

## THE SECTION 8 VOUCHER REFORM ACT (SEVRA): An Overview

Legislation to reform the “Section 8” Housing Choice Voucher program passed the House in July 2007 by a strong bipartisan vote, 333-83. A companion to the Section 8 Voucher Reform Act (SEVRA) will be introduced soon in the Senate, and may be considered by the Banking Committee in the next few months.

Housing Choice Vouchers are the nation’s leading source of low-income housing assistance, serving nearly two million households, including families with kids, the elderly, and people with disabilities. Ten years have passed since Congress has done a serious review of the voucher program to make sure it has kept up with changing needs. SEVRA will help the program continue to meet its mission of providing access to affordable housing to millions of Americans, while enhancing its effectiveness. Here are some highlights.

- **A comprehensive solution for voucher funding.** SEVRA establishes a clear funding policy to restore stability to a program that has experienced many financial ups and downs in recent years.
  - Consistent with the last two appropriations acts, it provides each agency with an **annual budget based on vouchers in use** and their average cost in the prior year. This ensures that every agency has enough funding to renew its vouchers, while not wasting scarce federal resources on vouchers that go unused.
  - SEVRA allows agencies to retain a modest level of **reserves** and provides agencies facing unexpected shortfalls with access to a **temporary advance**, to be repaid the following year. This flexibility ensures that sudden market shifts do not prevent agencies from keeping commitments to tenants and owners.
  - SEVRA reforms the financing of “**portability**” moves, so families can more easily exercise their right to move with a voucher and agencies can save burdensome paperwork and avoid cash-flow problems.
- **Simplified rent rules.** SEVRA simplifies the rules governing the calculation of rents in public housing, project-based Section 8 properties, and the voucher program. Tenants would still be required to pay 30 percent of their income, but the bill streamlines the process for determining incomes and deductions, to reduce burdens on housing agencies, tenants, and private owners of subsidized housing. Income of families on fixed incomes would only have to be recertified every 3 years.
- **Streamlining inspections and promoting affordable housing development.** SEVRA makes it easier for landlords to participate in the voucher program, by requiring inspections only every two years rather than every year, and by allowing families to move in right away if a property has been determined to meet other federal housing quality standards (such as for tax credit properties). SEVRA also facilitates the commitment of vouchers to private developers of affordable housing, through improvements to the project-based voucher option that also will make it easier to use with Low Income Housing Tax Credits.
- **Improving housing conditions and promoting family stability.** SEVRA encourages owners to repair defects and gives housing agencies new tools to ensure housing is safe, which will improve the housing stock and allow more families to stay in their homes. Families that have to move due to bad conditions are assured of sufficient time and assistance to succeed in using their voucher in a new home.
- **Enhancing cost-effectiveness.** SEVRA encourages housing agencies to make the best possible use of federal funds, by compensating them with administrative fees based on how many vouchers they actually lease. The bill also directs HUD to set Fair Market Rents for smaller communities, rather than vast metropolitan areas, to ensure that voucher payment standards accurately reflect local market conditions.

*The House-passed bill also includes provisions that expand while improving the "Moving to Work" demonstration, which allows agencies to experiment with waivers of program rules. An MTW expansion is expected to be added to the Senate bill as it moves through the legislative process.*