



Testimony in Support of House Bill 2011
House Committee on Human Services and Housing

Speaker of the House Tina Kotek
March 16, 2017

Thank you for the opportunity to testify this morning on House Bill 2011.

I testified before this committee in February on one of the most important housing programs in Oregon: the federal Housing Choice Voucher Program, commonly known as the Section 8 voucher program. More than 30,000 Oregon households rely on these vouchers to subsidize their rent every month. The program, which is administered by 22 local housing authorities across the state, sends approximately \$200 million in federal dollars to almost 13,000 private landlords every year.

The hallmark of the program is that tenants have the flexibility to choose where to live. Unlike site-based affordable housing, Oregonians with Section 8 vouchers can look for a place to live that is close to their workplace, school, needed services, family members, or based on other personal considerations. The program has incredible potential to provide Oregon's families with needed housing stability and opportunity. However, rapidly rising rents and a miscalculation at the core of the voucher program have made the program less effective.

Under the Housing Choice Voucher Program, a tenant pays 30 percent of their income towards the cost of housing. The federal Department of Housing and Urban Development (HUD) then subsidizes the difference between the tenant's share and the Fair Market Rent (FMR) of the geographic area, which HUD calculates by averaging rents in a geographic region. Unfortunately, the data that HUD uses to estimate FMR is outdated and their calculations are chronically below the actual FMR of the geographic area. After waiting for years to get a voucher, a family can be forced to return it because they are unable to find a home that they can afford with the subsidy, and this has been happening more recently in the current market crunch.

Undervaluing Fair Market Rent is a problem not only for tenants who are unable to find units that they can afford with the subsidy, but this undervaluation also puts our federal resources at risk because HUD will not budget future funds that housing authorities did not spend. If vouchers go unused, HUD will not fund those vouchers in the next budget cycle.

To respond to this problem, Home Forward (Multnomah County's housing authority) commissioned an independent research organization to assess the region's FMR. The 2015 study found that HUD's fair market calculations were far below the actual FMR of the Portland metropolitan area. Home Forward used the study's findings as evidence to successfully petition HUD for a 28 percent increase in their FMR. As a result of this increase, and additional coordination efforts, Home Forward was able to increase their voucher lease-up rate from 67.8 percent, before the new FMR's kicked in, to 79.6 percent in January of this year.

With that, I would like to introduce HB 2011 which, if passed, will do two major things:

First, House Bill 2011 directs the Oregon Housing and Community Services Department (OHCS) to commission an independent research study on FMR in a region if the housing authority chooses to opt-in to such a study. In its current form, the bill directs OHCS to then petition HUD for increased FMR following the completion of the study.

We are currently drafting amendments which will specify that:

- If there is more than one housing authority in a FMR region, all housing authorities need to consent to participate in the study.
- The housing authority, not OHCS, may submit a petition to HUD.

Second, this bill creates a task force to examine housing authority capacity broadly and to explore the feasibility of implementing a state-funded voucher program.

We are currently drafting an amendment to specify that:

- The task force will estimate the gap between Oregonians who are eligible to receive a Housing Choice Voucher compared to current available Housing Choice Voucher resources and will provide estimates on the cost of providing vouchers and administering them to all eligible Oregonians.

As we think about statewide solutions to our current affordable housing crisis, we need to have information about our current gap in voucher provision and the possible cost of funding that gap in order to make informed decisions about how to most efficiently and effectively solve this crisis.

We also need to examine the capacity of housing authorities around the state to ensure that they are properly supported to do the important work they are currently doing.

Thank you for time and consideration of this bill.