

# CENTER ON BUDGET AND POLICY PRIORITIES

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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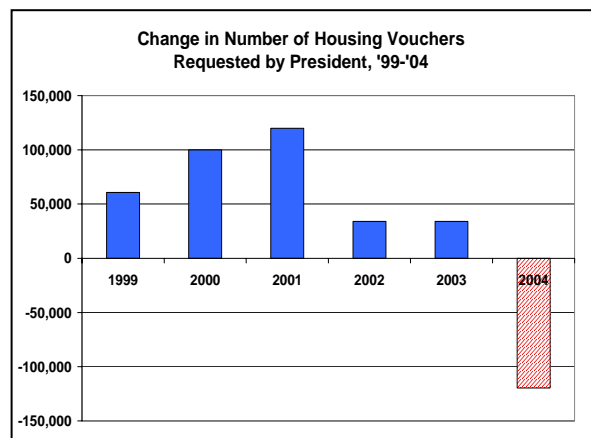
## PRESIDENT'S BUDGET CUTS HOUSING VOUCHERS FOR LOW-INCOME FAMILIES

A new analysis from the Center on Budget and Policy Priorities, entitled *President's Budget Requests Insufficient Funding for Housing Vouchers in 2004*,

The full report can be viewed at <http://www.cbpp.org/housingvoucher.htm>

describes several weaknesses in the President's fiscal year 2004 budget request for the housing voucher program.\* Although the voucher program is the cornerstone of federal housing assistance for low-income families, it serves only a fraction of those in need; currently, about five million low-income households that receive no housing assistance either pay more than half of their income for rent and utilities or live in severely substandard rental housing. The Administration's budget request would exacerbate this problem. The budget request:

- **Leaves between 113,000 and 137,000 previously authorized vouchers unfunded.** Many of these vouchers are likely to be in use in fiscal year 2003 and to need renewal funding the following year. The Administration arrived at its inadequate funding level by relying on estimates of the average cost per voucher in 2004, as well as of the percentage of authorized vouchers that will be in use in 2004, that are likely to be too low. In both cases, the estimates conflict with other data sources. For example, the budget's estimate of the average cost per voucher in fiscal year 2004 is nearly \$400 below the average cost estimated by the Congressional Budget Office and is inconsistent with the estimate of the average per-voucher cost in 2003 that the Appropriations Committees used in crafting the FY 2003 omnibus appropriations bill last month. The budget's estimate of the number of vouchers that will be in use in 2004 also is dubious; it is based largely on data from fiscal year 2001 that are now out of date. Various data sources demonstrate that the proportion of authorized vouchers that are actually in use has risen significantly since 2001.



\* The budget also proposes to convert the voucher program into a block grant. See the Center's website for analyses on this topic.

- **Creates a sweeping waiver authority that HUD and state officials could use to override any provision of federal law related to the voucher program.** The budget would allow states to apply for, and the HUD Secretary to grant, waivers of *any* statutory or regulatory provision covering the vouchers they administer.
- **Imposes a rigid minimum rent requirement on destitute families and individuals.** Currently, housing agencies have the *option* of imposing a minimum rental payment of *up to* \$50 a month on families with little or no income that participate in the major federal housing assistance programs. Agencies electing this option must exempt from it various categories of destitute families and individuals for whom such a payment would impose serious hardship. The President's budget would rewrite the law in this area to *require* all housing agencies to impose minimum monthly rents of *no less than* \$50 a month, while abolishing the current hardship exemptions. These exemptions protect families such as those that have no current income because the family's wage-earner has just been laid off, has recently died, or cannot work for a period of time because of illness or serious injury (such as injuries suffered in a major car accident). The new requirement the Administration would impose would not apply to the elderly or to people with a long-term disability, but no other exemptions could be granted, except by the HUD Secretary on a case-by-case basis.

The Center's analysis concludes that given the voucher program's proven record of success in aiding low-income families, and given the growing need for affordable housing, Congress should increase the program's funding level beyond the Administration's request to a level sufficient to renew all existing vouchers that may be in use in 2004 and to provide a more reasonable number of incremental vouchers than the 5,500 requested by the Administration. The analysis also concludes that the proposal to grant the HUD Secretary sweeping and unfettered discretion to waive acts of Congress is ill-advised and that there is no sound reason to undo the balanced policy on minimum rents that is reflected in current law.