



In-Depth: Housing Choice Vouchers

Funding for the Section 8 Housing Choice Voucher (HCV) program consists of **Housing Assistance Payments (HAP)** made to owners to cover the difference between a tenant's rent contributions and the unit rent, and the **administrative fees** public housing authorities (PHAs) earn to administer the program. Section 8 Tenant-Based Voucher programs include: Housing Choice Vouchers (HCV), HUD-Veterans Affairs Supportive Housing (HUD-VASH), Non-Elderly Disabled - Category 1 & 2 (NED), the Family Unification Program (FUP), and tenant-protection vouchers.

Housing Assistance Payments

The funding level provided under both the House and Senate versions of the FY 2013 appropriations bill would provide only about 94 percent of what is needed for calendar year 2013 to support the number of households served by the program in 2012. A 94 percent proration would be the lowest in the 38-year history of the voucher program. As a result, PHAs will face the difficult choice of either lease fewer low-income families or increasing their rents. Congress should fully fund Section 8 voucher HAP renewals.

Administrative Fees

When it comes to the HCV program, it takes people (in the form of staff and IT capacity) to help people. PHAs use their Section 8 administrative fees to fund activities including but not limited to: determinations of family eligibility and rent; maintaining the waiting, conducting outreach to owners, fraud prevention and criminal background checks; housing inspections; and counseling families to find appropriate housing. By and large, reductions to a PHA's administrative funding affect *all* of the voucher programs it administers.

What are the consequences of underfunding administrative fees?

When PHAs received 100 percent of their administrative funding, their performance was on par with the owners and administrators of the Project-Based Section 8 Multi-family Rental Assistance program – who are contractually entitled to receive 100 percent of their administrative costs each year. Over the past decade, PHAs have received on average approximately 87 percent of their annual ongoing administrative fee funding from Congress and HUD each year. In FY 2013, administrative fees are funded at 69 percent pro-rations, the lowest level in the 38-year history of the voucher program. Ten consecutive years of defunding PHAs' administrative fees has resulted in:

- Reduced leasing and increased waiting times for families on the waiting list because conducting briefings, issuing vouchers, assisting in housing search, conducting HQS inspections and the overall lease-up processes are time and labor intensive. Since administrative fee funding is based on the number of families leased, this leads to an eventual reduction of the number of families assisted under voucher programs.
- Continued staff layoffs, furloughs, reduction of work days, and not filling vacated positions have led to a corresponding reduction and elimination of activities such as program integrity measures and fraud recovery, discretionary interim income and rent re-examinations and other voucher program functions.
- For the first time in the ten years since HUD's study reports "Quality Control for Rental Assistance Demonstrations" have been performed, an **increase** in improper payments of one percent.
- Higher proportional reductions in the average number of voucher program staff, higher caseload sizes and HQS inspection volumes per staff, higher turnover of voucher staff, higher errors in eligibility determinations and rent calculations due to not having enough staff to handle the workload, overdue recertifications, and improper payments.

Since FY 2003 - the last year that PHAs' received full administrative funding – 213 PHAs, or 9 percent of all PHAs administering voucher programs, have "handed back" their voucher programs to HUD or transferred them to another PHA.

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- Reduction in the families served who require intensive service coordination including homeless veterans, at-risk youth, and disaster victims. With great anguish, nine PHAs have had to decline incremental HUD-VASH voucher awards, as a direct result of administrative funding levels that are insufficient to administer this important program.

In short, administrative fee cuts have, and continue to be, “penny wise and pound foolish.” NAHRO urges policymakers to restore funding and, as a backstop, to allow PHAs to utilize a portion of Housing Assistance Payment Reserves to cover unmet administrative expenses related to leasing and retaining leased households. NAHRO also urges policymakers to encourage HUD to implement long overdue regulatory reforms that will improve program efficiency by reducing unnecessary administrative burdens.

