



Housing Choice Vouchers

Introduction

"The Section 8 Housing Choice Voucher (HCV) Program was enacted in 1974. On the federal level, the Department of Housing and Urban Development (HUD) administers the program. Locally, vouchers are administered by public housing agencies (PHAs). PHAs are given a set number of vouchers that they are authorized to use each year.

When an applicant receives a voucher from the local PHA, the applicant must find a unit on the private market. The owner of the unit enters into a contract with the PHA and signs a lease with the tenant." (NHLP)

The primary benefit tenants receive from the Housing Choice Voucher program is that unlike PBRA or PBV, the HCV one is portable instead of being tied to a specific building meaning the tenant retains voucher control and as the name suggests, this gives the tenant more "choice" over where they wish to secure housing.. Simply put, the voucher is tied to the tenant not to the building. However, the tenant still needs to meet the eligibility requirements and find an eligible landlord to receive the benefit of the program to retain their subsidy.

The Housing Choice Voucher program is the largest low income housing program in the U.S., but surprisingly little is known about the ownership status of properties where tenants use their vouchers. There is no data maintained at HUD on the proportion of vouchers in non-profit vs. for-profit buildings. There are a significant number of smaller "mom and pop" owners participating in the program, including property owners of color. But it is reasonable to assume that a large share of vouchers are being used in properties owned by large for-profit owners.

Disbursement Methods

Most voucher funding is distributed according to a formula based on last year's funding adjusted for inflation. If Congress does not appropriate enough money to the program,, public housing authorities' funding levels are decreased



proportionally. Congress also funds special installments of vouchers, like Mainstream Vouchers for people with disabilities, that may be given out through other means, including competitive application processes.

Local Governing Body

HUD oversees the HCV/Section 8 program, but it is generally administered through the state or local public housing authority. Under this program, the tenant selects to rent an apartment and, if approved, the PHA will contract with the owner to pay rent on behalf of the tenant.

Local public housing authorities are the primary administrators of the Housing Choice Voucher program although state-level programs exist, as well, primarily but not exclusively to serve rural communities. Although most local public housing authorities are separately established public authorities that are not technically part of local government, some municipal agencies may jointly administer the program.

To administer the HCV program, an entity must be a public housing authority recognized by HUD. As part of its legal obligations, the PHA must adopt a written administrative policy governing its administration of the program including procedures for denying or accepting potential tenants, use of residual funds, and tenant selection criteria.

How to Use HCVs for Social Housing

Program-Wide Requirements & Restrictions

The Section 8 Housing Choice Voucher Program is most commonly used for rental assistance. Although there are some creative ways that organizers and advocates can use the HCV program to advance social housing goals, the requirements and restrictions here are focused on rental assistance.

A property must meet the following criteria to be eligible for the program:

1. The unit must have been inspected by the Public Housing Authority and pass a quality inspection;
2. The lease includes the tenancy addendum;
3. The rent charged is reasonable; at the time a family initially receives tenant-based assistance for occupancy of a dwelling unit,



4. the family share does not exceed 40 percent of the family's monthly adjusted income.¹

Owner Eligibility Restrictions

An owner cannot participate in the program when they:

1. Have been debarred, suspended, or otherwise denied participation in the program;
2. Have been found in violation of the Fair Housing Act;
3. Have violated obligations in their contract with the Public Housing Authority;
4. Have a history or practice of not complying with the housing quality standards set by HUD; or
5. Engage in criminal activity.²

Tenant Eligibility Requirements

- Applicants must meet income restrictions, which are set by HUD but vary based on location. Local Public Housing Authorities generally have HCV Program income restrictions listed on their website.
- Applicants must be citizens or documented non-citizens (such as a permanent resident with a green card).
- Vouchers cannot be used in ineligible housing (where owner is debarred, suspended, or subject to limited denial), housing that fails to meet the Housing Quality Standards, or where the rent exceeds what HUD defines as reasonable.³

All tenants who meet these criteria are eligible for the HCV Program, but being eligible does not guarantee that a tenant will get a voucher due to the lack of available vouchers. Public Housing Authorities often have long waiting lists and tenants may have to wait a significant period of time before they can secure the voucher.

¹ 24 C.F.R. § 982.305

² 24 C.F.R. § 982.306(a-c)

³ 24 C.F.R. § 982.353(e)



Tenant Services

Tenant-based rental assistance is the primary use of the program.

Under this program, HUD provides a subsidy to owners to make up the difference between the total rental cost and the tenant's portion of rent which is generally 30% of household income.

Tenants can use HCV for manufactured housing. In some cases, although not required by the PHA, a tenant can use the voucher to pay for the lease of the land even if they own the manufactured home itself.⁴

Rehabilitation of Existing Affordable Housing

The HCV, for the most part, cannot be used to rehabilitate housing. However, proof of participation in the program can be used by the owner as a guarantee for creditors intending to finance loans for rehabilitation.

Single-Family Purchase

Under the program, HCV can be used to assist a voucher holder with purchasing a home. This happens in two ways. Either the PHA can issue monthly payments similar to a monthly mortgage payment or provide down-payment assistance. PHAs do not have to provide either option except in the limited case of when an individual with a disability requests the option as a form of reasonable accommodation.

The HCV Program could also be used to support direct PHA or community acquisition of rental housing (see Multi-Family Purchase below).

Multi-Family Purchase

As is the case for single family purchases, HCV can be used to purchase individual units as well. In addition HCV can act as leverage to facilitate the purchase of multi-family buildings.

Vouchers can also be used to support direct PHA or community acquisition of rental housing. The King County Housing Authority has been acquiring existing

⁴ 24 C.F.R. § 982.600(a)



rental housing for decades using its “Moving to Work” (MTW) funding flexibility along with county bond funds. As the program has been implemented in King County, once a property is acquired, the housing authority simply becomes the landlord, and uses the HCV program to gradually fill units as existing tenants move on. This same approach can be used by a non-MTW agency, as recently demonstrated by the Austin Housing Authority, which partnered with a community based non-profit to acquire and convert existing rental housing using a commitment of voucher funds.¹⁹ Wider use of this approach can be supported with funding from local housing bonds, like the recent bond issued in Atlanta and San Francisco. This approach could also be pursued for single family homes, in markets where the HCV payment standards would support the debt service on the home purchase.

Construction

Although HCV cannot be used to fund capital projects such as construction, participation in the program can be leveraged to secure private financing.

Local Advocacy/Strategic Opportunities

Prioritize project based HCVs in non-profit and community-controlled buildings

Public Housing Authorities can enter into multiyear voucher contracts for units in specific buildings, which can then be used to house eligible families. HUD limits the percentage of Housing Choice Vouchers that can be “project based” in this way to 20% of the agency’s overall vouchers (with a higher cap for project based units in low poverty neighborhoods). There are no rules barring PHAs from prioritizing such project-based contracts for non-profit owners or other community controlled housing, except that HUD would need to waive the limit on the percent of HCVs that can be project based, if the PHA is already near its limit. As just one example,



Burlington, Vermont has successfully used project based and portable Housing Choice Vouchers to support rental housing managed by its community land trust.

Leverage the Section 8 homeownership program and project-based vouchers to support tenant -opportunity -to -purchase acquisitions of housing

: This approach could work in buildings with a significant number of families with vouchers, and could contribute to the long term financial sustainability of the building. Vacant units in such properties could be targeted for project-based vouchers to further support the acquisition.

Begin reporting ownership status of HCV landlords

The current lack of data distinguishing for-profit vs non-profit ownership of HCV properties makes it impossible to gauge progress on this metric either nationally or at a local PHA level.