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## COMPARISON OF PROVISIONS OF HOUSE SECTION 8 VOUCHER REFORM BILL AND CURRENT LAW

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| Policy             | CURRENT LAW   | HOUSE SEVRA BILL   |
|--------------------|---|--|
| <b>Inspections</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>Agencies must determine whether a unit selected by a family complies with the voucher program's housing quality standards (HQS) before beginning assistance payments. If the PHA owns the unit, inspections must be performed by the local government or another entity approved by HUD.</p> <p>Units must be reinspected each year as well as at any time there is a complaint about the unit. If a PHA determines on re-inspection that a unit fails to meet HQS, HUD rules require: (1) life-threatening conditions to be fixed within 24 hours; (2) a minimum cure period of 30 days for other defects, which PHAs may extend without limit; (3) abatement (i.e., suspension) of subsidy payments in the month following the expiration of the PHA-allowed cure period; and (4) termination of the housing assistance payment (HAP) contract with the owner after allowing the family a reasonable time to relocate with voucher assistance. (Section 8(o)(8); 24 C.F.R. §982.404(a); Housing Choice Voucher Program Guidebook 10-27.)</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Federal housing quality standards would continue to apply.</p> <p><i>Initial inspection.</i> The bill alters the requirements regarding initial inspections in two ways:</p> <ol style="list-style-type: none"> <li>a. Units must be inspected prior to payment, but at PHA discretion initial subsidy payments may be made to owners when a unit does not pass the initial inspection, so long as the failure resulted from “non-life threatening conditions.” Defects would have to be corrected within 30 days of initial occupancy in order for the owner to receive continuous payments.</li> <li>b. A PHA may allow a family to occupy a unit in advance of inspection if in the previous 12 months the property has been determined to meet housing quality and safety standards under a federal housing program inspection standard that is at least as stringent as the voucher program's HQS. For such properties, subsidy payment may be retroactive to the beginning of the lease term after the unit passes inspection under the voucher program HQS.</li> </ol> <p><i>Interim inspections.</i> An assisted family or government official may request an interim inspection due to alleged failure of a unit to comply with HQS. PHAs must inspect within 24 hours if the condition is life threatening, and 15 days in other cases.</p> <p><i>Ongoing inspections.</i> Inspections would be required at least every two years, and may be made on a property basis rather than for the particular unit occupied by a voucher holder. The ongoing inspection requirement may be met by a satisfactory inspection of the property under the rules of another federal housing assistance program or under a non-federal program with standards that equal or exceed the protections of the voucher program HQS. Owners would have the same time periods to cure defects as under current regulations, but the standards of 24 hours to fix life-threatening conditions and 30 days (or a longer</p> |

| <b>Policy</b>             | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>   |
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| <b>Inspections cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>period if approved by the PHA) for other defects would be incorporated in the statute. PHAs may withhold payments during this cure period, and pay assistance retroactively when defects are fixed.</p> <p><i>Abatement period.</i> If defects are not fixed within the allotted time, PHAs are to abate subsidy payments for a further 60 days (or other reasonable period established by the PHA) and may use the withheld and abated subsidies to make repairs, directly or through contractors. PHAs are protected from liability if they use contractors that meet standards established by HUD. Tenants are protected from eviction due to subsidy payments being withheld or abated, and may terminate the lease in order to move. If repairs are not made and the PHA terminates the contract, the lease between the owner and tenant also terminates. The PHA must give the family at least an additional 90 days to find a new unit to lease with voucher assistance, extended if necessary (or the family may elect to receive preference for the next available public housing unit). A PHA must provide a family displaced without fault after a unit fails inspection with “reasonable assistance” in finding a new residence, including use of two months of abated subsidy payments for relocation costs, which may include security deposits and moving expenses. PHAs may require repayment of security deposits subsequently refunded. (Section 2, substantially revising §8(o)(8).)</p> |

| <b>Policy</b>   | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>   |
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| <b>Rent Policy (covering vouchers, public housing, and project-based Section 8)</b> |   |   |
| <b>Impact on program costs</b>  | Increases or reductions in tenant rent payments can lower or raise the amount of funding for which PHAs are eligible under the public housing operating fund (though with a time lag) and the voucher renewal formula (under some circumstances). Changes in funding eligibility in these programs do not automatically affect federal costs, however, because in some years Congress has provided funding levels below the amount for which agencies were eligible. Rent changes also affect the subsidies owners receive under project-based Section 8 contracts. | Allows HUD to make adjustments in the public housing operating fund formula for agencies that experience a material reduction in rent revenues due to SEVRA’s rent provisions during the first year in which the provisions are implemented. In addition, directs HUD to report to Congress in each of the first two years after implementation on the effect of the bill’s rent, income and asset limit, and income targeting provisions on revenues and costs in public housing, the voucher program and project-based Section 8, and to recommend legislative changes to address any overall material reduction in public housing revenues or increase in voucher or project-based costs. (Section 3(f)) |
| <b>Affordability</b>  | For rent and reasonable utility costs, families generally pay the higher of 30 percent of adjusted income or 10 percent of gross income, plus (for voucher holders) the amount by which rent and utility costs exceed the local payment standard. Agencies may establish a minimum rent up to \$50, subject to federally established hardship exceptions. In public housing, tenants are permitted to choose annually between a “flat rent” that does not take income into account and an income-based rent determined under the regular rules. (Section 3(a))      | Requirements are similar to those under current law with two exceptions: (1) required interim adjustments for changes in income during year are limited (see recertification of income below); and (2) PHAs may establish alternative rent structures for public housing, using rent ceilings, income tiers, or a lower percentage of earned income, but the amount paid by any family may not exceed the rent contribution determined under the regular rules. Elderly and disabled families are not eligible for alternative rents. (Section 3(a), amending section 3(a) of the U.S. Housing Act.)  |

| <b>Policy</b>  | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>  |
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| <b>Deductions for the elderly and people with disabilities</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>Each elderly or disabled family (defined in U.S. Housing Act as a family whose head, spouse or sole member is 62 or has a disability) is eligible for a \$400 standard income deduction.</p> <p>Elderly and disabled families are eligible for a deduction of unreimbursed medical expenses, and families with a member who has a disability are eligible for a deduction of reasonable expenses for attendant care and auxiliary aids necessary for a person with a disability or another member to be employed, but only the portion of unreimbursed medical, attendant care, and auxiliary aid expenses above 3 percent of income is deducted. (Section 3(b)(5)(A))</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Increases standard deduction for elderly and disabled families to \$725, with adjustments for inflation in future years.</p> <p>Limits deduction for medical, attendant care and auxiliary aid expenses to expenses exceeding 10 percent of income. (Section 3(b)(2) amending Section 3(b)(5) of the Act.)</p>   |
| <b>Recertification of income</b>                               | <p>Verification of income and calculation of family contribution for rent and utilities required annually. (Sections 3(a)(1) and 8(c)(3) and (o)(5).) Interim recertifications for income declines required at tenant's request. Interim recertifications for increases at discretion of agency.</p>  | <p>Recertification of income required at least every three years for families on "fixed" incomes (at least 90 percent of income from Social Security, SSI or similar source), and annually for other families. Interim recertifications at tenant's request for any decrease in adjusted income exceeding \$1,200 on an annual basis (and for smaller decreases if the PHA or owner chooses to establish a threshold below \$1,200) and required for an annual increase exceeding \$1,200, except that no interim rent increases based on earnings are permitted unless the family has received an interim reduction during the year. A PHA or owner may choose not to conduct an interim recertification if the change in income occurs in the last 3 months of a certification period. (Section 3(a)(1)(F), inserting new paragraph (7) on Reviews of Family Income in Section 3(a) of the Act.)</p> |

| <b>Policy</b>                       | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>  |
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| <b>Use of prior-year income</b>     | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>Regulations state that income is based on the 12-month period following certification. A shorter period may be used, but rents are then subject to recertification at the end of that period. (24 CFR 5.609) HUD published a revised rule on January 27, 2009 that would allow PHAs and owners to use income received in the prior 12 months for all purposes, regardless of income losses. (74 FR 4832.) The effective date of the rule change has been postponed until January 31, 2010 (see 74 FR 44285, August 28, 2009), and HUD is considering additional comments.</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Agencies and owners must use income from the prior year when setting rents, except for purposes of the initial income determination when a family begins receiving housing assistance and interim recertifications due to changes in income. (Section 3(a)(1)(F), inserting new Section 3(a)(8) of the U.S.H.A.)</p> |
| <b>Work-related deductions</b>      | <p>For voucher tenants with disabilities and all public housing residents who were recently unemployed or on welfare, the full amount of an earnings increase in the first year after the increase occurs and half of that amount in the second year is disregarded. (Section 3(d).)</p> <p>Reasonable child care expenses needed for employment or education are deducted. (Section 3(b)(5)(A).)</p>  | <p>10 percent of the first \$9,000 in earnings of all employed individuals is deducted from income, with inflation adjustments to the \$9,000 threshold in future years.</p> <p>Child care deduction is retained but limited to expenses exceeding 10 percent of income. (Section 3(b)(2), amending section 3(b)(5) of the U.S.H.A.)</p>   |
| <b>Dependent standard deduction</b> | <p>\$480 deducted from total income for each dependent in a household. No provision to adjust deductions for inflation. (Sec. 3(b)(5)(A).)</p>   | <p>Increases dependent deduction to \$500, with inflation adjustments in future years. (Section 3(b)(2), amending section 3(b)(5) of the Act.)</p>   |

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| <b>Verification of income</b>   | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified  |
| <b>Income from assets</b>   | Agencies and owners must obtain third-party verification of income and deductions or document why it is not available. (24 CFR 982.516 for voucher program.) No special provision regarding reliance on determinations of income by other programs.  | Allows agencies to rely on determinations of income conducted for other federal means-tested public assistance programs, including TANF, Medicaid, and Food Stamps. (Section 3(a)(1)(F), inserting new §3(a)(8)(E) of the Act.) Records of excluded income not required. (Section 3(b)(1), amending §3(b)(4) of the Act.)  |
| <b>Income from assets</b>   | Regulations require agencies to impute (i.e., deem) income from assets exceeding \$5,000 using current interest rates, and count the higher of imputed income or actual income from the asset when determining the family’s rent. (24 CFR 5.609.)  | Actual income from assets is counted when determining rents, but imputed income is not. (Section 3(b)(1), amending §3(b)(4) of the Act.)   |
| <b>Eligibility and targeting (covering vouchers, public housing, and project-based Section 8)</b> |  |  |
| <b>Income eligibility</b>   | Income limits apply only at initial eligibility determination. (See Sections 3(a)(1) and 8(o)(4).) Generally, a family is eligible to begin to receive public housing or any type of section 8 assistance only if it is “low income,” that is, if its income does not exceed 80 percent of the HUD-adjusted area median income for its family size. (Exceptions apply for families receiving vouchers due to the end of federal mortgage assistance for certain types of properties [see 24 C.F.R. § 982.201(b)(v)], for public housing operated by small agencies without income-eligible applicants, and for police officers.) By regulation, HUD permits (but does not require) PHAs to evict over-income families from public housing unless | For all programs, limits initial <i>and continuing</i> eligibility to “low income” families (those with income at or below 80 percent of the HUD-adjusted area median income level). The bill exempts two groups of families from this limitation: (a) those receiving vouchers due to the end of federal assistance for privately-owned units, and (b) those residing in project-based section 8 units at the date of enactment with incomes up to 95 percent of AMI, if this higher income eligibility level applied at the date of enactment. The bill allows PHAs and owners not to enforce the income limitations on recertification in public housing and project-based Section 8, and to delay eviction of tenants or termination of voucher assistance for six months. (Section 4(b).) |

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| <b>Income eligibility cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>they are participating in the Family Self-Sufficiency program or receiving the earned income disallowance. (24 C.F.R. § 960.261.) In most geographic areas, families no longer qualify for section 8 assistance at an income level well below the eligibility ceiling of 80 percent of area median because 30 percent of their income exceeds the subsidy level.</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p>   |
| <b>Asset limits</b>              | <p>There are no asset limits for public housing or the Section 8 programs. Income from assets is counted in determining rent obligations. (See rent section above.)</p>   | <p>Makes applicants and current tenants or participants ineligible for public housing or the Section 8 programs if they have more than \$100,000 in net assets (adjusted annually for inflation) or have “a present ownership interest” in a suitable home for which they have a legal right to reside and legal authority to sell, unless the home is assisted under the U.S. Housing Act, or the family includes a person who is a victim of domestic violence or is making a good faith effort to sell the home. Excluded from assets are interests in Indian trust land, equity accounts in HUD homeownership or FSS programs, certain inaccessible trust funds, retirement accounts, settlements or awards due to actions that resulted in the serious disability of a household member, tax-protected education savings accounts, personal property not of significant value, and real property that the family does not have legal authority to sell. Allows PHAs not to enforce the asset limitations on recertification in public housing, and allows PHAs and owners not to enforce the asset limitations on elderly or disabled tenants and to delay evictions of tenants or termination of voucher holders with assets above the limit for six months. (Section 4(a), inserting new section 16(e) of the Act.)</p> |

| <b>Policy</b>                | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>Targeting</b>             | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>75 percent of families that enter the voucher program and 40 percent of families moving into public housing and project-based Section 8 each year must have incomes at or below 30 percent of the area median income level (about \$18,700 for a family of three on average nationally in 2009, but with significant local variation). The remaining 25 percent of families may have incomes up to 80 percent of area median income. (Sections 8(o)(4) and 16(b).)</p>  | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Similar to current law, except that the 75 percent voucher targeting requirement (and the 40 percent requirement in public housing and project-based Section 8) would apply to the <i>higher of</i> 30 percent of area median income or the federal poverty line, adjusted by family size. The poverty line for a family of three in the contiguous 48 states and the District of Columbia in 2009 is \$18,310. The bill provides an exception for Puerto Rico and other U.S. territories, where targeting would continue to be based solely on 30 percent of median income. (Section 5, amending section 16 of the Act.)</p>   |
| <b>Voucher Funding</b>       |  |   |
| <b>Agency funding levels</b> | <p>In 2003 and earlier years, agencies received sufficient funding to support the actual cost of authorized vouchers in use. In 2005 and 2006, agencies' renewal funding was based on the number of authorized vouchers in use in May – July 2004 and their cost, adjusted by HUD's formula annual adjustment factors and for tenant protection vouchers. (A similar policy applied in 2004 based on mid-2003 data.) For 2007, Congress changed to a renewal funding policy similar to that in SEVRA. Agencies' renewal funding was based on the cost of their vouchers in use in calendar year 2006, adjusted by inflation and for recently-issued tenant protection vouchers and for vouchers reserved for project-based commitments. For 2008 and 2009, Congress directed HUD to base renewal funding on agencies' voucher leasing and costs in the prior <i>fiscal year</i> (12 months ending September 30), with similar adjustments to those applied in 2007. Renewal funding is offset by excess fund</p> | <p>Each agency's share of annual appropriations would be based on its actual leasing and costs in the last completed calendar year, adjusted by HUD's formula annual adjustment factors and for recently-issued tenant protection or incremental vouchers. Adjustments also would be required for vouchers left unused due to project-based voucher commitments and for the full-year cost of vouchers ported in the prior calendar year, and HUD would have discretion to make other adjustments, including for natural disasters. Renewal funding would not be provided for vouchers funded by: (a) non-section 8 funds, unless a PHA used the non-Section 8 funds to maintain vouchers in use in a year when renewal funding is reduced by proration; or (b) the use of advance funds (see below).</p> <p>“Overleasing” is permitted, except that each year, the maximum leasing rate used to calculate renewal funding eligibility is 103 percent of the leasing rate in the prior year, with adjustments for new vouchers awarded, <i>if</i> a PHA uses reserves to fund additional vouchers over the authorized level. If Congress provides insufficient funding, each agency's share would be pro-rated, except for the renewal costs of enhanced vouchers under section</p> |

| <b>Policy</b>                       | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>  |
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| <b>Agency funding levels cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>balances from prior years (see below).</p> <p>Since 2003 Congress has prohibited use of renewal funding for more than an agency's authorized number of vouchers.</p>  | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>8(t), which must be funded in full.</p> <p>HUD is directed to set aside funds not needed to fund the formula due to offsets for excess reserve levels or "extra" appropriations to reimburse increased costs related to portability and "family self-sufficiency activities" in the current year. Any remaining funds not needed for these two purposes are to be allocated to agencies that performed best in using renewal funds to serve eligible families and based on relative need for funding to serve additional families. (Section 6, inserting revised §8(dd)(2).)</p>   |
| <b>Reserve funds and advances</b>   | <p>Prior to 2002, PHAs were permitted to retain two months of reserves, and HUD would replenish reserves used for permissible purposes. In 2002, Congress reduced the maximum reserve level to one month, and recaptured the additional funds. The 2003 and 2004 appropriations acts provided a central fund to HUD to permit agencies to increase use of authorized vouchers. No such funds have been provided since 2004. The 2005 appropriations act required HUD to reduce program reserves from one month to one week. In January 2006, HUD announced that it was rescinding all remaining reserve funds accumulated from 2004 and earlier voucher funding, but would allow agencies to retain unused 2005 funds in an "undesignated fund balance account," subsequently renamed a "net cumulative HAP equity account." (PIH 2006-03, January 11, 2006; PIH 2007-14, June 18, 2007.) Agencies may use these carry-over funds to support additional authorized vouchers. For 2008, Congress defined excess fund balances as the amount above 7 percent of 2007 renewal funding that could not be used for authorized</p> | <p>HUD is directed to offset agencies' renewal funding by the amount of unused funds at the end of the immediately preceding calendar year above a threshold to be set by HUD, which must be at least 6 percent of the current year's renewal funding. (See above for how these funds are to be reallocated.) (Section 6, inserting §8(dd)(4).) Permitted levels of reserve funds may be used for all authorized purposes, and HUD may not recapture them.</p> <p>Every agency may, in the last quarter of the calendar year, draw up to an additional two percent of renewal funding as an advance on the subsequent year's renewal funding. (Agencies with reserve funds could draw only the difference between their reserve funds and the 2 percent maximum advance and must first use their reserves.) Such funds may be used to meet the costs above the annual funding level incurred for any reason, including temporary overleasing. This policy innovation is a cost-free way of providing contingency funding to agencies, to enable them to aim to use all of their funds and all of their authorized vouchers without fear of overshooting the goal. The advance policy requires no added budget authority so long as Congress continues the recent practice of including an advance appropriation (more than \$4 billion each year since 2002) within each year's housing voucher appropriation. (Section 6, inserting</p> |

| <b>Policy</b>                           | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>   |
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| <b>Reserve funds and advances</b>       | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified<br><br>vouchers. For 2009, Congress directed HUD to offset \$750 million in reserves against agencies' renewal funding. HUD offset varying proportions of agencies' reserves, depending on the agencies' rate of utilization of vouchers and voucher funds and whether the reserves could be used to fund authorized vouchers.   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>Section 8(dd)(3.)  |
| <b>Authorization of renewal funding</b> | Funding to renew previously awarded vouchers is permanently authorized, subject to appropriation. (Section 8(dd).)  | Renewal funding "as may be necessary" is authorized for five years, through 2014. (Section 6, inserting Section 8(dd)(1)(A).)   |
| <b>Tenant protection vouchers</b>       | Various sections of the U.S. Housing Act authorize the issuance of new "tenant protection" vouchers to replace other federal housing assistance. Beginning in 2006, HUD restricted issuance of new tenant protection vouchers to occupied units. The 2008 and 2009 appropriations acts require that tenant protection vouchers be issued to replace all units that were occupied within the previous 24 months.   | Includes authorization for all types of "tenant protection" vouchers, as well as vouchers necessary to comply with a consent decree or court order and to protect victims of domestic violence, and directs HUD to provide replacement vouchers for all lost units, without limitation to whether the units were occupied. If insufficient funds are available to award all of the authorized tenant protection vouchers that are requested, HUD is directed to prioritize vouchers for which PHAs are eligible for essentially involuntary reasons. (Section 6, inserting revised §8(dd)(1)(B and sec. 15(b)(see Enhanced Vouchers below.) |
| <b>Portability</b>                      | Families with a voucher have the right to move to any community where an agency administers a voucher program, except that an agency may require new participants that at the time they applied for a voucher lived outside the area served by the agency to live within the jurisdiction for one year. (Section 8(r).) The "receiving" agency may "absorb" the family into its own voucher program, thereby allowing the original agency to reissue a voucher to another family on its waiting list, or may bill the initial | Families' portability rights would not be changed. Requires HUD to issue a proposed rule within 6 months of enactment, to be finalized within 12 months, revising portability procedures "to eliminate, or minimize to the greatest extent feasible consistent with available funding, billing between agencies and administrative barriers to families' choices of where to reside, without undermining the ability of public housing agencies to serve their waiting lists." (Section 6(b).)  |

| <b>Policy</b>                   | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>Portability cont'd</b>       | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>agency for the subsidy cost. (§982.355.) The fixed funding system adopted in the 2005 and 2006 appropriations acts made it difficult for agencies to meet additional costs due to portability. Subsequent appropriations acts have directed HUD to use adjustment funds in part for portability-related cost adjustments.</p>   | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p>  |
| <b>Special purpose vouchers</b> | <p>From 1997 to 2002, Congress and HUD funded about 57,000 additional vouchers for non-elderly people with disabilities, largely as a means to offset the reduction in housing opportunities created by permitting other federally-assisted housing to be “designated” for the elderly. From 1994 to 2001, HUD awarded about 34,000 vouchers under the Family Unification Program (FUP) to families for whom a lack of adequate housing would otherwise require a child to be placed in out-of-home care through the child welfare program. For 2008 and 2009 Congress again provided funding for new vouchers under both these programs. In some recent years, Congress has included language in appropriations acts requiring that vouchers for non-elderly people with disabilities and FUP vouchers continue to be made available upon turnover to the same populations “to the extent practicable.” In 2008 and 2009, Congress also provided funding for vouchers for supportive housing for homeless veterans. These vouchers were accompanied by a requirement that they remain available for the same purpose upon turnover.</p> | <p>HUD is required to issue guidance to ensure that, “to the maximum extent practicable,” vouchers provided for non-elderly disabled families or homeless veterans in 1997 or later years continue to be made available to those groups upon turnover. (Section 6(c) of the bill.)</p> <p>No provision is included regarding vouchers originally issued under the family unification program.</p> |

| <b>Policy</b>                          | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>   |
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|  | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified  | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified   |
| <b>Administrative fees</b>             | Under Section 8(q), agencies earn ongoing administrative fees based on the number of units leased. HUD is permitted to set lower per-unit fee rates for units owned by the administering PHA. From 2004 through 2007, appropriations acts have overridden the existing fee framework, and have based each agency’s share of total administrative fee funding on the amount the agency earned for units leased in 2003, with adjustments for subsequent awards of new vouchers, but without any adjustment for increased labor, insurance or other costs, or for leasing changes. Beginning in 2008, payment of administrative fees has again been based on vouchers in use, using updated fee rates based on the per-voucher rate in effect in 2003. Congress has not fully funded the applicable administrative fee formula in recent years. | Bill updates Section 8(q), retaining the statutory policy under which fees are based on units leased. Adds new requirement to include in the calculation of fees an amount “for the cost of issuing a voucher to new participants.” HUD is required to update the fee rate annually based on changes in wage and benefit data or other objective measures of the cost of program administration, using PHAs’ 2003 rates, updated for inflation, as the basis of current fees. Requires that fee for PHA-owned units take into consideration cost of contracting with third parties for inspections and rent-reasonableness determinations. Allows HUD to establish a new fee formula by regulation that provides for the “full cost of administering vouchers” and may include performance incentives. (Section 7(a), amending §8(q).)  |
| <b>Family Self-Sufficiency program</b> | Every agency is permitted to operate a Family Self-Sufficiency (FSS) program, which provides case management support and the opportunity to accumulate savings. Some agencies are required to enroll a specified number of families in FSS, based on special awards of voucher funds prior to 1998. Depending on the level of appropriations and HUD selection criteria, agencies may receive additional funding from HUD for the cost of FSS coordinators. (Section 23; 24 C.F.R. Part 984.) Prior to funding policy changes in 2005, HUD provided additional funding to cover the cost of the savings accounts. Enrollment in FSS has declined in recent years, possibly due to the renewal funding policies in 2004-2006. In 2008 and 2009, the voucher  | The bill makes no change in FSS program requirements or policies, but does include two policy changes that will encourage PHAs to initiate and expand FSS programs. First, the proposed funding policy would provide additional funds to agencies related to costs of FSS savings accounts. Second, fees for FSS coordinators would be distributed by formula rather than through a competition in which HUD can change the criteria annually, as has occurred in recent years. A portion of the fees may be allocated as an incentive for high performance. (Section 7(a), amending §8(q) of the Act, and §7(b) of the bill, amending §23(h)(1) of the Act, 42 U.S.C. §1437u (the FSS section).<br><br>In addition, the bill requires a formal outcome-based evaluation of FSS using random assignment, authorizes \$10 million for the evaluation, and requires HUD to submit to Congress an interim evaluation within 4 years and a final evaluation within 8 years. |

| <b>Policy</b>                                    | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>Family Self-Sufficiency program cont'd</b>    | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified<br><br>funding formula allowed for adjustments for increases in FSS escrow costs.   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>(Section 7(b), inserting new §23(h)(1)(G).)<br><br>FSS escrowed savings are exempt from the new asset test. (Section 4(a), inserting new section 16(e)(2).)  |
| <b>Moving to Work/Housing Innovation Program</b> |  |   |
| <b>Legal authority for MTW/HIP</b>               | Moving to Work demonstration authorized by Section 204, Title V of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134)  | Moving to Work would be renamed the Housing Innovation Program (HIP) and authorized for 10 years as section 37 of the U.S. Housing Act. (Section 26)  |
| <b>Purposes of MTW/HIP</b>                       | To design and test various approaches to reduce costs, promote work, and increase housing choices. (Title V, Section 204(a) of P.L. 104-134)   | Design and evaluation of innovative approaches for purposes including expanding housing opportunities, promoting work while protecting families from increased rents burdens, and utilizing funds more cost effectively. (Section 26, creating new section 37(a) of U.S.H.A.)   |
| <b>Number of MTW/HIP agencies</b>                | Original MTW statute permitted HUD to select up to 30 agencies. (Title V, Section 204(b) of P.L. 104-134.) Some agencies originally selected have left the demonstration, but Congress has permitted or directed HUD in several annual appropriations acts to admit new agencies; currently there are 30 agencies participating. The 2009 Omnibus Appropriations Act directed HUD to admit three more MTW agencies (for a total of 33) that administer fewer than 5,000 combined vouchers and public housing units each, have received a HOPE VI grant, and are high performers under the Public Housing Assessment System. (Public Law 111-8) HUD issued a notice on August 19, 2009 soliciting | HUD can admit up to 60 agencies (including current MTW agencies approved for continued participation) to a “full HIP” component, to the extent necessary to test alternative policies in three areas: (1) expanding housing opportunities, (2) rent reforms and other policies that encourage self sufficiency, and (3) improving cost-effectiveness. Up to an additional 20 agencies (for a total of up to 80) can be admitted to a more limited “HIP-lite” component, to the extent necessary to test other innovative policies. HIP-lite agencies would not be permitted to alter rent rules or impose time limits and work requirements, are required to replace on a one-for-one basis any public housing units that are demolished or disposed of, and are subject to added resident outreach and participation requirements. If during the demonstration the number of agencies participating falls below the number initially selected, |

| <b>Policy</b>  | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>Number of MTW/HIP agencies cont'd</b>                                 | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified<br><br>applications from the 20 agencies that meet those criteria. (PIH Notice 2009-29)       | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>the HUD is required to select new agencies to bring the number up to the initial level. (Section 26, creating new section 37(b)(1) and (d)(4) of U.S.H.A.)   |
| <b>Term of MTW/HIP participation and transfer of MTW agencies to HIP</b> | No term limitation in the statute. Initially HUD generally entered into contracts for 5 to 7 years. Most agencies are currently operating under 10 year contracts or contract extension with expiration dates in 2018. | The program is authorized for 10 years from the date of enactment. There are no criteria specified for continuing participation in the program within that 10 year period.<br><br>Each agency participating in MTW will be transferred into HIP if HUD determines that the agency is not in default of its MTW agreements, is meeting the goals and objectives of its MTW plan, and rectifies any non-compliance with program rules identified by the HUD Inspector General. Generally, transferred agencies have 2 years to comply with new HIP requirements that vary from the agencies' pre-enactment policies, and transferred agencies can opt out of their existing MTW agreements. (Section 26, creating new section 37(b)(2) and (c) of U.S.H.A.)   |
| <b>Selection criteria for new MTW/HIP agencies</b>                       | HUD must consider each agency's potential to carry out its proposal and its past performance in operating its public housing program. (Title V, Section 204(d) of P.L. 104-134.)                                       | Initial selection is to occur within 12 months of enactment. Agencies are eligible to submit a proposal unless they are "troubled" under HUD's assessment system for the public housing or voucher programs or HUD has appointed alternative management or taken possession of all or part of the agency's public housing program. No more than 5 agencies that are "near-troubled" under the public housing or voucher assessment systems may participate, and these agencies are subject to additional restrictions on the types of policies they can test. Agencies must conduct public meetings on proposed applications and provide residents and the community advance notice of the meetings. In addition, HUD is to prefer applicants based on their demonstrated need for the flexibility accorded by the program, likelihood that they will achieve program goals, the commitment of local funding, the extent of resident and community support, and past success in similar activities. HUD |

| <b>Policy</b>   | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>  |
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| <b>Selection criteria for new MTW/HIP agencies cont'd</b> | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified  | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>may set addition selection criteria through a consultation process with stakeholders and the evaluating entity. Requires that participating agencies include both large and small agencies, agencies serving urban, suburban and rural areas, agencies located in various regions of the country, and agencies that administer vouchers but not public housing, but does not require HUD to admit specific numbers of agencies from any of those categories. (Section 26, creating new section 37(d) of U.S.H.A.) |
| <b>Use of funds at MTW/HIP agencies</b>                   | Agencies may combine public housing operating and capital funds and voucher funds housing assistance funding and administrative fees. Funding is not to be diminished due to participation in the demonstration. (Title V, Section 204(b) and (f) of P.L. 104-134.)   | MTW agencies transferred to HIP may combine public housing and voucher funding. New agencies are eligible to blend public housing and voucher program funds only if in the prior year they used at least 95 percent of their newly allocated funding or 95 percent of their authorized vouchers. After an agency has met this threshold once it can continue to combine funds for the remainder of the demonstration. Funding shall not be diminished due to participation in the program. (Section 26, creating new section 37(e)(1) and (5).)  |
| <b>Number of families served at MTW/HIP agencies</b>      | Agencies that combine public housing and voucher funds must assist “substantially the same total number of eligible low-income families as would have been served if the funds had not been combined.” MTW agencies must also continue to serve a comparable mix of families by size. (Title V, Section 204(c)(3)(C) and (D) of P.L. 104-134.)) HUD has implemented this requirement in a manner that allows agencies to assist significantly few families than the receive funding to serve. | Agencies must serve not less than substantially the same number of families as they did in the year before they entered HIP (or MTW for continuing agencies), adjusted for new awards of vouchers, any change in the voucher funding proration, and other factors established by HUD. Agencies must also maintain a comparable mix of families by size, adjusted to reflect changes in the types of families on the agency’s waiting list and subject to waiver for up to three years based on modernization or redevelopment activities. (Section 26, creating new section (e)(2) of U.S.H.A.)                                |

| <b>Policy</b>  | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>  |
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| <b>Income targeting at MTW/HIP agencies</b>                  | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified<br><br>At least 75 percent of assisted families must have incomes at or below 50 percent of area median income. (Title V, Section 204(c)(3)(A) of P.L. 104-134.) | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>MTW agencies would be subject to the normal requirements of the U.S. Housing Act that 75 percent of new voucher holders and 40 percent of new public housing residents each year must have incomes at or below the targeting threshold (Section 26, creating new section 37(e)(3)(A) of U.S.H.A.). The targeting threshold is currently 30 percent the local area median income but would be changed by section 5 of SEVRA to the higher of the poverty where that is higher than 30 percent of area median income or the poverty line. (See above.)  |
| <b>Rent rules at MTW/HIP agencies</b>                        | Rent policy must be “reasonable” and designed to encourage employment and self-sufficiency. (Title V, Section 204(c)(3)(B) of P.L. 104-134.)  | Agencies in the full HIP component may make material changes in rent policies only if the policies include hardship and transition provisions and if the agency agrees to allow the new policies to be evaluated. Prior to adoption, agencies must conduct an impact analysis of the proposed policy changes on current tenants and on families on the waiting list, which must be made publicly available at least 60 days in advance of a public meeting. An agency must reassess the impact of rent policy changes every 2 years and include data in the annual report on hardship requests and adverse impacts. Agencies may not adopt rent policies that result in “families making substantially higher rent payments than would be made by families of comparable income” under the regular rules, but the bill does not indicate how high a rent increase must be to be considered “substantial” or whether the rule will be applied to each individual family or based on an average of all families assisted by the agency. Agencies in HIP-lite may not vary the rent rules of the U.S. Housing Act. (Section 26, creating new section 37(e)(4) and (6), and (i)(1)(A) of U.S.H.A.) |
| <b>Work requirements and time limits at MTW/HIP agencies</b> | Agencies may impose “terms and conditions” on receipt of housing assistance “to facilitate the transition to work” subject to approval by HUD. (Title V, Section 204(b) of P.L. 104-134.)   | Subject to the same types of procedural, hardship, and transition requirements that apply to rent policy changes. Time limits may not be for a period shorter than 5 years, and work requirements must be “consistent with” the Temporary Assistance to Needy  |

| <b>Policy</b>   | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>Work requirements and time limits at MTW/HIP agencies cont'd</b>           | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>Families (TANF) program. Enforcement of both work requirements and time limits must be suspended when an area's unemployment rate exceeds 10 percent. Work requirements and time limits must be incorporated in an addendum to the public housing lease and, for voucher holders, in a participation agreement. Residents may bring a civil action to enforce agency commitments in the lease addendum or participation agreement. Agencies in HIP-lite may not impose work requirements or time limits (Section 26, creating new section 37(e)(4), (7), and (8); and(i)(2)and (3) of U.S.H.A.)  |
| <b>Application of other U.S. Housing Act requirements at MTW/HIP agencies</b> | All public housing and voucher units at MTW agencies must meet HUD-established quality standards. HUD may waive any provision of the U.S. Housing Act except Section 12 (applying Davis-Bacon prevailing wage requirements to development of public housing or buildings with 9 or more section 8 assisted units, and public housing community service requirements) and Section 18 (concerning demolition and sale of public housing). (Title V, Section 204(c)(3)(E) and (e) of P.L. 104-134.) | Public housing and voucher program quality standards continue to apply. All agencies must also comply with prevailing wage, demolition/disposition, voucher portability requirements, grievance and procedural protections for housing assistance recipients and applicants, and most resident participation requirements (discussed further below). No more than half of an agency's voucher funding may be project-based, and an agency may not eliminate mobility rights for a number of project-based vouchers exceeding 25 percent of its total number of authorized vouchers. For HIP-lite agencies, vouchers project-based to replace public housing are exempt from limits on the number of project based vouchers in a building. With minor modification, agencies must comply with current requirements on designation of public housing for elderly or people with disabilities. Beyond the specifically retained provisions, agencies can be exempted from other U.S.H.A statutory provisions and from existing rules and regulations, to the extent that these exemptions are "generally identified" in the agencies approved MTW application. HUD also may waive requirements that are not identified in an agency's application if it determines that doing so would further the goals of the demonstration. (Section 26, creating new section 37(e)(3) of U.S.H.A.) |

| <b>Policy</b>   | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>  |
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| <b>Resident and community input at MTW/HIP agencies</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>Public hearing and consideration of comments from “current and prospective residents” prerequisite to submission of initial application. (Title V, Section 204(c)(2) and (3) of P.L. 104-134.) HUD has required public notice and comment on subsequent proposed annual plans, but has waived other requirements concerning the resident advisory board and the PHA plan process.</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Prior to submitting an application, agencies must provide advance notice of their proposed HIP initiative and hold at least two public meetings. Selection preference is given to applications supported by residents and the community. Agencies are required to comply with statutory requirements for tenant representation on governing boards and for resident advisory boards, and with requirements regarding establishment and support for resident councils as implemented by applicable regulations (such as those under 24 C.F.R. 964). Agencies must make proposed changes in rent or continued occupancy policy (see above) and annual plans publicly available and open for comment at a public meeting, and must hold at least one meeting with the resident advisory board, which must include representatives of voucher recipients, on the proposed annual plan. Very large agencies (those with more than 15,000 combined voucher and public housing units) must hold additional meetings. Annual plans submitted to HUD must include responses to public and resident comments. Agencies in HIP-lite must comply with additional procedural requirements as part of any demolition or disposition of public housing, and must make available to residents of public housing funded under the Act at least 25 percent of the unskilled jobs in demolition and construction-related activities and 30 percent of total hours worked. \$10 million per year for five years is authorized to provide capacity-building and technical assistance to promote participation by residents and other low-income families in the annual plan process. (Section 26, creating new section 37(d)(1)(C)-(E); (e)(3)(B),(D) and (P); (e)(4); (i)(5); and (k) of U.S.H.A.)</p> |

| <b>Policy</b>                           | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>   |
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| <b>MTW/HIP annual reports and plans</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>MTW statute does not refer to annual plans and leaves reporting requirements largely to HUD’s discretion. (Title V, Section 204(g) of P.L. 104-134.) Most MTW agencies are subject to annual planning and reporting requirements established by their MTW agreements.</p>   | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Agencies must submit to HUD an annual plan describing program activities and changes from the previous year, and documenting or certifying compliance with resident participation and other requirements. HUD may disapprove a plan if available information shows an agency is not in compliance with HIP requirements or if the plan is inconsistent with applicable law or other information available to HUD, but it is not clear whether there are any consequences of disapproval of the annual plan other than the lack of approval of new proposed initiatives. If HUD does not approve or disapprove a submitted plan within 45 days it is deemed approved. In addition, agencies must submit an annual report containing information including financial documents, descriptions of hardship exemptions granted or denied, documentation of resident and public participation, and data on changes in the income and types of families assisted since the agency entered the demonstration. (Section 26, creating new section 37(e)(11), (h) of U.S.H.A.)</p> |
| <b>MTW/HIP evaluation</b>               | <p>Detailed evaluation required of up to 15 agencies to identify “replicable program models promoting the purpose of the demonstration” with report to Congress required 6 months after the end of the third year of the demonstration. (Title V, Section 204(h) of P.L. 104-134.) In practice, a meaningful evaluation was never possible because HUD failed to collect relevant data and agencies were not required to design demonstration programs in a manner that allowed experimental evaluation. The Urban Institute completed the evaluation report in 2004 based on the limited information available.</p> | <p>HUD is required to conduct a detailed evaluation of all participating agencies, including those transferring from MTW. The bill lists methodologies that should be used “where appropriate and to the extent funding is available,” including comparison of outcomes for participants with those for similar families not subject to HIP policies. HUD must establish an advisory council to provide input on the policies and strategies to be tested in evaluation. Performance of all agencies, including those transferring from MTW, must be evaluated. HUD may require agencies to submit information for the evaluation as part of the annual report, and agencies must comply with their obligations under the national evaluation, including submitting baseline information. HUD may contract out for the evaluation with a qualified independent entity, and HUD or the evaluating entity must establish performance measures. HUD must submit three evaluation reports to Congress within two, four, and ten years of enactment. \$15 million authorized for the required</p>  |

| <b>Policy</b>                    | <b>CURRENT LAW</b>  | <b>HOUSE SEVRA BILL</b>   |
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| <b>MTW/HIP evaluation cont'd</b> | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified  | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified<br><br>evaluations. If an evaluation report indicates that a policy adopted under HIP has been harmful to assisted families, HUD can require the agency to modify the policy. In addition, within four years of enactment, GAO must report to Congress on the extent to which agencies participating in HIP are meeting the goals and purposes of the program. (Section 26, creating new section 37(a)(6), (e)(11)(B)(v)(III), (f), (h)(5), and(l) of U.S.H.A.) |
| <b>Other Provisions</b>          |   |   |
| <b>Downpayment assistance</b>    | Agencies may use funds to assist a participating family to meet downpayment costs. Maximum amount of downpayment assistance is equal to one year of the amount of voucher subsidy for which a family would have been eligible. (The maximum would be approximately \$7,000 on average in 2009, and would be less for families with higher than average incomes.) (Section 8(y)(7); §982.643.) Option is not effective until approved in advance in an appropriations act, which has never occurred. | Removes requirement for advance approval in an appropriations act, enabling HUD to make the option immediately effective. Other restrictions of current law would apply, but the amount of the maximum payment would be changed to \$10,000 (an increase in most cases), rather than being based on the amount of voucher subsidy for which a family would have been eligible over a one-year period. (Section 8(a), amending §8(y)(7).)  |
| <b>Manufactured homes</b>        | Subsidy payments are permitted only to meet the costs of renting the land on which a manufactured home owned by a family is located. No subsidy is permitted for utility costs, property taxes or the costs of the loan or insurance on the manufactured home. (Section 8(o)(12). HUD generally limits the payment standards for land rentals to 40 percent of the 2-bedroom fair market rent. 24 C.F.R. § 888.113(g).  | SEVRA allows vouchers used for manufactured homes to cover payments and insurance on the home, property taxes, ground rent, and tenant-paid utility costs, subject to the same payment standards that apply to other rental or homeownership payments. PHAs may choose to pay the subsidy amount attributable to costs other than the ground rent directly to the family. (Section 8(b), amending §8(o)(12).)   |

| <b>Policy</b>                      | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>  |
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| <b>Establishing credit history</b> | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified  |
| <b>Performance standards</b>       | No provision.  | Allows PHAs, with tenant consent, to submit information to credit reporting agencies regarding payment history of families receiving voucher assistance. HUD is required to consult with consumer reporting agencies to establish a uniform format and system for PHAs to use. (Section 9, inserting new §3(e) of the Act.)  |
|                                    | Currently there is no statutory requirement to assess agency performance in administering the voucher program. HUD initiated the Section 8 Management Assessment Program (SEMAP) by rulemaking in 1998. Under SEMAP, agencies are evaluated annually based on their compliance with statutory and regulatory requirements, but not on achievement of program goals. By regulation an agency has substantial time to correct inadequate performance before HUD may take away its funding. (24 C.F.R. Part 985.) | Adds a new statutory requirement for HUD to establish standards and procedures for assessing PHA performance in administering the section 8 voucher and homeownership programs, which would supersede the existing SEMAP standards and procedures. Performance would be measured at least every two years in specified areas that closely match the current SEMAP categories, without the regulatory detail. (HUD would be required to issue new regulations.) The only area currently assessed under SEMAP that is omitted from the required standards is selection of families from the waiting list in accordance with an agency’s written criteria, but HUD would have discretion to add this or other additional areas for performance measurement). A requirement to assess effectiveness in carrying out policies to achieve deconcentration of poverty and reduction of racial segregation strengthens the standard in the current regulation, which is only a bonus factor and is limited to deconcentration of poverty. Also new is a requirement to assess the reasonableness of rent burdens, linked to the new statutory requirements outlined below. Compliance with targeting requirements in admissions is specifically required, and assessment of payment accuracy must include accuracy of utility allowances. The provision is silent concerning the consequences of different levels of performance. (Section 10, inserting new §8(o)(21)). |

| Policy                        | CURRENT LAW  | HOUSE SEVRA BILL   |
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| <b>Project-based vouchers</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>An agency may project-base up to 20 percent of its budget authority. (HUD’s regulations allow agencies to exceed this level if annual funding is reduced after the commitment of project-based vouchers.) The initial contract term may be up to 15 years, and PHAs may agree at any time to extend the term in up to 15-year increments subject to certain conditions. Project-basing permitted only in areas consistent with the goals of deconcentrating poverty and expanding housing and economic opportunity. No more than 25 percent of units in a project may receive project-based voucher assistance, with exceptions for units housing the elderly, persons with disabilities, or families receiving supportive services. (PHAs may define what types of supportive services qualify.) Families have a right to relocate with the next available voucher after one year. Certain special subsidy and rent rules apply, enabling higher subsidies if reasonable (including in LIHTC units) and restricting tenants’ contribution to 30 percent of income. (Section 8(o)(13) as amended by the Housing and Economic Recovery Act of 2008, P.L.110-289; final rules at 24 C.F.R. Part 983, issued October 2005, revised by 72 Fed. Reg. 65206, Nov. 19, 2007 (re rent levels for project-based vouchers in tax credit units) and 73 FR 71037 (re HERA provisions). See <a href="http://www.cbpp.org/archiveSite/11-25-08hous-prac.pdf">http://www.cbpp.org/archiveSite/11-25-08hous-prac.pdf</a> for a description of the HERA changes.</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Amends section 8(o)(13) to facilitate the use of project-based vouchers (PBVs) by PHAs:</p> <ul style="list-style-type: none"> <li>a. An agency may project-base up to 25 percent of its budget authority, plus an additional 5 percent for units housing individuals and families meeting the McKinney homelessness definition, providing supportive housing to persons with disabilities, located in areas where vouchers are difficult to use, or for other reasons specified by HUD.</li> <li>b. The greater of 25 <i>percent</i> of the units in a project or 25 <i>units</i> may receive project-based voucher assistance. Current exceptions to these limitations for projects that serve the elderly and people with disabilities continue to apply, but the exception for families receiving supportive services is narrowed to services for special needs populations, such as the formerly homeless. New exceptions are added for tight market areas, where 40% of units may have PBVs, and for areas where the poverty rate is 20% or less, where 50% of the units in a project may have PBVs.</li> <li>c. Permits owner-managed site-based waiting lists, subject to PHA oversight and responsibility, and protects tenants displaced by rehabilitation.</li> <li>d. Permits project-based vouchers to be used in PHA-owned units without following a competitive process, so long as the action is included in the PHA plan and the units will not also receive public housing capital or operating funds.</li> <li>e. Allows PHAs to transfer vouchers and budget authority to other PHAs in the same or an adjacent metropolitan area or county.</li> <li>f. In units receiving funding under the Housing Trust Fund or Capital Magnet Fund, allows rents (and therefore subsidy levels) to be lower than 90% of FMR or the market-comparable</li> </ul> |

| <b>Policy</b>                          | <b>CURRENT LAW</b>   | <b>HOUSE SEVRA BILL</b>  |
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|  | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified  |
| <b>Project-based vouchers cont'd</b>   |  | reasonable rent, by mutual agreement of PHAs and owners, thereby allowing voucher funds to support more production. (Section 11 of the bill, amending §8(o)(13).)  |
| <b>Subsidy levels and rent burdens</b> | <p>Agencies must set a “payment standard” for each unit size within 10 percent of the HUD-determined Fair Market Rent (FMR). The payment standard operates as the maximum subsidy for a unit, subject to “rent reasonableness” requirements described below. HUD may approve lower or higher payment standards. (Section 8(o)(1).)</p> <p>Payment standards may vary by neighborhood. The subsidy payment may not exceed the payment standard or the unit’s rent and utility costs, whichever is lower. The amount of the subsidy is equal to the difference between the maximum subsidy and a family’s required contribution. If a family rents a unit with a rent higher than the local payment standard, it must pay the rent above the payment standard itself (in addition to 30 percent of adjusted income). New participants and families moving to new units are not allowed to pay more than 40 percent of adjusted income, but there is no limit on rent burdens after initial occupancy. (Sections 3(a)(1) and (3); 8(o)(3).)</p> <p>HUD is directed to “monitor” rent burdens and determine if “a significant percentage” of families pay more than 30 percent of income for rent. (Regulations provide that it would be “significant” if 40 percent or more of participating families’ rent burdens exceeded 30 percent of income. See 24 C.F.R. § 982.503(g)(2).) In such a case, HUD may but is</p> | <p>The 90 to 110 percent of FMR discretionary range for area payment standards remains unchanged, but PHAs could increase the payment standard to 120 percent of FMR without having to seek HUD approval as a reasonable accommodation for persons with disabilities. (Section 12(c), amending §8(o)(1(D)).)</p> <p>HUD must report annually to Congress and provide data to public housing agencies on the percentage of families in the voucher program paying more than 30 percent and more than 40 percent of adjusted income for rent and the relationship between geographic concentration of voucher holders (analyzed by race and ethnicity) and agency payment standards. PHAs must make these data public, including as part of the PHA plan.</p> <p>If the vouchers administered by a PHA are excessively clustered in higher poverty neighborhoods or the percentage of assisted families paying more than 40 percent of income for rent and utility costs at a particular PHA exceeds standards set by HUD, the PHA must adjust its payment standard to eliminate excessive rent burdens within a reasonable time or explain its reasons for not doing so.</p> <p>HUD may not deny a PHA request to increase an area payment standard up to 120% of FMR to remedy rent burdens in excess of the national average or undue concentration of voucher holders in lower rent, higher poverty areas. (Section 12(a) and (b), amending §8(o)(1)(E) and §5A(d)(4)[the PHA plan section].)</p> <p>For proposed changes in policy for calculating tenant rent payments, which would also affect tenants in the public housing and project-based Section 8 programs, see rent policy section above.</p> |

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| <b>Subsidy levels and rent burdens cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>not required to direct a PHA to increase its payment standard. (Section 8(o)(1)(E).) It appears that HUD has never analyzed rent burdens or exercised its authority under this provision.</p>  | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p>   |
| <b>Fair Market Rents</b>                      | <p>HUD is required to establish Fair Market Rents (FMRs) for units of various sizes that are suitable for occupancy by low-income households in each “market area,” but the statute does not define what market areas are or what criteria should be used to define them. (Section 8(c)(1).) With some exceptions, HUD sets separate FMRs for each metropolitan area (as defined by the Office of Management and Budget) and rural county. (24 C.F.R. § 888.113.) The metropolitan areas that HUD uses are often very large, covering multiple counties and having populations as high as several million people.</p> | <p>HUD would be directed to define FMR areas that are sufficiently distinct to result in FMRs that reflect typical rental costs in metropolitan and rural areas, including in low-poverty areas, and to avoid concentration of voucher holders, while taking into account administrative burdens on HUD and PHAs, data limitations, and the ability of housing agencies to adjust payment standards above or below the FMR. Requires HUD to establish procedures to permit a housing agency to request separate FMR areas for all or part of the agency’s jurisdiction. To protect current voucher holders from declines in subsidies when FMRs drop, PHAs would be permitted to continue to use payment standards based on the pre-reduction FMRs for as long as a family remains in the same unit. In addition, HUD would be required to phase in FMR changes of five percent or more that result from shifts in area boundaries or other changes in HUD’s methodology (but not those resulting from actual changes in market rents). (Section 13, amending §8(c)(1).)</p> |
| <b>Screening and due process</b>              | <p>Prospective landlords are responsible for deciding whether a family will be suitable as a tenant. Before issuing a voucher to an applicant at the top of the waiting list, however, PHAs are required to screen for certain types of criminal offenses and drug-related activity. PHA’s may also elect to screen tenants based on additional criteria related to tenant behavior or suitability. (Section 8(o)(6)(B); 24 C.F.R. §§ 982.201(f); 982.307, 982.552-553.)</p>  | <p>If a PHA elects to apply screening criteria beyond those that are required, the screening must be “limited to criteria that are directly related to an applicant’s ability to fulfill the obligations of an assisted lease, and shall consider mitigating circumstances related to such applicant.” (This would likely mean, for example, that an applicant with a history of nonpayment of credit card bills, but good rent payment history, could not be denied a voucher on the basis of credit history.)</p> <p>Basic due process requirements would be included in the voucher statute that are similar to requirements in the public</p>  |

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| <b>Screening and due process cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>The statute is silent concerning notice and hearing rights of voucher applicants denied admission to the program based on such screening. It also does not address the due process rights of program participants if an agency decides to terminate voucher assistance. Under HUD regulations, applicants denied assistance and participants subject to termination of voucher assistance have rights to notice and informal review or hearing by the agency. HUD's rules allow but generally do not require consideration of mitigating circumstances. (24 C.F.R. §§ 982.552-.555.) In contrast, the public housing statute specifies the informal hearing rights of applicants and tenants. (See section 6(c)(4) and (k).)</p> <p>PHAs (for the voucher program and public housing) and project-based Section 8 owners must establish standards prohibiting admission of applicants who are currently using illegal drugs or that have a pattern of illegal drug use or alcohol abuse that "may interfere with the health, safety or peaceful enjoyment of the premises by other residents." In addition, tenants who have been evicted from federally assisted housing due to drug-related criminal activity are ineligible for assistance for three years unless they complete a rehabilitation program. (Section 576(a) and (b) of QHWRA [42 USC 13661(a) and (b)])</p> <p>In all three programs, PHAs and owners are permitted to deny assistance to applicants who have engaged in any criminal activity that could have adverse effects on other tenants. (Section 576(c) of QHWRA [42 USC 13661(c)])</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>housing statute: notice of the basis of a decision to deny or terminate assistance and an opportunity for an informal hearing at which the hearing officer would have to consider evidence of mitigating circumstances, including conduct after the date of the actions that are the basis of the adverse action. Public and assisted housing tenants shifted to the voucher program due to demolition or disposition of their units or the termination of HUD contracts are not to be considered as applicants for voucher assistance and are not subject to elective screening. (Section 14, amending sec. 8(o)(6)(B).)</p> <p>Requires standards prohibiting admission of illegal drug users and chronic alcohol abusers. But denials of admission are only based on current use (except for tenants evicted due to illegal drug use in the previous three years, who would still be ineligible) not simply a pattern of use, and must be based on "documented evidence that is credible and objective."</p> <p>Limits denials for criminal activities to violent and drug-related activity in the previous five years (except that separate lifetime admission bans related to sex offenses and methamphetamine production in assisted housing would remain in place), and requires credible and objective evidence. Denials are only permitted for misdemeanors if they are based on a pattern of activity or certain specified offenses. (Section 14, amending section 576 of QHWRA.)</p> |

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| <b>Firearms restrictions</b>  | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified  |
| <b>Enhanced vouchers for families losing other assistance in privately-owned properties</b> | No provision.  | Prohibits HUD, PHAs, and owners from restricting otherwise lawful possession or use of firearms in units assisted through public housing or project-based Section 8 or units rented through the voucher program. (Section 15, inserting new Section 578A into the Quality Housing and Work Responsibility Act.)  |
| <b>Demonstration to promote employment of persons with disabilities</b>                     | Tenants in privately-owned properties who face steep rent increases due to the end of federal subsidies for reasons other than the expiration of a subsidized mortgage now have a right to remain in their homes with “enhanced” vouchers to meet the increased rent costs. (Section 8(t).) An “overhoused” family (e.g., a parent whose grown children have moved out) receives a voucher subsidy based on the PHA’s usual occupancy standards for the family’s size and composition, rather than the number of bedrooms in the unit, and may be required to move out of the building, if necessary, to a unit of appropriate size to receive voucher assistance. | A family eligible for enhanced voucher assistance is not required to requalify under the PHA’s selection standards and may elect to remain in the same project even if the family size is smaller or larger than the PHA would normally permit to reside in the unit, except that a family may be required to move to a unit of appropriate size if available in the project. Owners must accept enhanced vouchers and terminate tenancies only in cases of serious or repeated violations of the lease or applicable law. Families facing rent increases due to the termination of subsidized mortgages or related rent restrictions are eligible for enhanced vouchers. (Section 16, amending §8(t)(1)(B) and §8(t)(2).) |

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| <b>Incremental vouchers</b>                    | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>Authorization for new incremental vouchers expired after 2003. (Section 558 of the Quality Housing and Work Responsibility Act of 1998.) Current law provides a formula to distribute funds appropriated for new vouchers not restricted to a particular purpose. (Section 213(d) of the Housing and Community Development Act of 1974, 42 U.S.C. §1439.)</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>Authorizes funding for 150,000 incremental tenant-based vouchers and project-based vouchers for extremely low-income families in projects receiving federal, state or local capital funds in FY 2010. (Section 18.)</p>  |
| <b>PHA authority to pay utilities directly</b> | <p>PHAs have no authority to use voucher subsidy funds to make direct utility payments that have not been made by owners.</p>  | <p>Permits PHA to use subsidy payments normally due to an owner to pay for continued utility service in cases where the owner fails to make required utility payments for units rented to voucher holders. Requires PHA to take reasonable steps to notify owner before using subsidies for direct utility payments, except that no prior notification is required when a utility cutoff rendering the unit uninhabitable has occurred or is threatened. (Section 19, inserting new §8(o)(22) of the Act.)</p> |
| <b>Utility data</b>                            | <p>No provision.</p>   | <p>Requires HUD to regularly publish data regarding utility consumption and costs that HUD determines will be useful for setting voucher utility allowances, and to establish guidelines for use of the data in a manner that avoids unnecessary administrative burdens for agencies and protects families from high rent and utility cost burdens relative to income. (Section 20, inserting new Section 8(o)(23) of the Act.)</p>  |

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| <b>Project-based preservation vouchers</b>        | No provision.  | Authorizes provision of project-based vouchers in lieu of enhanced vouchers at the request of a project owner (prior to or after the issuance of enhanced vouchers) and subject to a determination by the PHA that the project to be assisted is economically viable and that assisted units in the building will be in significant demand or will further community goals. Such preservation project-based vouchers are similar to other project-based voucher assistance except they are not counted against the limit on the share of a PHA's voucher assistance that may be project-based, and are exempt from the limit on the share of units in a building that may be assisted with project-based vouchers. When more than one PHA could administer the new vouchers, HUD is directed, in making the award, to consider factors affecting the PHA's ability to issue tenant-based vouchers on request to families wishing to move. (Section 21, amending section 8(t) and adding a new subparagraph (P) to section 8(o)(13). |
| <b>Effect of foreclosure on voucher tenancies</b> | The Helping Families Save Their Homes Act (passed in May 2009) provides that both the lease between a voucher holder and owner and the housing assistance payment contract between the PHA and owner survive foreclosure and apply to the immediate successor in interest to the owner. In addition, the legislation prohibits the immediate successor in interest from terminating a tenancy during the term of a tenant's lease (without other good cause), unless the successor in interest will occupy the unit as a primary residence and has provided the tenant 90 days notice. (Section 703 of the Helping Families Save Their Homes Act of 2009, amending Section 8(o)(7) of the Act.) Both of these protections end on December 31, 2012. (Section 704 of the HFSTHA.) | Makes protections in HFSTHA permanent and extends protections to apply to purchasers who buy a property from an immediate successor in interest. In addition, option for PHA to use voucher funds for utility or moving costs in cases where a PHA is unable to continue subsidy payments to the successor in interest is extended to cover all voucher properties where foreclosures occur, rather than just NSP funded properties. (Section 22, amending section 8(o)(7) of the U.S Housing Act and Section 704 of the HFSTHA of 2009.)   |

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| <b>Effect of foreclosure on voucher tenancies</b>             | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>The American Recovery and Reinvestment Act of 2009 (passed in February 2009), had established similar requirements to those in the HFSTHA but only for properties in which Neighborhood Stabilization Program funds are used. In addition, for NSP-funded properties ARRA allows a PHA that is unable to continue subsidy payments to the successor in interest (either because the PHA cannot find the successor or because of inaction on the successor's part) to use voucher funds that would otherwise have been used for subsidies in the unit to pay for utility costs for which owners are responsible and for reasonable moving costs, including security deposits. (Title XII of the American Recovery and Reinvestment Act of 2009.)</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p>   |
| <b>Voucher holder access to federally assisted properties</b> | <p>Owners of properties receiving low-income housing tax credits, HOME or Neighborhood Stabilization program funds, participating in the Mark-to-Market program, or purchased from HUD are prohibited from refusing to lease to voucher holders because of their status as voucher holders. (26 U.S.C. §(h)(6)(B)(iv); 42 U.S.C. §12745(a)(1)(D); 42 U.S.C. 1437, Note; 12 U.S.C. §1701Z-1)</p>  | <p>No change from current law, but directs the Government Accountability Office (GAO) to conduct a study of obstacles to use of vouchers in federally subsidized properties and determine whether changes in the statutes, regulations or administration of federal housing programs would reduce those obstacles. (Section 23.)</p> |

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| <b>Interagency Council on Homelessness</b>                       | Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified   | Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified  |
| <b>Study of effect of Section 8 on HUD budget</b>                | No provision.  | Directs GAO to study the effect that rental assistance under Section 8 (including both vouchers and project-based assistance) have had on other HUD-administered programs and on the overall HUD budget. (Section 25.)   |
| <b>Study of use of income databases to reduce subsidy errors</b> | No provision   | Requires GAO to conduct a study to identify databases that can be used to reduce errors in subsidy determinations, and specifically to consider the Department of Health and Human Services' National Directory of New Hires Database. (Section 27)  |
| <b>Citizenship and identification requirements</b>               | Household members seeking or receiving assistance under any Section 8 program or public housing (as well as many other HUD programs) must be citizens or meet a limited list of categories of eligible immigration status ("Section 214 status"). A PHA or owner is permitted, but not required, to seek verification of citizenship; a signed declaration is sufficient evidence of citizenship under HUD rules. Elderly noncitizens (age 62 or over) also are permitted to self-certify that they meet one of the eligible categories of immigration status. All other | Requirements for receipt of housing voucher assistance would be changed. Every adult member of a household, including those not receiving assistance due to pro-ration, would be required to provide: (1) a Social Security card and federal or state government-issued photo ID, <i>or</i> (2) a passport (including a foreign passport), <i>or</i> (3) a photo ID issued by U.S. Citizenship and Immigration Services, <i>or</i> (4) other "REAL ID" (i.e., a driver's license or identification card issued by a State in compliance with the "REAL ID" requirements of 49 U.S.C. § 30301) in order for the household to receive housing voucher assistance. Persons without a Social Security card would have to provide one of the other enumerated types of identification. No |

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| <b>Citizenship and identification requirements cont'd</b> | <p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations unless otherwise specified</p> <p>noncitizens must verify eligible status through U.S. Citizenship and Immigration Services. If any member of a household does not provide required proof of citizenship/eligible immigration status, assistance is provided only for the eligible members of a “mixed” household, based on their pro rata share of the total number of persons in the household. 42 U.S.C. § 1436a, 24 C.F.R. §§ 5.500 - .528.</p> <p>In addition, household members age 6 or over must provide their Social Security number (SSN), <i>or</i> certify that they have not been assigned a SSN. Those who have been assigned a SSN must provide either a copy of the card or other proof of the SSN. 42 U.S.C. § 3543(a); 24 C.F.R. §§ 5.216 - .218.</p> | <p>Citations are to H.R. 3045 as approved by the Financial Services Committee unless otherwise specified</p> <p>exemption for the elderly (or others) is permitted. If any adult household member did not provide one of these required forms of verification of identity, no assistance (even prorated) could be provided for the household. This provision likely would require the termination of voucher assistance for many citizens and legal residents who are unable to provide the required documents (Section 28).</p> |
| <b>Effective date</b>                                     |  | <p>HUD must implement the bill within 12 months after enactment, but a number of individual provisions have earlier effective dates. Provisions regarding rent and eligibility policies, voucher renewal funding, and administrative fees must be implemented January 1, 2010, except that HUD has discretion to delay implementation of the rent and eligibility and administrative fee changes until January 1, 2011 if it determines that a delay is needed. (Section 29.)</p>  |