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Project-Based Vouchers: Lessons from the Past to Guide Future Policy

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Executive Summary

Rising rents, housing shortages, and the limited housing choices available to people with low incomes, even if they have rental subsidies, are increasingly recognized as urgent housing policy challenges. While most rental assistance should be provided through subsidies that allow families to choose from a wide range of units, project-based rental assistance — rental subsidies attached to particular properties — is a key tool to address these problems. Long-term property-specific rental assistance can reduce the cost of private market financing, encourage developers to include units affordable to the lowest-income households in their properties, and provide stable affordable homes to the people most in need.

In 2000 Congress approved the redesign of project-based vouchers (PBVs) — an option available as part of the Housing Choice Voucher program that had been rarely used — to encourage new housing development and to increase public housing agencies' utilization of vouchers in existing housing. While most Housing Choice Vouchers are tenant-based, meaning that people can use them to rent any private apartment that meets program guidelines, PBVs are attached to specific units. (See Figure 1.) Congress's action was more remarkable because it came not long after Congress had prohibited expanding most of the other project-based rental assistance programs funded by the Department of Housing and Urban Development (HUD): public housing and most new affordable multifamily development contracts between HUD and private owners.

Bipartisan agreement to enact the revamped PBV program was possible because the changes included innovative policies to promote mixed-income housing and allow families to use tenant-based vouchers to move to housing of their choice, without reducing long-term project-based subsidies on which developers and financiers relied. Together these policies aimed to incorporate market-like dynamics to encourage owners to maintain their properties to avoid a high rate of tenant turnover. None of these policies existed in the project-based programs Congress capped or terminated. Subsequently, Congress enacted (also on a bipartisan basis and in periods of Democratic and Republican control of the executive and legislative branches) further policy changes to facilitate the use of PBVs in combination with federal affordable housing tax credits, increase state and local housing agencies' ability to use PBVs in tight markets and for supportive housing to better address

homelessness and assist people with disabilities, and preserve various types of federally funded affordable housing.²

FIGURE 1

Understanding Tenant-Based and Project-Based Housing Vouchers

Comparison of tenant-based vouchers (TBVs) and project-based vouchers (PBVs)

	Tenant-Based Housing Vouchers (TBVs)	Project-Based Housing Vouchers (PBVs)
Who is eligible?	A household's income typically may not exceed 80 percent of the local median income. Of new households admitted annually, 75 percent must have "extremely low incomes" (up to the poverty line or 30 percent of the local median, whichever is higher).	
How much do tenants pay?	The higher of 30 percent of household income (after certain deductions) or a "minimum rent" of up to \$50 for rent and tenant-paid utilities. Vouchers cover the remaining costs, up to a limit set by the housing agency, based on federal standards. Tenants are responsible for the cost of rent and utilities above the limit.	The higher of 30 percent of household income (after certain deductions) or a "minimum rent" of up to \$50 for rent and tenant-paid utilities. Vouchers cover the remaining costs, up to a limit set by the housing agency, based on federal standards.
Where can tenants live?	Any private apartment that meets program guidelines and whose landlord accepts the voucher.*	PBVs are attached to specific apartments whose owners contract with the state or local public housing agency.
Can tenants move and keep their subsidy?	Yes, consistent with their lease, as long as the new apartment meets program guidelines, and the landlord accepts the voucher.	Yes, with some restrictions. After one year in the apartment, the tenant can move out when the next TBV is available. The PBV is tied to the apartment and will remain there after a tenant moves out.
How long does the unit stay affordable for the tenant?	As long as the owner accepts the voucher, and the tenant does not violate the terms of the lease. When the tenant moves out, the landlord is not obligated to continue accepting TBVs.	Landlords sign a contract with the state or local housing agency for up to 20 years, with possible extensions. A household living in a unit when a PBV contract expires will receive a TBV. The tenant has a right to remain in the unit if it meets the program requirements, or they can use their TBV to move into a new unit.

*Housing agencies may require tenants to use their voucher within a certain geographic area in the first year of having a TBV.

The PBV program has become a major component of federal rental assistance policy. At the beginning of 2022, PBV subsidies were under contract to subsidize more than 300,000 housing units. More than 1 out of every 9 households receiving voucher subsidies at the time lived in a PBV unit, reflecting the rapid growth of the program in the prior decade. Over 60 percent of all medium and large public housing agencies, which administer 92 percent of authorized vouchers, operated a PBV program. The PBV program likely will continue to grow and be critical to secure affordable housing opportunities in markets that are challenging for use of tenant-based vouchers and for

people who need on-site supportive services to retain their housing, such as some individuals with disabilities or people who are experiencing homelessness, including veterans.

Going forward, policymakers should retain the major changes enacted in the 2000 and later PBV statutory changes. This includes two key policies that distinguish the PBV program from other federal project-based rental assistance programs: requirements for Resident Choice, and for economic integration within properties with PBVs and the neighborhoods where PBVs are located. Together, these policies promote mixed-income properties, locating properties in low-poverty neighborhoods, and residents' ability to move and retain their assistance, all of which bring market-like discipline to assisted properties by creating incentives for developers and owners to select in-demand locations and to maintain their properties.

In addition, policymakers should maintain a reasonable cap on the share of vouchers that an agency can project-base, as discussed below. This is essential because ensuring that PBV residents have a meaningful right to move with continuing rental assistance to housing of their choice — and that new voucher applicants can receive flexible rental assistance — requires the availability of tenant-based vouchers.

These key features of PBVs should be incorporated in any new investment to expand or preserve properties with project-based rental assistance. HUD also should take steps to ensure that key policies are enforced and work with practitioners, residents, and other stakeholders to learn more about the operation and impact of the program's features.

It is important to understand the unusual process and key factors that resulted in the 2000 revamp of the PBV program, and the rationale for the major policy changes incorporated in the legislation and subsequent amendments. Understanding the rationale for the continued broad-based support for the revamped PBV program is vital in future consideration of policies for providing project-based rental subsidies.

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Project-Based Voucher Program Needed 2000 Revamp

In 2000 Congress enacted comprehensive legislation that transformed the project-based component of the Housing Choice Voucher (HCV) program.³ The changes were included as part of the fiscal year 2001 appropriations bill for HUD and other agencies, the last such bill of the Clinton Administration. Only a scant public record exists for the legislation. While it is not unusual for Congress to make amendments to the U.S. Housing Act as part of an appropriations bill, it is rare that such changes occur without a prior Administration proposal or consideration by any congressional committee.

Pre-2000 Rules Limited Use and Effectiveness of Project-Based Voucher Option

Prior to the congressional revision of PBV policy in 2000, public housing agencies (PHAs) had the option to project-base 15 percent of their HUD funding for tenant-based rental assistance, but few made use of it.⁴ A variety of reasons contributed to this minimal use.

Project-Based Assistance Was Limited to Five Years or Less

HUD rules prohibited PHAs from committing rental subsidy funds for more than five years and required PHAs to have guaranteed funding for the duration of the project-based contract at the point of the initial commitment and any renewal.⁵

By 2000 Congress had shifted away from multi-year advance funding to PHAs of new or renewed tenant-based rental assistance, due to PHAs' accumulation of unspent funds.⁶ As a result, PHAs without substantial reserves only had one year's funding available at a time for each rental certificate. The change in congressional funding practices meant that few PHAs could enter into a project-based contract for more than one year, severely reducing any benefit to the property owner, or rationale for PHAs to undertake the additional upfront administrative work of setting up a project-based voucher program and entering into individual contracts.⁷

Rules Governing the PBV Program as It Existed Prior to 2000 Were Cumbersome and Difficult to Implement

Even if, to be consistent with Congress' changed funding policy, HUD had modified its regulations to allow multiyear project-based voucher contracts subject to annual funding, the program rules were so cumbersome that few PHAs or developers were interested. In order to agree to attach rental subsidies to properties or extend contracts, PHAs needed prior HUD approval before nearly every significant step in the contracting process.

These requirements created delays in the housing development process.⁸ In addition, the program lacked financial incentives for developers to make a long-term commitment to accept voucher holders for particular units — unlike the flexibility in the regular tenant-based programs that allowed landlords to decline to renew an expired lease.

Project-Basing Only Permitted in Newly Constructed Buildings or Buildings Rehabilitated With Other Funds

Without the flexibility to project-base rental subsidies in existing housing (that is, units that did not need rehabilitation to meet HUD's quality standards), the option was not useful as a short-term strategy to make it easier to use vouchers in areas where PHAs were not able to use all their funded vouchers. Challenges in using voucher funding were a major concern of policymakers, PHAs, and housing advocates in 2000.⁹

PBV-Assisted Properties Had Same Perceived Deficiencies of Other Types of Properties With Project-Based Rental Assistance

Properties with project-based voucher assistance under pre-2000 policies were similar in key ways to public housing or other multifamily properties with development contracts between HUD and private owners. All units in the properties were likely to have project-based rental assistance, and as a consequence, to be restricted to low-income families. Families who wanted to move out of an assisted unit would likely have to pay market-rate rent due to long waiting lists to receive a tenant-based voucher or to move into another assisted unit. Since few such families could afford market rent, they were likely to tolerate poor conditions in their unit or common areas of the building, or dangerous neighborhood conditions, in order to retain subsidized rent and keep their family stably housed. Even if they left, other families struggling to keep up with rent would want to move in due to the reduced rent. As a result, landlords had an assured rent stream regardless of poor management of the properties, unless PHAs enforced requirements that properties comply with quality standards, which would require extra work for PHAs.

By 2000, many housing policy analysts and practitioners had concluded that rental assistance programs should be designed to promote mixed-income housing rather than fully assisted properties.¹⁰ Critics assumed that mixed-income properties would be better maintained, benefit residents socially and economically, and reduce patterns of racial segregation.¹¹

This emerging consensus was among the key reasons that bipartisan support for tenant-based subsidies had grown compared with support for HUD's "old-style" project-based subsidies like public housing and privately owned fully HUD-assisted multifamily properties.¹² Indeed, by 2000 Congress had prohibited additional subsidized units under either program.¹³

Clinton Administration's Proposal for New Housing Production Vouchers and the Response of CBPP and Other Stakeholders

By the latter part of the 1990s, the Clinton Administration was concerned about the worsening shortage of affordable rental units and reduced utilization of funded vouchers. The Republican-controlled Congress shared the latter concern and, to a lesser extent, also wanted to address the underlying problem in some communities of a shortage of rental units.¹⁴ Whether due to adherence to changing views on what types of rental subsidies were best, or beliefs about the importance of families' surroundings and their ability to access quality education and employment, the Clinton Administration did not propose to make the PBV program more workable as one strategy to address its concerns. Instead, the Administration put forward a proposal for a new type of tenant-based voucher (Housing Production Voucher) that would in theory encourage new production of mixed-income properties in areas with lower rates of poverty (specifically, areas outside of "Qualified Census Tracts" as defined for purposes of the Low Income Housing Tax Credit program¹⁵) and would provide families as much flexibility to move as they had with regular tenant-based subsidies.

The Clinton Administration's budget for fiscal year 2001 included a modest proposal for 10,000 new Housing Production Vouchers to address the growing challenges families with vouchers faced in finding units in a tightening rental market, particularly in lower-poverty neighborhoods. (The Clinton Administration [1993-2001] was generally a period of rising incomes, increasing the competition for desirable rental units in many areas.) The new vouchers would have to be used together with Low Income Housing Tax Credits (LIHTCs) or federally insured loans to make up to

25 percent of rental units in newly constructed buildings affordable to extremely low-income families.¹⁶

Potential allies, however, were skeptical of the proposal. They were concerned that it would be ineffective at increasing production of new affordable units and too limited given the scale of the problem, particularly for the lowest-income renters.¹⁷ The critical weakness of the proposal was that the new vouchers would be required to be used in newly constructed units for only one year. After that initial period, families could take the vouchers to move to other housing; if they did, PHAs would not be required to notify other voucher holders of the vacancy. With no guarantee of an ongoing federal subsidy stream attached to the property, developers would have little incentive to accept the new type of vouchers.¹⁸

Development of an Alternative Proposal

Shortly after the Administration issued its budget proposal in early 2000, the Center on Budget and Policy Priorities (CBPP) proposed an alternative approach: redesign the statutory option to project-based housing vouchers to incorporate key features of the Administration's proposal and other changes to make project-basing more efficient and attractive for PHAs and developers. Building on the PBV framework would enable PHAs to enter into long-term contracts that provide a secure stream of rental income essential to increase interest among housing developers in the subsidy contracts.

This alternative proposal incorporated two key parts of the Administration's proposal: flexibility for families to move with continuing rental assistance, but with additional policies that retain the project-based subsidy to house other families (later called the Resident Choice requirement); and encouragement of mixed-income development by restricting the share of units in a property that could have project-based voucher assistance (later known as the Project Cap requirement). It also included a new option for PHAs to project-base vouchers in existing housing as a way to increase their voucher utilization.

This alternative proposal had many of the same goals as the proposal in the Administration's budget. Both proposals were intended to increase the use of housing vouchers to expand families' residential choices, particularly in lower-poverty neighborhoods, through receipt of rental assistance. Both were also motivated by the concern that the LIHTC program alone often did not make housing affordable to the lowest-income families and a desire to avoid the deterioration in living conditions that had plagued a large share of "old-style" HUD-assisted properties, whether publicly or privately owned. Finally, both reflected a belief that allowing families to move with continuing rental assistance would have important benefits for families, and that combining the Resident Choice policy with a requirement that only a portion of units in a property receive project-based assistance could help to improve long-term property maintenance.

Beyond the potential housing policy gains from such a hybrid program, for proponents of the housing voucher program it presented an opportunity to increase support for an expansion of vouchers. By 2000, tenant-based rental assistance enjoyed bipartisan support from policymakers and experts. But it was not a priority for the groups with the most power in influencing housing legislation or funding levels — program administrators and the multifamily housing developers and managers who benefited financially from federal housing programs. Establishing a project-based

voucher component that owners and developers used would give them a tangible stake in maintaining and expanding funding for housing vouchers generally.

The alternative proposal was intended both to achieve the Administration’s goals *and* be sufficiently attractive to PHAs and property owners and developers that they would likely use the PBV option at significant scale. However, enacting major changes to the PBV program beyond what was in the budget would require support from the Administration, *and* backing — or at least not opposition — from influential housing groups.

Within about a month after the President’s budget was issued in early February, key HUD and congressional staff and stakeholder groups had begun to review the proposal circulated by CBPP. Organizations representing the interests of low-income people (National Low Income Housing Coalition, National Housing Law Project), anti-homelessness groups (National Alliance to End Homelessness, Corporation for Supportive Housing), and developers of low-income housing (National Housing Conference) were early supporters.

Some PHA leaders were intrigued about the potential to enact a streamlined, easier-to-administer project-based program that could attract property owners and developers in tight markets, but many were also concerned that a requirement to prioritize available vouchers for families in PBV units who want to move with continued rental assistance (moving vouchers) would add to the delay facing applicants already on waiting lists. In addition, PHA leaders pushed back on the strict limitations on the share of units in a property that could receive new project-based assistance — the Project Cap that the Administration had proposed.

Feedback from stakeholders led to some early modifications to the alternative proposal. The changes would make it optional for PHAs to provide moving vouchers to families in PBV units (unless the subsidies were newly funded under the Administration’s proposal). The revised proposal also allowed PHAs to project-base existing vouchers in all units of a property located in a low-poverty or high job-growth area, and in up to half of the units in a property located outside of such areas (rather than 25 percent of units as the Administration proposed). (See Table 1.)

TABLE 1

Comparison of Key Provisions of Administration and Alternative Proposals With Final 2000 Project-Based Voucher Legislation*

	1998 Project-Based Voucher Policy	Clinton Administration Housing Production Voucher (HPV) Proposal	Alternative Proposal	Final 2000 Legislation
Resident Choice (right to move with tenant-based voucher)	No	Yes, after one year (family’s voucher no longer restricted to particular property)	Initially for all PBVs, then recommended requiring moving vouchers only if more than 25 percent of units have PBVs	Yes, for all residents of PBV units with next available voucher after one year; PBV remains at property
Cap on share of units with	No limit	New HPVs limited to 25 percent of units	No limit for buildings occupied primarily by elderly or disabled	25 percent, except if units house elderly or disabled families or

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Comparison of Key Provisions of Administration and Alternative Proposals With Final 2000 Project-Based Voucher Legislation*

	1998 Project-Based Voucher Policy	Clinton Administration Housing Production Voucher (HPV) Proposal	Alternative Proposal	Final 2000 Legislation
PBVs in property			people or located in low-poverty or high job growth area; otherwise 50 percent (then 75 percent) cap	those receiving supportive services, or building has four or fewer units
Maximum duration of initial project-based contract	1-5 years, depending on available funding	1 year; tenant right to remain for total of 15 years	10 years subject to annual appropriations	10 years subject to annual appropriations
HUD oversight	HUD prior approval required of new and extended contracts, including site of new construction	State agencies administering Low Income Housing Tax Credits select properties where HPVs to be used; no change in PBV policies	No HUD approval of individual PBV contracts or extensions	No HUD approval required to operate a PBV program, select buildings to receive PBV contracts, or determine the duration of an initial or extended PBV contract
Use in existing housing	No; permitted only with use of other funds for rehabilitation or construction	No; HPVs only in new construction with LIHTCs or HUD-insured mortgage	Allowed, consistent with PHA plan	Allowed, consistent with PHA plan

* For a more detailed version of this table, with relevant citations, see Appendix Table 1.

Administration Support for Alternative Proposal

Neither the House nor the Senate — both controlled by Republicans at the time — included the Administration’s proposal or the alternative in their fiscal year 2001 HUD funding bills. The House-passed bill included funding for about 10,000 new housing vouchers for families living in properties constructed under the LIHTC program, similar to the Administration’s request. But it did not require the vouchers to be project-based or make any changes to PBV program requirements, and did not specify any new policies that would apply to the new vouchers.¹⁹ The Senate bill did not include any funding for new vouchers, although it did propose to allow PHAs to project-base up to 25 percent of their funded vouchers, rather than the 15 percent limit in existing law. This reflected the Appropriations Committee’s belief that HUD should do more to support new housing production, particularly for older adults and people with disabilities.²⁰

Given the House and Senate’s rejection of the Administration’s proposal for a modified type of voucher to encourage production of new affordable units — but interest from both the

Administration and Congress to adopt some policy changes toward this goal — efforts continued to include statutory changes to the PBV program in the final fiscal year 2001 HUD appropriation bill.

Realizing that Congress was not likely to adopt the budget proposal for Housing Production Vouchers, Michael Deich, the Clinton-appointed Principal Associate Director at the Office of Management and Budget (OMB) responsible for HUD (and many other agencies), was willing to consider the alternative proposal as the basis of a possible compromise. During the summer and early fall of 2000, Deich convened numerous meetings and conference calls with Barbara Sard from CBPP and Steve Redburn, director of OMB's Housing Branch²¹ about the rationale for the changes CBPP proposed in the PBV program and OMB concerns.

Many of the PBV program changes in the alternative proposal — including the flexibility to project-base subsidies in existing housing as a voucher utilization tool — were not controversial. The two major sticking points were the Resident Choice requirement and the Project Cap, for which the alternative proposal included less stringent policies than the Administration's original proposal in order to gain the support of PHA groups.²²

In the hope of gaining solid Administration support without losing key allies, CBPP privately sought a middle ground on the two major issues: PHAs would be required to offer families the right to move with the next available voucher in any property where more than 25 percent of units had PBV assistance — except if a project houses older or disabled families, in which case it could be fully assisted and PHAs would not be required to provide moving vouchers. By tying the two most controversial issues together, this proposal aimed to leverage PHA interest in more fully assisted properties to reduce opposition to the Resident Choice requirement.

The final negotiation between the Administration and Congress, however, rejected this compromise position.²³ The final legislation, discussed below, mandated that the Resident Choice requirement apply to all families living in PBV units for more than one year — as the Administration and the alternative had originally proposed — and allowed only narrow exceptions to the 25 percent cap on the share of units in a property that could have project-based assistance. Other policies from the alternative proposal, including some that OMB career staff disagreed with, were included in the final legislation, likely because other Administration officials agreed with the alternative approach. (See Table 1 above.)

Statutory policies on both the Project Cap and the maximum contract term, among other issues, continued to evolve. (The major changes after 2000 are discussed below with additional details in Appendix Table 2.) Despite stakeholders' objections, however, the right to move from a PBV unit with continued rental assistance has remained unchanged.

Project-Based Voucher Policy Changes in 2000 Created New Improved Model for Project-Based Rental Assistance

For nearly 50 years, from the initial authorization of the public housing program in the U.S. Housing Act of 1937 through the 1980s, Congress provided funding to enable public housing agencies and later, private developers, to build and operate new housing with affordable rents for low-income people. Through these programs, about 3 million units with project-based rental subsidies were built before Congress repealed the authority to continue expansion.²⁴ These properties were increasingly occupied primarily by households with incomes below the poverty line

and were often located in neighborhoods that were economically and racially segregated and received inadequate resources for schools and other public services.²⁵ To continue receiving rental assistance families generally had to stay where they were due to limited transfer options and long waiting lists for tenant-based vouchers and other assisted properties.

Many reasons contributed to policymakers' ceasing to fund additional units through the major project-based rental assistance programs and allowing the number of existing units to decline. But they boiled down to a bipartisan, though not unanimous, belief that the programs had failed. Through periods of Democratic and Republican control of the executive and legislative branches, the exception to these trends was bipartisan support for policy changes to the Project-Based Voucher program in 2000, as well as subsequent legislative modifications in 2008 and 2016.

Incorporating Market Discipline and Broader Housing Choices to Make the Project-Based Voucher Program More Effective

Compared with prior federal project-based rental assistance programs, the most innovative changes made by the legislation Congress enacted in 2000 were policies to enhance market-like discipline and to expand families' housing choices. Two key policy changes — the Resident Choice requirement and Project Cap — aimed to create financial incentives for property developers and owners to locate and sustain housing so that households with incomes around or below the poverty line have more choice of where they want to live without compromising housing quality and neighborhood amenities.

Initial Project Cap Policy

The Project Cap policy — also known as the “income mixing requirement” — requires a majority of units in a property to be rented without project-based rental subsidies. Owners that charge market rents for such unsubsidized units compete with other unsubsidized comparable units in the local market. Owners will generally be better off if they keep their properties in good enough condition that most residents of PBV units and those without rental subsidies choose to stay. High tenant turnover increases owners' operating costs, due to cleaning and repainting; increases time to select new tenants; and may reduce rent revenue due to unit vacancies.²⁶

The 2000 amendments capped at 25 percent the share of units in a property that may have PBV assistance, unless the additional units housed elderly or disabled individuals or families, or other families receiving supportive services.²⁷ These exceptions were consistent with the dual rationale for the Project Cap policy: bringing market-like discipline to the property *and* the assumed social benefits for adults expected to work and for children, of living in properties that also had moderate- or higher-income residents. (See footnote 11 for discussion of questions raised about this assumption by later research.) The final legislation did not vary the Project Cap based on the size or location of the property. Subsequent amendments, discussed below, modified the Project Cap policy significantly.

Resident Choice Requirement and Other Policies to Expand Housing Choices

The Resident Choice policy requires PHAs to provide the next available housing voucher to residents of PBV units who wish to move out of the property after one year.²⁸ By relying on turnover vouchers no longer in use as families leave the program — or newly funded vouchers — for moving vouchers, the policy makes it feasible, without additional funding, to retain the number of units under contract between PHAs and owners to provide project-based rental assistance. This

reliable subsidy stream is critical to convincing owners to accept PBV contracts; lenders and other underwriters can also rely on it to facilitate purchase of a property, rehabilitation, or new construction. Many PBV residents are also interested in the opportunities to move to a different unit or neighborhood without losing rental assistance that this requirement provides.²⁹

In addition to their flexibility, moving vouchers enable families to adjust the location or size of their residence to changing circumstances or goals without sacrificing the rental subsidy they need. This policy aims to encourage PHAs to select only desirable properties to receive PBV contracts. Otherwise, many tenants living in unsafe areas or locations without access to transportation, jobs, or services will opt to move, reducing the number of regular housing vouchers available to unassisted families on the voucher waiting list. Like the Project Cap, the Resident Choice policy creates an incentive for owners to keep their properties well-maintained.

But many housing practitioners questioned the importance of the ability to move with continued rental assistance and were confused by it. This was in part because they did not believe that there were significant design drawbacks to HUD's prior project-based rental assistance policies. By combining a tenant-based subsidy option with project-based rental assistance, the policy also crossed what had historically been a clear line between project-based and tenant-based assistance. In addition, many housing practitioners feared that the policy would undermine the stability and economic viability of properties in neighborhoods with high crime rates, low-performing schools, or other disadvantages, leading to the further decline of these neighborhoods.

These fears generally have not been realized. The idea that families' choices of where they want to live should prevail over government choices of which properties to subsidize has increasingly been accepted as central to housing policy. The most salient example of this policy shift is congressional support for incorporating a "choice mobility" requirement in the Rental Assistance Demonstration, a major initiative enacted in 2011 that allows public housing and privately owned properties to shift to a Section 8 project-based funding stream. This requirement only slightly modifies the PBV Resident Choice requirement.³⁰

Moreover, the PBV Resident Choice requirement is a vital tool for the efficient use of limited supportive housing resources for people such as formerly homeless individuals who, after an initial period, no longer need the intensive services that supportive housing provides. Providing individuals who no longer need or want to live in a supportive housing property with the choice to move out with tenant-based assistance frees up scarce units for people who can benefit more from the services the property makes available.³¹

In addition to the Resident Choice requirement, the 2000 amendments included two other policy changes to expand families' housing choices. First, Congress required that a PHA could only approve a PBV contract if it is consistent with the goal of "deconcentrating poverty and expanding housing and economic opportunities."³² This policy has the potential to increase the availability of affordable rental units in lower-poverty areas and communities with better public services such as schools, transportation, and recreation areas. Typically, affordable rental units are scarce in such neighborhoods and owners may be unwilling to rent to voucher holders. Unfortunately, HUD does not require PHAs to report data on the location of units with PBV contracts, so it is not possible to assess systemically whether PHAs are complying with HUD's regulation, or whether the criteria in the regulation are well designed to increase access to opportunity and to housing outside high-poverty areas in practice.³³

Second, the 2000 amendments included a rent incentive for developers of properties using Low Income Housing Tax Credits to choose locations in lower-poverty neighborhoods and set aside some units in the properties for voucher holders (similar to the Clinton Administration's original proposal discussed earlier). If units receiving LIHTCs are located in lower-poverty communities,³⁴ the rent level subsidized by project-based vouchers may exceed the PHA's usual voucher subsidy up to the higher of the rent charged for LIHTC units in the property without additional rent assistance or 110 percent of HUD's Fair Market Rent (FMR). The new rent incentive for LIHTC owners to accept PBVs was significant in a large number of areas. CBPP analysis revealed that often LIHTC allowable rents were higher than 110 percent of HUD's FMR (the usual maximum tenant-based voucher subsidy) in metropolitan areas where nearly 60 percent of all metropolitan dwellers lived in 2000. This policy change meant that the rent that PBVs could pay in LIHTC developments located in low-poverty parts of those areas would be higher.³⁵

Making Existing Housing Eligible for Project-Based Rental Assistance

The 2000 amendments to the PBV program were the first time Congress allowed properties to have HUD-funded project-based rental assistance contracts for purposes other than to incentivize developers and owners to secure other funds for construction or rehabilitation. Congress indicated the purpose of this new flexibility was to allow PHAs "to use project-basing as a tool to promote voucher utilization and to expand housing opportunities."³⁶ PHAs that secure long-term PBV contracts with owners of existing housing avoid the delays inherent in the construction process and enable waiting list families to access housing without a sometimes lengthy and difficult search process, increasing the share of vouchers families are able to use.

In addition to promoting voucher utilization generally, the flexibility to use PBVs for existing housing can also enable PHAs to help prevent displacement caused by rising rental costs, increase access to higher-opportunity neighborhoods, and promote preservation of affordable housing. In neighborhoods with rapidly rising rents, units with PBV contracts will continue to provide homes for low-income residents paying only 30 percent of income for rent and utilities.³⁷ In addition, during the term of the contract, the owner is obligated to continue to rent the specified number of project-based units to families eligible for voucher assistance that the PHA refers from its waiting list. PBV contracts can also limit growth in voucher program costs in rapidly escalating rent markets, because PBV policies provide some constraints on increases in rents charged by owners.³⁸

By assuring a steady rent stream to repay loans, PBVs can also facilitate a strategy — by PHAs or other mission-driven entities — to purchase existing properties in high-opportunity areas or neighborhoods where greater demand is making rents rise. By project-basing vouchers in these types of areas, more units will be available to families with low incomes at affordable rents.³⁹ Flexibility to project-base vouchers in existing housing can also be an important tool to preserve properties as affordable when other subsidies or reduced rent requirements expire.

Additional Statutory Changes to Encourage Use of PBVs and Protect Tenants

Policymakers and affordable housing advocates also wanted to make sure that a significant share of PHAs would offer the PBV program, and that a sufficient number of owners and developers would be interested in the new contracts. To accomplish these goals, the 2000 amendments substantially streamlined HUD review and other administrative requirements and included new incentives for owners and developers to participate in the PBV program. Tenant advocates also achieved new protections for applicants for PBV units.

Streamlined HUD administrative procedures. The 2000 amendments substantially reduced HUD's role in PBV programs. For example, PHAs no longer had to get HUD approval to operate a PBV program, to select owners or developers to receive PBV contracts (after a HUD-specified advertisement period), to determine the duration of a PBV contract (up to the new statutory maximum of ten years), or to extend an initial contract with an owner. This streamlining of procedures aimed to reduce administrative costs and delays, making it less burdensome for PHAs to operate the program. Removing the uncertainty and delays inherent in the prior HUD approval requirements could also make the program more attractive to owners and developers.

The statutory changes included other new provisions to make the operation of the PBV program more attractive to PHAs. For example, PHAs are allowed to inspect only a sample of units under a PBV contract in a building rather than inspect each unit periodically, saving staff time on an ongoing basis. The new authority to project-base vouchers in existing housing further streamlines many administrative requirements and could help PHAs meet HUD's performance standards for voucher utilization.

Overall, PHAs that make use of the revamped PBV program could increase community support by better serving communities in need of additional new construction or rehabilitation of affordable housing, and providing additional units that meet the needs of people with disabilities or older adults.

Longer contract terms. The most important change in the 2000 amendments to encourage developers to participate in the PBV program was permitting contracts to last up to ten years, making the subsidy stream reliable for underwriting purposes. Contract extensions beyond ten years provided long-term affordable units, with new flexibility for owners to decide whether to accept PHA-offered extensions. PHAs could enter into shorter contracts if they wished, for example if they were concerned that future changes in neighborhoods could undermine the desirability or viability of the properties.

Rent and vacancy payment incentives. The amendments also included rent incentives, particularly in lower-poverty neighborhoods. In any type of neighborhood, PBV unit rents could exceed the PHA's subsidy for regular tenant-based vouchers, up to 110 percent of the Fair Market Rent, as long as the rents are reasonable compared with unassisted units in the area. And in a lower-poverty area, as discussed above, the maximum PBV subsidy for a unit that receives Low Income Housing Tax Credits may exceed 110 percent of the FMR in some situations.⁴⁰ The rent flexibility in lower-poverty neighborhoods is particularly important for newly constructed or rehabilitated units, which often command a higher rent than older units. HUD does not set a separate FMR for newly constructed or rehabilitated units.

Another financial incentive for owners was new flexibility for PHAs to provide vacancy payments for up to 60 days, unlike in the regular voucher program which does not permit any vacancy payments. CBPP and others argued that allowing PHAs to provide rent payments when a vacancy is not the owner's fault was important; it could offset potential owner concerns about reliance on PHAs' timely referral of families from the PHA waiting list to fill vacant units rather than maintaining their own list of applicants.

Tenant protections. The amendments also included important tenant protections. For example, all families admitted to PBV units had to be referred to owners from the PHA's waiting list,⁴¹ and all

families on the tenant-based waiting list had to be given the option to put their names on any separate PBV waiting list the PHA maintained. These requirements meant that families could apply in one place for voucher assistance, without having to search out properties with PBV contracts. In addition, owners could not arbitrarily reject PHA-referred applicants, because then the vacancy would be the owner's fault and they would not qualify for vacancy payments. The amendments also codified the prior HUD rule that applicants would not lose their place on a PHA's tenant-based voucher waiting list due to rejecting an offer of PBV assistance, preventing a future HUD Secretary from changing the policy. (See Appendix Tables 1 and 2 for details on the policy changes mentioned in this section and any later amendments.)

Subsequent Major Changes in PBV Policies Through 2022

Congress made significant changes in a number of PBV policies after the 2000 program revamp, notably multiple revisions enacted in 2008 and 2016.⁴² The two most significant policy changes were a major expansion of the share of a PHA's overall number of vouchers that can be project-based (the "Program Cap"), and an increase in the share of units in a property that may have PBVs (the "Project Cap"). These statutory changes, which have not yet been fully implemented, are discussed below. For details of other major statutory changes after 2000, see Appendix Table 2.

Congress Increased the Share of Vouchers PHAs May Project-Base by More Than 50 Percent

As part of the 2016 Housing Opportunity Through Modernization Act (HOTMA), Congress substantially expanded the permissible number of PBVs each PHA may administer from the 2000 program cap level of 20 percent of funded vouchers, through three policy changes. HUD implemented most aspects of these policy changes in 2017. Two of the changes increased the number of allowable PBVs by at least 50 percent at each PHA, an increase of potentially more than 300,000 nationally (which will grow if the number of authorized vouchers increases).⁴³ The third change excludes many PBV units — notably those used to preserve affordable housing — from the program cap calculation, potentially allowing PHAs to project-base most, or even all, of their housing vouchers.

Few PHAs Have Exhausted Their Project-Basing Authority

Few PHAs are close to the limit on project-basing as expanded by the 2016 amendments. CBPP analysis of HUD data from January 2022 indicates that out of a total of slightly more than 2,000 agencies administering vouchers, only around 30 PHAs subject to the program cap⁴⁴ have project-based 25 percent or more of their authorized vouchers, excluding RAD units, which are exempted from the program cap. The actual number of PHAs approaching the expanded 30 percent cap likely is lower because some of their PBVs may not count toward the cap since they preserve excluded units, such as previously rent-restricted or non-RAD subsidized units, that are not tracked in HUD data.⁴⁵

Even though few (if any) PHAs are approaching the limit on project-basing, some policymakers have indicated a concern that PHAs should be able to project-base more vouchers than the 2016 statutory changes permit. For example, in the report accompanying the bipartisan agreement on the final fiscal year 2023 funding bill for HUD and other agencies, Congress directed HUD to review "the feasibility of relaxing the percentage cap on project-based vouchers, in order to continue providing affordable housing to special needs populations who would otherwise face barriers in

finding suitable housing in the private rental market.”⁴⁶ Late in the 2022 session, some House members introduced a bill that would increase the base percentage of authorized vouchers allowed to be project-based to 50 percent from 20 percent.⁴⁷ Given the complexity of the 2016 amendments that substantially increased PHAs’ authority for project-basing, and HUD’s delay in issuing final regulations implementing these changes,⁴⁸ it is perhaps no surprise that policymakers — and many advocates — do not understand the extent of PHAs’ project-basing authority and the fact that few if any are near the limit.

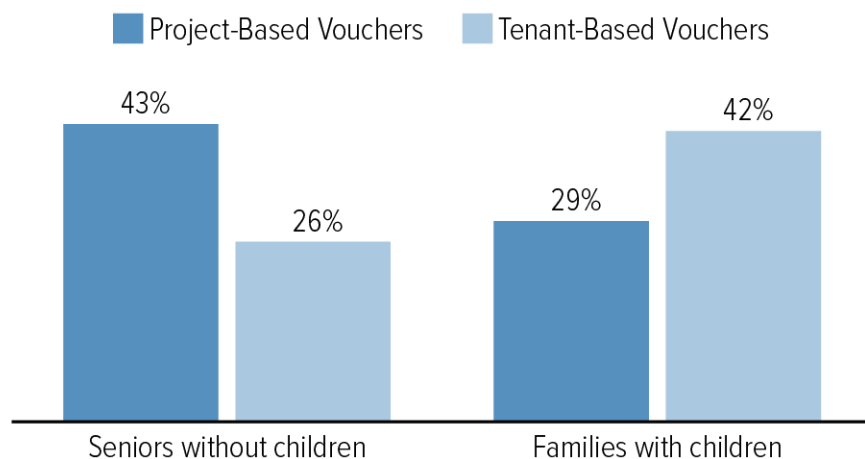
Further Increasing the Share of Vouchers That May Be Project-Based Would Undermine Housing Choice and Risk Cutting Assistance for Families With Children

Many families on PHAs’ voucher waitlists prefer a tenant-based voucher so they can live in a neighborhood near relatives, a job, or child’s school, or in housing of their choice, such as a home with a yard.⁴⁹ Tenant-based vouchers also may provide access to lower-poverty neighborhoods with higher-performing schools than the locations of a PHA’s PBV-assisted properties. Strong evidence shows that living in such neighborhoods leads to better outcomes for children.⁵⁰ Moreover, few PBV units are likely to have sufficient bedrooms for larger families or to offer the private yards many families with children prefer.⁵¹

FIGURE 2

Fewer Project-Based Vouchers Go to Families With Children

Share of households receiving project-based and tenant-based vouchers by household type



Source: CBPP analysis of HUD 2020 administrative data

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Some PHAs with high rates of project-basing have experienced a distortion in admissions policies. Relatively few project-based units are rented to families with children. (See Figure 2.)⁵² Increasing the share of vouchers that are project-based would likely further reduce the overall share of vouchers going to families with children, which has already dwindled from 58 percent in 2004 to 39 percent in 2022.⁵³ This is problematic, because research shows that vouchers sharply reduce homelessness and housing instability among families with children and have other positive effects as

well, including reducing foster care placements, sleep and behavioral problems, and disruptive moves from one school to another.⁵⁴

If the waiting list for a tenant-based voucher is closed or very long, some applicants will accept a PBV unit as a means to get a tenant-based voucher (through the Resident Choice option discussed above).⁵⁵ This will likely increase the demand for moving vouchers from households in PBV units that had no intention of remaining in the units any longer than necessary, which will have two harmful consequences: further delaying access to tenant-based vouchers for other households, and increasing owners' costs and potentially reducing their revenue as a result of more vacancies.

Policymakers should increase capacity for project-basing while avoiding these types of negative consequences by increasing the overall number of housing vouchers, rather than allowing a larger share of existing vouchers to be project-based. This approach would also help address the severe shortage of rental subsidies for all types of low-income households in need — 3 out of 4 of whom do not now receive rental assistance.⁵⁶ Or Congress could enact a similar type of subsidy through the tax code.⁵⁷

Units will only be truly affordable for the lowest-income households with the type of tenant rent guarantee that a PBV (or other voucher) provides. Additional grants or tax credits that provide capital to help pay for development costs, however, could reduce the amount developers have to borrow and enable them to offer units at lower, below-market rents as a result. The cost of PBVs in such properties could then be reduced.

Congress's Modification of the Project Cap Policy May Undermine the Goal of Economic Integration

The Project Cap policy enacted in 2000 was stricter than many stakeholders had favored, as discussed earlier, and various influential groups sought to loosen it in subsequent legislation. Proponents of affordable housing preservation, advocates for expansion of housing opportunities in low-poverty areas, and anti-homelessness and disability rights groups seeking to expand the availability of supportive housing and housing options in integrated settings for people with disabilities, wanted modifications to the initial statutory policy.

In 2008, Congress made the Project Cap more flexible to implement by making it applicable to multiple buildings that were part of the same project, rather than requiring compliance in each building. This change, for example, allowed a developer of four contiguous 25-unit buildings to comply with the Project Cap by making three of the buildings all market-rate or supported only by Low Income Housing Tax Credits, and concentrating 25 PBVs in the fourth building.

Congress made comprehensive changes in the PBV Project Cap policies in 2016 as part of HOTMA, while retaining the exception from the Project Cap policy for elderly households and a modified exception for units in properties offering supportive services. To fulfill preservation goals, Congress exempted all previously federally assisted or rent-restricted properties from the Project Cap (as well as the program cap, as discussed above). Together with the 2008 shift to measuring the Project Cap across multiple buildings in a single "project," these changes could significantly reduce or eliminate the likelihood of the residents of a particular building being mixed income.

In addition, Congress increased the share of units that could have PBVs depending on projects' location and size. These changes could expand access to lower-poverty neighborhoods even if they reduce the diversity of incomes within a property. Projects in low-poverty neighborhoods — those with a poverty rate of 20 percent or less — may have PBVs in up to 40 percent of units, rather than the 25 percent cap enacted in 2000. This change reflects the growing consensus, discussed earlier, that economic integration in neighborhoods may be more beneficial than within a particular property, leading to better outcomes for children and lower crime rates.⁵⁸ Similar reasoning supported another change in the PBV cap for “small” properties.⁵⁹

The revised Project Cap policy also recognizes that project-basing is an important strategy to make it easier for families to benefit from voucher subsidies in tight markets. The new policy would allow up to 40 percent of units in a property to receive PBV assistance if tenant-based vouchers are “difficult to use” in the area. Despite the importance of this change in local housing markets with low vacancies and rising rents, HUD has not yet implemented it.⁶⁰

Innovative PBV Policies Should Be Maintained and Apply to Any Newly Funded Federal Project-Based Rental Subsidies

The major PBV policy innovations Congress enacted in 2000, with subsequent modifications, have stood the test of time. Rapid expansion of the PBV program by more than 700 percent from 2010 to 2022 demonstrates its real-world acceptance.⁶¹ Despite initial concerns about whether PHAs would choose to operate a PBV program, and whether owners and developers would partner with them and accept the limitations on the share of units in a property that can have project-based assistance and the possible turnover risks of the Resident Choice requirement, most medium- and large-sized PHAs now operate a PBV program. (See Appendix Table 3.) More than 1 out of 9 households receiving housing voucher subsidies live in PBV units, though that rate differs substantially by agency.⁶² PHAs have also opted to shift more than 60 percent of public housing units to PBVs through the Rental Assistance Demonstration rather than direct PBRA contracts with HUD, despite the more stringent policies that apply to the Resident Choice requirement under a PBV contract.⁶³

After operating for more than two decades, the revamped PBV program has become an effective tool to provide long-term rental subsidies for a wide variety of purposes, including providing rental homes for low-income families in tight markets,⁶⁴ making LIHTC units more affordable,⁶⁵ increasing service use in veterans' supportive housing,⁶⁶ and preserving various types of HUD-assisted housing.

The two policies that most distinguish the PBV program from other federal project-based rental assistance programs are the requirements for Project Cap and Resident Choice, discussed in detail above. Together, these policies promote mixed-income properties and expand neighborhood choices by encouraging PHAs to select properties in lower-poverty areas to receive PBV contracts. The policies also allow access to tenant-based vouchers, which enable families to choose to live in neighborhoods with higher-performing schools, or are in closer proximity to well-paying jobs, rather than neighborhoods where HUD-subsidized properties are often located.⁶⁷ The policies also bring market-like discipline to property maintenance and management by ensuring that all residents — those receiving a federal rent subsidy as well as those paying market rents — can afford to move out of the property or neighborhood when it no longer meets their needs.

Even without an increase in housing vouchers, the PBV program likely will continue to grow and remain a key tool to secure affordable housing opportunities, particularly in markets that are

challenging for use of tenant-based vouchers and for people who need supportive services to retain their housing, such as some individuals with disabilities or those who are experiencing homelessness, including veterans. Policymakers should retain the key innovations underlying the 2000 and later statutory changes in the PBV program — the Project Cap and Resident Choice policies — as well as the related rent and other incentives to locate properties in higher-opportunity neighborhoods, and not expand the current cap on the share of vouchers an agency may project-base. HUD should take steps to ensure key policies are being enforced and work with practitioners, residents, and other stakeholders to learn more about the operation and impact of key program features. These innovations should also be incorporated in any new investment in expansion or preservation of properties with project-based rental assistance, including public housing.

APPENDIX TABLE 1

Comparison of Selected Provisions of Administration and Alternative Proposals With Final 2000 Project-Based Voucher Legislation

Statutory Policy	1998 Project-Based Voucher Policy ^a	Clinton Administration Housing Production Voucher (HPV) Proposal ^b	Initial Alternative Proposal (March 2000)	First Revised Proposal Alternative (April 2000)	Final Alternative Proposals (August and September 2000)	House and Senate HUD Fiscal Year 2001 Funding Bills ^c	Final 2000 Legislation
Resident Choice (right to move with tenant-based voucher)	No	Yes, after one year (family's voucher no longer restricted to particular property)	Yes, after one year with next available voucher, PBV remains at property	Yes, after one year for HPVs; optional for standard PBVs	Required if more than 25 percent of units have PBVs (September proposal)	No change to 1998 law	Yes, for all residents of PBV units with next available voucher after one year; PBV remains at property
Cap on share of PHA's vouchers that may be project-based	15 percent of available tenant-based rental assistance funding ^d	All new HPVs; same as 1998 law for other vouchers	Same as 1998 law	All new HPVs; same as 1998 law for other vouchers (15 percent)	Same as prior column	Senate bill: 25 percent of available tenant-based funding	20 percent of available tenant-based funding ^e
Cap on share of units with PBVs in property	No limit	New HPVs limited to 25 percent of units	No proposed limit	25 percent for newly funded HPVs; regular PBVs: no limit for buildings occupied primarily by elderly or disabled people or located in low-poverty or job growth area; otherwise 50 percent cap	Same as prior column except September version capped PBVs at 75 percent in low poverty or high job growth area	No change to 1998 law	25 percent, except if units house elderly or disabled families or those receiving supportive services, or building has four or fewer units
Maximum duration of initial project-based contract	1- 5 years, depending on available funding ^f	1 year; tenant right to remain for total of 15 years	5 years in existing housing; 10-15 years for	10 years subject to annual appropriations;	Same as prior column	No change to 1998 law	10 years subject to annual appropriations

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Contract extension	Period approved by HUD to achieve long-term affordability Owner must accept offered extension[s]	Extension of project-based contract not permitted after initial year	rehabilitation and new construction PHA can opt to require owner agreement to offered extension	15 years for new HPVs PHA can opt to require owner agreement to offered extension (no HUD approval required of duration)	Same as prior column	No change to 1998 law	PHA can opt to require owner agreement to extension up to period PHA determines for long-term affordability or to expand housing opportunities ^g
HUD oversight	HUD prior approval required of new and extended contracts, including site of new construction ^h	State agencies administering Low Income Housing Tax Credits select properties where HPVs to be used		No HUD approval of individual contracts or extensions	Same as prior column	No change to 1998 law	No HUD approval required to operate a PBV program, select buildings to receive PBV contracts, or determine the duration of an initial or extended PBV contract ⁱ
Use in existing housing	No; permitted only with use of other funds for rehabilitation or construction	No; HPVs only in new construction with LIHTCs or HUD-insured mortgage	Proposed as desirable but not essential	Permitted at PHA option; all project-basing must be consistent with PHA plan	Same as prior column	No change to 1998 law	Allowed, consistent with PHA plan ^j
Unit rent maximum^k	PHA's voucher payment standard, up to	Comparable market or unassisted rents	No change proposed to 1998 law	Payment standard for PBVs may be	Same as prior column	No change to 1998 law	110 percent of FMR or HUD-approved exception; may be

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	110 percent of Fair Market Rent (FMR) or HUD-approved exception ^l Annual increases capped by HUD's adjustment factor; rent adjustments must be "reasonable" in comparison to the private, unassisted local market ^m	in property, up to LIHTC maximum or 150 percent of FMR, whichever is lower		property specific and higher than regular PHA payment standard; special rules for LIHTC units outside high poverty areas; initial rents and annual increases must be "reasonable"			higher than regular PHA payment standard; special rules allow higher rents for LIHTC units outside high poverty areas; rent adjustments must be reasonable
Waiting list management	By PHA, but owners can admit tenants without regard to PHA list if PHA fails to make timely referrals ⁿ	By PHA; only extremely low-income tenants eligible for HPVs and large families with children prioritized	PHAs manage single HCV program waitlist, refer potential tenants and may review owner rejection of referred tenants	By PHAs, without exception Owners may refer applicants to PHA list	PHAs allowed to establish separate PBV waitlist, subject to requirements to protect rights of people on tenant-based waitlist	No change to 1998 law	By PHAs, without exception; PHAs may allow owners to refer applicants to PHA list; Applicants retain place on tenant-based list if decline PBV unit referral or rejected by owner
Vacancy payments	None	No provision	Not proposed	PHA option up to 60 days if	Adds PHA option to reduce number of units under	No change to 1998 law	PHA option up to 60 days if vacancy not fault of owner

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				vacancy; not fault of owner	PBV contract if vacancy longer than 120 days		After 120 days' vacancy, PHA may reduce number of units under PBV contract

^a Congress enacted the Project-Based Voucher (PBV) program in 1998, as section 8(o)(13) of the U.S. Housing Act inserted by the Quality Housing and Work Responsibility Act (QHWRA), section 545 of the appropriations bill for the Departments of Veterans Affairs and Housing and Urban Development for fiscal year 1999, Pub. L. 105-276, October 21, 1998. QHWRA merged the housing certificate and voucher programs into a modified housing voucher program, including a project-based voucher option. The merger did not take full effect until 2001. As of 2000, HUD had not issued rules for the program, but had instructed PHAs to rely on the then-existing rules for the Project-Based Certificate (PBC) program, enacted in the Housing and Community Development Act of 1987, section 148, Pub. L. 100-242 (February 5, 1988). See 64 Fed. Reg. 56894 (October 21, 1999). This column relies on those rules and the U.S. Housing Act as amended by QHWRA.

^b Department of Housing and Urban Development, "HUD: Back in Business, Fiscal Year 2001 Budget Summary," <https://archives.hud.gov/budget/fy01/backinbus01.pdf>, p. 20; 2001 Budget Appendix, section 217. The Clinton Administration's budget proposal did not include any changes in the 1998 statutory language for PBVs.

^c H.R. 4635, as passed by the House of Representatives on June 21, 2000, and the Senate on October 2, 2000.

^d Before the merger of the housing certificate and voucher programs took full effect in 2001, only housing certificates could be project-based.

^e HUD's 2005 final rule interpreted USHA section 8(o)(13)(B), 42 U.S.C. 1437f(o)(13)(B), concerning "available" tenant-based funding, to mean 20 percent of the new funding (budget authority) for the PHA's HCV program committed by HUD for the year in which the PHA enters into a PBV contract with the owner. All prior-year PBV contracts still in effect counted towards the 20 percent cap, as well as any new commitments in the funding year. Future reductions in annual budget authority did not invalidate PHAs' existing PBV commitments. 24 C.F.R. 983.6, 70 Fed. Reg. 59892, 59916 (October 13, 2005).

^f HUD rules established the limitation on the duration of the contract. See 24 C.F.R. 983.151(b) and (c)(1995)(one to five years); 24 C.F.R. 983.3(d)(1998) (amount of committed assistance must be within available funds).

^g HUD's 2005 final rule imposed a five-year limit on the duration of any extension but allowed an unlimited number of extensions. PHAs were not permitted to offer an extension until the final year of the contract. 24 C.F.R. 983.205, 70 Fed. Reg. 59923.

^h HUD had weak standards concerning neighborhood criteria applicable to properties selected for project-based certificate assistance due to rehabilitation. "Site and neighborhood standards," 24 C.F.R. 983.6, 60 Fed. Reg. 34719, July 3, 1995. While the rule referenced applicable fair housing requirements, it was phrased broadly and allowed local interpretations and subjective judgments. The criteria that applied only to newly constructed properties (identical to current PBV policy at 24 C.F.R. 983.57(e)) were more specific and stronger.

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ⁱ PHAs' PBV program policies must be "consistent with" their PHA plans, a set of five-year and annual public documents describing local housing needs and agencies' major discretionary policies to address them. Section 8(o)(13)(C), 42 U.S.C. 1437f(o)(13)(C). HUD's authority to disapprove components of the PHA plan is limited by statute (U.S. Housing Act section 5A(i), 42 U.S.C. 1437c-1(i)), and over time HUD has substantially reduced its review of the plans.

^j Congress did not define "existing" housing. In initially implementing some of the 2000 statutory changes, HUD defined the term as units that comply with HUD's Housing Quality Standards (HQS) at the time of selection, or need less than \$1,000 of work per unit to qualify. "Revisions to PHA Project-Based Assistance Program; Initial Guidance," 66 Fed. Reg. 3605, 3607 (January 16, 2001). In the final rule implementing the 2000 changes, HUD substituted the concept of units that "substantially comply" with HQS at the time of selection in place of any dollar threshold, but without defining the new concept. 24 C.F.R. 983.3, 70 Fed. Reg. 59892, 59914 (October 13, 2005).

^k Families' required rental contributions in PBV units is 30 percent of adjusted income, or the PHA's required minimum rent, whichever is higher, similar to other HUD project-based rental assistance programs. 42 U.S.C. 1437f(o)(2)(C). This statutory limit was incorporated in the general policies governing the merged housing voucher program Congress enacted in 1998 and has remained unchanged. It means that the unit rent (including any allowance for tenant-paid utilities) can never exceed the applicable payment standard, and families are never required to pay the extra costs for rents above the payment standard, unlike the policies applicable to regular tenant-based vouchers.

^l The 1998 PBV provision did not include language concerning maximum unit rents. The table assumes that the bill's general provisions concerning maximum subsidies for housing vouchers would apply.

^m Initial rents must also be "reasonable" under the same policy that applies to all housing vouchers. Section 8(o)(10)(A) of the U.S. Housing Act, 42 U.S.C. 1437f(o)(10)(A).

ⁿ 24 C.F.R. 983.203(c)(3)(1995).

Major PBV Program Policies, 2000-2022

Statutory Policy	Enacted in 2000 ^a	Most Recent Post-2000 Amendment ^b
Resident Choice	Tenants have right to move with next available tenant-based voucher after one year; ^c PBV units are not reduced	Unchanged
Cap on share of PHA's vouchers that may be project-based (Program Cap)	20 percent of available tenant-based funding ^d	20 percent of authorized number of vouchers; ^e additional 10 percent ^f if PBV units (a) serve certain types of households, such as individuals and families experiencing homelessness, ^g veterans, and people with disabilities or who are aged 62 or older in a property that offers supportive services; ^h or (b) are located in areas with a poverty rate of 20 percent or less <i>or where vouchers are otherwise "difficult to use."</i> ⁱ
Cap on share of units with PBVs in property (Income-Mixing Requirement, or Project Cap)	25 percent of units in a building , except if units house HUD-defined elderly or disabled families or those receiving supportive services, or a building has four or fewer units ^j	Greater of 25 percent of units in a project ^k or 25 units, unless the additional units house elderly families or other families eligible for supportive services available to PBV families in project. ^l In areas with low poverty (20 percent or less) <i>or where vouchers are "difficult to use"</i> the project cap is 40 percent (or 25 units if higher). ^m
Exceptions from program and project caps	None except as specified in prior row related to project cap	PBVs in units previously subject to federally required rent restrictions or receiving another type of long-term HUD housing subsidy ⁿ and PBV units reserved for foster youth ^o
Maximum duration of initial project-based contract	Ten years subject to annual appropriations	20 years subject to annual appropriations
Contract extension	PHAs can require owner agreement to extension up to period PHAs determine for long-term affordability or to expand housing opportunities. HUD's 2005 final rule imposed a five-year limit on the duration of any extension but allowed an unlimited number of extensions. PHAs were not permitted to offer an extension until the final year of the contract. ^p	Each contract extension may be for a term up to 20 years and may be agreed to at any time during a contract. Owners (and successors) may be required to accept offered extensions. ^q
HUD oversight	No HUD approval required to operate a PBV program, select particular buildings to receive PBV contracts, or determine the duration of an initial or extended PBV contract. ^r	Eliminated HUD review or approval requirement for PBVs in units that could house families with children in high-rise elevator buildings; and certain HUD requirements regarding subsidy layering <i>and environmental reviews</i> . ^s HUD rulemaking eliminated required HUD field office prior approval of each new construction site. ^t

Major PBV Program Policies, 2000-2022

Statutory Policy		Enacted in 2000 ^a	Most Recent Post-2000 Amendment ^b
			<p>Reduced competitive selection requirements to project-base vouchers in certain types of properties owned by PHAs^u and for units PHAs agree to add to existing PBV contracts.^v</p> <p>Allowed PHAs to project-base HUD-VASH and Family Unification program vouchers.^w</p> <p>Allowed PHAs and owners to agree to additional terms as part of PBV contracts.^x</p> <p>Authorized HUD to establish additional monitoring and oversight requirements for projects with PBVs in more than 40 percent of units.^y</p>
Use in existing housing	Allowed ^z		No statutory changes ^{aa}
Unit rent maximum^{bb}	110 percent of FMR or HUD-approved exception; may be higher than regular PHA payment standard; special rules for LIHTC units outside high-poverty areas; rent adjustments must be reasonable		Increases PHA flexibility to set rents for LIHTC units outside high-poverty areas at the higher of the LIHTC maximum or 110 percent of FMR or HUD-approved exception. ^{cc} PHAs and owners may agree in advance that reductions in the applicable FMR will not require a reduction in unit rents, <i>and to adjust rents after the initial year based on HUD's operating cost adjustment factor.</i> ^{dd}
Waiting list management	By PHA, without exception. PHAs may allow owners to refer applicants to PHA list. Applicants retain place on tenant-based list if declined PBV unit referral or rejected by owner.		<i>PHAs may allow site-specific waiting lists that comply with federal requirements to be maintained by owners;</i> ^{ee} PHAs or owners may adopt selection preferences for families who qualify for voluntary services, including disability-specific services, offered in conjunction with PBV units and consistent with PHA Plan. ^{ff}
Vacancy payments	PHA option up to 60 days if vacancy not owner's fault. After 120 days' vacancy, PHA may reduce number of units under PBV contract.		Unchanged

^a Public Law 106-377, 114 Stat. 1441, section 232 (October 27, 2000), amending U.S. Housing Act sec. 8(o)(13), 42 U.S.C. 1437f(o)(13). HUD implemented many of the statutory amendments shortly afterward by notice. See 66 Fed. Reg. 3605 (January 16, 2001). Comprehensive regulations for the revamped program took effect on November 14, 2005. See 70 Fed. Reg. 59892 (October 13, 2005).

^b Most of the subsequent changes listed here were enacted by Section 106 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA), Pub. L. 114-201 (July 29, 2016). HUD made most of the HOTMA changes effective by notice, see 81 Fed. Reg. 73030 (October 24, 2016), 82 Fed. Reg. 5458 (January 18, 2017), and 82 Fed. Reg. 32461 (July 14, 2017) (technical corrections), and issued substantial Implementation Guidance in Notice PIH 2017-21 (October 30, 2017). HUD published proposed rules to formally implement the statutory amendments and make other changes to the PBV regulations on October 8, 2020 (85 Fed. Reg. 63664) but has not finalized these regulatory revisions. Statutory changes that are not in effect as of June 2022 are in italics.

Major PBV Program Policies, 2000-2022

Statutory Policy	Enacted in 2000 ^a	Most Recent Post-2000 Amendment ^b
<p>^c 42 U.S.C. 1437f(o)(13)(E) includes an option for PHAs to provide “comparable” tenant-based assistance in lieu of a federal housing voucher, but it is unclear if any PHA has made use of this option.</p>		
	<p>^d HUD’s 2005 final rule interpreted 42 U.S.C. 1437f(o)(13)(B) to mean 20 percent of the amount of budget authority committed by HUD for the PHA’s HCV program for the year in which the PHA enters into a PBV contract with the owner in addition to prior PBV contracts. Future reductions in budget authority did not invalidate existing commitments. 24 C.F.R. 983.6, 70 Fed. Reg. 59892, 59916 (October 13, 2005).</p>	
	<p>^e Due to changes in voucher renewal funding policy, there were about 220,000 more vouchers authorized than funded in 2021. Using HUD data for 2021, CBPP estimates that 2.40 million vouchers were funded, compared to 2.62 million authorized vouchers. Twenty percent of the 220,000 difference increased the total national authorization of PBVs by about 44,000 units. PHAs can commit authorized but not funded vouchers to PBV contracts for occupancy in a subsequent year, and then receive supplemental funding for this purpose when the units are ready for occupancy under a long-standing policy in annual appropriations bills. PHAs that have a particularly large gap between authorized and funded vouchers are most affected by the 2016 statutory change.</p>	
	<p>^f HUD guidance allows PHAs to designate PBVs as part of this additional 10 percent authority if they are part of a contract entered into on or after April 18, 2017, the effective date of the HOTMA provisions HUD put into effect by notice. HUD has proposed to broaden this policy to include commitments of additional PBV units to a contract initially entered into prior to that date. See 85 Fed. Reg. 63664, 63704, proposing revised 24 CFR 983.6(d)(1).</p>	
	<p>^g The category of homeless individuals and families includes families with children or unaccompanied youth under age 25 and others who meet definitions of “homeless” under other federal statutes that are not directly applicable to HUD programs but are referenced in HUD’s continuum of care regulations, 24 CFR 578.3. HUD Notice PIH 2017-21, Attachment D.</p>	
	<p>^h Supportive housing for disabled or elderly families counts toward the additional 10 percent authority for purposes of the Program Cap (see 42 U.S.C. 1437f(o)(13)(B)(ii)), but supportive housing for all types of households qualifies for an exception to the Project Cap (see 42 U.S.C. 1437f(o)(13)(D)(ii)(I)).</p>	
	<p>ⁱ The italicized last component of this expansion is not yet in effect. HUD’s proposed definition of “Area where vouchers are difficult to use” would substantially increase the ability of many PHAs in tight markets to benefit from the additional 10 percent of PBV authority. See 85 Fed. Reg. 63702 for the proposed definition of “areas where vouchers are difficult to use.”</p>	
	<p>^j In the proposed rule to implement the 2000 amendments, HUD included units with other types of project-based rental assistance toward the project cap. But the agency modified the 2005 final rule to comply with the statutory language that explicitly applies the project cap only to units assisted under the PBV paragraph of the housing voucher section of the U.S. Housing Act, 42 U.S.C. 1437f(o)(13). See discussion regarding final 24 C.F.R. 983.56 in 70 Fed. Reg. 59892, pp. 59893-4 and 59902-3 (October 13, 2005). It is not clear whether the negotiators involved in the final 2000 legislation intended to undermine the goal of income-mixing in this manner, or if the language was poorly drafted. The Conference Report implies an intent to impose a stricter project cap: “To promote mixed income developments, only 25 percent of the units in a multifamily building may have project-based assistance.” Conference Report 106-988, p. 114, October 18, 2000.</p>	
	<p>^k The Housing and Economic Recovery Act of 2008 (HERA), Pub.L. 110-289. 122 STAT. 2871 (July 30, 2008), section 2835(a)(1)(A), changed the word “building” in the subparagraph of the PBV statute entitled “Income Mixing Requirement” to “project,” and defined “project” to include multiple contiguous buildings or buildings on contiguous parcels of land.</p>	
	<p>^l The 2016 HOTMA amendments deleted the blanket exception from the project cap for disabled families and broadened the supportive services exception for purposes of the project cap to include all households “eligible for [as opposed to receiving] supportive services that are made available to the assisted residents of the project...”. Taken together, these changes were intended to minimize the use of PBVs to house people with disabilities in segregated settings without available services, reinforce the principle that participation in services should be voluntary, and facilitate funding of supportive services through Medicaid or other health care programs.</p>	
	<p>^m Except for the change from “building” to “project,” the other changes in the project cap (42 U.S.C. 1437f(o)(13)(D)) were enacted by Section 106 of HOTMA.</p>	

Major PBV Program Policies, 2000-2022

Statutory Policy	Enacted in 2000 ^a	Most Recent Post-2000 Amendment ^b
<p>ⁿ New 42 U.S.C. 1437f(o)(13)(B)(ii) and (D)(ii)(IV), inserted by HOTMA. HUD’s 2017 implementation notice specifies 12 different HUD programs for which replacement PBVs do not count toward either the program or project cap, including public housing conversion or other disposition under RAD or other policies, and many HUD multifamily programs. HUD Notice PIH 2017-21, Attachment F. HUD has proposed further expanding this list to include PBVs in units that previously were rent-restricted under two large non-HUD federal programs — LIHTC and rural housing loans — based on the statutory language which is not limited to HUD programs. Proposed 24 CFR 983.59(b)(2)(i) (Low Income Housing Tax Credits) and (ii) (U.S.D.A Section 515 Rural Rental Housing Loans), 85 Fed. Reg. 63680, 63711.</p>		
	<p>^o In 2020, as part of the Fostering Stable Housing Opportunities (FSHO) amendments to the Family Unification Program (FUP) authorized under Section 8(x) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f(x)), Congress added PBVs reserved for foster youth to the types of vouchers required to be excluded from the program and project caps. Section 103 of division Q of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260, December 27, 2020). HUD made this provision effective by Federal Register notice issued on January 24, 2022 (87 FR 3570).</p>	
	<p>^p 24 C.F.R. 983.205, 70 Fed. Reg. 59923 (2005).</p>	
	<p>^q In HERA, Congress overrode the regulatory limitations on the duration and timing of extensions that HUD imposed in the 2005 final rule. HOTMA lengthened the duration of initial contracts and extensions from 15 years specified in HERA to 20 years. HUD’s 2020 proposed rule would condition an extension on a PHA’s determination in the final 24 months of a contract that extension is appropriate to continue providing affordable housing for low-income families or to expand housing opportunities. Proposed 24 C.F.R. 983.205(b)(3)(i), 85 Fed. Reg. 63717. This proposed change appears to conflict with the HOTMA amendment.</p>	
	<p>^r PHAs’ PBV program policies must be consistent with the PHA Plan. HUD’s authority to disapprove components of the PHA Plan is limited by statute, and over time HUD has further limited its review considerably. However, all PHAs must certify that they “will carry out their agency plan in conformity with” civil rights laws and that they will affirmatively further fair housing. U.S. Housing Act section 5A(d)(15), 42 U.S.C. 1437c-1(d)(15).</p>	
	<p>^s These additional streamlining policies were primarily added by HERA, with further clarification in HOTMA to override HUD’s restrictive regulations.</p>	
	<p>^t See 24 C.F.R. 983.57(e), 70 Fed. Reg. 59918 (October 13, 2005). While this change was intended to avoid the delays and uncertainty it created for project-basing transactions, it also may have undermined other portions of the rule concerning adherence to fair housing requirements.</p>	
	<p>^u This flexibility applies only as part of a public housing-related initiative. HOTMA also modified HUD’s regulatory definition of PHA-owned units. New section 8(o)(13)(N).</p>	
	<p>^v HUD rules had prohibited PHAs from adding additional units to existing PBV contracts after the first three years without adhering to competitive selection procedures. HOTMA added new section 8(o)(13)(F)(ii) to override that restriction, and HUD implemented the HOTMA change effective April 17, 2017.</p>	
	<p>^w HOTMA added new section 8(o)(13)(O), overriding HUD’s prior restrictions on how these two types of vouchers could be used.</p>	
	<p>^x HOTMA added new section 8(o)(13)(F)(iv), providing flexibility to PHAs and owners to include additional provisions regarding PBV contract continuation, termination, or expiration.</p>	
	<p>^y HUD has not established or proposed any such requirements, though the statutory authority is in effect.</p>	
	<p>^z Congress did not define “existing” housing. In its Initial Guidance implementing some of the 2000 statutory changes, HUD defined the term as units that comply with HUD’s Housing Quality Standards (HQS) at the time of selection, or need less than \$1,000 of work per unit to qualify. 66 Fed. Reg. 3605, 3607 (January 16, 2001). In the final rule implementing the 2000 changes, HUD substituted the concept of units that “substantially comply” with HQS at the time of selection in place of any dollar threshold, but without defining the new concept. 24 C.F.R. 983.3, 70 Fed. Reg. 59892, 59914 (October 13, 2005).</p>	
	<p>^{aa} HUD’s 2020 proposed rule includes a clarification of “substantially comply” in the 2005 rule based on the estimated time the owner would need to make any needed repairs. See discussion beginning at 85 Fed. Reg. 63674 (October 8, 2020). It also would implement new requirements concerning PHAs’ ability to commit PBVs to properties where construction has begun but the units do not substantially comply with quality standards, including broadening exemptions from the requirements of the Davis-Bacon Act to pay prevailing wages for construction work.</p>	

Major PBV Program Policies, 2000-2022

Statutory Policy	Enacted in 2000 ^a	Most Recent Post-2000 Amendment ^b
<p>^{bb} Families' required rental contribution in PBV units is 30 percent of adjusted income, or the PHA's required minimum rent, whichever is higher, similar to other HUD project-based rental assistance programs. 42 U.S.C. 1437f(o)(2)(C). This statutory limit was incorporated in the general policies governing the merged housing voucher program Congress enacted in 1998 and has remained unchanged. It means that the unit rent (including the allowance for tenant-paid utilities) can never exceed the applicable payment standard, and tenants are never required to pay the extra costs for rents above the payment standard, unlike the policies applicable to regular tenant-based vouchers.</p> <p>^{cc} HUD's fiscal year 2024 budget request indicates HUD will seek a statutory amendment to increase the PBV rent cap to 120 percent of FMR, similar to the flexibility now available for HCVs. See HUD, Tenant-Based Rental Assistance Fiscal 2024 Congressional Justification, pp. 6-11, https://www.hud.gov/sites/dfiles/CFO/documents/2024_CJ_Program_Template_-_TBRA.pdf.</p> <p>^{dd} Italicized text is not yet in effect. HUD's 2020 proposed rule would revise 24 C.F.R. 983.302 to implement this option. 85 Fed. Reg. 63723.</p> <p>^{ee} HUD proposed to implement this new HOTMA option in new 24 C.F.R. 983.251(c)(7), 85 Fed. Reg. 63720, but the policy is not yet in effect. Groups representing owners of PBV properties sought this change on the grounds that it would reduce the duration of vacancies.</p> <p>^{ff} HOTMA section 106(a)(7)(B) modified 42 U.S.C. 1437f(o)(13)(J) to allow this change in tenant selection preferences related to people with disabilities and supportive services, which are often subject to funding-related eligibility restrictions. HUD implemented the change subject to guidance on the interaction between this provision and other legal requirements. See 82 Fed. Reg. 5458, 5469-5471 (January 18, 2017). HUD's proposed 24 C.F.R. 983.251(d) (85 Fed. Reg. 63720) would incorporate this change in the PBV regulations.</p>		

Project-Based Voucher (PBV) Data by Public Housing Agency (PHA) Characteristics

	Total PHAs With HCV Program	Authorized HCVs	PHAs With PBVs	Number of PBVs
All Moving to Work (MTW) PHAs	126	514,000	97	86,000
550 or fewer total units	22	5,000	7	1,000
551 to 6,000 total units	80	172,000	69	27,000
6,001 or more total units	24	337,000	21	58,000
All Non-MTW PHAs	2,041	2,112,000	680	175,000
550 or fewer total units	1,148	209,000	165	8,000
551 to 6,000 total units	819	1,013,000	447	76,000
6,001 or more total units	74	890,000	68	91,000

Note: This table only includes PHAs that administer the Housing Choice Voucher (HCV) program. Some PHAs only administer public housing units. PHAs with 550 or fewer HCVs, public housing, or a combination of the two are defined as “small” for purposes of most planning obligations. See Small Public Housing Authorities Paperwork Reduction Act, Title VII of the Housing and Recovery Act of 2008, Pub. L. 110-289, 122 STAT, 2863.

Sources: Department of Housing and Urban Development (HUD) authorized public housing unit data from 2021 Picture of Subsidized Households; HUD administrative project-based voucher data from January 2022; HUD January 2022 authorized voucher data from the Two-Year Projection Tool; MTW PHAs as of December 31, 2022.

Appendix: Methodology for Calculating Project-Based Vouchers Subject to the Statutory Cap

The paper includes an estimate of the share of authorized vouchers that are project-based at each PHA for purposes of determining whether PHAs are close to reaching the statutory cap on project-basing (known as the program cap). That cap permits agencies to project-base up to 20 percent of their authorized vouchers, plus another 10 percent if the added vouchers are used for units that house people experiencing homelessness or veterans, provide supportive housing for adults age 62 or older or people with disabilities, or are in areas where the poverty rate is 20 percent or less or tenant-based vouchers are otherwise difficult to use and are committed on or after April 18, 2017 — the effective date of most of the relevant HOTMA changes. Units that were previously subject to federally required rent restrictions or received another type of long-term HUD subsidy (including all units converted to project-based vouchers under the Rental Assistance Demonstration, or RAD) and units awarded under HUD-Veterans Affairs Supportive Housing (VASH) project-based voucher set-asides are not counted when determining whether PHAs comply with the cap.⁶⁸

Our estimate of the percentage of vouchers project-based at each PHA is based primarily on HUD administrative data as of January 1, 2022. Our calculation of the numerator — that is, the number of project-based vouchers counted against the cap — starts with the total number of PBVs at the agency, including (1) leased units, (2) units that are under a housing assistance payment (HAP) contract but not currently leased, and (3) units that are under an agreement to enter into housing assistance payment contracts (AHAP). The HUD administrative data we used did not include planned PBV units that are not yet covered by an AHAP or HAP, so those units are not included in our analysis.

Consistent with HUD policy, we then subtracted from the numerator the number of VASH PBV units at the agency that resulted from special allocations by HUD and an estimate of the number of the agency's PBVs that are part of RAD.⁶⁹ RAD units were all previously assisted through other long-term HUD subsidies (primarily public housing), and are excluded from the PBV cap calculation based on HUD's implementation of 2016 amendments to the U.S. Housing Act or HUD's RAD implementation policies. Our estimate of the number of RAD units includes units identified in the January 2022 HUD data as leased RAD PBV units. The RAD program does not use AHAPs, so none of the AHAP PBV units identified in HUD's data should be RAD units.

Some of the unleased PBV units under HAP in the January 2022 HUD data are RAD units, but the data do not indicate how many. We estimated this figure using December 2021 HUD RAD program data on the total number of PBV units converted under the first component of RAD (which primarily consists of former public housing units). We assumed that the number of unleased RAD PBV units equaled the lower of (1) the total number of unleased PBV units in the January 2022 HUD data; or (2) the total number of RAD first component PBV units according to the December 2021 RAD data minus the number of leased first component units according to the January 2022 HUD PBV data.

The number of units we were able to subtract from the numerator misses some types of formerly assisted units that would be excluded from HUD's program cap calculations. First, it misses unleased PBV units under the second component of RAD, which converts units from several small HUD rental assistance programs. The January 2022 HUD data identifies leased second component

RAD PBV units, but we do not have PHA-level data on the total number of these units so we could not estimate how many of the unleased PBV units are second component RAD units. Second, and more significantly, we were not able to identify and subtract PBVs in any formerly assisted units that were not converted under RAD (including non-RAD units in “blended” conversions that include some RAD PBVs and some non-RAD PBVs). For these reasons, our estimates of the number of units that should be subtracted err on the low end, and our estimate of how many PBVs count against the cap (and how many PHAs are close to reaching the cap) should be viewed as conservatively high.

We were also not able to identify how many PBVs were committed on or after April 18, 2017, and how many fall into the categories that allow agencies to project base an added 10 percent of their vouchers.⁷⁰ Partly for this reason, this paper’s analysis focuses on how many PHAs have project-based 25 percent or fewer of their vouchers, which leaves them with capacity to project-base at least another 5 percent of their vouchers if the added PBVs are targeted on one of the categories that qualifies for the added 10 percent or are excluded from the program cap calculation. Some of those PHAs, however, may not be able to add more vouchers that are not in those categories.

We calculated the denominator for the project-basing percentage starting with the number of authorized vouchers at each agency as of January 2022 (based on HUD’s Two-Year Projection Tool), and then subtracted the same VASH and RAD units we deducted from the numerator, consistent with HUD’s policy at Notice PIH 2017-21 (October 30, 2017), Attachment F and Appendix I (including the linked PBV Program Cap Calculation Worksheet, updated July 2022).

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² For a brief description of the PBV program, see CBPP’s “Policy Basics: Project-Based Vouchers.”

³ Section 232 of Public Law 106-377, October 27, 2000; Conference Report 106-988, pp. 113-114, October 18, 2000. See Snook and Bourdon, 2000. For an overview of the HCV program, see CBPP’s Housing Choice Voucher Program Policy Basic.

⁴ See Mast and Hardiman, 2017, pp. 301-322, n. 2.

⁵ See 24 C.F.R. 983.151(b) and (c)(1995)(one to five years); 24 C.F.R. 983.3(d)(1998)(amount of committed assistance must be within available funds). Until the mid-1990s, HUD provided PHAs with five to 15 years of funding for new rental certificates, making it somewhat feasible for PHAs receiving funding for new certificates to comply with the HUD requirement. (Prior to 1998, when Congress merged the rental certificate and voucher programs into the modified HCV program, there was also a smaller rental voucher program, but those funds were not permitted to be project-based. See Appendix Table 1 for more details about the project-based certificate program and the nearly identical project-based voucher program Congress enacted in 1998.)

⁶ Some PHAs did not spend all of their tenant-based rental assistance funds for many reasons. For example, HUD's advance calculation of five to 15 years of rental subsidy costs may have allocated more than PHAs needed, especially if rents in a particular area did not increase at the estimated national rate of rental inflation. Uncertainty about whether Congress would fully renew initial funding allocations, and the apparent lack of penalty for not using all their funds, may have led some PHAs to be conservative in their issuance of vouchers to new families as households left the program. Congress rescinded substantial amounts of unspent funds in the late 1990s.

⁷ Establishing a PBV program required changes in the PHA's Administrative Plan for the housing voucher program, including identifying location and other priorities for the competitive selection of PBV proposals. See Appendix Table 1.

⁸ In 1995, as part of a major rulemaking (the "Section 8 Certificate and Voucher Conforming Rule") to reduce unnecessary complexity in the rules of the certificate and voucher programs, HUD eliminated some of the previously required HUD approvals in the project-based certificate program but retained many due to HUD's caution about perceived misuse of funds in its prior project-based assistance programs. See 60 Federal Register 34660, 34692 (July 3, 1995).

⁹ In 2000, policymakers were primarily focused on the utilization of voucher funding overall, due to the unspent funds at PHAs. Since then, budget utilization has risen considerably due to changes in voucher funding policy, and on average over the long run PHAs (excluding those in the Moving to Work demonstration) use all or nearly all of their voucher funds. Subsequently, there has been greater recognition that the disappointment and hardship families experience if they do not succeed in using their vouchers — the success rate — should also be a focus of federal policy. See below for further discussion of the potential benefits of allowing vouchers to be project-based in existing housing.

¹⁰ Policymakers' belief in the deleterious effect of properties that housed primarily very poor families and the benefits of mixing incomes within properties drove the 1998 enactment of a requirement to deconcentrate incomes within public housing properties in the Quality Housing and Work Responsibility Act (QHWRA). Section 513 of QHWRA, inserting section 16(a)(3) of the U.S. Housing Act, 42 U.S.C. 1437n(a)(3). The congressionally appointed Millennial Housing Commission noted consistent support for the idea: "Mixed-income housing is generally preferable to affordable housing that concentrates and isolates poor families." Millennial Housing Commission, p. 3.

¹¹ Critics assumed that living in a property with moderate income, working tenants would provide better role models for children and create opportunities for adults to make contacts that could help them find and keep jobs. Subsequent research (though limited) on the implementation of mixed-income housing strategies indicates that they did not necessarily result in interactions among residents of the property of different economic strata (or racial groups), nor did changes in the residential composition of a property necessarily improve the availability of neighborhood amenities, shopping opportunities, or well-performing schools. As a result, the policy focus has broadened, or even shifted, to the neighborhood level — to mixed-income *communities* — rather than just mixed-income *housing*. This includes the importance of intentional strategies to improve neighborhood factors critical to families' quality of life and success if it does not appear that these changes will occur without additional government intervention. See for example, Turner *et al.* (2009), chapters 2 and 5; HUD (2013), and Joseph and Khare (2020), particularly the editors' introduction, the concluding synopsis by Rachel Bratt, and the essay by Michaeljit Sandhu. See Turner, Popkin and Rawlings (2009) for background on the extent of segregation in public housing and its consequences. Recent research has identified higher rates of social interaction between low-income and higher-income people in communities as the likely cause of higher rates of upward income mobility among low-income children who grow up in such communities. (Chetty *et al.* 2022.) This finding helps explain why mixed-income housing alone, without intentional efforts to encourage cross-class interactions, may not result in upward mobility.

¹² For an overview of the public housing program and the "old-style" project-based Section 8 programs, see CBPP's Policy Basics on each program.

¹³ In 1983 Congress repealed the authority to fund newly constructed or substantially rehabilitated properties with project-based rental assistance under Section 8(b)(2) of the U.S. Housing Act. Housing and Urban-Rural Recovery Act of 1983, section 209, Public Law 98-181. The properties initially funded prior to the repeal are now called Section 8 Project-based Rental Assistance, or Multifamily PBRA, and typically are privately owned. Beginning in 1995, PHAs were no longer required to replace demolished public housing, which accelerated the loss of units. In 1998 Congress prohibited the use of public housing funding streams to increase the number of public housing units above the number in each PHA's contract with HUD on October 1, 1999. Public Law 105-276, section 519, amending section 9(g) of the U.S. Housing Act. (This policy is known as the Faircloth limit, as the amendment to the Housing Act was offered by Sen. Lauch Faircloth of South Carolina.)

¹⁴ See for example, Sard (2001a); Solomon (2005) pp. 73-74.

¹⁵ Only properties located outside of "qualified census tracts" could receive an allocation of the new vouchers. See footnote 34.

¹⁶ Department of Housing and Urban Development, "HUD: Back in Business, Fiscal Year 2001 Budget Summary," <https://archives.hud.gov/budget/fy01/backinbus01.pdf>, p. 20; 2001 Budget Appendix, section 217. The President's budget also included a proposed increase in the amount of Low-Income Housing Tax Credits (LIHTC) available to states and a proposed new grant program, the Housing Voucher Success Fund. The combination of the three proposals was intended to address the shortage of affordable rental housing and challenges in using housing vouchers.

¹⁷ While rising incomes helped some renters afford their housing, the shortage of rental units affordable to households with incomes at or below 30 percent of the area median income worsened in the late 1990s. Nelson *et al.*, 2003.

¹⁸ Owners of units receiving LIHTCs are prohibited from refusing to lease to voucher holders just because they would use voucher subsidies to help pay the rent. But the LIHTC program does not require owners to contract with PHAs to accept project-based contracts. See 26 U.S.C. §42(h)(6)(B)(iv).

¹⁹ H.R. 4635 approved by the House of Representatives, June 21, 2000; House Report 106-674, June 12, 2000. The House bill may have been silent on the policies that would apply to the new vouchers, in the hope that policy consensus on issues such as the Resident Choice requirement and Project Cap could be reached in time to be incorporated in the final bill or in HUD rules.

²⁰ Senate Report 106-410, pp. 140-141, September 13, 2000. The Senate Appropriations Committee bill was approved by the Senate without changes on October 12, 2000 (Snook and Bourdon p. 3). The Senate bill also would have redirected \$1 billion in "excess" Section 8 funds to a new housing block grant to increase units available to low-income families. The final bill did not include the Senate's proposed new housing block grant.

²¹ Dr. F. Stevens (Steve) Redburn led OMB's Housing Branch from 1993 to 2006. He had a reputation of being strongly opposed to any expansion of HUD's traditional project-based rental assistance programs, such as public housing and Section 8 Project-based Rental Assistance. Typically, only OMB — not HUD or other agencies — can propose or agree to changes to language included in the President's budget.

²² OMB career staff also objected to a number of other policy changes in the CBPP proposal, including extending the maximum term of a PBV contract to ten years (instead of five); allowing PHAs to pay higher rents for PBV units than for regular vouchers (if justified by the rent for comparable units in the private market), and for certain LIHTC units outside of low-income neighborhoods; and allowing PHAs to pay owners subsidies for vacant units for up to 60 days.

²³ Based on Sard's conversations with key actors involved in finalizing the HUD bill, the Administration's primary goal for this component of the negotiations was to include additional funding for rental housing development to relieve the shortage of rental units and rising rents in many areas. To make a portion of these anticipated new units affordable and available to low-income families, the Administration supported the changes in the PBV program. Ultimately, however, the senior Republican on the Senate Banking Committee, Senator Phil Gramm, rejected the new development funding even though such funding had been endorsed by the Republican-led Senate Appropriations Committee.

²⁴ There were roughly 1.5 million units of public housing and about the same number of various types of subsidized private multifamily units built by the late 1980s, with rents limited to 30 percent of household income. In the subsequent decades, hundreds of thousands of these units ceased to be available due to neglect, funding shortfalls, and program expirations. See Khadduri (2015); Millennial Housing Commission, 2002, Table 3. Congress repealed the authority to

fund new units with Section 8 New Construction/Substantial Rehabilitation contracts in 1983, and to increase the number of public housing units in 1999. (See footnote 12.) Beginning in 1986, the LIHTC program, administered by the Treasury Department, became the major source of federal capital funding for construction of income-restricted rental housing, but the units typically are not affordable to poor and working poor households without rental assistance. See Fischer (2018).

²⁵ For background on the history of racial segregation in siting and occupancy of a substantial portion of public housing properties, see Turner *et al.* (2009), Rothstein (2017), and Freeman (2019).

²⁶ Vacancy payments for up to 60 days are optional for PHAs under the PBV program, and some PHAs probably do not provide them. There is no data on the extent to which vacancy payments are available to owners with PBV contracts. Long vacancies are unlikely, however, as some families on the waiting list will want to obtain an affordable home regardless of location, condition, or amenities.

²⁷ In HUD programs, “elderly” generally is defined as aged 62 or older. The age or disability status of a household head (or sole person), spouse, or co-head also can qualify a household as elderly or disabled. Single-family properties (which HUD defines as having one to four units) also were exempt from the Project Cap.

²⁸ Terminology for this policy may be confusing. The relevant statutory amendment is entitled the Resident Choice Requirement. (See 42 U.S.C. 1437f(o)(13)(E).) HUD regulations regarding the policy are entitled “Family right to move.” (See 24 C.F.R. 983.261.) In the Rental Assistance Demonstration (RAD), HUD calls the policy “choice-mobility.” (See footnote 30.)

²⁹ Cunningham and Scott; Stout *et al.*

³⁰ Congress authorized the Rental Assistance Demonstration (RAD) in the HUD funding bill for fiscal year 2012 to allow the conversion of some public housing and other assisted units to long-term project-based Section 8 contracts under either the PBV program or HUD’s PBRA program for multifamily housing. While neither the House or Senate version nor the final bill specifies the inclusion of a right to move with a tenant-based subsidy, the Senate report states its support for “the objective of offering public housing choice mobility as an important component of the demonstration in a manner that serves residents and provides flexibility for PHAs to work with HUD, to determine how to meet this objective.” S. Rept. 112-83, Sept. 21, 2011. In implementing RAD, HUD Secretary Donovan chose to maintain the Resident Choice requirement for units converted to PBV assistance under RAD with only a narrow exception. In the extreme case of a PHA that project-based more than 20 percent of its authorized vouchers and demonstrates the need for a delay in provision of turnover vouchers to RAD families to prevent more than 75 percent of turnover vouchers in a year going to occupants of RAD units (rather than the HCV waiting list), HUD may approve a modified policy. For units converted to PBRA, HUD altered the right to move with continued assistance. This right applies after 24 months of residency, rather than 12 months, and PHAs can restrict the right to moving vouchers to no more than one-third of turnover vouchers in a year, or to no more than 15 percent of converted units in a property. HUD also reserved discretion to exempt up to 10 percent of units converted to PBRA from the choice-mobility requirement. HUD’s decision to require owners of properties converted to PBRA to comply with even this weakened version of the PBV Resident Choice policy was a major policy change. The RAD choice mobility policies are still in effect. Rental Assistance Demonstration REV-4, H-2019-09 PIH 2019-23; https://www.hud.gov/sites/dfiles/Housing/documents/RAD_PBVPBRA_CompareGuide.pdf. See Treskon *et al.*, 2023 for early findings on the implementation of the choice mobility policy.

³¹ The importance of freeing up units in permanent supportive housing developments for people who need the services the properties offer is highlighted by HUD’s 2021 webinar series “Moving On.” See <https://www.hudexchange.info/news/moving-on-webinar-series/>.

³² 42 U.S.C. 1437f(o)(13)(C)(ii). HUD’s 2005 final rule implementing the 2000 statutory changes provided some specific criteria to assist PHAs to determine whether the location policies they adopt, which must be incorporated in their HCV Administrative Plans, meet the statutory requirement. 24 C.F.R. 983.57 (Site Selection Standards), issued October 13, 2005 (70 Fed. Reg. 59892). The 2005 regulation has remained unchanged. HUD’s proposed PBV rule changes would renumber this section but would not make any changes to the regulatory text. See 85 Fed. Reg. 63678, October 8, 2020.

³³ Congress has recently directed HUD to improve its collection of data on project-based vouchers, which may provide an incentive for HUD to cure this problem. Joint Explanatory Statement for Division L of the Fiscal Year 2023

Omnibus Appropriations Bill, *Congressional Record* p. S9339, December 20, 2022, <https://www.congress.gov/117/crec/2022/12/20/168/198/CREC-2022-12-20-pt3-PgS9325-2.pdf>.

³⁴ The concept of “lower poverty” in the LIHTC statute is outside a higher poverty area known as a “qualified census tract” (QCT). According to the statute, a QCT is one in which 50 percent or more of the households have an income that is less than 60 percent of the area’s median gross income, or which has a poverty rate of at least 25 percent. HUD designates QCTs annually, subject to a population cap of 20 percent of a metropolitan area. 26 U.S.C. 42(d)(5)(B)(ii).

³⁵ Sard, 2001b.

³⁶ Conference Report 106-988, p. 114, October 18, 2000.

³⁷ Unlike tenant-based vouchers, where families must pay any excess of the rent over the agency’s payment standard, in PBV units the landlord cannot charge more than the approved payment standard. This means that the voucher subsidy covers the full gap between the 30 percent of income paid by the family and the PHA-approved rent charged by the owner plus tenant-paid utilities.

³⁸ Owners can request that the PHA increase the maximum allowable rent in PBV units annually, and PHAs must approve “reasonable” rent increases, but the rent cannot exceed 110 percent of the applicable HUD FMR unless the property qualifies for the special LIHTC-related rent rules. (HUD’s fiscal year 2024 budget request proposes to increase the PBV rent cap to 120 percent of FMR, similar to the flexibility now available for HCVs.) Statutory amendments in 2016 create flexibility for PHAs to allow owners to maintain their own PBV waiting lists, and for PHAs and owners to agree to base rent increases on HUD’s published standard for certain PBRA properties. See Appendix Table 2. HUD has not yet implemented either of these provisions.

³⁹ See, for example, Norman and Oppenheimer, 2017.

⁴⁰ For tenant-based vouchers, PHAs can set maximum subsidies (or payment standards) up to 110 percent of the HUD Fair Market Rent (or Small Area FMR or HUD-approved higher payment standard if applicable), or up to 120 percent with HUD approval, but cannot vary the payment standard for a single property.

⁴¹ This statutory provision forced HUD to eliminate the policy in 24 C.F.R. 983.203(c)(3)(1995) that permitted owners to fill units with eligible families they identify, if the PHA didn’t refer families the owner deemed suitable within 30 days of notice of the vacancy.

⁴² Section 2835 of the Housing and Economic Recovery Act of 2008 (July 30, 2008) (HERA); Section 106 of the Housing Opportunity Through Modernization Act of 2016 (July 29, 2016) (HOTMA). HOTMA was approved unanimously in both the House and Senate, after ten years of consideration. See Sard, 2016. Many of these changes responded to recommendations by practitioners and advocates to address issues that surfaced as the revised program was implemented, or to restore flexibility to PHAs that HUD’s implementing regulations had undercut. HUD also recommended some changes in the PBV statute as a result of the process to develop its proposed Rental Assistance Demonstration (RAD), such as lengthening the initial maximum duration of PBV contracts to 20 years, similar to the PBRA program, and allowing HUD to impose additional oversight of properties with PBVs in more than 40 percent of the units.

⁴³ The first of these two changes bases the 20 percent cap on a PHA’s *authorized number* of vouchers rather than the smaller number of its *funded* vouchers, which increased the potential number of PBVs nationally by about 44,000 units. The second allows PHAs to increase the number of PBVs they provide by 10 percent of their authorized number of vouchers — to a total of 30 percent — if the PBVs serve certain types of households or are located in particular types of neighborhoods. This change amounts to an increase of about 260,000 allowable PBVs at the 2021 program level. See Appendix Table 2 for more details.

⁴⁴ The 126 PHAs participating in the Moving to Work (MTW) demonstration as of December 2022 are not subject to the 30 percent cap on the share of vouchers they may project-base. The original 39 PHAs in the demonstration that are subject to the MTW Standard Agreement have no limit on the share of their housing choice vouchers that may be project-based. The 87 expansion PHAs are allowed to project-base up to the lower of their total authorized number of vouchers or annual budget authority, but may request HUD approval to exceed this limit. See 85 Fed. Reg. 53444, 53466 (August 28, 2020).

⁴⁵ The Methodological Appendix explains the data and methods used to determine the number of PHAs close to the program cap.

⁴⁶ See *Congressional Record* p. S9339, December 20, 2022, footnote 33 above. See also H.R. 5376, Build Back Better Act, sec. 40009(b)(5), passed by the House November 18, 2021, which would have authorized the HUD Secretary to designate as excepted from the cap *any* of the estimated 300,000 new vouchers funded under the bill that PHAs chose to project-base.

⁴⁷ H.R. 8539, the “Housing Access Improvement Act,” introduced July 27, 2022, by Rep. Jimmy Panetta (D-CA) and seven co-sponsors. The bill would maintain the expansions in project-basing authority enacted in HOTMA as well as the exclusions in existing law.

⁴⁸ HUD implemented many of the HOTMA PBV amendments by notice shortly before the end of the Obama Administration but determined that some policies required issuance of a regulation. In late 2020, HUD issued a proposed rule with those policies and other final PBV regulatory changes but had not finalized any of the proposed rules by the end of August 2023.

⁴⁹ Galvez *et al.*, 2021 state (at p. 38) that the three MTW agencies that had made the most extensive use of project-basing were all concerned about retaining a balance between project-based and tenant-based rental subsidies because of such preferences.

⁵⁰ Fischer, Rice, and Mazzara, 2019.

⁵¹ Using 2015 data, Mast and Hardiman found that families with children in PBV units were more likely to live in higher poverty and racially concentrated neighborhoods with greater environmental risks than similar families with children using tenant-based vouchers, though PBV-assisted families lived closer to employment opportunities and public transit. Galvez *et al.*, 2021 analyzed data for all household types from Moving to Work (MTW) agencies in 2016 and had similar findings. They also found that in counties with greater racial segregation, PBVs were more likely than tenant-based vouchers to be located in high-poverty neighborhoods.

⁵² In 2020 just 30 percent of PBVs assisted families with children, compared to 42 percent of tenant-based vouchers (among units for which HUD administrative data is available). CBPP analysis of 2020 HUD administrative data. Two analyses using 2016 data found that PBVs are more likely than tenant-based vouchers to be used to assist elderly households, and less likely to serve people with disabilities or families with children. Mast and Hardiman; Galvez *et al.*, 2021.

⁵³ For the 2004 share, see Mazzara, Sard and Rice, 2016. For the 2022 share, see HUD, 2022. The 2022 share is three percentage points less than the share for families with children shown in the graphic, which is based on earlier data (2020).

⁵⁴ Fischer, Rice and Mazzara, 2019.

⁵⁵ See Cunningham and Scott.

⁵⁶ Gartland, 2022.

⁵⁷ In 2021, Senators Sherrod Brown, chair of the Banking Committee, and Ron Wyden, chair of the Finance Committee, introduced S. 2554, the Renters’ Tax Credit Act of 2021, which would provide tax credits in return for property owners reducing rents for extremely low-income individuals or families to 30 percent of income — the level they would pay if they received a PBV subsidy. Eligible units would be subject to policies similar to PBVs. The bill text is available at <https://www.congress.gov/117/bills/s2554/BILLS-117s2554is.pdf>. See also the Renters’ Credit section of the CBPP website at <https://www.cbpp.org/research/topics/renters-credit>.

⁵⁸ See, for example, Chetty, Hendren, and Katz, 2016, pp. 855-902 and other studies gathered in Sard *et al.* 2018.

⁵⁹ HOTMA changed the generally applicable Project Cap from a flat 25 percent to the greater of 25 units or 25 percent, which allowed properties with up to 25 units to be fully assisted. The new policy also means that any project with fewer than 100 units is allowed to have PBVs in more than 25 percent of the units, regardless of location or type of households served. Proponents of this policy change believed that residents of smaller properties were more likely to be

influenced by the surrounding neighborhood than the project itself, and that economic and political pressures would likely result in smaller properties in low-poverty neighborhoods than in higher poverty areas.

⁶⁰ HUD’s proposed definition of “Area where vouchers are difficult to use” is (i) a ZIP code area where the rental vacancy rate is less than 4 percent; or (ii) a ZIP code area where 90 percent of the Small Area FMR [Fair Market Rent] is more than 110 percent of the metropolitan area FMR.” 85 Fed. Reg. 63702. Even in areas with low rental vacancies, PHAs can utilize all their funded vouchers through various strategies, including issuing vouchers to more families than are likely to succeed in using them, and persuading more landlords to accept vouchers; this expanded authority for PBVs could be a helpful tool in such areas combined with funding to increase the supply of rental housing.

⁶¹ By 2010, ten years after Congress revamped the program, there were only 43,393 PBV units. Mast and Hardiman (2017). By January 2022, with the benefit of most of the statutory changes enacted in 2008 and 2016 and the implementation of the RAD program, that number had increased to over 310,000 units, according to HUD data (see footnote 62). These data do not include proposals for PBVs that have been selected by PHAs and will be committed in the near future.

⁶² In January 2022, 2,275,309 Housing Choice Vouchers were in use according to HUD’s HCV data dashboard at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard. According to other HUD data from that month, nearly 262,000 of these were in PBV units. In addition to the occupied PBV units, nearly 30,000 were under a PBV contract but unleased, and almost 19,000 were contractually committed to units under construction. About 600 PHAs that are medium- or large-sized (that is, they administer an HCV program and have a total of more than 550 HCVs and public housing units) operate a PBV program, 61 percent of such agencies. See Appendix Table 3. While RAD conversions have contributed to the increase in PBVs, nearly two-thirds of the leased units (64 percent) are not part of RAD conversions.

⁶³ As of June 15, 2022, HUD data reported at https://www.radresource.net/pha_data.cfm show that of the 160,895 public housing units that had completed conversion under the RAD program, 98,709 units — 61 percent — had PBV contracts, and 62,186 — 39 percent — had PBRA contracts. See footnote 30 for details on the Resident Choice requirement under each type of contract.

⁶⁴ Galvez *et al.*, 2021.

⁶⁵ HUD research found that more than one-quarter (27.4 percent) of all housing vouchers used in LIHTC units in 2021 were PBVs, even though PBVs made up only about 12 percent of all vouchers in use that year. “Tax Credit Units in the Voucher Program,” available as part of the HCV Monthly Summary for July 2021 at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/Tools; and 2021 data from HUD’s Housing Choice Voucher (HCV) Data Dashboard at https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

⁶⁶ Chinchilla *et al.*, 2019.

⁶⁷ Sard *et al.* 2018. See Technical Appendix A-1 for a comparison of the poverty level of areas where families with children in the HCV, Public Housing, and PBRA programs lived in 2017.

⁶⁸ For additional details about these criteria see Appendix Table 2.

⁶⁹ Notice PIH 2017-21 (October 30, 2017), Attachment F.

⁷⁰ It is highly likely that PHAs that have project-based close to, or more than 20 percent of their authorized vouchers made a large share of these commitments after mid-April 2017, when HUD implemented the additional 10 percent authority for PBVs for certain types of households or locations, as well as the exclusion of vouchers project-based to preserve various types of HUD-assisted housing. Otherwise, PHAs would have been at risk of violating statutory requirements.