



Section 8 Voucher Reform Act (SEVRA)

SEVRA was originally introduced in 2006 and will be in its fourth incarnation when it is introduced in the 111th Congress. The bill includes several major reforms and a number of modest changes of interest to HAs. Major elements in earlier versions of the bill will likely appear in a bill introduced in 2009.

Housing Innovation Program (HIP)

A major component of the House's version of SEVRA last year was HIP. That program will replace the Moving to Work demonstration with a permanently authorized program that provides:

- Substantial funding flexibility,
- Significant regulatory flexibility, and
- An expansion of the current 32 demonstration program participants to 60 participants, with an additional 20 HAs who would only benefit from funding flexibility.

Although some advocacy organizations have opposed any expansion of the MTW demonstration or its authorization as HIP, the Urban Institute has reported that it found no evidence of harm to participants at current MTW agencies. PHADA has urged inclusion of HIP in SEVRA and understands that a new bill will include a HIP provision.

HCV Renewal Funding Formula

After years of annual changes to the method Congress mandated for allocating HCV renewal funding, SEVRA proposed to enshrine the renewal funding method used in the last two years in authorizing law. Renewal funding in SEVRA would be based on vouchers in use and average voucher cost the prior year. PHADA supports the change to bring stability to future HCV renewal funding.

Income and Rent Provisions

SEVRA retained several rent and income provisions helpful to HAs. Agencies may use prior year income information for recertification of income for rent purposes in the HCV and public housing program. Although HUD recently published a rule implementing use of prior year income along with HUD's Enterprise Income Verification (EIV) system for verification, the status of that rule is uncertain. In addition, the bill:

- Simplifies the treatment of assets and eliminates imputed income from assets,
- Simplifies the earned income exclusion,
- Requires income recertification for households with fixed only every 3 years with household certification of income in intervening years, and

- Changes deductions for dependents, elders, medical and child care costs that raise some deductions but may also reduce administrative burdens.

PHADA supports changes to rent and income statutes that simplify the administration of the public housing and HCV programs.

Other HCV Provisions

PHADA supports several other SEVRA provisions that apply to the HCV program.

- SEVRA would base the administrative fees HAs earn on HCVs in use,
- HAs would be required to inspect occupied HCV subsidized housing at least every other year rather than annually, and
- The bill would require absorption of portable HCVs by a receiving HA.

These provisions reinstate earlier program design elements, offer opportunities for administrative simplification and savings, and address on long standing source of friction among HCV sponsors.

Less Attractive HCV Provisions

SEVRA would have permitted HAs to:

- Begin HAP payments for a unit prior to passing an HQS inspection,
- Carry out repairs on units using HAP funds withheld from an owner due to housing quality problems, and
- Pay utility expenses for a unit at risk of losing utility services.

Although these provisions were permissive and did not impose new requirements in SEVRA, PHADA has pointed out that they would present implementation problems for HAs.

Problematic Provisions

SEVRA has also included several problematic provisions. The House bill:

- Authorizes a new Section 8 assessment system in addition to rather than replacing the current SEMAP assessment,
- Imposes new reporting requirements concerning participants' rent burdens,

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- Imposes new Low Income Housing Tax Credits participant characteristics reporting requirements,
- Requires means testing continued occupancy in public housing and project based assistance, although program sponsors may opt out of the requirement by adopting an explicit policy permitting continued occupancy by households with incomes over the admission income limits.

PHADA has objected to these provisions and has succeeded in encouraging some changes to bill provisions that would moderate adverse impacts on program participants and sponsors. These SEVRA provisions would tend to increase administrative burdens in deeply assisted housing programs and could require eviction of successful long term assisted housing residents.

The Future

As both Houses of Congress have taken up several versions of SEVRA, the bill has gained and lost a number of provisions. The Senate Banking Committee did not include a version of HIP in the bill it considered last year. PHADA understands that efforts are underway to conform House and Senate versions of SEVRA. PHADA understands that a version of HIP will appear in SEVRA that policy makers may consider in 2009.

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Unfortunately, although many provisions of SEVRA have been thoroughly vetted in both houses of Congress, the House Financial Services Committee and the Senate Banking Committee will likely remain very busy through 2009. Whether the committees will be able to complete work on SEVRA in addition to their other work related to economic recovery and financial reforms remains an open question. ■