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“The Section 8 program and access to opportunity:  
An agenda for policy reform”

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**House Financial Services Committee  
Subcommittee on Housing and Community  
Opportunity**

Subcommittee Hearing on  
The Section 8 Voucher Reform Act  
Friday, March 9, 2007

## **The Section 8 program and access to opportunity: An agenda for policy reform**

*Submitted to the House Financial Services Committee, Subcommittee on Housing and Community Opportunity: Subcommittee Hearing on The Section 8 Voucher Reform Act  
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Racially segregated, high poverty neighborhoods are a continuing reality in many American cities. Families living in these neighborhoods often do not have access to quality jobs, high performing schools, and other important life opportunities. Federal and state housing programs have helped to create this situation, but they can also be part of the solution to change it.

The nation's largest federal housing program, the Section 8 "Housing Choice Voucher Program" has the potential to help poor families voluntarily move to lower-poverty and less-segregated areas. Unfortunately, this benefit of the voucher program is not automatic, and is highly dependent on program features that include how higher-rent areas are treated, how public housing agencies (PHAs) receive their funding, how PHAs interact with families and with each other when a voucher crosses jurisdictional lines ("portability"), and the extent to which families receive housing search assistance. Each of these program features is subject to competing political, administrative and policy demands, so housing mobility becomes simply one goal among many.

Although HUD and Congress took some promising steps during the 1990s with a series of housing mobility policies designed to help families move to lower-poverty neighborhoods, these policy interventions only lasted a few years, and in recent years we have experienced a policy retrenchment, which has restricted families' geographic choices in the voucher program, and is likely now leading to greater geographic concentration among poor Black and Latino participants in the program.<sup>1</sup>

### **Congress has an opportunity to undo this systematic dismantling of the Section 8 program, and to reinvigorate two of the program's original goals of housing choice**

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1. The current Administration's cutbacks on housing mobility in the voucher program began in 2002, with the elimination of federal funding for regional housing mobility programs, and the consequent shutdown of dozens of such programs around the country. Then, in 2003, HUD began affirmatively restricting housing choice by cutting back on the use of Section 8 "exception payment standards," which permit families to move to lower-poverty areas that have higher rents. In 2004, the Administration's original Flexible Voucher proposal (successfully resisted by Congress) would also have discouraged housing mobility by changing each agency's Section 8 allocation to a single block-grant system, rather than paying each agency for all the authorized vouchers that they are able to use. But in the same way, a change in the way HUD allocates budget funds (to cover each agency's prior year expenditures) along with HUD's decision in June of 2004 to retroactively cut voucher funding in PIH Notice 2004-7 both increased incentives for PHAs to adopt policies that discourage or prohibit families from moving to higher-rent areas. These policies also led to across the board reductions in payment standards that limit choice of available neighborhoods. HUD again restricted mobility in a guidance issued in July of 2004 that seemed to allow PHAs to restrict voucher holders' portability rights, where PHAs make a showing of financial hardship (HUD retracted this ambiguous and unlawful guidance in 2006, but only after much damage had been done).

**and deconcentration of poverty.** To accomplish this, the Congress could take the following steps:

- ▶ Elimination of financial penalties imposed on Public Housing Agencies (PHAs) when families move from one jurisdiction to another. Currently, a “sending” PHA has to pay a premium to a neighboring PHA for higher rents in the receiving town, with no possibility of reimbursement from HUD. A proposal in the pending 2007 Appropriations Bill would eliminate this penalty by allowing PHAs to seek reimbursement of excess “portability” costs from HUD. It is important to incorporate this intended policy change in the 2007 funding resolution.
- ▶ Reauthorization of the system in effect prior to 2000, that permitted somewhat higher Section 8 rents in more expensive, lower-poverty areas. This system of “Exception Payment Standards” is still part of the Section 8 regulations, but, as noted above, its use was suspended unlawfully by HUD in 2003.
- ▶ Statutory changes to eliminate the complex administrative system of “portability” and replace it with a simpler system that allows families to move from jurisdiction to jurisdiction without bureaucratic complications. One leading proposal is to require receiving PHAs to simply “absorb” incoming families into their program, so long as spaces remain for families on the PHA waitlist.
- ▶ Reauthorization of an improved version of the Regional Opportunity Counseling Program, a multi-city program that helped families move to lower- poverty neighborhoods (defunded in the first two years of the Bush Administration).
- ▶ Experimentation with new approaches to cooperation among PHAs operating similar voucher programs in the same metropolitan areas – including financial incentives for PHAs that take steps such as sharing waitlists, adopting common application forms, etc.
- ▶ Passage of a new national housing mobility program modeled on the successful Gautreaux Assisted Housing Mobility Program in Chicago. An estimated 50,000 new vouchers per year, dedicated to deconcentrating poverty in 10-15 of America’s most severely segregated urban neighborhoods, could have a substantial impact in ameliorating the impacts of concentrated poverty over a ten-year period.

The recent report of the Third National Conference on Housing Mobility: *Keeping the Promise: Preserving and Enhancing Housing Mobility in the Section 8 Housing Choice Voucher Program*<sup>2</sup> includes a review of the best practices and most promising administrative approaches to promoting housing mobility in the Section 8 voucher program. The main lesson of this report is that housing mobility is feasible, we know how to make it work, and, given the assistance, many families in high-poverty neighborhoods

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2. Report available at [www.prrac.org/pdf/KeepingPromise.pdf](http://www.prrac.org/pdf/KeepingPromise.pdf).

will make a choice to move to safer and higher-opportunity areas. **It is time to restore the promise of choice to the Housing Choice Voucher Program.**

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