SAMPLE NEWS RELEASE

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Proportionality Plan Would Avoid
Continued Loss of Public Housing

Date:
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A crisis that’s practically gone unnoticed on the national scene, the steady erosion of federal funds for public housing during the past decade, has endangered the ability of the __________ Housing Authority to provide decent, basic shelter to the lowest income families and individuals in our community. To cope with this situation in a responsible way, the Public Housing Authorities Directors Association (PHADA), of which _________________ is a member, has offered Congress a “Proportionality Plan” that temporarily loosens the grip of federal regulation in years when the government fails to adequately fund the operation of public housing.

The federal government, through individual contracts with housing authorities, is obligated to fund the difference between what low income renters can afford to pay and what it costs to operate and maintain public housing. However, Congress and the Department of Housing and Urban Development (HUD) have not provided enough operating and capital funds in eight of the last 12 years. This long-term situation threatens the condition and viability of public housing.

The Proportionality Plan would authorize housing authorities to take certain steps to raise revenue and cut costs in proportion to any annual funding shortfall. These steps would stay in place on a temporary basis while the shortfall exists. Once funding rises to 90 percent of the federal government’s formula-determined level, these authorized measures would cease. Thus, the changes are limited in impact and in duration by the amount of appropriations received.

“The government is funding public housing in the 70 to 75 percent range of what it needs year after year with no end in sight,” said Housing Authority Executive Director _______________. “Congress and the Department of Housing and Urban Development are not fulfilling their contractual responsibility. As a result, a significant number of rental units are lost each year, never to be replaced, making the shortage of affordable housing worse.”

About 1.1 million public housing rental units receive funds through the Department of Housing and Urban Development (HUD) and are administered by local housing authorities. By HUD’s own estimate, about 10,000 public housing units are lost each year to demolition and sale, and about 250,000 units have been lost from the original public housing inventory. This housing was not replaced because housing authorities did not have the funds to redevelop or operate them.

Public housing provides housing for the elderly, disabled, and families, including working families in entry-level and low-wage jobs; and single parents who don’t have the benefit of two incomes. It also is among the least expensive forms of assisted housing. Across the country, a voucher averages $9,300 per unit each year compared to $5,868 for a public housing apartment. If properly maintained, it can be quasi-permanent resource for vulnerable low income families.

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Proportionality Plan

The menu options that each housing authority chooses from would depend on their local housing market. Each housing authority would select choices that allow it to be successful with the smallest effect on residents. Here is a brief description of these regulatory waivers:

Raise the minimum rent—The $50 minimum rent in HUD regulations has not been increased in 20 years and is the equivalent of $75 today when the inflation rate is applied.

Increase the percent of income paid as rent—Public housing residents now pay 30 percent of adjusted income for rent. Non-assisted tenants, on average, pay more of their income as rent, closer to 35 percent. Voucher program renters are allowed to pay up to 40 percent of adjusted income, if they choose.

Designate rental units to serve income-eligible families at higher incomes—Housing authorities would set aside some units for families that are still income-eligible for the program—below 80 percent of area median income (AMI)—but fall within a designated income bracket such as 40 to 60 percent of AMI. Only vacant units could be used for this option, and no families would be evicted to implement this change.

Eliminate or reduce deductions and exemptions—HUD regulations allow residents to deduct certain sums from their income or exempt certain sources of income from the rent calculation. As a result, rent collection is even lower than if it were based on 30 percent of gross rent. Congress is not really paying for these deductions and exemptions when federal funding is much lower than what is needed.

Authorize housing authorities to charge user fees—Housing authorities could charge fees for three items: new applications for housing, trash removal, and parking.

Waive other specific regulations—This involves the temporary suspension of requirements that represent important goals but are time consuming and costly to administer. Waivers would be allowed to the community service requirement for able-bodied public housing residents, the Section 3 requirement to employ low-income individuals, the annual income recertification of residents, and annual property physical inspections. Instead, income recertifications for all residents and physical inspections would be conducted every third year.

For more details about PHADA’s Proportionality Plan, request the brochure, “Saving America’s Public Housing,” from Blake Stenning, Director of Communications at: bstenning@phada.org.

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