

October 3, 2016

Senator Susan M. Collins
Chair
Committee on Appropriations
Subcommittee on Transportation,
Housing & Urban Development and
Related Agencies
SD-184 Dirksen Senate Office Building
Washington, DC 20510

Senator Jack Reed
Ranking Member
Committee on Appropriations
Subcommittee on Transportation,
Housing & Urban Development and
Related Agencies
SD-184 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Collins and Ranking Member Reed:

The undersigned organizations represent owners, management companies, lenders, builders and developers, housing agencies and housing cooperatives involved in the provision of affordable rental housing. We viewed with great interest your recent hearing titled "Housing Vulnerable Families and Individuals: Is There a Better Way?"

This conversation is important as we grapple with the demand for affordable housing and the scarce supply, but we disagree with the expressed opinions that vouchers are the only answer. This dialogue is not new, in fact it was raised numerous times over the years, but most significantly in 1995 when HUD revealed its "Reinvention Blueprint" which proposed that project-based subsidies (i.e. public housing and Section 8) should be converted to tenant-based housing assistance (housing choice vouchers).

While we strongly agree that tenant-based assistance is a very successful approach to providing rental assistance in many circumstances and have long supported this very important housing program, we disagree that the vouchering of all subsidy programs is a panacea. In fact, eliminating project-based Section 8 subsidies will not only displace many residents, but also will have a negative impact on communities. Moreover, converting project-based assistance to vouchers would not save taxpayers money. The combined payments that project-based Section 8 property owners receive from tenants and HUD are comparable to market rents for neighboring unassisted properties.

HUD's 1995 proposal was soundly rejected for a variety of reasons but mainly because project-based Section 8 subsidies provide long term assets dedicated to housing persons of low income, particularly special need tenants, free from the fluctuations in availability and price to which the general housing market is subject. Congress recognized the importance of property based subsidies in October of 1997 by passing the Multifamily Assisted Housing Reform and Affordability Act of 1998 (MAHRAA) to provide the framework for the renewal of project-based Section 8 contracts. MAHRAA has resulted in the recapitalization and preservation of hundreds of thousands of affordable units located in both urban and rural areas including many neighborhoods that have a mix of all incomes, proximity to transportation and amenities including supportive social services.

In the rare circumstance where a project-based Section 8 property is not viable in its current location, HUD has the authority to transfer the housing assistance payments (HAP) contract to other buildings in quality neighborhoods. In the case of public housing, viable properties are able to leverage operating subsidies under the Rental Assistance Demonstration (RAD) program to accomplish major renovations and long term preservation.

The project-based Section 8 program houses more than 1.2 million families, 47 percent of them elderly and 17 percent include persons with disabilities. Where will the residents go with their vouchers? Tenant-based vouchers do not produce housing. The rental market today is extremely tight; many units will be unaffordable to voucher holders. For many households, particularly current elderly and disabled, residents' access to supportive services will be extremely limited. These services often enable the elderly to "age in place" thus avoiding nursing homes that would be otherwise paid for with Medicaid funds at a significantly higher cost than rental subsidies.

We understand the challenges facing Congress in deciding how to expand the supply of affordable housing with limited resources, particularly in light of the Budget Control Act and the impact of future funding caps. However, our most vulnerable families and communities must continue to be protected. Converting project-based subsidies to tenant vouchers is not the solution.

Please contact Denise B. Muha at NLHA (dmuha@hudnlha.com) or Lisa Blackwell at NMHC (lblackwell@nmhh.org) with any questions or for additional information.

Sincerely,

Council for Affordable and Rural Housing
Housing Advisory Group
Institute for Responsible Housing Preservation
Institute of Real Estate Management
Leading Age
Mortgage Bankers Association
National Affordable Housing Management Association
National Apartment Association
National Association of Affordable Housing Lenders
National Association of Home Builders
National Association of Housing Cooperatives
National Leased Housing Association
National Multifamily Housing Council