

HANF / TANF

Rhyme But No Reason

Introduction

In its FY 2004 budget and in subsequent authorizing legislation (H.R. 1841 and S. 947) the Bush Administration proposed a major restructuring of the Section 8 Housing Choice Voucher program. The administration's plan, Housing Assistance for Needy Families (HANF), radically alters thirty years of federal housing policy by proposing to block grant vouchers to the states. The administration cites the success of the Temporary Assistance for Needy Families (TANF) welfare reforms that were enacted in the mid-1990s as one of the prime justifications for HANF. As PHADA has already noted, though (*Advocate*, June 18, 2003), the only real similarity between HANF and TANF is the fact that they intentionally rhyme.



PHADA believes the block grant proposal is ill advised, unnecessary, and will create serious problems for housing agencies and the millions of low-income residents they serve. Included in this special publication are some of the major reasons illustrating PHADA's point. Housing professionals are encouraged to share this publication with their boards, Members of Congress, state and local elected officials, residents, the media, and others.



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DON'T JUST TAKE PHA

HERE'S WHAT OTHERS ARE SAYING ABOUT HUD'S PLAN TO BI

The Boston Globe

“ ... block grants would not be in the Commonwealth’s best interest. States would get a certain amount of money rather than a certain number of vouchers. When rents rise, as they have in Massachusetts in recent years, those dollars wouldn’t stretch as far. And because states aren’t set up to run this type of program, they might have to hire local agencies to administer it, which would further shrink the dollars going directly to families that need them. ”

— — May 5, 2003

The Mercury News

San Jose, California

“ ... spinning off the program is the wrong solution. Rather than diluting Section 8 into 50 programs, the federal Department of Housing and Urban Development should make an all-out effort to end abuses in the current one. It’s the best hope for getting housing help to more people who need it. ”

— — May 16, 2003

United States Senate

“ ... it is my understanding that the current system of HUD-administered subsidies allows PHAs the necessary flexibility to meet the needs of those whom they serve in Ohio. I was furthermore pleased to learn that Ohio housing authorities collectively boast a 97 percent utilization rate of all Section 8 vouchers. ”

— — Senator George V. Voinovich (R-OH), April 28, 2003



United States Senate

“HANF (housing assistance for needy families) merely moves the responsibility for voucher administration to the states and otherwise appears to duplicate much of what the HOME program already is capable of doing.”



HANF likely will put new financial burdens on states and localities to meet rising housing costs, said Bond, adding that block grant programs seldom receive any significant increase in funding once they are established.

Bond said he wants to give time for the new contract renewal procedure for Section 8 vouchers to go into effect. It could take several years to ensure the reliability of the funding system, which was established in the fiscal 2003 HUD appropriations legislation, he said.

Bond said he is optimistic that it will become a good gauge of both the actual cost and use of vouchers, avoiding the large rescissions of Section 8 funds in recent years.

— — Senator Christopher Bond (R-MO), reprinted with permission from “Current Developments”, Housing and Development Reporter (Vol 31, No. CD-6), March 17, 2003

National Organizations Oppo the Section 8 Housing V

- American Association of Homes and
- American Association on Me
- American Federation of State, County
- American Network of Community
- The Arc of the Unite
- Association of Local Housing
- Association of University Cent
- Catholic Charities
- Center on Budget and Pr
- Children’s Defense
- Coalition on Humar
- Consortium for Citizens with Disabili
- Corporation for Support
- Council for Affordable and
- Council of Large Public Hou
- The Enterprise Fou
- Evangelical Lutheran Church in America, Luthe
- Institute of Real Estate
- Institute for Responsible Hou
- Local Initiatives Suppo
- McAuley Instit
- National Affordable Housing Mar
- National Alliance to End I
- National Alliance for the
- National Apartment A
- National Association o
- National Association of Housing and
- National Association of Protection
- National Association c
- National Coalition for th
- National Community Develop
- National Council for Community I
- National League o
- National Leased Housing
- National Low Income Hou
- National Multi Housin
- NETWORK: A National Catholic
- Paralyzed Veterans o
- Public Housing Authorities Dir
- Service Employees Interr
- Technical Assistance Coll
- United Cerebral
- U.S. Conference of
- Volunteers of An

United States House c

“ ... Section 8 vouchers, which are in short supply grant program for the States in 2005. We know that i

— — Representati
before the Subcommittee on Housing

ADA'S WORD FOR IT ...

BLOCK GRANT THE SECTION 8 VOUCHER PROGRAM TO THE STATES

Blocked to Block Granting Voucher Program

Services for the Aging
 Mental Retardation
 and Municipal Employees
 Options and Resources
 ed States
 Finance Agencies
 ters on Disabilities
 USA
 Policy Priorities
 Fund
 Needs
 Housing Task Force
 Housing
 Rural Housing
 Housing Authorities
 Housing
 Urban Office for Governmental Affairs
 Management
 Housing Preservation
 Coalition
 Homeless
 Management Association
 Homelessness
 Mentally Ill
 Association
 of Counties
 Redevelopment Officials
 and Advocacy Systems
 of Realtors
 Homeless
 Homeless
 Management Association
 Behavioral Healthcare
 of Cities
 of Association
 Housing Coalition
 Housing Council
 Social Justice Lobby
 of America
 Directors Association
 National Union
 Laborative, Inc.
 Palsy
 Mayors
 America

of Representatives

are proposed to be placed in a voucher that will not work.”

ive William Lacy Clay (D-MO) in a statement and Community Development, May 22, 2003

THE KANSAS CITY STAR

“ ... The beauty of the current system – however imperfect – is Congress is required to shift funding based on how many vouchers are used, taking into account market rates and other real-life factors. Maybe the White House has rent control, but other people do not. Block grants are not likely to keep up with real world housing costs. ”

— — May 27, 2003

OFFICE OF THE GOVERNOR

207 STATE CAPITOL, SPRINGFIELD, ILLINOIS 62706

“ ... The state of Illinois does not have an administrative structure in place to operate a statewide voucher program nor, in view of our current fiscal situation, does it have the means to put one in place. ”

— — Illinois Governor Rod Blagojevich
in a letter to HUD Secretary Mel Martinez, April 7, 2003



CITY OF PHILADELPHIA

CITY OF PITTSBURGH

“ ... Please make no mistake, the cumulative effect of these proposals would have a devastating impact on the ability of both the Philadelphia Housing Authority (PHA) and the Housing Authority of the City of Pittsburgh (HACP) to achieve their respective missions of delivering housing and other vital social service programs to the poorest segments of our population. ”

— — Philadelphia Mayor John F. Street and Pittsburgh Mayor Tom Murphy
in a letter to Pennsylvania Senators Arlen Specter (R) and Rick Santorum (R), May 5, 2003

United States House of Representatives



“ There's just no groundswell for it [HANF]” said Rep. Jim Walsh, a Syracuse Republican who heads the House Appropriations Subcommittee that oversees housing programs. Walsh worries that upstate New York communities would lose out if the state took over the program, because the bulk of the state's political power rests in New York City.

Supporters acknowledge that the program isn't perfect. In some communities, housing vouchers go unused. But Walsh noted that Congress recently instituted reforms intended to solve that problem. ”

— — Representative James T. Walsh (R-NY) in the Buffalo News, June 26, 2003

United States House of Representatives



“ ... This [block grant] bill is scaring the living daylights out of a lot of people. ...[it is] the first step towards the dismantling of HUD. ”

— — Representative Maxine Waters (D-CA), May 22, 2003

Some of The Major Problems with HANF

HUD's proposal contains many flaws. Below are some of the most significant concerns PHADA has identified.

The legislation is unnecessary and misdirected

- * The Republican chairmen of the Senate and House VA/HUD appropriations subcommittees (Senator Christopher Bond of Missouri and Representative James Walsh of New York, respectively) have both stated they believe recently-enacted voucher changes, which were designed to improve the program and prevent fund recaptures, should be given a chance to work before other changes such as HANF are even considered. Senator Bond has also expressed serious reservations about the likelihood of future funding cuts under HANF (*see centerfold*).
- * The proposal purports to solve a problem that no longer exists. HUD cites low utilization rates as one of the bill's main justifications. However, in a May 22 appearance before the House of Representatives housing subcommittee, HUD Assistant Secretary Michael Liu conceded that this is no longer a major concern as the voucher lease-up rate is now approaching 96 percent nationwide.
- * HUD says the voucher program is "too complex and overly-prescriptive." PHADA agrees, but points out that HUD could simply seek legislation to improve the program and implement regulatory changes to give public housing agencies more flexibility at the local level.
- * Having administered the program since its inception in the 1970s, local housing agencies are most familiar with it and have developed the requisite expertise. In contrast, most states simply do not have the administrative capacity to run the program, a key point referenced by Representative Patrick Tiberi (R-OH) in the House's May 22 HANF public hearing. Indeed, almost one-third of the states have no experience with the Section 8 voucher program, while others have only a limited involvement.
- * Through its title and references to TANF, the bill gives the impression that the majority of voucher families are welfare recipients, and that HANF is needed for them to achieve self-sufficiency. The reality is that less than 1/5 of all voucher-holders receive TANF as their sole source of income.

Significant Budget Problems

- * The administration has already proposed more than \$2 billion in cumulative public and assisted housing budget cuts since taking office in 2001. The HUD plan would likely continue this pattern and basically forecasts future funding reductions under the "insufficient funds" section. States will be placed in the unenviable position of contributing non-federal resources to continue subsidizing current recipients, or face the need to reduce or even terminate housing assistance. Governors and state legislators will be forced to make the hard decisions that Washington has heretofore deferred.
- * The HUD budget plan takes \$100 million that would otherwise be available for HAs to use for low-income housing purposes, making the money available to inexperienced state operations so they can build administrative infrastructures to eventually run

the program. At a minimum, this seems an imprudent use of sorely needed funds given the inexperience of the states and the severe housing crisis that exists in many part of the country.

- * Capping administrative fees at 10 percent of budget authority means that a majority of states/territories – 34 — will actually lose administrative fees compared to their current fees HAs in their states receive. In many cases, states simply will not have adequate funds to run the program.

Hardships for the Poor

- * The bill may result in significant rent increases for the elderly, disabled and families because it changes the basis for the maximum initial tenant contribution from adjusted income to gross income. This proposed change will also create disincentives for residents to seek employment and attain self-sufficiency because earned income disregards would be eliminated. Similarly, the bill would not set any maximum rent that residents might subsequently have to pay as rent.
- * States, many of which are now running huge budget deficits, may be tempted to use voucher funds for other purposes, leading to fewer housing resources at the local level. While some provisions in the pending bills try to preclude this from happening, some members of Congress (who have previously served in their state legislatures) have indicated cash-strapped states might still be tempted to use targeted funds for other purposes.
- * The proposal creates "middlemen" in the fifty state capitals. The middlemen will, in many cases, continue working with local HAs, but the states will now take their share of the pie to pay their own bureaucracies. In the end, this will translate into fewer dollars actually allocated to meet local housing needs.

A Local Emphasis is Needed

- * The bill will actually make the program more complex and difficult to administer as states will now have to run two separate programs. This is so because the bill contains "grandfathering" provisions requiring that current rules be applied for five years to residents presently on the program, while the new rules would apply to new admissions accepted after the bill becomes law. This will create administrative chaos in many communities.
- * The bill takes discretion away from localities regarding their preference and admission policies, and instead centralizes those policies in state capitals. This is contrary to the principles of true devolution of authority to the most local level.
- * By virtue of their proximity and the nature of the relationship to municipal government, housing authorities are more responsive to the public in their communities. Also, housing agencies have already established good working relationships with landlords. This is one of many reasons why landlord groups have such as the National Leased Housing Association and the National Multi-Housing Council oppose HANF.