



Legislation Text

File #: Res 0203-2004, **Version:** A

Res. No. 203-A

Resolution opposing President Bush's FY 2005 budget proposal to drastically cut funding for the Section 8 Housing Choice Voucher program and replace it with block grants to local housing authorities and calling upon the Congress of the United States to reject this proposal.

By Council Members Lopez, Reyna, DeBlasio, Avella, Baez, Barron, Clarke, Dilan, Fidler, Foster, Gerson, Jackson, James, Martinez, Nelson, Quinn, Recchia, Sanders, Seabrook, Vann, McMahon, Palma, Boyland, Comrie, Gonzalez, Liu, Perkins, Weprin and The Speaker (Council Member Miller)

Whereas, The Section 8 Housing Choice Voucher program, currently administered by the United States Department of Housing and Urban Development (HUD), is the nation's primary form of low-income housing assistance, with approximately two million low-income families and elderly and disabled individuals currently receiving vouchers authorized by Congress; and

Whereas, In New York City, approximately 112,000 low-income families currently receive Section 8 housing vouchers; and

Whereas, In its May 2002 report, the bipartisan Millennial Housing Commission described the Section 8 Housing Choice Voucher program as "flexible, cost-effective and successful in its mission;" and

Whereas, The General Accounting Office found the Section 8 Housing Voucher program to be the most cost-effective housing program of all federal housing programs it analyzed in a 2002 study; and

Whereas, In his FY 2005 budget proposal, President Bush seeks to eliminate the existing Section 8 Housing Voucher program and replace it with a block grant to local public housing agencies (PHAs), to be called the "Flexible Voucher Program;" and

Whereas, Annual appropriations for block grant programs generally receive only inflationary increases, while funding for the Section 8 Housing Choice Voucher program has been adjusted annually by Congress,

with appropriations based on the actual costs of providing affordable housing; and

Whereas, Under this formula, the voucher program would not be able to keep pace with the actual costs of housing, especially in the New York City housing market; and

Whereas, According to a February 25, 2004 report by the United States House of Representatives Committee on Financial Services, President Bush's "FY 2005 budget request for Section 8 is \$1.633 billion below the level HUD projects is needed to renew all Section 8 assistance;"

Whereas, By Fiscal Year 2009, the Administration's budget proposal would cut spending for the Section 8 voucher program by \$6.1 billion; and

Whereas, According to the Center on Budget and Policy Priorities (CBPP), if President Bush's budget proposal is enacted, as many as 250,000 vouchers could be lost nationwide in FY 2005 and 600,000 by FY 2009, thereby devastating the highly acclaimed Section 8 Housing Choice Voucher Program; and

Whereas, If President Bush's budget cuts are spread out proportionally among States, according to the CBPP, the number of low-income families receiving Section 8 vouchers in New York State could be reduced by as many as 24,300 in FY 2005 and 58,300 by FY 2009;

Whereas, If the President's budget cuts are spread out proportionally among PHAs within New York State, the number of Section 8 vouchers in New York City could be reduced by approximately 13,230 in FY 2005 and 31,750 by FY 2009; and

Whereas, A reduction in vouchers of this magnitude could cause a significant increase to New York City's homeless population which, according to a February 27, 2004 article in New York Newsday, has already grown substantially in the past two years, from an estimated 30,400 to a current estimate of 38,600; and

Whereas, The Section 8 Housing Choice Voucher program has a targeting requirement that obligates housing agencies to ensure that at least seventy-five (75%) percent of all new voucher recipients each year are "extremely low income" families with income levels below thirty (30%) percent of the Area Median Income (AMI), or approximately \$15,000 for a family of two; and

Whereas, President Bush's proposal would eliminate this targeting requirement and raise the income eligibility standard to eighty (80%) percent of the AMI for all voucher recipients, or approximately \$40,200 for a family of two, thereby decimating the original intent of the Section 8 program which was to serve low-income families; and

Whereas, Under current rules of the voucher program, families may not pay more than 30% of their income on rent, with the voucher covering the difference up to the "fair market value;" and

Whereas, President Bush's proposal would eliminate this important protection on housing affordability and would, combined with extraordinary cuts in funding, further entice PHAs to cut the subsidy level for vouchers, thereby forcing voucher recipients to pay much more than 30% of income on rent; and

Whereas, The calculation of family income under the current program is based on "adjusted income," while President Bush's proposal would require PHAs to calculate household income based on "gross income," which includes more sources of income, thereby requiring families to pay more of their income on rent than they currently do; and

Whereas, President Bush's FY 2005 budget proposal fails to include any provision to assure that all current voucher recipients will continue to receive such assistance; and

Whereas, According to the CBPP, if the Administration's proposal is implemented, PHAs will be faced with few alternatives, such as eliminating 600,000 vouchers by FY 2009, raising the amount of rent voucher holders would have to pay by an average of \$850 per family per year, or shifting a substantial number of vouchers to higher income families, or a combination of all three; and

Whereas, The Administration's budget proposal includes a restrictive spending cap on all non-entitlement (discretionary) spending for the next five years, and if implemented will, when considering the current and growing federal budget deficit, contribute further in forcing PHAs to institute even greater cuts to the voucher program after 2005 than are currently estimated; and

Whereas, Many advocates of affordable housing believe the Administration's justification for

restructuring the Section 8 voucher program is based on the recent growth in voucher costs, however, according to a February 2, 2004 report by the CBPP, although the cost of vouchers has increased by an average yearly rate of 4% from 1996 to 2003, the Congressional Budget Office and other analysts have found that absolute voucher costs are now actually on the decline and will continue to decline in the coming years because, among other things, growth in market rents has slowed and the full effect of the slowdown will not be felt until 2005, and low-income families will continue to earn more as the economy recovers; and

Whereas, The report issued by the House Committee on Financial Services was highly critical of and ultimately opposed President Bush's Section 8 block grant proposal for most of the aforementioned reasons; and

Whereas, Local organizations, such as the Community Service Society, the Legal Aid Society and the Council of Senior Centers and Services of New York City are opposed to the Bush Administration's block grant proposal; and

Whereas, Major national organizations including the National Association of Housing and Redevelopment Officials, the Council of Large Public Housing Authorities, the Public Housing Authorities Directors Association, the National Low-Income Housing Coalition, the Institute for Real Estate Management, the National Affordable Housing Management Association, the National Association of Realtors, the National Home Builders, the National Leased Housing Association and the National Multi Housing Council are all opposed to President Bush's FY 2005 Section 8 block grant proposal; now, therefore, be it

Resolved, That the Council of the City of New York opposes President Bush's FY 2005 budget proposal to drastically cut funding for the Section 8 Housing Choice Voucher program and replace it with block grants to local housing authorities and calling upon the Congress of the United States to reject this proposal.

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