



MULTIFAMILY NW
The Association Promoting Quality Rental Housing

May 14, 2013

Co-Chair Betsy Johnson
Co-Chair Bob Jenson
Ways and Means Subcommittee on Transportation and Economic Development
H-178
900 Court St., NE
Salem, OR 97301

Dear Co-Chairs Johnson and Jenson, and members of the subcommittee:

Multifamily NW deeply appreciates the work that Speaker Kotek has done over the past year to improve the Section 8 program for property owners/managers and tenants. The resulting legislation, HB 2639, makes changes to the Section 8 program and the law regarding source of income as a protected class. The bill is now before you this Thursday afternoon, unfortunately, prior commitments prevent me from attending the hearing.

Although it is unusual for our association not to have a clear support or oppose position, we have both praise for the process and improvements to the program as well as concerns that leave us officially neutral. At the same time, we want to share our perspective on several key elements.

In its current form, the Section 8 program can be very challenging, and it is frequently misunderstood. Section 8 is a federal housing program that offers a *promise* of rent subsidy on behalf of a low-income tenant, but makes direct payments to *property owners* once the tenant and the unit are approved. This creates a triangle of relationships—the lease between the property owner and the tenant, the contract between the housing authority and the property owner, and the agreement between the tenant and the housing authority. This combination of contracts and requirements can be particularly hard on small property owners and property owners small and large have experienced challenges with timely payments, inspections and initial lease length requirements.

HB 2639A eliminates the exception for Section 8 under the law that makes “source of income” a protected class, while allowing property owners to conduct the same background checks and screenings they apply to all other prospective tenants.

The bill directs the housing authorities to ensure timely inspections, prompt payments and establish initial leases that match the customary lease length for the unit in question, so a unit that is typically rented on a six-month, or a month-to-month lease, would also be rented to a Section 8 participant for the same length of time.

HB 2639A also adds oversight and an ongoing feedback loop for evaluating the effectiveness of the Section 8 program and identifying ways to improve it.

EXECUTIVE DIRECTOR
Deborah Imse
deborah@multifamilynw.org

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One of the most important elements for property owner protection is the Mitigation Fund that a property owner may claim for tenant damages that exceed the security deposit, up to \$5,000 in damages per tenant. Section 8 vouchers holders are less likely to have assets that may be claimed against in cases where damage to the unit exceeds the security deposit. If the final bill fails to fund the Mitigation Fund at this level, Multifamily NW would move from a neutral to oppose position.

In addition, HB 2639A requires a tenant to re-pay the mitigation fund through a reasonable payment plan and won't allow housing authorities to extend a new voucher if the tenant won't make a good faith effort to repay the fund. However, there is a proposed amendment that strikes the language to compel a housing authority not to renew a voucher if a tenant fails to repay the fund. Although the amendment is prompted by current federal law, this is an important element to ensure scarce vouchers are given to responsible tenants. If the amendment is adopted, a federal waiver should be sought to restore this provision in HB 2639A.

Many elements in HB 2639A are real improvements over the current Section 8 program. At the same time we remain concerned, because despite these intended improvements, their ability to actually be implemented **effectively** throughout the state depends on securing support and/or waivers from the federal government, adequate funding for the Mitigation Fund and ongoing commitment from all the stakeholders. Without each of those pieces, we are left with largely what we have today, a challenging program that should remain voluntary.

It is important to note that this bill is not a cure-all for all low-income housing challenges. The Section 8 program does not build a single additional unit of affordable housing, nor does it change the fact that a voucher—of any level—can buy a lot more housing in some parts of a community than in others.

I would be happy to provide any additional information or answer any of your questions. Multifamily NW looks forward to our ongoing work together to make the Section 8 program a more effective housing tool for Oregonians.

Sincerely,

Deborah Imse
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