



# CENTER ON BUDGET AND POLICY PRIORITIES

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## Administration Proposal Could Cause Loss of 250,000 Housing Vouchers in 2005

A new Center report, *Administration Seeks Deep Cuts in Housing Vouchers and Conversion of Program to a Block Grant*, examines the radical changes that the Administration proposes to make in

The full report, with state-by-state data on potential voucher losses, can be viewed at <http://www.cbpp.org/2-12-04hou.htm>

the housing voucher program.\* The Administration's fiscal year 2005 budget would significantly cut the program's funding and convert it into a block grant to state and local housing agencies, eliminating basic protections for low-income families that have undergirded the program for decades.

- **Large funding cut for 2005; larger cuts in later years.** For 2005, the Administration's budget request is more than \$1 billion below the level of funding Congress provided in 2004, and more than \$1.6 billion below the level needed to maintain current levels of assistance. HUD documents confirm the \$1.6 billion funding shortfall. Even larger cuts are proposed for later years. In 2009, the proposed cut reaches \$4.6 billion, which would be the deepest cut to a major program for the poor since the early years of the Reagan Administration.
- **Elimination of federal protections for low-income families.** Under the proposed block-grant structure, housing agencies would be given full freedom to terminate assistance to virtually any voucher holders, raise voucher holders' rent contributions to any level they chose, and redirect vouchers away from the neediest families.
- **Cuts would lead to fewer assisted, higher rents, less focus on poor.** The proposed funding cuts vastly exceed any savings that could be achieved through improved efficiency. Therefore, housing agencies would be forced to use the added flexibility the block grant would give them to weaken the program in one or more of the following ways:
  - (1) If they chose to assist fewer households, agencies would have to shrink the program by 250,000 families next year and by about 600,000 families by 2009.
  - (2) If they chose to raise rents, they would have to charge an average of about \$850 more per family in 2005, and \$2,000 more per family in 2009, even though most voucher holders have incomes below the poverty line.
  - (3) They could reduce the average cost per voucher by shifting vouchers that become available through turnover away from poor households and toward those that have higher incomes and need less assistance. Such a step, which HUD budget documents misleadingly present as an "efficiency" measure, would mean helping fewer of the families the program was designed to help: those with the greatest needs. Moreover, such a step could offset only a small part of the proposed funding cut.

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\* Also called the "Section 8" program, the voucher program is the nation's largest low-income housing assistance program. It provides about 2 million low-income households — mostly low-income working families, elderly people, or people with disabilities — with vouchers that help cover the cost of obtaining housing on the open market.