

Section 8 Voucher Program Overview

House Committee on Appropriations

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What this presentation covers

- 1 Section 8 housing voucher background and the role of public housing authorities
- 2 Recent federal context
- 3 Overview of Section 8 funding request



What are Section 8 Housing Vouchers?

- Also known as the Housing Choice Voucher (HCV) Program
- Federal rental assistance funded by the U.S. Department of Housing and Urban Development (HUD) and administered locally by public housing authorities (PHAs)
- Helps low-income households, elderly people, and disabled individuals afford private market housing
 - PHAs may run additional special purpose Section 8 voucher programs to target assistance to specific populations (veterans, non-elderly disabled, foster youth, etc.)



Who is eligible?

Basic criteria:

- Low-income individuals and families, elderly (62+), people with disabilities
 - Additional groups eligible for special purpose vouchers

Income eligibility:

- Generally limited to households earning $\leq 50\%$ of an area's median income, based on family size



What do Section 8 Vouchers cover?

General rule: recipients pay ~30% of adjusted monthly income for rent and utilities. The remainder is paid by the PHA to the landlord.

- Public housing authorities pay the voucher amount directly to landlords on behalf of tenants.
 - This is known as the Housing Assistance Payment (HAP)
- General constraints on subsidy amount:
 - Rent must fall within Fair Market Rent (FMR) limits for the area (~40th percentile of rents)
 - PHAs calculate a maximum subsidy amount (payment standard)
 - PHAs cannot spend more than available funding



How do Section 8 Vouchers work?

- Public Housing Authorities (PHAs) distribute vouchers and manage landlord payments
- PHAs use administrative fees to cover the cost of administering Section 8 voucher programs
- PHAs can place leftover administrative fees in reserve (Unrestricted Net Position, UNP)
- Prior year voucher numbers inform future year HUD funding

Nine PHAs operate in Vermont:

- Barre Housing Authority
- Bennington Housing Authority
- Brattleboro Housing Authority
- Burlington Housing Authority
- Montpelier Housing Authority
- Rutland Housing Authority
- Springfield Housing Authority
- Vermont State Housing Authority
- Winooski Housing Authority



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Federal Funding Background

- HUD funds Section 8 vouchers on a calendar year basis
- Under the current federal continuing resolution, PHAs are level funded at CY24 levels
- Given inflationary pressure and level funding, PHAs are able to support fewer vouchers over time
- PHAs spent much of CY25 employing cost-saving measures and reserve spending to avoid retiring active, in-use vouchers
 - Example: [VSHA estimated](#) that ~130 vouchers statewide were retired in CY25 as of November 2025



Federal Funding Background

- Nevertheless, by fall of 2025 several Vermont PHAs were in shortfall with HUD shortfall funding uncertain
- Several PHAs were preparing to retire active, in-use vouchers – much more disruptive to voucher recipients than retirement through attrition
- **PHAs ultimately received shortfall funding from HUD in December 2025**, preventing the retirement of active, in-use vouchers to balance CY25 spending
 - Without shortfall funding, VSHA estimated ~1100 households would be exited from voucher programs statewide



Federal Funding Background

- Despite receipt of CY25 shortfall funding, many PHAs entering CY26 in precarious fiscal condition
 - Depleted reserves
 - Uncertain federal funding
 - HUD and PHAs expecting significant shortfalls again in CY26; additional HUD shortfall funding uncertain
 - PHAs will continue to retire vouchers turned in through attrition
- PHAs have highlighted that terminating in-use vouchers would have immediate and long-term effects
 - Loss of rental subsidy for current voucher recipients
 - Fewer vouchers included in HUD's future year funding calculations



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Proposed appropriation

- **Proposed by:** Vermont State Housing Authority (VSHA) in coordination with other Vermont PHAs
- **Request:** One-time General Fund appropriation to restore CY26 voucher enrollment to 1/1/25 levels
- **Stated purpose of request:**
 - Stabilize PHA solvency, future federal funding, and voucher enrollment
 - Prevent potential termination of active, in-use vouchers due to CY26 shortfalls
 - Maintain Section 8 co-benefits to other State housing initiatives



Additional considerations

- Federal funding
 - Current continuing resolution expires 1/30/26
- Timing of appropriation versus federal funding calculations
- Recipient of a potential appropriation
- Mechanism for delivering and overseeing funds



Questions?



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