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Chief Executive Officer

# Keene Housing Authority

*Providing affordable housing in the Monadnock Region.*

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## SECTION EIGHT VOUCHER REFORM ACT (SEVRA) S2684

Testimony of P. Curtis Hiebert, *CEO, Keene Housing Authority, Keene, NH*

Chairman Dodd, Ranking Member Shelby, and members of the Senate Banking Committee, I am Curt Hiebert, Chief Executive Officer of the Keene, NH Housing Authority, and I appreciate the opportunity to testify concerning this legislation. My testimony is in support of this Bill, and I urge you all to support it as well. The improvements to the Section 8 program are vitally needed, but this is also an opportunity to authorize permanently and modestly expand the vital housing innovation engine that is *Moving to Work* (or HIP).

I am here representing the KHA, but also have the honor of serving as the Senior Vice President of the Public Housing Authority Directors Association (PHADA) which represents over 1900 Housing Authorities across the U.S. Through PHADA I participated in developing industry rent reform proposals and positions, and I have participated in discussions of many provisions in the Housing Innovation Program contained in the House version of SEVRA.



## The Keene Housing Authority

The KHA was established 43 years ago and is governed by a 5 member citizen board whose members are appointed by the city's Mayor. The mission of the Keene Housing Authority is, directly or in collaboration with others, to provide and/or advocate for decent, safe and affordable housing for individuals, families, elderly and disabled persons of low and moderate income within the Monadnock Region; and to provide and/or advocate for any and all services and programs that will assist in improving the social and economic welfare of such individuals and families. To that end, the KHA partners with approximately 50 other local, regional and national public, non-profit and for profit organizations. We own and manage 357 assisted housing units serving a mixture of elders, people with disabilities, and families, and we manage a Housing Choice Voucher (HCV) program serving an additional 409 households. I have estimated that the KHA contributes over \$5 million to the regional economy each year, and the KHA pays local communities approximately \$250,000 in annual property taxes.

The KHA was one of the original 24 Moving to Work Demonstration (MTW) sites, and continues to operate its Public Housing and Housing Choice Voucher programs under the terms of an MTW contract. MTW has made dramatic differences in our community, which I will describe below. It has enabled us to collaborate with our residents and the broader community to develop an initiative that provides housing for some of the neediest families of our region, offering stability to elders, people with disabilities and others on fixed incomes and encouraging other families to move towards self-reliance.



### The Section 8 Voucher Reform Act

SEVRA contains a large number of detailed provisions, many of which are very attractive to housing sponsors, tenants and participants. There are also a couple of items that are missing that I would like to encourage be included.

Needed and welcome provisions:

- Streamlining rent and income requirements for assisted housing programs.
  - Although the House and Senate versions of SEVRA include parallel provisions, I believe that H.R. 1851 offers greater simplification of rent calculation than the version the committee is considering.
- Simplifying and reducing administrative burden in the HCV program, particularly related to inspection requirements.
- Establishing a permanent, rational renewal and administrative fee funding system that had been chaotic in recent years, handled primarily through appropriations statutes and regulatory interpretation.
- Resolving many minor but confusing and burdensome problems in public housing, the HCV program, the Low Income Housing Tax Credits (LIHTC) program and the project based section 8 programs.



This Senate version of SEVRA has also avoided several pitfalls that were adopted by the House. The House version included:

- Complex provisions concerning program sponsors repairing privately owned housing subsidized with vouchers.
- Provisions authorizing program sponsors to report voucher holders' rent payment history to credit reporting agencies although sponsors may not have direct knowledge or records concerning those histories.
- Provisions that define acceptable identification required of all adult assisted household members. Efforts ostensibly aimed at limiting undocumented immigrants' access to assistance programs have been shown to impact elder and poor citizens'

However, the Senate version of SEVRA also includes some problematic provisions that:

- Impose a permanent cap on vouchers in use of 103 percent of a sponsors authorized units. Many HCV program sponsors have funds available to use to assist families but for an existing cap on overleasing (leasing more vouchers than the number their contracts authorize them to lease). Removing the cap would allow these agencies to use their funds for the intended purpose of assisting low income families to pay for decent housing.
- Authorize the Secretary of HUD to redefine the basis for voucher administrative fees. For several years, sponsors have received administrative funds using a block grant approach based on fees they received in 2003. This is the first year in some time that fees will be based on the distribution method in the Quality Housing and



Work Responsibility Act (QHWRA). Any changes to that methodology will introduce additional unnecessary uncertainty in the HCV program.

Most important, there are two significant omissions in the SEVRA bill this committee is considering.

### Moving to Work

First, the Senate bill does not include permanent authorization of the MTW demonstration while the House bill includes the Housing Innovation Program (HIP) that would replace the demonstration program with a permanently authorized version.

I participated in discussions that produced the provisions of the Housing Innovation Program, and they involved significant give and take on the part of stakeholder communities. These provisions should form the foundation for MTW or HIP authorization. The provisions provide for:

- A modest expansion of the number of agencies under an MTW or HIP agreement,
- Assurance that new participating agencies will be diverse as to size and location,
- A new program status (HIP "lite") that provides funding, but not policy, flexibility
- Inclusion of tenant protections contained in the United States Housing Act of 1937 for participants at MTW or HIP agencies
- Elimination of the uncertainty faced by almost 30 current participants concerning the future of their MTW status



- An opportunity to remedy deficiencies concerning evaluation of the impacts of this devolution of program authority to the local level

The MTW program in Keene has resulted in stronger connections between communities and assisted housing residents, experimentation with innovative policy approaches, and some strikingly successful changes for participants in programs traditionally resistant to change. In 1999, 47% of the heads of household in families in the KHA were working full time. Last year, 65% were working full time. In that same period of time, average income for families increased by over 30%. In part, this was because our system did not discourage increases in income, but actually rewarded it.

At the same time, families who experience financial hardships are protected by our program's "Safety Net" provisions. If families experience demonstrable economic hardships, our policies provide mechanisms to reduce families' rent burdens temporarily. The aim is to offer households the time to overcome difficulties that interfered with timely rent payment. Families are able to remain in our housing, the KHA is able to avoid investing the time, energy and money usually required by standard lease enforcement actions, families don't face the added burden of locating alternative housing, and the KHA avoids the burden of releasing any resulting vacancies. Keene's Safety Net is one local example of the protections MTW participants have included in their programs to avoid harsh or unduly burdensome results for



participants. These efforts resulted directly in one finding of *Housing Agency Responses to Federal Deregulation: An Assessment of HUD's "Moving to Work" Demonstration*.

Critics of the subsidy formulas being tested under MTW raise concerns about potential hardships for vulnerable families. Most HAs created protections against severe hardship, but even in those that did not, there is little evidence of extensive hardship.

The most recent Annual Plan and Report that details outcomes resulting from MTW participation, describes program elements in some detail, and describes any policy or program changes we plan in the coming year is posted on the KHA's web site (<http://www.kha.org/mtw.html>). Each year, the KHA prepares an Annual Plan and Report, publishes it in the locality and among public housing and HCV program participants. The Board of Commissioners conducts a public hearing to hear comments, concerns and questions that our plan and report raise. After that hearing, the plan and report may be revised in response to comments from the public and from program participants, and the Board of Commissioners of the KHA formally adopts it. These processes assure you, the Department of Housing and Urban Development, and particularly the citizens of Keene and the participants in our public housing and HCV programs that the KHA remains accountable for the stewardship of these federally assisted housing programs and for the outcomes those programs have promised.



Our program will not work everywhere, but the flexibility available through MTW enabled KHA to create policies and programs that are good for Keene, for our residents and for our stakeholders. Not all, but some other local agencies will be interested in the flexibility and its accompanying accountability, and be in a position to take advantage of a new MTW opportunity. New participants will develop locally crafted policy alternatives as Keene did, that also may not work everywhere but that will significantly benefit their local communities.

I urge you to include a provision in SEVRA for the Moving to Work or HIP program that would:

1. Make the program permanent
2. Grandfather the existing MTW agencies in compliance with their agreements.
3. Modestly increase the number of agencies in the program.
4. Add an effective and easily administered mechanism to evaluate the program.

#### Alternative Rent Structures

Second, the Senate version of SEVRA does not include authority for local program sponsors to establish alternative rent structures in assisted housing programs. The House provision limits rents under any rent structure to 30 percent of adjusted annual income. While this omission is less important than the omission of an MTW provision, it also represents an omission of a significant opportunity for HAs to develop innovative approaches to rent structures.



Thank you very much for this opportunity. I look forward to the Senate Banking Committee referring a bill to the full Senate for debate.

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