

June 4, 2024

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 2025 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:

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 renew 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 and utility 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 provide more effective assistance while retaining the important underlying

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>

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 and utility 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 2025 legislative and program proposal for HUD. The President's budget calls for a demonstration program to test the effectiveness of HAP flexibility in improving HCV utilization in a select number of regions.³ 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 HAP 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 also 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 also be able to limit this flexibility to address barriers to leasing in high opportunity neighborhoods if they chose. Any added costs would apply to only a small share of vouchers: those newly issued (voucher turnover rates nationally are approximately 8%) or when existing voucher families move.

Mobility Services funding

In addition to the request for HAP flexibility, we urge the subcommittee to once again include \$25 million in funding for mobility program services that was appropriated in FY 2022. This funding opportunity attracted 46 PHA applicants in 2023, but only 7 PHAs could be accommodated with the funding available. 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 renew this funding commitment, so more PHAs can offer real housing choice to their families.

³ The President's budget proposal potentially includes an even wider range of potential uses of HAP funds to expand utilization and choice – similar to the activities service fees permitted in the Emergency Housing Vouchers program (Notice PIH 2023-23, p. 2) or in the Creating Moves to Opportunity demonstration in Seattle and King County, <https://opportunityinsights.org/paper/cmto/>.

Low-income renters with HUD assistance face challenges in a highly competitive market, and 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,

Philip Tegeler
Poverty & Race Research Action Council
Washington, DC
ptegeler@prrac.org

Noelle Porter
National Housing Law Project
Washington, DC
nporter@nhlp.org

Bipartisan Policy Center Action
Washington, DC

Council of Large Public Housing Authorities
Washington, DC

Lawyers Committee for Civil Rights Under Law
Washington, DC

Mobility Works
Baltimore, MD

National Affordable Housing Management Association
Alexandria, VA

National Apartment Association
Arlington, VA

National Association of Housing and Redevelopment Officials
Washington, DC

National Leased Housing Association
Washington, DC

National Low Income Housing Coalition
Washington, DC

National Multifamily Housing Council
Washington, DC

Public Housing Authorities Directors Association (PHADA)
Washington, DC