
December 9, 2010

HOUSE CONTINUING RESOLUTION WOULD PREVENT DEEP CUTS IN FAMILIES ASSISTED BY LOW-INCOME HOUSING PROGRAMS

By Douglas Rice

The full-year continuing resolution that the House of Representatives approved yesterday includes funding increases for the current fiscal year (2011) for three housing programs that play an important role in alleviating hardship and reducing homelessness among low-income families: the Housing Choice (“Section 8”) Voucher Program, the Section 8 Project-Based Rental Assistance program, and homeless assistance grants. The proposed increases in the level of funding for the first two programs are needed *not* to expand the programs but to prevent sharp reductions in the number of families assisted;¹ the additional homeless assistance funding would help local agencies respond to increases in hardship as a result of the deep, prolonged economic downturn. Funding for most other low-income housing and community development programs would remain frozen at the 2010 levels under the resolution.

The Senate is expected to consider funding legislation as early as today. Indications are that the Senate will first attempt to pass a separate “omnibus” funding bill that would include modified versions of the 12 regular funding bills that the House and Senate appropriations committees have approved.² If the Senate fails to approve the omnibus, it will consider the House-passed continuing resolution described above, which would fund programs through September 30, 2011.

Should Congress fail to pass *both* the House resolution and Senate omnibus bill, it will be forced to revert to a third option, a temporary funding resolution that would continue to fund federal programs at 2010 levels until early next year. Under this scenario, when it acted next year Congress very likely would impose deep funding *cuts* in most low-income housing programs, including the three cited above, causing hundreds of thousands of low-income families to lose needed assistance. This is because the new House of Representatives would likely rewrite the appropriations bills for fiscal year 2011, using as a starting point a proposal by House Speaker-elect John Boehner to cut overall funding for nondefense discretionary programs by \$101 billion, or 21 percent, below the 2010 funding levels adjusted for inflation.³

- **Housing Choice (“Section 8”) Vouchers:** The House continuing resolution provides \$16.99 billion for the renewal of housing vouchers, an increase of \$655 million over the 2010 funding level. This amount should be just enough to renew the 2.1 million vouchers used by low-income families in 2010, according to Center estimates. In contrast, if funding for the program were cut 21 percent (if the Boehner target for overall funding for nondefense discretionary programs were accepted, and all programs reduced by the same percentage), voucher renewal

funding would be reduced by \$4 billion below the level in the House resolution. This would eliminate funding for more than 500,000 housing vouchers now used by low-income families. Nearly all of these families include seniors, people with disabilities, or families with children.⁴

- **Section 8 Project-Based Rental Assistance Program (PBRA):** The House-passed resolution includes \$9.3 billion for Section 8 PBRA in 2011, an increase of \$731 million over the 2010 funding level. Under the proposed 21-percent-reduction scenario, funding for Section 8 PBRA could be cut by \$2.3 billion below the House resolution level. This would eliminate rental assistance for more than 250,000 low-income families, three-quarters of which are elderly or people with disabilities.
- **Homeless Assistance Grants:** Funding for homeless assistance grants would increase by \$190 million under the House resolution, to \$2.055 billion in 2011. The additional funding would enable local agencies to alleviate the severe hardships experienced by a growing number of individuals and families due to the weak economy, high rates of foreclosures, and other factors.⁵ Moreover, while Congress authorized \$1.5 billion in emergency funding for homeless assistance as part of the 2009 Recovery Act, a substantial share of local communities will have exhausted those funds well before the end of 2011. Part of the added funding provided in the House resolution will thus be needed to prevent cutbacks in assistance that would otherwise result from the depletion of Recovery Act funds. Under a 21-percent reduction approach, funding for homeless assistance could be cut by \$569 million below the amount in the House resolution.
- **Housing for the elderly and people with disabilities:** The House-passed resolution would fund the Section 202 elderly housing program at \$825 million and the Section 811 housing for people with disabilities program at \$300 million, both the same as in 2010. If funding were reduced by 21 percent under the scenario described above, funding for elderly housing would be cut by \$168 million below the level in the House resolution, while funding for housing for people with disabilities would be cut by \$61 million. As a result of such cuts, these programs would fund 30 percent fewer new affordable housing units for low-income seniors and people with disabilities in 2011.
- **Public Housing:** Under the House resolution, the Public Housing Capital and Operating Funds would be funded at \$2.5 billion and \$4.8 billion, respectively, in 2011. Under the Boehner cut proposal, these programs could lose \$1.5 billion, in comparison to the levels in the House resolution. Such deep cuts would make it considerably harder for housing agencies across the country to fix leaky roofs, repair broken heating and cooling systems, and otherwise maintain their properties in good condition. As a result, the loss of public housing units due to deterioration would certainly accelerate; already, the nation's public housing stock has declined by more than 165,000 units since 1995.

Overall, the HUD budget could be cut by more than \$9 billion under the Boehner proposal, in comparison to the House resolution. The potential cuts to core HUD programs are shown in Table 1. (State-by-state estimates of some of these funding reductions are provided in the appendix.)

Cuts of this magnitude would be almost certain to increase homelessness and other hardships dramatically among low-income families in states and localities across the country. The need for

federal rental assistance for low-income households continues to far outpace the availability of such assistance. Only about 1 in 4 eligible low-income families receives any federal rental assistance, and the number of families in need of assistance has been growing substantially. In 2009, 5.6 million households with incomes below the poverty line — or about 60 percent of all poor renter households — paid at least half of their income for rent and basic utilities, according to the Census Bureau. That represents a 17 percent (800,000 households) rise since the last survey in 2007 and a 45 percent (1.7 million households) rise since 2003.⁶

	House Continuing Resolution	Boehner Proposal, if Cuts Are Proportional Across Nondefense Discretionary Programs (Estimates)	Potential Cuts Under Boehner
Housing Voucher renewals	\$16,994	\$12,989	-\$4,005
Section 8 PBRA	\$9,282	\$7,007	-\$2,275
Homeless Assistance Grants	\$2,055	\$1,486	-\$569
Public Housing Capital	\$2,500	\$1,992	-\$508
Public Housing Operating	\$4,775	\$3,805	-\$970
HOME Investment Partnerships	\$1,825	\$1,454	-\$371
Elderly Housing (Section 202)	\$825	\$657	-\$168
Housing for People with Disabilities (Section 811)	\$300	\$239	-\$61
Community Development Block Grant	\$4,255	\$3,547	-\$708

Notes: All figures include set asides, including those for the “Transformation Initiative.” The Boehner proposal would require that overall funding for nondefense programs be reduced by \$101 billion, or 21 percent below the 2010 level, adjusted for inflation, but does not specify how the cuts would be distributed across nondefense programs. The funding levels presented in this table assume that funding for each program is reduced by 21 percent below the 2010 level, adjusted for inflation. Under the Boehner proposal, actual funding reductions for individual programs could be higher or lower, depending on the distribution of the reductions.

Appendix

Potential Cuts in Low-Income Housing and Community Development Programs in 2011, If Congress Adopts the Boehner Proposal Instead of the House Continuing Resolution, by State

State	Housing Choice Vouchers (Families Assisted)	Public Housing (Dollars)	HOME Investment Partnerships (Dollars)	Community Development Block Grant (Dollars)
Alabama	-4,979	-\$44,382,372	-\$5,270,006	-\$9,537,142
Alaska	-986	-\$2,611,722	-\$834,023	-\$924,140
Arizona	-4,998	-\$10,248,684	-\$5,328,281	-\$10,543,481
Arkansas	-3,062	-\$9,308,174	-\$3,354,888	-\$5,328,599
California	-96,897	-\$53,443,608	-\$53,985,308	-\$89,580,306
Colorado	-6,779	-\$11,059,921	-\$4,495,125	-\$7,079,090
Connecticut	-10,346	-\$22,551,027	-\$4,332,017	-\$8,084,901
Delaware	-1,112	-\$4,695,551	-\$1,903,492	-\$3,532,163
District of Columbia	-5,089	-\$17,575,278	-\$1,022,919	-\$1,387,570
Florida	-24,617	-\$44,747,656	-\$16,641,392	-\$30,961,927
Georgia	-14,249	-\$49,128,592	-\$8,971,775	-\$15,895,203
Hawaii	-3,196	-\$7,109,628	-\$1,567,861	-\$2,927,413
Idaho	-1,116	-\$517,888	-\$1,437,930	-\$2,371,717
Illinois	-25,884	-\$95,118,858	-\$15,649,596	-\$33,578,487
Indiana	-6,109	-\$18,675,210	-\$6,239,527	-\$13,471,228
Iowa	-2,899	-\$2,762,360	-\$3,116,830	-\$7,945,706
Kansas	-1,838	-\$7,689,075	-\$2,817,963	-\$5,395,202
Kentucky	-5,445	-\$21,415,488	-\$5,190,969	-\$8,821,907
Louisiana	-9,986	-\$26,878,511	-\$6,497,652	-\$12,438,736
Maine	-2,486	-\$4,629,260	-\$1,730,726	-\$3,819,508
Maryland	-13,138	-\$33,771,318	-\$5,226,791	-\$10,605,680
Massachusetts	-25,026	-\$52,536,248	-\$9,832,520	-\$21,134,957
Michigan	-9,946	-\$21,112,474	-\$10,493,566	-\$25,285,358
Minnesota	-6,457	-\$22,801,196	-\$4,673,833	-\$11,144,742
Mississippi	-3,270	-\$14,082,023	-\$3,681,857	-\$6,834,068
Missouri	-6,962	-\$17,585,393	-\$6,383,213	-\$12,845,082
Montana	-875	-\$1,895,318	-\$1,285,771	-\$1,775,596
Nebraska	-1,872	-\$5,227,154	-\$1,903,260	-\$3,732,457
Nevada	-3,633	-\$5,874,907	-\$2,443,604	-\$3,929,451
New Hampshire	-2,469	-\$3,859,853	-\$1,365,049	-\$2,558,144
New Jersey	-19,809	-\$56,876,502	-\$9,923,389	-\$19,547,577
New Mexico	-2,339	-\$4,292,663	-\$2,281,679	-\$4,079,962
New York	-62,725	\$291,549,201	-\$41,712,504	-\$67,097,689

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North Carolina	-10,246	-\$42,470,926	-\$8,559,642	-\$13,870,870
North Dakota	-954	-\$1,436,537	-\$739,177	-\$1,226,652
Ohio	-16,712	-\$64,549,377	-\$13,777,117	-\$31,150,420
Oklahoma	-3,889	-\$12,408,601	-\$4,225,471	-\$5,844,349
Oregon	-6,312	-\$6,444,892	-\$4,500,133	-\$7,058,681
Pennsylvania	-17,077	-\$97,809,344	-\$15,657,901	-\$42,714,767
Rhode Island	-2,293	-\$11,140,578	-\$1,966,859	-\$3,333,493
South Carolina	-4,251	-\$16,773,447	-\$4,192,167	-\$7,505,603
South Dakota	-854	-\$1,218,777	-\$892,131	-\$1,549,778
Tennessee	-5,956	-\$38,146,865	-\$6,411,876	-\$9,668,089
Texas	-31,177	-\$58,327,956	-\$24,376,249	-\$49,523,770
Utah	-2,046	-\$1,887,654	-\$1,912,543	-\$4,004,744
Vermont	-1,286	-\$1,891,127	-\$893,893	-\$1,613,504
Virginia	-10,728	-\$24,532,385	-\$7,273,790	-\$11,765,830
Washington	-11,910	-\$19,844,891	-\$7,088,933	-\$11,824,217
Virginia	-2,014	-\$6,223,683	-\$2,718,845	-\$4,839,479
Wisconsin	-4,526	-\$9,846,599	-\$5,874,349	-\$12,787,902
Wyoming	-366	-\$579,503	-\$715,422	-\$817,548

Notes: As noted above, the Boehner proposal does not specify how the \$101 billion in proposed funding reductions would be distributed among nondefense programs. To illustrate the potential impact on individual programs, we assumed that such cuts would be applied uniformly, that is, that funding for every nondefense program would be reduced by 21 percent below the 2010 level, adjusted for inflation. The figures in this table assume that funding reductions would be distributed to states in the same proportion as regular program funding was distributed in fiscal year 2009. The figures for Housing Choice vouchers assume that state and local housing agencies would address budget shortfalls primarily by terminating families from the program, rather than by taking other steps to cut costs, nearly all of which would also harm low-income families. Distribution data for FY 2009 is from the Office of Management and Budget and HUD.

Notes

¹ Congress funded approximately 30,000 new housing vouchers in 2009 and 2010 to assist homeless veterans, people with disabilities, and other vulnerable families. Congress also funded thousands of additional “tenant protection” vouchers to replace public and other federally assisted housing that has been demolished or otherwise lost. Many of these vouchers must be renewed for the first time in 2011, if families are not to lose assistance, thereby increasing renewal costs in the program. In addition, the rise in voucher renewal costs reflects expected modest inflation in rents and utility costs. Similar factors are contributing to increased renewal costs in the Section 8 PBRA program.

² While the details of the Senate omnibus bill are not public at this time, funding levels for the three critical programs cited above are likely to be at least as high as in the House continuing resolution. In addition, funding for other HUD programs — as well as for a wide range of education, health, and other programs administered by other federal agencies — is also likely to be higher than under the House resolution.

³ For an analysis of the Boehner proposal, see James R. Horney and Robert Greenstein, “Boehner Proposal Would Cut Non-Security Discretionary Programs 21 Percent, The Deepest Such Cut in Recent U.S. History,” Center on Budget and Policy Priorities, September 15, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3286>. The Boehner proposal does not specify how the funding reductions would be distributed among nondefense programs. To illustrate potential cuts in particular programs under the Boehner proposal, we assumed that funding for each program would be reduced by 21 percent below the 2010 level, adjusted for inflation. Actual funding reductions could be higher or lower than these estimates, if Congress were to approve the Boehner plan.

⁴ For more information on the housing voucher program, see “Introduction to the Housing Voucher Program,” Center on Budget and Policy Priorities, May 15, 2009, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2817>.

⁵ See Douglas Rice, “Housing Affordability Problems Worsening for Poor Renters,” Off the Charts Blog, September 9, 2010, <http://www.offthechartsblog.org/housing-affordability-problems-worsening-for-poor-renters/>.

⁶ See note 5. For a typical family, housing costs consume only about a quarter of household income. The federal government considers housing unaffordable if it costs more than 30 percent of a household’s income.