

April 28, 2005

The Honorable Robert W. Ney
Chairman
Subcommittee on Housing & Community Opportunity
Washington, DC 20515



Dear Chairman Ney:

The undersigned groups have reviewed S. 771, the “State and Local Housing Flexibility Act of 2005” which was formulated by the U.S. Department of Housing and Urban Development. We are concerned that HUD’s proposal lacks specificity with regard to the amount and manner of funding for the voucher program. Further, the bill’s treatment of enhanced vouchers raises serious questions about ongoing preservation transactions, not to mention the ability of landlords, lenders and other housing providers that operate in many states and jurisdictions to be able to keep track of potentially 2000 individual programs.

We strongly believe that the current Housing Choice Voucher Program is successful in providing housing opportunities for eligible families. The major barrier to its continued success is the instability created by changing funding formulas enacted in recent years. This instability leaves current voucher holders vulnerable; minimizes the ability of PHAs to utilize the vouchers authorized by Congress; alienates landlords; exacerbates concerns that it is not prudent to lend or invest private capital in affordable housing; reduces housing choice for voucher holders; and inhibits new construction and rehabilitation of additional low income units. We agree that while some flexibility may improve the program, including more effective use of the inspection process, simplifying a uniform standard for the calculation of tenant rents and additional administrative efficiencies, the most urgent concern is to restore stability and predictability to the amount and manner of funding the program. The allocation process, moreover, should ensure that the appropriated funds are used to the fullest extent to meet funding needs. In recent years, appropriated funds for vouchers have been rescinded while program needs have been unmet.

As previously stated, recent and current uncertainty and instability in program funding is a critical problem, seriously undermining the program’s ability to achieve its goals. We recommend that the following principles and policy directions should guide further discussion and decision making on Section 8 voucher funding:

- Congress and all other voucher program stakeholders need to know accurately what it would cost to fully fund the program on an annual basis. Full funding means funding sufficient to assist at current levels all voucher households under lease, and to fund all other commitments (e.g. tenant protection vouchers, project-based vouchers, litigation vouchers).

- All stakeholders need to know how funding appropriated will be distributed from HUD to PHAs, and from PHAs to landlords. That is, the formula must be understandable to all parties and not needlessly complicated. Stakeholders also need to know how the amount and distribution of funding will affect voucher holders (e.g., the effect on the number of households that will be supported). Funds allocated to an area that are not needed should be reallocated to areas of need rather than rescinded.
- A system of reserves, including adequate reserves for PHAs and a HUD central fund, is paramount in order to deal with unforeseeable changes in market conditions, family incomes, appropriations and administration, and to allow leasing of additional authorized vouchers by individual PHAs.

We stand ready to work with you to achieve the objectives outlined in this letter. Please contact Denise B. Muha at NLHA with any questions (202/785-8888 or dmuha@hudnlha.com)

Sincerely,

American Association of Homes and Services for the Aging (AAHSA)
Council for Affordable and Rural Housing (CARH)
Institute for Real Estate Management (IREM)
Institute for Responsible Housing Preservation (IRHP)
National Apartment Association (NAA)
National Affordable Housing Management Association (NAHMA)
National Association of Affordable Housing Lenders (NAAHL)
National Association of Homebuilders (NAHB)
National Housing Conference (NHC)
National Leased Housing Association (NLHA)
National Multi Housing Council (NMHC)