

"Housing and Economic Development Policy in the State of Ohio"

The Testimony of Steven D. Gladman, Governmental Affairs Coordinator, Ohio Apartment Association

On behalf of the Ohio Apartment Association, Columbus Apartment Association, and Midwest Affordable Housing Management Association

Before the Subcommittee on Housing and Community Development

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1:30pm

Martin Luther King, Jr Performing and Cultural Arts Complex

867 Mount Vernon Avenue

Columbus, Ohio

Chairman Ney, Ranking Member Waters, and distinguished members of this Subcommittee, my name is Steven Gladman; I serve as the Executive Director of the Columbus Apartment Association and as the Governmental Affairs Coordinator for the Ohio Apartment Association. Both organizations are affiliated with the National Apartment Association. I am also the Executive Director of the Midwest Affordable Housing Management Association, which is affiliated with the National Affordable Housing Management Association. All three of these organizations represent companies dedicated to providing quality rental housing.

My involvement in these three associations provides me a unique insight into the Section 8 Rental Assistance Program. I commend Chairman Ney for his leadership and thank the members of the Subcommittee for your valuable work addressing affordable rental housing in America. I also commend U.S. Department of Housing and

Urban Development (HUD) Secretary Mel Martinez and the Administration for their interest in improving the Section 8 Housing Choice Voucher Program.

I believe it is critical to meet the housing needs of low and moderate income families and believe that improving the Section 8 Program is a central part of meeting those needs. However, I urge Congress, and HUD to enact reforms to the existing Section 8 Program that will encourage apartment owner participation and, in turn, increase housing availability to voucher holders. Although it is well intentioned, I think HANF will not reduce the administrative costs to participating program owners and will not maximize program benefits for residents. Instead, the proposed legislation could create new obstacles to apartment owner participation without alleviating existing burdens. The net result could be fewer available apartments for voucher residents.

I wholeheartedly support the Section 8 Program as a means for private housing owners to provide affordable rental housing to families who need it. I believe more apartment owners would participate if the costs of renting to voucher residents were more comparable to the costs of serving unsubsidized residents. Eliminating transactional barriers will encourage more owners to participate in the Program. More owner participation will result in greater housing choice and increased voucher utilization rates.

What would improve the Section 8 Program?

1. Insure that the program is adequately funded.
2. Insure that rental property owners are paid on time.
3. Set Fair Market Rents so that are truly fair.
4. Eliminate inspections and replace them with a process that is helpful to the resident and the owner.

#### Funding

I urge continued funding for the existing program structure administered by HUD. Historically, many criticized the Section 8 appropriations structure because too much funding remained unused each year. Effective this year, Congress enacted changes to minimize recaptures and, moreover, national utilization rates have risen to nearly 96 percent. I believe that the existing successful appropriations structure should be supported and I have considerable concerns about the proposed state-level funding structure in HANF.

#### Timely Payment

PHAs are required to make prompt subsidy payments to apartment owners. However, subsidy payments are sometimes untimely either because of antiquated systems or processing delays. Just as owners would not regularly accept late rental payments from conventional residents, they should not be

asked to accept late subsidy payments. I urge Congress and HUD to continue their efforts to provide timely payments to owners by ensuring that PHAs have the ability to make automated electronic fund transfers to owners. Some PHAs already use automated fund transfer systems but it would be helpful if HUD would provide technical assistance, funding, and other support to ensure that all PHAs have the capacity to utilize automated payment systems. HUD also should establish incentives to facilitate timely payments to owners.

### Fair Market Rents

Next, I urge HUD to enact a more efficient process for PHAs to apply for higher FMRs that are more reflective of sub-market rents. I also propose program changes that will allow PHAs to raise the payment standard to 120 percent of FMR without HUD approval and afford PHAs increased flexibility to request higher payment standards when necessary. FMRs must be set high enough to encourage owner participation and, in turn, create a sufficient supply of apartments and choices for voucher holders.

I thank HUD for raising the current FMR level to the 50<sup>th</sup> percentile in 39 high-cost areas, but that level is insufficient in areas with outdated FMRs and in certain high-cost submarkets. In many areas in my home state of Ohio, FMRs have not be updated in years and are well below market rents in both high-cost and moderately-priced areas.

## Inspections

Finally, I propose eliminating what many owners see as the greatest barrier to program participation, inspections. I propose implementing a policy that will provide for adequate resident protection and encourage greater participation by rental property owners.

The current inspection requirement is a losing proposition for all involved. The owner does not like the inspection because it delays resident move in. The PHA struggles to keep up with the demand for inspections and realizes that the inspection requirement discourages many rental owners from participating in the program. The resident has to wait to move in and has fewer housing options because of the inspection process. Rental housing is a competitive business and housing quality is market driven. Local housing codes and the State Landlord Tenant Law provides adequate protection for residents.

I urge that the inspection requirement be eliminated and the funds currently used for inspection be used to establish resident-owner liaisons. These liaisons would be PHA staff that work with both the resident and the owner to insure both parties are benefiting from the Section 8 Rental Assistance Program.

If a housing quality issue exists, the liaison could intervene on behalf of the resident; if appropriate a housing quality inspection could be performed. If payment or resident relationship issues exist, the liaison would work with the owner to resolve these problems. This process would focus on establishing a long term relationship with the owners and residents rather than focusing on an inspection once a year.

In summary, I believe that the existing Section 8 Program, with the improvements I have just noted, will make affordable housing available to more Americans.

Thank you.

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