

H. R. 1841-Housing Assistance for Needy Families Act

**Testimony of
Kevin Marchman, Executive Director of the National Organization of African
Americans in Housing (NOAAH)
before
The Subcommittee on Housing and Community Opportunity
2128 Rayburn HOB
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Chairman Ney, ranking member Waters, members of the subcommittee, my name is Kevin Marchman, and I am the executive director of the National Organization of African Americans in Housing (NOAAH). I want to thank you for the opportunity to comment on HR 184—The Housing Assistance for Needy Families Act.

NOAAH is a champion and advocate of affordable housing programs, policies and opportunities for people of color, indeed all low-income and special needs citizens. NOAAH's membership is a unique combination of public housing agencies, including executive staff, housing professionals, consultants, contractors, industry trade groups, residents and their organizations.

As a former public housing resident, public housing executive director, housing authority board chairman and HUD assistant secretary, I am especially proud to be part of an organization that has the diversity and the experience to look at issues, programs and legislative initiatives from many perspectives. And although this hearing is specifically about NOAAH's views on HR 1841, I would like members to be aware that NOAAH's advocacy extends beyond the issues highlighted today and includes initiatives and programs targeting environmental and health issues of those living in affordable housing, specifically lead, mold and pests; expanded homeownership for minorities; additional economic development and self-sufficiency programs for the low income; fair housing, especially increased penalties for predatory lending; and the aggressive disposition of the FHA portfolio. And while our members often find themselves on competing sides of the same issues, all are committed to expanding housing opportunities for African Americans and other disenfranchised minorities.

Before I begin my specific comments about the Administration's proposal to block grant to the states the housing voucher program or Section 8, let me say first that the views I express here today are my own and do not necessarily reflect those of any NOAAH member, director or supporter.

It seems premature to me for HUD to propose such a radical restructuring of a program that for the most part works pretty well. The concern with the recapture of Section 8 appropriated funds is not a new one; and it is a legitimate concern. The very recent 2003 appropriation provides for a "real time" funding system that allows agencies to fund only the number of vouchers actually in use. In fact, in most markets, underutilization of vouchers occurs when market rents outstrip HUD's fair market payment standards. When the payment standards are increased, voucher holders can use their vouchers. It seems to me that the real challenge for HUD is to come up with a system that allows for an efficient strategy for reallocating unused vouchers. At a minimum, I believe we need to assess the impact

of the 2003 reforms before we undertake any major restructuring of a program that while not perfect has been honed and tuned over the years to meet the needs of over two million households.

It is true that over the years the Housing Choice Voucher Program has grown in both complexity and cost. There are any number of reasons for this reality including the economy, the growing need for targeted housing assistance and an increasingly diverse client base. Thus HUD, quite rightly, has tried to implement real world rules and guidelines to assist the “real” program administrators who manage the approximately 2,600 programs.

According to a recent report from the National Housing Conference, the bulk of national housing expenditures or roughly \$120 billion annually is in the form of mortgage interest deductions, real estate tax deductions, capital gains exclusions—you get the point. These housing tax expenditures have very little impact on the needs of the very low, low and even moderate income citizens that NOAAH supported programs and services are designed to help. Direct spending on those housing assistance and community development programs, such as HOPE VI, Section 8 and the now defunct drug elimination program is only about \$30 billion annually. In other words, the federal government should be increasing funding for proven programs, making changes as necessary to improve effectiveness—not wholesale restructuring without careful consideration of the consequences.

I am also concerned that the creation of yet another layer of administrative oversight—including officials, additional rules, and reporting guidelines—will not simplify the program but will likely increase costs and the burden of service delivery on already cash-strapped state governments.

And if one goal of H.R. 1841 is to make the program more localized, I question how that can be any better accomplished by the state than by the local housing authority. As a former HUD assistant secretary who oversaw this program just five years ago, and as a former public housing executive director of several housing agencies, both large and small, I speak from *experience* when I say that we can better ensure that our national goals are achieved if the program is administered by HUD. Where necessary the federal government should be flexible, however, to allow for regional, state and local issues.

Lastly, we should be working with the administration to strengthen the current housing assistance program by implementing strategies that both reduce the time and paperwork involved and simultaneously increase responsiveness to local needs and markets. We need data collection and analytical tools that we can be confident provide us with accurate program costs and results. Only then can we gage such things as voucher assistance effectiveness and its impact on increasing homeownership, for example.

As the housing advocate for all people of color, our members are assisting NOAAH staff with identifying, creating and developing programs to increase affordable housing stock in this nation. And by documenting best practices, using technology to improve the quality of life and expanding the availability of affordable housing options for the low and moderate income, and especially our special needs citizens, NOAAH is committed to nonpartisan advocacy for safe, decent and affordable housing policies and programs.

Again, thank you for this opportunity to share my perspective.