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The Section 8 Voucher Reform Act of 2009 (SEVRA)

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The Section 8 Housing Choice Voucher program is the linchpin of the nation's affordable housing programs, providing rental assistance to approximately 2.1 million households. NAHRO has worked consistently and productively for several years to encourage responsible reform of this vital program. We are pleased to have had the opportunity to lend our voice to help shape a responsible reform bill: the Section 8 Voucher Reform Act of 2009 (HR 3045). The breadth of the effort Congress has undertaken over the years and the enormous progress made thus far to shape a pragmatic and responsible bill argue for continued efforts by this Congress to finish the job.

NAHRO supports the central thrust of the Section 8 Voucher Reform Act of 2009 (HR 3045), and our members desire a variety of reforms that are in the bill, including:

- ***Renewal Funding Formula*** - The bill provides for a robust renewal funding formula that reflects each agency's most recent calendar year voucher leasing and cost data to establish a rational and accurate funding policy through five-year authorization legislation.
- ***Incremental Vouchers*** – SEVRA provides for the authorization of 150,000 incremental vouchers for both tenant-based and project-based vouchers.
- ***Reducing Worst-Case Housing Needs*** - SEVRA includes a provision which would restore the historic treatment of both voucher leasing rates and relative “worst-case” housing needs of unassisted low-income households within each state by including them as primary factors in the award of incremental vouchers.
- ***Improved Funding Reserve Policy*** – SEVRA would create a mechanism to allow agencies to retain and use their net restricted Housing Assistance Payment fund balances equal to six percent of their annual budget authority, and enabling the HUD Secretary to make exceptions regarding the recapture of an agency's funds where there are extenuating circumstances beyond the agency's control.
- ***Improved Reallocation of Unspent Funds*** - Even at a time of declining voucher-assisted household incomes and corresponding increases in average per voucher subsidy costs, PHAs continue to increase national voucher lease-up rates. However, this has also led in part, to a widening gap between PHAs' budget utilization rates and their voucher lease-up rates. As a result, many PHAs are serving fewer families than their authorized number of vouchers. SEVRA is well-suited to address this issue, by allowing for the reallocation of voucher HAP funds which would provide funding to PHAs that experience increased voucher leasing, with giving priority to PHAs with high budget utilization rates and agencies that need additional voucher assistance to increase voucher leasing rates.

- ***Maximizing Number of Families Served*** – SEVRA would reinstate a version of the “maximized leasing policy” that was standard practice in the voucher program in 2003 and prior years, to help maximize the number of families served with the funding available to PHAs. The bill could be improved to provide explicit reference to PHAs that lease additional families above their baseline number of vouchers will receive additional ongoing administrative fees.
- ***Income Targeting*** - SEVRA would improve income targeting for all extremely low-income applicant households with particular benefits for families in rural communities and large-size families in metropolitan communities, by using the higher of the Federal Poverty level or extremely-low income thresholds; thereby providing better access to the Section 8 HCV program, public housing program, and project-based Section 8 multi-family housing assistance programs.
- ***Housing Quality Standards and Inspection Process*** – SEVRA includes a number of inspection-related provisions including ones that would: allow PHAs the discretion authority to conduct Housing Quality Standards inspections of all of their voucher-assisted units every two-years rather than annually; permit PHAs to perform inspections on a geographical basis, allow inspections conducted by other entities to be used in place of a PHA conducted HQS inspection, and permit a PHA at its discretion to allow a voucher-assisted household to move into a dwelling unit after signing a lease with a property owner for a unit that has a reasonable rent and no health or safety violations, such that an agency may commence a lease, execute a HAP contract and verify within 30 days that the unit passes Housing Quality Standards.
- ***Administrative Simplicity for Income and Rent Reviews*** - Administrative simplification provisions in the bill, would relieve PHAs of the responsibility to maintain records of miscellaneous HUD-required income exclusions, as well as allow PHAs to use applicable inflation adjustments for fixed-income families, permit PHA safe harbor reliance on other governmental income determinations (e.g., Medicaid, TANF), and permit PHAs to make other appropriate adjustments when using prior year’s calculations of other types of income are welcome additions to the HCV program. NAHRO also supports SEVRA’s provisions regarding PHAs’ use of households’ prior-year earned income, and alternative rent structures that would be allowed under the bill in the public housing program.
- ***Portability*** - The per voucher subsidy differences for low-income households of identical family composition and income differs greatly around the country, ranging from a ratio of 2:1 to 3:1 in many instances. Finite HAP funding each year, coupled with the existing portability funding and reimbursement system, in some instances creates financial barriers to portability. SEVRA would mandate the improvement of the regulations governing portability in a manner that preserves the robust use of this essential feature of the Section 8 voucher program, preserves the ability of agencies to serve their waiting lists, and reduces the financial barriers to portability. SEVRA would precipitate regulatory reform so that HUD could facilitate absorption of inter-agency portability billings, by adequately funding receiving agencies of portability billings, particularly where interagency billings have continued for a year or longer. This would free up

budget authority necessary to maintain current leasing levels at the sending agencies. Where portability billings have occurred to areas with higher per voucher costs, absorption will have a multiplier effect at sending agencies.

- ***Expansion of Family Self-Sufficiency Program*** – SEVRA would convert the Family Self-Sufficiency (FSS) program from an annual competitive grant to an administrative fee to pay for the cost of an FSS coordinator as part of the standard administrative fee provided to PHAs. Additionally, language in the bill would establish standards for the number of FSS coordinators that an agency may fund and would restore coordinator funding for agencies with effective FSS programs that lost funding in prior years for reasons unrelated to performance.
- ***Project-Based Voucher Assistance Program*** – SEVRA would amend the percentage of units that can have project-based assistance in an agency’s voucher portfolio; provide protections against displacement for families who reside in a dwelling unit proposed to be assisted under the PBV program; and the use of site-based waiting lists under the PBV program.
- ***Payment Standards, Fair Market Rents & Utility Allowances*** – SEVRA requires HUD to approve PHA requests to raise the payment standard to up to 120 percent of the Fair Market Rent (FMR), for PHAs with high rent burdens or high concentrations of poverty. To provide reasonable accommodations for persons with disabilities, PHAs are also permitted (without HUD approval) to increase payment standards up to 120 percent of the FMR, and HUD may approve payment standard requests in excess of 120 percent of FMR. SEVRA would also require HUD to publish data on a regular basis, utility consumption and costs in local areas as is useful for the establishment of allowances for tenant-based utilities for voucher families.
- ***Access to HUD Programs for Persons with Limited English Proficiency*** - SEVRA includes a requirement that HUD develop and make available translations of vital documents developed by a HUD-convened task force, establish a toll-free number and document clearing house, and complete a study of best practices for improving language services for individuals with Limited English Proficiency (LEP).
- ***Providing Equal Administrative Fees to PHAs for Owned or Substantially Controlled Units:*** SEVRA would provide a statutory correction to past administrative fee funding inequities, so that PHAs will be adequately compensated for the administration of Section 8 housing assistance in a unit owned by a PHA or a unit owned by another entity. The costs of administration of the HCV and/or PBV programs are substantially equivalent irrespective of whether a Section 8–assisted tenant resides in a unit owned by a PHA or a unit owned by another entity. PHAs administering vouchers in the HCV program or for the PBV program, where they own or substantially control an entity that owns a development where voucher-assisted households reside, are also required to contract with another eligible entity to perform initial Housing Quality Standard (HQS) inspections and rent reasonableness determinations to make a rent offer consistent with their

determination for each dwelling unit. The practical effect of these requirements, necessitates that PHAs spend additional monies for these contracted services.

There are several sections of SEVRA that are of concern, which include:

- ***Administrative Fees*** – SEVRA would allow the Secretary of HUD to change the administrative fee rate and structure through regulation. Instead, NAHRO recommends the bill require HUD to submit its administrative fee study recommendations to Congress for consideration of statutory changes. Additional language would be needed to be added to SEVRA (HR 3045), to make sure that an equitable administrative fee rate for PHA-owned units applied for *both* PBV and HCV tenant-based assisted units.
- ***Term of Vouchers After HAP Contract Termination*** - When a family residing in a unit where Housing Assistance Payments have been terminated by a PHA due to a property owner's extended non-compliance with Housing Quality Standards (HQS), the bill would provide an unlimited time period governing when they may lease a new unit under the HCV program and without any conditions. Any outstanding financial obligation a PHA may have with a voucher that extends indefinitely and without condition, results in one less applicant household that the PHA could serve from its waiting list. NAHRO believes that in these instances the voucher should be extended for a reasonable period as determined by the PHA.
- ***Moving-to-Work*** - SEVRA (HR 3045) currently contains a title to convert and expand the existing Moving-to-Work (MtW) to a Housing Innovation Program (HIP). NAHRO has long advocated for greater program flexibility and an expanded MtW program. Obviously, we want to expand participation in a well-designed MtW program, but our first order of business is to ensure that MtW agencies do not have to unravel their valuable programs which would be devastating. If moving and passing SEVRA to advance long-awaited legislative reforms for non-MtW agencies means doing so without a HIP title, NAHRO would support introduction and passage of a stand-alone HIP bill.

HCV Program Regulatory and Administrative Reforms Should Be Implemented Now

Over the years, Congress has directed HUD to take regulatory and administrative actions to increase flexibility, reduce administrative burden and streamline program implementation, and to report on its actions to the Committees of jurisdiction. Since August 2003 and in successive years, NAHRO has requested the Department to move forward with regulatory and administrative reforms. In the vast majority of cases, these regulatory and administrative reforms do not require any new legislation or additional appropriations. NAHRO's recommended regulatory and administrative reforms are available at: <http://www.nahro.org/legislative/hudactnow.pdf>.