vol 12, No. 10, March 9, 2007.

The existing MTW program, while called a demonstration, was not implemented in a way that would allow it to be effectively evaluated. Therefore, there is not sufficient information about different reforms adopted by MTW agencies to evaluate their effectiveness. There is some information available about how PHAs have implemented the program (as noted earlier); however, it is unclear whether PHAs implementing a modified MTW program in an environment where funding is limited would make the same choices that earlier MTW agencies made.

Voucher Reform Legislation

Every year since 2003, the President has proposed eliminating the Section 8 voucher program and replacing it with a new initiative. Bills to enact the President's reform have been introduced in Congress, although no further action has been taken. Bills from the 107th, 108th, and 109th Congresses that were advocated by the Administration envisioned fundamentally reworking the voucher program, with initiatives including transferring administrative responsibilities from PHAs to the states, implementing time limits and work requirements, and allowing PHAs to experiment with various rent-setting policies (including fixed rents).

Bipartisan reform bills from the past two years have been narrower in scope than the Administration's reform proposals. In 2006, a bipartisan voucher reform bill, the Section 8 Voucher Reform Act of 2006 (SEVRA) (H.R. 5443, 109th Congress) was approved by the House Financial Services Committee, but no further action was taken before the close of the 109th Congress. The bill would have modified the voucher program but largely retained its current structure. A similar bill, the Section 8 Voucher Reform Act of 2007 (H.R. 1851) has been introduced in the House of Representatives with bipartisan cosponsors, including the chairs and ranking members of the House Financial Services Committee and its Subcommittee on Housing and Community Opportunity.

Similar to SEVRA from the 109th Congress, H.R. 1851 largely maintains the structure of the Section 8 voucher program, but makes administrative changes to the income determination process and HQS inspections (some of which also apply to public housing and project-based Section 8). **Table 1** provides a detailed side-by-side comparison of the provisions in H.R. 1851 with current law.

The bill would simplify the income calculation process by streamlining deductions, permitting families on fixed incomes to self-certify their income for up to three years, and permitting PHAs to use tenants' prior-year income to calculate current year income. H.R. 1851 would impose an asset limit for eligibility and continued assistance and require PHAs in the voucher program to suspend assistance for over income families. It would modify the inspection process to permit PHAs to inspect units every other year, rather than every year, and allow them to continue to make payments for up to 30 days following a minor violation, presuming it is not life-threatening. The bill would establish a new renewal funding allocation formula for PHAs, similar to the formula enacted for FY2007, but including provisions for reallocating unused funds and permitting PHAs to borrow against future appropriations. It would direct the Secretary to develop a new administrative fee formula as well as a new performance rating system (both within guidelines set in the bill). It makes other changes to require PHAs to absorb portability vouchers, increase

rents for project-based vouchers in Low-Income Housing Tax Credit developments, and make it possible for PHAs to use their voucher funding to provide downpayment assistance for first time homebuyers (without requiring direct appropriations).

The Housing and Community Opportunity Subcommittee held a hearing on voucher reform legislation on March 9, 2007, before H.R. 1851 was introduced. Orlando Cabrera, the HUD Assistant Secretary with responsibility for the voucher program, testified that the Department favors voucher reform and will be offering a proposal (although, to date, it has not been released). Specifically, the Assistant Secretary testified about the need to:

- reduce the administrative complexity and burden, while increasing local flexibility and decision-making to allow PHAs to be successful in a budget-based funding system;
- give PHAs the option of choosing among a variety of rent structures for public housing and voucher families, including flat rents, rents determined on broad tiers of income, or even retaining the status quo;
- provide PHAs with much greater flexibility on the frequency of housing quality standards inspections; and
- establish PHA performance measures for the voucher program that focus on the most critical elements of the PHA's administration and can be assessed using independently verifiable information or data.³⁷

Assistant Secretary Cabrera's testimony also reiterated support for the "budget-based" funding allocation formula in place in FY2005 and FY2006.³⁸

H.R. 1851 contains a number of the changes advocated by HUD, including reductions in administrative complexity in the income determination process, flexibility on housing quality inspections and new performance standards. However, the bill does not contain provisions permitting PHAs to experiment with rent setting policies and would adopt a funding formula that is similar to the one in place in FY2007.

H.R. 1851 is cosponsored by the chair and ranking member of both the subcommittee and the full committee in the House. No comparable legislation has been introduced in the Senate.

³⁷ Statement of Orlando J. Cabrera, Assistant Secretary for Public & Indian Housing, U.S. Department of Housing and Urban Development, Hearing before the Committee on Financial Services Subcommittee on Housing & Community Opportunity, United States House of Representatives, "The Section 8 Voucher Reform Act," March 9, 2007.

³⁸ *Ibid.*

Table 1. Comparison of Key Provisions of H.R. 1851 to Current Law

Feature	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the Code of Federal Regulations)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as introduced)
Section 8 Housing Choice Voucher Program		
Initial Eligibility (Also applies to Public Housing (PH) and Project-based Section 8 Rental Assistance (PBRA))	Generally, families are initially eligible if they are low income (80% or below of area median income (AMI)) <i>and</i> are either very low-income (at or below 50% of AMI), were previously receiving assistance, or meet other criteria established by the Secretary. (42 USC 1437a(a) and 42 USC 1437f(o)(4))	The bill would not change income eligibility, although it would change the definition of income, which would affect eligibility (see “Income” below). It also sets an asset test such that assistance could not be provided to families whose net family assets exceeded \$100,000 or who had present ownership interest in real property suitable for occupation and in which the family had the right to reside. (Sec. 4(a))
Ongoing Eligibility/ Treatment of Over Income Families	If a family’s income rises above the low-income level, they may continue to receive assistance. (42 USC 1437a(a)(1))	Upon income re-examination, if family income was to have risen above the low-income level, the family would no longer be eligible for assistance (does not apply to families with tenant protection vouchers). In the case of public housing and project-based Section 8, the PHA or property owner could choose to waive this provision upon recertification, or, if they choose not to waive the provision, they could delay implementation for up to 6 months. (Sec. 4(b))
Treatment of assets (PH and PBRA)	There is no asset limit in the program, rather PHAs and owners must impute income from assets and include that amount in the household’s income calculation.	<p>The bill would limit eligibility for households with assets above a certain threshold. Specifically, households would be ineligible for assistance initially or at recertification if the family:</p> <ul style="list-style-type: none"> -had net family assets above \$100,000; -had present ownership interest in and a legal right to reside in real property (except for participants in the voucher or public housing homeownership program, victims of domestic violence, and households making a good faith effort to sell such property). <p>The bill defines net family assets to include the net cash value of all assets after deducting the reasonable costs of disposing of the assets. The term does not include:</p> <ul style="list-style-type: none"> -Indian trust land; -equity accounts in HUD homeownership programs; -Family Self Sufficiency accounts; -the value of personal property (except items of significant value, as determined by the Secretary); -the value of a retirement account;

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		<p>-amounts recovered from civil actions or settlements based on claims of malpractice, negligence, or other breach of duty, that resulted in a member of the family being disabled; and</p> <p>-the value of trust funds (as long as it is held in trust).</p> <p>PHAs and owners can calculate net family assets based on information provided by the family.</p> <p>PHAs can choose not to enforce the asset limits for public housing residents.</p> <p>A PHA or owner can delay eviction of a family based on non-compliance with the asset limit for up to 6 months. (Sec. 4(a))</p>
<p>Income Review (PH and PBRA)</p>	<p>Family income must be reviewed upon selection for assistance and annually thereafter. (42 USC 1437a(a)(1)) If a family experiences a decrease in income, they may request a mid-year reexamination. If the family experiences an increase in income, the PHA or owner can choose whether to conduct a mid-year reexamination.</p>	<p>Income would be reviewed initially and reexamined annually thereafter, except:</p> <ul style="list-style-type: none"> -families could request reexamination earlier if their income or deductions change such that their income drops by \$1,500 (or a lower amount set by the PHA or owner); -income must be reexamined at any point that income or deductions change such that income rises more than \$1,500 (increases in earned income are not counted for this purpose unless the family's income had been reexamined because of a drop in income); -following initial review, families with fixed incomes would be permitted to self-certify their income each year for up to three years. (Defined as receiving 90% or more of income from Supplemental Security Income, Social Security, federal, state and local pensions, other periodic payment from annuities, insurance policies, retirement funds, disability or death benefits, and similar). (Sec. 3(a))
<p>Definition of Income (PH and PBRA)</p>	<p>The term income means income from all sources from each member of the household, as determined in accordance with criteria prescribed by the Secretary, but does not include income subject to mandatory federal exclusions. The definition of income adopted in regulation includes imputed returns on assets and</p>	<p>The bill would strike the definition and replace it with a definition that includes income from all sources from each member of the household, including recurring gifts and receipts, actual income from assets, and profit or loss from business. It would exclude imputed returns on assets, all earned income from dependent full-</p>

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	<p>excludes income in excess of \$480 for full-time students (including head of household and spouse). (42 USC 1437a (b) and 24 CFR 5.609)</p>	<p>time students, certain lump-sum Social Security payments, mandatory federal exclusions, and other exclusions set by the Secretary.</p> <p>PHAs and owners would not be required to keep documentation of exclusions established by the Secretary or required by federal law. (Sec. 3(b))</p>
<p>Definition of adjusted income (PH and PBRA)</p>	<p>Adjusted income is income, minus the following deductions: -\$400 for elderly or disabled families; -certain unreimbursed medical expenses above 3% of a family's income; -reasonable child care expenses that allow for a family member to be employed or further his or her education; -\$480 for each member of the household who is under 18, a full-time student, or over 18 and disabled; -child support, up to \$480 per child (subject to appropriations); -spousal support (subject to appropriations); -earned income of minors; -earned income for certain Section 8 residents (subject to appropriations); -other permissible exclusions as determined by the PHA. (42 USC 1437a(b))</p>	<p>The bill would strike the current deductions and replace them with the following deductions: -\$725 for each elderly or disabled family; -Certain unreimbursed medical expenses or attendant care and auxiliary apparatus that are greater than 10% of income for elderly and disabled families; -\$500 for each minor, full-time student, or person with disabilities; and -additional deductions determined by the PHA, except that the Secretary must establish procedures to ensure that such deductions do not increase federal expenditures.</p> <p>Deduction amounts are to be adjusted annually by an inflation factor set by the Secretary and rounded down to the nearest multiple of \$25. (Sec. 3(b))</p>
<p>Income Calculation (PH and PBRA)</p>	<p>Not specified in statute, but in regulation, HUD has established a system for calculating income that attempts to predict income in the coming 12 months and requires third-party verification (in the voucher program). (24 CFR 5.609 and 982.516)</p>	<p>PHAs and owners would be permitted to use prior year's income to determine next year's unearned income and could make adjustments as necessary to reflect current income. Earned income would be calculated as the previous year's earned income, minus an amount equal to 10% of the lesser of the prior year's income or \$10,000 (only when calculating rent). If prior year's fixed income were used, the PHA or owner would be required to apply inflationary adjustments, as determined by the Secretary. PHAs and owners could make other adjustments as appropriate to reflect current income. PHAs can use income calculations used in other programs (such as TANF, Medicaid, Food Stamps). PHAs and owners could not be penalized solely for making de minimus errors in calculating family incomes. (Sec. 3(a)(7))</p>

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Feature	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the Code of Federal Regulations)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as introduced)
Targeting	PHAs must target 75% of all vouchers issued each year to families at or below 30% of area median income (AMI). (42 USC 1437f(o)(4) and 1437n(b)) PHAs and owners must target 40% of all PH and project-based units made available each year to households at or below 30% of AMI. (42 USC 1437n(a) and (c))	PHAs would be required to target 75% of vouchers to those at or below the <i>higher</i> of 30% of AMI or the poverty line (except in Puerto Rico or any other territory or possession of the U.S.). PHAs and owners would be required to target 40% of all PH and project-based units to households at or below the <i>higher</i> of 30% of AMI or the poverty line (except in Puerto Rico or any other territory or possession of the U.S.). (Sec. 5)
Inspection of Units	PHAs must inspect units to ensure that they meet federal housing quality standards prior to occupancy and at least annually thereafter. PHAs can choose to use local, state, or federal housing quality standards (HQS), as long as state or local standards are as strict or stricter than federal standards. (42 USC 1437f(o)(8))	The bill would continue to require inspections prior to occupancy. However, if a unit were to fail inspection for non-life threatening reasons, the PHA could make payments for up to 30 days while the unit is repaired. Thereafter, units would be required to be inspected every two years. An inspection conducted pursuant to requirements under a federal, state, or local housing program (such as the HOME program) would be considered sufficient as long as the PHA certifies to the Secretary that the standards or requirements provide the same or greater protection to occupants as HUD's HQS. (Sec. 2)
Portability	Families receiving voucher assistance, after one year, can move to any jurisdiction in the country where a voucher program is being administered. The receiving PHA has the choice of administering the voucher on behalf of the originating PHA and billing the originating PHA for its costs, or absorbing the voucher into its program by replacing it with one of the PHA's own vouchers. (42 USC 1437f(r))	The bill would require receiving PHAs to absorb portability vouchers and give them priority to receive reallocated funds. (Sec. 6(b)) (See Funding Allocation).
Funding Authorization	The voucher program is permanently authorized, although there is no specified authorization of appropriations.	The bill would replace the existing renewal formula and authorize such sums as necessary to renew voucher contracts and provide tenant protection (for all units eligible for such vouchers, not just occupied units, subject to appropriations) through FY2012. (Sec. 6(a))
Funding Allocation	Under current law, subject to appropriations and beginning in FY1999, the Secretary is directed to renew all expiring voucher contracts by applying an inflation factor to an allocation baseline, adjusted for new authorized vouchers (including tenant-protection vouchers). The baseline was set at a level sufficient to continue	Renewal funding would be allocated based on leasing and cost data from the previous year, plus an annual adjustment factor, with adjustments for the first-time renewal of tenant-protection vouchers, vouchers set aside for project-based commitments, and other adjustments as necessary, including adjustments necessary to

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	<p>assistance for the actual number of families assisted as of October 1, 1997. (42 USC 1437f(dd))</p> <p>Beginning in FY2003, the appropriations law began to include instructions on how the Secretary was to distribute funds. In FY2004, PHAs were funded based on the number of vouchers they had actually used as of their end of the year statement (with adjustments made for changes) and the cost of those vouchers (based on their end of the year statement, not adjusted for changes). In FY2005, PHAs were funded based on their actual costs and number of vouchers in use over a three-month period in FY2004, with some adjustments, pro-rated to fit within the amount appropriated. In FY2006, PHAs received a pro-rata share of the amount appropriated, based on what they had received in FY2005.</p> <p>In FY2007, Congress adopted a new funding formula that funded agencies based on their costs and utilization over the prior 12 months, increased for inflation, and adjusted for the cost of portability vouchers or the first time renewal of enhanced vouchers.</p> <p>Prior to FY2005, PHAs could use excess funds to provide extra vouchers above their baseline, a practice referred to as maximized leasing. That practice has been prohibited in annual appropriations acts since FY2003.</p>	<p>address changes in voucher utilization rates and costs related to natural and other major disasters. Moving to Work (MTW) agencies would be funded pursuant to their agreements.</p> <p>The leasing and cost data would be calculated annually by using the average for the preceding calendar year and adjusted for project-based voucher set asides and for any advances. If funding were insufficient to fully fund all PHA budgets, then the Secretary would apply a pro-rata reduction to each agency's budget (not applicable to funding for enhanced/tenant protection funds). If Congress provided more funding than necessary to fund all agencies at their eligibility, HUD would be required to reallocate the excess funds.</p> <p>The Secretary would be required to recapture from PHAs unspent funds in excess of 2% of agency budgets each year. Not later than May 1 of each year, HUD would be required to calculate the aggregate amount of unused funds, set aside amounts necessary to reimburse PHAs for increased costs due to portability and Family Self Sufficiency (FSS) activities, and reallocate the remaining amount to PHAs, with priority given based on utilization. Reallocated amounts could be used to increase leasing rates up to (but not over) their authorized level. (Sec. 6(a)).</p>
<p>Reserves and Advances</p>	<p>Prior to FY2005, agencies were provided a 12-month program reserve. In FY2005, appropriations law reduced agency reserves to one week, but did not provide HUD with the authority to recapture subsequent unused funds. In FY2006 and FY2007, agencies were guaranteed no minimum reserve, but HUD was not given authority to recapture unspent funds.</p>	<p>PHAs would be permitted to retain up to 1/12 of any reserves accumulated prior to FY2008 and up to 2% of their funding each year subsequent.</p> <p>PHAs would be permitted to take an advance on their subsequent years' appropriation during the last 3 months of each calendar year in order to pay for additional voucher costs, including the cost of temporary overleasing. The advance is to be reduced by any unobligated balances available to the PHA. Advances would be repaid through reductions in the subsequent year's allocation.(Sec. 6(a)).</p>

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Administrative Fees	<p>Prior to FY2004, administrative fees were paid to PHAs on a per unit basis calculated roughly as a percentage of fair market rent (FMR), with add-on fees for special expenses. This formula was set by the Secretary, based on guidance in statute. (42 USC 1437f(q) and 42 USC 1437f Note) Since FY2004, as directed in appropriations laws, PHAs have received the same proportion of total funds that they had received in the previous year. In FY2006, the amount available for administrative fees was equivalent to just under 9% of the amount provided for vouchers.</p>	<p>The bill would direct the Secretary to develop a formula for allocating administrative fees and require that the fees:</p> <ul style="list-style-type: none"> -be payable to each PHA for each month a dwelling unit is under contract; -include an amount for the cost of issuing vouchers to new participants; and -be updated each year using an index that reflects the costs of administering the program. <p>The Secretary would be required to publish the fee rate for each geographic area in the Federal Register. (Sec. 7)</p>
Grantee Performance	<p>PHAs are evaluated annually through the Section 8 Management Assessment Protocol (SEMAP), which is a set of 14 criteria established by HUD via regulation, which primarily focus on agency compliance with program rules and regulations rather than program goals or outcomes. Its 14 indicators include:</p> <ul style="list-style-type: none"> -Proper selection of applicants from the housing choice voucher waiting list, -Sound determination of reasonable rent for each unit leased, -Establishment of payment standards within the required range of the HUD fair market rent, -Accurate verification of family income, -Timely annual reexaminations of family income, -Correct calculation of the tenant share of the rent and the housing assistance payment, -Maintenance of a current schedule of allowances for tenant utility costs, -Ensuring that units comply with the housing quality standards before families enter into leases and PHAs enter into housing assistance contracts, -Timely annual housing quality inspections, -Performance of quality control inspections to ensure housing quality, -Ensuring that landlords and tenants promptly correct housing quality deficiencies, -Ensuring that all available housing choice vouchers are used, -Expansion of housing choice outside areas of poverty or minority concentration, 	<p>The Secretary would be required to establish performance standards and a performance assessment system for the voucher and voucher homeownership program.</p> <p>HUD would be required to periodically assess PHAs on their performance regarding:</p> <ul style="list-style-type: none"> -quality of the dwelling units obtained using assistance; -extent of utilization of assistance amount provided to the agency; -financial condition of the agency; -timeliness and accuracy of reporting by the agency to the Secretary; -effectiveness in carrying out policies to achieve deconcentration of poverty; and -other areas the Secretary deems appropriate. <p>Using these standards and procedures, the Secretary would be required to conduct an assessment of the performance of each agency and submit a report to Congress regarding the result of each assessment. (Sec. 10)</p>

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Feature	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the Code of Federal Regulations)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as introduced)
	<p>-Enrollment of families in the FSS program as required and helping FSS families achieve increases in employment income.</p> <p>If PHAs fail SEMAP, they can be deemed “troubled.” Troubled agencies must agree to an onsite assessment and a plan designed to bring them into compliance. If the PHA is unwilling or unable to abide by its plan to move to compliance, the Secretary can:</p> <ul style="list-style-type: none"> -contract with another PHA or private manager to administer the program; -appoint a receiver; -take over the administration of the program; or -other actions the Secretary deems appropriate. (24 CFR 985) 	
Downpayment assistance for first-time homebuyers	<p>A PHA may, in lieu of providing monthly assistance payments, provide a downpayment grant for an eligible first time homebuyer less than or equal to the sum of the monthly assistance payments the family would have received for a year. The availability of downpayment assistance is subject to direct appropriations, and since direct appropriations have never been provided for this purpose, downpayment assistance has never been provided in the voucher program. (42 USC 1437f(y))</p>	<p>Downpayment assistance would be authorized, not subject to direct appropriations. The maximum grant would be \$10,000. The bill specifies that any downpayment assistance is not to limit a PHA from providing downpayment assistance from other sources. (Sec. 8)</p>
Project-based vouchers	<p>PHAs may attach up to 20% of their vouchers to existing housing units. No more than 25% of units in a building may have project-based vouchers attached to them. Families living in units with project-based vouchers are permitted to move after one year. (42 USC 1437f(o)(13))</p>	<p>Same, except would permit a higher maximum rent for project-based vouchers in Low-Income Housing Tax Credit projects than is currently permitted under HUD regulations. (Sec. 11)</p>
Credit Reporting	<p>No provision.</p>	<p>The bill would permit PHAs to submit to consumer credit reporting agencies information regarding the past rent payment history of a family in the voucher program, subject to the written consent of the family. (Sec. 9)</p>
Rent Burden Report	<p>Requires the Secretary to monitor rent burdens and review payment standards that result in a large percentage of families paying more than 30% of their incomes towards rent. The Secretary may require the PHA to adjust the payment standard as a result of the findings of this review. (42 USC 1437f(o)(1)(E))</p>	<p>The bill would require the Secretary to monitor rent burdens and submit a report to Congress annually on the percentage of families that are paying more than 30% of their incomes towards rent. The Secretary would also be required to provide PHAs with a report on the percentage of families paying more than 30% of their incomes</p>

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Feature	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the Code of Federal Regulations)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110th Congress) (as introduced)
		towards housing costs and could require PHAs to adjust their payment standards. The Secretary would also be required to submit a report annually on the degree to which voucher assisted families are clustered in lower-rent, higher poverty areas and how a greater geographic distribution of such families could be achieved. (Sec. 12)
Effective Date	Not applicable.	Unless otherwise specified, the provisions of the act would take effect beginning January 1, 2008. (Sec. 13)