

August 1, 2006

APPENDIX

COMPARISON OF RENT POLICIES UNDER CURRENT LAW, ADMINISTRATION'S PROPOSED STATE AND LOCAL HOUSING FLEXIBILITY ACT, AND BIPARTISAN SECTION 8 VOUCHER REFORM ACT

Policy	Current Law (Citations are to the U.S. Housing Act of 1937 and Title 24 of the Code of Federal Regulations)	State and Local Housing Flexibility Act (SLHFA) (Citations are to sections of S. 771 and H.R. 1999, which are identical)	Section 8 Voucher Reform Act of 2006 (SEVRA, H.R. 5443) (Citations are to the bill as approved by the House Financial Services Committee, June 14, 2006.)
Programs Covered	With limited exceptions, common rules apply to public housing, vouchers, and project-based Section 8.	Changes apply only to public housing and vouchers. Project-based Section 8 remains under current law.	Changes apply to project-based Section 8 as well as public housing and vouchers.

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<p>Affordability</p>	<p>For rent and reasonable utility costs, families generally may not be required to pay more than 30 percent of adjusted income or 10 percent of gross income, whichever is higher. Agencies may establish a minimum rent up to \$50, subject to federally established hardship exceptions. (Section 3(a))</p>	<p>Agencies could set rental payments without regard to income. No deductions for expenses such as high medical costs would be required. Agencies could establish minimum rents or “flat” rents of any amount. No exceptions would be required for loss of employment or other good reason for hardship. Income such as food stamps or earned income tax credits now required to be excluded by other federal laws could be counted. (Sections 103(8) (“gross income”); 109(a) – (d).)</p>	<p>Like current law except for limitations on interim adjustments for changes in income during year (see Recertifications of Income below). For rent and reasonable utility costs, families generally may not be required to pay more than 30 percent of adjusted income or 10 percent of gross income, whichever is higher. Minimum rent provision unchanged. (Section 3(a)(1).)</p>
<p>Elderly and disabled families (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>Rent and other policy changes would not apply to existing elderly and disabled tenants until January 1, 2009. Beginning on that date, agencies are required only to adopt a policy “to ensure that the needs” of elderly and disabled families are met. It would be up to agencies to determine the “needs” of the elderly and people with disabilities, with no federal standards or review and no required community input. Elderly and disabled tenants newly entering the program could be affected by policy changes before 2009. (Section 105.)</p>	<p>Increases standard deduction for elderly and disabled households to \$750, 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)(1)(B).)</p>

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<p>Recertification of income</p>	<p>Verification of income and amount of family contribution for rent and utilities required annually. (Sections 3(a)(1) and 8(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 two years, except every three years for elderly and disabled families. (Section 107(f).)</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). Interim recertifications at tenant’s request for any income decrease exceeding \$1,500 and required for any increase exceeding \$1,500, except that no interim rent increases based on earnings are permitted unless the family has received an interim reduction during the year. (Section 3(a)(1)(B), inserting new paragraph (6) on Reviews of Family Income.)</p>
<p>Work-related deductions</p>	<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 deducted. (Section 3(d).) Reasonable child care expenses needed for employment or education are deducted. (Section 3(b)(5)(A).)</p>	<p>No income deductions required.</p>	<p>10 percent of earnings of all employed individuals deducted from income. (Section 3(a)(1)(B), inserting new paragraph (7)(B) in §3(a) of the Act.) No separate deduction for child care expenses. (Section 3(b)(2) strikes §3(b)(5) of the Act defining “adjusted income,” and substitutes a new definition that does not include a deduction for child care expenses.)</p>
<p>Dependent standard deduction</p>	<p>\$480 deducted from incomes for each dependent in a households. No provision to adjust deductions for inflation. (Section 3(b)(5)(A).)</p>	<p>No income deductions required.</p>	<p>Increases dependent deduction to \$500, with inflation adjustments in future years. (Section 3(b)(2), inserting new §3(b)(5)(B) of the Act.)</p>

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<p>Use of prior-year income</p>	<p>Regulations state that income is based on 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)</p>	<p>No requirement regarding period used to determine income.</p>	<p>Agencies and owners must use earned income from the prior year for purposes of setting rents, and may also use unearned income from prior year. (Section 3(a)(1)(B), inserting new §3(a)(7) of the Act.)</p>
<p>Verification of income</p>	<p>Regulations require agencies to 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.</p>	<p>No verification requirement.</p>	<p>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)(B), inserting new §3(a)(7)(E) of the Act.) Records of excluded income not required. (Section 3(b)(1), inserting new §3(a)(4)(D) of the Act.)</p>
<p>Income from assets</p>	<p>Regulations require agencies to impute 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.)</p>	<p>No requirement regarding inclusion of assets in income.</p>	<p>Actual income from assets is counted when determining rents, but imputed income is not. (Section 3(b)(1), inserting new §3(a)(4)(A) and (B) of the Act.)</p>