

Resolution No. 4

Date: April 15, 2005
City: Washington, D.C.

NAHB Resolution

Title: Federal Housing Choice Voucher Program Reform
Original Sponsor: Housing Finance Committee

WHEREAS, the Section 8 Housing Choice Voucher program, which provides rental assistance to more than two million households living in privately owned housing, is the largest program administered by the U.S. Department of Housing and Urban Development (HUD) and constitutes a large portion of HUD's budget;

WHEREAS, both HUD and Congress have expressed concern about the program's expanding costs, but there is a significant difference of opinion on how cost savings can be achieved;

WHEREAS, the Bush Administration has proposed large cuts in funding and significant policy changes to the program for fiscal years 2004 and 2005, including converting the program into a block grant administered either by states or local public housing authorities (PHAs);

WHEREAS, other proposed policy changes to the program would seriously affect both tenants and landlord, but were not developed in consultation with housing industry stakeholder groups (including industry groups such as the National Association of Home Builders and others representing landlords and management companies, public housing authorities and tenants); and

WHEREAS, it is important that housing industry stakeholder groups participate in discussions with HUD and Congress regarding proposed program and policy changes to the Section 8 Housing Choice Voucher program,

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Reform - April 15, 2005

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the Department of Housing and Urban Development (HUD) and the Congress to improve and streamline the Section 8 Housing Choice Voucher program through the following key steps and principles:

1. Stabilize the Appropriations Process

Annual funding for the Section 8 Housing Choice Voucher program must be reliable and should not be subject to wide swings or to changes in policy that drastically alter how funds are allocated. Tenants should not lose their vouchers due to insufficient funds, and property owners should be able to adjust rents annually to cover reasonable and customary increases in operating costs.

2. Maintain Federal Administration of the Program

Administration of the Section 8 Housing Choice Voucher program should remain with HUD, the federal agency charged with responsibility for implementing the nation's affordable housing policies. It is important to maintain the national policy framework, coordination and oversight to ensure broad-based implementation of best practices and that national policies are carried out and enforced fairly and uniformly.

3. Serve Households Most in Need

Changes to the initial income eligibility requirements should be limited to increasing the maximum allowable income for households with special needs and/or households with disabilities from 50 percent to 80 percent of area median income. Given the limited resources available, expansion of program eligibility should be limited to households with the greatest need.

4. Protect Households on Fixed Incomes from Losing Assistance

Elderly and disabled households and those with special needs who are living on fixed incomes from sources such as, but not limited to, Social Security, should not be subject to time limits or other restrictions that could cause them to lose their rental assistance. If rental assistance must be limited to a specific time period for other households, the time period should be a reasonable one that does not unduly jeopardize program participants.

5. Study Rent Simplification

Subsidies under the voucher program are generally based on tenant's adjusted household income, or gross income less any exclusions and deductions. It has been determined that the complexity of HUD's rules for calculating income exclusions and deductions results in significant errors in calculating rent subsidies, costing the federal government billions of dollars. HUD should conduct a formal study on the potential for program savings through rent simplification and on the impact of such changes on tenants before any policy changes are implemented.

6. Streamline the Unit Inspection Process

The unit inspection process could be streamlined while maintaining the commitment to ensure that tenants live in decent, safe and quality housing. For properties that use subsidies from more than one program, only one qualified agency should be responsible for unit inspections. Agencies should inspect only a sample of units annually, and tenants should be permitted to move in prior to unit inspections. Newly constructed units should not require inspections for two years.

7. Improve the Fair Market Rent System

The Fair Market Rent (FMR) system for establishing rents should be improved. Changes to the FMRs should serve two purposes: first, to improve the usefulness of the FMRs in implementing the voucher program, as well as other housing programs, by making the rents a better reflection of the cost of housing for qualified families in need; and second, to minimize programmatic instability that might be caused by unexpected, unpredictable or significant changes from one period to the next.

8. Facilitate the Use of Vouchers in Assisted Living Facilities (ALFs)

Due to the difficulty of using vouchers in ALFs, HUD should revise its program rules to facilitate using Section 8 vouchers in ALFs. HUD should set a separate FMR or payment standards for ALFs, or allow an upward adjustment for ALFs. HUD should also consider allowing elderly persons living in ALFs to pay a higher percentage of their income for rent, because they do not have to pay utilities, meals are included in the non-housing portion of the monthly fee and they do not have other typical family expenses such as transportation, car insurance and daycare. HUD should also consider increasing the income cap from 50 percent to 80 percent of area median income (AMI) for elderly households living in ALFs.

BE IT FURTHER RESOLVED that NAHB urge the U.S. Department of Housing and Urban Development to bring together housing industry stakeholders, including Public Housing Authorities (PHAs), to work with HUD to identify specific regulations that can be streamlined, simplified or eliminated; identify areas where PHAs could be provided more flexibility to meet local needs; and assist PHAs in developing plans to streamline their operations.

Board of Directors Action:

Joint Executive/Resolutions Committee Action:

Resolutions Committee Action:

Federal Government Affairs Committee Action:

Housing Finance Committee Action:

Multifamily Finance Subcommittee of the

Housing Finance Committee Action:

Multifamily Council Board of Trustees Action:

Approved

Recommends Approval

Recommends Approval

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