

## **Affordable Housing Study Reports**

<b>10. Tenant-Based Rental Assistance Programs: Section 8 &amp; Massachusetts Rental Voucher Program</b>
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### **Development of Tenant-Based Programs**

Lower-income households usually have no choice other than renting their housing because they have not accumulated the funds to purchase a home, particularly in high-cost Massachusetts. Those in the lowest ranges of income require subsidies in order to rent housing that meets community standards. Rental assistance was traditionally offered in government-owned buildings, however, the numbers receiving housing assistance were expanded through tenant-based “mobile vouchers” which can be used for privately owned market-rate housing across the community. The major programs that assist renters using mobile vouchers in Massachusetts are the federal Housing Choice Voucher Program (usually called Section 8) and the Massachusetts Rental Voucher Program (MRVP). Several smaller programs are available for specialized populations.

During the 1970s and 1980s the federal government shifted most of its affordable housing expenditures from subsidies for buildings to subsidies for low-income renters. Section 8 of the Housing and Community Development Act of 1974 activated this policy and gave the program a name that stuck. There are over two million vouchers in the U.S. and it is the only federal housing program serving low-income families that has grown with the population over the last 20 years. Even so, only about one in four eligible households receives any form of federal housing assistance. In recent years new federal programs and revised regulations have emphasized home ownership and assistance for renters tied to specific buildings. Federal appropriations for Section 8 and state funding for MVRP have both fallen far below demand, contributing to increasing levels of homelessness in Massachusetts.

### **Pros and Cons of Tenant-Based Housing Assistance**

The tenant-based approach was seen as a way to avoid the contentious political process of deciding where to locate subsidized projects, as well as a means to disperse disadvantaged households in communities and provide some anonymity for them.

The advantages for tenants who obtain vouchers that offer more choice of where to live have been documented in several studies.

- Children moving to low-poverty neighborhoods have been less involved with crime, either as victims or perpetrators. There are improved educational outcomes as families move less often.
- Families leave welfare and remain off welfare more often when they use housing vouchers.
- Workers are able to move closer to actual or potential jobs, are more successful in the workplace and reduce their use of other public benefits.

The Congressionally chartered Millennial Housing Commission in its final report concluded that the voucher program is flexible, cost-effective and successful in its mission and that funding should be expanded.

There are also disadvantages of the tenant-based approach.

- Apartment owners do not have to rent to voucher-holders so finding an available unit is often very difficult for the potential tenant.

- Renters may be forced to move if the rent increases or if the area's allowable rent goes down.
- The affordability of units is transient so communities may not be able to maintain a stock of housing to meet the needs of residents with lower incomes.
- There is greater risk for an increase in homelessness, especially in times of rapidly increasing housing costs.

The instability of subsidized units has led to programs where local officials are allowed to contract with private owners of buildings for periods of many years to reserve units for Section 8 voucher-holders. (Agencies receiving Section 8 funds have been allowed to designate a percentage for specific developments, moving outside the original mobile approach but considered responsive to local needs.)

Some critics consider it a disadvantage that local authorities have less control over where low-income residents choose to locate. Vouchers have been criticized for bringing people with undesirable lifestyles to the suburbs, subsidizing marginal landlords and exporting ghettos.

In relation to Massachusetts' Chapter 40B legislation, housing units occupied by tenants with mobile vouchers are not counted toward the 10% affordable units that communities must have in order to be exempted from its provisions.

### **Section 8: The Housing Choice Voucher Program**

This federally funded program served 73,443 Massachusetts households in 2006. (A small minority of these vouchers were tied to specific buildings.) Section 8 works as a public-private partnership.

The federal government provides funds and sets up the basic requirements of the program. The U.S. Department of Housing and Urban Development (HUD) writes the regulations and determines eligibility and fair rents in each area based on census data. The U.S. Census regularly surveys incomes and rent levels for Primary Metropolitan Statistical Areas (PMSAs), Micropolitan Areas and non-urban County Areas and adjusts these figures annually. As urban populations change, the delineation of areas is also changing. Massachusetts has 20 areas, with several crossing state lines. They are: Barnstable, Boston-Cambridge-Quincy, Brockton, Lawrence, Lowell, Berkshire county, Pittsfield, Easton-Raynham, New Bedford, Providence-Fall River, Taunton-Mansfield-Norton, Franklin County, Springfield, Eastern Worcester County, Fitchburg-Leominster, Western Worcester County, Worcester, Dukes County, Nantucket county, and Nashua, NH.

The states implement the Housing Choice Voucher program through state agencies and Local Housing Authorities (LHAs). The Massachusetts Department of Housing and Community Development (DHCD) and its Division of Public Housing and Rental Assistance control about a quarter of the vouchers (18,532). In addition to on-line information and applications, services are offered through eight Regional Housing Offices. About half of the state's LHAs administer Section 8 and they account for three-quarters of the vouchers issued.

Local developers, builders, and owners make available housing units. Rental units offered must meet minimum standards of health and safety and the rent charged must meet HUD guidelines for fair rents that are reasonable in comparison to rents charged for similar unassisted apartments in the area.

Eligible families and individuals in need of housing must search for available units, choose where to live and pay the required portion of their income as rent. Eligibility is based primarily on income that is under limits set by HUD related to the area median income. In some cases they must also meet other criteria (such as having a disability).

**How the Section 8 Program Works in Massachusetts.** Applications are available at the following places in Massachusetts;

- Eight regional administering agencies in Pittsfield, Lowell, Hyannis, Springfield, Boston, Gardner, Framingham, and Kingston
- Approximately 130 or half of the local Housing Authorities
- Online at [www.state.ma.us/dhcd](http://www.state.ma.us/dhcd) where the homepage has an eight-page Universal Standard Application for State-Aided Housing.

Applications may be sent to as many locations as desired and are placed on waiting lists when they are submitted. (There is a statewide list maintained by DHCD if the application goes through a regional housing agency.)

Eligibility is usually restricted to households whose total annual income is below 50% of the area median income (AMI). Three-quarters of the vouchers must go to those with incomes under 30% of the AMI. Up to 80% of AMI is technically allowed, but few Local Housing Authorities vote to do so for rental housing. Preference is given to people who are homeless or living in substandard housing, currently paying more than 50% of gross income on rent, or involuntarily displaced. Applicants must inform the housing agency of address changes and respond to letters that are sent to check on continued eligibility. Often LHA lists are closed for extended periods but the regional agencies are supposed to continue taking applications.

When a voucher becomes available, the household at the head of the list is contacted and recertified as eligible. Section 8 uses both mobile (tenant-based) vouchers that the household can use anywhere in the state and a minority of project-based vouchers that are tied to specific buildings or developments. Some of the Section 8 developments also provide specific relevant services, such as for mentally disabled individuals or persons living with AIDS. Once a mobile voucher is issued, the holder has up to 180 days (or less, depending on the specific type of voucher) to locate a suitable rental unit or to stay where they are and get a subsidy if the unit is appropriate. Project-based vouchers are effective as soon as the holder moves in.

A rental subsidy is paid directly to the unit owner on behalf of the participating household by the housing agency. The family is responsible for paying the difference between the actual rent charged by the landlord and the subsidy paid by the Section 8 program. Usually tenants pay between 30 and 35% of their income as rent depending on whether utilities are included, and they may pay more if the unit chosen is more expensive.

#### **Massachusetts Rental Voucher Program (MRVP)**

This program is a successor to an experimental housing allowance program, Chapter 707 of the Acts of 1966. To prevent deep cuts to recipient vouchers in 1990, a suit was filed and won claiming that essentially Section 8 rules should apply to reductions. In 1992 the program was restructured as MRVP. It is restricted to families whose income level does not exceed 200 percent of the federal poverty level. (Note that the income threshold is different from Section 8 and is the same all over the state.) At its peak in 1990, MRVP assisted over 14,900 households with tenant-based vouchers, but in 2005 it assisted 1544. The program was frozen for a decade until 2000 and then again in 2002. It had been the main program to assist homeless families to move out of shelters, but funding cuts made it a minor resource.

Applications can be obtained on the DHCD website and at the same agencies as for Section 8 applications. Applications are taken on a first-come first-served basis and selection criteria and preferences are the same as for state public housing. A mobile voucher can be used anywhere in the state.

Voucher holders pay 30% of their income plus \$50 toward the rent. In 2005 this was adjusted so tenants pay a maximum of 40% of income toward rent because the \$50 increment meant some disabled individuals had to pay nearly 60% of their income for rent. The program pays the difference between the tenant payment and the rent to the apartment's owner.

The Massachusetts Rental Voucher Program also serves low-income tenants in specific buildings. In these cases, once a tenant moves out the rental assistance voucher is lost and others would be eligible for the space. However, there are some combination programs that allow tenants to keep the voucher when moving to another apartment.

#### **Alternative Housing Voucher Program (AVHP)**

Established in 1995, the Alternative Housing Voucher Program is a state program that provides rental vouchers to disabled applicants under age 60 who have been determined eligible for Chapter 667 (elderly and disabled) housing. The tenant pays 25% of the rent without utilities or 30% if utilities are included. The program served 238 households in 2005 and is administered by the DHCD Division of Public Housing and Rental Assistance.

#### **Section 8 for Specialized Populations**

There are at least 12 programs that serve individuals and families that may be expected to have lower incomes and need public assistance in order to live in their own apartments in the community. All of those eligible must meet the same income criteria as others eligible for Section 8 vouchers plus have special characteristics. These programs are administered by DHCD in conjunction with other state or contracted agencies. For example, the Department of Mental Retardation runs the program for persons with mental retardation and the Department of Social Services runs the program for women and children displaced by domestic violence. In some cases there are specific sites where voucher recipients must live in order to access appropriate social services. Information is available from the DHCD website on the programs listed. Overall the authorized number who could be served through these programs is about 2000 households, but many agencies have experienced budget cutbacks that have reduced the numbers served.

- Section 8 Department of Mental Health Voucher Program
- Section 8 Department of Mental Retardation Voucher Program
- Section 8 Family Self-Sufficiency Program
- Section 8 Family Unification Program
- Section 8 for Victims of Domestic Violence
- Section 8 Homeownership Option
- Section 8 Housing Options Program
- Section 8 Independent Living Program
- Section 8 Mainstream Program for People with Disabilities
- Section 8 Project-Based Voucher Program
- Section 8 Raising the Next Generation Program (for Grandparents)
- Section 8 Tenant Assistance for Persons Living with HIV/AIDS
- Section 8 Veterans Administration Supported Housing Program (VASH)
- Section 8 Welfare to Work (Job Link) Program

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