



Advocate Special Edition

PHADA Survey: Effects of Funding Cuts *Harder for agencies to shield residents and voucher holders*

Our housing authority was extremely conservative and saved for capital improvements only to have HUD recapture over \$150,000 in operating reserves that we now need to operate due to sequestration. Cuts to our HCV program will end up costing the government more, as homelessness will rise and the local social services agency will be forced to hotel families more frequently.

- From small city in the Northeast

Three hundred (300) housing authority executive directors from 41 states responded to a PHADA membership survey about the impact of recent funding cuts on both public housing and housing voucher programs and the households they serve.

The PHADA survey asked three (3) main questions about the impact of federal funding cuts. The first, 1) asked agencies to describe the severity of five (5) recent funding cuts to the housing assistance programs they operate. 2) Agencies were then asked to describe steps they have already taken in response to funding cuts -- as well as, steps they planned to take during the next six months. And finally, 3) agencies were asked to describe how residents would likely be affected by funding cuts.

Cuts vs. needs

Public housing and the housing voucher programs have recently been subjected to a series of damaging funding cuts. The Congress has used the federal budget to set ever more strict limits on the amount of housing assistance available to the nation's lowest-income households. This shrinking commitment to the poor and their housing needs was vividly illustrated by the recently released HUD Worst Case Housing Needs 2011 Report to Congress summary that reveals enormous growth in the unmet housing needs of extremely-low income households – households that are also paying more than 50% of their very meager income for rent. Since 2009 the number of worst-case households had grown by 19% to the most recent measure of 8.5 million. This represents a 43.5% growth in unmet need since 2007. The number of worst case needs (8.5 million) is nearly double the 4.5 million households currently served by all of HUD's rental assistance programs. Many of the worst-case housing families are on waiting list for public housing units or housing vouchers but funding cuts shrink the likelihood that these families will receive housing assistance when they are most in need. Meanwhile, the high cost of housing for these rent-burdened families creates more housing instability and threatens their efforts to improve their employment, income or education prospects for themselves and their children.

The recent funding cuts to rental assistance programs signal a continuing and growing disparity between unmet housing needs and a flaccid response from the federal government to address that need.



All cuts are not equal under sequestration. The Obama Administration and Congress felt that airline passengers were too inconvenienced and reached a recent deal to provide flexibility to the Federal Aviation Administration to reduce security waiting lines. Meanwhile, as PHADA's survey documents, low-income families face ever-longer wait lists and lines for housing assistance.

The biggest dilemma for us is the over regulation of a small housing authority that cannot afford the staffing to do the job required. Maintaining a 44-year old building is becoming impossible with declining capital funds that have to be used for operating. Congress has to make a choice! Reduce regulations or provide the funds, they can't have it both ways.

- From small rural community in the Plains

We are watching money very closely. We expect to be in a shortfall situation with the voucher program if vouchers do not attrite; this month none did. Our FMRs went up 16% last October so our program costs are climbing fast. HUD will not approve a waiver to lower payment standards as they are not forecasting a problem when figuring attrition. We are worried that by the time we see a shortfall there will be little we can do about it.

- From a large city in the Plains

Question 1 - Severity of cuts

The PHADA survey asked housing agencies to estimate the impact of various recent cuts to the programs they operate. Those included: Operating Fund cuts, the operating reserves offset (2012), Capital Fund cuts, Housing Choice Voucher (HCV) cuts and cuts to the HCV Administrative Fee. The following chart summarizes their responses.

Severity of Funding Cuts Impact to:	# responses (288 PH) (232 HCV)	Severity of cuts	% responses
Operating Fund	14	Little or no impact	5%
	63	Moderate	21%
	212	Somewhat or very damaging	74%
Operating reserves offset (initiated in 2012)	58	Little or no impact	20%
	43	Moderate	15%
	186	Somewhat or very damaging	65%
Capital Fund	12	Little or no impact	4%
	47	Moderate	16%
	224	Somewhat or very damaging	78%
Housing Choice Vouchers	64	Little or no impact	28%
	18	Moderate	8%
	146	Somewhat or very damaging	63%
HCV Administrative Fee	57	Little or no impact	25%
	8	Moderate	3%
	167	Somewhat or very damaging	72%

A majority of survey respondents reported that funding cuts have been “somewhat or very damaging” to their agencies in each of the five funding cuts to housing assistance programs included in the survey. Those include the Operating Fund, the Operating reserves offset, Capital Fund and Housing Choice Voucher and the HCV Administrative Fee. The cumulative effect of these cuts is also apparent in the comments offered by agency directors along with their survey responses. (Comments are highlighted throughout in red italics.)

Question 2 – Coping mechanisms for Voucher Program

The survey provided participating housing agencies a list of possible coping mechanisms to help handle funding cuts to their public housing and housing voucher programs. Agencies were first asked to check as many answers as applied to their agencies about steps they have already instituted in their programs in response to funding cuts. Second, agencies were asked about steps they planned to undertake during the next six months.

Am losing vouchers each year to variables I cannot control – from 64 to 47 now.

- From a rural Plains community

Actions already taken

Agencies have begun minimizing the effects of voucher program cuts by taking a number of steps to keep programs financially viable. The top three actions already taken by survey respondents are:

- 1) Stop issuing vouchers -- 115 agencies or 50%
- 2) Reduction or elimination of staff training, travel and education -- 109 agencies or 47%
- 3) Reduction in staffing or staff hours -- 66 agencies or 28%

Planned actions

Agencies plan to take additional steps over the next 6 months. The top three planned steps included:

- 1) Reduction in employee benefits -- 65 agencies of 28%
- 2) Adjustments to agencies' diminished ability to perform certification, recertifications and inspections -- 63 agencies or 27%
- 3) Reduce payment standards -- 58 agencies or 25%

We will lose 50 vouchers through the turnover that we cannot lease up. Our waiting list of 1550 families/disabled is closed. We cannot place anyone on the program. The 50 VASH vouchers are mostly port-outs and we receive very little admin fees to administer. I have reduced 1 full time staff. Being a small agency with multiple programs I simply cannot reduce any more staff.

- From a small city in the Great Lakes region

Question 2 – Coping mechanisms for Public Housing

Housing agencies have already taken the following actions to protect the public housing program:

- 1) Reduction in spending for contracts, supplies and equipment -- 222 agencies or 77% of respondents.
- 2) Reduction in employee training, travel and education -- 186 agencies or 65%
- 3) Deferral of capital improvements -- 172 agencies or 60%
- 4) Reduction in employment/employee hours – 132 agencies or 46%

Housing agencies described actions they anticipate implementing during the next 6 months:

- 1) Increase maintenance backlog -- 98 agencies or 34% of respondents.
- 2) Reductions in employee benefits – 92 agencies or 32%
- 3) Reductions in lawn mowing/landscaping – 90 agencies or 31%
- 4) Deferral of capital improvements – 86 agencies or 30%

As Finance Director, I don't know how long we can keep going on these cuts. We have pared down our agency so far there is no longer anything to pare down. Our tenants, especially the elderly and disabled shouldn't be harassed as they have been in the last few years. I don't know how some of our tenants are existing on the low income they have. Please help us. Please fund at a level we can sustain our programs for the most vulnerable of our populations, the elderly, disabled and homeless.

- From a small city in the Northwest

Local economic contraction

The survey underscores other difficulties beyond those directly impacting vulnerable households and understaffed agencies. Low-income families face longer wait lists, slower maintenance response times, deferred capital improvements and fewer services. But neighborhoods and communities where public housing is located also feel the effects of federal budget cuts.

Reduced PH staff by 18 positions. Reduced S8 staff by 7 positions.

- From large city in the Southeast

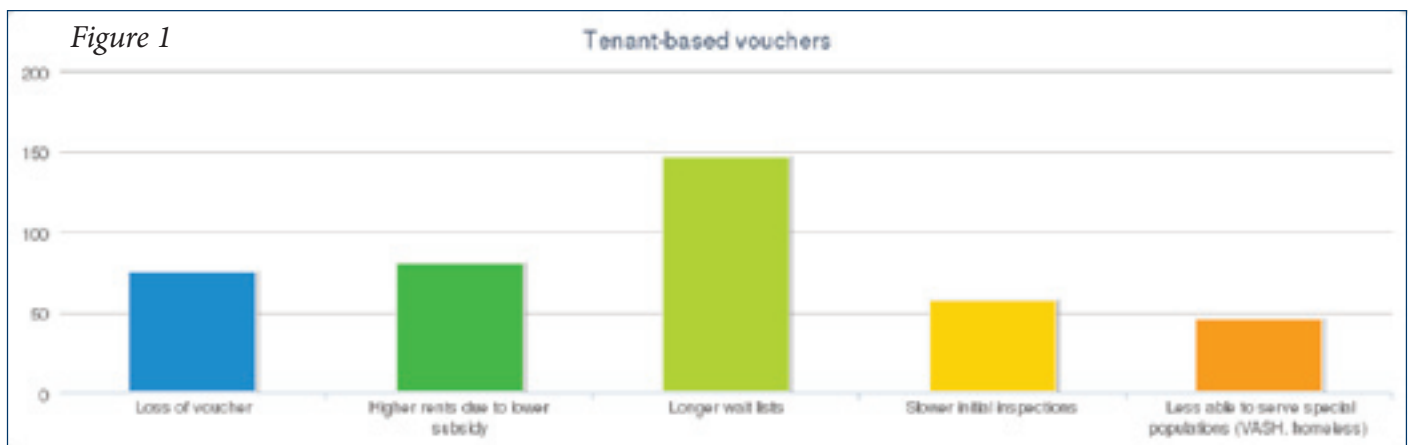
Public housing is community-owned housing so the effects of cuts are evident when employees, employee hours and employee benefits are reduced. In small communities housing agencies provide not only an essential and affordable housing resource, but also a source of stable employment and an economic catalyst for local businesses. It is worth noting that the first and largest single survey response to recent budget cuts was the “reduction of contracts, supplies and equipment.” Freezing expenditures is an obvious first place for cash-strapped agencies to start, and 222 of the 288 agencies with public housing programs (77%) surveyed were forced to do just that. That step, however, effectively spreads the impacts of funding cuts throughout local economies – including many desperate for more economic activity. That might mean the mowing contractor mows much less often, earns less and thus can hire fewer helpers. It might mean the local dealership forgoes the sale of a maintenance pick-up truck originally scheduled for replacement. It means fewer office supplies and equipment purchases. And it means fewer appliance replacements and hardware purchases. Econsult Corporation (2007) measured the economic lift of public housing expenditures in communities. Each dollar of operating funds generates another \$1.93 in the region, while each dollar of capital or maintenance expenditures creates another \$2.12.

I have only recently returned to public housing and do not recognize it. Tons of redundant reports, more questionable requirements, absurd funding levels, more demands but less staff, needed but delayed maintenance, it is an absurd state of being that soon will require much more funds later to correct than to maintain now.

- From rural community in the Southeast

Question 3 -- Impact on Voucher Holders (see Figure 1)

- 1) Longer wait lists -- 144 agencies responded or 62%
- 2) Higher rents due to lower subsidy – 77 agencies or 33%
- 3) Loss of voucher – 74 agencies or 32%



- 4) Slower initial inspection – 57 agencies or 25%
- 5) Inability to serve special needs populations i.e. VASH – 46 agencies or 20%

We have a compounded problem because of the local oil boom in our area. Rents are far above the payment standards which makes it harder for voucher holders to find affordable housing.

- From small rural community in the South

Question 3 – Impact on PH Residents (>100 responses) (see Figure 2)

- 1) Less attractive setting due to landscaping, curb appeal issues – 189 agencies responded or 66%
- 2) Slower turnover of vacant units – 175 agencies or 61%
- 3) Slower response to maintenance calls – 144 agencies or 50%
- 4) Longer interval between mowings – 139 agencies or 48%
- 5) Fewer services for seniors and disabled – 136 agencies or 47%
- 6) Longer wait lists – 133 agencies or 46%
- 7) Deferred security improvements – 127 agencies or 44%
- 8) Loss of onsite staffing/hours – 110 agencies or 38%
- 9) Fewer services for children – 108 agencies or 38%

We used to be High Performers, with all the cuts and reserves offset – it will be very difficult to maintain High Performer status – in both programs. We take pride in being High Performers – the cuts will leave us little to be proud of if we can't keep our programs running as we always have.

We are asking the landlords to take a reduction in contract rents – otherwise we may have to terminate vouchers....not what we want to do!

- From a rural community in the Northeast

Cuts and landlord relationships

The PHADA survey also points out that essential supports to landlords are directly affected by funding cuts. The success of the housing voucher program depends entirely on the important public-private partnership between agencies and local landlords.

The survey reveals that 50% of agencies have stopped issuing housing vouchers and more than 1 in 4 agencies have cut program staff or staffing hours. These cuts undermine the effectiveness of those partnerships. Agencies invest considerable staff resources attracting and retaining good, knowledgeable landlords to their housing voucher programs so that safe and decent apartments are available to voucher holders. Fewer program staff means that program requirements for timely certifications, re-certifications and inspections take longer. Slower processes and fewer vouchers in the marketplace make it more difficult for landlords to keep their units occupied. Some landlords will necessarily need to look elsewhere to fill their vacancies.

We need subsidy based rents now! If HUD wants income-based rents and all these services then they need to honor the ACC (Annual Contributions Contract) and pay for them. If they are not going to pay, then the PHAs should have the flexibility to do what needs to be done to survive.

- From a small city in the Southeast

We are considering closing our Sec8 program... (1,300+ vouchers).

- From small city in the Northeast

