

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

Leadership of the House Financial Services Committee have circulated a draft of the Section 8 Voucher Reform Act, and will hold the second of two hearings on the bill on June 4. The draft is similar to a version of SEVRA the House passed in 2007, but adopts some improvements from a version introduced in the Senate in 2008. The housing voucher program is the nation's leading form of low-income housing assistance, serving about two million households, including families with children, the elderly, and people with disabilities. Congress has not enacted major authorizing legislation affecting the voucher program in more than ten years. SEVRA will update the voucher program to reflect changing needs and lessons learned during that time, while retaining the key features that have proven effective. Here are some highlights.

- **A comprehensive, stable solution for voucher funding.** SEVRA establishes a clear, permanent funding policy to restore stability to a program that has experienced many financial ups and downs in recent years.
 - It provides each agency with an **annual budget based on vouchers in use** and their average cost in the prior year. This approach — which Congress has adopted on a year-to-year basis in recent appropriations acts — 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.
- **Flexibility to move with a voucher.** SEVRA requires HUD to reform the financing of “portability” moves, so families can more easily use a voucher to move from one community to another to be closer to employment opportunities or for other reasons. This will also benefit agencies by reducing burdensome paperwork and avoiding 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, through changes such as requiring inspections only every two years rather than every year. SEVRA also facilitates the commitment of vouchers to private developers of affordable housing, through improvements to the “project-based voucher” option.
- **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 provided additional time and assistance to succeed in using their voucher in a new home.
- **Enhancing cost-effectiveness.** SEVRA encourages housing agencies to assist as many families as possible with the federal funds they receive, 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 limits on voucher subsidies accurately reflect local market conditions.

The circulation draft does not include provisions concerning the "Moving to Work" demonstration, which allows agencies to experiment with waivers of program rules. An MTW section is expected to be added to the House bill as it moves through the legislative process.