

AFFORDABLE HOUSING ACT CONTAINS IMPORTANT POLICY IMPROVEMENTS

The Affordable Housing and Self Sufficiency Act of 2012 (AHSSIA) was approved by the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity earlier this year and may be marked up in full committee on May 31. AHSSIA would enable state and local agencies to stretch limited funds to help more needy families, ease administrative burdens on agencies and private owners, support work, and generate substantial federal savings. Congress should enact this legislation in a bipartisan fashion with no controversial changes.

- **Streamlined rent rules.** AHSSIA streamlines calculation of tenant rents in the voucher program, project-based Section 8, and public housing, easing burdens on agencies, tenants, and owners.
- **Improved housing quality inspections.** AHSSIA would make it easier for owners to rent to voucher holders, protect low-income families, and reduce program costs by improving the inspection process. For example, it would require inspections every two years instead of annually and prevent families from losing their homes while the owner makes repairs to meet quality standards.
- **A stable policy on voucher renewal funding.** By incorporating the key elements of recent voucher renewal funding policies in authorizing law, AHSSIA would provide housing agencies with more predictable, stable funding. The bill would also allow agencies to retain modest reserves to help them cope with unexpected shortfalls or cost fluctuations due to tenant job losses and other factors.
- **Additional flexibility to use vouchers to support affordable housing development and preservation.** AHSSIA expands agencies' ability to enter into "project-based voucher" agreements. These agreements can set aside vouchers, for example, to subsidize mixed-income housing in a neighborhood with strong schools and low crime, or to partner with a social service agency to provide supportive housing to formerly homeless people.
- **Support for work.** AHSSIA modestly raises income targeting limits to admit more working poor families, especially in rural areas. It also strengthens the Family Self-Sufficiency program, which offers housing assistance recipients job counseling and incentives to work and save, including by extending eligibility to families with project-based section 8 assistance. Finally, AHSSIA includes a rigorous, limited demonstration to test policies to promote self-sufficiency.

The current bill replaces two damaging, divisive provisions from the previous draft with careful compromises that would mitigate their harmful effects:

- **Higher minimum rents with stronger hardship exemptions.** The initial draft of AHSSIA would have required local agencies to charge families with little or no income a minimum of \$69.45 a month in rent, eliminating current discretion for agencies to set lower rents. The current bill would strengthen hardship exemption policies and give permit agencies and owners to set a minimum rent below \$69.45.
- **Limited MTW expansion.** The first draft of AHSSIA would have allowed the unlimited expansion of HUD's Moving-to-Work (MTW) demonstration. A sharp expansion of MTW could effectively convert the voucher and public housing programs to block grants, leading to deep funding cuts over time. The recent bill would more than double the number of units administered under broad waiver authority similar to the Moving to Work demonstration, but includes greater protections for residents, clearer rules on the uses of funds, and tighter requirements for reporting and evaluations at agencies that receive increased flexibility.

Policymakers and stakeholders have worked hard to forge a strong consensus in support of the bill, with many interested parties making significant concessions. Any controversial amendments as AHSSIA moves forward would likely unravel the consensus behind the bill and prevent enactment of its important, money-saving reforms.