



## **Housing Choice Voucher Program: An Oversight and Review of Legislative Proposals**

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House Financial Services Subcommittee on Housing and Insurance  
Statement for the Record  
April 17, 2018

On behalf of the National Low Income Housing Coalition (NLIHC), I thank this Committee for focusing on the need to build on the success of the Housing Choice Voucher program to reach more households with the highest needs and to provide families with real opportunities to climb the economic ladder and achieve financial stability. I also appreciate the opportunity to submit a statement for the record, outlining NLIHC's concerns and recommendations regarding the draft legislation, including the *Housing Choice Voucher Mobility Demonstration Act of 2018*, the *Fostering Stable Housing Opportunities Act of 2018*, and the *Transitional Housing for Opioid Recovery Demonstration Program Act of 2018*, currently under consideration by this Committee.

NLIHC is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes. Our members include state and local housing coalitions, residents of public and assisted housing, nonprofit housing providers, homeless service providers, fair housing organizations, researchers, public housing agencies, private developers and property owners, local and state government agencies, faith-based organizations, and concerned citizens. While our members include the spectrum of housing interests, we do not represent any segment of the housing industry. Rather, we focus on policy and funding improvements for people who receive and those who are in need of federal housing assistance, especially extremely low income people.

As discussed in more detail below, NLIHC supports the *Housing Choice Voucher Mobility Demonstration Act of 2018* to improve voucher mobility among households receiving these benefits, but we identify several modifications to improve and strengthen the bill. While the *Fostering Stable Housing Opportunities Act of 2018* and the *Transitional Housing for Opioid Recovery Demonstration Program Act of 2018* have worthy aims, NLIHC has several concerns about the legislation, and we urge the Committee to reconsider the proposals before moving forward.

### ***Comprehensive Solutions to the Affordable Housing Crisis***

Today, the affordable housing crisis continues to reach new heights. Rents are rising, wages for the lowest income people are flat, and more people are renting their homes than ever before. Yet, the supply of affordable housing has not kept pace. As a result, record-breaking numbers of families cannot afford a decent place to call home. Every state and every community is impacted.

The greatest need for affordable housing is primarily concentrated among extremely low-income renters who earn no more than the federal poverty limit or 30% of their area median income (AMI). NLIHC's recent report, [The Gap: A Shortage of Available Homes](#), found that there is a

shortage of more than 7 million affordable and available rental homes for the nation's 11 million extremely low income renters. This means that just three out of ten extremely low income families can find an affordable place to call home. Without affordable options, three out of four extremely low income families are severely cost-burdened, spending more than half of their income on rent and utilities. These families are often forced to make impossible choices between paying rent and buying groceries or visiting their doctor. In worst cases, they become homeless. Yet, despite the growing need, three in four families in need of housing benefits are turned away, due to chronic underfunding.

There is no silver-bullet solution to addressing the growing affordable rental housing crisis; A comprehensive set of solutions to end housing poverty in America includes both capital investments and rental assistance.

Capital investments are needed to build, preserve and rehabilitate homes affordable to the lowest income people, as well as to address other challenges, including the need to revitalize distressed urban and rural communities, provide housing options for low income families in tight markets, and produce accessible housing for families with disabilities and special needs. This must start with an expansion of the national Housing Trust Fund, the newest federal housing resource in a generation and one that is exclusively targeted to serve households with the greatest needs.

It is also critical to invest in rental assistance for extremely low income families, including Housing Choice Vouchers (housing vouchers), which have a proven track record of reducing homelessness and housing poverty. Housing vouchers help people with the lowest incomes afford housing in the private housing market by paying landlords the difference between what a household can afford to pay in rent and the rent itself, up to a reasonable amount. Administered by the U.S. Department of Housing and Urban Development (HUD), housing vouchers comprise the agency's largest rental assistance program, serving more than 2.2 million households.

### ***Housing Choice Voucher Mobility Demonstration Act of 2018***

Groundbreaking research by Harvard economist Raj Chetty offers persuasive evidence on the impact of housing choice vouchers on upward mobility. Using new tax data, Chetty and his colleagues assessed the longer-term outcomes for children who moved at a younger age as part of the HUD's Moving to Opportunity demonstration. Chetty's study found that children who were younger than 13 when their family moved to a lower-poverty neighborhood saw adult earnings increased by approximately 31%. These children also lived in better neighborhoods as adults and were less likely to be single parents.

If enacted, the *Housing Choice Voucher Mobility Demonstration Act of 2018* would further improve voucher mobility to help ensure that more households using housing benefits can move to neighborhoods of their choice, including those with access to jobs with decent pay, good schools, transportation, and healthcare. Through this three-year demonstration, HUD and PHAs will be able to develop new models for improving voucher mobility and provide counseling to help HUD-assisted families move to areas of opportunity.

Under the bill, PHAs could use demonstration funds to improve collaboration between agencies and align policies and administrative systems. Currently, more than 2,400 PHAs administer the nation's two million housing vouchers, with multiple PHAs often operating in a single housing market. Under the current system, a household seeking a voucher must apply to several different agencies to maximize its chances of successfully competing for a voucher – a process

that is time consuming and frustrating for the applicant household. This process is also costly for a housing authority to process an application, a cost that is compounded when several housing authorities are processing applications from the same household. Federal policy changes to encourage regional collaboration in voucher administration would provide people more freedom to choose where they want to live with a voucher, including moving to low-poverty neighborhoods.

Funds could also be used to better recruit landlords and other activities that promote greater voucher mobility and housing choice. While housing vouchers currently offer families the prospect of moving to areas of opportunity, many private-sector landlords, particularly those in areas of opportunity, refuse to accept housing vouchers—whether because of the administrative costs, because vouchers do not cover the full cost of rent in high-cost areas, or outright discrimination. Recruiting landlord participation in areas of opportunity would help encourage economic mobility among vouchers households.

The proposal also includes an important research component to study what strategies proved most cost-effective at increasing the share of voucher holders with children living in higher-opportunity areas.

The draft bill is similar to a proposed housing mobility demonstration in S.2844, the Senate Appropriations Committee's version of the fiscal year 2017 appropriations bill for HUD, which included \$11 million to support staff time to plan for regional collaboration and align policies and administrative systems across public housing agencies, as well as to cover costs of enhanced landlord recruitment and other activities to expand families' housing choices.<sup>1</sup> The bill also included an additional \$3 million to research what mobility strategies are most effective. The House version did not include any provision specifically related to housing mobility, and the final 2017 funding bill did not authorize the demonstration or include funding for it.

While NLHC supports the *Voucher Mobility Demonstration Act*, we recommend several modifications to strengthen the bill:

1. **Eliminate the statutory limit on the number of regional efforts that can be included in the initiative.** Any flexibility and supplemental funding that the initiative makes available could attract PHAs in more than ten regions to apply. Even if HUD caps the number of regions selected based on feasibility of evaluation or amount of funds available for mobility services, a more open application process could encourage additional regional collaboration. The Senate THUD version of the demonstration did not include a cap on the number of participating regions.
2. **Allow Regional Housing Mobility Plans to prioritize families with young children living in areas of concentrated poverty for mobility services.** Families with young children living in areas of concentrated poverty are likely to benefit the most from moving to lower-poverty neighborhoods with good schools and other amenities. Research by Raj Chetty and others shows that using vouchers to move to neighborhoods with lower concentrations of poverty resulted in higher lifetime earnings and increased college attendance for children who moved before they were 13 years old. The research also found that the longer a child lives in a low-poverty area, the greater the gains. Every year that children spent in better neighborhoods who moved before they were 13 years old saw improved outcomes, underscoring the importance of intervening when children are young.<sup>2</sup>

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<sup>1</sup> See section 243 of S. 2844 (2016).

<sup>2</sup> Chetty, Hendren, and Katz.

3. **Require applicants to specify criteria for “opportunity areas.”** Congress should ensure that applicant PHAs specify the criteria they would use to identify opportunity areas in their proposed Regional Housing Mobility Plan. This would enable HUD to know whether the applicants are aiming to help families move to the types of neighborhoods that are likely to accomplish the intended goals of the initiative, and whether they have brought together the range of partners likely to be necessary to achieve the targeted moves.
4. **Narrow the scope of allowable waivers.** Congress should use caution in delegating authority to the executive branch to bypass statutory and regulatory requirements. Some authority to waive or specify alternative requirements for existing law could advance the goals of the initiative, but Congress should anticipate the likely areas where such flexibility is needed and craft the delegation of authority appropriately. NLIHC also recommends the Committee include authority for PHAs in a selected region to form a consortium that has a single housing voucher funding contract or to enter into a partial consortium to operate all or portions of the regional mobility plan. Agencies participating in the Moving to Work Demonstration should be allowed to participate in a partial consortium.
5. **Authorize sufficient funding for a robust demonstration.** The draft bill relies on current administrative fees, any accumulated fee reserves, and funding from private entities to support the mobility services the initiative is designed to encourage and evaluate. These sources are unlikely to be adequate for a successful demonstration. The Center on Budget and Policy Priorities (CBPP) estimates that \$30 million would support 15 regional mobility programs to offer comprehensive mobility services to a total of 22,500 families over a three-year period. In addition, the bill should permit participating PHAs to use voucher renewal funds or housing assistance payments reserves to pay for security deposits if necessary for families to secure homes in opportunity areas.
6. **Allow five years post-implementation for HUD to publish an evaluation.** The draft bill requires that HUD publish an evaluation within three years after the regional programs under the demonstration are implemented, if evaluation funding is available. Considering the likely timeframe for the demonstration – from selection of the participating agencies to families actually beginning to move to opportunity areas through the services they receive – a three-year deadline is not likely to be sufficient to gather and analyze robust results. If the final bill continues to focus on a one-time demonstration, it would be better to allow up to five years for the evaluation, as the prior Senate bill did.

### ***Fostering Stable Housing Opportunities Act of 2018***

The *Fostering Stable Housing Opportunities Act of 2018*, authored by Representative Michael Turner, would set a federal priority for foster youth who meet certain requirements to receive federal rental assistance. While the bill is well-intentioned – it aims to prevent many youth aging out of foster care from becoming homeless – we write to express our concerns with the bill.

NLIHC is concerned that the bill:

- **Undoes a longstanding compromise that effectively balances federal and state/local concerns.** The *Quality Housing and Work Responsibility Act of 1998* rescinded federal preferences for homeless applicants and other types of households that previous Congresses had deemed a priority for admission. In their place, the 1998 Act imposed a simple-to-administer requirement that local agencies and owners admit extremely low income applicants for a

specified share of available units or vouchers each year (the percentage and related requirements vary by program). Such income-targeting requirements ensure that a large share of federal housing resources serve those with the greatest needs, while deferring to state and local agencies to determine how to set priorities for admission for certain types of households.<sup>3</sup> The *Fostering Stable Housing Opportunities Act of 2018* would undo this careful balance.

- **Does not address the underlying issues that put children aging out of foster care at risk of homelessness.** These issues include a foster care system that fails to adequately support youth who are aging out, as well as a severe shortage of rental assistance for vulnerable people, including those who are homeless or at risk of losing their homes. Only one in four eligible households receives federal rental assistance due to program funding limitations.
- **Helps foster youth only by reducing the availability of aid to other vulnerable people.** The bill would establish a federal requirement to include a preference for foster youth and no more than two other groups with equal priority. Without expanding the pool of available rental assistance, this would effectively reduce the amount of aid available to other vulnerable people that agencies have prioritized, including veterans, families with children, seniors and people with disabilities living on extremely low fixed incomes, victims of domestic violence who are fleeing abusive homes, and others who are homeless.
- **Would not help equally deserving youth who are unable to afford full-time college or find reliable full-time work.** The draft bill limits assistance to youth who are either full-time students or working at least 35 hours per week. This limitation seems to ignore the serious hardships faced by many youth exiting foster care, including hardships due largely to the failure of the foster care system. For this reason, it is difficult to perceive a moral or other justification limiting assistance in this way. Post-secondary education is expensive, and many youth exiting foster care have few resources. Moreover, many of these young adults face immediate job prospects that are often limited to jobs with irregular hours set by the employer. Under the bill's requirements, vulnerable youth could lose their rental assistance and thus their homes if, despite their best efforts, their work hours fall for short periods due to employer decisions.

Instead, NLIHC urges Congress to address the needs of youth aging out of foster care more fairly and effectively by:

- **Funding new Family Unification (FUP) vouchers for youth exiting foster care.** This program, which provides housing vouchers and case management to youth and families, has strong bipartisan support — indeed, this Committee took important steps to improve the FUP program as part of the Housing Opportunity Through Modernization Act of 2016. The program has also received several allocations of additional funds in recent years, including \$20 million in the 2018 omnibus funding law. Recent appropriations acts have also included substantial new funding for initiatives to reduce youth homelessness, another indication of the strong support that exists for increasing funding to address the problem.
- **Directing HUD to identify and, if necessary, reallocate FUP vouchers that are no longer being used for their intended purpose.** Since 1992, HUD has awarded roughly 47,000 FUP vouchers to dozens of housing agencies across the country, yet recent HUD program data

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<sup>3</sup> A 2012 Congressional Research Service study of 131 housing agencies found that the vast majority had instituted local preferences, most commonly preferences for people with disabilities, seniors, homeless people, victims of domestic violence, veterans, working families, households displaced by disaster or government action, and local residents. See Maggie McCarty and Carmen Brick, *The Use of Discretionary Authority in the Housing Choice Voucher Program: A CRS Study*, Congressional Research Service, April 11, 2012.

suggest that a substantial share of these vouchers may no longer be used for their original purpose.<sup>4</sup> One reason for this is that for many years HUD did not monitor recipient agencies to ensure that FUP vouchers were being reissued to foster youth and child-welfare involved families in need of housing aid.<sup>5</sup> A sensible step to expand rental aid available to foster youth would be to require HUD to take steps to ensure that all vouchers that Congress funded as part of the Family Unification Program are used as Congress intended, including by reallocating vouchers to other agencies, if necessary.

### ***The Transitional Housing for Opioid Recovery Demonstration Program Act of 2018***

The *Transitional Housing for Opioid Recovery Demonstration Program Act of 2018*, authored by Representative Andy Barr, aims to dedicate resources for residential substance use treatment programs that help people recover from opioid addiction. Despite the bill's worthy goal, NLIHC has several concerns with the proposal.

NLIHC is concerned that:

- **HUD is not well-positioned to administer and monitor the proposed demonstration.** The proposal would set aside 10,000 vouchers specifically for people with an opioid use disorder.<sup>6</sup> These vouchers would be time limited (12-24 months) and only available for people in programs that provide evidence-based treatment and job skills training, according to standards established by the HUD Secretary. This is not the appropriate role for HUD or the voucher program. Moreover, the bill proposes to allocate the vouchers to the agencies that provide the drug treatment and job skills training, rather than to public housing agencies. This would be extremely inefficient and prone to errors. It also would require additional resources for technical assistance and oversight, and it would worsen the current challenges HUD faces in monitoring too many small agencies.
- **The demonstration is too narrow in serving only people suffering from opioid addiction.** The proposal aims to help residential treatment and recovery housing programs that serve only people with opioid use disorders – not other substance abuse issues – by providing treatment and wraparound supports like housing, employment, and child care. Substance use providers usually do not focus on serving only clients with a particular drug of choice. This proposal would create a scenario where providers have housing resources available for some clients but not others. This is neither practical nor fair.
- **Existing programs to help people with opioid addiction should be expanded, instead of creating a new one.** Residential treatment and recovery housing programs are an important part of a continuum of substance use treatment services. People stay in these programs from

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<sup>4</sup> A cumulative list of FUP awards may be downloaded from the National Center for Housing and Child Welfare website, <http://www.nchcw.org/>. As of the end of 2017, housing agencies reported roughly 17,000 FUP vouchers leased to HUD's Voucher Management System. While agencies are required to report FUP vouchers in use, reporting may be incomplete; still, the data suggest that many of the 47,000 original FUP vouchers are likely no longer being used by the youth and families for which they were intended.

<sup>5</sup> Following Congress' direction, HUD issued guidance in 2011 to ensure that, going forward, FUP vouchers that turnover and are reissued continue to be used for their original purpose, but it did not require agencies to take corrective action if they had previously reissued former FUP vouchers to families that did not meet the special eligibility requirements. See HUD PIH Notice 2011-52, "Reporting, Turnover, and Other Requirements for the Family Unification Program."

<sup>6</sup> The draft bill is not clear whether it is authorizing new funding for these 10,000 vouchers, or whether the effect of the bill would be to reallocate funds that are needed to renew vouchers currently in use. The latter would present a very serious problem, given the negative impacts on currently assisted families and their communities.

90 days to a year or more. These programs, when targeted to low-income populations, are supported by federal funding from the Department of Health and Human Services (HHS) through Medicaid reimbursement or grant funding from the Substance Abuse and Mental Health Services Administration. State and local governments and private philanthropic entities also provide resources for these programs. Congress is currently considering additional funding to address the opioid crisis, including more funding for residential treatment programs.

Housing vouchers or other HUD assistance may have a role to play as part of a comprehensive strategy to address substance use. Income-based housing subsidies can help people exiting residential treatment or currently in outpatient care who need financial assistance to maintain their housing. Using an approach similar to the Veterans Affairs Supportive Housing Program, in which HUD provides housing vouchers and the VA provides services, this committee could explore adding vouchers that help people with substance use disorders overcome the barriers they face to accessing safe, affordable housing post-treatment.

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Thank you again for this opportunity for NLIHC to share our views on how to improve the way we provide and administer affordable housing in our country. If you have additional questions, please contact Senior Policy Analyst Elayne Weiss at [eweiss@nlihc.org](mailto:eweiss@nlihc.org).