

Women's eNews

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Large Cuts in Federal House Aid Expected

By Melinda Tuhus, WeNews Correspondent

NEW HAVEN, Conn. (WOMENSENEWS) – Jackeline Cruz is the mother of three boys, 11, 10 and 3, one of whom has a disability.

She recently graduated from a training program as a child development associate, but so far has been unable to find a job. She's scraping by now with disability payments for her son, food stamps, some child support and her \$1,200 monthly rent subsidized by the federal Section 8 housing program. With cuts to Section 8 already put in place this year and more proposed, she is extremely worried about having to come up with more money for rent.

"It would be very hard," she says, "because I'm already desperate trying to pay my bills."

Cruz, who lives in the predominantly Latino community of Fair Haven, Conn., is just one of the single mothers across the country whose access to safe, secure housing is threatened.

Section 8 is the Department of Housing and Urban Development's largest program, with a current annual budget of \$14.5 billion. The program provides almost 2 million vouchers, the majority to female-headed households and single elderly women. The changes could mean 250,000 fewer families being helped nationwide.

Instituted in 1974, Section 8 is designed to provide low-income tenants with the opportunity to move out of undesirable public housing projects and into neighborhoods of mostly two- and three-family homes, including in suburban areas, while giving private and reputable landlords a reliable pool of tenants. Housing advocates say Section 8 has been a phenomenally successful program that harnesses private enterprise for the public good.

Scaling Back Voucher Payments

This year HUD has proposed a sweeping change. Instead of funding a certain number of vouchers for low-income families, it wants to give each housing authority a block grant that could be distributed, with fewer restrictions, as the housing authorities determine.

"The Section 8 budget is currently 53 percent of HUD's total budget," says Kristine Foye, HUD spokesperson for the New England Region, "which is why HUD thinks changes must be made. Some of these costs are spiraling out of control."

This change requires congressional approval, which will likely be easier to get under the incoming Congress, since it includes more Republicans and fewer Democrats in both the House and the Senate. If the change is approved, Foye says, the total dollar amount would go from \$14.5 billion to \$13.3 billion; a drop that local housing officials and Section 8 voucher holders consider catastrophic.

Several low-income housing experts say the cut would be an even-bigger \$1.6 billion.

This proposal comes on top of two other changes that limit Section 8 funding.

The first came last spring, when HUD announced it was scaling back its voucher payments to those in place in August 2003, plus an adjustment for inflation.

Retroactive Cut

In regions across the country, including parts of Connecticut, where rental housing costs have outstripped inflation, this amounts to a retroactive cut, because housing authorities had already leased apartments at 2004 rents.

At the same time, HUD announced that it was lowering its rent-setting gauge for some cities in 2005. Data from the National Association of Housing and Redevelopment Authorities, based in Washington, D.C., indicate that those most hurt live in high-rent growth areas scattered around the country. Five hundred of the country's 3,200 housing authorities are projected to have a collective shortfall of \$93 million by the end of the year, the equivalent of assistance to 52,000 low-income families.

(Under Section 8, HUD sets what it calls its "fair market rent" at 40 percent of rents prevailing in a given region – usually a city and its surrounding suburbs. It determines this by surveying rental costs and using U.S. Census data.)

Housing advocates say the change will produce re-concentration of poor people in inner cities, reducing the decentralization that has been a big part of the program's success.

In Waterbury, Conn., for instance, HUD's fair-market rent for a two-bedroom apartment has been cut by \$126 to \$755.

"I don't believe the current rates represent fair market rents in Waterbury," says Michelle Molina, director of client services at the Waterbury Housing Authority. Molina says the new benchmark for four-bedroom apartments dropped 25 percent, putting large, affordable apartments that much further out of reach. She adds that the fair-market rent level in her region had increased every year for the past eight years, and that the decrease for 2005 does not reflect a drop in rental costs, but rather just a cut in the program.

Housing Authorities Doing What They Can

Lynne Ide, associate director of the Connecticut Housing Coalition, says most Section 8 tenants in her state haven't been affected yet, "because housing authorities have been pulling together all sorts of resources to avoid having to raise rents."

That includes raising vouchers to 110 percent of the fair market rent, as allowed by HUD regulations, and sometimes not re-issuing vouchers to new tenants when someone leaves the program, using the money to support current tenants instead.

Ide says some authorities have sent out letters to tenants saying that the authorities will either have to increase the amount the tenants pay as their share of the rent or the authority will have to lower its payments to landlords. If the latter happens, Ide predicts, "There will be landlords who will say they no longer want to participate in this program when their leases are up."

John Bohm, legislative director of the National Association of Housing and Redevelopment Officials, says his member organizations have been contacting their senators and representatives with visits and letters, urging them to oppose the change in funding and to roll back increases already in place.

"This is a market-driven program," he says, "and where federal assistance is decreasing, the gap is widening between what's available and the amount participants have to spend" for housing.

Now with Bush as president for four more years, Ide says housing advocates will have to redouble their efforts.

"Decent, affordable housing is an absolute necessity if we want to improve the lives of low- and moderate-income people," says Ide. "President Bush says he wants all Americans to be part of an 'ownership society,' but the people we serve can't participate in that yet. They can't improve their educational opportunities or health care or anything else unless they have a decent place to live; it's all tied together."

Melinda Tuhus is a journalist based in New Haven, Conn. She specializes in stories about human services and the environment.

For more information:

National Association of Housing and Redevelopment Officials: <http://www.nahro.org>

National Low Income Housing Coalition: <http://www.nlihc.org>

Center on Budget and Policy Priorities – The Myth of Spiraling Voucher Costs:
<http://www.cbpp.org/6-11-04hous.htm>

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