

**NEWS  
RELEASE**

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**MANY LOW-INCOME FAMILIES WOULD LOSE FEDERAL HOUSING  
ASSISTANCE UNDER PROPOSED FUNDING CUTS**

**New Projections Show Potential Effects in Each Community**

Hundreds of thousands of low-income, elderly, and disabled families across the country could lose much or all of their federal housing assistance under cuts the Administration has proposed in the nation's main low-income housing assistance program. Each of the more than 2,500 state and local housing agencies that run the program would be forced to scale back assistance by about 30 percent by 2009, if the cuts are approved and are distributed proportionately among these agencies.

The program, known as the housing voucher program, provides low-income families with vouchers to help cover the cost of rental housing in the private market.

**Would Be Largest Cut in Any Low-Income Program Since Early 1980s**

The President's fiscal year 2005 budget calls for cutting the voucher program by more than \$1.6 billion in 2005, with the cut rising to \$4.6 billion or 30 percent by 2009. If enacted, this would be "the deepest cut in any low-income program since the early years of the Reagan Administration," said Robert Greenstein, executive director of the Center on Budget and Policy Priorities.

The Center has released new estimates showing the funding shortfall that each state and local housing agency would face in 2005 and 2009 if the cuts are approved. The estimates, available on the Center's website, also show how many vouchers each agency would have to eliminate — or the average rent increase it would have to impose on families with vouchers — to compensate for the shortfall. "These cuts would do serious damage," said Barbara Sard, director of housing policy at the Center. "Vulnerable families in every community would be hurt."

Renée Glover, CEO and president of Atlanta Housing Authority and President of the Board of the Council of Large Public Housing Agencies, noted that the program enables families to move from concentrated areas of poverty to communities of opportunity: "The voucher program allows us to get closer to one of our goals of reintegrating families into the socio-economic mainstream. Significant reductions in the program will contribute to the perpetuation of institutionalized poverty and, as a consequence, dependence on government assistance."

**Cuts Could Lead to Fewer Families Helped, Higher Rents**

The cuts would present housing agencies with two unappealing options:

- (1) *Dropping families from the program.* To deal with the cuts solely by assisting fewer households, housing agencies would have to shrink the

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program by more than 250,000 families nationally next year and by about 600,000 families — about 30 percent of the entire program — in 2009.

- (2) *Charging higher rents to voucher holders.* To deal with the cuts by raising rents instead, agencies would have to charge an average of about \$850 more per family in 2005 and about \$2,000 more per family in 2009, even though most of these families have incomes well below the poverty line.

### **Proposed Structural Changes Would Weaken Voucher Program**

Officials of the Department of Housing and Urban Development have said the proposed funding cuts, which would be accompanied by converting the program into a block grant with few federal rules, would enable housing agencies to reduce voucher costs through efficiencies. Yet the cuts vastly exceed any savings that could be achieved through improved efficiency.

In addition, some stakeholders believe that dropping the federal rules that govern the program would weaken the program by leading to a conflicting array of rules across localities. Currently, the program's basic rules are uniform across the country (though housing agencies can tailor certain policies to suit local circumstances). This has several advantages, such as making it easier for families with vouchers to move to neighboring areas with more jobs and easier for large apartment owners to make units available to families with vouchers.

The National Association of Realtors has warned that the Administration's proposal, which would do away with these national rules, "would add complexity and confusion to the program[,] threatening housing opportunities for low-income, elderly and disabled families."

The block-grant proposal also would eliminate basic protections for voucher holders. For example, many owners of buildings in neighborhoods with growing demand for housing have decided to stop accepting federal housing subsidies, which then allows them to raise their rents. To ensure that low-income tenants in these buildings are not displaced, Congress has made them eligible for "enhanced" vouchers that are worth more than regular vouchers. Under the block-grant proposal, however, these families would lose their additional assistance after one year. "That would break the federal commitment to the tenants with enhanced vouchers and force most of them out of their homes and neighborhoods," said Carol Driscoll, President of the National Alliance of HUD Tenants.

### **Voucher Program the "Linchpin" of Federal Housing Policy**

The voucher program currently assists about two million low-income families with children, senior citizens, and people with disabilities. In a 2001 report, the congressionally chartered Millennial Housing Commission termed the program the "linchpin" of federal housing policy, describing it as "flexible, cost-effective, and successful in its mission."

"This program has been a lifeline for hundreds of thousands of people with disabilities who want to and should be able to live in the community," said Curt Decker, Chairman of the Consortium for Citizens with Disabilities, a coalition of over 100 national disability organizations. "Where will these people go? Many are likely to end up homeless and in institutions and nursing homes."

**The Center on Budget and Policy Priorities** is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.