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H.R. 1851 – Section 8 Voucher Reform Act of 2007

Executive Summary

Representative Maxine Waters (D-CA) introduced the Section 8 Voucher Reform Act of 2007 on March 29, 2007. The bill will be considered on the floor under a structured rule on July 12, 2007.

The Section 8 Voucher program provides housing assistance to approximately 2 million low-income families per year and accounts for more than 60 percent of HUD's budget. HUD provides this funding to local public housing agencies (PHAs) that are in charge of administering the vouchers.

H.R. 1851 makes a number of changes to the Section 8 housing assistance program; including 1) modifies the voucher funding formula; 2) changes the requirements for inspection of housing units; 3) enhances the Family Self Sufficiency program; and 4) authorizes 20,000 new vouchers for each fiscal year through 2012. The CBO estimates that implementing H.R. 1851 would cost $2.4 billion over the 2008-2012 period.

The Ranking Member of Financial Services Subcommittee on Housing and Community Opportunity, Rep. Judy Biggert (R-IL), is an original cosponsor of the bill.

Floor Situation

H.R. 1851 is being considered on the floor pursuant to a structured rule. The rule:

- Provides one hour of general debate equally divided and controlled by the Chairman and Ranking Republican Member of the Financial Services Committee.

- Waives all points of order against consideration of the bill except those arising under clause 9 (earmarks) and 10 (PAYGO) of Rule XXI.

- Makes in order only those amendments printed in the Rules Committee report.

- Waives all points of order against consideration of the substitute amendment and the amendments printed in the report except those arising under clause 9 (earmarks) and 10 (PAYGO) of Rule XXI.

- Provides one motion to recommit with or without instructions.

The bill was introduced by Representative Maxine Waters (D-CA) on March 29, 2007. The Ranking Member of Financial Services Subcommittee on Housing and Community Opportunity, Rep. Judy Biggert (R-IL), is an original cosponsor of the bill. The House Committee on Financial Services approved H.R. 1851, as amended, by a vote of 52 to 9 on May 25, 2007.

The bill is expected to be considered on the floor on July 12, 2007.

Background

The Section 8 Voucher program provides housing assistance to approximately 2 million low-income families per year and accounts for more than 60 percent of HUD's budget. HUD provides this funding to local public housing agencies (PHAs) that are in charge of administering the vouchers. There are more than 2,500 PHAs of varying size and capacity located throughout the country.

Families receiving vouchers generally pay 30 percent of their adjusted monthly income towards rent. In order to qualify for assistance under the current framework, a family's income must be 50 percent or below of the area median income (AMI). 75 percent of all vouchers are required to be given to extremely needy families (30 percent or below AMI). There are currently no work requirements or time limits for receiving vouchers. Using vouchers towards buying a home is permitted, but it depends on whether individual PHAs offer that option.

Summary

H.R. 1851:

- Changes to the voucher funding formula were made through the CR to allocate funding based on the leasing and cost date for each PHA from the previous 12 months, as opposed to a broader budget-based funding renewal method. This bill codifies some of those CR changes.

- Limits PHAs from keeping unused voucher funds as reserves. H.R. 1851 limits this amount to 8.3 percent of their total allocation for 2007 and 5 percent for every year thereafter. It is anticipated that HUD would develop reallocation criteria for excess reserve funds to be redirected to PHAs which are meeting or exceeding a certain threshold of fund utilization. This shift attempts to provide incentives for PHAs to use allocations to provide vouchers to serve more families and to ensure that PHAs are using funds as intended and not for non-housing purposes.

- Restores the "overleasing" policy used prior to FY2003 that allows PHAs to issue more vouchers than authorized by allowing them to utilize excess unused funds. A limit is included on the amount of overleasing permitted.

- Gives PHAs the option to request up to a 2 percent advance to cover unanticipated costs.

- Reverses HUD's January 2006 policy that limits voucher reimbursements for lost public and assisted housing units to only those that were occupied. H.R. 1851 would revert back to the policy prior to January 2006 that provided reimbursement vouchers for every lost unit.

- Changes the requirement for PHAs to recertify the income of fixed-income families (elderly and disabled) from once a year to once every three years.

- Renames the "Moving to Work" program as the "Housing Innovation Program," extends the program for 10 years, and increases the number of authorized agencies. This program allows PHAs the flexibility to design and test various approaches for providing and administering housing assistance to reduce cost, encourage self-sufficiency, and increasing housing choices for low-income families. H.R. 1851 narrows the criteria for selecting PHAs. It also would establish performance standards and evaluation processes for participating agencies.

- Authorizes 20,000 new vouchers for each fiscal year through 2012.

- Allows PHAs to withhold payments for housing units that fail inspection and then allows the withheld funds to be used for repairs. The bill also changes the inspection requirement from once a year to once every two years.

- Broadens the use of vouchers for manufactured housing.

- Allows vouchers to be used for a down payment on a first-time home purchase for an amount not exceeding $10,000. Under current law, vouchers can be used for mortgage payments, but it is dependent on direct appropriations the prior year. This provision effectively lifts this condition.

- Prohibits any family with more than $100,000 in assets or that owns a suitable home from receiving Section 8 assistance.

- Requires a family's income to be below 80 percent of the area median income in order to remain eligible for Section 8 assistance. Under current law, the AMI requirement must only be met for initial eligibility and is not included as part of recertification.

- Increases the percentage of vouchers that can be used for projects-based housing from 20 percent to 30 percent.

- Strengthens the Family Self-Sufficiency Act (FSS) program by providing FSS coordinators with consistent funding. It also creates a performance measurement and evaluation system to encourage effective FSS programs.

Cost
The CBO estimates that implementing H.R. 1851 would cost $2.4 billion over the 2008-2012 period.

CBO Estimate

Additional Views
The Bush Administration issued a Statement of Administration Policy (SAP-HR 1851) on July 11, 2007, in opposition to H.R. 1851 in its current form. The SAP lists several concerns, including:

- "[H.R. 1851] would abandon the budget-based funding renewal methodology imposed by Congress to halt the rapidly escalating and unsustainable increases in Voucher program costs…the voucher renewal methodology put forth under H.R. 1851 would result in spiraling and unsustainable per-unit cost increases in the Voucher program."

Amendments
(Below are the summaries of the amendments that were made in order by the Rules Committee and may be offered on the floor of the House of Representatives)

1) Rep. Maxine Waters (D-CA): Manager's Amendment. The amendment includes increased rent structure flexibility while maintaining affordability requirements, an increase up to 12.5% in first year permitted housing agency voucher reserves, provisions spelling out HUD responsibilities with respect to access to HUD programs for persons with Limited English Proficiency, modifications to voucher inspection requirements, and changes to the Housing Innovation Program.

2) Rep. Nydia Velazquez (D-NY): (Revised). The amendment requires that public housing agencies selected for participation in the Housing Innovation Program must comply with voucher and public housing domestic violence provisions from the Violence Against Women Act.

3) Reps. Gary Miller (R-CA) / Steve Chabot (R-OH): The amendment will impose a 7-year time limit on participation in the Section 8 program. The amendment excludes the elderly and disabled from this requirement. In addition, the amendment provides for a hardship exception.

4) Reps. Edward Markey (D-MA) / Deborah Pryce (R-OH): The first part of the amendment would make certain low-income tenants of the Heritage Apartments in Malden, Massachusetts eligible for enhanced housing vouchers after prepayment of a HUD mortgage and subsequent ownership transfer of the property without HUD restrictions that may jeopardize the housing affordability. The second part of the amendment would allow for the transfer of Section 8 Housing Assistance Payment (HAP) contracts in Columbus, Ohio, in the University District and in Cincinnati, Ohio, in the Over-the-Rhine Community.

5) Rep. Steve Chabot (R-OH): The amendment would strike the authorization of appropriations for the creation of 20,000 new vouchers each year for years FY2008 through FY2012.

Reps. Jeb Hensarling (R-TX) / Steve Chabot (R-OH): The amendment requires that all adults in a household receiving Section 8 tenant assistance for more than 7 consecutive years must perform 20 hours per week of approved "work activities." Exemptions are provided for senior citizens, the disabled, those already exempt from TANF work requirements, and those who cannot access child care.

Staff Contact

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