

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

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Policy	CURRENT LAW	NEW HOUSE BILL
<p><b>Inspections</b></p>	<p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations</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 the cure period without limit; (3) PHAs must abate (i.e., suspend) the subsidy payments in the month following the expiration of the PHA-allowed cure period; and (4) termination of the housing assistance (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 the circulation draft dated April 28, 2009. Changes from the bill approved by the House of Representatives on July 12, 2007 (H.R. 1851) are noted in boldface type.</p> <p>Federal housing quality standards (HQS) would continue to apply.</p> <p><i>Initial inspection.</i> The bill alters the requirements regarding initial inspections in two ways:</p> <ul 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 <b>that is at least as stringent as the voucher program’s HQS</b>. 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> </ul> <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 longer period if approved by the PHA) for other defects would be incorporated in the statute. <b>PHAs may withhold payments during this cure period, and pay assistance retroactively when defects are fixed.</b></p>

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<p><b>Inspections cont'd</b></p>		<p><i>Abatement period.</i> If defects are not fixed within the allotted time, PHAs are to <b>abate</b> 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 HUD is to establish. Tenants are protected from eviction <b>due to subsidy payments being withheld or abated</b>, 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 <b>family may elect to receive</b> preference for the next available public housing unit). A PHA must provide a family displaced without fault after a unit fails inspection “reasonable assistance” in finding a new residence, including use of two months of abated subsidy payments for relocation costs, <b>which may include security deposits and moving expenses. PHAs may require repayment of security deposits subsequently refunded.</b> (Section 2, substantially revising §8(o)(8).)</p>
<p align="center"><b>Rent Policies (all programs)</b></p>		
<p><b>Programs Covered</b></p>	<p>With limited exceptions, common rules apply to public housing, vouchers, and project-based Section 8.</p>	<p>Changes apply to project-based Section 8 as well as public housing and vouchers. HUD must report to Congress on the impact that SEVRA’s provisions affecting tenant rent contributions have on public housing revenues and costs, in each of the first two years after the provisions become effective. <b>If the bill causes a material reduction in the net income of housing agencies, HUD shall make appropriate adjustments in operating subsidy calculations and may recommend legislative proposals to address the reduction.</b> (Section 3(f).)</p>

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<p><b>Affordability</b></p>	<p>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. (Section 3(a))</p>	<p>Similar to current law affordability standard (and minimum rent requirements) 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 <b>for public housing only</b>, 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.)</p>
<p><b>Elderly and disabled families</b> (defined in Housing Act as a household whose head, spouse or sole member is 62 or over or a person with disabilities)</p>	<p>Standard per household deduction: \$400. Eligible for some special income adjustments for unreimbursed medical expenses and reasonable expenses for attendant care and auxiliary aids necessary for a handicapped person (or family member) to be employed, to the extent those expenses exceed 3 percent of income. (Section 3(b)(5)(A))</p>	<p>Increases standard deduction for elderly and disabled households to \$725, with adjustments for inflation in future years. Narrows medical/attendant care/auxiliary aid individualized deduction to expenses exceeding 10 percent of income. (Section 3(b)(2) amending §3(b)(5) of the Act.)</p>
<p><b>Recertification of income</b></p>	<p>Verification of income and amount 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 <b>\$1,200</b> on an annual basis (and for smaller decreases if the PHA or owner chooses to establish a threshold below <b>\$1,200</b>) and required for an annual increase exceeding <b>\$1,200</b>, 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 do 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 §3(a) of the Act.)</p>

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<b>Use of prior-year income</b>	Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations  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 Jan. 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 Sept. 30, 2009 (see 74 FR 13339 (March 27, 2009), and HUD is considering additional comments.	Citations are to the circulation draft dated April 28, 2009. Changes from the bill approved by the House of Representatives on July 12, 2007 (H.R. 1851) are noted in boldface type.  Agencies and owners must use earned <b>and unearned</b> income from the prior year when setting rents, <b>except for purposes of the initial income determination when a family begins receiving housing assistance and interim recertifications due to changes in income.</b> (Section 3(a)(1)(F), inserting new §3(a)(8) of the Act.)
<b>Work-related deductions</b>	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).) Reasonable child care expenses needed for employment or education are deducted. (Section 3(b)(5)(A).)	10 percent of the first <b>\$9,000</b> in earnings of all employed individuals is deducted from income, <b>with inflation adjustments to the \$9,000 threshold in future years. Child care deduction is retained but limited to expenses exceeding 10 percent of income.</b> (Section 3(b)(2), amending §3(b)(5) of the Act.)
<b>Dependent standard deduction</b>	\$480 deducted from total income for each dependent in a household. No provision to adjust deductions for inflation. (Sec. 3(b)(5)(A).)	Increases dependent deduction to \$500, with inflation adjustments in future years. (Section 3(b)(2), amending §3(b)(5) of the Act.)
<b>Verification of income</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.) On Jan. 27, 2009 HUD issued revised regulations requiring verification through computer-based “upfront income verification” techniques, but the changes are not effective until 9/30/09 and may be further revised. (See “Prior year income” above.)	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.)

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<b>Verification of income cont'd</b>	No special provision regarding reliance on determinations of income by other programs.	
<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 (all programs)</b>		
<b>Income Eligibility for Applicants and Participants</b>	Income limits apply only at initial eligibility. (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 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 -- because 30 percent of their income exceeds the subsidy level -- at an income level well below the eligibility ceiling of 80 percent of area median.	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, or to delay eviction or termination of voucher assistance for six months. (Section 4(b).)

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<b>Asset Limits</b>	There are no asset limits for public housing or the Section 8 programs. Income from assets is included in determining rent obligations. (See Rent section above.)	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 in which they have a legal right to reside, unless the home is assisted under the USHA, 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, and personal property not of significant value. Allows PHAs not to enforce the asset limitations on recertification in public housing, and allows PHAs and owners <b>not to enforce the asset limitations on elderly or disabled tenants and</b> 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.)
<b>Targeting</b>	75 percent of families that enter the program each year must have incomes at or below 30 percent of the area median income level (about \$16,000 for a family of three nationally in 2007, 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).) (A similar provision requires that 40 percent of households entering public housing and project-based Section 8 have incomes below 30 percent of area median.)	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.)
<b>Voucher Funding</b>		
<b>Agency funding levels</b>	In 2003 and earlier years, agencies received sufficient funding to support the actual cost of	Each agency’s share of annual appropriations would be based on its actual leasing and costs in the last completed calendar year,

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<p><b>Agency funding levels cont'd</b></p>	<p>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.) In each year Congress did not provide sufficient funding for the new formula, resulting in pro rata cuts of 4 percent and 5.4 percent, respectively. For 2007, Congress changed the renewal funding policy in a manner similar to what SEVRA would require. 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. Agencies received 105 percent of their funding eligibility under this formula. 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 as in 2007. Renewal funding is offset by excess fund balances from prior years (see below). Since 2003 Congress has prohibited use of renewal funding for more than an agency's authorized number of vouchers.</p>	<p>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 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). "Overleasing" is permitted, except that <b>each year, the maximum leasing rate used to calculate renewal funding eligibility is 103 percent of the <i>leasing rate</i> in the prior year, with adjustments for new vouchers awarded, if a PHA uses reserves to fund additional vouchers over the authorized level.</b> If Congress provides insufficient funding, each agency's share would be pro-rated, except for the renewal costs of enhanced vouchers under section 8(t), which must be funded in full. 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 <b>and relative need for additional funding to serve additional families.</b> (Section 6, inserting revised §8(dd)(2).)</p>
<p><b>Reserve funds and advances</b></p>	<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</p>	<p>HUD is directed to <b>offset agencies' renewal funding by the amount of</b> unused funds at the end of the just preceding calendar year above <b>a threshold to be set by HUD, which must be at least 5 percent of the current year's renewal funding.</b> (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</p>

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<p><b>Reserve funds and advances cont'd</b></p>	<p>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, Jan. 11, 2006; PIH 2007-14, June 18, 2007.) Agencies may use these carry-over funds to support additional authorized vouchers. For 2008, Congress has defined excess fund balances as the amount above 7 percent of 2007 renewal funding that could not be used for authorized vouchers. HUD has not yet announced how it will determine excess fund balances to be offset in allocating 2009 renewal funding; \$750 million must be offset.</p>	<p>recapture them. 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 §8(dd)(3).)</p>
<p><b>Authorization of renewal funding</b></p>	<p>Funding to renew previously awarded vouchers is permanently authorized, subject to appropriation. (Section 8(dd).)</p>	<p>Renewal funding “as may be necessary” is authorized for five years, through 2014. (Section 6, inserting §8(dd)(1)(A).)</p>
<p><b>Tenant protection vouchers</b></p>	<p>Various sections of the USHA 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 requires that tenant protection vouchers be issued to replace all units that were occupied within the previous 24 months.</p>	<p>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 at the date demolition, disposition or conversion is approved <b>or the date a contract with a private owner expires</b> or is terminated. <b>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.</b></p>

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		<p>(Section 6, inserting revised §8(dd)(1)(B and sec. 15(b)(see Enhanced Vouchers below .)</p>
<p><b>Portability</b></p>	<p>Families with a voucher now have the right to move to any community where an agency administers a voucher program. 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 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>Families’ portability rights would not be changed. <b>Requires HUD to issue a proposed rule within 6 months of enactment, to be finalized within 12 months, revising portability procedures</b> “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).)</p>
<p><b>Vouchers for Persons with Disabilities and Family Unification Vouchers</b></p>	<p>From 1997 – 2002, Congress and HUD funded about 57,000 additional vouchers for non-elderly persons 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. In recent years, Congress has included language in appropriations acts requiring such vouchers to continue to be made available upon turnover to persons with disabilities, “to the extent practicable.” Beginning in 2006, the appropriations acts have included a similar requirement for vouchers awarded under the Family Unification Program (FUP). From 1994 – 2001, HUD awarded about 34,000 FUP</p>	<p>HUD is required to issue guidance to ensure that, “to the maximum extent practicable,” vouchers provided for non-elderly disabled families beginning in 1997 continue to be made available upon turnover to non-elderly persons with disabilities. (Section 6(c) of the bill. This is a non-codified provision.) No provision is included regarding vouchers originally issued under the family unification program.</p>

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<b>Administrative fees</b>	Under Section 8(q), agencies earn ongoing administrative fees based on the number of units leased. 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 leasing changes. Beginning in 2008, payment of administrative fees is again 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 voucher[s] to new participants." HUD is required to update the fee rate annually based on changes in wage data or other objective measure of the cost of program administration, using PHAs' 2003 rates, updated for inflation, as the basis of current fees. <b>Allows HUD to establish a new fee formula by regulation that provides for the "full cost of administering vouchers" and may include performance incentives.</b> (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 costs 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	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. The proposed funding policy would provide additional funds to agencies related to costs of FSS savings accounts. 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). In addition, the bill requires a formal <b>outcome-based</b> 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.

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<b>Family Self-Sufficiency Program cont'd</b>	voucher funding formula allowed for adjustments for increases in FSS escrow costs.	(Section 7(b), inserting new §23(h)(1)(G).) FSS escrowed savings are exempt from the new asset test. (Section 4(a), inserting new section 16(e)(2).)
<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. (On average, the maximum would not exceed about \$7,000 in 2007, 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>Mobile homes</b>	Subsidy payments are permitted only to meet the costs of renting the land on which a mobile/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 mobile home. Section 8(o)(12). HUD generally limits the payment standards for space rentals to 40 percent of the 2-bedroom fair market rent. 24 C.F.R. § 888.113(g).	SEVRA restores the use of vouchers to assist families buying mobile homes but renting the land on which they sit. The maximum subsidy would be the same as for regular rental or homeownership payments, and may cover payments and insurance on the mobile home, property taxes, ground rent, and tenant-paid utility costs. Similar to the voucher homeownership program, 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>Establishing credit history</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.)
<b>Performance standards</b>	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	Adds a new statutory requirement for HUD to establish standards and procedures for assessing PHA performance in administering the voucher and section 8 homeownership programs. Performance would be measured <b>at least every two</b>

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<p><b>Performance standards cont'd</b></p>	<p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations</p> <p>rulemaking in 1998. Under SEMAP, agencies are evaluated annually based on their compliance with statutory and regulatory requirements, but not on achievement of results based on the program's 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.)</p>	<p>Citations are to the circulation draft dated April 28, 2009. Changes from the bill approved by the House of Representatives on July 12, 2007 (H.R. 1851) are noted in boldface type.</p> <p><b>years</b> 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 (though HUD could add this if it wants under its residual authority to add other areas for performance measurement). The new requirement to assess effectiveness in carrying out policies to achieve deconcentration of poverty strengthens the standard in the current regulation, which is only a bonus factor. Also new is a requirement to assess the reasonableness of rent burdens, linked to the new statutory requirements outlined below. <b>Compliance with targeting requirements in admissions is specifically required, and assessment of payment accuracy must include accuracy of utility allowances.</b> The provision is silent concerning the consequences of different levels of performance. (Section 10, inserting new §8(o)(21)).</p>
<p><b>Project-based vouchers</b></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</p>	<p>Amends section 8(o)(13) to facilitate the use of project-based vouchers (PBVs) by PHAs:</p> <p>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, <b>providing supportive housing to persons with disabilities, located in areas where vouchers are difficult to use, or for other reasons specified by HUD.</b></p> <p>b. The greater of 25 percent of the units in a project or 25 units 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 <b>exception for families receiving supportive services is narrowed to comprehensive services</b> for special needs populations, such as the formerly homeless. New exceptions are added for tight market areas, where 40% of units may have PBVs, <b>and for areas where the poverty rate is 20% or less, where 50% of the units in a project may have PBVs.</b></p>

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<b>Project-based vouchers cont'd</b>	<p>Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations</p> <p>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 the circulation draft dated April 28, 2009. Changes from the bill approved by the House of Representatives on July 12, 2007 (H.R. 1851) are noted in boldface type.</p> <p>c. Permits owner-managed site-based waiting lists, subject to PHA oversight and responsibility, and protects tenants displaced by rehabilitation.</p> <p>d. <b>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.</b></p> <p>e. <b>Allows PHAs to transfer vouchers and budget authority to other PHAs in the same or an adjacent metropolitan area or county.</b></p> <p>f. <b>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 reasonable rent, by mutual agreement of PHAs and owners, thereby allowing voucher funds to support more production.</b> (Section 11 of the bill, amending §8(o)(13).)</p>
<b>Subsidy levels and rent burdens</b>	<p>Agencies must set a “payment standard” for each unit size that is 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, but under the Bush Administration granted few if any increase requests other than for individuals with disabilities. (Section 8(o)(1).) 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</p>	<p>The 90 – 110 percent of FMR discretionary range for area payment standards remains unchanged, but PHAs could increase the payment standard to 120% 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 or more than 40 percent of adjusted income for rent and the relationship between geographic concentration of voucher holders (<b>analyzed by race and ethnicity</b>) and agency payment standards. PHAs must make these data public, including as part of the PHA plan.</p> <p><b>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</b></p>

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<p><b>Subsidy levels and rent burdens cont'd</b></p>	<p>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 supposed 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 of more of participating families’ rent burden exceeded 30 percent of income. See 24 C.F.R. § 982.503(g)(2).) In such a case, HUD may but is 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><b>by HUD</b>, 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 rent policy that also would affect tenants in the public housing and project-based Section 8 programs, see Rent Policy section above.</p>
<p><b>Fair Market Rents</b></p>	<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 set separate FMRs at a minimum for each city with more than 40,000 rental units and <b>for every county (except for the boroughs of New York City and counties in New England)</b>. HUD would continue to have discretion in defining FMR areas beyond these minimum requirements, but would be required to do so in a manner that results in FMRs that are adequate to rent housing in as wide a range of communities as possible, including low-poverty areas. In addition, PHAs would be able to request separate FMRs for communities or groups of communities that have at least 20,000 rental units and meet several other criteria. 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. <b>In addition, HUD would be required to phase in FMR changes of five percent or more that result</b></p>

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<p><b>Fair Market Rents cont'd</b></p>		<p><b>from shifts in area boundaries or other changes in HUD's methodology (but not those resulting from actual changes in market rents).</b> (Section 13, amending §8(c)(1).)</p>
<p><b>Screening and due process</b></p>	<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 limited types of criminal offenses, and may deny assistance for limited additional reasons. (Section 8(o)(6)(B); 24 C.F.R. §§ 982.201(f); 982.552-.553.)</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, but 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>If a PHA elects to screen applicants for suitability as tenants, 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.) <b>Statutory provisions concerning a PHA's ability to deny eligibility based on criminal background and other specified reasons relating to safety and security continue to apply.</b></p> <p>Basic due process requirements would be included in the voucher statute, similar to requirements in the public 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, <b>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.</b> (Section 14, amending sec. 8(o)(6)(B).)</p>
<p><b>Enhanced vouchers for families losing other assistance in privately-owned properties</b></p>	<p>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</p>	<p>A family eligible for enhanced voucher assistance is <b>not required to requalify under the PHA's selection standards</b> 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. <b>Owners must accept enhanced vouchers and terminate tenancies only in cases of serious or repeated violations of the lease or</b></p>

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<b>Enhanced vouchers for families losing other assistance cont'd</b>	Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations  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.	Citations are to the circulation draft dated April 28, 2009. Changes from the bill approved by the House of Representatives on July 12, 2007 (H.R. 1851) are noted in boldface type.  <b>applicable law. Families facing rent increases due to the termination of subsidized mortgages or related rent restrictions are eligible for enhanced vouchers.</b> (Section 15, amending §8(t)(1)(B) and §8(t)(2)..)
<b>Demonstration to promote employment of persons with disabilities</b>	No provision.	Authorizes HUD to enter into agreements with the Social Security Administration and the Department of Health and Human Services to enable states to implement demonstration programs to promote employment of persons "with significant disabilities" without loss of housing vouchers or income or medical assistance. (Section 16.)
<b>Access to HUD programs for persons with limited English proficiency</b>	In 2001, Pres. Clinton signed Executive Order 13166, requiring grantees administering federally-funded programs to take reasonable steps to ensure meaningful program access by eligible persons with limited English proficiency, as part of compliance with Title VI of the Civil Rights Act. HUD issued guidance applying the EO to HUD programs in 2007. The guidance makes it the responsibility of each grantee to translate "vital documents," without defining the term. (See 72 Federal Register, page 2732, January 22, 2007.) PHAs and particularly private owners have been concerned about the administrative burdens they claim the guidance imposes as well as the lack of clarity regarding their responsibilities.	Directs HUD to convene a task force to identify documents that need to be translated to improve access to HUD services and produce and make available translations within six months after documents are identified by the task force. Requires HUD to develop and carry out a plan to establish a housing information resource center to provide translations of written materials, provide a toll-free 24 hour interpretation service, conduct a study of best-practices models, and undertake other activities to promote access for individuals with limited English proficiency. (Section 17.)
<b>Incremental vouchers</b>	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	<b>Funding for 150,000 incremental tenant-based vouchers and for project-based vouchers for extremely low-income families in projects receiving federal, state or local capital funds is authorized annually for the five years beginning in FY 2010 (total of 750,000).</b> (Section 18.)

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<b>Incremental vouchers cont'd</b>	restricted to a particular purpose. (Section 213(d) of the Housing and Community Development Act of 1974, 42 U.S.C. §1439.)	
<b>PHA authority to pay utilities directly</b>	PHAs have no authority to use voucher subsidy funds to make direct utility payments that have not been made by owners.	<b>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.</b> (Section 19, inserting new §8(o)(22) of the Act.)
<b>Project-based Preservation Vouchers</b>	No provision.	<b>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.</b> (Section 20, amending section 8(t) and adding a new subparagraph (P) to section 8(o)(13).)
<b>Effect of foreclosure on voucher tenancies</b>	The American Recovery and Reinvestment Act of 2009 requires that properties in which Neighborhood Stabilization program funds are used initially after foreclosure must maintain	<b>Applies similar protections for all voucher tenancies in foreclosed properties. Does not preempt state or local laws that provide additional protections for tenants.</b> (Section 21, amending section 8(o)(7).)

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<b>Effect of foreclosure on voucher tenancies Cont'd</b>	leases of voucher tenants (and others) and continue voucher contracts. In certain cases PHAs may use voucher funds that would otherwise subsidize such tenancies to pay for utility costs for which owners are responsible and for reasonable moving costs, including security deposits.	
<b>Voucher holder access to federally assisted properties</b>	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)	No change from current law, <b>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.</b> (Section 22.)
<b>Effective date</b>		HUD must implement the bill within 12 months after enactment. Provisions regarding voucher funding, rent and eligibility policies, and administrative fees must be implemented January 1, 2010, except that HUD has discretion to delay implementation of these changes except for voucher funding until January 1, 2011. (Section 23.)
<b>Administering agencies</b>	HUD contracts with about 2,400 state and local agencies to administer the voucher program. HUD may contract with non-profit entities in limited cases.	No change from current law.

The House circulation draft does not include a section on the Moving to Work (MTW) demonstration. Staff indicated that changes to MTW are still under discussion, and will be incorporated in the bill when it is filed or when it is considered by the Financial Services Committee.