

Testimony of

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National Association of Housing and Redevelopment Officials

before the

Subcommittee on Housing and Community Opportunity

House Financial Services Committee

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Introduction

Chairwoman Waters, Ranking Member Capito and members of the Subcommittee on Housing and Community Opportunity, my name is Renée Rooker. I am the Executive Director of the Walla Walla, Washington Housing Authority. I am pleased to be here today in my capacity as President of the National Association of Housing and Redevelopment Officials (NAHRO), representing the Association's 23,000 agency and individual members. Formed in 1933, NAHRO is the nation's oldest and largest non-profit organization representing public housing authorities and redevelopment agencies engaged in affordable housing and community development. NAHRO's 3,162 agency members include public housing authorities, community development departments and redevelopment agencies. Seventy-eight percent of NAHRO agency members administer vouchers under the Section 8 Housing Choice Voucher program.

First and foremost, on behalf of the members of NAHRO, I want to thank the Subcommittee for your work on SEVRA, and your longstanding commitment to improve the workability of the Housing Choice Voucher (HCV) program. NAHRO has worked consistently and productively for several years on a bi-partisan basis to encourage responsible reform of this vital program. We have been pleased to have had an opportunity to lend our voice to help shape a responsible SEVRA bill. Prior to today's hearing, many insightful ideas have been put forth in testimony before this Subcommittee on this topic. There have been a number of NAHRO members from stakeholder agencies who have testified on both Section 8 and public housing reform in the recent past, including HUD Secretary Shaun Donovan in his former capacity as New York City Housing Commissioner; Mr. Rudy Monteil, Executive Director, City of Los Angeles Housing Authority; Ms. Jody Geese, Executive Director, Belmont Metropolitan Housing Authority; Betsey Martens, Co-Executive Director, Boulder Housing Partners; Mr. Jon Gutzman, Executive Director, Saint Paul Public Housing Agency; Ms. Renée Glover, Chief Executive Officer, Atlanta Housing Authority; and Mr. Daniel Nackerman, Executive Director, Housing Authority of the County of San Bernardino. I am here today to build on their insightful testimony from prior hearings, and I commend their recommendations to you as you move the latest version of this legislation forward.

As you proceed through regular order to introduce, mark-up and ultimately approve this vital legislation in this Congress, please know that our association and its members stand ready to continue to inform your work based on our years of on-the-ground, hands-on experience in the day-to-day administration of both the voucher and public housing programs. From my vantage point as a housing practitioner, the need to advance a good piece of legislation in this Congress is unquestionable. The breadth of the effort you have undertaken over the years and the enormous progress that you have made to shape a pragmatic and responsible bill, argue for your continued best efforts in this Congress to finish the job. NAHRO supports the central thrust of the Section 8 Voucher Reform Act and our members desire a variety of reforms that are contemplated in this bill. We are

eager to work with you to make sure those reforms are undertaken in a considered manner, and we applaud you for holding this hearing today to move this process forward.

The Many Positive Aspects of SEVRA Legislation to Date

No piece of draft legislation can ever be considered perfect—at least not in the eyes of all beholders—and SEVRA is no exception. My testimony today offers a number of suggestions for your consideration to improve the current SEVRA discussion draft. However, I wish to underscore at the outset that there is much about SEVRA (as it has matured over the past several years) that is extremely positive. Allow me to mention just a few examples:

A Sound Distributional Funding Formula

NAHRO has long advocated for the enactment of a sound voucher renewal funding policy in authorizing legislation. We applaud your colleagues on the Appropriations Committees of both Houses of Congress for taking steps over the past several years to reverse the previous “snapshot” budget-based voucher distribution methodology that over-funded many public housing agencies (PHAs) and under-funded others. This approach had disastrous consequences and led to the loss of voucher assistance for approximately 150,000 low-income families. As important as the reform of the voucher renewal formula has been in recent appropriations bills, however, establishing a funding policy in appropriations legislation also creates a large measure of uncertainty given the annual nature of the appropriations process itself. Far better, we believe, to have this matter settled once and for all in SEVRA to ameliorate this uncertainty and to confirm a rational and accurate funding policy through five-year authorization legislation.

In short, NAHRO strongly supports the language contained in the current discussion draft that would enact a distributional funding formula that reflects the most recent calendar year’s voucher leasing and cost data by agencies. We believe this approach is a far more accurate and reliable way to proceed.

Incremental Vouchers

NAHRO supports the annual authorization of 150,000 incremental vouchers for the term of this legislation for both tenant-based and project-based vouchers. We believe these vouchers should be distributed to the entities presently administering the voucher program on the basis of need and in accordance with current law.

Historically, incremental vouchers have been awarded to agencies based on a combination of their voucher lease-up performance as well as their community’s relative “worst-case” housing needs. Given the overwhelming unmet worst-case housing needs that exist today and the limited federal resources to address those needs, we believe it is important to restore the historic treatment of voucher leasing and relative worst-case housing needs within each state as the primary factors in increasing agencies’ base renewal funding and authorized vouchers in SEVRA.

Retention and Use of Unobligated Balances

NAHRO generally supports the provisions contained in SEVRA that relate to the recapture and reallocation of unused funds. However, SEVRA also contains provisions that create a mechanism to allow PHAs—subject to certain limits—to retain and use their unobligated fund balances. We strongly support the inclusion of provisions within SEVRA that accomplish this goal. With this in mind, we would also recommend the addition of language that would enable the HUD Secretary to make exceptions regarding the recapture of an agency's funds where there are extenuating circumstances beyond an agency's control.

Reallocation Voucher HAP Funds

In an environment of limited federal resources where numerous housing and community development programs have been under-funded in recent years, NAHRO has consistently advocated for reform of the voucher renewal funding formula. However, the nation has recently endured several undulations in housing markets, from increasing rental housing costs in some markets to softening markets in others. In some communities, tenant household incomes have declined, leading to increases in per-voucher Housing Assistance Payment (HAP) costs. The rapid decline in voucher-assisted household incomes has also recently led to a widening gap between PHAs' budget utilization rates and their voucher lease-up rates. As a result, many PHAs are serving fewer families than their authorized number of vouchers.

We believe that the reallocation provision currently contained in SEVRA is well suited to address this issue. Specifically, the reallocation provision would among other things, provide funding to PHAs for increased voucher leasing, and would give priority to PHAs with high budget utilization rates and agencies who need additional voucher assistance to increase voucher leasing rates. We strongly support the inclusion of this provision.

Maximizing Leasing with Funds Available

NAHRO has long supported the inclusion of language in SEVRA that will reinstate a version of the "maximized leasing" policy that was standard practice in the voucher program in 2003 and prior years. Simply stated, the provision will enable PHAs to serve the greatest number of families possible if they have the funds to do so, including serving additional families above their authorized levels.

With this in mind, we also believe that it is important to keep the historic tie between funding the authorized and actual number of families served, so that Congress knows who is being served and whether the voucher program is achieving its stated goals.

The current discussion draft specifically limits over-leasing with undesignated HAP fund balances to 103 percent of a PHA's authorized baseline number of vouchers. However, there is no limitation on over-leasing (i.e., 104 percent or higher) using same-year

appropriated funds. As noted above, we support the concept of increasing the total number of families served; however, we also believe that due consideration is needed so that this particular provision of SEVRA does not contribute inadvertently to downward HAP pro-rations below 100 percent of eligible funding needs, as has occurred in the recent past. In instances where the pro-ration is below 100 percent, the number of families that PHAs can serve in their communities is significantly compromised.

Downward pro-rations in HAP funding did indeed create a problem that plagued the voucher program from FY 2004 – FY 2006 under the budget-based funding formula. Having helped put the voucher program's funding back on solid footing through the inclusion of a responsible renewal formula, we cannot now afford to re-introduce another measure of instability and unpredictability to program funding.

The combination of enabling all agencies to lease as many households as possible with available funding, a reallocation provision to help PHAs with significant differences between their high budget utilization rates and lower voucher lease-up rates, and the addition of 150,000 incremental vouchers each year should enable PHAs to increase the number of their authorized (and additional) vouchers leased.

Income Targeting

NAHRO supports the income targeting threshold for all extremely low-income applicant households in the Section 8 HCV program, public housing program, and project-based Section 8 multi-family housing assistance program.

Portability

The per-voucher subsidy differences for low-income households of identical family composition and income differs greatly around the country, ranging from a ratio of 2:1 to 3:1 in many instances. Finite HAP funding each year, coupled with the existing portability funding and reimbursement system, in some instances creates financial barriers with regard to the administration of portability generally.

With this in mind, NAHRO supports language in SEVRA that mandates improvements to the regulations governing portability in a manner that preserves the robust use of this essential feature of the Section 8 voucher program, preserves the ability of agencies to serve their waiting lists, and reduces the financial barriers to portability.

Housing Quality Inspections

NAHRO supports language contained in SEVRA that would allow PHAs to complete 100 percent of inspections for assisted units every two years. Among other things, this provision will permit PHAs to perform inspections on a geographic basis rather than by tying inspections to each household's anniversary date.

NAHRO also supports language in SEVRA that will permit PHAs—at their discretion—to approve a dwelling unit under the program if it passes Housing Quality Standards (HQS) or state/local code inspections with requirements meeting or exceeding HQS as determined by other governmental entities.

Finally, we support the provision in SEVRA that will permit a PHA, at its discretion, to allow a voucher-assisted household to move into a dwelling unit after signing a lease with a property owner for a unit that has a reasonable rent and no health or safety violations, such that an agency may execute a lease, execute a HAP contract and make retroactive payment upon verification within 30 days that the unit passes Housing Quality Standards. We believe that adequate safeguards are present in the draft bill to ensure that payments are withheld and assistance abated 30 days from the date of the initial inspection if the deficiencies are not corrected. This provision should help low-income voucher holders access a greater number and range of rental housing units that in the past have been rented to unassisted households where no inspections, let alone passed inspections, under Housing Quality Standards are required.

Administrative Simplicity for Income and Rent Reviews

NAHRO supports the administrative simplification provisions found in the bill. In particular we welcome language in the bill that would relieve PHAs of the responsibility to maintain records of miscellaneous HUD-required income exclusions, allow PHAs to use applicable inflation adjustments for fixed-income families, permit PHA safe harbor reliance on other governmental income determinations (e.g., Medicaid, TANF), and also permit PHAs to make other appropriate adjustments when using prior year's calculations of other types of income.

In many instances, voucher-assisted low-income households do not have significant changes in their annual incomes year to year, but experience frequent changes in their sources of income and hours worked throughout the year. With this in mind, NAHRO, supports adding to the prior-year earned income provision.

Rent Alternatives at 30 Percent of Household Income

NAHRO supports language in the bill that would enable PHAs to implement alternative tenant rent structures under the public housing program, including flat rents based upon the rental value of the unit; income-tiered rents; rents based on a percentage of the household's income; and finally use of the existing rent structure prior to enactment of SEVRA. NAHRO believe these alternative rent structures should be permitted so long as a household does not pay more than 30 percent of their income towards rent/mortgage plus utilities.

Family Self-Sufficiency Program

NAHRO supports language in SEVRA that would convert the Family Self-Sufficiency (FSS) program from an annual competitive grant to an administrative fee to pay for the cost of an FSS coordinator. This fee would be included as part of the standard administrative fee provided to PHAs. Additionally, language now in SEVRA would establish standards for the number of FSS coordinators that an agency may fund and would restore coordinator funding for agencies with effective FSS programs that lost funding in prior years for reasons unrelated to performance.

PHA Project-Based Assistance

NAHRO supports a number of Section 8 Project-Based Voucher (PBV) program provisions that are included in the bill, including, but not limited to, establishing the percentage of units that can have project-based assistance in an agency's voucher portfolio; language that would provide protections against displacement for families who reside in a dwelling unit proposed to be assisted under the PBV program; and language that would permit the use of site-based waiting lists.

Fair Market Rents & Annual Adjustment Factors

NAHRO supports provisions in SEVRA that would require HUD to create geographical areas for the purpose of establishing Fair Market Rents (FMRs) and Annual Adjustment Factors (AAFs) that are more applicable to housing markets and submarkets than are existing FMRs and AAFs.

Access to HUD Programs for Persons with Limited English Proficiency

Finally, NAHRO supports language in SEVRA that would eliminate Limited English Proficiency (LEP) guidelines, requiring owners and managers to provide written and oral translations of "vital" documents in an array of foreign languages for assisted households with Limited English Proficiency. The bill contains certain LEP requirements—including a requirement that HUD develop and make available translations of vital documents developed by a HUD-convened task force, a requirement to establish a toll-free number and document clearing house, and a requirement that HUD complete a study of best practices for improving language services for individuals with Limited English Proficiency—all of which NAHRO could support.

In short, SEVRA as currently written represents a vigorous and notable effort to bring necessary reform to both the Section 8 voucher and public housing programs. A final bill containing the reforms noted above would represent an important and long awaited step forward in the right direction.

Comments on the Current SEVRA Discussion Draft

Madame Chairwoman, we greatly appreciate the fact that you have generously sought our comments in advance of this hearing on the latest discussion draft of SEVRA legislation. It is our understanding that you will, following this hearing, be compiling and analyzing all comments received and will thereafter formally introduce this legislation in the House. My comments on the discussion draft are not intended to be all-encompassing. We intend to work closely with Subcommittee staff to ensure that the full measure of our comments are communicated for your review. In my testimony today, I would simply like to discuss a few of the more significant reactions we have to the current discussion draft.

Inspection of Dwelling Units

As noted above, there is much that we like and support regarding Title 2 of the discussion draft relating to the inspection of dwelling units. However, we do have a few continuing concerns and suggestions.

First, language should be added to require that when the Housing Assistance Payments for an assisted dwelling unit is being withheld and abated for non-compliance, the tenant's termination notice to the owner also be sent to the PHA and that the notice to the owner be given in accordance with related provisions found in the lease. It is also important to clearly state that a tenant continuing to occupy a unit after a lease is terminated does not have a federal right to occupy the premises without payment of rent following termination of the HAP contract and the lease. We suggest that language be added to clarify that a family may remain in the unit "upon terms and conditions agreed upon between the family and the owner." Lack of clarity on this point will engender litigation and cause uncertainty that will discourage landlord participation in the voucher program.

Additionally, when Housing Assistance Payments have been withheld and abated for non-compliance with Housing Quality Standards (HQS), the time period in situations where a family is unable to lease a new unit should be unlimited. The discussion draft would require the PHA to simply extend the period allowed to the family. Consistent with language also contained in the bill, NAHRO believes that the PHA should in the alternative be required to simply extend the lease for a "reasonable period determined by the public housing agency."

We understand the desire to assist low-income households that need to relocate because a property owner refuses to make necessary repairs. However, involving PHAs in repairs blurs the traditional roles and responsibilities of the owner and PHAs under the voucher program. The success of the voucher program depends upon voluntary participation by private owners. Creating a unilateral right or obligation for the PHA to repair a dwelling unit without the owner's agreement or consent is likely to discourage owner participation in the longer term. NAHRO members have suggested that, even if the authorization for these activities is discretionary, it will operate to compel PHAs to engage in repair

activities, even when it is against their best judgment. There also may be significant liability concerns for both parties as a result of such work.

With respect to the provision of reasonable assistance to the family for relocation if a unit is not repaired, we suggest that “reasonable” assistance be determined by the public housing agency. In this regard, the discussion draft does not limit the amount of the assistance to two months of HAP. We suggest that the assistance not exceed two months of the abated assistance for the family.

Finally, the language of this provision should be limited to costs “directly” associated with relocation of the family to a new residence.

Income Reviews and Rent Determinations

The complexity of the rent and income calculations presently existing under statute and regulation are daunting and no doubt underlies many of the problems experienced in the current system with particular respect to payment error. This notwithstanding, NAHRO recognizes that efforts to address rent simplicity are difficult, and we applaud the general effort in the discussion draft to simplify the rent and income calculation process. Our comments today are specifically directed to providing a financial transition for some percentage of low-income households who may experience significant increases in amount of their income they might pay in rent.

First, language in the current discussion draft allows a deduction from income of the unreimbursed amounts a family spends for child care where that amount exceeds 10 percent of their annual income. NAHRO members have recommended to us that the threshold be reduced to 5 percent to avoid hardship to families with dependent children who are working or pursuing their education

Second, NAHRO suggests with regard to the deduction for the elderly and disabled that \$725 be changed to \$1,200 to match the current annual Medicare premium on a national basis.

Third, NAHRO members are concerned about the impact the aggregate changes to rent and income calculations contained in the discussion draft will have on some families. In advance of enactment of the bill, it would be helpful if a request was made to CBO to breakdown its analysis of Section 3 of the discussion draft by household type within each program. We suggest that the Secretary (or in the alternative, the GAO) be requested to study the impact of these changes on families and report to Congress.

Fourth, we suggest that the Secretary be given the discretionary authority to address two areas of potential hardship that particularly concern NAHRO members. This should include a provision that the Secretary may, by regulation and for a period not exceeding three years following the date of enactment, limit increases in rent for elderly or disabled families. It should also limit increases in rent for families with dependent children, whose

rent has increased due to changes in the allowable exclusions for medical expenses/disability or child care expenses would be a welcome addition to the draft bill.

Finally, we appreciate that provisions in the draft bill demonstrate an understanding that the rent and income provisions in SEVRA may have an unintended and negative impact on PHAs' rent revenue under the public housing program. Using the income and deductions in H.R. 1851, the New York City Housing Authority, for example, estimated in 2007 that its public housing rent revenue from residents would decrease by \$11 million annually without a provision in the draft bill that would compensate them through increased operating funds that *same year*. With this in mind, in the final bill you adopt, we suggest language be included that would compensate PHAs through increased Operating Funds the *same year* that they go into effect and thereafter.

Voucher Renewal Funding

As the adverse consequences of experimentation in the voucher renewal formula in recent years have clearly demonstrated, getting the matter of renewal funding right is vital to the efficient and successful administration of this program. As noted previously, NAHRO strongly supports the general approach taken in this bill that bases renewal funding on the prior calendar year's voucher cost and utilization data. Our additional comments on renewal funding are focused on other matters contained in the discussion draft and are focused on issues in the proposed administration of the renewal formula.

For example, under current practice, HUD may make tenant protection vouchers available for all units in a development after an eligibility event. Although we would not agree with such an interpretation, the discussion draft could be read to require exclusion from assistance units that were unoccupied on the date of an eligibility event. We recommend including a provision that would explicitly authorize present practice.

Portability

We believe that the provisions of the bill directing improvements relating to the portability feature of vouchers through regulation are welcomed. The discussion draft now contemplates that the Secretary should make adjustments to funding distributions to reflect ports. Further, the discussion draft provides that excess funds to an agency shall be used for portability and Family Self-Sufficiency (FSS) costs. Additionally, the draft bill anticipates that appropriations may be made for portability and self-sufficiency.

NAHRO has long suggested that the present administrative approach to portability, which involves inter-agency billing, is unnecessarily burdensome to agencies. We do not agree with the notion that the administrative system discourages portability on the part of assisted families. We do believe that portability—particularly from the perspective of administration and finance—can and should be administered more simply, and that current financial impediments should be properly addressed. We have, for a number of years, suggested that the Secretary administer funding for portability adjustments

primarily from a central fund that is either appropriated separately or set aside by the Secretary annually. We welcome the opportunity to discuss other viable options with you.

In sum, NAHRO believes that the objectives of the administrative system governing portability should enable: 1) portability by participating families desiring to relocate, retaining the present ability for an agency to restrict portability during the first year of assistance, 2) the phasing out and ultimate elimination of inter-agency billing, 3) the ability of agencies to serve their waiting lists, even when experiencing a large volume of in-porting families, and 4) the redistribution of funds to agencies experiencing losses through portability based on housing need.

Administrative Fees

The resources necessary to enable housing agencies to support Section 8 participants have been significantly eroded over the last several years. Just as SEVRA will establish a sound voucher HAP renewal funding formula to help stabilize the program, we urge that the funding structure to support the administrative functions necessary to help families succeed as well as the funding structure necessary to enforce housing quality standards under the program be stabilized by the Congress. These determinations should not be left open to change by the Executive Branch. Administrative fee rates have been established in statute in the past with operational success. NAHRO continues to strongly recommend that administrative fees be established by statute and not by regulation. This is necessary for programmatic stability and will serve to insulate the administration of the program from transient political decisions.

Also, in reviewing the discussion draft with particular respect to the inflation factor for administrative fees, we believe the factor should take benefits as well as wages into consideration. Our members' experience with the public housing program indicates that omission of benefits will significantly under-state actual inflation.

NAHRO supports the provision in SEVRA that enables a PHA to serve households above its authorized number of vouchers if it has the HAP funds to do so. Language in the final bill that you adopt should authorize PHAs who exercise this option to be entitled to earn the fee for those additional families served over their authorized vouchers.

NAHRO recommends the addition of language modifying present paragraph 8(q)(1)(E) of the Housing Act to provide, affirmatively, that the same administrative fee shall be paid with respect to PHA-owned units as is paid with respect to non-owned units. This paragraph presently authorizes the Secretary to pay a reduced rate for PHA-owned units. This would apply to both Section 8 tenant-based as well as project-based voucher-assisted households. In view of the fact that PHAs must contract out both for the inspection of PHA-owned units and for the rent reasonableness determination, we believe a case can be made that the costs of administering assistance for a PHA-owned unit may actually exceed costs incurred with regard to non PHA-owned units.

Additionally, the discussion draft would authorize the Secretary to include in the administrative fee an amount for the cost of issuing a new voucher to a participant. NAHRO suggests that this fee be identified as an “add-on” incremental to the ongoing fee. In this regard, NAHRO members have indicated that the majority of the costs associated with issuing new vouchers are incurred by the time the family is issued the voucher. These costs include those associated with all of the administrative steps relating to eligibility determinations, briefings, etc. Agencies provide equal access and assistance to all voucher holders throughout the housing search period, and the failure of some voucher holders to lease may be the result of factors beyond the control of the local agency, including but not limited to the family’s prior landlord references or credit history. Since the actual lease-up by the family is the ultimate objective of the program, we believe some portion of the fee should be reserved for payment conditional upon the family’s success. Such an approach would restore the preliminary fee that previously was paid under the program and will help ensure that the PHA remains incentivized to see that families receiving vouchers actually succeed with lease-up of units.

NAHRO recommends inclusion of an add-on fee to pay for the administrative expenses associated with relocation assistance provided by the PHA for households in dwelling units with extended non-compliance with Housing Quality Standards, for abated Housing Assistance Payments for unit repairs, and for the voluntary credit reporting function authorized in the current discussion draft of in the bill.

Finally, with respect to administrative fees, NAHRO recommends that the provision in the current discussion draft relating to performance bonuses not apply unless PHAs receive full funding of their ongoing administrative fees, voucher issuance fees, and special fees (i.e., audit reimbursement, etc.).

Agency Performance

NAHRO believes that any accurate performance system must, in evaluating budget utilization and lease-up rates, take into account market conditions faced by local agencies. We suggest in this regard that language currently in the discussion draft be modified to add the following: “and taking into account rental market conditions relating to residential rental housing units in the area of the agency.”

Also, as written, the discussion draft would rate the performance of an agency on its effectiveness in carrying out policies that result in deconcentration of poverty. Keeping in mind that agencies may not lawfully direct voucher holders with respect to where they choose to live, the ability of agencies to ensure poverty deconcentration will vary widely depending on their circumstances. Additionally, the percentile of market rents at which FMRs are established will in many instances determine the choices available to families and the degree to which they may make choices that encourage deconcentration. This is a matter over which neither the family nor the agency has any control.

NAHRO agrees that deconcentration of poverty is a very worthwhile programmatic objective. However, we believe that applying performance standards that do not

adequately take context into account is questionable in actual practice and may be inequitable to agencies. NAHRO believes that in the end, poverty deconcentration must be accomplished by economic and administrative incentives. For example, agencies should be permitted, within sensible limitations, to limit the use of vouchers in certain low-poverty areas. NAHRO also suggests that additional funding be made available for vouchers designated and used by an agency for purposes of promoting deconcentration. These and similar measures would give agencies tools that would have a better chance at actually deconcentrating poverty.

Evaluating Rent Burdens

NAHRO has long advocated that rent burdens of participating families be monitored at the federal level, along with other operational data affecting the program and families participating in it. We support the provisions in the discussion draft that require periodic assessment of rent burdens. Rent burdens of participating families are affected by a number of factors, some of which are beyond the control of individual agencies and some of which are not. They are also influenced by federal policy objectives such as poverty deconcentration that can operate to increase rent burdens. In this regard, NAHRO recommends that, in considering rent burdens for families, account be taken of poverty deconcentration efforts such as a PHA's use of payment standards to either decrease poverty concentration or maintain deconcentration of poverty among assisted families.

Few voucher program procedures affect the operation of the program and the housing opportunities of participating families more than the manner in which Fair Market Rents are calculated. Basing FMRs on the 50th percentile of market rents allows for greater housing opportunities and lower poverty concentration, but serves fewer families with available funding than basing them on the 40th percentile of market rents (as is currently the case in most communities).

Because of the importance of this factor on program performance and its impact on families, NAHRO recommends that it be the subject of specific periodic inquiry and reporting by the Secretary. We recommend language be included in the final bill to indicate that the HUD Secretary shall examine and report periodically to Congress regarding the effect that the applicable percentile of market rents used in the calculation of FMRs has had upon poverty deconcentration and rent burdens.

Due Process

Existing regulations governing informal reviews assure low-income households the right to the elements of due process. To the extent that language in the discussion draft will add formality to the existing process however, this formality will entail costs which we believe should be taken into account in any consideration of administrative fees.

Site-Based Waiting Lists for Projects Assisted with Project-Based Vouchers

The discussion draft authorizes the use of site-based waiting lists, subject appropriately to Fair Housing and Civil Rights Act compliance. NAHRO supports this provision. We feel that the current language of the discussion draft in this regard promotes efficiency by allowing property owners to more quickly access eligible applicants.

Conversion of Section 8 Project-Based Multifamily Projects to Voucher Assistance

The discussion draft would also remove certain transactions from the PHA Plan that would limit the opportunity for resident input. NAHRO does not perceive a justification for this provision.

Finally, NAHRO questions whether the standard defined in the discussion draft relating to un-marketability while a unit is occupied is in fact workable and a practical standard. We suggest however that consideration be given to refining the language contained in the discussion draft in this regard to make it less subjective in application.

Matters that Remain Unaddressed

In closing, there are a few selected items that are not included in the latest discussion draft of the bill that we believe should be included in any final bill approved by the House.

MtW/Housing Innovation Program

We specifically note the absence of provisions previously included in H.R. 1851 relating to the Housing Innovation Program (HIP). As proposed in H.R. 1851, HIP would have enabled a larger number of public housing agencies to participate in what is now referred to as the Moving to Work demonstration, or MtW. NAHRO has long advocated for greater program flexibility and an expanded MtW program. We understand that the Subcommittee is currently addressing issues and is considering the possible inclusion of language regarding HIP. In doing so, we urge that serious consideration be given to the inclusion of provisions previously included in H.R. 1851 regarding both HIP program types. The total number of HIP-eligible PHAs should not be reduced below the number contemplated in the bill you approved in the 110th Congress. We would welcome the opportunity to discuss this with you further.

Appropriations Benchmarking

Once enacted, SEVRA will include a number of reforms to the current housing choice voucher program that will enable greater functionality and greater efficiency while at the same time maintaining important protections for low-income families. Enacting reforms of this nature, however, still leaves open the question of how best to appropriate necessary dollars for the HCV program in a manner that accurately reflects voucher leasing and costs, as well as the overall national need for voucher assistance. Simple data on the number of households served and the overall cost of the housing choice voucher program, for example, present an incomplete picture of other important program trends

that may not be as apparent, such as the depth of subsidy and rent burdens for program participants.

NAHRO believes that members of Congress responsible for the oversight and ultimate success of housing programs must have comprehensive and detailed trend data, presented annually and in a consistent format, relative to the administration of the housing choice voucher program. Such data can inform decision-makers on the effectiveness of the current program structure and could well provide a basis for determinations made about the extent to which particular funding levels meet national and local affordable housing needs.

With this in mind, NAHRO suggests the inclusion of language in SEVRA that would accomplish what we have termed “Appropriations Benchmarking.” The adoption of appropriations benchmarking would enable the Secretary to report annually to the congressional authorizing and appropriations subcommittees of jurisdiction on the effectiveness of the housing choice voucher program in achieving established national goals for the program, and would help determine the adequacy of the current level of funding for such purposes. To assist Congress in evaluating the efficacy of the housing choice voucher program utilizing currently appropriated amounts, we urge that language be included in SEVRA requiring HUD to prepare periodic reports. Such reports would include uniform information relating to the housing choice voucher program’s performance benchmarked against national goals as defined by Congress. The annual report requested by Congress, would enable comparisons of voucher-assisted households with comparable unassisted households. The report would also make comparisons of program success with particular regard to the needs of extremely-low-income, very-low-income and low-income groupings, within Metropolitan Statistical Areas and Non-Metropolitan Statistical Area averaged nationally.

The report we envision would also include data showing national rental market characteristics, and would specifically inform Congress regarding the supply of affordable rental units as well as long- and short-term vacancy rates. Commencing with the second report, the data would be trended.

NAHRO would welcome the opportunity to answer questions and work with the Subcommittee and the Department to define the specific content and practical uses of this report.

Utilities Allowances

At present, SEVRA does not include language to address inefficiencies caused by current program requirements related to individual utility allowance calculations. HUD’s Office of Policy Development and Research currently calculates and includes utilities within the calculation and determination of annual Fair Market Rents. Noting this, we recommend that language be included in SEVRA that would authorize Congress to direct HUD to separate out utilities by bedroom size categories within each FMR area. Additionally, we

recommend that the language permit public housing authorities to use these as standard allowances.

Closing

This concludes my testimony. I would be happy to answer any questions that you or members of the Subcommittee may have. On behalf of NAHRO, I want to again thank you for the opportunity and the honor of testifying on this important piece of legislation.