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ESTIMATED VOUCHER CUTS IN 2006 UNDER HOUSE AND SENATE BILLS

Minnesota

The table below displays estimates of cuts in housing voucher assistance that would occur under the 2006 HUD funding bills passed by the U.S. House of Representatives and by the Senate Appropriations Committee. It includes estimates for the state as a whole and for the hardest hit housing agencies in the state (those that would need to cut assistance for at least 50 families or 5 percent of their total). The key statewide findings are:

- Under the **House bill**, Minnesota housing agencies would have to cut **181 vouchers**.
- Under the **Senate bill**, Minnesota housing agencies would have to cut **82 vouchers**.

The cuts would occur at the same time that other agencies would receive more funding than they need to cover vouchers now being used. Indeed, because of a flawed formula the House bill would provide many agencies with more funding than they need to cover all of the vouchers they are legally permitted to issue. Because of this waste, the House bill imposes larger cuts even though it provides more funding for voucher renewals than the Senate bill. If the Senate bill were funded at the same level as the House bill, the voucher cuts would be significantly less than the estimates shown here.

For further information on the potential cuts and other issues raised by the House and Senate bills, see <http://www.cbpp.org/8-24-05hous.htm>.

| | Authorized Vouchers | Number of Families Assisted According to Recent Data | Reductions in Families Assisted at Agencies Facing Cuts | |
|---|---------------------|--|---|-------------|
| | | | House Bill | Senate Bill |
| Minnesota (All Housing Agencies) | 30,643 | 29,114 | -181 | -82 |
| Housing Agencies Facing Large Cuts | | | | |
| Crookston HRA | 188 | 182 | -11 | 0 |
| East Grand Forks Economic HA | 311 | 310 | -25 | -9 |
| Owatonna HRA | 113 | 113 | -10 | -3 |
| Plymouth HRA* | 210 | 168 | -23 | -5 |
| St. Cloud HRA | 830 | 760 | -92 | -53 |

*It appears from the available HUD data that these agencies may have received a significant number of new vouchers in 2004. Such agencies may be eligible for additional funds under the House and Senate bills, but HUD has not released sufficient data to accurately assess the number of new vouchers at each agency or the size of the adjustment it could receive. As a result, there is a higher risk for these agencies than for other agencies that the estimated cuts under either or both bills are inaccurate.

Note on Estimates: Estimates are calculated from projections of average voucher costs and the number of authorized vouchers that will actually be in use in 2006 based on data through January 2005. Estimates of cuts in assistance reflect reductions below the average number of authorized vouchers in use from May 2004-January 2005, the most recent 9 months for which data are available. In some cases, housing agencies could respond to funding reductions by cutting assistance through steps other than reducing the number of families assisted, but these steps would also harm low-income families. For example, agencies could reduce the amount of rent a voucher can cover, but this would make it more difficult for families to rent apartments outside the lowest-rent neighborhoods — which often have high crime, poor schools, and few jobs.

For additional information on the assumptions used in making these estimates, see the technical appendix available on the internet at <http://www.cbpp.org/8-24-05hous.htm>. State and local housing agencies may have more recent data, which could be used to make estimates that would more accurately reflect recent conditions in the area. A calculator that would allow local agencies to make estimates based on these data is also available at <http://www.cbpp.org/8-24-05hous.htm>.