



**TESTIMONY OF
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PRESIDENT AND CEO
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES**

**BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON HOUSING AND COMMUNITY
OPPORTUNITY
OF THE COMMITTEE ON FINANCIAL SERVICES**

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Written Testimony of Rudolf C. Montiel, PE, President and Chief Executive
Officer of the Housing Authority of the City of Los Angeles, before the U.S.
House of Representative Subcommittee on Housing and Community Opportunity

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Madam Chair and members of the Committee, thank you for the opportunity to speak at today's hearing. I am Rudolf Montiel, President and CEO of the Housing Authority of the City of Los Angeles (HACLA). My remarks today will focus specifically on two crucial parts of the Section 8 Voucher Reform Act (SEVRA): Section 8 renewal funding formula and the Housing Innovation Program (HIP) / Moving to Work (MTW) program.

But first let me begin with a few general comments on HACLA's role in providing affordable housing for the city of Los Angeles. We currently supply slightly more than 75,000 or 73% of the 103,000 affordable housing units in our city, (excluding rent controlled units.) Our Section 8 program is the second largest in the nation and the biggest west of the Mississippi. In 2004, the agency was on the brink of HUD receivership. In 2009, it is now a HUD certified "High Performer". It is also fully leased. This is a success story we're all quite proud of. But it's even more remarkable given the significant challenges posed by unpredictable voucher funding allocations. I think it's fair to say these yearly changes made it much harder to administer Section 8 with any degree of certainty.

This brings us to the Section 8 renewal funding formula provisions of SEVRA. We are very much in favor of these provisions for two general reasons. First, and most important, SEVRA offers us predictability in the awarding of Section 8 funds. This is a great advantage for Housing Authorities. It moves us from an unsatisfactory system, where funding awards don't reflect current program needs, to a system based on actual costs in the preceding year. Simply knowing last year's leased vouchers will be renewed next year is an enormous help. It allows us to plan the best and most efficient use of our resources and serve the largest number of families.

Second, SEVRA gives us much needed flexibility and tools in crucial areas. I refer particularly to the SEVRA provisions allowing Housing Authorities to borrow up to 2% against next year's funding, use reserves to lease-up at 103% and employ project-based vouchers in PHA-owned units without following the normal competitive process. We also strongly support allowing for the redistribution of unused funds to Housing Authorities able to use them. Taken together these moves toward flexible funding will contribute greatly to the continued proper and fiscally sound management of our Section 8 program. We also believe a move toward granting us the ability to keep a higher percentage of HAP funds as

reserves, up to 8 or 9%, would aid our efficiency. Such a provision is absent from the current version of SEVRA. We think there are good reasons to add it to the legislation. Perhaps the most significant is the safety net it gives us to help ride out difficult economic times. This cushion of reserves not only helps us plan more rationally but provides a fall back option for coping with unforeseen contingencies. Without it we remain vulnerable.

There are also beneficial administrative flexibilities under SEVRA. The first is in the provision changing the requirement for income re-certifications from one to three years for those on fixed-incomes. The second is in the provision allowing us to use inspections performed to a standard equivalent to those required by the Housing Choice voucher program. In Los Angeles, for example, the Housing Department's Systematic Code Enforcement Program (SCEP) requires all multi-family rental properties with two or more occupied units to be inspected for safety and habitability. We would have the option to use inspections performed under this program thereby avoiding duplication and improving efficiency. Both changes should result in major cost savings as well as freeing staff to work on more critical issues.

Also noticeably missing from the latest version of SEVRA is the HIP provision. The HACLA is a strong supporter of the budget flexibility available under MTW and the HIP-lite provision in the previous iteration of SEVRA. We are acutely interested in obtaining MTW/HIP designation. We do not see it as an opportunity to impose severe, unreasonable and counter productive measures that would disenfranchise public housing and Section 8 participants, however. HACLA's desire to take advantage of the funding flexibility offered by HIP/MTW will not trump our tenants' rights. And I can assure you we would not, among other things, implement time limits or create barriers to re-entry after redevelopment.

Regulatory relief of this type would give us the ability to modify our programs based on local housing needs. Let me cite a couple of examples. We have a significant homeless problem in our city. Our most recent Homeless Count estimates there are around 40,000 homeless individuals in the city of Los Angeles. We are working closely with the City family to address this issue through our Permanent Supportive Housing Program (PSHP) and Homeless Voucher set asides that supplement the city's McKinney Vento funds. We currently have 9,000 housing choice vouchers set aside for homeless programs, up from 4,442 in 2004. But we need to do more and HIP/MTW will help accomplish that goal by giving us the flexibility to use vouchers to do what's best for Los Angeles.

We are also in the process of redeveloping Jordan Downs Public Housing Development in Watts to expand and improve the supply of affordable housing in the city. Our purpose is to create a vibrant urban village for residents and offer a model for public housing developments throughout the country. It will be a 2100 unit mixed use, mixed income redevelopment with market rate housing alongside

affordable workforce units with a one for one replacement of existing public housing units. HIP/MTW would significantly aid our progress in this redevelopment effort, not only through financial flexibility, but also by allowing us to further stabilize the community by providing an unprecedented array of programs and services. Moreover, MTW/HIP would assist in the ability to give incentives to families with children where the head of household is working, seeking work or making efforts to obtain work through training. These incentives are a critical part of helping guide families toward employment and economic self-sufficiency.

I understand there are those who are not as enamored with the prospect of expanding HIP/MTW agencies. I want to assure you that HACLA has no interest whatsoever in using the HIP/MTW program to disenfranchise public housing residents or housing choice voucher recipients.

The Los Angeles housing market remains one of the most expensive by national standards. Families pay a disproportionate share of their income for housing in Los Angeles as compared to other MTW sites. Moreover, the national recession worsens the ability of our residents to improve their economic standing. Jobs are scarce even for the highly educated and skilled and while the Economic Stimulus package is a hopeful sign, most economists believe that it will take time to reach economic stability. Inflexible time limits during a protracted recession set people up for failure and would not be responsible public policy.

In closing, we believe that SEVRA along with the HIP/MTW program provides the additional tools necessary for Housing Authorities such as HACLA to reach a higher level of performance. This will in turn help us provide an even better standard of quality to residents. With your support and leadership we can make it happen.

Thank you for your time.