

**Testimony of Tony Bazzie  
Executive Director  
Raleigh County Housing Authority  
Beckley, West Virginia**

On Behalf of the National Association of Housing and  
Redevelopment Officials (NAHRO)

June 23, 2011

Chairwoman Biggert, Ranking Member Gutierrez, members of the Subcommittee on Insurance, Housing and Community Opportunity, my name is Tony Bazzie. I am the Executive Director of the Raleigh County Housing Authority in Beckley, West Virginia. My agency assists nearly 1,300 families in a six-county area in southern and central West Virginia. For many years I have served in leadership positions with the West Virginia Association of Housing Agencies, a group of 34 public housing authorities that assist approximately 15,000 families in our state through the Housing Choice Voucher (HCV) program. I am here today proudly representing the National Association of Housing and Redevelopment Authorities (NAHRO), one of the nation's oldest and largest housing advocacy organizations. NAHRO currently represents over 22,000 individual members and over 3,200 housing and redevelopment authorities across the country. It has been a leader in the fight for cost effective legislative reform of the Section 8 voucher program over the past eight years and we are honored to be called upon again to express our views. Speaking for myself, I am particularly pleased to be able to have the opportunity to address the Subcommittee today on the critically important matter of reforming the Section 8 Voucher Program. I was similarly honored to be asked by Representative Capito, a distinguished member of this Committee, to speak on this same subject in June of 2009.

As was the case back in 2009, the need to advance a responsible Section 8 Voucher reform bill is critical. Housing authorities in my state and around the nation are hopeful that this Congress will finally advance reforms and program changes that will ensure the continued viability of the voucher program in their communities.

### **RESPONSIBLE PROGRAM ADMINISTRATION DURING A PERIOD OF FISCAL RESTRAINT**

To begin, I think it is safe to say that this hearing is being held at a time when economic and political considerations affecting the fiscal health of the nation are in more dramatic focus than they were a mere two years ago. Speaking not only for housing authorities in West Virginia but on behalf of my colleagues across the country, I think the need to support responsible reform of the Section 8 voucher program is even more important today than it was in 2009. In my own case, the work of my authority and our own efforts to support those in need of decent, safe, sanitary and affordable housing in Raleigh County have been greatly impacted by spending reductions, which have drastically reduced available funding for the administration of the voucher program. Though the 2011 CR increased Housing Assistance Payment (HAP) dollars, sadly this increase is not as meaningful when you cut administrative fee funding by 8.38%. This reduction in administrative fees resulted in HUD's own estimated calendar year 2011 funding pro-ration of 83% of what is needed by housing authorities to responsibly and cost-effectively administer the voucher program in West Virginia and across the country. The net effect of this reduction has forced me to lay off three of my staff members, which significantly undermines my ability to fulfill the mission of this program to serve low- and very-low-income families in Raleigh County. Simply put, fewer staff means fewer people can be served.

Taking into account an 83% pro-ration in administrative fees and the resultant PHA staff layoffs, NAHRO estimates that approximately 87,352 fewer families will be served by the voucher program nationwide. This is approximately 4% of the over 2.1 million families currently under

lease. Now that may not sound like much, but when you factor in the number of families on waiting lists for voucher and public housing assistance, you can appreciate that a reduction of this magnitude is significant. This would be the largest drop in voucher-assisted families in the shortest period of time in the history of the program. If the combined impact of the Federal Fiscal Year HAP renewal funding formula and directly appropriated HAP dollars is insufficient to renew all families under lease in CY 2010,, then NAHRO estimates that the national voucher lease-up rates could fall to as low as 89 percent over a twelve month period of time (through June 30, 2012). If this occurs, our progress as a nation would be set back to the year 2000, when national voucher lease-up rates were at 89 percent. The percentage gap between ongoing administrative fee pro-rations (83%) and the national lease-up rates that could theoretically be supported (93-95%) is the also widest in the history of the voucher program. Whether in the end, it turns out that exactly 87,352 fewer families would be served over the next 12 months or less, it is certainly clear to us that the current administrative fee funding policy is unsustainable.

With the permission of the Chair, I would ask that the results of NAHRO's administrative fee survey, as well as a one-page chart showing the historic relationship between administrative fee pro-rations at pre-QHWRA fee rates and national voucher lease-up rates, be entered into the record of this hearing. NAHRO is in the process of updating this survey and will provide the results to Congress, HUD and its other program stakeholders.

As I understand it, credible sources are already saying that we may in fact be looking at even greater spending reductions with respect to administrative fees, due to a more limited 302(b) allocation provided to the THUD Subcommittee. Further reductions will put my housing authority in the untenable position of not only serving even fewer low-income households in Raleigh County, but will also put me and my remaining staff under enormous pressure to do more with even less -- which we have done over the last seven years at an average of 90 percent pro-ration -- within the guidelines and framework of the current voucher program. Moving a responsible voucher reform package forward in this Congress is imperative. We have worked in vain to pass a SEVRA bill for nearly seven years. The time for talk is over; the time to act is now! Without immediate action, housing authorities across the country will soon be unable to continue to administer this program.

Today's hearing is a necessary step forward in the effort to bring about desperately-needed changes that will make the voucher program more inviting to landlords, better able to ease current administrative burdens on housing authority staff, and better able to assist low-income families in need of affordable housing. The attempt you have made in a number of provisions within the discussion draft to enable local discretion will, if adopted, provide much-needed flexibility for housing authorities that serve low-income families in varied geographic and economic conditions.

Specifically, there are proposed changes you have put forward that make the voucher program and the delivery of other rental housing assistance more effective and more efficient -- including, for instance, language to improve the FSS program. But conspicuously absent from the discussion draft is language, contained in previous iterations of SEVRA, that would create a consistent subsidy structure. These provisions were developed to bring stability to a program that has been extremely difficult to manage due to the uncertainty of annual appropriations for

housing assistance payments and administrative fees. Left uncorrected in the discussion draft, that omission alone will certainly qualify any future support that NAHRO can provide for this version of SEVRA. Before I highlight the results of our analysis of the discussion draft in greater detail, I would like to underscore some common-sense changes (many of which I raised in 2009) that can positively affect the day-to-day operations of the voucher program in an authority like mine. These changes are cost-effective, and will reduce administrative burdens.

## **REFORM PROVISIONS CENTRAL TO ANY BILL TO BE ADOPTED**

### **Housing Quality Standards Inspections**

Presently, housing authority staff advises voucher holders not to move into a rental unit until it passes an initial inspection by a housing authority inspector. Failure to do so may render the family responsible for paying the rent as an unassisted tenant until the unit meets all Housing Quality Standards (HQS). Both NAHRO and my PHA colleagues support legislative changes that would give agencies discretionary authority to begin HUD-funded rental assistance from the date of the initial inspection if there are only minor HQS violations and the rent is deemed to be reasonable. We believe that adequate safeguards are in place to ensure that payments are withheld and assistance is abated 30 days from the date of the initial new unit inspection if the deficiencies are not corrected. We believe that changes such as these would allow families to receive rental assistance and safe and adequate shelter much sooner. We also believe that removing this obstacle (i.e., delaying a housing authority's ability to commence an assisted lease and HAP contract and make rent payments retroactively upon completion and verification of due to minor inspection violations -- not emergency health and safety violations requiring immediate repair) would provide an incentive for more property owners to participate in the program.

Likewise, while it may not be the right solution for all areas, NAHRO continues to support language in the final bill you adopt that would allow PHAs to complete inspections for all of its 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. In West Virginia, for example, a number of housing authorities administer the voucher program in multiple counties. The average agency in West Virginia serves three counties with an area of 1,200 square miles. My agency administers the HCV Program in six counties with more than 3,350 square miles to cover -- a geographic area larger than the states of Rhode Island and Delaware combined. The annual inspection process is a major program expense when considering staff salaries, gas, vehicle maintenance and postage for mailing notifications and inspection results.

It should also be noted that a large part of the housing stock in my jurisdiction, and throughout the state of West Virginia, is between 50 and 70 years old, and will very likely be reviewed on an annual basis. I would also note that, in many rural areas such as those served by my agency, houses and manufactured homes are not subject to municipal building codes -- HQS is the only standard enforced. Therefore, local discretion to inspect units on a biennial basis is a critically important cost-savings measure that should be included in any final bill you adopt -- especially if it is also understood by residents, advocates and others that many agencies will very likely

continue to inspect many, if not most of their units annually (subject again to the availability of funding).

Additionally, in areas of the country where low-income tax credit or other multi-family properties are inspected by other government agencies, housing authorities should be able to reduce the number of costly inspections they perform annually. With this in mind, NAHRO also supports the inclusion of language that would permit PHAs, at their discretion, to approve a dwelling unit under the program if it passes HQS or state/local code inspections that have requirements meeting or exceeding HQS as determined by other governmental entities.

### **Income and Rent Determinations**

Rent reform and simplified reporting provisions represent a second major area that should be adopted in a voucher reform bill. The complexity of the rent and income calculations presently existing under statute and regulation is 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, and more particularly “rent reform,” are inherently controversial, and we applaud the general effort the Subcommittee has made over the years and in the SESA discussion draft to simplify the rent and income calculation process.

In our opinion, any changes in income and rent provisions in the voucher, public housing and project-based rental assistance programs should encourage employment on the part of assisted households, reduce burdensome reporting requirements placed on families, relieve housing authority staff of many verification and processing tasks, and reduce the amount of improper payments.

Language that authorizes recertifications for fixed-income households every three years, with the application of an annual adjustment factor to their income, would also provide relief to those participants who struggle to attend meetings due to a physical limitation or lack of reliable transportation.

We also support other simplification provisions such as eliminating the requirement to verify and maintain records of excluded income as well as the requirement to use a household’s prior years income and support permitting the use of income determinations made by other government agencies.

In addition to reducing the reporting and processing responsibility on low-income households and PHA staff, rent reform changes have the potential of promoting employment among assisted families without the immediate burden of having to pay higher rent. Modest reduction of the interim reporting requirement for decreases and increases in households’ earned income, along with the exclusion of the first 10 percent of earned income up to \$9,000, should provide greater incentive for some working households. Oftentimes, 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.

Households with children should also get the benefit of an increase in the dependent allowance. We are pleased that there has been general support over the years to adjust the threshold for unreimbursed child care expenses from 10% of gross income to 5% of gross income. This still represents an increase over the current 3% threshold of gross income.

NAHRO also supports language in any final bill that would enable PHAs to implement alternative tenant rent structures in the public housing program, including flat rents based on the rental value of the unit, income-tiered rents, rents based on a percentage of the household's income and the use of existing rent structure. We believe that alternative approaches to income and rent determinations, when carefully reviewed and analyzed for their likely effects, offer important lessons for possible further improvements for all assisted agencies and owners and provide opportunities for outcome-based research for a menu of locally-based options in the future.

With regard to rent and income calculations contained in the discussion draft that are not part of proposed rent demonstration described above, NAHRO members, are concerned about the potential impact that aggregate changes will have on families. Before voucher reform legislation is enacted, it would be helpful to ask HUD to break down its analysis of Section 3 of SESA by household type within each program and at each PHA. We suggest that the language be included in any bill you adopt to authorize the Secretary (or in the alternative, the GAO) to study the impact of these changes on families and report to Congress.

NAHRO members are particularly concerned about two areas of potential hardship related to elderly and disabled families and families with dependent children. In any legislation you adopt, we suggest that you include a provision that authorizes the Secretary, by regulation and for a period not exceeding three years following the date of enactment, to limit increases in rent for elderly or disabled families and for families with dependent children whose rent has increased due to changes in the allowable exclusions for medical expenses or child care expenses.

Finally, we appreciate that the discussion draft demonstrates an understanding that the rent and income provisions contained within it may have an unintended and negative impact on PHAs' rent revenue in the Public Housing Program. For example, the New York City Housing Authority has estimated that its public housing rent revenue from residents would decrease substantially as a result of legislative changes affecting rent and income. Thus, we urge you to include, in any bill you adopt, a provision that would authorize compensation to PHAs through increased Operating Funds.

### **Funding Policy**

As I mentioned earlier, the uncertainty of the renewal funding process in recent years has made the management and operation of the voucher program a difficult challenge. The goal of any housing authority is to maximize its leasing up to its baseline total of authorized vouchers in order to assist as many families as possible. Unfortunately, with constant formula changes over the years and delays in the annual budget process, many agencies have been hesitant to issue vouchers to either keep from over committing their dollars or from leasing beyond their baseline until they know their annual appropriation.

The provision found in the December 1, 2010 version of SEVRA that bases funding on the actual leasing and voucher costs for the prior calendar year and the five-year authorization for renewing leased vouchers provides much-needed stability to properly manage the program. Authorization to retain 6% of annual budget authority in Net Restricted Assets (NRA) is also an important provision any final legislation you adopt.

As I stated earlier, reductions in administrative fee funds have already had an impact on the number of families that PHAs can serve on a national basis. NAHRO is very concerned that further reductions in FY 2012 could lead to more perilous consequences across the country if a remedy cannot be agreed to and implemented in a timely fashion. NAHRO has two proposals, either one of which, could help mitigate decreased administrative fee funding. The first would allow the current HAP and administrative fee accounts to be combined into one account, providing local authorities with the discretion to utilize those dollars with proper safeguards built in. A second approach would allow housing authorities to utilize unused NRA to supplement dwindling administrative fee dollars – again, with proper safeguards built in. NAHRO would welcome the opportunity to discuss these recommendations with you in greater detail as you continue to deliberate the content of this legislation.

NAHRO has also prepared a detailed analysis that addresses voucher funding practices over the years, and has included recommendations that will address problems related to an uneven and unstable funding policy. With your permission, I would ask that that this analysis be made part of the record.

### **Utility Allowances**

One area that I touched on in my 2009 testimony relates to utility allowances. Currently, each housing authority must devise a utility schedule for their jurisdiction. The data is often imprecise and continually changing. For an agency with a large geographic area, such as the agency I head, the task is arduous, time-consuming and costly. Consider, too, all the small public service districts -- West Virginia alone has more than 100 different utility companies that must be contacted for rates and consumption. I would like to thank Representative Capito for introducing and amendment to address this concern, which was passed by the House Financial Services Committee in the previous Congress. The Capito amendment required HUD to share utility costs with housing authorities and allow them, if they so desire, to utilize these estimated utility costs as standard allowances. I sincerely hope that this language is included in any bill that you ultimately adopt.

In this regard, NAHRO submitted comments about utility allowances as part of the notice and comment period concerning the FY 2011 FMRs. In their response, HUD stated that it could not implement Representative Capito's important amendment. HUD's final FY 2011 FMR notice stated:

“NAHRO requests that HUD publish the utility component of FMRs. HUD cannot do this because, as discussed in the methodology and emphasized here, HUD establishes FMRs based on gross rent data from the census. HUD does not collect utility data to

update the FMRs. The base FMR and the ACS updates are generated using data collected on a gross rent basis. Only the CPI update is split between rent and utilities and this split, as discussed in the methodology, uses the percentage of those who pay for heat (again not utility data) to determine the percentage of utilities in the gross rent to apply the CPI utility index. HUD does not collect utility data and therefore cannot provide it.”

If HUD were required to publish utility information each year by state and region from other governmental sources, PHAs would know whether or not utility rates in their respective areas increased by 10 percent or more in order to determine whether or not conducting extensive calculations of utility rates and consumption were warranted. We certainly hope the Subcommittee will address this apparent inconsistency with congressional intent in the final bill you adopt.

We would also note that PHAs should be able to use the utility allowance of a household's authorized voucher size if the bedroom size of their leased unit is greater than their authorized voucher size.

Finally, PHAs should, in our opinion, be allowed to use the lower of their utility companies' "lifeline" rates or the standard commercial rate averages where applicable and be able to average annual utility allowances by bedroom size in lieu of utility allowances by structure type. Alternatively, PHAs should be able to survey their area utility charges and consumption rates, document them, and propose average utility allowances by bedroom size, subject to HUD approval. This would significantly reduce the complexity and calculation errors by PHAs for utility allowances, and greatly simplify the leasing process for voucher holders and property owners to help create less programmatic barriers to low-income assisted households accessing the housing market relative to unassisted households.

### **LEGISLATIVE VEHICLES THAT MOVE RESPONSIBLE REFORM FORWARD**

As I mentioned earlier in my statement, the time for action is now. Last December, the 111<sup>th</sup> Congress had an opportunity to advance a bill that NAHRO felt made good sense, practically and politically. It was a scaled-down version of SEVRA, to be sure, but it was, never the less, a meaningful and practical bill. On December 9, NAHRO formally endorsed the December 1, 2010 compromise version of SEVRA. A copy of NAHRO's endorsement letter is attached to my written statement. That bill did not contain everything we had hoped for, but it did contain much that we could support, including the following:

- ***Income Targeting*** – The December 1, 2010 version of SEVRA improved income targeting for all extremely low-income applicant households, with particular benefits for families in rural communities and large-size families in metropolitan communities, by using the higher of the Federal Poverty level or extremely-low income thresholds. It provided better access to the Section 8 HCV program, public housing program, and project-based Section 8 multi-family housing assistance programs.
- ***Housing Quality Standards and Inspection Process*** – The December 1, 2010 version of SEVRA also included a number of inspection-related provisions, including ones that



would: allow PHAs the discretionary authority to conduct HQS inspections of all of their voucher-assisted units every two-years rather than annually; permit PHAs to perform inspections on a geographical basis; allow inspections conducted by other entities to be used in place of a PHA conducted HQS inspection; and 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 commence a lease, execute a HAP contract and verify within 30 days that the unit passes HQS.

- ***Administrative Simplicity for Income and Rent Reviews*** - Administrative simplification provisions in the December 1, 2010 version of SEVRA also track with the reforms noted in my testimony today and my testimony in 2009. That version of SEVRA would have relieved PHAs of the responsibility to maintain records of miscellaneous HUD-required income exclusions, and would have allowed PHAs to use applicable inflation adjustments for fixed-income families. Additionally, language in that bill permitted PHA safe harbor reliance on other governmental income determinations (e.g., Medicaid, TANF), and allowed PHAs to make other appropriate adjustments when using prior year's calculations of other types of income. These would be welcome additions to the HCV program. NAHRO also supported provisions regarding PHAs' use of households' prior-year earned income and alternative rent structures that would be allowed under the Voucher, Public Housing and Project-Based Section 8 programs.
- ***Expansion of Family Self-Sufficiency Program*** – The December 1, 2010 version of SEVRA converted the Family Self-Sufficiency (FSS) program from an annual competitive grant to an administrative fee to pay for the cost of an FSS coordinator as part of the standard administrative fee provided to PHAs. Additionally, language in the bill would have established standards for the number of FSS coordinators that an agency may fund and restored coordinator funding for agencies with effective FSS programs that lost funding in prior years for reasons unrelated to performance.
- ***Payment Standards, Fair Market Rents & Utility Allowances*** – The December 1, 2010 version of SEVRA also required HUD to approve PHA requests to raise the payment standard to up to 120 percent of the Fair Market Rent (FMR) for PHAs with high rent burdens or high concentrations of poverty. To provide reasonable accommodations for persons with disabilities, the proposed bill also permitted PHAs to, without HUD approval, increase payment standards up to 120 percent of the FMR. Also, HUD was authorized to approve payment standard requests in excess of 120 percent of FMR. The 2010 bill also improved the timing of HUD publishing FMR values. Finally, this version of SEVRA required HUD to publish data regarding utility consumption and costs in local areas as is useful for the establishment of allowances for tenant-based utilities for voucher families.
- ***Access to HUD Programs for Persons with Limited English Proficiency*** – The 2010 bill language also included a requirement that HUD develop and make available translations of vital documents developed by a HUD-convened task force, establish a toll-free number

and document clearing house, and complete a study of best practices for improving language services for individuals with Limited English Proficiency (LEP).

- ***Project-Based Voucher Assistance Program*** – The December 1, 2010 version of SEVRA would have amended the percentage of units that can have project-based assistance in an agency's voucher portfolio; provide protections against displacement for families who reside in a dwelling unit proposed to be assisted under the PBV program; and the use of site-based waiting lists under the PBV program – all of which NAHRO supported.

As this Subcommittee seeks to advance a bill that not only makes sense substantively but politically, we urge you to adopt a bill that hews closely to the December 1, 2010 version of SEVRA. We see no reason, given the measure of support that package had at the time, to radically alter it, although we are very happy that you made significant improvement to the HQS section and retained important language regarding the establishment of administrative fee rates by Congress in SESA. Certainly there is more that we could do to improve upon that package, but following seven long years of fits and starts, there is no reason to undermine a product that had many if not most of the bi-partisan decision-makers and program stakeholders on board.

#### ***The Subcommittee's June 16 Discussion Draft***

With those comments in mind, we understand the reasoning and applaud you for developing a discussion draft which keeps in place, with one notable exception, much of what we found positive in the December 1, 2010 version of SEVRA. Please allow me to make a few final and more specific comments with regard to the discussion draft you have just released.

First and foremost, NAHRO has deep concerns about Section 6 of the bill - "Use of Vouchers"- which is one of the few sections in SESA that almost entirely eliminated language found in the December 1, 2010 version of SEVRA. As I mentioned earlier, NAHRO wishes to submit for the record a more detailed analysis about the importance of including sound funding policies to help promote program success, and why we believe the voucher funding section contained in the December 1, 2010 SEVRA compromise should be included in any future HCV reform bill. With respect to Housing Assistance Payments and Net Restricted HAP Assets, NAHRO believes that regulatory and administrative reforms are desperately needed because the backbone upon which the voucher program relies to achieve its historic success – a sound funding policy – has been thrown off kilter over the years and is in need of improvement. PHAs around the country have witnessed a widening gap between budget utilization rates and their voucher lease-up rates (percentage of authorized vouchers leased). As a result, many PHAs are now serving fewer families than their authorized number of vouchers. We would submit that prudent, strategic and purposeful application of sound funding policies based on lessons learned, and the restoration of the renewal HAP funding policy that was in place in FY 2003 should be included in the final bill you adopt. Please know that funding policies recommended by NAHRO do not increase the amount of required funding, but rather distribute limited Federal resources on a sound and rational basis subject to pro-rations. This would provide a greater measure of transparency and accountability to voucher programs.

Beyond the funding issues noted above, highlighted below in are additional comments regarding the June 16, 2011 discussion draft that we hope you will take into account:

- **Financial Self Sufficiency (FSS):** NAHRO supports the inclusion of language concerning the FSS program in SESA and is pleased to support the provision championed by Chairwoman Biggert over several years. We would, however, note that HUD is also in the process of advancing FSS reform legislation that also appears to achieve many of the objectives NAHRO could support. We hope that the Subcommittee and HUD can agree on a consensus product which we feel confident we could support based upon our most recent review of both proposals.

In all circumstances, several experiences over the last several years have shown us that unless Congressional appropriators increase funding for an expanded FSS program, existing agencies with successful FSS programs will lose much needed funding. NAHRO recommends coordination between this Subcommittee and the THUD Appropriations Subcommittee as this legislation moves forward to ensure that there are not unintended consequences of existing agencies inadvertently losing their existing FSS funding.

- **Restoration of “Maximized Leasing” and an Explicit Policy on Net Restricted Assets:** The discussion draft states that “[r]eserves may be used for overleasing in any year, regardless of whether such use is eligible for renewal funding in a subsequent calendar year.” (page 40, lines 21-24). Although the language in your June 16 discussion draft does not state whether the use of reserves would be eligible for HAP renewal funding, NAHRO is at a minimum pleased these provisions would reinstate “maximized leasing” – a wise and prudent practice that worked effectively prior to FY 2003. Maximized leasing was an option formerly available to PHAs for many years under the HCV program. It has enabled them to serve the maximum number of households possible with the annual amounts provided to them, so long as their annual spending over the subsequent year did not exceed 100 percent of their contracted units over the two-year period.
- **Ongoing Administrative Fees:** NAHRO believes that studying administrative fees in the HCV program is necessary. We believe that a future HUD study, if well-designed and -executed, can illustrate the HCV programs' current condition relative to these goals, and would illustrate examples where the balance is being struck between the methods housing authorities are using to achieve balanced outcomes within their budgets. However, we feel strongly that final determinations regarding administrative fee rates should not be left open to change by the Executive Branch. If allowed by Congress, one Administration could, for example, use the authority to significantly incentivize use of vouchers in metropolitan and suburban areas at the expense of rural communities unmet affordable housing needs; another Administration could use its authority to significantly incentivize widespread use of deep rental housing subsidies at the highest end of agencies' payment standard authority even if it meant serving fewer families overall. Still another Administration could use its authority to significantly incentivize homeownership at the expense of rental housing opportunity.

Administrative fee rates have been established in statute over the history of the HCV program with operational success, without undue influence by any Administration. The Office of Management and Budget (OMB) has consistently given the HCV program the highest rating awarded to any of HUD's programs. Just as we have emphasized how important a sound HAP and NRA funding policy is to the success of voucher programs, we also believe that the funding structure to support the administrative functions necessary to help families succeed and to enforce housing quality standards under the program be established by the Congress. Accordingly, for reasons specified above, NAHRO believes that HUD should submit its administrative fee study findings to Congress and also to interested stakeholders. NAHRO supports SESA's treatment of ongoing administrative fees by deferring to the existing authorized statute regarding pre-QHwRA fee rates and design under Section 8(q) that has worked well.

- **Moving to Work Demonstration:** Finally, as was the case with regard to the December 1, 2010 version of SEVRA, there are no provisions in this discussion draft which would convert the existing Moving-to-Work (MtW) demonstration to a Housing Innovation Program (HIP). NAHRO has long advocated for greater program flexibility and an expanded Moving-to-Work (MtW) program in its current form. Obviously, we want to expand participation in a well-designed MtW program, as has been done in an incremental fashion over the last several years, but our first order of business is to ensure that existing MtW agencies do not have to unravel their valuable programs crafted over several years. If moving and passing long-awaited legislative reforms for non-MtW agencies means doing so without a separate title in SESA, NAHRO would support introduction and passage of a stand-alone and well crafted MtW bill.

### **MEANINGFUL REGULATORY AND ADMINISTRATIVE REFORMS FROM HUD ARE LONG OVERDUE**

To conclude my presentation, I would like to discuss the matter of administrative and regulatory reform which, in our opinion, has been long-overdue at HUD with regard not only to the voucher program but other programs administered by housing authorities.

During NAHRO's 2011 Legislative Conference held in March, senior HUD staff briefly summarized HUD's pending regulatory and administrative reforms and the likely time frames for rulemaking on consortia, portability reform, and Section Eight Management Assessment Program (SEMAP) reform.

On May 3, 2011 NAHRO provided an extensive set of recommendations (Document ID: HUD-2011-0037-0024-1 and HUD-2011-0037-0024-2) regarding regulatory and administrative reforms in the voucher, public housing and community development programs, in response to President Obama's Executive Order 13563 titled, "Reducing Regulatory Burden; Retrospective Review." On May 23, 2011 NAHRO sent a letter to HUD to thank them for including us in its recent "Delivering Together" briefing focusing on the Department's intent to identify and implement short-, medium-, and long-term regulatory and statutory reforms to decrease the regulatory and administrative burden faced by public housing agencies. At that time, NAHRO

submitted a smaller list of 27 regulatory and administrative reforms in voucher programs, and expressed our belief that significant reforms are needed immediately for programs administered by PHAs. I ask that this information also be entered into the hearing record.

We believe that, in addition to the efforts you are making to advance voucher reform legislation, HUD should be prompted to act with deliberate speed to put in place long-overdue reforms that would further enhance and expedite a more cost effective and administratively less burdensome voucher program. We ask the Subcommittee to join with us to ensure execution of these reforms.


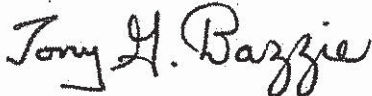
On behalf of my colleagues at NAHRO, thank you again for the opportunity to come before you and express our opinions regarding this vitally important legislation. We look forward to working with you to achieve voucher reform in calendar year 2011.



United States House of Representatives  
Committee on Financial Services

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name:	2. Organization or organizations you are representing:
Tony G. Bazzie	National Association of Housing and Redevelopment Officials
3. Business Address and telephone number:	
	
4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?	5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. If you answered yes to either Item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.	
<p>The Raleigh County Housing Authority, of which I am the executive director, received Housing Choice Voucher funding in the amount of \$4,358,375 in FY 2009; \$4,341,990 in FY 2010; and \$4,966,786 in FY 2011.</p>	
7. Signature:	
	

Please attach a copy of this form to your written testimony.