

July 13, 2023

The Honorable Patty Murray,
Chair
Senate Appropriations Committee

The Honorable Susan Collins,
Vice Chair
Senate Appropriations Committee

The Honorable Brian Schatz,
Chair
Senate Appropriations Subcommittee on
Transportation, Housing, Development and
Related Agencies

The Honorable Cindy Hyde-Smith,
Ranking Member
Senate Appropriations Subcommittee on
Transportation, Housing, Development and
Related Agencies

Re: Provisions in the 2024 Appropriations Act to support choice and mobility in the Housing Choice Voucher program

Dear Chairwoman Murray, Vice Chairwoman Collins, Chairman Schatz, and Ranking Member Hyde-Smith:

We, the undersigned housing and civil rights organizations, write to urge the Appropriations Committee to include two key reforms that will help more families successfully use their Housing Choice Vouchers (HCV) and access lower poverty neighborhoods.¹ Today, a large number of voucher families with children are concentrated in high poverty neighborhoods,² and are prevented from accessing communities of their choice by multiple barriers, including the requirement of an initial security deposit to rent, lack of information and housing search assistance, and reluctance by many property owners to accept Section 8 payments.

To address these concerns, first, we propose a small adjustment to language concerning the permissible use of voucher funds (Housing Assistance Payments, or HAP funds). Second, we urge the committee to maintain funding (initially appropriated for FY 22) to support housing mobility services.

Flexibility in the use of HAP funds

Currently, HUD permits HAP funds to be used only for monthly rent payments after a tenancy is approved and the unit has passed a housing quality inspection. This restrictive view of “housing assistance” is no longer serving the voucher program or its families. We recommend a limited expansion of this definition to allow capped amounts for security deposits and apartment holding fees (payments of up to one month’s rent to hold the unit during the typical delay period while the housing authority goes through the inspection process). This minor change would

¹ The economic, educational and health benefits of moves from high poverty to low poverty neighborhoods has been extensively documented, see, e.g., Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” 2016, *American Economic Review*, 106(4): 855–902, https://scholar.harvard.edu/files/lkatz/files/chk_aer_mto_0416.pdf.

² See, for example, “PHA concentration of voucher holders in high poverty neighborhoods” (HUD, 2023), <https://www.hud.gov/sites/dfiles/PIH/documents/Voucher%20Concentration%20Spreadsheet%20May%2030%202023.pdf>

provide more effective assistance while retaining the important underlying requirement that funds be used only for direct housing assistance. The following bill language could be inserted in the sections of the appropriations bill covering voucher renewals and new voucher increments:

Provided further, That notwithstanding any other law, public housing agencies may use current and prior year housing assistance funds for standard security deposits and for fees to hold an available apartment during the inspection and approval process, up to a maximum of one month's rent for each type of expenditure.

This type of HAP flexibility is consistent with President Biden's FY 2024 legislative and program proposal for HUD. The President's budget called for a demonstration program to test the effectiveness of HAP flexibility in improving HCV utilization in a select number of regions. We support this demonstration program proposal, but urge the Committee to implement this option more broadly than the limited number of metropolitan areas suggested in the Budget, and to specify that capped apartment holding fees are permissible uses of HAP funds.

This limited HAP flexibility would ensure the majority of funds continue to go toward the voucher subsidy while giving public housing agencies and voucher holders the ability, where needed, to address barriers to voucher utilization and to improve choice and access to areas of opportunity for their families. Public Housing Authorities (PHA) could use their HAP reserves without reducing the number of vouchers leased by the agency. In future years, payments for security deposits and holding fees would be considered as leasing-related costs eligible for renewal under the formula. The future cost of this new flexibility would be minimal. PHAs are likely to choose to exercise this option mainly to *maintain* utilization in tightening markets or to restore the number of vouchers leased to pre-pandemic levels. PHAs would be able to use this flexibility to address barriers to leasing in high opportunity neighborhoods. Any added costs would apply to only a small share of vouchers: those newly issued (voucher turnover rates nationally are approximately 8%) or when families move.

Mobility Services funding

In addition to the request for HAP flexibility, we urge the subcommittee to maintain the \$25 million funding level for mobility programs that was included in FY 2022. Mobility services help voucher holders exercise greater choice in where they live so they can truly thrive. Mobility Services funds would support PHAs in providing counseling and housing search assistance to help families use their vouchers to secure quality housing in high-opportunity communities, connect families with vouchers with landlords, and provide continued support to HCV families after they move. We urge the Subcommittee to maintain or expand these funding levels, so as to make existing programs more robust and effective.

Low-income renters with HUD assistance face challenges in a highly competitive market, these proposed changes are needed to give families a better chance to use their voucher more effectively in a neighborhood of their choice.

We would welcome the opportunity to meet to discuss this proposal in more detail.

Sincerely,

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