

**NEWS
RELEASE**

FOR IMMEDIATE RELEASE:
Revised March 8, 2004

CONTACT: Michelle Bazie
202-408-1080

**PRESIDENT'S BUDGET WOULD SLASH MAJOR
HOUSING PROGRAM BY 30 PERCENT BY 2009**

**Cut Could Cause Hundreds of Thousands of Families to
Lose Housing Assistance or Face Large Rent Hikes**

820 First Street, NE, Suite 510
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

center@cbpp.org
www.cbpp.org

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Deputy Director

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The President's new budget proposes cutting the housing voucher program, the nation's principal low-income housing assistance program, by 30 percent or 600,000 families in 2009, a new Center report explains. If approved, this would represent one of the deepest cuts made in any major program to help low-income families and elderly and disabled people in recent decades.

"The President's proposal would cause significant harm to hundreds of thousands of families across the nation by cutting off their housing assistance or dramatically raising their rents," said CBPP Executive Director Robert Greenstein. "This would be the most severe cut in a low-income program since the early years of the Reagan Administration."

A critical element of the Administration's plans for the voucher program — the substantial cut in voucher funding by 2009 — has received little public attention because it was not in the budget documents released by the White House on February 2. Instead, this cut is tucked away in a supplementary 1,000-page computer run released by the Office of Management and Budget and subsequently analyzed by the Center. (In all, the budget calls for some \$45 billion in cuts in domestic discretionary programs in 2009.)

For 2005, the budget request for the housing voucher program, also known as the "Section 8" program, is more than \$1.6 billion below the level needed to maintain current levels of assistance. HUD budget documents confirm that the proposed cut exceeds \$1.6 billion.

The Administration proposes larger cuts for later years. In 2009, the proposed cut is \$4.6 billion. This would be the deepest cut to a major assistance program for the poor since the early years of the Reagan Administration.

Basic Facts About the Voucher Program

- ✧ Assists roughly 2 million low-income families with children, senior citizens, and people with disabilities.
- ✧ Provides vouchers that help cover the cost of obtaining housing on the private market.
- ✧ Termed the "linchpin" of federal housing policy in a 2001 report by the congressionally-mandated Millennial Housing Commission.
- ✧ Only about one-fourth of eligible families currently receive any federal housing assistance due to program funding limitations.

The proposal also would convert the program to a block grant to state and local housing agencies and abolish virtually all of the program's basic standards, such as limits on how much tenants can be charged for rent and the targeting of vouchers primarily on poor rather than more middle-class households.

Cuts Could Lead to Fewer Families Helped, Higher Rents, Less Focus on Poor

To cope with the proposed cuts, the state and local housing agencies that run the voucher program would be forced to take one or more of the following steps:

- (1) *Dropping families from the program.* To deal with the funding cuts solely by reducing the number of households assisted, housing agencies would have to shrink the program by 250,000 families next year and by about 600,000 families in 2009.
- (2) *Charging higher rents to voucher holders.* To deal with the funding cuts solely by raising rents, housing agencies would have to charge an average of about \$850 more per family per year, even though most of these families already have incomes below the poverty line.
- (3) *Transferring vouchers from poorer families to better-off ones.* This would reduce the cost of each voucher, since families with higher incomes need smaller rent subsidies than poor families do. Currently, 75 percent of an agency's vouchers must be provided to the families who need it most (those with incomes roughly equivalent to the poverty line), but the Administration's proposal would eliminate this requirement.

Such steps would be necessary because the proposed funding cuts vastly exceed any savings that could be achieved through improved efficiency.

"The Administration proposal would abandon three decades of progress in improving the voucher program," according to Barbara Sard, director of housing policy at the Center and the report's lead author, "and would undermine the program's goal of providing access to affordable, decent housing for people who otherwise would be unable to secure it."

The housing voucher program was created by President Nixon in 1974 and has long enjoyed bipartisan support. It was recently cited by the congressionally chartered Millennial Housing Commission as "flexible, cost-effective, and successful in its mission."

The Center's report, *Administration Seeks Deep Cuts in Housing Vouchers and Conversion of Program to a Block Grant*, is available at the Center's website.

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