

Section 8 Seeking Solutions

The Housing Authority of the City of Los Angeles (HACLA) is working with the U.S. Dept. of Housing and Urban Development (HUD) to prevent the possible cancellation of temporarily over-leased Sect. 8 contracts. This over-leasing resulted from HACLA's efforts to move up leasing from 90 to 100% in 2003, in the face of Administration and Congressional efforts to reduce the cost of the program. The HACLA, which is now over-leased, must manage back to the 100% level. .

[Editor's Note: Due to the fact that everyone who is given vouchers does not use them, the Housing Authority "overbooks". This is what the airlines do. As an example, to get 100 vouchers used, they have to give away 110 vouchers.]

Efforts are also being made to assist the 1,500 families whose vouchers were suspended due to an anticipated shortfall in funding. HACLA suspended the vouchers to avoid commitment of federal funds to assist those families as no funds would be available and would lead to canceling contracts between the Authority and landlords of those 1500 families. The 1,500 families will resume their housing search when adequate funds are available to honor contracts with their landlords, if they succeed in their search. HACLA is referring families in need among the 1,500 to INFOline and non-profits for assistance. These suspensions are related to the Administration efforts to contain the cost of Section 8. The Section 8 program consumes almost 64% of the \$31.4 billion HUD budget for 2004. The Housing Assistance Payments (to landlords) constitute 90% of the cost of the program. Several factors led to the current crisis: 1. Congress reduced Section 8 reserves from two months to one; 2. for two years in a row, Congress did not increase the allocation of vouchers to local housing agencies (LHAs); 3. the 2003 Omnibus Appropriations Act reversed a 29 year tradition and prohibited use of 2003 funds to pay for temporary "over-leasing."

To utilize 100% of the allocated assistance, LHAs over issue vouchers because local real estate dynamics and rent limitations imposed by HUD affect the voucher holder's "success rate," turnover rate and subsidy amount. Voucher holders may use the program's "portability" feature to move anywhere in the nation and...until they find a unit, the initiating LHA does not know if it will incur expenses.

The Bush administration proposal for FFY 2005 cuts funding to the program by approximately \$1.6 billion. The Administration's Office of Management and Budget plans to cut Section 8 by 40% by 2009. According to the Center on Budget and Policy Priorities, 250,000 families would be cut nationwide in 2005. In California, over 30,000 vouchers would be cut in 2005 and over 100,000 by 2009. In the City of Los Angeles, over 5,000 vouchers would be lost in 2005 and 20,000 by 2009. In addition to reducing the number of subsidized units, this proposal gives LHAs flexibility to "spread the pain," by: 1. reducing the number of families subsidized, 2. reducing the subsidy for each family, 3. limiting the length of time a family could stay on the program and 4. subsidizing more families with higher income (and less need for subsidy). To avoid this looming crisis, the Administration, Congress and HUD should immediately: 1. permit LHAs to temporarily over-lease so they can target an average annual utilization of 100%; 2. permit LHAs to retain a two-month reserve; 3. allow access to reserves for temporary over-leasing; 4. retain unit-based funding calculated on actual costs from most recent agency quarterly reports and 5. provide adequate, reasonable funding that addresses changes in local rental markets.

These efforts can preserve the 30-year old Housing Choice Voucher Program, one of the federal government's most successful programs, subsidizing 2.1 million low-income families by providing a portion of their monthly rent directly to private-sector landlords. Over 30% of the families are elderly or disabled. Most are single-parent households with children. Many of the families (approximately 46%) are the "working poor." Only 36% rely on welfare. The Voucher Program is the only source of long-term funding for housing the homeless.

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