



# **Audioconference on Housing Voucher Funding and Policy**

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# Audioconference Panelists

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# Overview

- Update on voucher funding for 2009.
- New national, state, and local voucher history fact sheets available on CBPP web site.
- Implications for voucher utilization for the remainder of 2008.
- Importance of the Section 8 Voucher Reform Act of 2008 (SEVRA).
- Response to questions (by e-mail only: [housing@cbpp.org](mailto:housing@cbpp.org) )

# Materials Available

*\*Materials marked with asterisk are available at our secure website: <http://www.cbpp.org/housing>, User ID (data) and Password (files).*

- A copy of this PowerPoint presentation\*
- State fact sheets on voucher funding and utilization available at <http://www.cbpp.org/housing-factsheets.htm>.
- Voucher management spreadsheet from St. Paul HA\*
- CBPP analysis of the Section 8 Voucher Reform Act of 2008, including a side-by-side comparison of current law and House and Senate bill provisions available at: <http://www.cbpp.org/3-10-08hous.htm>.
- Additional materials on SEVRA\*

# Update on Voucher Funding for 2009

- On June 20, House T-HUD Subcommittee approved a HUD funding bill for fiscal year 2009; the Senate Appropriations Committee approved its version of the bill on July 9.
- Further action this year on these bills is improbable, though not impossible.
- Most likely, Congress will approve a continuing resolution to carry most federal programs into early 2009, then approve final bills after the new President is inaugurated.
- House and Senate bill texts are not yet available, so the following analysis is preliminary.

# Voucher Renewal Funding

- House bill provides about \$16.5 billion for housing vouchers for 2009, including \$14.8 billion for renewals.
- Senate bill provides about \$16.7 billion, including \$14.9 billion for voucher renewals.
- CBPP estimates that \$15.26 billion will be required for renewals in 2009. This estimate assumes that leasing continued to increase in 2008, as it did in the 4<sup>th</sup> quarter of 2007.
- While concern is warranted, Congress appears committed to renewing all vouchers in use and it is likely that renewal funding will be adjusted in the final bill, if needed, to reflect leasing and cost data from 2008.

# Renewal Formula

- House and Senate bills: Renewal funding in 2009 based on each agency's actual leasing and costs during FFY 2008, with similar adjustments to this year.
- Both follow the general approach adopted by Congress in 2007 and 2008, and that would be required under SEVRA.
  - Under SEVRA, renewal funding would be based on average leasing and costs during the prior CY, not FFY.

# Policy on Reserves ("Net Restricted Assets")

- Both bills include a reserve offset mechanism that would require agencies to spend down "excess" reserves (as of end of 2008) to renew vouchers in 2009.
- House bill assumes that reserve offsets would total \$400 million, but does not specify how reserve offset amounts would be determined.
- Senate bill assumes that reserve offsets would total \$800 million. The bill reportedly specifies the offset mechanism, but the details are unknown to us at this time.



# Administrative Fees

- Both bills provide \$50 million for FSS coordinators within the voucher administrative fees account, allowing HUD to distribute funds to 2008 recipients without a NOFA.
- House bill: \$1.45 billion. Excluding FSS, admin fees would increase by 3.6%.
- Senate bill: \$1.5 billion. Excluding FSS, admin fees would increase by 7.3% over 2008.
- Both bills would likely continue to base admin fees on vouchers leased.

# Incremental Vouchers

- House bill: \$105 million for incremental vouchers, including \$75 million for HUD-VASH vouchers and \$30 million for vouchers for people with disabilities.
- Senate bill: \$95 million for incremental vouchers, including \$75 million for HUD-VASH vouchers for permanent supportive housing for veterans with disabilities and \$20 million for the Family Unification Program.

# Final bill

- In addition to resolving differences on renewal funding, reserve offset, admin fees and incrementals, could revise provisions in light of end-of-year leasing data
  - VMS data due monthly beginning September
  - Likely Congress will want to make sure PHAs have sufficient funding to cover end-of-year leasing increases.
- PHAs will get retroactive increases (or reductions) to cover difference between initial months of 2009 (paid at 08 level under a CR) and final CY 2009 funding level.

# Historical State Voucher Data

- Data on voucher utilization for each PHA from 2004 – 2007, and estimates of vouchers funded in 2008, available by clicking on state at <http://www.cbpp.org/housing-factsheets.htm>.
- Show that most agencies used fewer vouchers in 2007 than in 2004, but were able to serve more families than in 2005 and 2006 now that voucher funding is again based on vouchers in use.
- For 2008, right-hand columns indicate number of additional vouchers PHAs could use with available funding and potentially *all* reserves. Use to open conversation; actual number of families that can be served may vary from estimates.

# Implications for Voucher Leasing

- **Goal:** Manage available renewal funding and reserves to improve program performance while minimizing risks and maximizing opportunities for 2009.
- **Examine likely leasing and spending for 2008 and start of 2009 under current policies.**
  - Is PHA “underutilized” – serving fewer families than it could?
  - Is PHA using all its vouchers but leaving a lot of funds unspent?

# Options

1. If below authorized level for calendar year and have available funding (including reserves):
  - *Issue more vouchers, and/or absorb port-ins.*
  - Increased leasing will earn additional fees for 2008 and 2009.
2. If on target to be fully leased and have funds that won't be used, determine if would be appropriate to increase voucher payment standards.
  - If rent burdens are high, success rates low or declining, or voucher use concentrated, increasing voucher payment standards likely to help.
  - Could make increases effective for current families (via interim recertifications) as well as new lease-ups.

# Additional Considerations

- Wise to plan to have sufficient HAP reserves remaining at end of year to support the difference between projected 09 monthly spending and:
  - (1) 08 funding level, for up to 6 months (until 09 funds received);
  - (2) 08 fiscal year average HAP (w. adjustments), for full 12 months, in case insufficient funds available.
    - Not reissuing turnover vouchers in 2009 also possible strategy.
- But “excess” reserves likely to be offset (i.e., used to reduce new funding), so being overly cautious will hurt PHA (lower fees) and waiting list, for no gain.

# SEVRA: Overview

- The Section 8 Voucher Reform Act (H.R. 1851/S. 2684) would:
  - stabilize funding through a permanent renewal formula based on vouchers in use, a set reserve policy, and a new budget advance option
  - simplify rent rules
  - streamline inspections
  - and make other needed reforms that will enhance the program's performance, benefiting PHAs, tenants, and owners alike.



# SEVRA: *Legislative Status*

- House already passed SEVRA by a wide bipartisan margin (333-83) in July 2007.
- Senate companion bill was introduced in March by Banking Committee Chairman Dodd. Has 10 cosponsors, including 2 Republicans.
  - Hearing held in April; Housing Subcommittee Chairman Schumer said "I can assure all of you that Senator Dodd and I will try to move this legislation."
  - Foreclosure bill has taken up all of committee's time since, but Banking Committee could act in September if there were sufficient bipartisan support.
  - After that, bill could go quickly to Senate floor and get reconciled with the House version – or more likely, get added to another moving bill (as happened with QWHRA in 1998).

# SEVRA: *Why We Need Action Now*

- 1. Momentum is building, and could be lost if the Senate does not act.** The House passed SEVRA by a strong bipartisan vote; if the Senate doesn't pass it, we will have to start from scratch in 2009, with a new President and new Congress who will have many competing priorities, and it could be hard to get back on the agenda.
- 2. The voucher program needs to be updated.** It has been 10 years since Congress has taken a serious look at the voucher program laws. In the meantime, continued changes through the annual appropriations process have rocked the program.
- 3. The foreclosure crisis and the weakening economy make it more important than ever to have a strong rental housing market.** SEVRA would help shore up a program that provides homes to nearly two million American families. Many of them are working families that are struggling in this economy, and need the stability that the voucher program provides.