

1 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2

3 HOUSING POLICY IN THE NEW MILLENNIUM

4

5 Breakout Session: HOUSING VOUCHER POLICY

6

7

8

9 Hilton Crystal City

10 2399 Jefferson Davis Highway

11 Arlington, Virginia

12

13 October 3, 2000

14

15

16

17

18

19

20

21

22

23

24

25

## 1 P R O C E E D I N G S

2 MR. LUBELL: I would like to say we're on  
3 time. We're on time for the revised time, but  
4 we're -- I guess an hour late and we have until 3:30  
5 so we've lost 15 minutes and I'm going to ask the  
6 speakers to cut back their remarks accordingly to  
7 eight minutes apiece. This discipline will be  
8 strictly enforced. We have a bouncer. He has a  
9 water bottle and it's all very complicated.

10 My name is Jeff Lubell. I'm the director  
11 of the policy development division in HUD's office of  
12 policy development and research. This panel has two  
13 objectives. The first is to try to bring everyone up  
14 to speed on some of the recent developments in  
15 housing voucher policy, and the second is to take a  
16 step back and look at some of the fundamental  
17 questions. We don't get much of a chance to do that,  
18 busy with day-to-day details, and this is a chance to  
19 try to attain the benefit of your input on where we  
20 are today and where do we need to go.

21 In particular, I ask the panelists to  
22 think about some of the fundamental questions such  
23 as, in addition to simply providing affordable  
24 housing, what are the primary purposes of the housing  
25 voucher program? Why do we use that mechanism as

1 opposed to other mechanisms to subsidize the cost of  
2 housing for low income families? This is a program  
3 that is currently administered, well-positioned, well  
4 designed to achieve those objectives.

5           Is the federal government playing the  
6 right role? Do we have the right mix between  
7 regulation and local discretion? What improvements  
8 should be made in the voucher program to help it  
9 achieve the goals of the voucher program and, more  
10 broadly, on a topic you've heard a little bit about  
11 already, what is the right mix between voucher demand  
12 side and supply side solutions. And are we there  
13 yet? Do we have to make some changes, and what do we  
14 need to do?

15           So I'm going to very briefly start with a  
16 very brief overview of some of the recent  
17 developments in voucher policy, and then I'm going to  
18 introduce our panelists and they're going to speak  
19 further on these subjects.

20           There have been a lot of changes actually  
21 in the voucher program over the last few years. I'm  
22 just going to outline three major developments. One  
23 is merger, second is devolution and the third is  
24 enhancement. On the merger front, we used to have  
25 two programs, the housing certificate program in

1 which there was a fixed fair market rent that  
2 governed the maximum rental costs, and a more  
3 flexible voucher program where families could choose  
4 to pay more of their income to rent more expensive  
5 apartments. They have now been merged into a single  
6 program.

7           That merger is ongoing as we speak and  
8 should be completed by the end of this fiscal year,  
9 this coming fiscal year. So that's a major change.  
10 It simplifies the program. It also allows some  
11 families to spend somewhat more of their income. The  
12 maximum they can spend now is 40 percent of their  
13 income for rent. So they can spend 10 percent of  
14 their income for rent above the local payment  
15 standard.

16           The second major point is devolution. The  
17 federal preference categories that used to dictate  
18 which families receive priority for the limited  
19 supply of available vouchers and public housing, for  
20 that matter, have been eliminated. They've been  
21 replaced with a similar of local discretion where  
22 local housing authorities have the option of setting  
23 the various preference categories so long as they  
24 comply with the overall income targeting requirements  
25 in the Section 8 program, the tenant based program.

1 It is a requirement to give vouchers to -- 75 percent  
2 of vouchers have to go to low income families. 75  
3 percent of newly available vouchers to families with  
4 incomes below 30 percent of the area median income.  
5 That's a targeting level that's roughly comparable in  
6 terms of income levels to the targeting that existed  
7 prior, but how PHAs choose to get there is now their  
8 business as opposed to following federal preferences.

9           There is also other ways in which there  
10 has been devolution. For example, PHAs have greater  
11 discretion to set the subsidy levels, what we call  
12 the voucher payment standard. That determines the  
13 actual subsidy. They now can set those between 90  
14 and 110 percent of the fair market rent.

15           The third is enhancement. Two weeks ago,  
16 or three weeks ago, HUD published the final rule that  
17 would allow Section 8 vouchers to be used for home  
18 ownership. This is a change that's been in the works  
19 for many, many, many, many, many, many years but it's  
20 finally a reality. It's been operating on a  
21 demonstration basis for about a year. And now any  
22 PHA that wishes to set up a Section 8 home ownership  
23 program can do so. So I encourage you all to look at  
24 that rule and think about how that affects housing  
25 voucher policy going forward.

1            HUD also recently adopted a policy that  
2 provided for increasing fair market rents in certain  
3 targeted areas. The increase affects two particular  
4 areas. There are two main prongs of the policy. One  
5 is to promote deconcentration and mobility  
6 objectives. Certain metropolitan areas have been  
7 identified where there is both a high concentration  
8 of voucher holders in a relatively small number of  
9 census tracts, and also where the distribution of  
10 affordable rental housing below the FMR appears to be  
11 fairly constricted, so there is not a wide  
12 distribution of affordable rental units. And those  
13 areas are going to receive an FMR based on the 50th  
14 percentile rather than the 40th percentile rent.

15            The second is essentially a safety  
16 mechanism to ensure that vouchers work everywhere.  
17 Where fewer than 75 percent of households that get a  
18 voucher are able to use it despite the PHA having  
19 raised its payment standard to 110 percent of the  
20 fair market rent, which is its maximum under the  
21 discretion. In those circumstances, PHAs will be  
22 able to obtain a payment standard that is based on  
23 the 50th percentile rather than the 40th percentile  
24 FMR. It's actually a slightly different mechanism.  
25 It's a payment standard increase rather than an FMR

1 increase but the standard is the same. And that rule  
2 was published on Monday. So again, a lot of new  
3 things happening.

4           And finally, there are two things that  
5 were included in the budget, and we won't know  
6 whether it will happen or not, but they're also  
7 enhancements. One is that the Administration  
8 included \$50 million for a voucher success fund which  
9 is to fund businesses that will help families use  
10 their vouchers to obtain housing. The House bill  
11 included a similar provision that would allow PHAs to  
12 use unutilized funds to fund services. The Senate  
13 bill did not have a comparable provision and it's not  
14 clear what's going to happen to the final bill.

15           But the upshot of that, in terms of  
16 enhancement, is it is really an attempt to change the  
17 paradigm from handing families a piece of paper to  
18 handing them a home, helping them find a home. And  
19 even if it's not funded, it's something that I think  
20 will be increasingly on the agenda in the future as a  
21 way to make the voucher program work better and more  
22 acceptable.

23           Finally, there was a proposal in the  
24 Administration's budget to fund 10,000 production  
25 vouchers that would be used essentially to make the

1 marriage between tax credits and vouchers work  
2 better. There would be vouchers that would be  
3 assigned to specific tax credit developments that  
4 would enable those developments to serve extremely  
5 low income families. It would have the benefit of  
6 allowing the families to move and keep their  
7 assistance, but it would have the benefit of allowing  
8 them to access some of the tax credit developments  
9 that, until now, have not been able to reach  
10 extremely low income families.

11           So the bottom line of this is we have a  
12 simpler merged program that is enhanced, can be used  
13 for home ownership, it can be used maybe as part of  
14 production, maybe changing the paradigm a little bit  
15 to make it have a services component as well, and  
16 there is a lot of greater discretion at the local  
17 level. So as you think about those major questions,  
18 think about the way in which the voucher program has  
19 changed and updated, and hopefully there will be a  
20 chance to have questions, and also maybe some of the  
21 panelists will speak about some of these developments  
22 as well.

23           So now let me very, very briefly introduce  
24 the panelists and I'm not going to do a long  
25 introduction because you're familiar with most of

1    them, and because we don't have a lot of time but we  
2    are pleased to have with us -- I'm going to be  
3    introducing them in the order in which they will  
4    speak. Cushing Dolbeare, who is listed as a  
5    consultant, which is a wholly inadequate title to  
6    describe her current line of work. And I'm sure  
7    she's all well-known to you. A founder of the  
8    National Low Income Housing Coalition, she's been at  
9    various times the executive director of the National  
10   Coalition for the Homeless, the National Rural  
11   Housing Coalition, Meeting America's Housing Needs,  
12   and many, many other organizations.

13           Barbara Sard will next speak. She's the  
14   director of housing policy at the Center of Budget  
15   and Policy Priorities. She's also been managing  
16   attorney at greater Boston Legal Services and has  
17   taught at Harvard Law School.

18           We'll next be hearing from Jens Ludwig who  
19   is assistant professor of public policy at Georgetown  
20   University and a research affiliate of the  
21   Northwestern University, University of Chicago joint  
22   Center for Poverty Research. Jens has been working a  
23   lot and one of our cadre of scholars working on the  
24   Moving to Opportunity program.

25           Edgar Olsen is professor of economics at

1 the University of Virginia, and he's working with the  
2 GAO on a study of the cost-effectiveness of housing  
3 programs so we're hoping to hear some of the benefit  
4 of that analysis.

5           Our next speaker will be Shelia Crowley  
6 who is currently the president of the National Low  
7 Income Housing Coalition, but also has 25 years of  
8 experience in community organizing and development.  
9 She's the founding director of the YWCA Woman's  
10 Advocacy program which is a shelter and service  
11 program for battered women and their children in  
12 Richmond, Virginia.

13           And finally, we'll be hearing from Rod  
14 Solomon, who is Deputy Assistant Secretary for Policy  
15 Program and Legislation in HUD's Office of Public and  
16 Indian Housing.

17           We were supposed to hear from Steve  
18 Renahan. Steve unfortunately was ill so he was  
19 unable to make it, and I am hoping that there are  
20 representatives of housing authorities in the  
21 audience who -- is there a representative of a  
22 housing authority in the audience, anyone who works  
23 for a housing authority or a Section 8 program? Or  
24 some industry groups. Well, it will be great to have  
25 your input at the end.

1                   So eight minutes each and I'll be letting  
2 you know when your time is up. So Cushing? Thank  
3 you.

4                   MS. DOLBEARE: I was realizing as I sat  
5 here that it was back in 1966 when I was director of  
6 the Philadelphia Housing Association, which was an  
7 advocacy group, and we thought that the way to solve  
8 the housing problem, at least in Philadelphia and  
9 probably in the whole country, was to have an  
10 entitlement to housing assistance, which is, in a  
11 complicated way that I won't try to explain,  
12 ultimately led -- had a hand, anyway, in leading to  
13 the experimental housing allowance program and then  
14 to something called section 23 and then to Section 8  
15 and now what we call vouchers. So I have a long  
16 history of advocacy and involvement in this.

17                   What I wanted to do today was not so much  
18 talk about the voucher program as to try to address  
19 some of the big picture issues that are the -- as I  
20 see it, the context of the voucher program. And  
21 without intending to criticize the nuts and bolts  
22 that other speakers are going to talk about about the  
23 current voucher program, to suggest some  
24 supplementary measures, which I think we need to  
25 consider in order to really get the level of housing

1 assistance to the scale that it needs to be in in  
2 this country if it's going to make an impact.

3           So I want to talk about what the extent of  
4 the affordability problem is, the importance of  
5 developing a constituency for addressing it and then  
6 throw out some ideas for your consideration and  
7 exploration. And they're ideas. They're not  
8 proposals. But I would like to sort of sound you out  
9 on them anyway.

10           Firstly, we need to think big and set the  
11 context of the scale of the problem and then address  
12 what can and should be done. And the major issue I  
13 think is less the mechanics of the program and what  
14 we do than creating the necessary political will to  
15 really address the affordability problem at scale.  
16 And this is going to take big bucks, not as much as  
17 the cost of homeowner deductions but a substantial  
18 portion of what homeowner deductions cost us if we  
19 want to solve the problem.

20           And just to encourage us a little bit, in  
21 1968, Congress passed housing legislation which  
22 called for 600,000 additional subsidized units every  
23 year until the problem was solved. If we had done  
24 that every year since 1968, we would now have 20  
25 million households living in federally assisted

1 housing, either project based or tenant based. The  
2 last year of the Ford Administration produced more  
3 than 500,000 additional units of subsidized housing,  
4 mostly through the Section 8 program, which was then  
5 in its early days.

6           If we had maintained that level, we would  
7 have 14 million households living in subsidized  
8 housing now instead of fewer than 5 million. I think  
9 what we need to do, though, is not focus so much on  
10 how do we expand the voucher program as how do we get  
11 the political will to get the support and to look  
12 beyond the limits of HUD programs and tying rental  
13 assistance to other kinds of housing needs and  
14 opportunities, but that we need to think in terms of  
15 dealing with housing affordability as a mainstream  
16 problem.

17           The 1999 American Housing Survey found  
18 that one third of this nation's households had a  
19 significant housing problem. Almost half of all  
20 renters households, 48 percent, and a quarter of  
21 owner households. Now, that's the makings of a real  
22 constituency by -- if we can figure out how to tap  
23 it.

24           And I think one of the things we need to  
25 do is start talking about the scale of the problem as

1 being one third of this nation's households, not 5  
2 million worst case housing needs. Actually, the  
3 worst case housing needs is misleading because of the  
4 way it's limited. It covers only about 39 percent of  
5 all the households that have those housing problems  
6 of paying more than half their incomes for housing or  
7 living in seriously substandard housing and only  
8 about 16 percent of all households with housing  
9 problems.

10               So worst case needs is a fraction of the  
11 problem. We should stop talking about 5 million  
12 households with worst case housing needs and talk  
13 about 33 million households with significant housing  
14 problems and I think then we can begin to get the  
15 level of conversation up closer to where it needs to  
16 be.

17               90 percent of those households have cost  
18 burden problems, affordability problems. They're  
19 concentrated at the bottom of the income scale and  
20 I'm not going to go into that, although I would like  
21 to if I had time, but what I want to suggest is that  
22 we need to move beyond HUD. Just as war is too  
23 important to be left to generals, housing is probably  
24 too important to be left to housers. And given the  
25 constraints of the federal budget process and the

1 nature of HUD's programs and the complexity of its  
2 relationships with state and local governments and  
3 private partners, it may be easier to address the  
4 needs of the 30 million households with housing  
5 affordability problems through one or more approaches  
6 tied to mainstream programs.

7           Experience with welfare reform has given  
8 us some important lessons. The first is that  
9 millions of working Americans cannot, at least in the  
10 short run, expect to earn enough to enable them to  
11 attain decent housing without sacrificing other  
12 necessities. I think there are three mainstream  
13 federal programs that we ought to look at as a way of  
14 dealing with the scale of the affordability problem.  
15 And this is not intended to replace vouchers because,  
16 as you'll hear, and know already, vouchers have  
17 significant roles in the housing-related context.

18           But first of all, let's consider a measure  
19 for working families. Now, expanding the earned  
20 income tax credit by providing a housing add-on which  
21 would cover the difference, let's say, between 50  
22 percent of income and what they're actually paying  
23 for housing. If they're getting the tax credit, if  
24 they're paying more than half their income for  
25 housing, I would love to say more than 30 percent but

1 let's begin with something that we might be able to  
2 get.

3           Then let's provide a mechanism for adding  
4 onto their earned income tax credit payable on a  
5 monthly basis and probably requiring some sort of  
6 creative administrative structure such as we created  
7 when the low income housing tax credit was adopted so  
8 it could be administered with sensitivity to local  
9 conditions. But let's do that. That would take care  
10 of working households.

11           For elderly households, let's make a  
12 comparable add-on to SSI, which would do the same  
13 thing. And for the other households, the nonelderly,  
14 nonworking households, let's fix the food stamp  
15 excess shelter deduction which has been in existence  
16 for years. I think it's capped at something like  
17 \$200 a month now so it's not enough to really deal  
18 with the full measure of housing affordability, and  
19 not all food stamp recipients are eligible for it,  
20 but that's a mechanism for dealing with that other  
21 group of households.

22           That would put housing into the  
23 mainstream. I think it would enable us to develop a  
24 constituency for housing programs because I think one  
25 of the reasons that educators and employers and

1 health care people and others who all say, sure, we  
2 know housing is important, we can't do our jobs, we  
3 can't carry out our own functions if people don't  
4 have secure housing situations, but they don't speak  
5 up on the need for housing programs, and I think it's  
6 because they don't understand them and they're  
7 wondering if they'll say the wrong thing. And I  
8 think that part of mainstreaming is getting to scale.  
9 Part of mainstreaming is to provide some way of  
10 developing a constituency where people are  
11 comfortable articulating the need for expanding our  
12 housing production.

13           And if I can find it here, I even have a  
14 cost estimate. I calculated, just off the 1999  
15 American housing survey, the affordable housing cost  
16 gap. And that's the difference between 50 percent of  
17 income and what households were actually paying for  
18 housing. Now, most of them were low income  
19 households and I have in my paper -- I will have in  
20 the paper in the second edition, I guess, an estimate  
21 by income range. But the total gap, the difference  
22 between 50 percent of income that people were paying,  
23 including a few moderate and even higher income  
24 households that are probably stretching to buy homes,  
25 was \$81 billion per year. That's what it would cost

1 to provide a subsidy that would cover the difference  
2 between 50 percent of income and what they would pay.

3           Now, normally, you would figure that  
4 probably fewer than half those households would  
5 actually participate in the program even if it was  
6 available so it would be about \$40 billion, let's  
7 say, that would be required to really make an  
8 enormous impact on the housing affordability problem.  
9 And I suggest that that's something that can be done  
10 this year. OMB and the Treasury estimate that the  
11 cost of homeowner deductions is going to be \$100  
12 billion to the Treasury.

13           So if we added what HUD is now spending on  
14 housing assistance and \$40 billion more, it would  
15 still be a fraction of what upper income people get  
16 through the tax system. And I would suggest that one  
17 of the things we need to think about, if we look at  
18 housing problems in this new millennium, is how we  
19 get from here to where we ought to be.

20           MR. LUBELL: Thank you, Cushing. Barbara  
21 Sard will next speak.

22           MS. SARD: I always hate talking after  
23 Cushing because I feel like I lack vision and I'm  
24 stuck in the details. Let me just say that I think  
25 this is absolutely not an either/or proposition, that

1 it would be wonderful to have a more broad-based  
2 attack on housing affordability. There are two  
3 things we should know, that even were we to get to  
4 what may be this nirvana Cushing has put out as a  
5 vision, are very significantly different from the  
6 voucher program.

7           One is people would still be paying 50  
8 percent of their income for rent rather than paying  
9 30 to 40 and, two, there would be nothing about  
10 housing quality standards. That may be good or bad,  
11 and may be a future issue which I'm not really going  
12 to address, but, because the voucher program does  
13 require that people who use vouchers live in decent  
14 quality housing, that's one of -- maybe one of its  
15 benefits. It's also one of its problems to locate  
16 that housing and pay for it.

17           Let me just try to -- this is going to be  
18 very hard to do in eight minutes but I'm going to  
19 try. Is the voucher program effective? I would say  
20 substantially. I think lately the voucher program  
21 has been getting a bad name because of price run-ups  
22 in various neighborhoods given the economy. But the  
23 fact is that even today nationally, a recent study of  
24 a number of major cities showed that 80 percent of  
25 the families given vouchers were able to use them to

1 rent housing. That's been pretty standard, actually  
2 for many years now. And the overall percent of the  
3 vouchers out there that get used, even if a couple of  
4 families have to try before they succeed, from HUD's  
5 data looks today like it's at about 85 percent.

6           And there are some PHAs that manage to use  
7 100 percent of their funds even if a couple of  
8 families have to try first. So is it working as well  
9 as it could? No. Is it substantially effective?  
10 Yes.

11           I think what's also very important to  
12 remember about the voucher program is that it is the  
13 only housing program we have ever thought of that  
14 grows and changes with family needs. Your family  
15 grows in size, the voucher grows in amount and you  
16 can take it to move to a new place. You can't do  
17 that so easily with project-based programs. Even to  
18 get a transfer can take years, if ever.

19           You get a job on the other side of town,  
20 the voucher moves with you. I could go on and on,  
21 but I think that this feature of vouchers is critical  
22 to their value and is something that housers tend not  
23 to think about enough. I'm going to leave it to  
24 Edgar to talk about why I think it's a more cost  
25 efficient program than project-based solutions. So

1 should the federal government expand the number of  
2 vouchers? Absolutely, yes.

3           Whatever we do on the housing production  
4 side, I would suggest that the best way to make sure  
5 that some of that supply increase is available to  
6 people with incomes under 30 percent of median is  
7 through vouchers. We have to do some things to make  
8 vouchers work in that context. But this morning,  
9 whether diplomatically or whether she really believes  
10 it, Cushing said in response to this question, should  
11 the subsidy be attached to the building permanently  
12 or not? And she said, well, it doesn't really  
13 matter. I happen to think it really does matter. It  
14 matters a lot that the family can use the voucher in  
15 that building with security but also leave that  
16 building and keep their voucher.

17           So what do we need to make the program  
18 work better so more families can succeed, and so they  
19 can succeed on the potential of the voucher program  
20 to help them live in better neighborhoods. I would  
21 suggest that mostly what we need is better  
22 management. Now, that is really boring but I think  
23 it's really true. We need some changes in HUD rules  
24 but not a lot. We mostly need to run the program  
25 better.

1           In some places, we also need an increase  
2 in housing supply, but we better be careful that that  
3 be an increase in supply that accepts vouchers or  
4 we're adding here and leaving the problem unchanged.  
5 We do not need more devolution. Indeed, I would  
6 suggest that HUD has created problems that it didn't  
7 need to by giving too much discretion to local  
8 agencies over a program that is inherently designed  
9 for mobility. And it's very difficult to move from  
10 place to place with a subsidy when the rules of the  
11 game change when you move.

12           You also, I think, do not need to make the  
13 rules any more landlord friendly than they already  
14 are. We've been through a series of so-called  
15 reforms that were designed to make more owners accept  
16 vouchers. I've heard anecdotes both ways about the  
17 effect of those rule changes. No evidence that I  
18 know of. And I think it's interesting that there are  
19 no more rule changes pro-landlord that are even on  
20 the table anymore in any big way, and I think that's  
21 a good thing.

22           So what do I recommend? A lot of the  
23 things that I think need to be improved about the  
24 voucher program could be done by PHAs if they were to  
25 do it, but that's not so likely to happen, which

1 leads to my recommendations. To improve the local  
2 administration of the voucher program, HUD should  
3 increase the amount of training and technical  
4 assistance it does for PHAs and it should  
5 publicize -- it should gather information about and  
6 publicize the best practices. Now, it would also be  
7 great if the best practice judgments were based on  
8 some evaluation and assessment.

9           HUD has some new policies that I think are  
10 very powerful sticks, but they're only going to  
11 operate as sticks to improve local management if  
12 people know about them. In the new formula for how  
13 Section 8 funds are renewed, there is really a  
14 provision that amounts to use it or lose it; that if  
15 a PHA doesn't use enough of its money, it's going to  
16 permanently get some of it taken away. There is  
17 nothing that scares PHAs like that.

18           On the other hand, when I've spoken to  
19 groups of Section 8 administrators, 90 percent of  
20 them don't know the rule exists. Well, that's not  
21 going to be an effective stick as similar changes  
22 could be done in the management assessment tool, but  
23 fundamentally, nothing I've recommended so far is  
24 going to make a big difference, and I think we really  
25 have to confront the need to change the basic

1 delivery system for the voucher program.

2           To deliver a national income-like subsidy  
3 for housing through 2,700 local agencies, an average  
4 of more than 50 per state, in some metropolitan areas  
5 more than 50 separate agencies, is absolutely  
6 irrational. No one would ever have designed this  
7 delivery system if you were to start from scratch  
8 this way and I don't think that we will get big  
9 improvement until we fundamentally change it.

10           For reasons I can't get into, I don't  
11 think the answer necessarily is to go to state  
12 administration, though I once did. If you had asked  
13 me this question five years ago. I think we need to  
14 consolidate and regionalize and to get there, I think  
15 HUD needs to use every means at its disposal. I  
16 tried to lay out some in the paper.

17           Beyond that, I think there are three key  
18 areas where HUD could make policy changes that would  
19 help. HUD has already made an important step, I  
20 think, on the policy that Jeff mentioned in terms of  
21 increasing the fair market rent in some areas and the  
22 payment standard FMR relation in others, but it's  
23 actually not going to amount to much in the way of  
24 dollars. It's about a \$30 to \$70 increase even for  
25 the areas that are going to benefit from it. There

1 are many areas of the country where costs are  
2 escalating that genuinely need a larger increase in  
3 their payment standards. It's important that HUD  
4 simplify the process of getting exceptions on the  
5 payment standards approved.

6 I think we are likely to see some major  
7 changes in the rules that govern how vouchers can be  
8 project-based to support development efforts. I  
9 won't go into that more because I think it's all  
10 going to change, but I think that's another very  
11 important area for growth. And I think we're missing  
12 an extraordinary opportunity that the current federal  
13 housing supply programs, tax credit homes, CDBG, now  
14 all say you can't discriminate against voucher  
15 holders, but there are no rules that implement those.  
16 There is no enforcement and, fundamentally, the  
17 requirement not to discriminate is not enough. We  
18 need requirements to accept, not just not to  
19 discriminate.

20 That leads into my third recommendation  
21 of, HUD, in combination with the Department of  
22 Justice, should be working to enforce the  
23 antidiscrimination laws, because I think that would  
24 make a huge -- potentially major impact on the  
25 acceptance of vouchers if it were done right. I

1 think there is more potential there than I'm  
2 convinced is real but we should try.

3 I was very struck yesterday in the home  
4 ownership panel how there seems to be consensus that  
5 discrimination in mortgage lending is just wrong. I  
6 mean, we just all believe that. Yet somehow we think  
7 it's okay for people to say, oh, I don't take  
8 vouchers, even when we know that the sentence of, oh,  
9 I don't take vouchers is mostly a proxy for  
10 discrimination.

11 And finally, because my time is up, I just  
12 want to reiterate the point Jeff made before. I  
13 think that vouchers have to get coupled more than  
14 they have been with services to help people actually  
15 obtain housing and obtain better housing, and we have  
16 to work at ways to do that.

17 MR. LUBELL: Thank you, Barbara. Our next  
18 speaker will be Jens Ludwig.

19 MR. LUDWIG: Thanks, Jeff. After those  
20 two presentations, my topic is going to be  
21 embarrassingly small picture and detailed oriented.  
22 What I'm going to do is spend a couple minutes  
23 talking about two of the objectives that you might  
24 want for housing policy. One would be to reduce  
25 economic segregation; that is, increase access to low

1 poverty areas for low income families, and the second  
2 is to improve the nonhousing outcomes of low income  
3 families as if you believe that neighborhood  
4 conditions have causal effects on the behaviors of  
5 low income families. What can housing policy do to  
6 improve those outcomes. And specifically what I'll do  
7 is I'll talk about what we've learned so far from  
8 HUD's Moving to Opportunity experiment about the  
9 ability of housing vouchers to achieve both of these  
10 objectives.

11           Let me start by providing you with just a  
12 very quick overview of MTO. For those of you who  
13 don't know, MTO has been in operation since 1994 in  
14 five cities, Baltimore, Boston, Chicago, L.A. and New  
15 York. Eligibility is restricted to low income  
16 families with kids living in public housing.  
17 Families are randomly assigned to one of three  
18 treatment groups.

19           The experimental group gets the offer to  
20 relocate with vouchers or certificates to private  
21 market housing. If they move, they have to go to  
22 census tracts with very low property rates, less than  
23 10 percent, and then there is a counseling component  
24 for the experimental group as well. Families can  
25 also be assigned to Section 8 only comparison group.

1 They get a chance to move with vouchers or  
2 certificates. Their relocation outcomes are not  
3 constrained.

4           And finally, there is a control group that  
5 gets no additional services under MTO.

6           One of the first interesting findings from  
7 MTO is that relocation rates, in the Baltimore site  
8 where I've been working, the relocation rate for  
9 families assigned to the experimental group is just  
10 over half. Not surprisingly for the Section 8, only  
11 comparison group families that can move wherever they  
12 like, the relocation is higher, on the order of 75  
13 percent. And that general pattern -- those figures  
14 vary across sites, but the general pattern is quite  
15 consistent across the five MTO cities.

16           The other interesting thing about their  
17 relocation outcomes in MTO is that Section 8 only  
18 families who can go wherever they can find housing,  
19 wherever they would like, wind up going. So what  
20 this chart shows is this is a proportion of families  
21 in a treatment group. The dark bar is family  
22 assigned to the Section 8 only group. The lighter  
23 bar is families assigned to the experimental group.  
24 And on this axis, you have the neighborhood poverty  
25 rate.

1                   And what you can see is these are the  
2 lowest poverty census tracts, less than 10 percent.  
3 These are the census tracts that the experimental  
4 families, if they move, are required to move into.  
5 And what you can see is that only about one eighth of  
6 Section 8 only families who relocate voluntarily go  
7 to the lowest poverty census tracts. So at least at  
8 the MTO --

9                   UNIDENTIFIED SPEAKER: Jens, the top group  
10 was the people who didn't move at all?

11                   MR. LUDWIG: Yes, that's right. That's  
12 right. And see, you can see the clustering of  
13 families who don't move in the baseline very high  
14 poverty areas. So see, this is a different way --  
15 let me see if I can get this right. This is a map of  
16 Baltimore and shows you exactly where the families  
17 are. The green circles here show the control group  
18 families. These are the baseline neighborhoods. The  
19 blue squares here show the post-program locations of  
20 the families assigned to the Section 8 only group.  
21 And what you can see is they tend to be clustered  
22 around the baseline neighborhoods and the red  
23 triangles show the post-program locations of the  
24 experimental groups. There is much greater  
25 dispersion for the experimental group who have some

1 constraint imposed on where they move.

2           The big question for a lot of people has  
3 been what are the effects on mobility treatment on  
4 the outcomes of families. In Baltimore, we have  
5 obtained arrest data from the Department of Juvenile  
6 Justice and what you can see here, the dark bar is  
7 the experimental group, the gray bar is the Section 8  
8 only comparison group and the light bar is control.  
9 And what you see is substantial reductions in the  
10 violent crime arrest rate for kids in Section 8 only  
11 and the experimental group compared to the controls.

12           The change in the violent crime arrest  
13 rate across treatment groups occurs  
14 disproportionately among robberies, so these aren't  
15 just changes in fist fights that wind up in an  
16 arrest. These are serious crimes. On the other  
17 hand, you do seem to see some increase in property  
18 offenses for the experimental group. These are  
19 disproportionately larceny offense, which involve no  
20 contact between the perpetrator and the victims and  
21 no chance of injury. So from a societal perspective,  
22 I think we would be delighted to trade-off some  
23 robberies for more larceny thefts, but there are  
24 obviously distributional issues that are not  
25 relevant.

1           We're currently working on a paper right  
2 now that lists the effects in the Baltimore site on  
3 key standardized test scores, and the results will be  
4 striking to those of us who predicted that there  
5 would be no effect on standardized test scores on  
6 kids through the first four years. Same layout for  
7 the treatment groups. And what you see is an  
8 increase of about 25 percent in standardized reading  
9 tests for kids age 5 to 12. What you would need to  
10 spend in increased school spending to achieve  
11 increased test scores like this would be absolutely  
12 enormous. And only for the experimental group do you  
13 see substantial improvements in math tests for kids  
14 as well.

15           So these are big gains, and only four  
16 years out. Within the first four years following  
17 random assignment.

18           And finally, we've obtained welfare  
19 records from the State of Maryland for household  
20 heads in Baltimore and what you see is no  
21 statistically significant difference in welfare  
22 receipt rates between the Section 8 only comparison  
23 group and the control group, but you do see a  
24 difference of about 6 percentage points between the  
25 experimental group and the control group, which is

1 equal to about 15 percent of the welfare receipt rate  
2 among the controls.

3           So that's actually the general overview of  
4 the findings and I think they raise some difficult  
5 questions to think about for those of us interested  
6 in having policy, including it seems to be the  
7 general pattern that the experimental treatment which  
8 steers families to lower poverty areas seems to have  
9 a more substantial effect on families who actually go  
10 and more substantial effect on average family  
11 outcomes as well. So bigger benefit to steer  
12 families to lower poverty areas but lots of other  
13 both political and housing market difficulties.

14           I think the second point that I want to  
15 make is one of the things that we don't know yet,  
16 which is obviously important for the overall  
17 evaluation of MTO as a public policy or housing  
18 vouchers as a public policy is, what are the effects  
19 of the increased mobility MTO families on the  
20 residence of destination neighborhoods. That's  
21 something we haven't learned yet from the initial  
22 round of the MTO evaluation but that's something that  
23 the next round of the evaluation will be looking at.

24           And the third thing I want to do is close  
25 by noting that the MTO program population is

1 self-selected population of public housing residence.  
2 They volunteered for the program. And whether  
3 these -- these results are absolutely enormous.  
4 Whether these results generalize to the full  
5 population of public housing residents in the country  
6 we don't know and we need to look at more  
7 representative populations in larger scale studies to  
8 learn the answer to that question. Thank you.

9 MR. LUBELL: Our next speaker is Ed Olsen.

10 MR. OLSEN: Well, since my time is short,  
11 I'll limit my remarks to three important questions in  
12 housing policy related to vouchers. First, what  
13 should be the primary goal of voucher policy and  
14 housing policy generally; second, should we use a mix  
15 of vouchers and production programs to deliver  
16 housing subsidies; third, should money from the  
17 tenant based voucher program be allocated to  
18 particular projects. If I had more time, I would  
19 have discussed whether fair market rents under  
20 vouchers should be increased, but I'll leave that for  
21 the general discussion.

22 In my view, the primary goal of housing  
23 assistance should be to ensure that all households  
24 live in adequate housing, no matter what definition  
25 of adequate housing is used, which problem is most

1 severe for extremely low income households. Housing  
2 programs can be and have been used to increase  
3 consumption of other goods by low income households  
4 by reducing their rent burden.

5           However, since we have other programs to  
6 increase overall consumption of goods such as the  
7 earned income tax credit, TANIF, supplemental  
8 security income and increase the consumption of  
9 specific other goods such as the food stamp program  
10 and Medicaid, I feel this is a secondary goal of  
11 housing programs.

12           Many argue that we should use a mix of  
13 vouchers and production programs to deliver housing  
14 subsidies to low income households. The systematic  
15 evidence on the cost of providing equally desirable  
16 housing under different programs lends no support to  
17 this view. Five major studies have estimated both  
18 the cost per unit and the mean market rent of units  
19 provided by housing certificates and vouchers and  
20 important production programs, public housing,  
21 section 236 and Section 8 new construction.

22           These studies are based on data from a  
23 wide variety of housing markets and for projects  
24 built in many different years. Three were  
25 multimillion dollar studies conducted for HUD by

1 respected research firms during the Nixon, Ford,  
2 Carter and Reagan administrations. They are  
3 unanimous in finding that housing certificates and  
4 vouchers provide equally desirable housing at a much  
5 lower total cost than any project based assistance  
6 that's been studied, even though all of these studies  
7 are biased in favor of project based assistance to  
8 some extent by the omission of certain indirect  
9 costs.

10           The studies with the most detailed  
11 information about the characteristics of the housing  
12 provided by the programs found the largest excess  
13 cost of production programs. One study estimated the  
14 excessive cost of public housing compared to housing  
15 vouchers for providing equally desirable housing to  
16 be 64 percent and 91 percent in the two-city study  
17 and the excessive costs of section 236 to be 35  
18 percent and 75 percent in these two studies.

19           Another study estimated the excessive cost  
20 of Section 8 new construction compared to Section 8  
21 certificates to be 37 percent even when all indirect  
22 costs of the Section 8 new construction program are  
23 ignored. And these indirect costs are substantial.  
24 They include the Ginnie Mae tandem plan intrasubsidy  
25 for FHA insured projects and the foregone tax revenue

1 due to the tax exempt status of the interest on bonds  
2 used to finance state housing finance agency  
3 projects.

4           The consequence of using these costly  
5 methods for delivering housing subsidies has been  
6 that several million of the poorest households who  
7 could have been provided with adequate housing at an  
8 affordable rent with the money that Congress  
9 appropriated for housing assistance have continued to  
10 live in deplorable housing.

11           Although few units have been built under  
12 HUD's construction programs in recent years, there  
13 has been a tremendous resurgence in project based  
14 assistance via the tax system, especially the low  
15 income housing tax credit, federal block grants to  
16 state and local governments and substantial  
17 additional subsidies to public housing and privately  
18 owned HUD projects in the form of project based  
19 vouchers and operating and modernization subsidies.

20           We already spend enough money to provide  
21 adequate housing to all poor households at reasonable  
22 rents. The reason that so many households continue  
23 to live in deplorable housing is that we spend such a  
24 large fraction of this money on inefficient delivery  
25 mechanisms. I see no advantages of project based

1 assistance to offset its costs and effectiveness.

2 And I agree with Barbara's analysis of the many

3 advantages of tenant based assistance.

4           And therefore, I don't think we should use

5 a mix of vouchers and construction programs. We

6 should move as rapidly as is feasible to replace all

7 project based assistance with vouchers.

8           Since these programs are completed, the

9 details of the operation of the older programs have

10 changed and additional construction programs have

11 been developed. Furthermore, the old studies were

12 not designed to answer a key question. That is one

13 we still argue about, but we can answer, and that

14 question is: Are there any market conditions under

15 which construction programs are more cost-effective

16 than vouchers, tenant based vouchers? This is surely

17 one of the most important unanswered questions

18 related to housing policy. Producing a definitive

19 answer to this question for all major types of

20 project based assistance currently in operation

21 should be at the very top of HUD's research agenda.

22           I want to say a few words about project

23 based -- whether we should use money from the tenant

24 based voucher program for projects. I think the

25 answer to that ought to be obvious from what I've

1 just said but I want to amplify a little bit.

2           So what are the consequences of assigning  
3 a voucher that could be used for tenant based  
4 assistance to a particular project? To the best of  
5 my knowledge, it doesn't increase at all the total  
6 amount of money for housing assistance. It merely  
7 decreases the number of households who receive  
8 housing assistance. Instead of one eligible  
9 household occupying an adequate unit in a private  
10 market using the voucher and another one occupying an  
11 adequate unit in a project, one household occupies a  
12 unit in a project.

13           This may enable a recipient to occupy  
14 somewhat better housing than that household would  
15 occupy under the tenant based voucher program, though  
16 previous research indicates that even when they are  
17 new, the market rents under construction programs are  
18 not much higher than the market rents of units  
19 occupied by households with tenant based vouchers.

20           Doing this may also provide additional  
21 profits to developers. I have no interest in doing  
22 that. When we have so many extremely poor people  
23 living in deplorable housing, I don't think that  
24 either of these justifies assigning vouchers to  
25 particular projects.

1           Some people argue for providing additional  
2 assistance to projects built under construction  
3 programs in the form of project based vouchers to  
4 prevent the loss of units from the stock of housing  
5 permanently devoted to serving low income households.  
6 Since the estimates mentioned earlier indicate that  
7 all forms of project based assistance that have been  
8 studied are cost ineffective, and since tenant based  
9 vouchers have many other advantages, I don't think we  
10 should attempt to prevent the loss of these units  
11 from the permanently subsidized stock.

12           At the end of the use agreement, when the  
13 owner comes to the end of a use agreement -- and this  
14 wouldn't apply to public housing but to private  
15 projects. When the owner comes to the end of a use  
16 agreement, the owner is only going to agree to  
17 continue in the program if the tenant rent plus all  
18 of the direct and indirect subsidies is greater than  
19 or equal to the market rent of the unit. Otherwise,  
20 they will drop out of the program. Designing  
21 subsidies to selected suppliers that ensures that the  
22 subsidies plus tenant rent is just equal and exactly  
23 equal to the market rent is utterly impossible. You  
24 cannot design such a program. Any feasible program  
25 will provide excessive subsidies and therefore be

1 cost ineffective.

2           The background paper that we've got for  
3 this session gives several arguments for raising fair  
4 market rents under the voucher program. I would  
5 argue for lowering, though not by the same percentage  
6 everywhere. Under voucher programs, fair market  
7 rents determine the maximum subsidy available to each  
8 household. The higher the fair market rent, the  
9 higher the maximum subsidy. At the fair market rents  
10 that have prevailed in the past, there are many more  
11 eligible households that wanted to receive vouchers  
12 than could be served with the money appropriated.

13           To the best of my knowledge, all housing  
14 authorities have waiting lists and in many, perhaps  
15 most areas, the waiting lists would be even longer if  
16 they were not frequently closed. Among the majority  
17 of eligible households that receive no housing  
18 assistance are millions of households who live in  
19 seriously inadequate housing and hundreds of  
20 thousands of others who live on the street or in  
21 shelters.

22           With a fixed budget, raising fair market  
23 rents means providing better housing and better  
24 neighborhoods for those lucky people who are able to  
25 get vouchers at the expense of people who are

1 identical in every respect who are not able to get  
2 the voucher. It's pouring more people into a smaller  
3 number of people. I would rather have the money  
4 spread more evenly among those people who really need  
5 it.

6 MS. CROWLEY: I wonder if Jeff arranged  
7 for me to follow Ed for some reason. My observation  
8 about the discourse on low income housing, and then  
9 ultimately what the policy is on low income housing,  
10 is that we are fraught with false dichotomies and  
11 that we spend a lot of time in debates about project  
12 based versus tenant based, or public housing versus  
13 assisted housing or vouchers versus production, or  
14 home ownership versus rental and that people stake  
15 out their positions on one side of the debate or the  
16 other and become very fixed in those.

17 Although I have seen some people whose  
18 decisions have switched over time, and switched back  
19 too, but we tend to have this notion that there is a  
20 very singular way of looking at things. And I think  
21 that that's fairly unnecessary and counterproductive.  
22 The sort of political environment demands that we  
23 have a strategy de jour. This year it's production,  
24 last year it was preservation. It's whatever seems  
25 to be the most salient in the political discourse.

1           My view is that there is no single  
2 strategy and that if we -- at least if we start today  
3 from where we are in our housing policy, then we have  
4 to look at a multiprong strategy. And the idea is  
5 basically to try to achieve some level of  
6 homeostasis, some balance. And when we get out of  
7 whack, we know that we have to then tinker with one  
8 piece or the other. And of course we're not in any  
9 state of homeostasis yet, and that's because we're  
10 grossly underfunded, we're grossly underresourced.  
11 But if we got to the level of resources, then how  
12 could we achieve that.

13           The National Low Income Housing  
14 Coalition's position is that we should be paying  
15 attention to preservation and that is the  
16 preservation of both existing public housing units  
17 and project based units. We do not, in any way,  
18 advocate maintaining lousy housing and people should  
19 not be forced to live in housing that is unacceptable  
20 or in places that they do not want to be. But we, on  
21 the other hand, as the nation, we have made a  
22 significant investment in this housing and without a  
23 guarantee that we would replace all those units, if  
24 we decided to not have those units today, we would be  
25 in very serious trouble. So we think that we should

1 be proud of what we've done and that those buildings  
2 should be respected as we respect other public  
3 buildings.

4           Clearly we need new production. One more  
5 thing about preservation, just as I was listening to  
6 Ed's remarks. The other thing about preservation is  
7 that these units are people's homes and they care a  
8 lot about their homes and the work that we do with  
9 residents tells us that, regardless of what the  
10 policy is, this is where they live and this is where  
11 they want to be and that we need to respect that.

12           The second issue is -- the second prong to  
13 strategy is new production. There is a big new  
14 production chat going on next door. We think that's  
15 very exciting. In some form or another, subsidized  
16 or not subsidized, we have to continue to add to the  
17 stock of housing if we want it to work.

18           The third is of course more vouchers and  
19 better vouchers. There are lots of problems with  
20 voucher utilization. There are good solutions to  
21 fixing vouchers and we need to continue to do that.

22           We also need to do continued -- continue  
23 to work on income based solutions and Cushing has  
24 outlined several that I think are really exciting, as  
25 well as the other things that we can work on related

1 to income. And so in any given community, I think the  
2 emphasis will be different based on what the  
3 historical housing system has been, and then what  
4 they see as their housing needs and what's going  
5 forward. But I think, at the end of the day, we have  
6 to recognize that in no community are there  
7 sufficient resources to do anywhere near what needs  
8 to be done, so people live in a constant state of  
9 frustration. They're always sort of limping along,  
10 feeling inadequate, feeling like they're just making  
11 little, tiny, incremental steps.

12           So the question is not whether or not  
13 vouchers are good or bad per se, or whether we should  
14 prefer vouchers or not over some other kind of form  
15 of housing assistance, but what's the right kind of  
16 mix of vouchers, preservation and production for any  
17 given community and how well informed are the local  
18 officials about what their choices are and about what  
19 the consequences of their choices are.

20           When I came to the National Low Income  
21 Housing Coalition two years ago, my very first  
22 meeting with our state coalition people, and these  
23 are folks who are out doing housing work in all the  
24 states, they were absolutely enraged over the  
25 problems with voucher utilization. That was just

1 absolutely palpable that they had all sorts of  
2 vouchering outgoing on and that they couldn't get  
3 anywhere. People were stuck, vouchers weren't being  
4 used. It was a major issue for these people who are  
5 doing housing work at the local level.

6           So we said, okay, let's get a handle on  
7 it. So we gathered up all the research that had been  
8 done about vouchers and voucher utilization. We did  
9 a major literature review on that, and we had a  
10 couple of dialogues where we brought together experts  
11 with varying perspectives. We did a little survey of  
12 voucher administrators. I'll do an Anthony Downs but  
13 I won't sell it to you. You can get this study on  
14 our Web site. But I command it to you.

15           What we found, no surprises, are that the  
16 factors that inhibited voucher use are multiple.  
17 There are lots of them, and that you cannot make any  
18 blanket statement about what's inhibiting it in any  
19 given community. So there is low vacancies, there is  
20 inadequate stock, there is poor FMRs, there is  
21 discrimination either against somebody because  
22 they're poor, but because they're a voucher holder or  
23 the proxy for race or disability. There is  
24 objections to doing business with the PHAs. There  
25 are no incentives to be in the program. There is the

1 administrative clumsiness of the nature of  
2 portability. There are personal issues of tenants,  
3 either skills or poor credit records. There are  
4 things like that, lack of security deposit.

5           And then there is, as Barbara said, sort  
6 of inept management that happens at the voucher  
7 administrator level, PHA or otherwise. The most  
8 notable one in my life is the Virginia Housing  
9 Development Authority, which had a significant amount  
10 of money taken back for failure to put the dollars  
11 out there. It had nothing to do with whether or not  
12 they were needed.

13           So I think it's very difficult for us to  
14 structure a national solution that will encompass  
15 everything in order to improve voucher utilization.  
16 I think we've got some good starts in increasing the  
17 FMR and adding the services, the pieces in the C map,  
18 the lose it or use it, long overdue, long overdue  
19 policy. I think we clearly need a regional  
20 administrative structure. The multiple jurisdiction  
21 structure, as Barbara referenced, is very outdated.

22           A couple of pieces, though, that I want to  
23 add to the mix in terms of solutions -- and I go back  
24 to some research that I did earlier on implementation  
25 of federal policy at the local level, specifically

1 looking at the consolidated plan and how it is that  
2 local jurisdictions understood what they were to do  
3 with the consolidated planning process. It was a  
4 qualitative analysis. It was looking for meaning.

5           And one of the things that I came away  
6 from that study with, and that has resonated through  
7 all the discussion with vouchers and other housing  
8 policy issues, is the lack of, in the context of  
9 devolution, the lack of a countervailing force at the  
10 local level. So that we can make all these rules in  
11 Washington, develop all these policies, send them out  
12 there and if nobody is paying attention to whether or  
13 not they get enforced, it is a lot of waste of our  
14 time.

15           And so I have this notion -- it's an idea,  
16 it's not a proposal yet but a notion about, at the  
17 local level, there is somebody whose primary motive  
18 it is to make sure that housing resources get used to  
19 their maximum advantage. Who knows how many vouchers  
20 are supposed to be in that community? Who knows what  
21 the utilization rate is? Who's tracking that? Along  
22 with a variety of other kinds of things, I think  
23 that's a very good use of HUD dollars. It should not  
24 go through local government. It should be a direct  
25 line to the advocacy community that you would create

1 the kind of relationships and tensions at the local  
2 level to do that.

3 I am going to close by one more thing, and  
4 this comes both out of our discussions about voucher  
5 utilization and also my experience with the  
6 consolidated plan, is that HUD has to be willing to  
7 use the authority that it has and exercise that in  
8 very strategic and important ways. And I think HUD  
9 has many tools that are wasted for lack of the  
10 political will to use them.

11 MR. LUBELL: Thank you, Shelia. And our  
12 final speaker will be Rod Solomon and we've only got  
13 about a half an hour for questions.

14 MR. SOLOMON: Thanks, Jeff. Since I'm a  
15 replacement speaker for our housing authority guy  
16 from Los Angeles, I'll first of all try to even yield  
17 some time back to the industry representatives and,  
18 second, mostly talk about implementation issues,  
19 although Ed Olsen said a number of things where I  
20 would like to take the bait, though. I'll make one  
21 comment on one which is on the costs. It's hard to  
22 tell in these short presentations how far we're going  
23 or exactly what we're covering but at least in the  
24 public housing -- ongoing public housing versus  
25 vouchers, one of the things that we found is that it

1 varies enormously by city, region, type of  
2 development and so on and I urge that we look a  
3 little -- that the major generalizations -- really  
4 there has to be more done on it than that.

5           -- program back in my earlier days and  
6 some of this may be drawn from that. In terms of  
7 implementation issues that I can see since the  
8 program was overhauled by Congress in 1998, I think  
9 that the increases in the fair market rents that are  
10 proposed were and are absolutely essential, that you  
11 can argue at what level rents the individuals ought  
12 to be responsible, but in a number of markets, we  
13 just weren't even getting -- either getting the lease  
14 ups or being able to have a reasonable  
15 deconcentration of the units that were able to come  
16 into the program without that.

17           And I also think that, especially in  
18 markets where there is substantial numbers of  
19 vouchers going in where, for instance, public housing  
20 demolition is taking place on a large scale and so  
21 on, that something to improve the counseling and  
22 support efforts of the families, either the  
23 Administration's voucher success fund or something  
24 just like it has just really got to be added in.

25           A couple of things about some of what

1 Barbara said, I think that the issue about the  
2 markets and whether we're getting more units and so  
3 on is very serious. As Barbara said, we took a  
4 number of steps like eliminating the so-called take  
5 one, take all rule that landlords said constrained  
6 them, eliminating extra notices and so on to try to  
7 encourage increased landlord participation. I agree  
8 that it's really not clear whether it's happening.  
9 And actually, already more proposals in Congress to  
10 do more of that. We ought to try to get a handle on  
11 what's happened already.

12 I want to emphasize the importance of the  
13 business issues. It's the antithesis of what Cushing  
14 was doing. It's the nuts and bolts of, you know, you  
15 can talk about how many people we're reaching and all  
16 of that, but whether what we've even got is going to  
17 work ends up relying greatly on things like how fast  
18 do the landlords get paid, how promptly can the  
19 inspections get made when a unit comes up.  
20 Particularly in the larger cities, in the more recent  
21 years, can the housing authority respond to  
22 complaints about what's alleged to be criminal  
23 activity in the voucher units, whether it really is  
24 or whether it isn't. Are they doing outreach to the  
25 landlords to try to get more in? All those nuts and

1 bolts things.

2           To an extent, HUD can help drive that  
3 through its management assessment program. Even  
4 though our management assessment program is just  
5 starting up, I think in some ways it doesn't do that  
6 and we're going to have to make some more changes to  
7 try to make some of those things happen.

8           The voucher program has become -- other  
9 than the home ownership deduction for all of us  
10 homeowners -- the largest housing subsidy program I  
11 believe that we have now. So we've really got to  
12 take the kinds of steps that folks are talking about  
13 to make this thing work. Thanks, Jeff.

14           MR. LUBELL: Thank you, Rod. And I'm now  
15 going to open the floor up. I know a lot of the  
16 panelists would probably like to address each other's  
17 issues, but I would like to get some input from the  
18 panel and I actually first want to offer an  
19 opportunity to any PHA directors or representatives  
20 if they have any comments.

21           UNIDENTIFIED SPEAKER: I run a Section 8  
22 program myself. We are, as you know, the  
23 intermediaries. CLAP is a group that represents  
24 about 60 of the largest public housing authorities,  
25 and collectively they do administer a significant

1 portion of the tenant based Section 8 vouchers. And  
2 everything has been very interesting. Really, we  
3 have had the same experience and our surveys of our  
4 memberships on the Section 8 utilization issue really  
5 reflects a lot of what Shelia has said. It's a very  
6 complicated issue.

7           And the reality is that -- the fact that  
8 it's so complicated is really not reflected well. In  
9 the appropriations process, every year, when this  
10 issue surfaces, there is a lot of hullabaloo about  
11 the utilization rate and access money and fund  
12 recaptures and poor management on the part of housing  
13 authorities. HUD doesn't do much to sort of dispel  
14 or sort of clarify those issues. In fact, this year,  
15 during the appropriations process, one of the things  
16 that surfaced was a list of the worst culprit housing  
17 authorities, the idea being that there were just a  
18 few large housing authorities that accounted for the  
19 bulk of recaptures.

20           Well, I think that, in fact, what the  
21 numbers reflect is simply that the large housing  
22 authorities, even if they're utilizing 98 percent of  
23 their vouchers, 2 percent of a very large program  
24 accounts for a very large pot of money. And it's  
25 not -- you know, so that sort of -- it also doesn't

1 help to clarify the situation for the Congressional  
2 appropriators.

3           There are a lot of issues -- our survey  
4 has shown, just like Shelia said, that there are a  
5 lot of factors and it's going to require a lot of  
6 tools. Our members also really do -- I mean, as  
7 Barbara said, there is a real serious disconnect  
8 between the rules and the regulations and the  
9 incredible amount -- and it's new in the program with  
10 the mergers and the flexibilities and the devolution.  
11 There is a real disconnect between that here in  
12 Washington and at the local level, and our members  
13 are all saying that they want training. They want  
14 technical assistance. So I do really think that  
15 that's a big part of it. And I think the industry  
16 groups need to be more involved, and I think the PHAs  
17 need to do a better job but these are -- I think  
18 these are good lessons.

19           MR. LUBELL: Thank you. I just want to  
20 call people's attention to -- there is a background  
21 paper in the booklet that actually outlines a lot of  
22 the changes that have been made over the last few  
23 years in an effort to improve both success and  
24 utilization rates and a lot of them are kind of small  
25 so I'm not going to go through them all now. I mean,

1 small in terms of technical, but I think they will  
2 make a big impact and I agree completely that housing  
3 agencies are undergoing a lot of changes right now,  
4 and they need a lot of help and a lot of technical  
5 assistance and I think HUD can do a better job in  
6 trying to do training and to make sure that you have  
7 the tools you need.

8 I don't know, Denise, do you want to say  
9 anything on behalf of the housing authorities?

10 UNIDENTIFIED SPEAKER: It's hard to sit  
11 here and be quiet. I think I sat next to you at  
12 lunch yesterday. If I had known what you were going  
13 to say, I might have spilled some iced tea on you.  
14 But I have to take exception to your theory about it  
15 being more economical to use tenant based systems and  
16 you're talking about preserving the project based  
17 programs. Well, of course landlords are not going to  
18 stay in the program if they can't get the market  
19 rent. That's the whole idea behind the Section 8  
20 programs.

21 And as Shelia pointed out, these are  
22 people's homes. They've lived there maybe 20 years  
23 or more, and to say to them, we're sorry, we're going  
24 to voucher out this unit and give you this little  
25 voucher and you might have to move 20 miles away

1 because that's the closest neighborhood where a  
2 landlord will rent to you is not, I don't think, good  
3 housing policy.

4 MR. LUBELL: I think a smooth transition.  
5 I'm not talking about -- under the Section 8 program,  
6 they have things called sticky vouchers that you can  
7 either stay in place and get something or you can  
8 move and you have the option.

9 UNIDENTIFIED SPEAKER: And that's fine but  
10 ultimately the stock goes away.

11 UNIDENTIFIED SPEAKER: No, it doesn't  
12 actually.

13 UNIDENTIFIED SPEAKER: Yes, it does go  
14 away. Once that family moves from that unit with  
15 that voucher, then if another enhanced voucher order  
16 comes to that building, it's a regular subsidy  
17 voucher. It's not enhanced anymore. So the stock  
18 goes away from those people that were in there  
19 previously. There is still physical stock there but  
20 it's not affordable to the same people. So  
21 preservation is a big concern and it's clearly  
22 cheaper to preserve those units that were built 20  
23 years ago and are in excellent condition than to  
24 build new.

25 UNIDENTIFIED SPEAKER: Do you have any

1 evidence on that? Any empirical evidence?

2 UNIDENTIFIED SPEAKER: I think we can find  
3 some. But I also agree with what CLAP is saying,  
4 because clearly our housing authority members strive  
5 to operate significant voucher programs in compliance  
6 with the rules, but the rules are complicated and  
7 every year their fees have been cut. The same  
8 appropriators that complain that PHAs don't know what  
9 they're doing in operating the program are the same  
10 people who took away the preliminary fee that helps  
11 to counsel the tenants on where the units are and how  
12 to move there.

13 So people talk out of both sides of their  
14 mouth, and I think while there are some housing  
15 authorities that probably can use some training or  
16 maybe should lose their voucher assistance and it  
17 should go to somewhere else, I think the majority of  
18 PHAs, and by the way, of the 3,300 public housing  
19 authorities, there are about 1,300 that don't have  
20 public housing. They just administer the Section 8  
21 program. I don't think that's a well-known fact, but  
22 I'll shut up.

23 MR. LUBELL: Thank you, Denise. And I  
24 would like to hear from this gentleman here and then  
25 Ted Van Dyke from PHADA and then Chris. That will be

1 the order. Please go ahead.

2 UNIDENTIFIED SPEAKER: Two brief comments.

3 The first is, I think in a lot of ways the most  
4 interesting thing going forward is to learn more  
5 about the issues that have been raised about  
6 utilization, and I'm eager to download this study  
7 that Shelia Crowley referred to because I think we  
8 need to --

9 MS. CROWLEY: We'll even sell it to you  
10 too.

11 UNIDENTIFIED SPEAKER: But secondly, on  
12 this issue, I think we began to talk as if this is  
13 some ideological thing of vouchers versus supply side  
14 programs. And I don't think it is unless  
15 cost-effectiveness is viewed as an ideology and  
16 unless you view being able to help more people with a  
17 fixed budget, and unfortunately we live in a world of  
18 fixed budgets, as an ideological point of view.

19 Yesterday as well as today I've heard a  
20 number of people say we need to preserve a mix of  
21 housing programs but not really able to articulate  
22 exactly why that is other than we currently have a  
23 mix. And going forward -- I mean, I would agree -- I  
24 think this is what Ed is saying and I would agree  
25 that -- I'm not saying turn down a public housing

1 unit, throw people out of every supply side unit we  
2 have but going forward, I think vouchers and demand  
3 side programs are the way to go, not because I have  
4 an ideological ax to grind, but because every study  
5 that has been done, as Ed says, that has looked at  
6 the costs and benefits of providing housing  
7 assistance says that for a given dollar of  
8 expenditure, you can help more people or help a given  
9 individual more with a voucher or some other demand  
10 side subsidy than a supply side subsidy.

11           And when I see credible evidence that  
12 there are conditions under which that's not so, then  
13 I'm wrong and I change my mind.

14           MR. LUBELL: Thank you. Ted?

15           MR. VAN DYKE: I just wanted to make a  
16 couple of comments. One is, as was mentioned earlier  
17 today, the public housing authorities are the  
18 organizations that are providing the affordable  
19 housing to the really lowest, poorest people in the  
20 country, and they're the only players out there so  
21 you have to be very careful. There is a symbiosis  
22 for more housing authorities between the Section 8  
23 and the low income public housing program, and to do  
24 something like hold a Section 8 program away from the  
25 public housing authorities would do irremediable harm

1 to them and would affect the whole delivery system of  
2 affordable housing.

3           Secondly, on that voucher utilization,  
4 it's a difficult program to run a Section 8. It's  
5 not something where you actually have X number of  
6 units that you've got to fill. It's this thing where  
7 you pass out these certificates and some people can  
8 find people, some people can't find them. It  
9 fluctuates over time, and the natural reaction is to  
10 be somewhat conservative. You don't want to issue  
11 more certificates than you can actually house people,  
12 so you have to be very careful and if difficulties  
13 emerge, then your utilization rate drops.

14           So it's a tricky program to run from that  
15 perspective as well.

16           UNIDENTIFIED SPEAKER: Let me add one  
17 thing. And this is something we would love to work  
18 more with the industry groups to get the word out but  
19 there are two things -- a couple of things that  
20 should be helping housing authorities deal with that  
21 particular problem. One is that the MTCS system, the  
22 tenant reporting system, is now going to report  
23 voucher issuances as well as voucher lease-ups. That  
24 will enable you to accurately record your success  
25 rate so you will know how many vouchers you need to

1 issue at any given time in order to fully utilize  
2 your funds. So it's very important that people start  
3 following that and start using that system because I  
4 think it will be very helpful.

5           Second, as you'll see in the background  
6 paper, is there are some new protections for  
7 overexpenditure of funds. If you inadvertently  
8 expend some of your firms, you can tap your reserve  
9 funds so you don't need to be quite as cautious as  
10 you did in the past about shooting for the 100  
11 percent utilization factor.

12           So part of the answer to this expenditure  
13 of fund things are these somewhat technical kinds of  
14 things that are described in the background paper and  
15 that may or may not be well-known out in the field.  
16 And part of I think our challenge is to provide that  
17 assistance and get the word out.

18           Ed, I'm going to give you 30 seconds to  
19 respond.

20           UNIDENTIFIED SPEAKER: That's fine. This  
21 is just a suggestion. I think this reserve fund is a  
22 very good idea. Just give the authorities enough of  
23 a reserve so they can overcommit. It's just like  
24 college admissions offices do. They want so many  
25 people, they know that they're not going to get

1 everyone so that they can pretty much keep all of  
2 your vouchers in use and get as much money as you can  
3 for the vouchers allocated.

4 UNIDENTIFIED SPEAKER: And the reserve  
5 idea is a very good idea. It needs to be a little  
6 bit larger to make this go.

7 UNIDENTIFIED SPEAKER: -- hold back the  
8 reserves.

9 UNIDENTIFIED SPEAKER: Well, they're down  
10 to two months. You have two months.

11 UNIDENTIFIED SPEAKER: We'll have to see  
12 how the authorities get reimbursed, I think.

13 MR. LUBELL: Thank you. Chris.

14 UNIDENTIFIED SPEAKER: I have a sort of  
15 basic question. I've heard around the country that  
16 individual communities like cities and counties could  
17 decide not to accept Section 8 vouchers. All they  
18 have to do is pass a resolution and then HUD backs  
19 out of that community.

20 UNIDENTIFIED SPEAKER: They can decide not  
21 to administer the loan, but they cannot, as far as I  
22 know, decide not to allow people to live with  
23 vouchers in that community.

24 UNIDENTIFIED SPEAKER: The law says that  
25 if there is no housing authority that is able and

1 willing to administer the program, then HUD would  
2 administer the program, which, in practice, we would  
3 do it through a contractor. In reality, I can't  
4 think of a place where we're having to do that except  
5 where a well-known agency is not unwilling to, but  
6 unable, to administer.

7 UNIDENTIFIED SPEAKER: Chris, are you  
8 asking about people -- actually like a zoning law  
9 saying no Section 8s can live there? Because I've  
10 never heard of such a thing.

11 UNIDENTIFIED SPEAKER: I don't have a  
12 legal authority on rules but numerous cities in the  
13 metropolitan Atlanta area have passed city council  
14 resolutions saying that they will not accept Section  
15 8 housing.

16 UNIDENTIFIED SPEAKER: Who will not accept  
17 Section 8 housing?

18 UNIDENTIFIED SPEAKER: City of Conyers.

19 UNIDENTIFIED SPEAKER: No, I'm sorry. No  
20 private landlord can accept a Section 8 voucher in  
21 that city?

22 UNIDENTIFIED SPEAKER: That's what I'm not  
23 clear about and I thought maybe somebody here would  
24 have the answer to that.

25 UNIDENTIFIED SPEAKER: In the state of

1 Georgia, there are astonishingly few local housing  
2 agencies. It's almost all administered by the state.

3 UNIDENTIFIED SPEAKER: So they can tell  
4 the state they don't want them?

5 UNIDENTIFIED SPEAKER: No.

6 UNIDENTIFIED SPEAKER: If you find out  
7 more about that, you should let us know because that  
8 sounds like an anomaly.

9 UNIDENTIFIED SPEAKER: I have something to  
10 add. I live in the city of Fredericksburg, Virginia,  
11 which has Section 8 vouchers administered by the  
12 Department of Social Services and is in the throes of  
13 a bunch of opt-outs at this point, which means that  
14 there is going to be a whole bunch of people whose  
15 housing was project based and, therefore, not -- the  
16 local department of social services had nothing to do  
17 with it. Well, now they're going to be getting  
18 vouchers and it means that the voucher management  
19 system in the department of social services is going  
20 to be sorely taxed because they're going to have a  
21 whole bunch more vouchers to administer. And in that  
22 case, the city government so far has said we're not  
23 going to administer any more vouchers. We won't do  
24 it.

25 And so, although they're getting

1 persuaded, and the ministers are talking to them and  
2 all that, butted in that case, it would fall back to  
3 the Virginia housing development authority. But it  
4 has to do with not accepting new vouchers. It has to  
5 do with the transfer of the management of the subsidy  
6 from HUD and its relationship with the project based  
7 owners to the vouchering out and then needing  
8 somebody at the local level to manage the new  
9 vouchers.

10 UNIDENTIFIED SPEAKER: What about the  
11 project based? If a private person wants to build an  
12 apartment building and have a certain number of  
13 Section 8, is there not a review process where the  
14 community has to vote to accept the Section 8  
15 physical units before HUD supports these vouchers in  
16 that area?

17 UNIDENTIFIED SPEAKER: Well, we haven't  
18 had much new project basing in so long that it's --  
19 or, yeah, a few Section 8 project based certificates.  
20 The only thing I can think of like this is we have  
21 had a few communities across the nation who have  
22 said, for various reasons, I don't want to run the  
23 voucher program. In instances I can think of, it was  
24 anymore. And in those instances, HUD has to  
25 either -- has to find someone to run them with

1 respect to the individual vouchers. And this has  
2 already been said. I don't think they can -- I'm not  
3 aware of ordinances trying to say that vouchers can't  
4 be used somewhere.

5 UNIDENTIFIED SPEAKER: Actually, you raise  
6 an interesting point about the difference between  
7 vouchers and production in that sense because I think  
8 what you might be referring to is 213(d). And if you  
9 want -- and the local government does have to accept  
10 a production program.

11 MR. LUBELL: Barbara?

12 MS. SARD: I'm not sure this is helpful,  
13 but one thing I wanted to add, because it's been a  
14 real issue in Massachusetts, which may get at part of  
15 this kind of issue, is when there are new vouchers  
16 out there for which housing agencies can apply. One  
17 issue that importantly affects the people in that  
18 community is, does their agency seek those new  
19 vouchers. And there are many cases where there is a  
20 political decision made frequently when the housing  
21 agency is either technically part of local government  
22 or the local government still controls the appointees  
23 to the housing agency, there is a conscious political  
24 decision made that we don't want any more of these.  
25 And that's a local decision about which HUD can do

1 nothing in its current structure.

2           And I would suggest indeed that's one more  
3 reason why you shouldn't have so many local agencies,  
4 because if you had an agency that operated on a  
5 regional basis, the people of that particular town  
6 would not get injured by that kind of decision.

7           UNIDENTIFIED SPEAKER: I want to follow up  
8 on that. In Atlanta, years ago the housing authority  
9 was formed. The state law said that authority could  
10 operate anywhere in the metropolitan area unless  
11 other PHAs came into existence. And so everybody did  
12 their own PHA, happened to not have any units or any  
13 vouchers, as far as I know, simply to keep PHAs out  
14 of there. Is that legal, that PHAs be formed and not  
15 do any work?

16           UNIDENTIFIED SPEAKER: Sounds like a  
17 question of state law and it sounds like the answer  
18 is yes.

19           UNIDENTIFIED SPEAKER: Except that it  
20 probably violates fair housing law and could be  
21 effectively challenged.

22           UNIDENTIFIED SPEAKER: Should refer that  
23 to FHE&O.

24           MR. LUBELL: I want to ask a question,  
25 which is is anyone here involved in any of the dozen

1 or so Section 8 home ownership demonstration sites?  
2 There have been about a dozen Section 8 home  
3 ownership sites that have been experimenting with the  
4 use of Section 8 vouchers for home ownership and I  
5 was just wondering if anyone had experience?

6 Well, I'm going to open it up. We have  
7 about 10 more minutes for questions. Go ahead.

8 UNIDENTIFIED SPEAKER: How long is the  
9 guarantee? Is it part work and affordable?

10 UNIDENTIFIED SPEAKER: In the final rule,  
11 the voucher on a mortgage of 20 years or more, the  
12 guarantee will extend for 15 years. That's more than  
13 the proposed rule. The proposed rule had been for 10  
14 years. And in a mortgage that's less than 10 years,  
15 the guarantee is 10 years. These are standardized  
16 times so they're not going to vary from place to  
17 place. And as for portability, Rod, do you want to  
18 answer that question?

19 MR. SOLOMON: Yes. The program is  
20 portable where the jurisdiction that the person wants  
21 to live has a home ownership program. If they don't,  
22 then it isn't. On that rule, since we just put it  
23 out, of course now the question is, okay, how broadly  
24 is this going to be used and is it -- how useful is  
25 it and so on. I think the GSEs always, to some

1 extent, can push it along or not.

2           One of the things -- the biggest issue  
3 that we had in discussions about the final rule -- we  
4 may find other things that we didn't think enough  
5 about, but HUD felt that you needed a -- that at  
6 least in the early years, if there was going to be a  
7 resale, you needed a subsidy recapture. The way it  
8 works, it phases down over 10 years. And also the  
9 way it works is if a homeowner reinvests in more  
10 housing in another home or in improvements for their  
11 own home, there is no recapture. So it should be --  
12 it shouldn't get in the way but the question is going  
13 to be, people need to understand it and figure out  
14 how it works and all of that.

15           And at least in our preliminary  
16 conversations, that's been something where there are  
17 many, many programs across the United States that do  
18 that kind of thing. It shouldn't be a problem, but  
19 that will be one of the things we're watching as this  
20 program starts to be implemented around the country.

21           UNIDENTIFIED SPEAKER: So when is there  
22 recapture?

23           UNIDENTIFIED SPEAKER: The way it works is  
24 there is a recapture if you were -- if the homeowner  
25 sold or refinanced in the first 10 years and didn't

1 buy another home, didn't reinvest.

2 UNIDENTIFIED SPEAKER: Or skims the  
3 equity.

4 UNIDENTIFIED SPEAKER: Basically.

5 UNIDENTIFIED SPEAKER: But let's say  
6 you've got a home equity loan, you can skim from  
7 that.

8 UNIDENTIFIED SPEAKER: I wouldn't  
9 characterize it, no, but the recapture would be if  
10 it's not going back into housing one way or the  
11 other.

12 MR. LUBELL: Okay, thanks. One of the  
13 interesting questions in that program, for those of  
14 you who don't know, essentially says that where the  
15 ongoing costs of purchasing of home are less than or  
16 equal to the cost of renting, then if you get a  
17 mortgage, you can use a voucher to buy a home. So it  
18 doesn't provide any funds for down payment. So  
19 that's one of the issues.

20 And also, these families are obviously  
21 very low income or extremely low income families, and  
22 there are going to be some concerns about the extent  
23 to which they can sustain changes in income and  
24 changes in repair costs, and part of the challenge of  
25 this program is going to be able to make sure that we

1 provide the supports that are necessary to make the  
2 program work. But I'm very excited about it even as  
3 I'm sort of, I have to say, a little scared.

4           Any family with a voucher who has income  
5 in excess of the minimum wage full time income is  
6 eligible to participate. There is no upper income  
7 limit other than the Section 8 limits. Up to 80  
8 percent is the limit on who you can give a voucher  
9 to, although at least 75 percent of vouchers have to  
10 go to below people 30 percent of area median. The  
11 limit on when you lose your voucher is different.  
12 The limit on when you lose your voucher is when 30  
13 percent of your adjusted income is greater than the  
14 subsidy and stays that way for six months.

15           You could potentially lose your subsidy,  
16 but at that point, you would have ability to pay.  
17 Those are also not included within the subsidy. So  
18 part of the challenge here in making this program  
19 work is to ensure that there are -- I mean, you have  
20 CDBG funds, and you have potentially TANIF funds and  
21 you have home funds, other sorts of locally  
22 controlled funds. There is a provision in HR 1776 to  
23 provide grants for these kind of costs but that  
24 hasn't been enacted at least as of today.

25           (Inaudible.)



1 I'll tell you why. The first is that FMRs already  
2 vary by area. So it is already the case that someone  
3 in New York City is going to be able to afford a much  
4 larger mortgage with their voucher than someone in a  
5 rural area, for example. It's also the case that  
6 housing and rental costs don't necessarily track each  
7 other. So that may be an inefficiency in the  
8 program, but it does mean that we can't predict with  
9 any accuracy what the effect of raising FMRs by about  
10 \$50 or \$70 is going to be. It's not necessarily the  
11 case that it's going to be unfair.

12           The organization that I was before, the  
13 Center of Budget and Policy Priorities, was doing  
14 some analysis in connection with NAR of home prices,  
15 and we found essentially that there are about half  
16 the metropolitan markets where the FMR was adequate  
17 to buy an adequate home and about half of it wasn't.  
18 And it's not necessarily the case that 50th or 40th  
19 is the right answer to that. It's the case that  
20 there is a different relationship between rental and  
21 housing costs in different markets. And I think  
22 that's the major inequity, if you may, in terms of  
23 how this is made is that we're tracking a rental  
24 program and not a home ownership program but there  
25 are some good reasons for that. We don't necessarily

1 want to create a whole new program for those.

2 MS. SMITH: I'm from the Housing  
3 Assistance Council, and I just want to make a couple  
4 of points and ask a couple of questions about  
5 vouchers in rural areas. First off, we were doing  
6 a -- we recently completed case studies of vouchers  
7 in rural areas and we were calling around trying to  
8 find areas to study and we found out there are plenty  
9 of areas in the country where there is no voucher  
10 program. And maybe there is. Maybe it's a statewide  
11 program, but the word doesn't get out and the local  
12 authority doesn't even know that a person wanting  
13 voucher assistance can go to the state capitol.

14 So we shouldn't assume that it's a program  
15 that is not only not accessible to everybody because  
16 of waiting lists. It's not accessible to everybody  
17 just because of geographic disparities.

18 The other thing is that we found that  
19 supply is a real issue in rural areas. I'm wondering  
20 if any of the class efficiency studies that looked at  
21 the efficiency of demand versus supply programs were  
22 looking at rural areas.

23 UNIDENTIFIED SPEAKER: No, they were in  
24 all urban areas.

25 MS. SMITH: So that might be an area where

1 supply program --

2 UNIDENTIFIED SPEAKER: That's a good  
3 question and we should have a careful study on this  
4 issue.

5 MS. SMITH: The other question I had is,  
6 are any of the ownership demonstrations in rural  
7 areas or nonmetro areas?

8 UNIDENTIFIED SPEAKER: That would help the  
9 rural areas a lot.

10 MR. LUBELL: Why don't you start by -- you  
11 wanted to address one issue.

12 MS. SARD: At the risk of being very  
13 unpopular to those representing rural interests, I  
14 think the history of the Section 8 program has been  
15 to overfund rural areas. Now, there may be serious  
16 problems in people in those rural areas knowing where  
17 to apply. Those are two different questions.

18 Until 1998, the housing statute required a  
19 set-aside of 25 percent of all new vouchers to  
20 nonmetropolitan areas and I'm not sure what HUD's  
21 analysis of recent data has shown, but when I looked  
22 at some of this earlier, one of the problems in  
23 utilization of vouchers nationally is that the  
24 population has shifted away from where historically  
25 vouchers had been allocated to lead to an oversupply

1 relative to need in rural areas.

2 Now, I'm not saying that there aren't  
3 distribution issues and access issues, but it isn't  
4 an inequity in funding.

5 MR. LUBELL: Rod, do you know if there are  
6 any demonstrations in rural areas?

7 MR. SOLOMON: Well, there are several  
8 demonstrations that are statewide. I know that.  
9 Colorado is one that comes to mind that's  
10 specifically for persons with disabilities. There  
11 are a number of regional ones. But I think now that  
12 there is a final rule, that demonstration were --  
13 they mostly were approved in the last six months in  
14 any event and that now any housing authority in the  
15 country can undertake this program. So more  
16 importantly is what's going to happen now.

17 MS. SARD: And I do suggest that rural  
18 areas will be able to benefit from the homeowner's  
19 programs.

20 UNIDENTIFIED SPEAKER: I'm not sure what  
21 the basis is of you saying that there is an  
22 oversupply of vouchers in rural areas.

23 MS. SARD: I think they oversupply  
24 relative to need, I said, in those rural areas. But  
25 poor people -- per poor person or per needy person in

1 rural areas, my data shows there is more vouchers  
2 than is true in urban and suburban areas.

3 MR. LUBELL: We have exactly three minutes  
4 and I'm going to give the panel -- I'm sorry. Okay.  
5 Very quickly.

6 UNIDENTIFIED SPEAKER: The current status?  
7 Is project basing possible and is that only allowed  
8 in unimpacted areas?

9 MR. LUBELL: Why don't we have Rod first  
10 and then Barbara on this question and then we'll  
11 conclude. That's actually a good question on which  
12 to conclude.

13 MR. SOLOMON: It's possible under the laws  
14 to project base up to 15 percent of the housing  
15 authority's vouchers. There have been substantial  
16 complaints about whether the system is very workable  
17 the way it is now in the regulations and Barbara,  
18 among others, has been working with many of us to see  
19 if we can improve that situation.

20 MS. SARD: What was the rest of your  
21 question?

22 UNIDENTIFIED SPEAKER: Is it only allowed  
23 in unimpacted areas?

24 MS. SARD: HUD's reg, which was issued  
25 under the old project based certificate program that

1 has since been eliminated, and there hasn't been a  
2 new reg because it's on a long list of regs to be  
3 issued, does have site and neighborhood standards, if  
4 you're familiar. There is nothing in the statute  
5 that says one way or another. I'm not real familiar  
6 with how site neighborhood standards work, but my  
7 sense is if you do it right, you can always get  
8 around it to site anywhere you want.

9           And I do think there is some likelihood  
10 that this will all change in the current  
11 appropriations act and we don't know what the shape  
12 of that will be.

13           MR. LUBELL: That's a very uncertain note  
14 on which to end, but if we had had this conference  
15 two days earlier, if they had gotten their act  
16 together on the bill, they would have gotten the act  
17 passed on time, we would have been able to have a  
18 more substantive conversation on that area. But I  
19 want to thank all of you and I look forward to  
20 hearing your input and feel free to send us e-mails  
21 and call us and let us know any further thoughts that  
22 you didn't get a chance to express today. Thank you.

23

24

25

