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The Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher (HCV) program is the nation's largest rental assistance program. Authorized under Section 8 of the Housing Act of 1937 (42 U.S.C. §1437f(o)), it subsidizes the rents of more than 2.3 million households (5 million people), and its funding accounts for more than half the budget of the Department of Housing and Urban Development (HUD).

Program Administration and Basics

The HCV program is federally funded via HUD and is administered locally by about 2,100 local public housing authorities (PHAs). Each PHA is authorized to administer a maximum number of vouchers, although federal funding is often insufficient for PHAs to issue all authorized vouchers.

Because there is not enough federal funding to meet demand for vouchers—the program serves roughly one in four eligible households—PHAs generally maintain waiting lists for vouchers. In administering their waiting lists, PHAs may establish preferences for households with certain characteristics, as determined by the PHA (e.g., persons with disabilities, persons experiencing homelessness).

Individuals and families (hereinafter, *households*) are generally eligible to receive a voucher if they are very low-income (income at or below 50% of the local area median income [AMI]), although 75% of vouchers available each year are targeted to households that are extremely low-income (income at or below the greater of 30% of AMI or the federal poverty guidelines). In addition to income eligibility, PHAs may adopt additional screening criteria (e.g., criminal background, rental, or credit history).

Households use vouchers to lease private market units from willing landlords. (Laws in some jurisdictions require landlords to accept vouchers.) If a unit meets program standards, including passing an initial quality and safety inspection (annually thereafter), and the tenant meets any screening criteria set by the landlord, the PHA and landlord sign a contract and the landlord and tenant sign a lease.

Households contribute the greater of 30% of their adjusted incomes or 10% of their gross incomes toward their rent and utilities, and the voucher covers the remainder, up to a maximum—called a payment standard—set by the PHA (generally, 90%-110% of local Fair Market Rent, adjusted by number of bedrooms). If the rent for a unit exceeds the tenant contribution plus the voucher subsidy, the household may pay the difference, up to certain limits the first year.

Vouchers are generally portable, which means families can use them within and across PHA jurisdictional boundaries.

PHAs may choose to project base (i.e., tie them to specific units of housing) a portion of their vouchers within certain limits, provided tenants are given the option to receive a tenant-based voucher after one year.

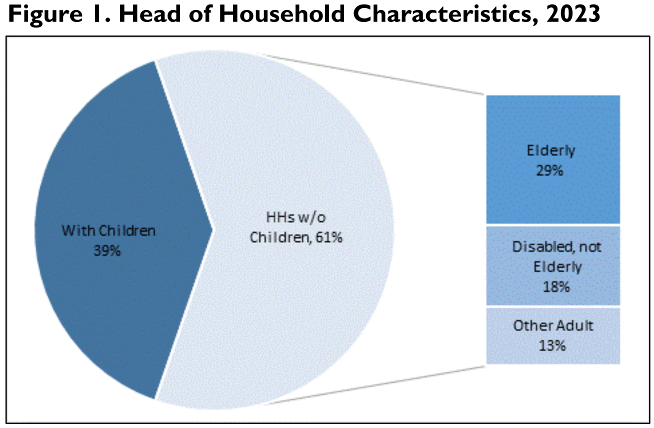
HCVs are not time-limited. A household can receive assistance until six months after their income increases such that their tenant contribution equals their housing cost and they no longer qualify for a subsidy. Households may have their vouchers revoked if they fail to follow program rules.

There are several forms of special purpose vouchers, including Veterans Affairs Supportive Housing (VASH) vouchers for veterans experiencing homelessness, jointly administered with the Department of Veterans Affairs; Family Unification Program (FUP) vouchers for child welfare-involved families or former foster youth, jointly administered with local child welfare agencies; and "mainstream" vouchers for persons with disabilities.

Household Characteristics

The HCV program serves all types of households, ranging from single adults to families with children. Preferences PHAs set for their waiting lists can affect the characteristics of their HCV caseloads, as can allocations of special purpose vouchers. As shown in **Figure 1**, in 2023 roughly 39% of HCV households include children; 61% are households without children. Of the latter, the majority are headed by persons age 62 or older. Over time, families with children have accounted for a smaller share of assisted households; in 2012, according to HUD data, families with children accounted for over half of all HCV households.

Figure 1. Head of Household Characteristics, 2023



Source: Prepared by CRS based on HUD Resident Characteristics Report data, accessed June 2023.

Special Initiatives

The **Family Self Sufficiency (FSS) program,** created in 1992, funds caseworkers to help HCV families develop and pursue five-year self-sufficiency plans. FSS caseworkers connect families with services, and while families are making progress on their plans, any increased rent they pay attributable to increased income is deposited into an escrow account that the family receives upon graduation from the program (they may access the funds early to meet program goals). The program is voluntary for families and PHAs; funding is insufficient to offer the program at all PHAs or to serve all interested families at all participating PHAs.

First authorized in 1996, the **Moving to Work (MTW)** demonstration allows a limited number of PHAs to receive waivers of federal rules and regulations governing the HCV and public housing programs. In 2016, the program was expanded by up to 100 PHAs. The 38 original participating PHAs can receive waivers of most federal rules and regulations; the PHAs added under the 2016 expansion may receive waivers of a more limited set of program rules and regulations, designed to test improvements of specific program aspects, such as landlord participation, flexibility for small PHAs, and alternative rent models.

In response to the COVID-19 pandemic, Congress provided $5 billion in mandatory one-time funding for **Emergency Housing Vouchers (EHVs)** in FY2021. All PHAs were offered an allocation of the 70,000 new EHVs to serve families who are homeless or at risk of homelessness. While they otherwise function as regular HCVs, they do have several special features. Once they are initially leased, PHAs cannot reissue EHVs after September 2023. Further, PHAs received additional fees, including to provide supportive services for families and incentives to landlords to lease to EHV families.

Funding

The account that funds the HCV program—the tenant based rental assistance (TBRA) account—is the largest in HUD's budget, making up over 58% of the agency's gross discretionary budget authority in FY2023. Appropriations have grown 34% (in nominal terms) since FY2019.

Table 1. TBRA Account Funding, FY2019-FY2023
(nominal dollars in billions)

FY2019	FY2020	FY2021	FY2022	FY2023	*Change*
$22.60	$23.87	$25.78	$27.37	$30.25	*+34%*

Source: Table prepared by CRS. Figures do not include COVID-19 emergency supplemental funding but do include emergency funding for regular program operations provided in FY2021 and FY2023.

The bulk of TBRA funding (87% in FY2023) is devoted to the cost of annually renewing existing vouchers. Renewal costs generally grow each year because of growth in average per voucher costs, as well as growth in the number of vouchers to be renewed. Per voucher costs are largely driven by market factors (i.e., the difference between tenant income growth vs. market rent growth). The number of vouchers has been growing for two reasons. First, annual appropriations acts have been funding additional vouchers to serve new families, called incremental vouchers, each year. Incremental vouchers are typically targeted to specific populations (i.e., VASH and FUP), though general purpose incremental vouchers were funded in FY2022 and FY2023. Second, an increasing number of public housing or other HUD-assisted multifamily housing residents have been transferring into the HCV program. Families transfer either because their existing subsidized housing has become unavailable (they receive *tenant protection* vouchers), or because the property undergoes a conversion to replace other federal funding streams with HCVs (generally via the Rental Assistance Demonstration [RAD]).

In addition to renewals and new voucher costs, the TBRA account also funds per-voucher administrative fees paid to PHAs, as well as special initiatives.

Recent Developments

Mobility: A number of initiatives are underway to increase access to more neighborhoods for HCV families, particularly families with children. Since FY2019, Congress has provided funding to HUD to test the provision of comprehensive mobility-related services to HCV families with children to increase their awareness of and access to neighborhoods considered to have more opportunities (e.g., better schools, transit, jobs). The Community Choice Demonstration is currently slated to run at eight sites through October 2028. Additionally, HUD announced an expansion of the number of PHAs required to use Small Area Fair Market Rents (FMRs), which are zip code-level FMRs (as opposed to metro or county level) designed to better reflect local housing costs and expand the neighborhoods available to HCV-holders.

HOTMA Implementation: In 2016, Congress passed the Housing Opportunity Through Modernization Act (HOTMA; P.L. 114-201), which made a number of changes to the way income and rents are calculated in the HCV and other rental assistance programs, among other things. In February 2023, HUD published a final rule to implement the outstanding HOTMA changes. Most of the final rule's changes affecting income and rent are effective January 1, 2024, but HUD delayed the compliance date for PHAs to January 1, 2025, given the system upgrades they will need to make to implement the new policies.

Inspection Changes: In response to concerns raised by some in Congress, the HUD Office of Inspector General, and the Government Accountability Office, HUD undertook a multiyear process to revise its inspection protocols across its rental housing programs to increase their focus on health and safety and create more consistency across programs. The new National Standards for the Physical Inspection of Real Estate (NSPIRE) protocols were initially scheduled to take effect in the HCV program in fall 2023 but have been delayed until October 1, 2024.

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