

Affordable Housing in Richland County

I would first like to take this opportunity to thank Senator Tester for holding this hearing on affordable housing in our community.

BACKGROUND

Thirty years ago Sidney residents would probably have known their neighbors by their first name or at a minimum knew where they worked and how many children were in the family. Residents of Sidney and the surrounding area were like an extended family, distant cousins if you will, and when families moved to the area, they were often invited to join service groups, the chamber of commerce, churches and school organizations.

Thirty years ago in 1984 also marked the end of the first oil boom in our county. That boom spanned seven years and brought high paying jobs but by the time it ended there were several houses for sale, mobile home parks abandoned and infrastructure annexations left unpaid. 1984 was a long time ago for many but for some of us here in Sidney the economic collapse made our community a financially distressed community for the first time in since the depression.

Fast forward to the present and most everyone can attest that the boom is back bigger and better but not so much for those looking to move here and make Sidney their home. Right now in 2014 there are jobs available, high paying jobs that typically pay three to four times more than the minimum wage. Someone moving to the area may very well have that job and the job security but do they have the most important thing they will need to succeed here in the Bakken? Probably not! An affordable place to live. .

If you are fortunate to own or are in the process of buying a home no doubt as a resident of Sidney, you are much better off than those in the community who are renters. Those who rent now see that the lack of rental housing in our community is an acute and serious problem with no short term solution in sight. For instance, in 2013 a rental market study was prepared for the Richland County Housing Authority and based on that study, the

rents for existing rental units during 2012 were rising at a rate of 5-10% every few months, with a vacancy rate of 0%; waiting lists for private housing were nonexistent as turnover was rare. Furthermore, a follow up market study of rents in 2014 revealed that units built prior to the year 2000 were now increasing their rents from 30%- 300% after a vacancy occurred or when a lease expired.

This fast paced increase in rent puts the local working families in jeopardy of losing their rental housing because rents could now consume 50% or more of their take home pay. The families affected by this increase work at local retailers, such as restaurants, hotels, and stores. They may even be teachers, hospital workers, and law enforcement officials.

So who decides what is a low-income wage?

The U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT

HUD annually publishes a report on median incomes for nearly every community in our state, right now the median income is \$70,600 for a four person family per year for our county. This means that there are wage earners below that amount and wage earners above. It is not the average but should give everyone an idea of what people are being paid here in Richland County. If we compare it to Rosebud County our median income is \$10,000.00 higher, compared to Park County we are \$16,000.00 higher, and when we compare the median income to places like Helena and Billings we are about equal to their median incomes. Why is housing not a problem in Billings and Helena? The supply of housing exceeds the demand. There are more places to rent, different levels of quality, and far more providers of affordable housing such as the Richland County Housing Authority.

Our Housing Authority was created in 1950 and has a contractual relationship with the United States Department of Housing And Urban Development to provide housing to low income community members. Who can qualify for our assisted housing programs? A majority of our owned and managed properties are for people who earn less than 30% of the median income. For instance, a single person would have to earn less than \$12,250.00 per year to qualify, a two person family would have to earn less than

\$15,730.00, a 3 person family less than \$19,790.00 and a 4 person family less than \$23,850.00. Based on those incomes you can probably see that based on the rents for our area the housing authority is very limited on who we can assist. So what can Congress do to help provide affordable and efficient housing?

First of all I would like to take this opportunity to thank Senator Tester for his support of the Small Housing Authority Reform Proposal, (SHARP), a proposal to reform the regulatory regime applicable to small housing authorities that would significantly ease administrative burdens and increase program flexibility for organizations operating the public housing and/or HCV program. This proposal and others are essential efforts that would reform HUD's oversight and regulatory regime. It would also ease agencies' requirements for oversight and compliance activity so that reduced, but critical resources can be devoted to delivering services to the local community and fulfilling the HA's central mission of providing housing and related housing services for very low, low and moderately low income families and individuals.

In addition to regulatory reforms like SHARP discussed above, it would be very helpful if the Congress directed HUD to take steps now to provide regulatory and statutory relief measures, like the ones listed below, to HAS:

Here is what Congress could do to make our programs work better for the 14 public housing authorities in Montana:

Stop the burdensome reporting & regulatory requirements placed on agencies, such as:

- Suspend issuance/implementation of final PNA rule:

HUD's PNA rule would require that agencies submit a PNA. PNAs are time consuming and costly and would divert significant and limited resources from other priorities like capital improvements. Both House and Senate THUD bills mention the PNA as a burden to housing agencies. The Senate asks HUD to re-evaluate the timing of implementation and the House forbids the use of HUD funds implementing the new PNA. I strongly support this House prohibition, given the lack of capital funding to make the PNA meaningful.

- Lift the RAD cap:

Our agency currently has a RAD application in the pipeline with HUD. But, at this time, HUD has only approved applications for a limited number of units, not to exceed 60,000. If the Congress were to support the Senate Appropriations bill

that would lift the RAD cap from 60,000 to 180,000 units, our agency would be able to benefit from this demonstration. RAD would allow our agency to potentially raise private capital and address capital improvements.

- Fair Market Rents (FMRs) in excess of 120%:

Representative Shock's House amendment prohibits funding rents in the Tenant-Based Rental Assistance program that exceed 120% of the area FMR. This could severely limit housing choices for households, but especially those with large families or other special needs. Specifically due to the quickly rising local rents, I urge the Congress to oppose this amendment. Agencies should be able to make this determination locally to meet the identified needs of their residents.

- Convert Tenant-Based Vouchers to Project-Based Vouchers:

Over time, our Housing Choice Vouchers have been shrinking due to significant increases in local rents. Locally, we have lost half of our affordable rental resources available to this community. We are likely to never see those resources return. Our agency requests support to convert our dwindling Tenant-Based Vouchers to Project-Based Vouchers, which would ensure that the remaining affordable housing resources we have are preserved.

- Expand Moving to Work (MTW)

The MTW demonstration program provides agencies with the opportunity to design and test innovative, locally designed strategies that increase efficiency. Senators Brown, Portman and Bennet pre-filed an amendment to modestly expand the MTW program for ten (10) agencies in 2015. I strongly urge you to support this and any other future MTW expansion efforts in the Congress. Programs like MTW would allow us to better address our local community needs.

Finally, as funding continues to decrease, HUD continues to increase administrative and regulatory burdens on agencies. HAs need more flexibility and streamlining, and reduced burdens so that they may continue to operate their program efficiently at a time of greatest need. I ask that the Congress require HUD to take some, or all of the additional steps below to assist HAs in saving money and increasing efficiencies at a time of critically and historically low funding:

- Allow blanket regulatory suspensions and waivers under 24 CFR Part 5;
- Moratorium on new rules and data requests that increase administrative burden;
- Suspend burdensome PHA Plan requirements or eliminate it entirely;
- Permit Housing Assistance Payments (HAP)/Net Restricted Assets to be used for administrative purposes when pro-ratio is below 90% so that HAs have the ability to serve more families;
- Simplify portability - portability is a feature of the HCV program that allows an eligible family with a voucher to use that voucher to lease a unit anywhere in the

United States where there is a HA operating a HCV program. The current portability system is complex and flawed and with improvements and clarifications, agencies could better serve families and expand housing opportunities;

- Allow for full fungibility between the Operating Fund and Capital Fund so that agencies can utilize funds where they are most needed;
- Increase and simplify the cap on minimum rent and leave the option to set it up to the HA - currently, minimum rent is set at a maximum of \$50.00. MTW agencies have the flexibility to set minimum rents at their discretion and some have set minimum rents at various levels, including \$75.00 and \$150.00, for example. MTW has proven that increasing minimum rents does not harm families and gives an agency the discretion to make decisions based on its local needs;
- Make the community service requirement in Public Housing at the discretion of the HA;
- Simplify rent setting to save valuable administrative resources by permitting use of gross income in setting rents;
- Allow for triennial recertifications for fixed-income households and biennial recertifications for variable income households to save valuable administrative resources;
- Suspend non-statutory Public Housing Assessment System (PHAS) and Section 8 Management Assessment Program compliance - PHAS and SEMAP are assessment systems that essentially score HAs on their performance in the Public Housing and HCV programs, respectively. These assessment systems are not statutorily required and should be advisory only, especially due to the fact that funding levels of these programs are continually inadequate to address their operation.