

# CRS Report for Congress

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## Housing Authorization Bills: Overview of H.R. 2 and S. 462

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### Summary

It has been 5 years since Congress adopted a housing authorization bill. For the past several years, administrative provisions of the VA-HUD appropriations bills have authorized housing programs. In the first session of the 105th Congress, housing authorization bills were introduced in both the House and the Senate. These bills, H.R. 2 and S. 462, have many similarities, but many differences as well. Chairmen of both the House and Senate Housing Subcommittees are confident that the differences in the two bills can be overcome, and a compromise can be reached that will result in a housing authorization bill being signed into law in 1998. This report will be updated as legislative action warrants. For more detailed information on the provisions of H.R. 2 and S. 462, please see CRS Report 97-730, *H.R. 2 and S. 462, Public Housing Reform Proposals: A Summary Comparison of Provisions*, by Richard Bourdon and Susan Vanhorenbeck.

### Background

In 1996, two versions of a housing authorization bill (H.R. 2406 and S. 1260) were introduced in Congress. These bills sought to reform the public housing system as well as other housing programs under the jurisdiction of the Department of Housing and Urban Development (HUD). There were great differences between the two bills, and a conference agreement was never reached.

On January 7, 1997, H.R. 2, The Housing Opportunity and Responsibility Act of 1997 was introduced in the House as a housing authorization bill. Many of the provisions that were in H.R. 2406 (104<sup>th</sup> Congress) are contained in H.R. 2 along with additional provisions which would reform public and assisted housing.

On March 18, 1997, S. 462, The Public Housing Reform and Responsibility Act of 1997 was introduced in the Senate as a housing authorization bill. This bill repeats many

of the provisions in S. 1260 (104<sup>th</sup> Congress) and also contains new features which many lawmakers believe would simplify the public housing system.

H.R. 2 passed the House and S. 462 passed the Senate in the spring of 1997, but have not gone to conference. Staff members of both the House and Senate Housing Subcommittees have stated that there are enough similarities between the two bills that they expect a housing authorization bill to be agreed upon in the 105<sup>th</sup> Congress.<sup>1</sup> However, there are still major issues to be resolved before an accepted authorization bill becomes a reality.

## **Major Similarities of the Two Bills**

Committee staffers and some HUD officials have stated that there are more similarities between H.R. 2 and S. 462 than there were in the 1996 authorization bills, and they believe that there is room for compromise on both bills.

Both bills consolidate the public housing program into a two-part block grant program which gives greater flexibility in management to the public housing authorities (PHAs). They also both require PHAs to include a resident member on the PHAs' board of directors where possible, so that residents may be included in the decision-making process of the boards.

Both H.R. 2 and S. 462 deny occupancy to applicants of public and assisted housing who have been previously evicted from housing due to drug-related or criminal activity. Occupancy may also be denied to drug users, alcohol abusers, and sexually violent persons. Both bills also make it easier for PHAs to terminate tenancy because of illegal drug use or alcohol abuse. Under the provisions of these bills, PHAs may also obtain criminal records from enforcement agencies for the purpose of tenant screening and evictions.

H.R. 2 and S. 462 encourage self-sufficiency in residents of public housing, and require that able-bodied adult residents participate in eight hours of community work per month if they are not employed or engaged in job-training or academic endeavors.

There is a provision in both bills that permit residents of federally-assisted housing to have pets. The current law permits pet ownership only for elderly tenants, in buildings designated for their occupancy. The new laws do give PHAs the right to set reasonable regulations for pet ownership, and specify size and breed limitations.

Both H.R. 2 and S. 462 seek to make Section 8 tenant-based housing more acceptable to private landlords by repealing the "take one, take all" rule and the "endless lease" provisions. If these two provisions of the Section 8 rule are repealed, landlords would not be forced to rent all of their units to Section 8 tenants, but could limit the number of units they want to rent to assisted families. Both the House and Senate believe that if landlords have this option, more landlords may be willing to take Section 8

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<sup>1</sup> Lazio, Mack Meet on Housing Bill; Prospects for Action Improve. *Housing and Community Development Reporter*, Vol. 25, No. 48, pp. 740-741.

families. By doing away with the “endless lease” provision, landlords are able to evict problem Section 8 households faster and through the same legal methods as they would other households.

## Major Differences of the Two Bills

The major difference in the two bills is how they would undertake efforts to reform public and assisted housing. H.R. 2 would repeal the Housing Act of 1937, the basis of public housing as we know it today, and rewrite the public housing program and other assisted housing programs under a new law. Backers of S. 462 do not believe that the Housing Act of 1937 needs to be repealed, but that specific provisions of the Act need to be amended, and others repealed. One reason that some lawmakers do not believe that the 1937 Act should be repealed is that it is cross-referenced in approximately 650 state and local laws, and to repeal it would create a “legal and technical mess.”<sup>2</sup>

A major point of contention between the two bills is the targeting of units in public housing for families in the very-low and low income range. H.R. 2 would make 35% of the units in a development available for families with incomes at or below 30% of the area median income. The remaining 65% of the units would be rented to families with incomes at or below 80% of area median income. S. 462 would target 40% of the units to families with incomes no higher than 30% of area median income, at least 70% of the units to families with incomes no higher than 60% of area median income, and the remainder of units to families with incomes at or below 80% of area median income.

Backers of the House bill believe that by opening occupancy to more families at the higher end of the low-income scale and to the working poor, a healthier environment that encourages self-sufficiency would be created, and the developments would not be the concentrated centers of poverty that they are today.

Those who support the provisions in the Senate bill say that opening occupancy any higher than it is provided for in S. 462 would be helping the development management, but not tenants, because a majority of those who need housing assistance are still the poorest of the poor and they would have no where else to go.

Targeting of assistance is not limited to public housing in the two bills, but extends to Section 8 choice-based housing as well. H.R. 2 requires that at least 40% of the families assisted in any year have incomes no higher than 30% of area median income, and that the remainder of assisted families meet low-income eligibility requirements under federal law. The Senate bill, S. 462, requires that 65% of the assistance available be reserved for families with incomes no higher than 30% of area median income, and that at least 90% of assisted families have incomes at or below 60% of area median income. Lawmakers will have to decide in conference whether to open choice-based assistance to more of the working poor and those at the higher end of the low-income scale, or reserve most of the assistance for the lowest income households.

Another major difference between the two bills is the amount of rent to be paid by tenants in public and assisted housing. H.R. 2 would permit the tenants of public and

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<sup>2</sup> *Congressional Quarterly*, June 7, 1997. P. 1319.

assisted housing to pay 30% of their adjusted income, or the housing portion of their welfare payment, as rent. However, the bill states that the PHAs may establish a minimum rent of \$25 to \$50, and all tenants would be required to pay at least that amount (with waivers permitted for hardship cases). The Senate bill, S. 462, also permits tenants to pay 30% of their adjusted income or the housing portion of their welfare payment as rent. This bill allows PHAs to set a minimum rent of \$25. S. 462 also states that no tenant in choice-based Section 8 housing would be permitted to rent a unit for which their rent payment would exceed 40% of their adjusted household income. H.R. 2 does not set this limitation on the rent.

There are two provisions in H.R. 2 that are not found in S. 462, “home rule” and the evaluation of PHAs.

The “home rule” provision permits local governments to have more control over funds allotted for housing in their jurisdictions. The provision allows funding for various assisted housing programs to be combined in one flexible grant. If local governments believe that the local housing authorities are not doing as well as they should in providing assisted housing, the governing body can use the funds at their discretion for low-income rental housing or home ownership, subject to HUD’s approval. Reportedly, many supporters of S. 462 do not agree with this home rule provision and think it should be eliminated.

H.R. 2 provides for the establishment of a Housing Evaluation and Accreditation Board to set performance standards for PHAs and assisted housing owners. S. 462 does not address this concern.

### **Will There Be a Housing Authorization Law in 1998?**

When Congress adjourned in November 1997, the chairmen of both the House and Senate Housing Subcommittees were optimistic that an agreement on the bills would be reached shortly after Congress reconvened. Though the bills have not formally gone to conference as yet, negotiations between the chairmen of the subcommittees have begun. When Chairman Lazio addressed housing leaders at the National Association of Housing and Redevelopment Officials (NAHRO) legislative conference on March 18, he stated that he and Senator Mack (Chairman of the Senate Housing Subcommittee) are “solving issues methodically,” and that “there will be a public housing reform bill on the President’s desk before Congress goes home for the year.”<sup>3</sup>

Public housing directors, state housing agencies, and state and local governments are also eager to see an authorization bill written into law this year. These agencies and others involved in providing assisted housing have expressed their nervousness in developing housing assistance plans, when authorizations are being addressed in appropriations bills, and are uncertain for more than a year.

Staffers of both subcommittees anticipate that informal discussions on the bills will continue between the Chairmen for some time before an actual conference date is set.

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<sup>3</sup> Lazio Reports Progress on Major Housing Reform Bill. *Housing and Community Development Reporter*, Vol. 25, No. 47, pp. 708-709.

