



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

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January 21, 2009

Congressional Research Service

7-5700

www.crs.gov

RL34002

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). A decade later, the Section 8 voucher program has come under new scrutiny, with PHA industry leaders, low-income housing advocates, and some Members of Congress calling for reforms. This report introduces the primary features of the Section 8 voucher program, issues that have arisen, and recent reform proposals.

Many of the key features of the 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. Partly in response to funding issues, and partly in response to programmatic issues, there have been calls for deregulation of PHAs through expansion of the Moving to Work (MTW) Demonstration.

Several voucher reform bills were considered in the 110th Congress. The bipartisan Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110th Congress) was approved by the House, and the very similar Section 8 Voucher Reform Act of 2008 (S. 2684, 110th Congress) was introduced in the Senate. These bills would have made modifications to several features of the Section 8 voucher program, including how income is calculated, how inspections are conducted, and how portability is treated, and it would have adopted a new funding formula. The House version would also have renamed, expanded, and modified the MTW demonstration and permitted PHAs to implement alternate rent structures, within limits.

The incoming Obama Administration and the 111th Congress may continue the debate over reforming the Section 8 voucher program, and may look to the bipartisan efforts of the 110th as a model. This report discusses the legislation considered in the 110th Congress and will be updated to reflect legislative efforts in the 111th Congress.

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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). A decade 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 recent reform proposals.

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 as both the director and sole staff.

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

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.

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.

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 FY2008 budget proposal, HUD requested additional funding to provide bonus administrative fees to PHAs that volunteer to consolidate, although the proposal was not adopted by Congress in the final FY2008 appropriations act.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, previously funded and authorized vouchers. New vouchers are called incremental vouchers. No funds had been provided for new incremental vouchers since 2002;⁹ however, the FY2008 appropriations act (P.L. 110-161) provided \$125 million for incremental vouchers. 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

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.

⁹ Although no new vouchers (often referred to as incremental vouchers) had 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. 1841/S. 947).

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 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.

Rent Structure

Under the current rules of the voucher program, families pay an income-based rent.¹² Specifically, families are required to pay 30% of their adjusted incomes toward rent, although they may choose to pay more.¹³ 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, or “affordable,” contribution.

Critics of the current rent calculation, including the Bush Administration¹⁴ and some PHA groups,¹⁵ 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

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

¹² Income-based rents are used in the majority of HUD rental assistance programs, including public housing, project-based Section 8, Housing for the Elderly, and Housing for the Disabled.

¹³ 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).

¹⁴ 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>.

¹⁵ Public Housing Authorities Directors Association (PHADA), *Rent Reform: Fair and Simple Solutions*, 2005, available at <http://www.phada.org/pdf/rentreform.pdf>.

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 higher voucher costs. If the tiers were set higher, then more tenants would face rent increases, but PHAs would see reduced voucher costs.

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. However, shallower subsidies would also result in 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 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.¹⁶ If PHAs choose to disregard increased earnings, they will not receive funding for the increased costs or they may 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.¹⁷

¹⁶ 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.

¹⁷ 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.

Calculation of Income

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

Annual income, which is used for determining eligibility and as the basis for determining adjusted income for rent-setting purposes, is defined as all amounts that are anticipated to be received by all members of a household during the subsequent 12 months, with some exclusions (such as foster care payments).¹⁸ 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.¹⁹ Once the total amount of income has been determined, adjusted income is calculated for rent-setting purposes. From total annual income, the family may qualify to have certain amounts deducted, 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.²⁰

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,²¹ 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)),²² with a requirement that 75% of all vouchers be targeted to extremely low-income families (30% or below AMI).²³ 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.

¹⁸ Summarized from 24 CFR 5.609.

¹⁹ See 24 CFR 982.516 (a).

²⁰ See 24 CFR 5.611 for a list of deductions.

²¹ See Government Accountability Office (GAO), *Progress and Challenges in Measuring and Reducing Improper Rent Subsidies*, GAO-05-224, Chapter 5.

²² In some cases, families with incomes up to 80% of AMI are eligible for vouchers. Examples include previously assisted families who are receiving a voucher as a result of being displaced from other assisted housing, families using their voucher to purchase a home, or families meeting other criteria established by the PHA.

²³ 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.

The Bush Administration advocated loosening current targeting standards in an attempt to either serve more families or reduce the cost of the program.²⁴ Low-income housing advocates have generally supported 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.²⁵

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.²⁶ 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 few new vouchers have been funded in recent years, turnover in the current program is the primary 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.²⁷ 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 most households need work supports (such as child care and transportation assistance) in order to make them successful in becoming financially self-sufficient.²⁸ Such supportive services are not currently a part of the voucher program, and would likely require additional funding. In fact, it is

²⁴ 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>.

²⁵ 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.

²⁶ Howard Husock, "The Housing Reform that Backfired," *The City Journal*, Summer 2004.

²⁷ 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*, vol. 6, no. 2, 2003.

²⁸ See CRS Report RL30797, *Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2006*, by Thomas Gabe.

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.²⁹

Low income housing advocates promote providing incentives for families to increase their work efforts and their incomes, rather than time limits and work requirements. For example, non-elderly, non-disabled families could be encouraged to find and increase work through expansions in the Family Self-Sufficiency program (FSS), a Section 8 voucher program which provides work supports and deposits tenant rent increases resulting from work into escrow accounts on their behalf. However, not every PHA runs an FSS program; according to HUD, roughly 50,000 voucher families are estimated to be participating in FSS at any given time.³⁰ The full effects of FSS are unclear, as it has not been implemented using an experimental design. HUD did produce a descriptive retrospective profile of FSS participants, which found substantially higher income increases experienced by FSS program participants compared to non-FSS participants.³¹

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).³² 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 in the voucher program and families losing out on units in tight markets. Further, some HQS failures may be found for violations that 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 prevalence of substandard housing varies widely; areas with a relatively new housing stock (particularly in the southwest) may only need inspections every couple of years to ensure quality, whereas areas with a relatively old housing stock (such as the northeast) may require more frequent inspections, perhaps even more than once a year, in order to ensure quality. Although 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 another PHA. Once a family moves, the two PHAs come to an agreement on how to administer the voucher. The original PHA can

²⁹ Department of Housing and Urban Development, *Performance and Accountability Report, FY2004*, pp. 2-65.

³⁰ Department of Housing and Urban Development, *Evaluation of the Family Self-Sufficiency Program*, April 2004.

³¹ *Ibid.*

³² See 24 CFR 982.401 for HQS.

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 agreements³³ to having a national pool of vouchers that could be used to smooth out the absorption process.³⁴

Mobility

Portability offers the possibility for families with vouchers to move from areas of high concentrations of poverty, poor schools, and little employment opportunity to areas with low concentrations of poverty, good schools, and more employment 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 PHA-level administration could help improve program mobility.³⁵

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 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

³³ See Section 113 of H.R. 1999, 109th Congress.

³⁴ 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.

³⁵ Margery Turner and Bruce Katz, “Who Should Run the Housing Choice Voucher Program: A Reform Proposal,” *Housing Policy Debate*, Vol. 12, Issue 2, 2001.

2002 and 2003.³⁶ This raised concerns for both the Bush Administration and Congress. Partly in response to these cost increases, the Bush 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 funding 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 law (P.L. 110-5), Congress reverted back to a funding formula based on actual costs and utilization. A similar formula was adopted for FY2008. This change was generally supported by PHA groups and low-income housing advocates, but was opposed by the Bush Administration. (For more information, see CRS Report RL33929, *Recent Changes to the Section 8 Voucher Renewal Funding Formula*, by Maggie McCarty.)

Recent Reform Proposals

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, HUD can select up to 30 PHAs to participate in the demonstration and receive waivers of most rules that govern public housing and Section 8 (those under the U.S. Housing Act of 1937 (P.L. 75-412, as amended)).³⁷ 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 U.S. Housing Act 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

³⁶ See Government Accountability Office, *Policy Decisions and Market Factors Explain Changes in the Costs of the Section 8 Programs*, April 2006.

³⁷ In 1998 (P.L. 105-276), Congress directed HUD to approve the applications of two specific PHAs, in the FY2008 appropriations law (P.L. 110-161), Congress required HUD to approve the applications of three additional specific PHAs.

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.³⁸

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.³⁹ 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 are permitted under the rules of the U.S. Housing Act and that the agencies will disconnect rent-setting policies from income with the result that tenants will pay increased rents.⁴⁰ While the initial intent of PHAs may not be to charge higher rent or serve higher-income families, there is concern that in a restricted funding environment, such policy changes will have to be made in order to balance budgets.

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.

Several bills were considered in the 110th Congress to expand the MTW program, although none were enacted before the end of the Congress. The following sections summarize the MTW expansion proposals from the 110th Congress and those that have been introduced in the 111th Congress.

The Moving to Work Charter Program Act

The Moving to Work Charter Program Act of 2007—S. 788, 110th Congress—proposed expanding and modifying the MTW program. If enacted, it would have permitted the Secretary of HUD to enter into charter contracts with up to 250 PHAs. Similar to the current MTW demonstration, the Secretary would have been permitted to waive all of the aspects of the U.S. Housing Act except for labor standards and demolition and disposition requirements and PHAs would have been permitted to blend their Section 8 and Public Housing funding. Unlike the current MTW program, the MTW Charter program would have required PHAs to ensure that at

³⁸ For more information on MTW, see Housing Agency Responses to Federal Deregulation: An Assessment of HUD’s “Moving to Work” Demonstration, Urban Institute, 2004.

³⁹ 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.

⁴⁰ See National Low Income Housing Coalition, Three Public Housing Bills Introduced in Senate, Memo to Members: Vol 12, No. 10, March 9, 2007.

least 75% of the families assisted were 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. The bill was not enacted before the end of the 110th Congress.

On January 6, 2009, Senator Vitter introduced the Moving to Work Charter Program Act of 2009 (S. 89). Its provisions are identical to those of S. 788.

The Housing Innovation Program

The House-passed Section 8 reform bill from the 110th Congress—the Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110th Congress, discussed below)—included a provision that would have replaced the existing Moving to Work program with a new Housing Innovation Program (HIP). The HIP would have maintained several aspects of MTW, including the ability to blend public housing and voucher funding, but would have made several major changes. HUD would have been required to designate up to 60 agencies to participate in HIP, with the option of adding another 20 under a modified version of the program. HUD would have been required to develop a selection process, based on priorities established under the bill, and select a diverse group of agencies (including a limited number of lower-performing agencies, but not troubled agencies). HUD would also have been required to establish performance standards and evaluate, or contract for the evaluation of, HIP participating agencies with the goal of developing successful models that can be adopted by other agencies.

Voucher Reform Legislation

From 2003 through the end of its term, the Bush Administration proposed either eliminating the Section 8 voucher program and replacing it with a new initiative, or substantially reforming the program. Bills to enact the President's reforms were introduced in Congress, although no further action was taken. Legislative proposals in the 107th, 108th, and 109th Congresses that were advocated by the Bush 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.

Bipartisan reform bills from the past couple of years have been narrower in scope than the Administration's reform proposals. They have proposed changes to the rules governing the existing program, rather than fundamentally altering it. 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. Similar, bipartisan reform legislation was proposed in the 110th Congress. The Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110th Congress) passed the House and the Section 8 Voucher Reform Act of 2008 (S. 2684, 110th) was introduced in the Senate. The bills were similar but had several key differences. Reform legislation was not enacted before the end of the 110th Congress.

The following sections summarize the major legislation from the 110th Congress; it will be updated with a discussion of major legislation from the 111th Congress, if and when such legislation is introduced and considered.

H.R. 1851, 110th Congress

On March 29, 2007, the Section 8 Voucher Reform Act of 2007 (H.R. 1851) was 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 the Section 8 Voucher Reform Act of 2006 (SEVRA) (H.R. 5443, 109th Congress) from the 109th Congress, H.R. 1851 would have largely maintained the structure of the Section 8 voucher program, but with several changes (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 and S. 2684 (described below).

If enacted, the bill would have simplified 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. It would have imposed an asset limit for eligibility and continued assistance and required PHAs administering the voucher program to suspend assistance for over-income families. It would have modified the inspection process to permit PHAs to inspect units every other year, rather than every year. It would also have permitted PHAs to continue to make payments to landlords for up to 30 days following a minor HQS violation and permitted PHAs to use rent payments withheld from the landlord (due to HQS noncompliance) to make repairs to the unit. The bill would have established 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 have directed 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 proposed other changes, including 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 then-HUD Assistant Secretary with responsibility for the voucher program, testified that the Department was in favor of voucher reform and would be offering its own proposal to Congress (although, no such proposal was released before the close of the Bush Administration). 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.⁴¹

Then-Assistant Secretary Cabrera's testimony also reiterated support for the funding allocation formula in place in FY2005 and FY2006.⁴²

On June 28, 2007, the House Financial Services Committee ordered an amended version of H.R. 1851 reported. Key changes added in committee markup included:

- a provision replacing the existing MTW program with a new Housing Innovation Program (HIP), open to between 60 and 80 agencies and subject to evaluation (included in **Table 1** and discussed earlier in this report);
- a provision authorizing 20,000 new vouchers each year from FY2008-FY2012;
- a provision permitting PHAs to withhold rent payments for a unit that has failed quality inspection and then use the withheld payments to make repairs;
- a provision requiring PHAs to either adjust their payment standards, or explain why they are not adjusting their payment standards, when their average rent burdens are higher than the national average;
- a provision requiring HUD to use smaller market areas when establishing FMRs;
- several provisions modifying project-based vouchers, including provisions to expand and improve their use with the Low-Income Housing Tax Credit;
- a provision broadening the use of vouchers for manufactured housing; and
- a provision establishing a new funding method and evaluation requirements for the Family Self Sufficiency program.

The bill, as ordered reported, included 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 did not contain provisions permitting PHAs to experiment broadly with rent-setting policies, and it would have adopted a funding formula that is similar to the one in place in FY2007. The Statement of Administration Policy released by the Office of Management and Budget prior to floor debate indicated that the Bush Administration opposed H.R. 1851 in its then-current form.⁴³

On July 12, 2007, the full House debated, and ultimately approved, H.R. 1851. Several amendments were adopted, including a Manager's amendment, which made both technical and substantive changes. Major modifications are summarized below:

- PHAs would be permitted to establish alternate rent structures (including ceiling rents, tiered rents, flat rents, or other income-based rents) for non-elderly, non-

⁴¹ 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.

⁴² Ibid.

⁴³ Statement of Administration Policy: H.R. 1851—Section 8 Voucher Reform Act of 2007, issued July 11, 2007, Executive Office of the President, Office of Management and Budget.

disabled tenants, as long as tenants would not be required to pay more towards their housing costs under the alternate rent structure than under the existing rent structure. (Manager's amendment offered by Representative Waters.)

- HUD would be required to establish a task force and a resource center to aid in the implementation of the Department's Limited English Proficiency regulations. (Manager's amendment offered by Representative Waters.)
- PHAs participating in HIP would be required to continue to comply with domestic violence-related requirements established by the Violence Against Women Act. (Amendment by Representative Velázquez.)
- HUD would be required to handle several specific property dispositions in Ohio and Massachusetts as directed in the bill. (Amendment by Representative Markey and Representative Pryce.)
- All adult members of a household receiving a Section 8 voucher would be required to provide certain citizenship status related identification documents. (Motion to recommit by Representative Capito.)

Several additional amendments were offered but defeated, including an amendment that would have imposed a time limit on receipt of public housing or voucher assistance, an amendment that would have made receipt of assistance dependent on a work requirement, and an amendment that would have struck the authorization of new incremental vouchers.⁴⁴

S. 2684, 110th Congress

On March 3, 2008, the Chairman of the Senate Banking Committee introduced the Section 8 Voucher Reform Act of 2008 (S. 2684, 110th Congress). The majority of its provisions were identical or similar to those in the House bill. **Table 1** provides a detailed comparison of the provisions of S. 2684 to those in H.R. 1851 and current law. Selected differences are summarized below.

- **Income Calculation and Deductions.** The House bill would have created a new definition of earned income that would have provided a deduction of up to \$1,000; the Senate bill would have created a new deduction from earned income of up to \$900, adjusted in the future for inflation. The House bill would have eliminated the deduction for reasonable child care expenses; the Senate bill would have maintained a child care deduction, but limited it to the amount by which child care expenses exceeded 5% of family income. The House bill would have *permitted* PHAs to use prior year income when conducting annual

⁴⁴ Subsequently, a free-standing bill containing provisions similar to several that were considered during floor debate was introduced in the House by Representative Chabot, along with 31 Republican co-sponsors. H.R. 5490—the Section 8 Reform, Responsibility, and Accountability Act of 2007—would prohibit PHAs from providing vouchers to families that include a convicted felon or illegal alien; institute a five-year time limit in the voucher program; prohibit voucher assistance for families unless all adult members (with some exemptions) are engaged in work activities for 20 hours per week; require PHAs to give preference for housing assistance to veterans; express a sense of Congress that MTW should be significantly expanded; authorize the use of voucher funds for compliance measures; and require that PHA plans be posted on the internet. H.R. 5490 was referred to the House Financial Services Committee, but was not considered before the close of the 110th Congress.

- reexaminations of tenant income; the Senate bill would have *required* PHAs to use prior year income when conducting annual reexaminations of tenant income.
- **Rent Policies.** The Senate bill did not contain the provisions in the House bill (added during floor consideration as a part of the Manager’s Amendment) to provide PHAs with the option of developing new rent structures for public housing and the Section 8 voucher program.
 - **Portability.** The Senate bill would have phased-in the requirement that PHAs absorb portability vouchers and would have given the Secretary the option to suspend the absorption requirement when funding was insufficient to reimburse PHAs for added costs.
 - **Project-Based vouchers.** The Senate bill would have created a new form of project-based voucher, called preservation project-based vouchers. These vouchers could be provided in lieu of enhanced vouchers when assistance is ending on a HUD-assisted multifamily property.
 - **Utility Payments.** The Senate bill included a provision that would have permitted PHAs to make utility payments directly to utility companies, using funds that would otherwise have been paid to a landlord, if a landlord failed to make payments for utilities that are supposed to be provided under the terms of a voucher tenant’s lease. The House bill did not contain this provision.
 - **LIHTC Provisions.** The Senate bill included several provisions that would have affected the Low Income Housing Tax Credit (LIHTC) program administered by the IRS. One provision would require the state housing finance agencies that allocate and monitor LIHTC properties to collect and report to HUD information about the tenants that live in tax credit units. The Senate bill also included a provision establishing a different rent reasonableness standard for PHAs to apply to LIHTC units rented by voucher holders. The House bill did not contain either provision. Both House and Senate bills included changes to the project-based voucher requirements designed to make it easier to combine project-based vouchers with LIHTCs. (These final provisions were ultimately enacted in another bill, the Housing and Economic Recovery Act of 2008, P.L. 110-289, Sec. 2835(a)(1).)
 - **Moving to Work.** The Senate bill did not include the HIP program proposed in the House bill and did not contain any provisions related to expanding or modifying MTW.
 - **Identification Requirements.** The Senate bill did not contain the identification requirements that were added to the House bill during floor debate.

The Senate Banking Committee held a hearing titled “Affordable Housing Opportunities: Reforming the Housing Voucher Program” on April 16, 2008. No further action was taken before the 110th Congress adjourned.

Table I. Comparison of Key Provisions of Section 8 Voucher Reform Bills from the 110th Congress to Current Law

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
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)) and, for the voucher program, are either very low-income (at or below 50% of AMI), previously received assistance, or meet other criteria established by the Secretary. (42 USC 1437a(a) and 42 USC 1437f(o)(4))	The bill would not change initial income eligibility, although it would change the definition of income, which would affect eligibility (see “Definition of Income” below). It would also set an asset limit, making families whose net family assets exceed \$100,000 ineligible for assistance. (See “Treatment of Assets” below). (Sec. 4(a))	Same as House bill (H.R. 1851). (Sec. 4(a))
Ongoing Eligibility/ Treatment of Over-Income Families (PH and PBRA)	If family income rises above the low-income level, the family may continue to receive assistance. (42 USC 1437a(a)(1))	Upon income re-examination, if family income were to rise above the low-income level, the family would no longer be eligible for assistance (would 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. PHAs and owners could also choose to delay eviction or termination for up to six months. In the case of units with initial income eligibility at 95% of AMI, families could continue to live in their units as long as their income stayed below 95% of AMI. (Sec. 4(b))	Same as House bill, except clarifies that, at recertification, family income should be compared to the highest eligibility threshold (80% of AMI) for the area since the family began receiving assistance. Also clarifies that, if families are over-income and their eviction/benefit suspension is delayed for six months, but during that period they again become income-eligible, owners/PHAs can continue to provide the family with assistance beyond six months. (Sec. 4(b))
Treatment of Assets (PH and PBRA)	There is no asset limit for eligibility, rather PHAs and owners must impute income from assets and include that amount in a household’s income calculation for purposes of determining eligibility and rent.	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: <ul style="list-style-type: none"> • family assets are above \$100,000; • family has 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). 	Same as House bill. Similar to House bill, except makes several modifications to the list of exclusions from net family assets. The bill would also exclude equity in real property (other than property in which the family has ownership interest and a right to reside, as determined under the asset limit). It would not define the term disabled (the House bill uses the SSI definition). It would also adopt a different

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
		<p>The bill would define 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>	<p>version of the personal property exemption; the Senate bill would exempt necessary items of personal property, as determined by the PHA in the public housing and Section 8 program, and by the Secretary for other programs.</p>
		<ul style="list-style-type: none"> • Indian trust land; • the value of certain educational savings accounts (Sec. 529 and 530 plans); • 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; • 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 (as defined by the Social Security Administration for determining Supplemental Security Income (SSI) benefits); and • the value of trust funds (as long as it is held in trust). 	
		<p>PHAs and owners could calculate net family assets based on information provided by the family at the time income is reviewed.</p>	<p>Same as House bill.</p>
		<p>PHAs could choose not to enforce the asset limits for public housing residents.</p>	<p>Same as House bill.</p>

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Income Review (PH and PBRA)	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.	A PHA or owner could delay eviction of a family or termination of assistance to a family based on non-compliance with the asset limit for up to six months. (Sec. 4(a))	Same as House bill, except clarifies that a PHA or owner could continue to provide assistance beyond six months if the family came into compliance during the delay. (Sec. 4(a))
Definition of Income (PH and PBRA)	The term income includes 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	Income would be reviewed initially and reexamined annually thereafter, except: <ul style="list-style-type: none"> • families could request reexamination earlier if their income or deductions changed such that their income dropped by \$1,500 (or a lower amount set by the PHA or owner); • income would be required to be reexamined if income rose 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), due to either changes in income or deductions. • following initial review, fixed income families would be permitted to self-certify their income each year for up to three years. (Fixed income families are defined as those 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). A PHA could choose not to reexamine income if the change was within the last three months of a certification period. (Sec. 3(a)(1)(F))	Same as House bill, except would use a \$1,000 change in income as the threshold for interim reexamination, rather than \$1,500. Would also permit PHAs to make interim income reviews when income changes by less than \$1,000, but only if the amount for increases is not lower than the amount for decreases. (Sec. 3(a)(1)(B))
		The bill would strike the definition of income 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	Same as House bill, except would also exclude deferred Veterans Administration disability benefits received in a lump sum or in prospective monthly payments. (Sec. 3(b))

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Definition of Adjusted Income (PH and PBRA)	<p>exclusions. The definition of income adopted in regulation includes imputed returns on assets and 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>Adjusted income, which is used for determining rent, is income, minus the following deductions:</p> <ul style="list-style-type: none"> • \$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; • other permissible exclusions as determined by the PHA. <p>Current law also includes an earned income disregard for certain public housing residents and Section 8 voucher holders. Specifically, certain residents of public housing that begin</p>	<p>business. It would exclude imputed returns on assets, all earned income from dependent full-time students, grant-in-aid or scholarships used for the cost of attendance or books for full-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 excluded income. (Sec. 3(b))</p> <p>The bill would strike the current deductions and replace them with the following deductions:</p> <ul style="list-style-type: none"> • \$725 for elderly or disabled families; • \$500 for each minor, full-time student, or person with disabilities; • certain unreimbursed medical expenses or attendant care and auxiliary apparatus expenses that are greater than 10% of income for elderly and disabled families; and • additional deductions established by the PHA, except that the Secretary must establish procedures to ensure that such deductions do not increase federal expenditures. <p>The bill would also adopt a definition of earned income that has the effect of including a 10% deduction of earned income (capped at \$1,000). (See discussion below under Income Calculation.)</p> <p>Deduction amounts would 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>The bill would strike the current deductions and replace them with the following deductions:</p> <ul style="list-style-type: none"> • \$700 for elderly or disabled families; • \$480 for each minor, full-time student, or person with disabilities; • certain unreimbursed medical expenses or attendant care and auxiliary apparatus expenses that are greater than 10% of income for elderly and disabled families; and • additional deductions established by the PHA, except that the Secretary must establish procedures to ensure that such deductions do not increase federal expenditures <p>The bill would add two deductions similar to current law:</p> <ul style="list-style-type: none"> • an earned income disregard equal to 10% of the lesser of \$9,000 or earned income (this is similar to the definition of earned income included in the House bill; see "Income Calculation" below); and • a deduction for unreimbursed child care

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Income Calculation (PH and PBRA)	<p>employment or increase their earnings can have 100% of their increased earnings disregarded in the first year and 50% disregarded in the second year. Disabled Section 8 voucher holders are eligible for the same disregard. (42 USC 1437a(b))</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 unearned income, as determined by the PHA, to determine the next year's unearned income, and could make adjustments as necessary to reflect current income.</p> <p>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. (Sec. 3(a)(1)(F))</p> <p>When determining adjusted income for purposes of calculating rent, 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.</p> <p>PHAs could use income calculations used in other programs (such as TANF, Medicaid, Food Stamps). PHAs and owners could not be penalized solely for</p>	<p>expenses greater than 5% of annual income, if such expenses are necessary for a member of the household to work or attend school.</p> <p>Deduction amounts would be adjusted annually by an inflation factor set by the Secretary and rounded down to the nearest multiple of \$25. The earned income disregard amount (\$9,000) would also be adjusted for inflation and rounded down to the nearest multiple of \$1,000. (Sec. 3(b))</p> <p>PHAs and owners would be required to use prior year's income when conducting annual income reviews (or three-year reviews in the case of fixed-income families) and would be required to use anticipated income when calculating initial income or conducting an interim reexamination (because of an increase or decrease in income).</p> <p>The bill would require PHAs and owners to make inflationary adjustments for fixed income families. For families that are not considered fixed-income families, the bill contains no provision requiring or permitting PHAs to make inflation adjustments or other adjustments to prior years' income when calculating current year income.(Sec. 3(a)(1)(B))</p> <p>The bill does not include a definition of "earned income" as included in the House bill (although a similar earned income deduction is included in the deductions, as previously discussed).</p> <p>Like the House bill, PHAs could use income calculations from other programs and could not be penalized for making de minimus</p>

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Tenant Contributions Towards Rent (PH and PBRA)	<p>Tenant contributions are statutorily set as the greatest of:</p> <ul style="list-style-type: none"> • 30% of a family's adjusted gross income • 10% of a family's gross income • welfare rent, or • the minimum rent set by the PHA (not to exceed \$50, with a hardship exemption). <p>Families cannot be required to contribute more than their tenant contributions (most commonly, 30% of income), although, in the voucher program, they can choose to contribute up to 40% of their incomes towards rent in the first year and higher thereafter.</p>	<p>making de minimus errors in calculating family incomes. (Sec. 3(a)(1)(F))</p> <p>PHAs would be permitted to establish alternative rent structures, including ceiling rents, tiered rents, flat rents, or other forms of income-based rent for non-elderly, non-disabled households. However, tenants could not be required to contribute more towards their rent than if their contribution had been established under the standard formula. (Sec. 3(a)(1)(E))</p>	<p>errors. (Sec. 3(a)(1)(B))</p> <p>No provision.</p>
Targeting (PH and PBRA)	<p>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))</p>	<p>PHAs would be required to target 75% of vouchers to those at or below the higher 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 higher of 30% of AMI or the poverty line (except in Puerto Rico or any other territory or possession of the U.S.). (Sec. 5)</p>	<p>Same as House bill. (Sec. 5)</p>
Inspection of Units	<p>PHAs must inspect units to ensure that they meet federal housing quality standards (HQS) prior to occupancy and at least annually thereafter. PHAs cannot make payments for units that fail to meet HQS within a period designated by the PHA. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For</p>	<p>The bill would continue to require inspections prior to occupancy, except in the case of a property that has been found to meet quality standards under any federal housing program in the previous 12 months, in which case the PHA could authorize occupancy prior to inspection and then make retroactive rent payments after the unit passes inspection.</p>	<p>Same as House bill, except clarifies that initial inspections must be conducted pursuant to "subparagraph c" which requires that PHAs or contractors conduct inspections within 15 days of a request for an inspection. Also includes inspections under the LIHTC program as an example of other acceptable program inspections.</p>

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
	<p>other defects, the owner must correct the defect within no more than 30 calendar days (unless extended by PHA). 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.</p> <p>Both statute and regulations require that units remain in HQS compliance, but neither include a requirement that PHAs conduct interim reinspections at the request of a tenant. However, HUD's Housing Choice Voucher Guidebook does require PHAs to conduct inspections when a complaint is issued by a tenant, owner or member of the public. (42 USC 1437f(o)(8) and 24 CFR 982.401 et.seq. and Housing Choice Voucher Guidebook, 2001)</p>	<p>If a unit were to fail an initial inspection for non-life threatening reasons, the PHA could make payments for up to 30 days while the unit is repaired.</p> <p>Thereafter, units would be required to be inspected at least 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.</p> <p>A unit would be considered in noncompliance with HQS if the owner is notified of the failure and it is not corrected within 24 hours in the case of a life threatening condition, or within 30 days (or other reasonable period established by the PHA), in the case of non-life threatening conditions.</p> <p>A PHA would be required to perform an interim reinspection upon the request of a tenant or a government official, which must be conducted within 24 hours for life threatening conditions or within 15 days in the case of non-life threatening conditions.</p> <p>A PHA would be required to withhold rent payments for non-compliant units. A PHA could choose to use the withheld rent payments to make repairs (or contract to have repairs made) at the property to bring it into compliance.</p> <p>Owners could not evict a family or refuse to</p>	<p>Same as House bill, except does not include language requiring an interim inspection upon request of "a government official."</p> <p>Similar to House provision. Uses the term "abate" rather than "withhold." Clarifies that PHAs can make repairs to address only life-threatening conditions.</p> <p>Same as House bill, except also includes</p>

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		<p>renew a lease because a PHA withheld rent due to a failed inspection, although a tenant could choose to terminate the tenancy by notifying the owner.</p>	<p>requirements for PHAs. PHAs would be required to: (1) notify tenants when abatement begins (2) notify tenants that, if after 120 days, the owner is still not in compliance, the tenant will have to move; (3) issue the necessary paperwork to the tenant to allow the tenant to move; and (4) use abated amounts to provide relocation assistance, including moving expenses or a security deposit.</p>
		<p>If assistance is withheld, and the owner does not make repairs within 60 days (or other reasonable period established by the PHA), the PHA would be required to terminate payments for the unit.</p>	<p>Similar to House bill. Period of 120 days rather than 60 days and no language allowing for “other reasonable period.”</p>
		<p>If the PHA terminates assistance due to noncompliance, the lease would also terminate and the tenant could remain in the unit only if s/he signed a new, unassisted, lease. Upon termination of assistance, the PHA would be required to give the tenant at least 90 days to find a new unit. If the tenant had not located a new unit within that period, the PHA would be required to extend the search period or provide the tenant with a preference of occupancy in a PHA-owned or operated unit. PHAs would be required to provide each family with reasonable search assistance, including use of two months of any withheld assistance for relocation expenses.</p>	<p>Similar to House bill. If the PHA terminated assistance, the tenant’s lease term would terminate simultaneously. The Senate bill does not include the language in the House bill clarifying that tenants would be required to sign new, unassisted leases in order to remain in their units once assistance was terminated. Once assistance is terminated, the family would have at least 120 days to lease a new unit with their voucher.</p> <p>If the tenant had not located a new unit within that period, the PHA would be required to extend the search period or provide the tenant with a preference of occupancy in a PHA-owned or operated unit, at the choice of the family. Specifies that search assistance could be provided to each individual or family residing in the unit, and specifies that relocation expenses include moving expenses and security deposits. Permits PHAs to require families receiving security deposit assistance to remit any refunded security deposit from the previous</p>

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Portability	Families receiving voucher assistance, (in some circumstances, only 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))	<p>PHAs would be permitted to waive enforcement and tenant relocation provisions if the damages were caused by the tenant, a member of the tenant's household, a guest of the tenant, or other person in tenant's control. States that this provision does not exonerate the tenant from liability for damage to the unit.</p> <p>The bill would require the Secretary to issue implementing regulations within 12 months of enactment to take effect within 90 days of issuance. The inspection provisions included in the act would be applicable to contracts entered into or renewed after the implementing regulations went into effect. (Sec. 2)</p> <p>Receiving PHAs would be required to absorb portability vouchers and absorbing agencies would have priority to receive reallocated funds. (Sec. 6(b)) (See also "Funding Allocation").</p>	<p>landlord to the PHA.</p> <p>Similar to House bill, but does not contain language applying to "other person in tenant's control" and does not include liability statement. (Sec. 2)</p> <p>No provision.</p> <p>Receiving PHAs would be required to absorb portability vouchers after an initial month. As in the House bill, receiving agencies would be given priority for reallocated funds. The Senate bill also includes language clarifying that the absorption requirement would not override other arrangements under which PHAs are administering vouchers outside of their jurisdictions.</p> <p>Under the Senate bill, the absorption requirement would be phased-in. A PHA could only absorb up to 1/8 of another PHAs' portability vouchers each quarter for calendar years 2010 and 2011 (unless otherwise agreed to by the PHAs).</p> <p>If the Secretary did not have sufficient funds to reimburse PHAs for portability costs in a fiscal year, the Secretary would be required to suspend the absorption requirements. The Secretary would be required to give 60-day notice of an impending suspension, and the</p>

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Funding Authorization	<p>There is no specified authorization of appropriations to renew existing vouchers, although the law does direct the Secretary to renew existing vouchers, subject to appropriations. (42 USC 1437f(dd))</p> <p>Sec. 558 of P.L. 105-276 authorized such sums as necessary to create 100,000 new incremental dwelling vouchers for FY2000 and FY2001 and such sums as necessary for incremental vouchers in FY1999 and FY2002-FY2003. It authorized such sums as necessary for FY2000-FY2003 to fund tenant protection vouchers and it also authorized \$50,000,000 for FY2000, and such sums as may be necessary for each subsequent fiscal year, for vouchers for the disabled displaced by conversion of units to elderly-only.</p>	<p>The bill would authorize such sums as necessary for FY2008-FY2012 to renew voucher contracts and provide tenant protection vouchers (for all units eligible for such vouchers, as listed in the bill, not just occupied units, subject to appropriations). (Sec. 6(a))</p> <p>The bill would also authorize such sums as necessary to fund 20,000 new incremental vouchers each year for FY2008-FY2012. (Sec. 18)</p>	<p>Secretary would be required to provide funding for absorbed vouchers leased prior to the suspension taking effect. The amendments would take effect on January 1, 2010.</p> <p>The bill would also require the Secretary to report to Congress on the estimated added costs of the portability provisions, and savings from other provisions, by March 1, 2009. (Sec. 6(b))</p> <p>Similar to House provision, except modifies the House bill's list of units authorized for tenant protection vouchers to include state-funded public housing and other public housing (not funded under Section 9 of the Housing Act of 1937) and to exclude housing removed pursuant to a Section 22 voluntary conversion. The bill does not specifically list housing removed pursuant to a Section 18 demolition or disposition. (Sec. 6(a))</p> <p>The Senate bill includes the same authorization for incremental vouchers (for FY2009-FY2013), except it clarifies that such vouchers are to be distributed competitively, with a preference for efforts to preserve affordable housing and PHAs that are administering their vouchers regionally. (Sec. 21)</p>
Funding Allocation	<p>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 (established using negotiated rulemaking), adjusted for new authorized vouchers (including tenant-protection vouchers). (42 USC 1437f(dd))</p>	<p>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, portability vouchers, and other adjustments as necessary (including for changes in voucher utilization rates and costs related to disasters). Moving to Work (MTW) agencies would be funded pursuant to their agreements. The</p>	<p>Same as House bill, except that overleasing would be limited each year to 103%, not just FY2009. (Sec. 6(a)).</p> <p>Also, assistance amounts abated and used to make repairs for life-threatening conditions or used for relocation assistance would be considered in determining the allocation of renewal funding. (Sec. 2(a)(3))</p>

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	<p>Beginning in FY2003, the annual appropriations law began to include instructions on how the Secretary was to distribute funds, in lieu of the statutory formula. In FY2004, PHAs were funded based on the number of vouchers they had actually used (based on their end of the year statements, with adjustments) and the cost of those vouchers (based on their end of the year statement, without adjustments). 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. A similar formula was adopted for FY2008.</p> <p>MTW agencies have always been funded according to their agreements, subject to any proration.</p> <p>Since FY2003, PHAs have been prohibited from over-leasing (using excess funds to provide more vouchers than their allocated baseline).</p>	<p>Secretary would be required to allocate funds under the formula by the later of February 15 of each year or 45 days following enactment of the appropriations act.</p> <p>Leasing and cost data would be calculated annually by using the average for the preceding calendar year, adjusted for vouchers set-aside for project-based use and for any advances that PHA had taken against future appropriations. Costs paid for by non-voucher funds would not be included, unless the funds were used to maintain existing vouchers that would have been otherwise lost due to proration. Leasing rates would be calculated to include overleasing (except that overleasing would be limited to 103% in FY2009). 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 vouchers). If Congress provided more funding than necessary to fund all agencies at their eligibility, HUD would be required to reallocate the excess funds. (Sec. 6(a)).</p>	
		<p>The Secretary would be required to recapture from PHAs unspent funds in excess of 5% of agency budgets each year through FY2011 (except at the end of FY2007, at which time all but 12.5% of an agency's allocation could be recaptured). Not</p>	<p>Similar to House bill. The bill would require the Secretary to offset agencies' future budgets to account for unspent excess funds, rather than recapture those funds. The bill also contains different phase-in provisions.</p>

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Reserves and Advances	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 directed to recapture unspent funds.	<p>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 their authorized level, or higher. (Sec. 6(a)).</p> <p>The Secretary would be required to issue guidance to PHAs to ensure that, to the maximum extent practicable, vouchers issued to non-elderly disabled families, pursuant to guidance in appropriations acts, remain available to such persons. (Sec. 6(c))</p> <p>PHAs would be permitted to retain up to 12.5% of their FY2007 allocation and up to 5% of their allocations each subsequent year. (See discussion of recaptures above).</p> <p>PHAs would be permitted to take an advance on their subsequent years' appropriation during the last three months of each calendar year in order to pay for additional voucher costs, including the cost of temporary overleasing. The advance would be reduced by any unobligated balances available to the PHA. Advances would be repaid through reductions in the subsequent year's allocation. (Sec.</p>	<p>PHA's unspent funds in excess of 12.5% of the FY2008 allocation would be offset in FY2009, unspent funds in excess of 7.5% of the FY2009 allocation would be offset in FY2010, and unspent funds in excess of 5% of allocations in FY2010-FY2012 would be offset in FY2011-FY2013. PHA's excess tenant-protection funds would not count in the calculation of excess funds.</p> <p>Excess funds resulting from the offset would be reallocated by HUD to PHAs to reimburse portability or FSS costs, subject to PHA application for such funds. Priority for any remaining funds would be given based on both utilization and relative need in a community. (Sec. 6(a))</p> <p>Same as House bill. (Sec. 6(c))</p> <p>Same as House bill, except PHAs would be permitted to retain up to 12.5% of their FY2008 allocation, up to 7.5% of their FY2009 allocation and up to 5% of their allocations for FY2010-FY2012. (See discussion of recaptures above.)</p> <p>Same advance provisions as House bill. (Sec. 6(a))</p>

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Administrative Fees	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 administrative funds that they 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.	6(a). The bill would strike the existing statutory fee language and require that fees: <ul style="list-style-type: none"> • be payable to each PHA for each month a unit is under contract; • be based on the FY2003 per unit fee amounts; • include an amount for the cost of issuing vouchers to new participants; • be updated each year using an index that reflects the costs of administering the program; and • include an amount for the cost of Family Self Sufficiency coordinators. 	Same as House bill, except would allow the Secretary to develop an alternate formula, as long as it is based on a per-occupied-unit, per-month fee and is developed through negotiated rulemaking. Also clarifies that fee amounts for the cost of issuing vouchers to new participants be provided both for units leased within the jurisdiction of the PHA and those leased outside the jurisdiction of the PHA. (Sec. 7(a))
FSS Program Fees	Currently, PHAs apply for funding to cover the cost of their FSS coordinators by responding to a Notice of Funding Availability published each year by HUD in the Federal Register. The Notice advertises the availability of FSS funding provided each year by Congress in the appropriations bills (in FY2008, Congress set aside \$49 million in tenant-based rental assistance funding for FSS).	The Secretary would be required to publish the fee rate for each geographic area annually in the Federal Register. (Sec. 7(a)) The bill would add an administrative fee for the cost of FSS coordinators. It would also require the Secretary to establish performance standards, collect data, and conduct a formal, scientific evaluation of FSS. The bill would authorize \$10 million for the evaluation and would permit the Secretary to set-aside up to 10% of FSS funds for innovative or highly successful FSS programs. (Sec. 7(b))	Same as House bill. (Sec. 7(b))
Downpayment Assistance for First-time Homebuyers	Current law authorizes PHAs to provide a downpayment grant for an eligible first time homebuyer in lieu of providing monthly rental assistance payments in the voucher program. The amount is capped at less than or equal to the sum of the monthly rental assistance payments the family would have received for a year. The availability of downpayment	Downpayment assistance would be authorized, not subject to direct appropriations. The maximum grant would be \$10,000. The bill specifies that providing voucher-funded downpayment assistance would not limit a PHA from providing downpayment assistance from other sources. (Sec. 8 (a))	Same as House bill. (Sec. 8)

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Manufactured Housing	<p>assistance is subject to direct appropriations. Direct appropriations have never been provided, so downpayment assistance has never been offered in the voucher program. (42 USC 1437f(y))</p> <p>Families can use their vouchers to pay for the rental of the real property on which manufactured housing owned by a family (as a principal residence) is sited. PHAs must establish separate payment standards for manufactured housing, limited by the payment standard set by the Secretary. (42 USC 1437f(o)(12))</p>	<p>The bill would allow vouchers to be used for both the cost of renting land and the cost of purchasing a manufactured home. It would no longer require PHAs to establish separate payment standards. (Sec. 8(b))</p>	<p>Same as House bill. (Sec. 8(b))</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>	<p>No provision.</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. Its 14 indicators include:</p> <ul style="list-style-type: none"> • Proper selection of applicants from the 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 	<p>The Secretary would be required to establish new performance standards and a performance assessment system for the voucher program. HUD would be required to periodically assess PHAs on their performance regarding:</p> <ul style="list-style-type: none"> • quality of the dwelling units; • utilization of funding and vouchers; • timeliness and accuracy of agency reporting; • effectiveness in carrying out policies to achieve deconcentration of poverty; • reasonableness of rent burdens; • accuracy of rent calculations and subsidy payments; • effectiveness in carrying out FSS activities; 	<p>Similar to House bill. The Senate bill modifies several criteria in the House bill. It would add compliance with targeting requirements to the list of performance criteria. It would also require that the measure of utilization be adjusted for under-utilized vouchers related to project-based commitments or portability absorptions. It would also include accuracy of the calculation of utility allowances when assessing the accuracy of rent calculations and subsidy payments.</p> <p>The Senate bill would require biennial (rather than periodic) assessments and require that the results be made available to PHAs and the public via HUD's website.</p> <p>The Senate bill would also require the Secretary to establish—via regulation—procedures and mechanisms to help poorly</p>

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	<p>income,</p> <ul style="list-style-type: none"> • 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, • Enrollment of families in the FSS program as required and helping FSS families achieve increases in employment income. 	<ul style="list-style-type: none"> • timeliness of activities related to landlord participation; 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>	<p>performing PHAs improve. (Sec. 9)</p>
	<p>(24 CFR 985)</p>		

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Treatment of PHA-owned units	Families are permitted to use their vouchers to lease PHA-owned units (that are not public housing units) as long as the local units of government, or another entity approved by the Secretary conducts inspections and rent determinations. The PHA is responsible for covering the expenses.	No provision.	The bill would require the PHA to arrange for third-party inspections and rent determinations, rather than the unit of local government or Secretary-approved entity. (Sec. 2(b))
Project-based Vouchers	PHAs may attach up to 20% of their voucher funding to existing housing units, a practice referred to as project-basing vouchers. No more than 25% of units in a building may have project-based vouchers attached to them (with some exceptions). Families living in units with project-based vouchers are permitted to move with a tenant-based voucher after one year. (42 USC 1437f(o)(13))	The bill would change the project-basing limit so that PHAs could use up to 25% of their funding for project-based vouchers and an additional 5% if used to serve the homeless. The bill would change the concentration requirement to no more than the greater of 25 units or 25% of units in a project, with exceptions for single-family properties, properties serving the elderly, disabled, or families receiving supportive services. (Sec. 11)	Same, except clarifies that supportive services provided to families are to be comprehensive. (Sec. 10(1) and (2))
		<p>In areas:</p> <ul style="list-style-type: none"> • with success rates of less than 75%, • where the payment standard is at 110% of FMR, and • where families have automatically been given 90 days to find a unit, <p>the bill would permit up to 50% of units in a building to have project-based vouchers. (Sec. 11)</p>	<p>In areas:</p> <ul style="list-style-type: none"> • with success rates of less than 75%; • where the payment standard is at 110% of FMR, • where the PHA has requested an increased payment standard, and • where families have automatically been given 90 days to find a unit, <p>the bill would permit up to 40% of units in a building to have project-based vouchers. (Sec. 10(2))</p>
	Current law permits PHAs to enter into contracts of up to 10 years (renewable) with property owners, subject to the availability of appropriations. (42 USC 1437f(o)(13))	The bill would allow PHAs to use 15-year contract periods to facilitate use with the Low-Income Housing Tax Credit (LIHTC) program.	Same as House bill. (Sec. 10)
		The bill would ensure that families residing in a project upon commencement of a project-based contract be given absolute preference for a unit in	Same as House bill. (Sec. 10)

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		<p>the building, if the family is otherwise eligible.</p> <p>It would also permit PHAs and owners to establish site-based waiting lists to which families could directly apply. It would permit project-basing in cooperative and elevator buildings. It would exempt contracts on existing structures from subsidy layering review requirements and environmental review requirements and would allow lease terms of less than one year. (Sec. 11)</p> <p>The bill clarifies that PHAs would receive administrative fees for project-based vouchers in the same manner as for other vouchers. (Sec. 11)</p> <p>No provision.</p>	<p>Same as House bill. (Sec. 10)</p> <p>No provision.</p> <p>The bill would permit PHAs to attach project-based vouchers to PHA-owned units without undergoing a competitive process. However, they would have to reflect the project-based initiative in their PHA plan and the units could not receive public housing funding. (Sec. 10)</p> <p>The bill would authorize new preservation project-based vouchers for all units undergoing an eligibility event. The vouchers would be provided in lieu of enhanced vouchers, if requested by a property owner. Before agreeing to a contract with an owner, a PHA would be required to determine:</p> <ul style="list-style-type: none"> • that the units would be economically viable, • that there is significant demand for them, • that they will contribute to a community revitalization plan, or the goal of deconcentrating poverty and expanding housing and economic opportunities; or
		No provision.	

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Rent Burden Report	Current law requires the Secretary to monitor rent burdens and review payment standards that result in a significant percentage of families paying more than 30% of their incomes towards rent. The Secretary may require a PHA to adjust its payment standard as a result of the findings of this review. (42 USC 1437f(o)(1)(E))	No provision.	<ul style="list-style-type: none"> that the continued affordability is an important asset to the community. <p>These vouchers would not be considered when calculating the cap on a PHA's use of funds to provide project-based assistance (25%) and the units would be subject to the same eligibility requirements as an enhanced voucher. (Sec. 15)</p> <p>The bill would add a provision permitting a PHA to transfer a portion of its vouchers and funding to a PHA in another jurisdiction (in the same or a contiguous metropolitan area or county) and would direct the Secretary to encourage such voluntary agreements and promptly execute the necessary funding and contract modifications. (Sec. 10(8))</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 and the percentage of families that are paying more than 40% of their incomes towards rent.	Same as House bill, except would require the Secretary to distinguish rent burdens resulting from families paying minimum rent, or resulting from the use of gross income or welfare income for calculating rent instead of adjusted income.
		The Secretary would be required to provide PHAs with a report on the percentage of families paying more than 30% of their incomes towards housing costs (and those paying above 40%) and could require PHAs to adjust their payment standards.	Same as House bill, except the Secretary would be required to make the report public.
		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.	Same as House bill, except the Secretary would have to include a breakdown by racial and ethnic groups, and would be required to make the report public.
		If a PHA's percentage of families paying above 30%	If a PHA has a high concentration of families

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Rent Reasonableness	PHAs are required to ensure that rents charged for assisted units are reasonable compared to comparable unassisted dwelling units in the private market. (42 USC 1437f(o)(10)(A))	<p>of income towards rent was higher than the national average, or if a PHA's percentage of families paying above 40% of income towards rent was higher than the national average, then the PHA would be required to either adjust its payment standard or explain why they are choosing not to adjust their payment standard. In such cases, the Secretary could not deny a request to increase a payment standard to 120% of FMR to remedy high rent burdens or high concentrations of poverty.</p> <p>PHAs would be required to report on rent burdens in their annual plans. PHAs could set payment standards at 120% of FMR without prior HUD approval where necessary to provide reasonable accommodation to a person with a disability. (Sec. 12)</p>	<p>in different racial and ethnic groups clustered in high poverty areas, or if more than 5% of their families are paying more than 40% of their income towards rent, then the PHA must adjust its payment standard. In such cases, the Secretary could not deny a request to increase a payment standard to 120% of FMR, to remedy high rent burdens or deconcentrate poverty, if the PHA had reviewed its payment standard, reviewed its rent reasonableness policies and procedures, reached out to landlords, provided search assistance, reviewed utility payment burdens, and had a payment standard of 110% for the previous six months.</p> <p>Same as House bill. (Sec. 11)</p>
		No provision.	The bill would establish a different rent reasonableness standard for Low Income Housing Tax Credit (LIHTC) units. Rent would be considered reasonable in tax credit units if it was comparable to rent for other units in the building that were not occupied by voucher holders. Rents would not be considered reasonable if they exceeded the higher of (1) the rents charged in non-voucher assisted units, or (2) the PHA's payment standard for the unit size. (Sec. 11(d))

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Fair Market Rents	HUD currently sets Fair Market Rents (FMRs) based on the 40 th percentile rent for each metropolitan statistical area and non-metropolitan area (counties) in the country. HUD also establishes minimum FMRs for non-metropolitan areas. FMRs are used for establishing maximum subsidies in the voucher program, called payment standards, which are set by PHAs between 90-110% of FMR (with some exceptions).	The bill would require HUD to establish additional market areas for FMRs, including metropolitan cities, urban counties, and certain other market areas, at the request of PHAs. It would not require PHAs to reduce payment standards for currently-assisted families if FMRs in their area were to decrease. (Sec. 13)	Similar to the House bill, except it would also require the Secretary to establish separate market areas for each county in the country (not just urban counties, as in the House bill), except for counties wholly within metropolitan areas or counties in certain New England states (CT, ME, MA, NH, RI, VT). Also, would permit the Secretary to establish minimum FMRs in each state. (Sec. 12)
Tenant Screening (PH)	Under current law, PHAs can establish selection standards and screen otherwise-eligible tenants using those standards, subject to fair housing and nondiscrimination laws. (42 USC 1437f(o)(6))	The bill would limit a PHA's screening to criteria directly related to a tenant's ability to fulfill the obligations of the assisted lease. Applicants or tenants deemed ineligible for admission or continued tenancy would be required to be notified of the reason, and provided an opportunity for an informal hearing. (Sec. 14)	Same as the House bill, except clarifies that the provision would not limit a PHA's ability to deny assistance because of an applicant's criminal background, or any other permissible grounds related to safety and security in public or assisted housing. Also, would prohibit PHAs from treating public housing residents receiving tenant protection vouchers as a result of a demolition or disposition as new applicants (and therefore subject to elective screening). (Sec. 13)
Enhanced Vouchers	Enhanced vouchers are provided to families who live in certain subsidized properties who are at risk of being displaced because their rent is increasing to market rate. This generally happens when the subsidy contract on the property ends. The value of an enhanced voucher is permitted to exceed the local payment standard in order to permit a family to remain in their unit. Tenants have a right to remain in their units if they receive an enhanced voucher, so property owners are required to accept them. (42 USC 1437f(t))	The bill clarifies that families would be permitted to stay in their units regardless of normal family or unit size limitations adopted by the PHA, except that a family could be required to move to an appropriate-sized unit in the building, if available. (Sec. 15)	Same as House bill. Also includes a provision establishing that families are not required to requalify under the selection standards of the PHA in order to be eligible for assistance. Includes a provision stating that the owner of the unit must accept the enhanced voucher and can terminate the tenancy only for serious or repeated violation of the terms of the lease. Would require the Secretary to issue regulations within six months of enactment. (Sec. 14)

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Employment Demonstration	No provision.	The bill would authorize the use of vouchers in a state demonstration program designed to promote employment among persons with disabilities. (Sec. 17)	Same. (Sec. 16)
Study to Identify Obstacles to Using Vouchers in Federally Subsidized Housing Projects	Participation in the voucher program is voluntary for most property owners. However, some communities have enacted source of income discrimination laws that require landlords to accept Section 8 vouchers. Further, some programs that fund the construction or rehabilitation of affordable housing (the HOME program, the Low Income Housing Tax Credit program, and multifamily properties purchased from HUD) prohibit owners of properties that receive such assistance from refusing to lease to voucher holders.	No provision.	The bill would require the Government Accountability Office (GAO) to conduct a study “to determine whether any statutory, regulatory, or administrative provisions of the housing voucher program or of other federally subsidized housing programs, or policies and practices of housing owners or public housing agencies or other agencies, may have the effect of making occupancy by voucher holders in federally subsidized housing projects more difficult to obtain than occupancy by non-voucher holders.” It would require GAO to report to Congress within six months on the findings from the study and any recommendations for statutory, regulatory, or administrative changes. (Sec. 17)
Identification Requirements	In order to receive assistance, each household member must be a citizen or an eligible non-citizen. However, a household can receive pro-rated assistance if the family is a mixed family, meaning it has some citizen/eligible non-citizen members and some ineligible non-citizen members. PHAs make the determination of each person’s status. Every applicant must sign a certification that he/she is a citizen, an eligible non-citizen, or is choosing not to provide documentation (and is therefore ineligible for assistance). PHAs are not required to ask for documentation from citizens, although they may adopt a policy requiring documentation. Eligible non-citizens must provide documentation from	The bill would add a requirement that voucher assistance could only be provided to a household if all adult members of a household can provide: <ul style="list-style-type: none"> • a Social Security card with a state or federal-government issued photo identification card, • a state identification card in compliance with the REAL ID Act of 2005 (P.L. 109-13), • a passport, or • a photo identification card issued by the Secretary of the Department of Homeland Security. The bill would require HUD to issue regulations implementing the provision. (Sec. 21)	No provision.

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Utility Payments	<p>the Immigration and Naturalization Service (INS) and provide a signed verification consent form describing transmission and use of the information obtained. If a family certifies that the required evidence is temporarily unavailable and it needs more time, a PHA may provide an extension of up to 30 days. (42 USC 1436a)</p> <p>Household members over the age of 6 must also provide their Social Security numbers and/or certify that they have not received a Social Security number in order to receive assistance. (42 USC 3543(a))</p> <p>Utility costs are considered a part of the gross rent for a unit. Any utilities not included in the monthly rent for a unit are estimated using a utility schedule established by the PHA and added to the rent for the purpose of determining a family's voucher assistance. The utility allowance can be paid to the tenant, or directly to a utility company.</p>	No provision.	<p>If an owner fails to pay for utilities that are intended to be included in the rent for a unit, the bill would permit a PHA to make payments directly to a utility provider, taken out of the payments that the PHA would otherwise make to the landlord, to continue utility service. Before doing so, a PHA would be required to notify the owner of its intentions, unless the unit is, or would become, uninhabitable without the utility service. (Sec. 19)</p>
Limited English Proficiency (PH and PBRA)	<p>In 2001, President Clinton signed Executive Order 13166 which stated that in order to be in compliance with Title VI of the Civil Rights Act (prohibiting discrimination on the basis of national origin), administrators of federally-funded programs must provide access to persons with Limited English Proficiency (LEP). The EO required federal agencies to develop guidance implementing it. The Department of Justice (DOJ) issued model guidance in 2002; HUD's final guidance, which took effect in 2007, largely mirrored the DOJ's guidance. The guidance is not necessarily a new set of requirements, as</p>	<p>The bill would require HUD to establish a task force comprised of industry groups, funding recipients, community-based organizations, civil rights groups, and other stakeholders to establish a list of vital documents to be competently translated to improve access for persons with limited English proficiency.</p> <p>Within six months of their identification, HUD would be required to produce translations of vital documents in all necessary languages, and make them available on HUD's website.</p> <p>The Secretary would also be required to develop</p>	Same as House bill. (Sec. 20)

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	<p>grantees were always required be in compliance with Title VI of the Civil Rights Act. Rather, the guidance is designed to help grantees understand how they can ensure that they are in compliance when it comes to serving LEP persons. The guidance states that HUD grantees are required to take reasonable steps to ensure meaningful access to their programs and activities by LEP persons. The guidance states that it is necessary for each recipient to undertake an individualized assessment to determine how to meet that requirement using a four-factor analysis, which is meant to help determine LEP needs in a community and how to balance those needs against resource constraints. The four factors are:</p> <ul style="list-style-type: none"> (1) the number or proportion of LEP persons eligible to be served or likely to be encountered by the program or grantee; (2) the frequency with which LEP persons come in contact with the program; (3) the nature and importance of the program, activity, or service provided by the program to people's lives; and (4) the resources available to the grantee/recipient and costs. <p>Once a grantee determines what the needs in the community are, the guidance states that they should consider developing a language assistance plan outlining how they are going to meet those needs. Meeting those needs may include providing oral and written translations. Specifically, HUD has stated that housing providers should provide translations of vital documents. However, the guidance</p>	<p>and carry out a plan to assist recipients of federal funds in improving access for individuals with Limited English Proficiency.</p> <p>The bill would require HUD to develop and maintain a housing information resource center, which would provide translation of written materials and a toll-free interpretation service telephone line. The center would also be charged with collecting and evaluating for accuracy, or developing and making available, templates and documents including administrative and property documents, legally binding documents, consumer education and outreach, and rights and responsibilities documents. The center would also be charged with conducting a study evaluating best practice models for serving LEP persons for all HUD programs. Within 18 months of enactment, the center would be required to submit a report to Congress with recommendations for implementation. The center would also be charged with providing information relating to culturally and linguistically competent housing services for persons with LEP.</p> <p>The bill would authorize such sums as necessary to fund these activities and would require HUD to submit a report regarding its compliance with the requirements within six months, and annually thereafter. (Sec. 18)</p>	

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Effective Date	does not define the term vital document. (See Federal Register, Vol. 72, No. 13, Monday, January 22, 2007, page 2732). Not applicable.	Unless otherwise specified, the provisions of the legislation would take effect beginning January 1, 2008. (Sec. 19)	Unless otherwise specified, the provisions of the legislation would take effect beginning January 1, 2009. Sections 3, 4, and 12 (related to income, eligibility, and FMRs) would take effect on the first day of 2010. PHAs and owners would be required to notify tenants as soon as possible about how the changes made by the act would affect the tenants specifically and all tenants generally. (Sec. 22)
Preservation Provisions (PBRA)	Properties that require prior HUD approval to prepay their mortgages are not eligible to receive enhanced vouchers under current law. (12 USC § 4119) Under administrative provisions included in the FY2006 and FY2007 appropriations acts, HUD is permitted to transfer project-based rental assistance contracts from one property to another, but only if the transfer complies with stipulations included in the appropriations acts. (See Sec. 318 of P.L. 109-115)	The bill would require HUD to approve the prepayment of the mortgage for the Heritage Apartments in Malden, Massachusetts, and provide tenant-based rental vouchers to the current residents of the property. (Sec. 15) The bill would also direct the Secretary to transfer project-based rental assistance contracts, restrictions, and debt from one building to another for properties owned by two specific organizations in two counties in Ohio. (Sec. 19)	No provision.
Collection of Data on Tenants in Tax Credit Projects (Other)	The Low Income Housing Tax Credit (LIHTC) program is administered federally by the Internal Revenue Service, but the credits are awarded and the program is administered by state housing finance agencies (HFAs). HFAs award the tax credits and monitor compliance. Information about who lives in LIHTC units is not collected nationally.	No provision.	The Senate bill would require HFAs to provide data to HUD annually on the race, ethnicity, family composition, age, income, use of rental assistance, disability status, and monthly rental payments of households residing in each tax credit property. HUD would be required to publish a rule establishing standards and definitions for the data collection, provide states with technical assistance in establishing systems for collecting and submitting the data, and coordinate with other federal agencies to minimize duplicative reporting requirements.

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Effect of Income Calculation Changes on PHA Revenue (PH only)	PHAs receive public housing operating funds from the federal government to help make up the difference between what tenants pay in rent and what it costs to run public housing. In FY2007, PHAs began receiving their public housing operating funds under a new formula, which includes new estimates of what it should cost to run public housing. As a part of the transition to the new formula, the calculation was modified to freeze tenant income at the FY2004 level. As a result, if PHAs are able to increase the amount of rent that they collect from tenants, their public housing operating funds will not be reduced and they can keep the additional income. Tenant income is scheduled to be “unfrozen” in FY2009.	Under the bill, If HUD determines that changes to the income definitions and calculations (as contained in the bill) reduced the rental income of a PHA (beyond a de minimus amount) during the period in which rental income is frozen, the Secretary would be required to make adjustments to agency budgets. HUD would be required to report to Congress in FY2008 and FY2009 on the effects of the amendments made in this legislation on PHA revenue. (Sec. 4(f))	The Secretary of HUD would be required to compile the data and make it publicly available not less than annually. The bill would authorize to be appropriated \$2.5 million for FY2009, and \$900,000 annually for FY2010-FY2013, to cover the costs of developing the standards, providing technical assistance, and compiling and publishing the reports. (Sec. 18) Similar provision. If a PHA determines that changes to the income definitions and calculations (as contained in the bill) reduced the rental income of a PHA (by more than ½ of 1% of dwelling rents from the preceding year, as projected in the first quarter of the calendar year), the PHA could certify to HUD their projected reduction by April 15 of each year, and, within 45 days, the Secretary would be required to reimburse the agency, if funds are available. PHAs would be required to maintain necessary records for audits or reviews. Contains the same reporting requirements as in the House bill, except changes dates to FY2009 and FY2010. (Sec. 4(f))

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Moving to Work (PH)	Under the Moving to Work Demonstration, PHAs may receive waivers allowing them to combine their public housing and Section 8 voucher funds and receive waivers of most other program rules and requirements. The purpose of the program is to provide PHAs and the Secretary the flexibility to design and test various approaches for providing and administering housing assistance. The HUD Secretary is authorized to select up to 30 PHAs to participate. (42 USC 1437 Note)	The House bill would create a new Housing Innovation Program. Like MTW, HIP would allow PHAs to combine public housing and Section 8 voucher funds and receive waivers of many program requirements. Unlike MTW, it would contain detailed program requirements, a tiered system of participants (some with more waiver ability than others) and performance standards. The Secretary would be permitted to select up to 60 PHAs to participate in the full program, and up to another 20 to participate in a more restricted version of the program. Existing MTW agencies would be phased-in to the HIP program (Sec. 16)	No provision.
Moving to Work/Housing Innovation Program (Sec. 16 of SEVRA, adding Sec. 36 to the U.S. Housing Act of 1937)			
Program	Moving to Work Demonstration (Codified under 42 USC 1437 Note. Hereafter, citations are shown by their subsection under the Note)	Housing Innovation Program (Section 16 of the bill would add Sec. 36 to the act. Hereafter, citations are shown as they would be included in the act)	No provision.
Purposes	<ul style="list-style-type: none"> • The purpose of the program is to provide PHAs and the Secretary the flexibility to design and test various approaches for providing and administering housing assistance that • reduce cost and achieve greater cost effectiveness in federal expenditures; • give incentives to families with children where the head of the household is working, seeking work, or preparing for work; and • increase housing choices for low-income families. (a) 	<ul style="list-style-type: none"> • The purposes of the program would be to provide PHAs and the Secretary the flexibility to design and evaluate approaches to administering housing assistance that • increase housing opportunities for low-income families (including preventing homelessness, rehabilitating or replacing housing at risk of physical deterioration, and developing additional affordable housing); • leverage other Federal, State, and local funding sources, including the Low-Income Housing Tax Credit program, to expand and preserve affordable housing opportunities, including public housing; • provide financial incentives and other support 	No provision.

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Authority	Authorizes the Secretary to conduct an MTW demonstration and select up to 30 agencies for participation. (b)	<p>mechanisms to families to obtain employment and increase earned income;</p> <ul style="list-style-type: none"> • test alternative rent-setting policies to determine whether rent determinations can be simplified and administrative cost savings can be realized while protecting extremely low- and very low-income families from increased rent burdens; • are subject to rigorous evaluation to test the effectiveness of such innovative approaches; and • are developed with the support of the local community and with the substantial participation of affected residents. (Sec. 36(a)) <p>Would direct the Secretary to carry out a housing innovation program and would permit the Secretary to designate up to 60 PHAs to participate at any one time. (Sec. 36(b))</p> <p>The Secretary could designate an additional 20 PHAs to participate under modified terms. (Sec. 36(b)) Such agencies:</p> <ul style="list-style-type: none"> • would be subject to the provisions of law governing income eligibility and rent calculation; • would be subject to all provisions of voucher law except provisions related to leasing of PHA-owned units and those otherwise waived under (e)(3) (relating to lease terms and limits on project-based assistance); • would be prohibited from imposing time limits on the term of housing assistance; • would be prohibited from conditioning assistance on the employment status of one 	No provision.

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		<p>or more family members;</p> <ul style="list-style-type: none"> would face limits to demolishing or disposing of dwelling units, including a modified one-for-one replacement requirement, a requirement that guarantees a right of return for displaced tenants, and adoption of a comprehensive outreach plan developed in conjunction with residents. <p>(Sec. 36(h))</p> <p>If the number of PHAs participating in the program drops below 40, the Secretary would be required to promptly solicit applicants and select PHAs to increase program participation to at least 40 PHAs. (Sec. 36(d)(4))</p>	
MTW Agencies	Not applicable.	Each existing MTW agency would be designated to participate in the housing innovation program, as long as the MTW agency was not in default of its MTW agreements and the Secretary determines the MTW agency is meeting the goals and objectives of its MTW plan. Within two years of enactment of the legislation, each such PHA would be required to make changes to its policies in order to comply with the requirements of innovative housing program (Sec. 36(c))	No provision.
Term of Participation	No term specified in law; in practice, generally 5- to 7-year contracts, with extensions.	The Secretary would be permitted to carry out the housing innovation program only during the 10-year period beginning upon enactment of the legislation. (Sec. 36(b))	No provision.
Resident Participation	As a part of their applications, PHAs must provide for citizen participation through a public hearing. ((c)(2)) The plan submitted to HUD must take into account public comments and comments from current and prospective residents ((c)(3))	<p>PHAs would be required to provide opportunities for resident and public participation, including:</p> <ul style="list-style-type: none"> notifying the families they serve of the impact of proposed policy changes and including providing a schedule of meetings for the annual plan 	No provision.

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Plans	<p>PHAs must submit plans. The plans must include that includes criteria for:</p> <ul style="list-style-type: none"> • families to be assisted, 75% of whom must be very low-income; • reasonable rent policies designed to encourage employment and self sufficiency; • continuing to assist substantially the same number of people; • maintaining a comparable mix of families (by family size); and • assuring housing meets quality standards. ((c)(3)) 	<ul style="list-style-type: none"> • holding at least one meeting with the resident advisory board to review the annual plan each year; • holding at least one annual public meeting to obtain comments on the annual plan each year (large PHAs (15,000 units/vouchers or more) would be required to hold additional meetings); • making the proposed annual plan available for public inspection at least 30 days before the public meeting and at least 30 days before board approval; • having the plan approved by the board of directors in a public meeting. (Sec. 36(e)(7)) <p>Participating PHAs would be required to submit an annual plan each year, containing:</p> <ul style="list-style-type: none"> • a list of all program initiatives and policy changes, including references to relevant laws or regulations; • a description of changes from preceding year; • a description of property redevelopment or portfolio repositioning strategies and proposed changes in policies or uses of funds to pursue such strategies; • documentation of compliance with public participation requirements; • certifications related to compliance with the Civil Rights Act, the Fair Housing Act, Section 504 of the Rehabilitation Act (prohibiting employment discrimination against persons with disabilities), the Americans with Disabilities Act, and the rules, standards and policies in the approved plan; affirmatively 	No provision.

Provision (including the programs to which it applies)	Housing Choice Voucher Program Current Law (United States Housing Act of 1937, as amended and Title 24 of the CFR)	Section 8 Voucher Reform Act of 2007 (H.R. 1851, 110 th Congress) (as passed by the House)	Section 8 Voucher Reform Act of 2008 (S. 2684, 110 th Congress) (as introduced in the Senate)
Application and Selection Criteria	<p>Agencies' applications must:</p> <ul style="list-style-type: none"> • request the authority to combine public housing and Section 8 voucher funds; • be submitted after public hearings and citizen participation; • include a plan, developed by the agency with public and resident comments; and • may also include a request technical assistance from HUD to assist with 	<p>furthering fair housing; and compliance with obligations under the national evaluation; and</p> <ul style="list-style-type: none"> • a description of the PHAs asset management strategy. <p>PHAs that wished to make changes to the policies and initiatives covered under the plan would be required to consult with the public and the resident advisory board. (Sec. 36(e)(8))</p> <p>The Secretary would be required to approve or disapprove each annual plan within 45 days of submission. If the Secretary did not disapprove the plan within 45 days, the plan would be considered approved (subject to judicial review). The Secretary would be permitted to disapprove a plan only if:</p> <ul style="list-style-type: none"> • the Secretary determines that the plan is not in compliance with the requirements of the program; • the annual plan or most recent annual report is not consistent with other information available to the Secretary; or • the plan or report or activities are not in accordance with applicable law. <p>In addition to existing MTW agencies, within 18 months, the Secretary would be required to select additional PHAs to participate.</p> <p>The Secretary is to develop a competitive process including the following requirements:</p> <ul style="list-style-type: none"> • Any PHA could be selected, including near-troubled agencies, except that no more than 5 agencies that are near-troubled may be selected, except agencies under alternative management are not eligible. Near-troubled agencies would remain subject to 	No provision.

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	<p>design of the demonstration and participation in a detailed evaluation. ((c)(3))</p> <p>In selecting applicants, the Secretary must take into account:</p> <ul style="list-style-type: none"> • the potential of the agency to plan and carry out a program under the demonstration; • the relative performance of the agency on the Public Housing Assessment System; and • other appropriate factors set by the Secretary. (d) 	<p>requirements regarding tenant rent contributions, eligibility and continued participation.</p> <ul style="list-style-type: none"> • The process should select for representation among agencies of characteristics including large and small PHAs; urban, suburban and rural PHAs; and across regions of the US. • An agency applying must have provided notice to residents and the local community at least 30 days prior to 2 required public meetings in which the PHA is to consider comments regarding the implications of changes under the proposal and possible impact on residents. (Sec. 36(d)(1)) <p>Selection criteria must include</p> <ul style="list-style-type: none"> • the extent to which the proposal identifies rules and regulations that impede the goals of the proposal and why participation in the program is necessary to achieve the goals of the proposal; • the extent of commitment and funding for the proposal from local government and nonprofit agencies and support for the proposal by residents, resident advisory boards and members of the community • the extent to which an applicant has a successful history of implementing similar strategies; • whether the proposal pursues a priority strategy, and, if so the extent to which such strategy is likely to (1) achieve the objectives of developing additional affordable housing units and preserving, rehabilitation, or modernizing existing public housing units or (2) achieve the purpose of moving families 	

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Program Requirements	<p>PHAs may be exempted from most provisions of the U.S. Housing Act of 1937, although Section 18 (demolition and disposition requirements) and Section 12 (Davis Bacon and community service requirements) cannot be waived. Participating PHAs may combine Public Housing operating funds, Public Housing capital funds, and Section 8 voucher funds to provide housing assistance for low-income families and services to facilitate the transition to work on such terms and conditions as set by the PHA and approved by the Secretary. (42 USC 1437f Note)</p> <p>PHAs must continue to assist substantially the same total number of eligible low-income families and maintain a comparable mix of families (by family size) as would have been</p>	<p>toward economic self sufficiency without imposing a significant rent burden on the lowest income families as well as additional purposes identified in the proposal; and</p> <ul style="list-style-type: none"> other factors established by the Secretary in consultation with participating agencies, program stakeholders, and evaluators. (Sec. 36(d)(2)) <p>After selecting agencies, the Secretary would be required to promptly amend the applicable contract to provide that (1) agencies may implement policies that are not inconsistent with this section without specifying such policies and without negotiation with the Secretary and (2) the activities to be implemented by the PHA in a given year must be described in and subject to the annual plan. Existing MTW agencies could choose to be subject to these provisions in lieu of their current agreement prior to expiration of their current contract. (Sec 36(d)(3))</p> <p>Participating PHAs would be permitted combine Public Housing operating funds, Public Housing capital funds, and Section 8 voucher funds, using such funds for any activities authorized under Section 8(o) or 9 of the US Housing Act, and other activities, which would include, without limitation:</p> <ul style="list-style-type: none"> Providing capital, operating, or other financing assistance for housing previously assisted under a contract between the PHA and the Secretary; Acquiring, building, rehabilitating, financing, or providing capital or operating assistance for low-income housing and related facilities (and for longer terms that currently permitted under Section 8 voucher rules); covering the costs of acquisition and 	No provision.

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	<p>served if the assistance had not been combined under the demonstration. (42 USC 1437f Note)</p> <ul style="list-style-type: none"> • 75% of families assisted must be very low income; • PHAs must establish reasonable rent policies designed to encourage employment and self sufficiency; • PHAs must continue to assist substantially the same number of people; • PHAs must maintain a comparable mix of families (by family size); and • PHAs must assure housing meets quality standards. (42 USC 1437f Note). 	<p>improvement of sites, utility services, demolition, planning and administration of eligible activities;</p> <ul style="list-style-type: none"> • providing housing counseling (renter and homeowner) for families assisted under the program; • safety, security, law enforcement and anti-crime activities to protect and support families assisted under the program; • tenant-based rental assistance (including project-basing of TBRA); • providing financial assistance to preserve low-income housing assisted by HUD, or state or local low-income housing programs. (Section 36(e)(1)(A)) 	
		<p>The bill does specifies that participating families retain the same rates of judicial review of agency action as they would otherwise have had under the existing programs. It also specifies that PHAs must comply with the following requirements in current law:</p>	
		<ul style="list-style-type: none"> • targeting • tenant participation on PHA board • the definition of low- and very-low income families • resident Advisory board requirements • HQS standards • rights of public housing applicants and voucher applicants • grievance procedures • Public Housing lease requirements (although 	

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		<p>shorter leases funded with tax credits can have shorter leases);</p> <ul style="list-style-type: none"> • designation of housing for the elderly and disabled (although, subject to certain requirements, the designations can be made for five year periods); • voucher program lease requirements and eviction protections; • limits on project-based assistance (but the limit can be raised from 20% to 50%) and certain resident choice provisions; • portability; • Section 12 (Davis Bacon); and • Section 18 (Demolition/Disposition of public housing). (Sec. 36(e)(3)) <p>Before adopting any material change to the requirement of the US Housing Act related to tenant rents or contributions or conditions of continued occupancy or participation, an agency must</p> <ul style="list-style-type: none"> • conduct an impact analysis of the proposed policy on currently assisted families and those on the waiting list, including high rent burdens and make the proposed policy and impact findings available for public inspection (at least 60 days before the public meeting, discussed below); • hold a public meeting on the proposed change (which can be combined with the draft annual plan or annual report meeting); • have the change approved by the board of directors in a public meeting; 	

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		<ul style="list-style-type: none"> obtain approval from the Secretary, and agree that the policy may be included as a part of the national evaluation. <p>Once the change is adopted, the agency must:</p> <ul style="list-style-type: none"> provide adequate notice to residents; execute a lease addendum or participation agreement specifying the requirements applicable to both the resident and the agency; reassess rent, subsidy level, and policies on program participation no less often than every two years, including a revised impact analysis, to be made public; include information in the annual report sufficient to describe any hardship requests, the use of any transition rules, and adverse impacts resulting from the changes and mitigation strategies employed by the PHA. <p>These requirements do not apply to existing policies at MTW agencies, but it does apply to future policy changes at existing MTW agencies. (Sec. 36(e)(4))</p> <p>PHAs may use Section 8 voucher funds for purposes other than Section 8 vouchers only if (1) the PHA used no less than 95% of vouchers or voucher funds in the prior calendar year or (2) after approval, the PHA achieves such utilization for a 12 month period. This restriction does not apply to agencies under existing MTW agreements. (Sec. 36(e)(1))</p> <p>PHAs must continue to assist</p> <ul style="list-style-type: none"> not less than substantially the same number of eligible low-income families as served in the 	

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Funding	The amount of assistance received by the agency is not diminished by their participation in the demonstration. MTW agencies are funded based on their agreements with HUD, although they are subject to any funding prorations. (f)	<p>base year (adjusted for allocations of additional vouchers or reductions in/prorations of funding);</p> <ul style="list-style-type: none"> a comparable mix of families by family size (adjustments based on waiting list permissible) except that the Secretary can suspend this requirement for up to three years based on modernization or redevelopment activities in an approved annual plan. (Section 36(e)(2)). <p>The amount of assistance received by a participating agency, subject to appropriations (and any applicable prorations), would not be diminished by participation in the program. (Sec. 36(e)(5))</p>	No provision.
Evaluation, Assessment, and Performance Standards	<p>The Secretary is to provide training and technical assistance during the demonstration and conduct detailed evaluations of up to 15 agencies to identify replicable program models promoting the purpose of the demonstration.(b)</p> <p>Funding was authorized to provide technical assistance and fund a detailed evaluation (i)</p> <p>In making assessments, the Secretary must consult with representatives of PHAs and residents. (h)</p>	<p>The Secretary would be required to conduct detailed evaluations of all participating PHAs in order to</p> <ul style="list-style-type: none"> determine PHAs' success in achieving the purposes of the program; and to identify successful program models that can be replicated by other agencies. (Sec. 36(f)(1)) <p>The Secretary (or an evaluating entity contracted by the Secretary) would be required to establish performance measures, which may include use of a baseline performance measure, and may include performance measures for</p> <ul style="list-style-type: none"> increasing housing opportunities for low-, very low-, and extremely low-income families, replacing or rehabilitating at-risk housing, and developing additional housing; leveraging other Federal, State, and local funding resources (including the Low-Income Housing Tax Credit (LIHTC)), to expand and 	No provision.

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Record Keeping and Reports	<p>The Secretary and GAO must have access to all relevant document.</p> <p>Agencies must keep records as required by the Secretary. Agencies must supply reports and in a form and time set by the Secretary which:</p> <ul style="list-style-type: none"> • document use of funds, • provide data requested by the Secretary for assessing the demonstration, and • describe and analyze the effect of activities in meeting objectives.(g) 	<p>preserve affordable housing, including public housing;</p> <ul style="list-style-type: none"> • moving families to self-sufficiency and increasing employment rates and wages without imposing a significant rent burden; • reducing administrative costs; and • other performance measures established by the Secretary or evaluating entity. (Sec. 36(f)(4)) <p>PHAs would be required to keep records prescribed by the Secretary as necessary to disclose funding and spending under the program, to ensure compliance with program requirements, and to measure performance. PHAs must provide access to any books, documents, papers or records necessary for evaluation to the Secretary and the Comptroller General of the United States (GAO). (Sec. 36(g)(3 and 4))</p> <p>In lieu of other reporting requirements, participating PHAs would be required to submit an annual report to the Secretary, including:</p> <ul style="list-style-type: none"> • a description of the sources and uses of funds under the program (including an annual consolidated financial report), accounting separately for funds made available for the voucher program, public housing capital fund, and public housing operating fund, and a comparison of the agencies actions under the program with its annual plan; • an annual audit; • a description of each hardship exemption requested and granted or denied as well as the use of any transition rules; • documentation of public and resident 	No provision.

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Reports to Congress	<p>The Secretary had no later than 180 days after the third year of the demonstration to submit to Congress a report evaluating programs carried out under the demonstration, including findings and recommendations for applicable legislative changes. (h)</p> <p>(Report submitted in 2004)</p>	<p>participation;</p> <ul style="list-style-type: none"> • a comparison of the incomes, sizes, and types of families assisted by the program compared to a base year; • every two years, an evaluation of rent, subsidy level, and program participation requirements; • a description of any ongoing local evaluations and the results of any completed local evaluations. (Sec. 36(g)(2)) <p>The annual report would also be required to include information necessary to permit the Secretary to evaluate the performance and success of the agency in achieving the purpose of the demonstration (Sec. 36(g)(5))</p> <p>As a part of the annual report, participating PHAs would be required to submit information annually to the Secretary regarding families assisted under the program and other data required by the Secretary (Section 36(e)(6)).</p> <p>The Secretary would be required to submit three reports to Congress evaluating the programs of participating PHAs participating in this program and in MTW, including findings and recommendations for legislative action. An initial report is to be submitted within three years of enactment; an interim report is to be submitted within five years of enactment; and a final report is to be submitted within 10 years of enactment. (Sec. 36(f)(2))</p> <p>Not less than 48 months after enactment, the Government Accountability Office (GAO) would be required to report to Congress on the extent that participating PHAs are meeting the goals and objectives of the program. (Sec. 36(f)(2))</p>	No provision.

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Authorization of Appropriations	FY1996-FY1998, the Secretary was authorized to use up to \$5 million for technical assistance to PHAs and to conduct detailed evaluations. (i)	Would authorize to be appropriated \$10 million for capacity building and technical assistance each year for FY2008-2012 and \$15 million for the purpose of conducting evaluations. (Sec. 36(j) and (k))	No provision.

Source: Table prepared by CRS.

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