

October 20, 2015

The Honorable Blaine Luetkemeyer
Chairman
Subcommittee on Housing and Insurance
House Financial Services Committee
2440 Rayburn House Office Building
Washington, DC 20515

The Honorable Emanuel Cleaver II
Ranking Member
Subcommittee on Housing and Insurance
House Financial Services Committee
2335 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Luetkemeyer and Ranking Member Cleaver:

The real estate industry is pleased that you are holding a hearing to address reforms of federal housing programs including Section 8 Housing Choice Vouchers (Voucher Program). Our industry believes it is imperative for Congress to pass legislation that will improve the Voucher Program for both residents and owners alike: maximizing the impact of taxpayer dollars and eliminating inefficiencies are a must. To that end, we support the proposals contained in H.R. 3700, the “Housing Opportunity Through Modernization Act of 2015 (the Housing Modernization Act).”

Our organizations represent owners, management companies, lenders, builders and developers, housing agencies and housing cooperatives. We have long-supported the Voucher Program, which provides rental subsidies to approximately two million very low-income households who obtain housing in the private rental market. Intended to broaden the range of housing choices for families seeking affordable housing, the Voucher Program has proven to be effective in helping low-income families find decent, safe and affordable housing. In addition, Section 8 vouchers can be leveraged to build new or rehabilitate existing affordable housing, a necessity in today’s tight rental markets.

However, in spite of its overall success, the Voucher Program suffers under the weight of too many inefficient and duplicative requirements. The myriad overlapping and redundant procedures have made it difficult to administer and have deterred many professional owners and operators from participating. As such, we have worked diligently with Congress for several years now to formulate common sense legislation to streamline the Voucher Program.

The Housing Modernization Act encourages efficiency within the Department of Housing and Urban Development’s (HUD) rental housing programs and facilitates greater private sector participation in affordable housing overall. An important part of this effort for the Voucher Program in particular is the streamlining of federal regulations. Simplifying the rules for program participants will reduce administrative burdens and lower costs, while increasing local flexibility. This, in turn, will incentivize more owners to participate in the delivery of affordable housing.

Several provisions of the Housing Modernization Act are particularly significant:

- **Streamlining the Property Inspection Process.** Steps have already been taken to eliminate duplicative inspections through the budget process. This provision expands those efforts by permitting immediate tenant occupancy if the unit has been inspected within the past 24 months and has no life-threatening conditions. This is important for both residents and owners alike because it reduces the length of time a unit is vacant and allows tenants to move into the unit without delay.
- **Simplifying Rent and Income Calculations.** This provision significantly reduces administrative burdens by allowing for the recertification of rent and income to occur every three years rather than annually for those on fixed incomes. A stand-alone bill with this same language passed the House of Representatives earlier this year.
- **Extending the Contract Term for Project-based Vouchers from 15 to 20 Years.** This section will help facilitate the use of project-based vouchers in Low-Income Housing Tax Credit (LIHTC) properties. The rental subsidies provided by vouchers help LIHTC owners meet the need to serve extremely low-income households. The bill also makes other changes that will advance housing opportunities and ease transactional barriers.
- **Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA).** This provision makes technical changes and important flexibilities to properties that are subject to restrictions under LIHPRHA while ensuring long-term preservation of these affordable multifamily housing properties. This same language passed the House of Representatives with strong bipartisan support earlier this year. These provisions have no budgetary impact on the Federal Government and will facilitate recapitalization of the properties by both for profit and non-profit preservation entities.

We applaud the Committee for holding this hearing. We look forward to continuing to work together as efforts to address this issue move forward.

Sincerely,

Council for Affordable and Rural Housing
Institute of Real Estate Management
LeadingAge
Mortgage Bankers Association
National Affordable Housing Management Association
National Apartment Association
National Association of Home Builders
National Association of Housing Cooperatives
National Leased Housing Association
National Multifamily Housing Council

cc: The Honorable Jeb Hensarling, Chairman, House Financial Services Committee
The Honorable Maxine Waters, Ranking Member, House Financial Services Committee
Members of the House Financial Services Committee