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of opportunity,  
leadership, and  
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WRITTEN STATEMENT OF  
HENRY F. MARRAFFA JR.  
COUNCILMEMBER  
GAITHERSBURG, MARYLAND

*on behalf of*

THE NATIONAL LEAGUE OF CITIES

*before the*

HOUSING AND COMMUNITY OPPORTUNITY SUBCOMMITTEE  
UNITED STATES HOUSE OF REPRESENTATIVES

*on*

SECTION 8 HOUSING ASSISTANCE PROGRAM

JUNE 17, 2003

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Chairman Ney, Ranking Member Waters, and members of the Subcommittee, I am Henry Marraffa, Council Member from Gaithersburg, Maryland, and a member of the National League of Cities Community and Economic Development Steering Committee. It is my pleasure to be here today to testify on behalf of the National League of Cities and over 18,000 municipalities across the country on the proposed changes to the Section 8 Housing Assistance Program.

Housing vouchers are the nation's principal form of low-income rental housing assistance. Households with vouchers typically pay approximately 30 percent of their income for rent, with the vouchers covering the remainder of the costs for modestly priced units. A major reason for the success of the voucher program is its flexibility. Within subsidy limits, voucher holders may select housing in neighborhoods of their choice with the rent subsidy remaining with the family during any subsequent move. This program feature allows participants to choose housing in desirable neighborhoods where jobs or educational opportunities may be more plentiful, thus providing families a real chance to become self-sufficient.

The Housing Choice Voucher Program is a key part of the federal government's efforts to address an ongoing national housing crisis through the private housing market. While the program provides millions of low-income parents an affordable, decent and safe home for their children, there are still millions of children who do not have a decent and safe place to call home. Our national goals of improving education and public safety cannot be accomplished if basic housing needs remain unmet.

NLC believes a radical change in the nation's largest low-income housing program will substantially damage a program that is effective in providing housing assistance to low-income families, the elderly, and disabled individuals. H. R. 1841, the Housing Assistance for Needy Families legislation poses significant threats to the success of the Section 8 program. In particular, the National League of Cities is concerned with specific provision of the legislation that threaten:

- The overall level of federal funding (the funding structure of the program);
- A reduction in, and constraints on, assistance available to low-income families;
- Local control over the housing program; and
- An increase in administrative burdens.

### **Federal Funding**

Currently, Congress adjusts funding each year based on changes in actual costs to ensure that housing agencies have sufficient funds to cover all vouchers. H.R. 1841 makes no provision for adjusting total block grant funding based on housing costs, general inflation, or any other factor. The formula proposed would only consider housing costs to decide what percentage of the total funding provided for the block grant nationally would go to each state, not the cost of housing at the local level.

## **Limits on Assistance**

If federal funding falls behind the program's needs, states would have to contribute their own funds or scale back their programs by:

- Reducing the number of families that receive housing vouchers;
- Shifting housing assistance to higher-income families;
- Shifting rent burdens to families participating in the program; or
- Limiting opportunities to use vouchers to escape high-poverty areas.

As things stand now, three out of four low-income families eligible for vouchers do not receive housing assistance because of funding limitations. In Montgomery County alone, we have approximately 62,000 residents who cannot afford the market rate of \$1,180 for a two bedroom apartment and our voucher waiting list currently at 4,370. A reduction in the number of vouchers would make the shortage of affordable housing even larger.

NLC is concerned that states could respond to the likely erosion of voucher funding by reducing the number of families that their voucher programs serve.

States could also reduce expenditures if funding fails to keep pace with need by shifting vouchers to families less in need. Because vouchers make up the difference between the rent for a modestly priced apartment and 30 percent of a tenant's income, poorer families receive larger than average subsidies and are therefore more expensive to serve. Shifting vouchers to higher-income families could be attractive to states, as it would reduce costs per voucher, making it possible to spread inadequate funding among more families.

Moreover, to the extent that the block grant's performance standards encourage states to serve as many families as possible, states would feel pressure to shift vouchers to higher-income families.

Under the block grant proposal, states would be able to set the payment standard at any level they deem reasonable. NLC is also concerned that states might deal with funding reductions by shifting the rental burden to low-income families by reducing the voucher "payment standard." There is no obligation or incentive to set payment standards at an adequate level.

H.R. 1841 would limit the voucher holder's "choice." One of the principal advantages of the current housing voucher program is that it allows the participant to move to areas of their choice, including neighborhoods with more job opportunities, lower crime, or better schools. This market-based approach was adopted during the Nixon and Reagan administrations as an alternative to public housing and other programs that tie housing assistance to a particular building and, as a result, concentrate poor people in certain locations. Because rents often vary substantially from one neighborhood to another, lower payment standards would effectively limit the geographic areas where poor families can use their vouchers.

### **Local Control**

Local flexibility is the key to the success of the Section 8 Voucher Program. Public Housing Authorities (PHA's), with the cooperation of local governments, have a long

history of administering the voucher program in a way that supports families, ensures accountability and protects the public interest. PHA's know the local housing market and have long-established relationships with both rental property owners and local social service providers.

For instance, in my city, Gaithersburg, Maryland, the Housing Opportunities Commission of Montgomery County which administers the Section 8 Voucher Program currently provides 4, 292 lease vouchers with a 96% utilization rate. Our problem is that we do not have enough vouchers.

### **Increased Administrative Burden**

Not all states have demonstrated the capability, or the desire, to administer the program. If this were not the case, why is \$110 million included in the budget to build capacity? PHA's have been administering the program since the beginning and they understand their local housing market much better than the far-removed state. We do not need another level of bureaucracy.

Finally, one of the most problematic aspects of the proposal is the states' ability to discriminate against sub-state areas. A state could shift vouchers from community to community, provide more administrative resources to one area to the exclusion of another, or even bar the use of vouchers in certain regions. HUD has stated that a funding formula would be developed after enactment of the bill to address this risk. But the formula would govern allocations of funding among states and would have no effect

on allocations among areas within states. Such discriminatory actions would be detrimental not only to a local community not in good standing with the state, but also would ill serve the overall needs of the low-income people living there.

## **Conclusion**

While the Section 8 Voucher Program has been successful across the country, the National League of Cities recognizes, along with most everyone else who has testified, that the program is not perfect. Perhaps some of the technical aspects of the program, should be revisited by the experts who administer the program, and NLC is committed to assisting Congress and the Administration in such a review. However, we strongly believe that the overall goal should focus on the best way to serve those families in need. Local government and public housing authorities belong and should remain on the front line to play a primary role.

I would like to state for the record that, the National Association of Counties, the National Association of Local Housing Finance Agencies and the National Community Development Association share our strong commitment to local control and endorse the position of the National League of Cities as reflected in our testimony today. I would like to especially thank the Center on Budget and Policy Priorities and the Council of Large Public Housing Authorities for their technical assistance in preparing this testimony.

I appreciate the opportunity to present the views of the National League of Cities and would be happy to answer any questions.