



October 13, 2011

The Honorable Judy Biggert
Chair, House Insurance, Housing & Community Opportunity Subcommittee
2129 Rayburn House Office Building
Washington, DC 20515

Dear Madam Chair:

The National Multi Housing Council (NMHC) and the National Apartment Association (NAA) applaud your leadership for holding a hearing on the Section 8 program and offer our support for many of the concepts contained in the "Section 8 Savings Act of 2011" (SESA) discussion draft. Professional apartment owners, in partnership with housing administrators, have made great strides in helping low-income families find quality affordable rental housing through the Section 8 program – a partnership that helps the community as a whole. NMHC/NAA support the Section 8 program as a means to engage private housing providers in making affordable rental housing available to families who need it.

NMHC and NAA represent the nation's leading apartment firms. Our combined memberships are engaged in all aspects of the industry, including ownership, development, management and finance. NMHC represents the principal officers of the industry's largest and most prominent firms. NAA is the largest national federation of state and local apartment associations, with 170 state and local affiliates comprised of more than 50,000 members. Together we represent approximately six million apartment homes.

NMHC/NAA strongly support the Section 8 housing choice voucher program, which has long served as America's primary rental subsidy program. The program, which provides subsidized rents for low-income families in private rental housing, can be one of the most effective means of addressing the need for affordable housing. It allows families to choose their housing and helps reduce the concentration of poverty.

However, the program has been plagued with inefficiencies and onerous bureaucratic requirements that increase the cost to rent to a Section 8 voucher holder and discourage private owners from accepting Section 8 vouchers. Owners who participate in the program must sign a three-way lease with the resident and the housing authority, and they are subject to (often cumbersome) program restrictions such as repetitive unit inspections, resident eligibility certification and other regulatory paperwork. The inspection provisions alone may hold the unit vacant for weeks taking control of the unit away from the owner and reducing rental income. With multiple units awaiting inspection, this is a material disincentive for participating in the program.

The program has also been plagued with a flawed and volatile funding system, which has undermined private sector confidence in the program. With the 112th Congress focused on austerity measures and deficit reduction, insufficient funding is expected to be worse in the near-term budget cycles. With that in mind, it is imperative that Congress streamline the program to utilize available resources.

Recognizing the regulatory burden the program places on private owners, Congress specifically made participation in the program voluntary. However, at the state and federal levels, efforts have been undertaken to prohibit private owners from refusing to rent to individuals because they hold a Section 8 voucher. While superficially appealing, such mandates are ultimately self-defeating because they greatly diminish private investment in affordable housing and reduce the supply. Increased participation should occur because the program has been reformed, and renting to a Section 8 voucher holder (from the owner's perspective) is comparable to renting to an unsubsidized renter.

If the housing needs of America's low- and moderate-income families are going to be met, it is imperative that we improve the Section 8 program and preserve its voluntary nature.

The "Section 8 Savings Act of 2011" promotes several positive reforms to the Section 8 program, including ensuring that Fair Market Rents continue to be announced by a date certain, as well as allowing for public comment. We are also pleased that the bill addresses the limited English proficiency (LEP) issue. It is critical that if the Department of Housing and Urban Development (HUD) requires the translation of "vital" and other documents, the agency provide the translations and access to oral translations. The LEP provision in the measure ensures that individuals with limited English proficiency have access to accurate documents and that the provision of these documents and services is cost effective. Finally, we are supportive of the extending the Mark to Market program.

Although SESA includes many improvements to the Section 8 program, we do have certain concerns about the bill as currently drafted. First and foremost, the property inspection language in Section 101 would potentially exclude professionally managed buildings in the private sector from fully participating in the program. Property inspection requirements required under current law are already time consuming and expensive. Notably, changes proposed in the June draft of the SESA legislation would have eliminated multiple inspections of units that have already been inspected for FHA financing or participation in the Low-Income Housing Tax Credit and other assisted housing programs. Unfortunately, the current SESA draft would reverse the positive changes made in June by tying the inspection process to the PHA participation in a government program. We strongly recommend that the Subcommittee eliminate this requirement by allowing the streamlined inspection process to occur for every PHA. In addition, it is important to note that previous versions of Section 8 reform legislation were estimated to save the government nearly \$1 billion.

Lawmakers should take action to help the Section 8 program truly meet the affordable housing needs of the nation's citizens. Thank you for your commitment to housing; we look forward to working with you to forge a solution.

Sincerely yours,



Douglas M. Bibby
President
National Multi Housing Council



Douglas S. Culkin, CAE
President
National Apartment Association

cc: Luis V. Gutierrez, Ranking Member
House Financial Services Subcommittee on Insurance, Housing and Community Opportunity