Focus on Changes to Section 8 Housing Choice Vouchers

When you work in government, or any kind of bureaucracy, numbers are important—in meeting your budgets, or helping finance a certain number of affordable homes, for example. But just like the work we do at the Commission, the current cutbacks in the Section 8 Housing Choice Voucher program aren’t truly a numbers story: they’re a people story. Hearing Diane Quast speak at a recent meeting of nonprofit and housing authority representatives from Eastern Washington brought this home. As a result, I decided to focus this edition of My View on recent changes in the Section 8 Housing Choice Voucher program and what is really happening to Section 8 tenants across the state.

Spokane Housing Authority forced to cut programs, payments—and waitlisted families

Diane Quast is Executive Director of the Spokane Housing Authority (SHA). Her topic was an update on ongoing legislative efforts to "reform" HUD, including changes to the Housing Choice Voucher program. Diane also spoke at some length about how the current shift to budget-capped allocations was impacting her agency’s ability to adequately serve the families they’ve served historically.

During her talk, Diane described the following steps that SHA has had to take to meet its reduced Section 8 voucher budget:

- Reduce payment standards
- Tighten occupancy standards
- Increase the minimum rent of participants
- Restrict portability of vouchers to higher-cost areas
- Freeze the reissuance of vouchers
- Rescind issued vouchers
- Close and/or remove applicants from the wait list
- Close and/or phase out the Family Self-Sufficiency program
- Adopt termination policies

It’s truly disheartening to review this list’s contents. Closing wait lists. Shifting costs to participants who...
My View from Kim Herman, Executive Director

Spokane Housing Authority forced to cut programs, payments—and waitlisted families, continued

Don’t have the resources to pick up the slack. Reducing payments to landlords—and risk losing their support for subsidized private housing. Every single measure has created hardships for many individuals, families and communities in the five Washington counties—Stevens, Spokane, Whitman, Lincoln and Pend Oreille—served by SHA. All you have to do is look at these bullet points and think about their potential impact in terms of people.

After the meeting, Diane described at greater length how, post-cutbacks, SHA has worked to meet its budget. “The hard thing is that we are basically reducing the number of households served to make sure that we get our total program costs within budget. We’re authorized to serve a certain number of families by HUD but we simply don’t have enough money to cover that,” she pointedly describes.

TOUGH DECISIONS
Utilities change, rents get adjusted when there’s a lowering of family income, a family grows and moves to a home with an additional bedroom—these and many other factors increase the cost of vouchers, which makes Diane’s job even harder. The Spokane Housing Authority is authorized to help 4,585 families; in June, that was reduced to 4,409. As of the 1st of July, that number was reduced still further, to 4,361. “We were overspending our monthly allotment for the first three months of this year. We had taken every step we could to try to reduce the cost of the vouchers,” she says.

The steps listed above are all measures that SHA has taken to date to meet its fiscal responsibilities. One of the toughest steps for Diane and SHA’s Board of Commissioners was disbanding the Family Self-Sufficiency Program (FSS), effective October 1, 2005. This is a program that helps to incent people to save for their futures.

Through FSS, individuals learn to set goals and find employment. As their situations improve and their earnings increase, the higher rent differential they’re expected to pay is placed into a savings account. After completing the program, these funds are used for higher education, a down payment on a home—whatever they need most to get ahead.

“We looked at that and realized we’d have to allow people, through attrition, to fall out of this program. This was some 14 to 20 thousand dollars a month that could go towards rental assistance—another way we can try to serve as many families as possible.” Diane continues, “Other communities are saying that FSS is a better way to go, and are keeping their emphasis on this program, because it seems to reduce the amount of time that people have to stay on the voucher program. We did not see that in this community.” She points to the relatively low wages available in the area as a factor.

Diane’s perspective, from ongoing conversations with other agencies, is that each community is coming up with strategies to contain costs most effectively. “People have had to do different steps at different times, to try to get their payments under control.”

TURNING THE TITANIC
Probably the hardest decision Diane and her team had to make occurred in the spring. “We had called in families off the waiting list,” she relates. These were people who had been on the waitlist for about two years. They had received an ‘issued voucher,’ which meant they could begin the process of searching for a landlord, and a home, that participated in the Section 8 program. “In that interim, we realized we didn’t have the money to fund those vouchers. So we had to rescind those issues—for 125 households. Here were people, they’re excited, they see relief coming very soon. And we had to snatch it away.”

There’s a happier epilogue for 75 of those households, who were either elderly or disabled voucher recipients. “Luckily, we were able to work with the city, to get priority emergency funding for those households. But the other 50 families have still not gotten relief.” One of those frustrated still-waiting individuals is Fanesa Santos; she’s interviewed in the sidebar that accompanies this series of articles.

Diane’s goal is to balance outlays and HUD funds by year end. If SHA spends more than its 12-month allotment, any shortfall would have to come from reserves. “That’s scary,” she affirms. “It’s a bit like turning the Titanic: the larger your program, the harder it is to get it turned. Other programs are smaller, more nimble. I’ve also heard there’ve been some housing authorities that weren’t able to get their costs under control: they weren’t able to pay landlords participating in the program. I don’t want to have to go there. Our landlords are vital. They are our partners in this.”
The town of Walla Walla faces unique housing challenges. Out of a population of 30,000, the local housing authority administers 719 vouchers through the Section 8 Housing Choice Voucher program, with a waiting list of more than 1500 people. According to Renee Rooker, Director of the Walla Walla Housing Authority, the need for subsidized housing in Walla Walla is related to the unusual nature of economic growth in the region.

Until a decade ago, Walla Walla's economy was dominated by its three colleges and the federal government, in the form of the Army Corps of Engineers and a VA hospital. Then came the wine boom.

In recent years, Washington has gained a reputation as a world-class winemaking region; Walla Walla is one of the prime wine centers. Now with dozens of wineries, along with hotels and restaurants, the region has seen an influx of new residents and visitors. As a result, the median price of a home in Walla Walla has increased from $110,000 in 2000 to $194,000 today. During this five-year period in which home prices nearly doubled, median income remained flat.

HUD CHANGES FUNDING
Rooker reports that HUD-mandated changes in the funding formula for Housing Choice have resulted in 30 fewer vouchers available in Walla Walla in 2005. Also, vouchers will not be available for people on the waiting list of 1500. “We won’t ever be able to serve them,” says Rooker, “given the current environment.”

Particularly distressing is the fact that many of those on the waiting list have significant needs. Says Rooker, “52% of our voucher participants are either elderly or disabled; these are the most vulnerable populations.” Veterans are another group that feels the impact. Walla Walla has a large number of veterans because of the VA facility. And Rooker notes that Housing Choice vouchers are an important tool for assisting homeless veterans.

Fear and uncertainty have characterized the atmosphere for local housing authorities since they got word of the funding changes. As Rooker explains, “We are a calendar year housing authority. In 2004 we were operating under the rules in place at the time, planning and optimizing our resources to serve as many families as we could. Then we got the notice [from HUD] in May 2004 that totally turned the environment around, and made it retroactive to January 1. But we were nearly half way through our year. We had to terminate families. That was not what we wanted to do. But we didn’t have the resources available, so we had to notify families that we did not have enough funding to continue assisting them. That was a very hard decision for the board to make. It was a heart-wrenching time.”

PUBLIC TESTIFIES ON IMPACT
In response, a public meeting was held at the City Hall inviting the community as a whole, including all of the Walla Walla area Housing Choice program participants and people on the waiting list. The congressional delegations all sent staff. Rooker recalls that the meeting was packed. The board listened to testimony from voucher recipients who described their personal situations. Several of these are described below:

- A woman described having to move repeatedly due to domestic abuse and said she needed assistance so she could have access to safe housing.
- A veteran who moved to Walla Walla to be closer to VA services described needing the assistance so he could afford to live near his source of medical care.
- A man caring for his disabled wife said that if cut from the program, he’d be forced to put his wife in a nursing home and go live on the street.
- One woman said she would be happy to forego her voucher if it would help others.

A theme that came up repeatedly from participants was the fact that they’d be willing to pay a higher percentage of the rent—more than the program-mandated maximum of 30%—in order to continue receiving some assistance.

CONFUSION CONTINUES IN ’05
The Walla Walla Housing Authority didn’t receive notification until the end of January of the funding level that would be available for 2005. At that time, they also found out that the funds would be disbursed quarterly, rather than in a single lump sum for the entire year as before. Rooker says that the funds distribution for the third quarter is significantly less than expected, and this occurred without explanation, creating even more uncertainty and frustration.

Continued on page 4
My View from Kim Herman, Executive Director

AUGUST 2005 | page 4

Continued on page 5

Housing Uncertainty in Rural Walla Walla, continued

Rooker understands that the federal government is concerned with rising costs and possible inefficiencies in the program. "We want to make sure we continue to optimize our resources. Now we monitor the program weekly to make sure that we get the dollars out on the street. We have responsible policies; but it takes a lot more administrative time to monitor the program weekly vs. doing it monthly. We don't get enough administrative dollars to do all that, because that budget has been cut."

She concludes, "I agree that this is the appropriate time to examine the Section 8 Housing Choice Voucher program. We should look at the accomplishments it has made and talk about changes. But then we also need to plan for the future to make the program even stronger and more responsive to the long-term housing needs in this country."

For Rooker, that would be a more responsible way to address the problem, because it's fairer to the families who need housing assistance.

The long-term costs of Section 8 Housing Choice Voucher cuts:

King County Housing Authority’s Stephen Norman speaks out

The current impact of budget cuts to the elderly, disabled, and low-wage families served by the Section 8 Housing Choice Voucher rental assistance program is a bleak picture of people of limited means having to make do with less. According to Stephen Norman, Director of King County Housing Authority, there has been an enormous push-back as the human toll of these cuts has become clear. But, Stephen emphasizes, "The reality is that there hasn't been a backing off from the essential reduction in long-term priorities for housing as part of the administration's budget plan."

The King County Housing Authority (KCHA) serves more than 17,000 households in King County; 8200 of these live in homes subsidized through Section 8's Housing Choice Voucher program. Like other housing authorities across Washington State, KCHA has been forced to make major changes to the voucher program to respond to the federal cutbacks in funding. Just like its housing authority counterparts in Walla Walla and Spokane described in the accompanying articles, KCHA's changes to its Section 8 program have included rent increases for households, waiting list cuts and families being squeezed into smaller living spaces.

As a result of these changes, the costs per unit have been reduced to a level that Stephen believes will enable KCHA to meet its obligations for the year. "Unfortunately," he says, "the reason these are dropping is because we have passed on the costs to our program participants. What you see are people on very limited fixed incomes making very hard choices between competing necessities. And that's just wrong."

The grim long-term prognosis

According to Stephen, the good news is that even the administration's proposal restored over $1 billion in funding for the Section 8 Housing Choice Voucher program that had been cut last year. Although this won't get us back to the status quo, it would restore about half of what was cut.

The bad news? "At the same time," he says, "the multi-year forecast that the administration is putting out projects draconian cuts in domestic discretionary spending over the next five years, along with very significant cuts in the housing programs. This amounts to something like a $3.7 billion reduction in annual appropriations for housing by 2010."

For Stephen, what's equally troubling is that the federal government is looking to devolve responsibility for the Section 8 program down to the local level. Block grants have been historically accompanied by long-term reductions in program support. The way the Section 8 program was previously...
structured, the amount of funding was elastic, to reflect changes in housing costs. Under the block grant scenario, funding is set in stone. When a given rental market rises, as Stephen expects will happen in King County over the next few years, local housing authorities will be left holding the bag—forced to choose between having people pay still more of their share of the rent, or reducing the number of households that get help.

SIGNIFICANT COSTS TO OUR COMMUNITIES
From Stephen’s perspective, there are several significant big-picture impacts of this funding attrition that have broad implications for our communities:

One: “The reductions in the Section 8 program really cut the legs out from any local efforts to end homelessness,” affirms Stephen. “This is the primary engine for serving individuals who are between zero and 30% of the area’s median income—in a rental market where there is no housing that’s affordable to them. There are some 65,000 households in King County that earn less than that 30% of AMI. These programs are absolutely essential.”

Two: Housing authorities have become increasingly sophisticated in their abilities to coordinate services among local governments, health care and social systems, and nonprofits to create special-needs housing. A critical ingredient in furthering these efforts is Section 8 funding. A good example is Washington State’s Section 8 support of the network of transitional housing for homeless families currently being developed under the Gates Foundation’s Sound Families initiative in King, Pierce and Snohomish counties.

The primary partner with the Gates Foundation in this initiative are the region’s seven housing authorities—and the Section 8 subsidies they provide to support operations and individual rental subsidies. Since its launch in 2000, Sound Families has funded 1081 homes for homeless families in the three-county region. “These kinds of initiatives will go away as Section 8 starts to get cut more,” Stephen says.

Three: A weakened, budget-cap allocated Section 8 program will also, over time, force voucher holders to concentrate in pockets of the region that have the cheapest housing. “The creation of these kinds of pockets of poverty is terrible long-term social planning for the region,” Stephen emphasizes. “It carries an array of costs—from the social costs, to the fact that frequently, individuals have to commute to jobs in other parts of the county.” Additionally, he points out, people need to reside where their support systems and community ties are, whether it’s a mother-in-law who can baby-sit the kids, a trusted healthcare provider, or a school. Laura MacKenzie, a disabled Kenmore resident who receives Section 8 rental assistance through KCHA, eloquently elaborates on Stephen’s concern about creating isolated areas of poverty and skewing community support systems in the accompanying sidebar.

“From an environmental, sustainability and infrastructure costs perspective, the cuts to Section 8 are truly dumb as well,” Stephen sums up. “Homelessness, regional growth and poverty concentration issues, sustainability and the impact on individual households—I think these are the real costs of this.”
What have the mandated cuts to the Section 8 Housing Choice Voucher program meant to people in Washington State? I asked Laura MacKenzie of Kenmore and Fanesa Santos of Spokane to share with us how these changes are impacting their lives.

Laura MacKenzie lives in the town of Kenmore, in northern King County. Her story is one of a series of blows to her health, her finances, and her ability to continue to live in safe, affordable housing among a support system of people who care about her. Handicapped by an experimental chemotherapy treatment protocol that destroyed her immune system in 2000, she was homeless for some time before securing a Housing Choice Voucher. She's lived in the same privately owned apartment building since February 2004 with the help of the Voucher program through King County Housing Authority.

Laura was already having trouble making ends meet when she received word that KCHA would be raising her share of the rent from 20% to 34% of her income to meet its budget constraints. That same week, she was also notified that, since she'd recently qualified for Social Security disability income, her prescriptions would be covered by Medicare, not Medicaid—which entailed a “small” co-pay that she can’t afford. She’s since worked with her doctor to discontinue her medications, all except one, which she literally can’t live without.

“The hits are hard,” Laura affirms. With the additional burden of rent and medical costs, “I don’t have anything left.” Last month, she ran out of money for food. Residents in her building fed her: “What’s happening is my care is falling on other people.”

What might potentially ease Laura’s financial troubles is a move to southern King County, where the rents are cheaper—but she doesn’t know a soul. “I have a wonderful community here in Kenmore—people that look out for me.” It’s also important to her to be close to her doctors.

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Fanesa Santos is a single mother trying to keep herself and her five-year-old daughter from losing their home in Spokane. Fenesa and her family had previously gotten rent relief through a different two-year housing program. That program expired earlier this year. Fenesa has been unable to secure work; she’s separated from her husband, and not getting any child support. “I was panicking a little bit. I had to start paying about $500 a month for rent,” she describes.

She’d been on a waiting list with Spokane Housing Authority for about two years to receive assistance through the Housing Choice Voucher program. About three months ago, she got the call she’d been waiting for: her voucher had come through.

“I couldn’t believe it. I went through the whole process,” she describes. “I went through the orientation, and my landlord had agreed to a Section 8 contract. Then I got a letter in the mail, they were holding my voucher back. I would be put back on top on the waiting list.” What happened to Fenesa’s voucher is described in the accompanying article on Spokane Housing Authority; there were simply no funds to cover the vouchers issued to her and about 125 other wait-listed individuals and families.

Fenesa has been calling SHA frequently since this happened, to assure her place on the wait list, but right now, the funding isn’t there. When she was interviewed in mid-July, Fenesa still hadn’t managed to pay the rent for that month. “Programs like this one help—a lot,” she says. “I just got out of a really bad marriage. I really don’t know what’s going to happen to us.”
We decided to focus this issue of My View on Section 8 to try and get a real sense of what is happening as a result of all the cutbacks and changes to the program. In the previous three articles, we’ve heard from representative housing authorities in King County, Spokane and Walla Walla. In brief, people at the housing authorities are feeling forced to make extremely difficult decisions about whom they should, and should not, serve.

Of course, HUD is an important partner for the housing authorities and the Commission, and Section 8 is a key program. These changes are controversial. That’s why I wanted to give John Meyers, Regional Director, the opportunity to talk about HUD’s viewpoint.

KH: John, how would you characterize the administration’s cut-backs and changes in Section 8?

JM: First, it’s not accurate to talk about these changes as “cuts.” In fact, we asked for $1.1 billion more for the Section 8 program than we received last year. The Senate just passed approximately that amount out of committee.

KH: But that’s coming off of cuts last year.

JM: Let’s look at this in historical perspective. There’s never enough money to entirely address our housing problems. In 1998 Section 8 took 38% of HUD’s budget. In 2005 it took 62%. In 2006 it’s going to take around 70%. The cost of section 8 is unsustainable: Congress won’t give us enough money to cover it. Like everybody, we’ve been trying to find ways to do more with less.

In 1998 the housing authorities communicated to HUD that there were too many regulations and hoops they had to jump through. With less red tape, the housing authorities felt they could do more with their dollars. We created a pilot program along those lines, which was called “Moving to Work.” We tested it with premier agencies, the Seattle Housing Authority among others. The changes in Section 8 are based on the success we experienced in pilot programs like “Moving to Work.”

Specifically, we’ve tried to give more flexibility to the housing authorities. We know that housing authorities have to make hard decisions. But we think it is better that the housing authorities make the decisions themselves—rather than bureaucrats in Washington DC. Our philosophy is to try to get the control down to the local level as much as possible and give them the flexibility and authority to do things. We’re trying to get as much money as we can, but remember, Congress determines the budgets.

KH: Can you comment on the perception that a lot of the problems in Section 8 were located in other parts of the country and not in the Northwest?

JM: There are clearly problems with Section 8 administration in other parts of the country. I was recently detailed back to the Atlanta office of HUD, where there are some 200 housing authorities, some of which were administering 25 vouchers. Here in Washington we don’t have the problem of small housing authorities.

When I took over as Regional Director, we didn’t have a single troubled agency here in Region 10. I told my staff, “Whatever you’ve been doing, keep it up.” Whenever groups...
come on tour from out-of-state, I take them to New Holly and tell them, “This is how HOPE VI is supposed to work.” We are an exemplary region. We have the best housing authorities. We have the best executive directors of housing authorities. And we have the most passionate sponsors for our programs. I think we’re all on the same page on that.

Here in Washington, it looks like most housing authorities are taking funding hits. I haven’t figured out why, but I’m working on it. If there are glitches in the formula maybe we can do something.

KH: I’ve been hearing that the current changes will force mergers and other significant changes because housing authorities can’t afford to operate on the small amount of administrative monies they’re getting.

JM: Exactly. We want to base our model on agencies that are efficient. For example, in Idaho, there’s only one provider. They have had a model where they’ve had offices scattered throughout the state. They’ve come to us every year and asked for special exemptions for extra operating funds, so they can continue financing those outlying offices. Now we are asking them to tighten up. They had a Cadillac system, and we were only allowed to pay for a Ford. HUD simply could not justify continuing to finance that model.

KH: Two years ago we were serving about 43,000 people through Section 8. The Center for Budget Policy and Priorities estimates that by 2009 we’ll be serving 11,000 fewer people in Washington. What will that do to programs to end homelessness?

JM: It depends on where they go, of course. Everybody agrees that we need to provide long-term support for the old and disabled. But we have other groups that stay in programs like Section 8 for more than 5 years. Studies show there’s a great likelihood that if they’re in the program for more than 5 years, they’ll remain on assistance for more than 10 years. In public housing, we have three generations of people living in one house. We have to break that cycle somehow.

Another key issue is finding ways to build roofs cheaper or more affordably. There are two sides to that equation: you can raise the pay or lower the cost. Last year at the Commission’s Housing Washington conference, I sat in on a seminar by Avi Friedman, who describes his “Grow Homes,” and “Next Homes” innovations. Those are exciting new ideas and exactly the kind of thinking that we need.

It’s not just about Section 8. There has to be a sensible balance. But I don’t think we can allow one program to cannibalize all of our programs. I don’t think Congress will fund it at a much higher level. I’m tickled that the numbers reported from the Senate Committee came out as high as they did.

Personally, I remain very troubled by the widespread dislocations that have resulted from the changes in Section 8 in our state. As noted by the articles above, we are talking about people and families who need a place to call home but won’t be able to get rental assistance in the future. Talking about ending homelessness while we put 11,000 Washington households at risk doesn’t make sense to me. Let’s hope Congress recognizes the real cost of cutting back the Section 8 program before extending tax cuts for the wealthy. Thanks, Kim