

**NEWS
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**LOW-INCOME HOUSING VOUCHERS COULD BE CUT SIGNIFICANTLY
UNDER ADMINISTRATION BUDGET PROPOSAL**

Local Impact of Possible Cuts Detailed

While the Administration's new budget includes a small increase in 2006 in the number of housing vouchers for low-income families, it includes substantial cuts in housing programs in years after 2006 that could reduce by 370,000 the number of low-income families, seniors, and people with disabilities who receive vouchers, according to a new study by the Center on Budget and Policy Priorities. The study includes estimates of the reduction in the number of low-income households with vouchers in each locality across the country.

The housing voucher program, also known as "Section 8," is the nation's largest low-income housing program. It provides roughly two million low-income families, senior citizens, and people with disabilities with vouchers they can use to rent modest housing in the private market.

Due to inadequate funding for the voucher program in 2005, the Department of Housing and Urban Development, which administers the program, recently informed local housing agencies that their funding for the current year would be reduced below the levels needed to maintain current levels of assistance. The number of low-income families assisted through vouchers is expected to fall by 80,000 this year. (The study includes estimates of the impact of this cut by locality as well.)

The Administration's budget proposes to restore enough funding to undo about half of this reduction in 2006, although it proposes cuts of roughly \$3 billion in other housing programs in 2006. After 2006, however, funding both for the voucher program and other low-income housing programs could plunge under the Administration's budget. The study explains that budget documents that the Office of Management and Budget has provided to Congress indicate that under the budget, funding levels for federal low-income housing assistance programs — including the voucher program — would, by 2010, be reduced by \$3.7 billion below the 2006 level adjusted for inflation.

The number of low-income households provided vouchers to help them afford to rent modest apartments could be reduced by more than 370,000 by 2010, the study says, compared with the number of families able to receive voucher assistance this year. (This finding assumes that voucher costs increase by 2.7 percent annually, as the Congressional Budget Office projects.)

"The Administration is calling for about 40,000 new vouchers in 2006, but these would replace only half the number of vouchers that were lost this year

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because of lack of funding,” said Barbara Sard, the Center’s director of housing policy. “And even if those 40,000 vouchers are funded — which is by no means certain given the fierce competition that will take place in Congress for funds this year — more than 370,000 vouchers could be eliminated over the next five years if Congress adopts the President’s proposal.”

Budget Also Proposes Move Toward a Block Grant

The budget also proposes changes in the voucher program’s basic funding structure that would take a major step toward converting the program to a block grant. The level of funding for the program would no longer be tied to the number of families being assisted in communities across the country, rental costs in those communities, and the incomes of the low-income families being helped. The level of funding would be divorced from these basic indicators of need.

Without such measures of need to serve as a basis for setting the program’s funding level, the amount of funding provided for the program would likely fail to keep pace with increases in local rental costs. As a result, the number of families the program assisted would likely drop significantly over time. (Even today, only one in four low-income families eligible for vouchers receive any form of federal housing assistance.)

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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.