RENTAL ASSISTANCE REFORM BILL / AFFORDABLE HOUSING AND SELF-SUFFICIENCY IMPROVEMENT ACT / SECTION 8 VOUCHER REFORM ACT (AHSSIA)

NATIONAL LOW INCOME HOUSING COALITION

June 2016

URGE CONGRESS TO:

- Include high-priority provisions from AHSSIA in any FY14 HUD funding bill.
- Support a housing reform bill that improves HUD-assisted housing programs for residents while saving billions of dollars.
- Support expansion of Moving to Work only if the expansion comes with strong income targeting, affordability, resident protections, and evaluation components, among other parameters.
- Oppose provisions to impose mandatory minimum rent increases and any minimum rent increase without improved hardship exemptions.
- Support policies to incentivize state and regional voucher administration.

As of early January, neither the House nor Senate floated any draft or formal rental assistance reform legislation in the 113th Congress. A House hearing on the Moving to Work demonstration program was held on June 26, pointing to the Committee on Financial Service's interest in a bill. And, several provisions from previous versions of the legislation have been included in the House's FY14 appropriations subcommittee bill (only to be removed later by the full House Appropriations Committee) and are in the Senate Appropriations Committee's S. 1243, the FY14 HUD funding bill.

The Senate committee bill, S. 1243, includes provisions that were requested by HUD in its FY14 budget request to Congress. These include a new definition for "extremely low income," which would allow housing resources to better serve more households; revised inspection requirements for housing choice voucher units in order to save staff time and move families in more quickly; revisions to the Rental Assistance Demonstration program that would expand the number of public housing units that could convert subsidy streams under RAD from 60,000 to 150,000 and to extend the demonstration's end date from the end of FY13 to the end of FY15; limits on compensation of public housing agency employees; utility allowance provisions that would limit utility allowances to the maximum unit size for each households, with exceptions for families that include persons with disabilities; and, language to phase-in a flat rent floor of 80% of fair market rents (FMRs) for higher income public housing residents.

AREAS OF CONSENSUS

A broad group of national organizations, including NLIHC, is working together to maintain progress made of the years on rental housing reform legislation. In October 2013, the group sent a letter to the Senate and House appropriators urging them to include high-priority, consensus items from the previous Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA) draft reform bill from 2012 in any FY14 HUD spending bill. All told, these reforms would reduce government spending by more than $2.5 billion over five years.

- Section 101 of AHSSIA, which would streamline voucher housing quality inspections and protect families living in units where repairs are needed to meet quality standards.
- Measures to streamline rent calculations and income determinations, including most provisions of Section 102 of AHSSIA as well as Section 19 of the December 1, 2010 draft of Section 8 Voucher Reform Act (which provides for

sharing of income data between housing and food assistance agencies).

- Section 104 of AHSSIA, which would modestly raise rental assistance income targeting limits to admit more working poor families, particularly in rural areas.
- Section 105 of AHSSIA, which would make housing agencies' voucher funding allocations more stable and predictable while still permitting appropriators to set the overall annual funding level.
- Section 106 of AHSSIA, which provides agencies added flexibility ability to enter into "project-based" voucher agreements to preserve and develop affordable housing.
- Section 108 of AHSSIA, which would make the admissions process for the housing voucher program fairer and more effective at serving homeless applicants by limiting screening to criteria related to suitability as a tenant.
- Title II of AHSSIA, which authorizes the Rental Assistance Demonstration to test strategies to leverage private funds to address public housing capital needs and preserve units assisted through the Section 8 Moderate Rehabilitation program, and would allow properties assisted under the legacy Rental Assistance Payment and Rent Supplement programs to convert to project-based section 8 contracts.
- S. 454, introduced by Senator Reed in the 113th Congress to strengthen and make families served by the project-based section 8 program eligible for the Family Self-Sufficiency program, which provides rental assistance recipients job counseling and financial incentives to work and save. (Section 301 of AHSSIA contains similar provisions.)
- Title IV of AHSSIA, which provides added flexibility for a limited number of high-capacity housing agencies to meet their local housing needs, along with essential protections safeguarding low-income families' rights and ensuring that agencies maintain the number of families they assist. (HUD proposed several changes to Title IV on May 15, 2012, most of which have broad stakeholder support and should be included in legislation.)
- Section 501 of AHSSIA, which provides for HUD to make available translations of key forms and documents for assistance recipients with limited English proficiency.
- Section 242 of the FY14 Senate Transportation, Housing and Urban Development (THUD) bill approved by the full committee, which restricts the amount allowed for tenant-paid utilities based on "appropriate utility allowance for the family unit size as determined by the public housing agency," with exceptions for families that include persons with disabilities.

BACKGROUND ON THE HOUSE'S DRAFT BILL IN 2012, THE AFFORDABLE HOUSING AND SELF-SUFFICIENCY IMPROVEMENT ACT:

MINIMUM RENTS

The last draft of the House bill, circulated in April 2012, would have required 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 draft bill would have meant significant rent increases for lowest income households. The Center on Budget and Policy Priorities estimated 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. In a significant improvement over earlier drafts of the bill, the April 2012 version would have allowed both public housing agencies, who set minimum rents for public housing and voucher households, and private owners, who would set minimum rents for project-based Section 8 tenants under the bill, to have rents less than $69.45 if they state good cause. And, the April 2012 version also greatly improved hardship exemptions from minimum rent policies. HUD's FY14 budget request does not include any increases to minimum rents or improvements to hardship exemptions.

MOVING TO WORK

The last House draft included an agreement on Moving to Work by a broad stakeholder group, comprised of NLIHC, the Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, the Public Housing Authorities Directors Association, the Center on Budget and Policy Priorities, the National Leased Housing Association and HUD. The MTW language in the April 13, 2012 version of the bill is a carefully crafted package of compromises, referred to as the "stakeholder agreement," that should not be adjusted. The highly controversial nature of the Moving to Work program has played a role in stalling the larger reform bill for many years. The "stakeholder" agreement worked out in constant collaboration with HUD and House offices represents a delicate package of decisions, each crafted in a way to represent compromise if not exuberance. No one part of the stakeholder agreement could be amended without additional adjustments elsewhere in the proposal. The bill would have allowed up to 500,000 units administered by high-capacity PHAs to be included in a "basic" MTW program. Units in the basic MTW would have had the flexibility to streamline administrative procedures. Up to 25 agencies could have also participated in an "enhanced" MTW program, which would have had the ability to implement harmful policies, like rent reform, work requirements, and time limits only if doing so was part of rigorous evaluation protocols. For all new MTW sites, both "basic" and "enhanced," income targeting, resident rights and housing affordability would have been protected to significantly greater extent than in the current demonstration sites.

Various changes to the stakeholder agreement on MTW could arise in 2013. The 2013 stakeholder agreement on MTW does not reference any of the MTW sites that currently have contracts set to expire in 2018. Inclusion of how to treat these "2018 sites" in the broader legislative package will undoubtedly impact other pieces of the MTW agreement. And, HUD's FY14 budget request to Congress says that HUD will, as part of a broad legislative proposal, recommend a "substantial expansion" of the MTW program for high-performing PHAs.

OTHER PROVISIONS IN THE APRIL 2012 DRAFT BILL:

- Several provisions to improve the project-basing of vouchers:
  - Changes the limitation on vouchers that can be project-based from 20% of an agency's voucher funding to 20% of an agency's authorized vouchers.
  - Allows a PHA to use an additional 5% of authorized vouchers to serve persons with disabilities, elderly households, or homeless populations or be used in areas where vouchers are hard to use.
  - Increases the number of units a PHA can provide project-based voucher assistance in smaller properties.
  - Increases the maximum contract term for project-based vouchers from 15 to 20 years.
- Rent-setting simplifications, including a provision to recertify incomes of fixed-income households every three years, instead of annually.
- An increase to the standard deduction for elderly and disabled households from the current $400 to $525. 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. The April 13 version also adds a hardship exemption for tenants who have medical expenses that cause "unsustainable" rent burdens. 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.
- Elimination of the cap on the number of authorized vouchers that each public housing agency can lease. This will give PHAs more flexibility to use all of their voucher funding.
- Requirements for PHAs to set rent limits to at least 80% of fair market rent, and allows for the phasing in of increased flat rents.
- Allows PHAs to establish payment standards of up to 120% of fair market rent when necessary as a reasonable accommodation for a person with a disability.
- Streamlining of inspection process for the voucher program.
- Improvements to the Family Self-Sufficiency program.
- Merger of the public housing operating and capital funds for all public housing agencies.
- Two "demonstrations," in addition to Moving to Work. These, one on rent reform and one on economic security, would each give HUD broad waiver authority and spell out no protections to residents from increased rents or other harmful impacts of the respective demonstrations' flexibilities.

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