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**RENT REFORM INITIATIVES IN PUBLIC HOUSING
AND SECTION 8 VOUCHER PROGRAMS**

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These papers are preliminary in nature: their purpose is to stimulate discussion and comment. Therefore, they are not to be cited or quoted in any publication without the express permission of the authors.

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Summary

Rent-setting has long been a complicated and sensitive aspect of housing-assistance policy. Observers of existing systems have criticized their complexity, lack of transparency, delayed assessment of local market conditions, inaccurate rent adjustments, and insufficient subsidy in high-cost regions, among other issues. Advocates for increasing the financial self-sufficiency of assisted households believe rent reform is one area new housing legislation might usefully address.

Rent policies mediate relationships among key stakeholders. Federal spending must attract sufficient numbers of landlords and units to participate. Higher tenant rents, while burdensome in the short run, increase the expectation that recipients will eventually achieve financial self-sufficiency. Local housing agencies and HUD must collaborate on ways to ensure that stable housing assistance for the lowest-income households, particularly those with the highest rent burdens, remains available.

This paper analyzes the rent-policy aspects of recent housing reform proposals. Against the baseline of current law, the paper focuses largely on the pending Section 8 Voucher Reform Act of 2007 (SEVRA07) and its predecessor from the prior Congress. The discussion contrasts these bills with the State and Local Housing Flexibility Act of 2005 (SLHFA), an administration-backed proposal which did not emerge from committee.

The paper finds there is growing consensus regarding the challenges confronting rent-setting policies in the housing assistance system. However, there is little agreement on how best to reform the system or how to address the ancillary effects of any chosen strategy. After reviewing various reform proposals, the paper makes a number of recommendations, including:

- Burdens placed upon HUD and its local agency partners should be flexible and realistic. Too often reform proposals fail to match new legal and administrative responsibilities with the necessary time and resources to make them feasible.
- The most promising options under consideration include a) implementing uniform income measurement and verification systems; b) recertifying tenant incomes less frequently, where possible; and c) identifying and sustaining rent-policy innovations introduced under the Moving to Work demonstration.
- To achieve greater geographic precision in rent-setting, policymakers should expand either local agency discretion over payment standards or HUD's obligations in determining fair market rents (FMRs), not both.
- Tenants' income gains in high-cost regions may represent important advances in self-sufficiency and should be rewarded in the rent calculation accordingly.

