



# Issue Fact Sheet

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## SECTION 8 HOUSING CHOICE VOUCHERS

### Background

NMHC/NAA strongly support the Section 8 housing choice voucher program, which has long served as America's primary rental subsidy program. The program, which provides subsidized rents for low-income families in private rental housing, can be one of the most effective means of addressing the need for affordable housing. It allows families to choose their housing and helps reduce the concentration of poverty.

But the program has been plagued with inefficiencies and onerous bureaucratic requirements that increase the cost to rent to a Section 8 voucher holder and discourage private owners from accepting Section 8 vouchers. Owners who participate in the program must sign a three-way lease with the resident and the housing authority, and they are subject to (often cumbersome) program restrictions, such as repetitive unit inspections, resident eligibility certification and other regulatory paperwork.

The program has also been plagued with a flawed and volatile funding system, which has undermined private sector confidence in the program. With the 112<sup>th</sup> Congress focused on austerity measures and deficit reduction, insufficient funding is expected to be worse in the near-term budget cycles.

Recognizing the regulatory burden the program places on private owners, Congress specifically made participation in the program voluntary. However, at the state and federal level, efforts have been undertaken to make it illegal for a private owner to refuse to rent to a Section 8 voucher holder. The most recent example is mortgage reform legislation enacted in 2009 (P.L. 111-22) that requires new owners who purchase foreclosed properties to assume any existing Section 8 housing assistance payment contracts and to allow Section 8 renters to remain in place for the term of the lease. These provisions effectively mandate voucher participation.

While superficially appealing, such mandates are ultimately self-defeating because they greatly diminish private investment in affordable housing and reduce the supply. Increased participation should occur because the program has been reformed, and renting to a Section 8 voucher holder (from the owner's perspective) is comparable to renting to an unsubsidized renter.

If the housing needs of America's low- and moderate-income families are going to be met, it is imperative that we improve the Section 8 program and preserve its voluntary nature.

### NMHC/NAA Position

Lawmakers should take action to help the Section 8 program truly meet the affordable housing needs of the nation's citizens. Specifically, they should:

- Reform the Section 8 program to remove duplicative regulatory requirements and streamline the inspection process so the cost of renting to voucher-holding residents is comparable to the cost of serving unsubsidized residents.
- Put in place a reliable funding formula and oppose calls to reduce funding to the program;
- Reinforce the voluntary nature of the program and reject proposals that effectively mandate voucher participation.
- Let lapse temporary provisions that require the new owner of a foreclosed property to be subjected to the Section 8 contract of the prior owner. Such action would discourage investment in rental housing at a time when the nation's demand for rental housing outstrips supply and is rising as a result of the recession.

### Current Status

For nearly a decade, lawmakers have been considering Section 8 reform legislation. On June 23, a key House Financial Services Committee held a hearing on draft reform legislation. The not-yet-introduced bill makes numerous program changes supported by NMHC/NAA to improve the efficiency of the program, including streamlining the inspection process, establishing a more reliable annual funding formula and clarifying the government's role in complying with requirements to translate lease documents into foreign languages.

While this is just the first step in a long process to enacting legislation, supporters are hopeful that reform may pass in this Congress. With lawmakers focused on deficit reduction, momentum on the issue is aided by the fact that improving the Section 8 program could produce meaningful cost savings.

### **Relevant Committees**

Senate Banking, Housing and Urban Affairs Committee  
House Financial Services Committee  
Senate Appropriations  
House Appropriations

### **Contact Information**

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