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Testimony of

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Before

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LD 2158

An Act to Improve the Housing Voucher System

Senator Pierce, Representative Gere, and members of the Joint Select Committee on Housing, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony regarding LD 2158, “An Act to Improve the Housing Voucher System”.

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority (not a state agency) created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are authorized to issue bonds to finance single family mortgages for first time homebuyers and for affordable multi-family housing.

We are also authorized to administer a number of state and federal programs, including rental subsidies, weatherization, fuel assistance, two housing block grants, the low-income housing tax credit program, and homeless grant programs. We receive state general fund revenue for homeless programs and receive a dedicated portion of the real estate transfer tax for the Housing Opportunities for Maine (HOME) Fund.

I understand that there is discussion about amending this bill, but we have not seen any amendments, so my testimony is based on the original LD. This bill shares many characteristics with LD 462, which came up last session and was voted ONTP by this committee for many of the same reasons as those which I will talk about here. MaineHousing is unable to support this bill in its original form. Our chief concern is that this bill seeks, in several different ways to place our agency in a position that we do not have authority to be in, as we have no jurisdiction over Maine’s public housing authorities (PHAs). As I have said before, each public housing authority is an independent municipally-affiliated entity that has an individual and separate relationship with HUD. We do not have a say in those relationships. While we might work with a PHA or a group of PHA’s on a particular project or issue, it’s not something that we can mandate.

The second important point is that HUD allocates funding across the country. Housing Choice Vouchers is a \$26 Billion federal program, of which Maine receives around \$116,000,000. HUD cannot give one state additional funding if they ask for it, although there may be opportunities for shortfall funding, which is funding for units under lease that cannot be supported with your approved budget. HUD may grant a waiver for the level it will pay on a voucher in a particular locality, but that very difficult process simply means that the average cost of all vouchers will increase, and the program will be able to issue fewer vouchers overall. HUD provides both a block of funding and a number of vouchers to each housing authority, but the funding is not enough to fully lease all potential vouchers. This gives rise to the frequent comment that there are lots of unused vouchers, which is not accurate. As an example, currently there are 11,852 vouchers leased statewide with an additional leasing potential, based on budget authority, of 296 units. This does not mean we have 296 vouchers to issue, it means we have voucher holders searching for units and have not leased yet.

I want to go through the specific provisions of this bill:

Parts 1&2 in the summary requires MaineHousing to submit applications for 3 types of waivers and report on the success of those applications as follows:

A: The first waiver proposal would let *MaineHousing enter into contracts at a higher rate than fair market rental rate. But the waiver cannot result in fewer vouchers being issued.* MaineHousing currently pays up to 120% of Fair Market Rent (FMR) through a pandemic waiver offer from HUD. When that temporary program expires, we will return to a payment standard of up to 110% FMR, which is the maximum normally for a program (though we will not have to lower the payment on any unit currently leased for a higher amount). Not every PHA chooses to go above 100% because in some localities rents are lower, and 100% FMR works for them, allowing those agencies to maximize the number of vouchers they issue. MaineHousing, with its larger program, has a practice of adopting the maximum levels of Housing Assistance Payments available.

B. The second waiver proposal seeks a *waiver to provide reasonable Time Limits:* MaineHousing provides a flexible search time of 120 days, and can be extended to 240 days if requested. Under certain circumstances searchers in MaineHousing's program can search up to a year. We can provide such a lengthy search period only because we have the state's largest voucher program. It's important to understand that people with vouchers who are searching prevent another voucher from being issued, so if a smaller housing authority only has a few vouchers to issue, having a lengthy window for searching will increase their wait list. That's why smaller housing authorities generally allow shorter search periods.

C. The third waiver proposed is to *allow a voucher to be used statewide on issuance.* Portability is a feature of Housing Choice Vouchers but it is regulated. A voucher holder may receive tenant-based rental assistance to lease a unit located anywhere in the jurisdiction (as determined by State and local law) of the issuing PHA. After the term of the initial lease, and if the voucher holder remains eligible,

they can move outside of the jurisdiction of the initial housing authority under the portability rules of the jurisdiction in which they currently live. A jurisdiction is typically the town where the PHA is as well as adjoining territory within 10 miles. Having jurisdiction is important to assure that small rural PHA's will have vouchers to distribute locally for use in their community.

There are special-purpose vouchers, such as VASH for veterans and home to stay vouchers for persons leaving homelessness that are immediately portable, but those are different from the traditional housing choice voucher and by statute, MaineHousing has statewide jurisdiction for these special-purpose vouchers.

Part 3 of the Summary requires Maine State Housing Authority to submit legislation requiring all housing authorities to conform their voucher programs to MaineHousing's voucher program. We can't do this because we don't have jurisdiction over those agencies as described above. The same goes for any other provision that requires us to do something that will regulate other PHA's.

The federal Housing Choice Voucher system is not a perfect system --we are the first to admit that-- and some of the terms do vary from town to town. My point today is to underscore that most of those regional variations occur for real reasons. Not all towns choose to raise their payment standards as part of their voucher strategy. And for many jurisdictions, extending a search period comes with real downsides. The underlying problem, as I have said almost every time I have stood at this podium, is a lack of units – both subsidized and those affordable at market rate in which the voucher holders can live.

We would suggest that the most proven strategy to improve the use of vouchers is to provide robust landlord incentives. We have talked about that in the context of Rep. Golek's LD 1710 and in the fact sheet I provided last week. These incentives have resulted in hundreds of new voucher lease-ups around the state.

The other issue for statewide voucher reform that we feel could make a significant difference is one that, unfortunately, needs to be handled by Congress. We have asked HUD and our federal delegation to allow MaineHousing and the Public Housing Authorities to set the Fair Market Rents themselves and be held accountable. We would then be able to serve more off the waitlist, though it would result in a reduction in the number of vouchers available.