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Testimony of Kristina Cook, CAE
House Financial Services Subcommittee on Housing and Community Opportunity
Legislative Proposals to Reform the Housing Choice Voucher Program
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Thank you, Chairwoman Biggert and Ranking Member Gutierrez for permitting me to submit this statement on behalf of the National Affordable Housing Management Association (NAHMA). NAHMA is a trade association which represents multifamily property managers and owners whose mission is to provide quality affordable rental housing. NAHMA is also the voice in Washington for 20 regional affordable housing management associations nationwide.

NAHMA strongly supports the Section 8 Housing Choice Voucher Program. This versatile program is helping to stabilize the lives of millions of families by providing them access to affordable housing of their choice. Overall, it has been a highly successful public-private partnership. NAHMA looks forward to working with this Subcommittee to make further improvements to the Section 8 Housing Choice Voucher program, as well as the project-based Section 8 programs administered by the Department of Housing and Urban Development's Office of Housing.

NAHMA supports the Section Eight Savings Act (SESA). We believe this proposed legislation represents a positive step toward simplifying the administration of rental assistance. We support a number of the proposed reforms which will make such programs more user-friendly for rental housing providers, current residents and applicants for assistance.

My testimony will focus on the positive results that can be achieved by creating greater efficiencies in the housing choice voucher inspection process and authorizing a limited English proficiency technical assistance program at the Department of Housing and Urban Development (HUD). I would also like to discuss NAHMA's views on certain administrative reforms proposed in this bill.

Inspections

The streamlined inspection process proposed in SESA would remove a major obstacle for voucher holders in tight rental markets. 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). The resulting delays in lease-ups cause apartments to remain vacant. The financial implications of such delays are enough to deter many owners from participating in the program, especially in low-vacancy markets.

SESA proposes common-sense reforms to the inspection requirements that will help expedite the lease-up process for voucher holders. NAHMA strongly supports provisions in SESA which will:

- Permit housing agencies to approve lease-ups in properties which passed inspections under a program with standards as least as stringent as the HQS, such as the HOME or the Low Income Housing Tax Credit (LIHTC) program;
 - Streamlining this process will provide the residents with much needed housing sooner, and the owners are not losing income due to delayed move-ins;
 - Moreover, this reform will help the voucher program work better with other federal rental assistance programs;
- Allow minor repairs to be made after the tenant moves into the apartment; and
- Give public housing agencies (PHAs) the discretion to inspect units occupied by voucher holders every other year, rather than annually, for the term of the HAP contract.

Limited English Proficiency

NAHMA strongly supports Section 13 of the SESA draft, which authorizes a process allowing 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. Originally, 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.

Section 13 of SESA is LEP authorization language which was crafted by representatives of affordable housing providers, civil rights advocates and HUD staff. In the summer of 2007, a coalition of multifamily housing representatives and civil rights advocates proposed LEP authorization language which addressed the cost and vagueness concerns raised by housing providers, and which would provide greater assistance to residents and applicants with limited English proficiency to ensure they would have meaningful access to HUD programs. In late 2010, HUD staff requested a number of changes to the proposal. The resulting language (in Section 13) preserved most of the essential components of the original agreement. NAHMA is especially 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;
- Create a HUD-administered 1-800 hotline to assist with oral interpretation needs; and
- Authorize appropriations.

Since the LEP authorization language was first proposed, HUD has received modest appropriations to provide LEP technical assistance to recipients of federal funds. Congress appropriated \$380,000 in Fiscal Year 2008 and another \$500,000 in each of Fiscal Years 2009 through 2011 for HUD to provide LEP technical assistance and document translations. The Department has used this funding to create a considerable number of translated forms, notices and fact sheets used to support its programs. The translations are available on the Fair Housing and Equal Opportunity website, http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/lep.

We commend HUD's progress in making translated documents available, but we strongly believe the authorization language is still necessary. First, it reaffirms Congress' commitment to provide consistency in the level of service for individuals with LEP. The result of eliminating funding for LEP services would be to leave properties to their own resources in providing language assistance, which would lead to an inconsistent level of service and inconsistent quality of translations for individuals with LEP. Secondly, through the Task Force created in the bill, the language establishes an ongoing, collaborative process for stakeholders and civil rights advocates to identify documents to be translated. These documents would include official HUD forms, unofficial property-level documents or other vital documents. Ongoing review of documents by the Task Force will be essential to ensuring that previous translations are updated as necessary (especially when there are changes to the English-language versions), and new documents are translated as needed. Once documents are identified by the Task Force, HUD would have a six-month deadline for providing translated documents. We believe this deadline is important to ensure that property owners and other recipients of HUD funds have

timely access to the translations necessary to serve individuals with limited English proficiency. Finally, SESA provides an essential safe-harbor for oral interpretation services. Although HUD's LEP guidance provided a safe-harbor to help determine when written translations were necessary, no such guidance was provided for oral interpretation. This bill authorizes a HUD-administered interpretation service hotline to supplement resources available in the community. SESA authorizes \$5 million for the telephone service, but if the cost exceeds \$5 million, HUD is permitted to charge a reasonable fee to property owners and other funding recipients.

Other Important Provisions

Rent Reform and Income Reviews

Section 3 of the bill simplifies the requirements used to calculate rents and to determine income eligibility for rental assistance. NAHMA is especially supportive of provisions which would replace the annual income certification requirement for families on fixed incomes. Instead, the public housing authority or property owner would review their incomes at least once every three years. NAHMA believes this change will greatly assist elderly and disabled households whose income and sources of income do not vary much from year-to-year.

Enhanced Vouchers

On several occasions, NAHMA has called on Congress to provide enhanced vouchers to tenants whose rents would be unaffordable after the HUD mortgage matures and the affordability requirements (which are linked to the mortgage) expire. The draft bill creates a new eligibility event for enhanced vouchers when HUD-insured mortgages mature. However, this provision is limited to properties with maturing mortgages which would have qualified for enhanced vouchers if the owner had prepaid the mortgage before the maturity date. Although it is limited in scope, NAHMA believes Section 8 of SESA represents an important first step in protecting tenants who live in buildings with maturing mortgages.

Project-based Vouchers

Project-based vouchers are an important tool in expanding the supply of affordable housing, particularly when used with the tax credit program. These vouchers allow owners to build affordability into their properties.

NAHMA supports changes in Section 9 which extend the maximum allowable housing assistance payment (HAP) contract term between the Public Housing Agency and owner from 15 to 20 years. In our members'

experience, lenders prefer 20-year rental assistance contracts to short-term contracts. The long-term HAP contracts help developers to secure more favorable underwriting terms.

Mark-to-Market Reauthorization

NAHMA is pleased that Section 14 of SESA extends HUD's authority to restructure mortgages under the Mark-to-Market program. The Multifamily Assisted Housing Reform and Affordability Act (MAHRA) of 1997 requires HUD to hold project-based Section 8 rents to market levels. This part of the statute is permanent. However, MAHRA also gave HUD authority to restructure the debt on FHA-insured properties with expiring Section 8 contracts in order to recapitalize the property and allow it to operate successfully with lower rents. Unless Congress extends HUD's restructuring authority under MAHRA, it will expire on October 1, 2011. SESA extends HUD's authority to restructure the mortgages to October 1, 2015. This extension preserves an incentive for properties to continue participating in the project-based Section 8 program under market-based rents.

Fair Market Rent

HUD's FY 2012 budget sought to eliminate the statutory requirement for the Department to publish Fair Market Rents (FMRs) on October 1. NAHMA is pleased that Section 13 of SESA preserves this mandate. We also urge the authorizers to ensure that interested stakeholders and members of the public continue to enjoy a meaningful opportunity to comment on FMRs before they take effect.

Timely, predictable publication of the FMRs is essential because FMRs are necessary to calculate the income limits used to determine rents in Low Income Housing Tax Credit properties. Furthermore, HUD has proposed a number of substantial regulatory changes to the methodology for calculating FMRs. These changes will affect the Section 8 voucher program and other rental assistance programs. In this context, NAHMA believes it is inappropriate to implement a major statutory FMR changes that have unknown ramifications across housing programs until HUD stabilizes the regulatory changes it is implementing to this important indicator.

Conclusion

Thank you again for allowing NAHMA to comment on the draft SESA legislation. NAHMA supports this bill, and we look forward to working with you to advance the important reforms SESA proposes.