

## **HOUSING NEWS HIGHLIGHTS -- WEDNESDAY, APRIL 21, 2004**

from Sherwood Research Associates

[From the editor: the articles about Section 8 vouchers are getting confusing. I believe that the first four of the following articles refer primarily to the latest flap about HUD's changing the rules for administering the FY2004 voucher program. The Durham article is about the Administration's proposals to block grant the voucher program to the PHAs beginning in FY2005. WS]

### **U.S. HOUSING VOUCHER CHANGES MAY MEAN CUTS**

Associated Press, 4/20/2004 -- by Genaro C. Armas -- WASHINGTON - Public housing authorities could face budget cuts in a federal program that helps 2 million families pay the rent, the result of a change in the way the government is allocating the money, congressional Democrats and advocacy groups say. The Housing and Urban Development says Congress approved the changes to the Section 8 housing voucher program. In some cases, housing authorities are running over budget because are they handing out more vouchers than were allotted, the department says. Neither side has estimates of how many families may be affected. Changes in the program, which costs about \$13 billion, were instituted when President Bush signed the current budget into law in January. The department is expected to soon release funding guidelines. The dispute in part stems over the interpretation of language in the budget. The department says it will reimburse housing authorities for vouchers based on August 1, 2003, costs plus an annual inflation adjustment that would cover all of 2004. Critics say the department's reading of the budget is incorrect and that the government should continue to update voucher costs every three months to more accurately reflect cost-of-living increases. "We strongly believe that this interpretation is contrary to Congressional intent," according to a letter to HUD Secretary Alphonso Jackson last week that was signed by Democratic presidential candidate John Kerry and the 11 other Democratic members of Massachusetts' congressional delegation. Housing agencies can dip into an emergency reserve pool if needed. But advocates say they are worried that may still not be enough to make up for the shortfall. The housing department says Congress has placed new limitations on when and how to use reserve funds. Federal officials say they will work with housing agencies to better manage their budgets, and that it could also adjust an agency's funding if the local authority proves that cost-of-living increases are outpacing the national average. Rich Chubon, executive director of the housing authority in Stanislaus County, Calif., said he wants anxious to see HUD's final guidelines. In the meantime, he says he may have to drop 120 families from the voucher program and force other families to pay more money out of their pockets for rent. "Never in the history of the program have we had to terminate families for budget reasons," Chubon said. Typically, participants pay no more than 30 percent of their monthly income in rent, with vouchers covering the rest. Nationally, a voucher is worth roughly \$500, though that varies widely from city to city. Massachusetts Gov. Mitt Romney, a Republican, said last week that the state's housing agency faced an unexpected \$3.1 million shortfall, affecting thousands of families. Since then, HUD has told the state it has found \$2.6 million more to make up some of the costs. (END)

### **ADMINISTRATION ALTERS RULES FOR RENT AID -- HOUSING ADVOCATES CRITICIZE SECTION 8 CHANGES**

Washington Post, 4/21/2004 -- By Amy Goldstein -- The Bush administration is changing the nation's largest program of housing assistance so that, for the first time, the government no longer is promising to pay the full cost of rent vouchers that help nearly 2 million poor families. The Department of Housing and Urban Development is putting into place the new payment method for the program, a cornerstone of federal housing policy known as Section 8, before Congress decides whether to endorse a broader proposal by the administration that would eliminate many longtime federal rules governing which people get rent assistance and how much they must pay. The payment change, which is infuriating congressional Democrats and advocates for affordable housing, is essentially a different route for the administration to accomplish a central

goal of its larger proposal: to constrain rapid growth in the program's spending. Section 8 is a form of housing assistance that was created three decades ago and traditionally has been more popular among Republicans than the nation's network of public housing, because it relies on the private market. The program allows poor families, disabled people and the elderly to obtain a rent voucher -- 1.9 million are available this year -- from a local housing authority and take it to any private landlord in the community who is willing to accept it. Until now, the government has allotted each of the nation's 2,500 participating housing authorities a specific number of vouchers each year, set rent limits for every community and then reimbursed their costs. Under the new method, HUD pays each housing authority based on its costs last August, adjusted by an inflation formula. That formula is not guaranteed to keep pace with rent increases. The method is so new that HUD has not formally notified housing authorities in writing, although federal officials have made it retroactive to January and have begun to talk about it with local agencies. HUD officials said they do not yet know how much money will be saved, although they said the program would run out of money for the year too soon if they did not make the switch. Michael Liu, HUD's assistant secretary for public and Indian housing, said in an interview that, in changing the rules, the agency was following directions set forth in a few sentences in the fiscal 2004 appropriation that Congress finished two months ago, which gives \$16.4 billion for Section 8. "We intend to implement the law," Liu said. But the leaders of advocacy groups representing local housing officials and low-income tenants say that the language in the budget is ambiguous and that President Bush's housing advisers are misinterpreting it to justify changes they want. Jonathan Zimmerman, a housing policy analyst for the National Association of Housing and Redevelopment Officials, said the organization's analysis suggests that at least 900 local housing authorities, spanning virtually every state, will end up this year with less money than they need to cover their vouchers' cost. Sandra Henriquez, administrator of the Boston Housing Authority, said she learned from HUD a few weeks ago that federal payments suddenly were \$1.2 million less than her agency needs to pay for its 11,000 vouchers. And because of other financial changes in the program that the Bush administration has made, her agency has used up the money it had in reserve. "We're all just hoping HUD will come to its senses," Henriquez said. For the moment, she said, her agency will be unable to afford some of the vouchers it has been allotted. Her choice, she said, boils down to whether to deny vouchers to some of the poorest families in the program, who require the most government assistance with their rent, or to a larger number of participants with slightly higher incomes who can pay more of their own rent. Massachusetts GOP Gov. Mitt Romney has sent HUD a letter of complaint, as have many of that state's congressional Democrats. William P. Murphy, who directs the rental assistance division in Montgomery County's Housing Opportunity Commission, said he, too, believes he would be unable to afford all of his agency's rent vouchers. Liu said HUD will consider giving housing authorities extra money if they can prove a hardship. Still, he said, low-income housing advocates who want to reverse the change "would put the program in an automatic deep hole." (END)

## **MA - BOSTON - CITY TO REDUCE SECTION 8 PAYMENTS**

Boston Globe - 4/19/2004 -- Citing declining rents throughout the city, officials at the Boston Housing Authority said yesterday that they are reducing the amount of money the city provides landlords who accept some 9,000 low-income tenants who use Section 8 housing vouchers to pay their rent. Starting May 1, the authority will pay landlords 7 percent less than they do now. Rents in Boston have declined about 10 percent in recent years, officials said. (END)

## **MA - PROTESTERS GENERATE ACTION**

The Harwich (MA) Oracle -- 4/20/2004 -- by Joe Burns -- **State finds money for threatened HUD program** -- BOSTON - Congressman Bill Delahunt called it "one of the dumbest things I've ever heard." Others called it worse. What they were talking about was a reinterpretation by the U.S. Department of Housing and Urban Development as to how funds are reimbursed for Section 8 vouchers that provide housing assistance to low income individuals and families. HUD's decision put thousands of elderly, disabled, children,

working poor and unemployed in jeopardy. In Massachusetts it was expected that \$3.1 million would be slashed from the Section 8 budget, leaving 2,000 voucher holders and their families homeless. Delahunt and others expressed their outrage at an April 16 hearing called by the Massachusetts Department of Housing and Community Development, which distributes the Section 8 funds for various nonprofits throughout the state. The agency is serving as reluctant executioner for HUD's orders. The hearing was intended to invite public participation in deciding how and where cuts are to be made. But the busload of voucher holders and Housing Assistance Corporation advocates that drove up to Boston had no intention of participating in what some saw as a "Sophie's Choice." As the charter bus made its way to the State House, passengers expressed the anger and fear they felt. "If I lose my voucher, God knows where I'll be," said Erica Gonzalez of Mashpee. A disabled woman with a teenage son, she knows the struggles of homelessness and a life of living in cars. It's something she does not want to go through again. "There are too many homeless on the Cape already," she said. Across the aisle, Amber Kurtz of West Yarmouth, a native Cape Codder and a young mother with a 2-year old son, said she fears that the loss of her voucher won't just cost her the only home she could call her own in a life of instability, but it may also cost her her job and her son, when she is no longer able to provide him food, clothing or shelter. "Without my child, I have no reason to live," she said matter-of-factly. A few seats farther back, Laura Tangherlini tries to hold back her tears, caused not just by the pain in her legs that gets so bad she has to take morphine twice a day, and not just for worry about a son who recently enlisted in the Army, but for the fear that the Forestdale home she's had for five years will be taken away from her and her 14-year-old son. "He's got plenty of love, but he needs a roof over his head," Tangherlini said. "I'll end up living in a 20-year-old van with no place to go." Meg Chaffee's flight from domestic abuse left her homeless. Now she has a home for herself and her 8-year-old son, and a job with HAC helping others like her rebuild their lives. Yet, as she struggles to take herself and her son up another rung on the ladder, she wonders if it is about to collapse. "My son is on the honor roll," she said, speaking with parental pride of how he now enjoys a life that every mother wishes for her child. "I don't know how I'll take any of that away from him." These are the people that stepped out of the bus at 10:30 Friday morning on Beacon Hill where they joined with hundreds of others, forming a steady stream of conscience aimed at the bureaucratic heart. The hearing inside Gardner Auditorium lasted until 3 p.m., which didn't allow enough time for all who wished to speak. Hundreds were left to pen their opinions and mail them off to HUD. Many of those who did testify spoke with passion and from personal experience. A child, 10 years old at most, stood on a chair and told how she and her mother were left homeless by her grandmother and were rescued by Section 8. "You know what will be more hurtful than my family doing it to me?" she asked. "It will be the state doing it to me, it will be the country doing it to me." There was barely a dry eye after she spoke. In his testimony, HAC executive director Rick Presbrey called for a return to the values that gave our country greatness. "This is not the America we were promised," Presbrey declared to a cheering audience. "We want the real America back." No one from HUD was present to offer rebuttal or to acknowledge that the messages had been received. But before the afternoon ended, Commonwealth Development Secretary Douglas Foy announced to the packed house that \$2.6 million was "found" by HUD, making up most of the state's expected \$3.1 million shortfall. (END)

## **NC - DURHAM - HUNDREDS MAY LOSE HOUSING VOUCHERS**

The Durham Herald-Sun, 4/20/2004 -- by Josh Drobnyk -- WASHINGTON -- Hundreds of Durham residents could lose their housing vouchers if Congress approves President Bush's proposed changes to the federal program, the interim director of the Durham Housing Authority said. The "Flexible Voucher Program" included in Bush's budget plan for the fiscal year that begins Oct. 1 would give the Durham Housing Authority (DHA) and the nation's other 3,000 public housing authorities sweeping new powers to administer the Section 8 voucher program. But the changes would also leave the program about \$1.6 billion short of what is needed to provide vouchers to all those currently receiving assistance, according to local housing officials and affordable housing advocates. Frank Meachem, the DHA's interim director, said the agency's budget would fall \$1.7 million below estimated needs in the next fiscal year, which would translate into more than 230 Durham households being kicked out of the voucher program. "Having flexibility is cer-

tainly an advantage to us," Meachem said. "But if you reduce our resources by that amount, I'm not sure we could implement enough changes in our program. It is going to mean that we are serving fewer families, no doubt about that." The Section 8 program, introduced by the Nixon administration in 1974, helps more than 2,500 Durham households by paying a percentage of their rent. Families can use vouchers on any private residence whose landlord will accept them. There are more than 3,300 Durham families on a waiting list to receive vouchers, according to the DHA. Under the Bush administration plan, the Department of Housing and Urban Development would provide block grants directly to public housing authorities instead of funding all of the vouchers available to a local community. Bush's budget calls for a Section 8 voucher funding decrease of about \$800 million in 2005, while housing officials argue that they would need an increase of at least \$800 million just to renew current vouchers. The plan would let housing authorities decide who qualifies for vouchers and what percentage of rent the vouchers would cover. It would remove the current requirement that 75 percent of vouchers go to the lowest-income families and erase the rule that says voucher recipients pay no more than two-fifths of their income on rent. Bush tried to push a similar plan through Congress last year that would have given block grants directly to states, but opposition killed the proposal. The proposed changes are, in part, an attempt to limit Section 8 cost increases that, according to HUD's 2005 budget summary, are "not sustainable." "[The Section 8 budget] is taking a lot out of the department's resources," said HUD spokeswoman Donna White. "A byproduct of what we are doing is to control the escalating costs of the program." Section 8 spending accounts for about half of HUD's budget in the current fiscal year. But White added that HUD expects the nation's public housing authorities to continue serving at least the same number of families -- 2 million -- as received vouchers this year. But some housing advocates argue that it is misleading. Chris Estes, executive director of the N.C. Housing Coalition, said the proposed changes would hurt Durham's poorest residents by forcing the DHA to give its vouchers to higher-income families in order to stretch its budget. "You either have to reduce the number of vouchers or reduce their value," Estes said. Although Meachem said doing that "is contrary to my basic philosophy," he conceded the DHA wouldn't be able to keep all of the city's lowest-income residents on Section 8 in 2005. All of those losing vouchers would be given a chance to apply for space in the DHA's public housing communities, he said. Bush's proposal is in its early stages in Congress, and while some in Washington are skeptical that lawmakers would pass such a controversial measure during an election year, a Section 8 voucher funding cut appears inevitable, said Darek Newby, legislative director for Rep. David Price, D-4th District. Price serves on an appropriations subcommittee for housing issues. "[The administration] put the subcommittee in a bind," Newby said. "I find it hard to imagine how to avoid a funding cut of some sort." (END)

**Note:**

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