

NAHRO Housing Committee

Universal Housing Choice Voucher Proposal¹

Introduction

The Housing Choice Voucher (HCV) program is HUD's largest program. It currently serves approximately 2.3 million families across the country and costs approximately \$25 billion dollars annually (including administrative fees).² Despite its scale, it still falls short of serving every person who qualifies for a voucher. It only serves 1 out of every 5 people who qualify for federal rental assistance.³ To better serve the American public, the program should be expanded to cover every eligible individual in the country. In addition to expanding the program, there are certain changes that would make the program more effective in helping families find and lease homes. This paper outlines many of those changes.

Please note that in many communities around the country, there are not enough units to house every family that needs a home. Expanding the voucher program will not affect this supply problem. While it is outside the scope of this paper, it should be noted that coupled with any large expansion of the HCV program should be a plan to increase the number of available hard units across the country.

Finally, this paper notes that an expansion of the housing choice voucher program should be coupled with a national source of income discrimination law, a major expansion of the Family Self-Sufficiency program, and vast array of other services to help a family lease up in a neighborhood of their choosing.

National Source of Income Discrimination Law

Source of income discrimination laws prevent landlords from discriminating between tenants based on how the tenant chooses to pay their rent (e.g., by using a voucher). Too often, landlords do not consider voucher holders as potential tenants for their units. In some instances, this broad rejection of voucher tenants can be used as a proxy for racial considerations. To ensure that all people can compete fairly for rental units, there should be a national source of income discrimination law.

The national source of income discrimination law should include certain features to help ensure that voucher program participants are adequately protected from discrimination. These protections include the following: making sure that vouchers are explicitly protected in the text of the statute (beyond text saying that discrimination cannot be on the basis of source of income); eliminating exemptions, especially exemptions for smaller landlords; creating strong enforcement mechanisms; noting that the burden of voucher administrative requirements are not a defense, nor are minimum income requirements that are not related to the portion of the rent paid by the tenant. Strong enforcement mechanisms include a private right to action with uncapped damages and attorney's fees.⁴ A law with a

¹ All citations are informal.

² See HUD's HCV Dashboard at

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

³ Mary Cunningham, "It's Time to Reinforce the Housing Safety Net by Adopting Universal Vouchers for Low-Income Renters," *Urban Wire: Housing and Housing Finance*, 2020, <https://www.urban.org/urban-wire/its-time-reinforce-housing-safety-net-adopting-universal-vouchers-low-income-renters>.

⁴ The suggestions in this paragraph have been taken from Poverty & Race Research Action Council's document "Crafting a strong and effective source of income discrimination law," March 2020, <https://prrac.org/pdf/crafting-a-strong-and-effective-source-of-income-discrimination-law.pdf>.

private right of action would not need a central body to enforce it, since the courts would enforce it by means of private lawsuits.⁵

Funding

A new voucher expansion should have certain changes in how the program is funded. Most importantly, the funding should be taken out of the discretionary category and recategorized as mandatory spending. The recategorization should include Housing Assistance Payments (HAP) (the portion of the subsidy that is allocated to landlords), administrative fees (the portion of the subsidy used for program expenses), and supportive services fees (fees to provide additional services to help families find homes), and any other necessary fees. Additionally, the funding should be disbursed monthly or more frequently, so that programs can adjust quickly to the need for additional vouchers.

Mandatory Spending and Eligibility - Spending in the federal budget can be either mandatory, discretionary, or net interest. Discretionary spending occurs through a yearly appropriations process controlled by Congress. Mandatory spending is controlled by laws passed by Congress other than appropriations acts. Net interest is spending on the government's interest offset by the interest income the government receives. Examples of mandatory spending include Social Security, Medicare, and Medicaid. The voucher program is currently within the discretionary spending category.⁶

The voucher program should be moved from within the discretionary spending category into the mandatory spending category. Making the switch to mandatory spending will ensure that vouchers and other fees are automatically fully funded without having program participants, PHAs, and landlords worrying about the vicissitudes of the appropriations process. By making vouchers mandatory spending, Congress ensures all future vouchers receive full funding (i.e., the full amount is given with no proration) for the Housing Assistance Payment (HAP) account, the administrative fee account, and the supportive services account.

Administrative Fees Funded at 100% of Eligibility - Administrative fees are the fees provided to PHAs for the costs of operating the HCV program. In 2015, HUD published a study conducted by Abt Associates on the HCV program's administrative fee funding. The study found that, during the 2013 to 2014 study period, Congress had under allocated funding for the administrative fee by almost \$400 million dollars.⁷ This underfunding occurred because Congress consistently allocated less money than is required for the operating costs of running an efficient housing choice voucher program. Administrative fees are also needed to provide quality customer service both to program participants and to landlords. Fully funding the administrative fee account will help ensure that services to voucher program participants are language-specific, culturally relevant, and informed by any trauma received by the program participant. Additionally, housing authorities that serve multiple counties or large geographic areas should

⁵ An alternative strategy for a national source of income discrimination law would be to add "source of income" as a protected class to the Fair Housing Act. Vouchers should be explicitly mentioned in the definition of "source of income."

⁶ D. Andrew Austin, "Present Trends and the Evolution of Mandatory Spending," *Congressional Research Service*, Jan. 31, 2017, <https://crsreports.congress.gov/product/pdf/R/R44763/3>.

⁷ Jennifer Turnham et. al., "Housing Choice Voucher Program, Administrative Fee Study: Final Report," August 2015, p. 172, https://www.huduser.gov/portal/publications/pdf/AdminFeeStudy_2015.pdf.

not have to repeatedly apply for blended administrative fees or increased administrative fees, but should receive these adjustments automatically.

The administrative fees should be removed from the appropriations process and be funded through a mandatory funding process. This will ensure administrative fees are always funded at full eligibility.

Supportive Services Fees - A universal expansion of the voucher program should include supportive services fees to allow PHAs to offer initial support services to program participants. These supportive services fees should be allocated as mandatory spending and disbursed to PHAs. The PHA would create a menu of services that best address leasing challenges based on local needs. Supportive services fees and administrative fees should be eligible for use on any supportive services.

Supportive services fees should be classified into several different categories including the following:

Preliminary Fees – These fees should be a single one-time fee for each voucher that is allocated to a PHA that is beyond the number of vouchers it currently uses. This will allow the PHA to support the additional costs of serving households beyond the number of households currently being served. This fee should be \$400 per new voucher and tied to inflation.

Issuance Fees – These fees will be given for each voucher issued to a family by a PHA. This will help to capture the work done by PHAs to help families after they are issued a voucher, but before the family is able to lease up. Since not all families will necessarily be able to lease up, this fee helps capture the cost of the work for each voucher issuance. This fee should be \$100 per voucher issuance and tied to inflation.

Placement Fees – These fees will be given to a PHA for each time it leases up a family within 12 months of voucher issuance. This will incentivize lease ups. The fee should not be one-time, but should apply to each family that is leased up. This fee should be \$500 per leased up voucher and tied to inflation.

Prime Service Fees – This fee will be given to PHAs to support their efforts in providing initial services to families that receive a voucher. The amount for this fee may be used for activities described below, such as search assistance, short-term financial assistance, landlord engagement and recruitment, and certain other activities. This fee should be \$3,500 and tied to inflation.

Potential eligible uses for these supportive services fees, and other fees, are discussed later in this paper.

Front Loading Fees - Housing agencies that would like to substantially expand their voucher programs or agencies that would like to start a voucher program should have the option of receiving front-loaded administrative fees and supportive services fees to help cover their initial start-up costs.

Common Application Bonus - Potential program participants that wish to apply to the voucher program at more than one housing agency may have to fill out multiple applications that vary in their content. This process can be particularly cumbersome in metropolitan areas with many housing agencies that have overlapping jurisdiction. To solve this problem, housing agencies that are near each other or with overlapping jurisdictions should be incentivized to create a common application process with a common application.

Housing agencies that join groups to form a common application process and a common application should receive a bonus payment. The payment should be proportional to the number of vouchers administered by all the housing agencies in the group. Each additional housing agency should increase the payment to all the housing agencies proportional to the number of new administered vouchers it is bringing to the group.

Allocation of New Vouchers

In an expansion, new vouchers should be allocated according to the need of the community. Need may be calculated by examining the number of cost-burdened households (i.e., those households that are paying more than 30% of their income towards rent) that have income at or below 80% of area median income in all jurisdictions. All PHAs in all states should be eligible to receive new vouchers, including PHAs in rural, suburban, and metropolitan areas.

A PHA may request fewer vouchers than it is eligible to receive to ensure adequate utilization of the voucher funding that it receives. The PHA should be the only actor to be able to request fewer vouchers than it is eligible for. Housing agencies should also be able to request additional vouchers on a monthly basis as needed. While recent expansions to the voucher program have limited the expansion to PHAs that already have voucher programs (e.g., Emergency Housing Vouchers created by the American Rescue Plan), a universal expansion should allow housing agencies without voucher programs to request to start a voucher program.

Rate of Expansion and Timeline

The U.S. Department of Housing and Urban Development should provide PHAs with enough additional funding to support all people eligible for a housing choice voucher. The PHA should have the option to turn down some or all of its voucher funding, if it believes that it will not be able to utilize it within a 12-month period.

There should not be an arbitrary timeline set in legislation for the expansion of the program (e.g., a 5-year timeline or a 10-year timeline). Housing agencies should have eligibility to receive vouchers the first year after legislation passes, but should have the option of deciding how quickly they want to expand their program. This will allow each PHA to increase their program size according to the needs of their community and the PHA's capacity without forcing arbitrary deadlines on vastly different housing markets. This decentralized growth model will allow PHAs to expand the program at a rate that will prevent underutilized funds.

Housing agencies that do not have a voucher program, but would like to start a voucher program, should have the option to start a voucher program by requesting enough funding to reasonably start a voucher program. For example, a PHA with currently only Public Housing should be able to start a voucher program at its discretion.

Finally, if the program is expanded to all eligible participants, the current program targeting requirements should be removed.

Search Assistance

Search assistance can be invaluable to voucher program participants for two reasons. First, it helps people to find available units, which makes it more likely that a family will be able to find a unit and use their voucher. Second, it has the potential to help families to move to areas of opportunity. Living in areas of opportunity can impart substantial benefits to families.⁸ For children, it has the potential to increase lifetime earnings substantially.⁹ A PHA should be able to voluntarily utilize the following resources at their discretion. Housing agencies should be able to use their supportive services fees and administrative fees for these activities.

Navigators – Utilizing Housing Navigators, or people to assist voucher program participants, is a method of providing services like search assistance to voucher program participants. These individuals can be specifically hired to provide additional services to program participants to ensure that they are able to exercise real choice in their housing search process.

Housing Counseling Services that Provide Information About High-Opportunity Areas and the Benefits of Moving There – Housing agencies should be able to provide housing counseling services to voucher participants on the benefits of moving to high-opportunity areas. Research shows that providing information about high-opportunity areas and the benefits of moving there, when part of a carefully tailored package of services, can improve the rate at which families move to areas of opportunity.¹⁰

Rental Application Assistance – Research has shown that providing help in completing rental applications, when part of a broader group of interventions, can help people move to areas of opportunity and helps to lower barriers to accessing certain homes and certain neighborhoods.¹¹

Credit Counseling – Research has shown that addressing issues in credit and rental history, when part of a broader group of interventions, can help people move to areas of opportunity and helps to lower the barriers to accessing certain homes and certain neighborhoods.¹²

⁸ Moving to high-opportunity areas can improve adult physical and mental health. See Jens Ludwig, Greg J. Duncan, Lisa A. Gennetian, Lawrence F. Katz, Ronald C. Kessler, Jeffrey R. Kling, and Lisa Sanbonmatsu, “Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity,” April 2013, <https://www.nber.org/papers/w18772.pdf>.

⁹ See 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,” August 2015, http://www.equality-of-opportunity.org/images/mto_paper.pdf.

¹⁰ Peter Bergman, Raj Chetty, Stefanie DeLuca, Nathaniel Hendren, Lawrence F. Katz, Christopher Palmer, “Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice,” August 2019, page 13, https://opportunityinsights.org/wp-content/uploads/2019/08/cmto_paper.pdf.

¹¹ Bergman, Chetty, et. al., August 2019, page 13.

¹² Bergman, Chetty, et. al., August 2019, page 13.

Short-Term Financial Assistance

The following items would help families find and lease units, especially in areas of opportunity. Housing agencies should be able to use their supportive services fees and administrative fees for these activities.

Security Deposits – In some areas, landlords ask for security deposits. Lack of funding to pay for security deposits is frequently cited as a barrier to housing and as a barrier to entering high opportunity neighborhoods. The PHA should have the flexibility to structure the security deposit process in a way that best fits its community. For example, the PHA should have the option of permanently leaving the security deposit with the landlord irrespective of the level of damage done to the unit. Requesting individual amounts back with some money removed for damage to the unit would be difficult to coordinate. Research shows that providing security deposits, as part of a broader intervention, can help voucher holders move to areas of opportunity.¹³

Screening Fees – In some areas, landlords charge screening fees for rental applications. Lack of funding for screening fees can serve as a barrier for households to access housing, especially in areas of opportunity. Research shows that providing screening fees, as part of a broader intervention, can help voucher holders move to areas of opportunity.¹⁴

Application Fees – In some areas, landlords charge application fees for rental applications. Lack of funding for application fees can serve as a barrier for households to apply for housing and secure housing in areas of opportunity.

One-time Utility Deposits – Some utility companies require one-time utility deposits before starting services. Lack of funding for these one-time utility deposits can serve as a barrier for households to access housing.

First and Last Moving Costs – Lack of first and last month moving costs can act as a barrier to access housing and find housing in areas of opportunity.

Hold Fees – Hold fees are fees that a landlord may charge when a renter expresses interest in a unit and would like to “reserve” the unit for themselves. Lack of funding for hold fees can serve as a barrier for households to access housing and locate housing in areas of opportunity.

Double Rent (in instances where rental overlap is unavoidable) - There are some instances when moving, when leases may have to overlap for a month to secure a unit. This is especially true in competitive markets. The voucher program should cover the costs of overlapping leases in those instances.

Moving Expenses – If needed, a PHA may wish to supply a family with moving expenses (e.g., the cost of transportation) to ensure that the costs of moving are not limiting their search.

Renter’s Insurance – If needed, the PHA may wish to fund a family’s renter’s insurance. This payment may be required by the lease in certain areas.

¹³ Bergman, Chetty, et. al., August 2019, pages 13-14.

¹⁴ Bergman, Chetty, et. al., August 2019, page 13.

Other Similar Payments – The above list is not an all-inclusive list of activities that may help families lease units, nor is it an all-inclusive list of activities that may help families move to areas of opportunity. Similar payments that may help a family lease units or lease in an area of opportunity should also be included. The housing authority should have the option of offering short-term financial assistance to members of its community, in addition to program participants, at its discretion.

Landlord Engagement and Recruitment

Housing agencies need flexibilities and funding to recruit and retain landlords. Housing agencies should be able to use their supportive services fees and administrative fees for these activities.

Landlord Incentives – Across the country, there are fewer and fewer landlords that are willing to participate in the Housing Choice Voucher program. To incentivize participation, voucher programs should have the discretionary ability to offer landlord incentives in the form of monetary payments. Housing agencies should have the opportunity to structure these payments to recruit new landlords into the program or to retain current landlords. Housing agencies should also have the ability to structure these payments in a way that makes the most sense for their housing markets.

Federal Tax Incentives for HCV Landlords – Landlords that participate in the program should be eligible to receive a tax incentive in the form of a federal tax deduction or a federal tax credit. The federal tax code can be a powerful tool to incentivize participation in the program.

Discussing the HCV Program with Landlords in High-Opportunity Areas – Many landlords either do not know the details of how the HCV program works or have a skewed perspective on the program. Research has shown that discussing the HCV program with landlords in high-opportunity areas, when part of a broader group of interventions, can help people move to areas of opportunity and helps to lower the barriers to accessing certain homes and certain neighborhoods.¹⁵

Risk Mitigation Fund – A risk mitigation fund may be used to pay for damages to a unit beyond the cost of a security deposit. Research has shown that risk mitigation funds, when part of a broader group of interventions, can help people move to areas of opportunity by reassuring landlords in certain neighborhoods about leasing to voucher program participants.¹⁶ The program should allow risk mitigation funds to be structured by the PHA according to the local needs of the community.

Vacancy Loss Payment – Vacancy loss payments are payments made to landlords to hold a unit for a future voucher program participant.¹⁷ Vacancy payments can help incentivize landlords to hold a unit until it is ready for a voucher program participant to move in. This is sometimes

¹⁵ Bergman, Chetty, et. al., August 2019, page 13.

¹⁶ Bergman, Chetty, et. al., August 2019, page 13.

¹⁷ Vacancy loss payments differ from hold fees in that hold fees are charged by the landlord to hold the unit, while vacancy loss payments are offered by a PHA to a landlord to hold a unit while PHA paperwork and inspections are being conducted. Vacancy loss payments may be offered to landlords even when the landlord does not charge a hold fee.

necessary to compete against a market tenant who may be available to move in immediately, while a voucher program participant has to wait for a unit to pass an inspection.

Expansion of the Family Self-Sufficiency Program

The Family Self-Sufficiency (FSS) program funding should be moved into the mandatory funding category. It should be expanded to cover every PHA that would like a FSS program or every PHA that would like to expand its current FSS program to serve all eligible voucher program participants.¹⁸ Participation in the FSS program should remain voluntary for both PHAs and voucher participants.

Funding for Childcare or School

Parents with young children need access to childcare services to ensure that they can continue with their jobs and make rental payments. Childcare services also have beneficial effects on children. In any program expansion, funding for childcare or school for small children should be an eligible expense for both administrative fees and the supportive services fee.

Broadband Internet Access

Housing agencies should have the option of providing wireless internet as an ongoing utility allowance. Housing agencies should also have the option of using part of their supportive services fee to fund broadband internet access. Internet connectivity is essential for living in the modern world. Lack of internet connectivity can hinder those seeking employment.¹⁹ Access to the internet can also encourage people not to leave the labor market.²⁰ Additionally, the internet allows people to increase their wages by improving their digital skill set.²¹ The internet also serves as an educational tool.²² Finally, it has the potential to improve health outcomes.²³

Admission and Voucher Issuance Process

Streamlined Initial Briefings - The initial briefings process should be streamlined by continuing to allow PHAs to perform initial briefings through electronic means such as video calls or telephone calls. These would save time for both the PHA and the voucher program participant who may have trouble accessing transportation to easily get to the PHA.

¹⁸ This paper does not take a position on whether the FSS program should be expanded to all Public Housing residents because the topic is beyond the scope of universal voucher expansion.

¹⁹ Aaron Smith, "Lack of broadband can be a key obstacle, especially for job seekers," *Pew Research Center*, 2015, <https://www.pewresearch.org/fact-tank/2015/12/28/lack-of-broadband-can-be-a-key-obstacle-especially-for-job-seekers/>.

²⁰ T. Randolph Beard, George S. Ford, Richard P. Saba, "Internet Use and Job Search," *Phoenix Center for Advanced Legal & Economic Public Policy Studies*, 2010, <https://www.phoenix-center.org/pcpp/PCPP39Final.pdf>.

²¹ Kashan Pirzada, Fouzia Khan, "Measuring Relationship between Digital Skills and Employability," *European Journal of Business and Management*, Vol. 5, No. 24, 2013, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2382939.

²² John A. McNulty et. al., "Evaluation of Web-based Computer-aided Instruction in a Basic Science Course," *Academic Medicine: Journal of the Association of American Medical Colleges*, Vol. 75, Issue 1, 2000, https://journals.lww.com/academicmedicine/Fulltext/2000/01000/Evaluation_of_Web_based_Computer_aided_Instruction.16.aspx.

²³ Omonowo Momoh, "eHealth Literacy," *International Journals of Advanced Research in Computer Science and Software Engineering*, http://ijarcsse.com/Before_August_2017/docs/papers/Volume_7/6_June2017/V716-01614.pdf.

Criminal Eligibility Requirements - Housing agencies should have the discretion to set criminal eligibility requirements according to the needs of their communities. The Department should also provide examples of best practices that PHAs can use to structure their policies on a voluntary basis. The best practices should rely on timely evidence-based research. While a state may set requirements on eligibility requirements, the federal government should leave this decision to the discretion of PHAs.

Flexible Voucher Term Limits - Housing agencies should have the discretion to shorten the voucher eligibility time period and transition families off the voucher program, unless they have dependent children, are people who are elderly, or are people with disabilities.

Expedited Lease Up Process

Discussions and research with landlords have shown that there are bureaucratic obstacles that sometimes stop landlords from participating in the housing choice voucher program.²⁴ Streamlining the program to ensure an expedited lease up process would be one step towards ensuring that landlords participate with the program.

Waiver of Initial Inspection - HUD should allow PHAs to permanently waive Housing Quality Standards (HQS) initial inspections for all units that have met at least one of the following conditions:

1. The unit has passed any federal inspection (e.g., LIHTC, HOME, etc.) or any similarly stringent inspection in the last three years;
2. The unit is less than five years old (self-certified by the landlord); or
3. The unit passed a HQS inspection within the last two years.

The program participant should still be able to request an initial or interim inspection at their discretion.

Pre-inspection of Units - Housing agencies should have the ability to pre-inspect units to maintain a pool of eligible units. If the unit passes inspection within one year of the Request for Tenancy Approval, the unit may be approved. The program participant may request an inspection of the unit at their discretion.

Removal of One-Year Contract Requirement - Housing agencies should have the option of not forcing landlords that participate in the program to use a one-year Housing Assistance Payment (HAP) contract. Instead, PHAs should have the option to use shorter contracts or month-to-month leases. This change can help attract landlords to the program in competitive markets. Using contracts shorter than one-year would be optional and at the discretion of the PHA.

Remote Video Inspections (RVI) - The COVID-19 pandemic forced both HUD and PHAs to adapt quickly to changing circumstances. One of the innovations that came through this adaptation process was RVI inspections, which allowed a housing agency inspector to use a proxy inspector

²⁴ Cumbersome inspections standards drive landlords away from the voucher program. Although this proposal remains agnostic on the specific inspection standard that should be used in inspecting units, Congress and HUD should consider a streamlined inspection protocol that will help retain landlords. One example of what a streamlined protocol may look like is the following: <https://www.hudexchange.info/resource/1153/hprp-housing-habitability-standards-inspection-checklist/>.

connected through a digital link to complete the inspection. This proved to be a breakthrough idea. Remote video inspections allowed inspections to be carried out without risking coronavirus infections between inspectors and landlords or tenants. Remote video inspections save the inspector time by reducing time spent driving between units. With a digital connection, the inspector can schedule multiple inspections and move from one inspection to the next in an efficient manner. Given the efficiency gains, these inspections should remain.

In keeping remote video inspections, it would streamline the process further if HUD removed the training course that inspector proxies must take in detecting lead-based paint contamination. The inspector who directs the inspection has a lead-based paint certification and knowledge. There is no data showing that the lead training course for the proxy produces a better inspection.

Fair Market Rents and Enhanced Payment Standards

An updated voucher program should ensure that Fair Market Rents (FMRs) and payment standards promote housing choice and inclusive neighborhoods.

Enhanced Payment Standards – A voucher program expansion should help ensure that families that receive vouchers will be able to lease up. The PHA should be able to set payment standards within the following parameters: either 90% to 130% of the FMR or 90% to 150% of the Small Area FMR. Housing agencies should also be able to set payment standards at 140% for FMRs and 160% for Small Area FMRs as a reasonable accommodation for a person with a disability without applying to HUD for a waiver. Since this additional flexibility does not include the ability to lower a payment standard from its current lower bound, there will be no harm to voucher recipients of receiving a voucher less than they normally would. Additionally, since no voucher recipient will receive a lower payment standard, there is no need to require an impact study.²⁵

Currently, Small Area FMRs are mandatory for certain regions of the country that have been designated by HUD and are voluntary in other areas. The career staff at HUD have outlined a process by which HUD may designate additional areas for mandatory Small Area FMR usage.²⁶ Recent legislative proposals have proposed making Small Area FMRs mandatory universally.²⁷ Small Area FMRs should remain voluntary in most areas and not be made mandatory across the country.²⁸ Recent research by Raj Chetty suggests that Small Area FMRs do “not necessarily induce families to move to high-opportunity areas.”²⁹

²⁵ HUD’s qualitative research has shown that “financially focused activities, in the form of increased payment standards, have the greatest influence on landlord participation.” See U.S. Department of Housing and Urban Development “Landlord Participation Study,” p. 45, <https://www.hud.gov/sites/dfiles/PIH/documents/Landlord-Participation-Study-Final-Report.pdf>.

²⁶ See 24 CFR 888.113(c).

²⁷ See [the Ending Homelessness Act of 2021](#).

²⁸ If Small Area FMRs are made mandatory, an implementation fee should be provided to PHAs to help them install the systems required to handle the payment standards for potentially hundreds of zip codes.

²⁹ Bergman, Chetty, et. al., August 2019, page 42. The study notes that financial incentives may have smaller impacts per dollar than mobility services in moving people to areas of opportunity. Additionally, while the financial incentives alone may have limited impacts on families moving to areas of opportunity, when coupled with mobility services, the financial incentives may have enhanced the efficacy of the mobility services. NAHRO recommends additional research over multiple years and multiple cities across the country to test the efficacy of Small Area FMRs before making them mandatory.

Fair Market Rents - Fair market rents do not adequately reflect the price of rental markets. HUD should continue to look for alternative national sources of data to base their fair market rents and continue to improve their trending forward methodology to calculate more accurate fair market rents.

COVID-19 Waivers

As previously mentioned in other NAHRO documents, the COVID-19 waivers should be made permanent. The waivers enable PHAs to operate more efficiently and better serve their communities. For example, the owner self-certification of a unit in lieu of an initial inspection allowed PHAs to streamline the inspection process and quickly house people during the pandemic. This and other waivers can permanently enhance the voucher program.

National Opportunity Area Information

The U.S. Department of Housing and Urban Development should create maps for areas of opportunity across the country. The general public should be able to access maps that define areas of opportunity through online tools that HUD creates. The tools should be user friendly and have up-to-date data. The maps should show areas of opportunity for families with children under the age of 13, areas of opportunity for families with children between the ages of 14 to 18, and areas of opportunity for families with all individuals age 19 or older. While there are third-party maps already in existence, HUD should create its own maps for use by all PHAs.³⁰ The maps that have already been created are used for very specific purposes (e.g., the Opportunity Atlas only maps areas of opportunity for children). HUD's maps should be more general purpose and beneficial for any household that is participating in the voucher program.

Housing agencies that would like to create their own maps of opportunity areas (or use other publicly available maps) and define opportunity areas with a local definition should be able to do so. This will allow PHAs, which know their housing markets well, to structure their programs in ways that potentially emphasize moving to areas of opportunity. At the PHA's discretion, they should be able to utilize their maps or HUD's maps.

Moving to Work (MTW) Agencies

Additional funding from voucher expansion, including the new supportive services fee, should be subject to MTW agencies' single fund authority. Additionally, the MTW agency should be able to use all of its flexibilities and regulatory waivers on any additional funding stemming from a voucher expansion.

Project-Basing Vouchers

Project-basing vouchers allow housing agencies to attach the voucher subsidy to a unit. These can be useful in certain instances (e.g., when the agency wants to build a development in an area where rental prices are rapidly increasing). Housing agencies should have the flexibility to project-base up to 40% of their portfolio, plus another 10% if the families served are people experiencing homelessness.

³⁰ For an example, see the <https://www.opportunityatlas.org/>.

Portability

The current portability system should be eliminated. As the universal voucher funding is mandatory, any port-in should be paid for by new HUD funding. HUD should supply additional funding to receiving PHAs to cover the new voucher when a program participant moves to another PHA's jurisdiction. HUD will develop a monthly (or more frequent) funding request process and PHAs should request additional funding from HUD to support costs associated with absorbing incoming vouchers that lease up. Housing agencies should be able to re-screen program participants according to their local guidelines.

Tenant Protection Vouchers

Tenant-protection vouchers (TPVs) should be available to PHAs on an as-needed basis depending on actions that the PHA is performing. Both sunseting TPVs—TPVs which expire after use—and permanent TPVs should be issued by HUD depending on the nature of the action being performed by the PHA. For example, PHAs that need to temporarily relocate tenants should receive adequate amounts of sunseting TPVs, while PHAs that need permanent TPVs (e.g., a public housing building is being demolished), should receive permanent TPVs.

Rental Assistance Demonstration (RAD)

Under a universal expansion of the HCV program, at the discretion of the PHA, all rental assistance demonstration project-based vouchers (RAD PBVs) may become regular PBVs whose rents are dependent on the local Fair Market Rent and not the RAD rent.

Specialized and Vulnerable Populations

Under a universal expansion, current special purpose vouchers will become regular vouchers.³¹ The Department will provide best practices on the flexibilities to use to serve vulnerable populations and technical assistance on how to form partnerships with local organizations (the partnerships should be formed only at the discretion of the PHA). Family unification program vouchers for youth aging out of foster care may still be requested on an as-needed basis. To support the cost associated with administering special purpose vouchers, HUD should provide additional administrative fees to PHAs.

³¹ Examples of special purpose vouchers include HUD-VASH, the Family Unification Program (FUP), Emergency Housing (EHV) vouchers, and Mainstream vouchers.

**Appendix A:
Cost Estimate³²**

Universal Housing Choice Voucher Costs in FY 2022	
Cost to serve current 2.3 million voucher households (in millions)	
<i>HAP</i>	\$25,001
<i>Administrative Fees</i>	\$2,790
Cost to serve all new eligible households (in millions)	
<i>HAP</i>	\$56,225
<i>Administrative Fees</i>	\$4,855
<i>Services Fees</i>	\$26,077
Total (in millions)	\$114,948

The Fiscal Year (FY) 2022 cost estimate to serve the current 2.3 million households is the following:

- \$25,001 million for HAP; and
- \$2,790 million for administrative fees.³³

According to the Urban Institute, there are 8.2 million additional households that qualify for vouchers.³⁴ The average per unit cost per month of a voucher is \$816.28.³⁵ This is \$9,795.36 per voucher per year.³⁶ Assuming a 70% percent utilization rate, housing these families will cost \$56,225 million.³⁷ The administrative fees needed for these additional vouchers is \$4,855 million.³⁸ Additionally, for each new voucher (again, assuming 70% utilization), there will be services fees. The services fees equal \$4,543 per voucher.³⁹ The cost of providing the services fee will be \$26,077 million.⁴⁰ The total cost of serving all current and new families is \$114,948 million or approximately \$115 billion dollars in FY 2022.⁴¹

³² All numbers in the chart are rounded to the nearest million.

³³ Both of these estimates are from the FY 2022 President’s Budget. See https://www.whitehouse.gov/wp-content/uploads/2021/05/hud_fy22.pdf.

³⁴ Mary Cunningham, “It’s Time to Reinforce the Housing Safety Net by Adopting Universal Vouchers for Low-Income Renters,” *Urban Wire: Housing and Housing Finance*, 2020, <https://www.urban.org/urban-wire/its-time-reinforce-housing-safety-net-adopting-universal-vouchers-low-income-renters>.

³⁵ At the time of this writing, this was the per unit cost per month of a voucher from the latest publicly available data from March 2021 on the HCV dashboard. This national average includes MTW agencies.

³⁶ The calculation here is 12 months multiplied by the per unit cost per month of the voucher.

³⁷ The calculation here is .7(8.2 million)(\$9,795.36).

³⁸ The additional administrative fees are calculated by applying the ratio of HAP to administrative fees for the FY 22 estimate for the President’s Budget to the HAP for the additional households to find the appropriate amount of administrative fees.

³⁹ The services fees include a preliminary fee (\$400), an issuance fee (\$100), a placement fee (\$500), and a prime service fee (\$3,500). The issuance fee will be higher than the \$100 since there will be more issuances than lease ups. We estimate the issuance fee per voucher to equal \$143. This is based on a national lease up rate of 70%, which is similar to the 69% lease up rate that HUD research has found. See Study on Section 8 Voucher Success Rates (https://www.huduser.gov/portal/publications/pdf/sec8success_1.pdf). Thus the total estimate for services fees is \$4,543 per voucher.

⁴⁰ The calculation here is .7(8.2 million)(\$4,543).

⁴¹ This cost estimate does not take into account how changes to program regulations like enhanced payment standards or pre-inspections will impact cost. It also does not take into account the cost of expanding the Family Self Sufficiency program to be available for all who wish to utilize it.