



Testimony of Jack Murray, SHCM, CPM, NAHP-e

April 16, 2008

Subcommittee on Housing, Transportation and Community Development

**“Enhancing Affordable Housing Opportunities: Reforming the Housing
Voucher Program”**

Chairman Schumer, Ranking Member Crapo and distinguished members of the Subcommittee, my name is Jack Murray. I am here today on behalf of two trade associations – the National Affordable Housing Management Association (NAHMA) and the National Leased Housing Association (NLHA).

The National Affordable Housing Management Association (NAHMA) is a trade association which represents multifamily property managers and owners whose mission is to provide quality affordable rental housing. Likewise, NAHMA is the voice in Washington for 20 regional affordable housing management associations nationwide. NAHMA members manage and provide quality affordable housing to more than two million Americans with very low and moderate incomes.

The National Leased Housing Association has represented the interests of owners, developers, lenders, managers and housing agencies involved in providing federally assisted rental housing for more than 30 years. NLHA's more than 500 member organizations are primarily involved in the Section 8 housing programs – both project-based and tenant-based – and provide or administer housing for over three million households.

We commend you, Chairman Schumer and Ranking Member Crapo for your leadership and we thank the members of the subcommittee for your valuable work addressing the nation's need for affordable rental housing. We are pleased and honored to present our views on the Section 8 Voucher Reform Act (SEVRA).

The Section 8 program has long served as America's primary rental subsidy program and we believe it has been largely successful in achieving the goal of assuring decent, safe and affordable housing for low income families and the elderly. We do not believe that the Housing Choice Voucher program is in need of a major overhaul, but are convinced that it can be improved upon with the changes outlined in the SEVRA legislation. The bill has the broad support of other national housing organization as outlined in the attached letter to the Members of the Committee. These groups include the National Multi Housing Council, the National Association of Realtors, the National Association of Homebuilders, and the National Apartment Association among others. We have submitted for the record this February 15, 2008 industry letter.

Our testimony will focus on three issues of particular interest to NAHMA and NLHA.

Inspections

The success of the voucher program is dependent on the willingness of owners/landlords to accept voucher tenants. Our organizations have worked over the years to convince the professional apartment owners to participate in the voucher program and many have, but there are a number of program requirements that give landlords pause, particularly with regard to the inspection standards.

Renting to a voucher holder should not cost a landlord more than it does to rent to an unsubsidized tenant, but often it does due to duplicative inspection standards. Before a Section 8 voucher holder can rent a specific apartment, the administering agency must first inspect the unit to confirm that it complies with HUD-prescribed Housing Quality Standards (HQS). Such unit-by-unit inspections cause intolerable leasing delays and do not necessarily satisfy HUD's objective of protecting residents since many of these properties are already inspected under other Federal programs.

Delays in lease-ups caused by these initial inspections and related processing delays cause apartments to remain vacant. The apartment industry relies on seamless turnover to meet its overhead costs and the financial implications of such delays are enough to deter many owners from participating in the program.

NAHMA and NLHA strongly support SEVRA's provisions that address current redundancy in federal inspection requirements by permitting housing agencies to approve lease-ups of apartments that have been recently inspected under FHA, HOME or the Low Income Housing

Tax Credit (LIHTC) program. The residents are provided much needed housing sooner and the owners are not losing income due to delayed move-ins. Under the bill, housing agencies will continue to inspect the units, but will do so within 30 days after the tenant moves in. Further, SEVRA recognizes that minor repairs can be made after the tenant moves in, a provision supported by our organizations.

SEVRA also permits housing agencies the discretion to inspect apartments occupied by ongoing voucher residents every other year instead of annually. We support that provision for professional landlords, but recommend that small apartment properties (less than 20 units) that are generally not professionally managed, be inspected every year.

Limited English Proficiency

NAHMA and NLHA are especially pleased that SEVRA incorporates Senator Menendez' legislation, S. 2018, which allows HUD to better serve persons with limited English proficiency by providing technical assistance to recipients of Federal funds.

HUD's limited English proficiency guidance became effective on March 7, 2007. The guidance states that recipients of HUD funding, including affordable rental housing providers, have an obligation to provide translated documents and oral interpretation services to persons who have difficulty communicating and reading in the English language. Unfortunately, HUD provided no additional funding for affordable housing providers to offset the costs of providing language services. Another major concern with the guidance was HUD's failure to identify a specific list of documents housing providers would be expected to translate.

Last summer, a coalition of multifamily housing representatives and civil rights advocates proposed the LEP language which is included in SEVRA. Our compromise addresses the cost and vagueness concerns raised by housing providers, and it will provide greater assistance to our residents and applicants with limited English proficiency. NAHMA and NLHA are particularly interested in the provisions which:

- Create a task force of industry and civil rights stakeholders to identify vital documents (to include both official HUD forms and unofficial property documents);
- Require HUD to translate the vital documents within six months; and
- Create a HUD-administered 1-800 hotline to assist with oral interpretation needs.

SEVRA's LEP language is strongly supported by NAHMA and NLHA. It addresses many of the concerns raised by the affordable housing industry. It also provides greater consistency in the level of service for individuals with LEP. Finally, this language provides an excellent framework to guide HUD in the use of its \$380,000 appropriation for LEP translations.

Project-based Vouchers

As our members are actively involved in the operation and development of affordable rental housing, we are particularly pleased that SEVRA would provide flexibility and consistency with regard to the use of vouchers with the Low Income Housing Tax Credit program (LIHTC). The LIHTC program is one of the few Federal programs that can be used to preserve existing affordable housing and construct new affordable housing. Project-based vouchers are an

important tool in expanding the supply of housing, particularly when used with the tax credit program. SEVRA specifically aids such housing by:

- Increasing the percent of voucher funds that PHAs can use for project-based properties from 20 percent to 25 percent (this will make it easier for smaller PHAs to use this program);
- Amends the maximum initial contract term for project-based vouchers from 10 years to 15 years to conform with the tax credit compliance period;
- At the request of a property owner, allow a PHA to provide existing residents with project-based vouchers in lieu of enhanced vouchers when the owner opts out of the subsidy program or prepays a federally subsidized mortgage. This option will protect the residents while ensuring that the actual units are preserved as affordable.

Conclusion

Housing affordability is sorely lacking in America. According to Harvard University, 35 million households spend 30 percent or more of their annual income on housing. The sub-prime mortgage problem is likely exacerbating that situation.

Over 2 million families are assisted with vouchers, but unfortunately for every successful voucher applicant there are many others who will continue to live in substandard housing and/or pay an inordinate amount of their income for rent. SEVRA is an important bill because it recognizes the necessity of the Section 8 voucher program in meeting the needs of low income renters.

We appreciate the opportunity to express our views and encourage the Committee to move quickly to approve SEVRA.