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June 26, 2003

Honorable Christopher S. Bond
 Chairman, Appropriations Subcommittee on
 VA/HUD-Independent Agencies
 130 Dirksen Senate Office Building
 Washington, D.C. 20510

Honorable James T. Walsh
 Chairman, Appropriations Subcommittee on
 VA, HUD and Independent Agencies
 H143 Capitol
 Washington, D.C. 20515-6022

Honorable Robert W. Ney
 Chairman, Financial Services Subcommittee
 on Housing and Community Opportunity
 2438 Rayburn House Office Building
 Washington, D.C. 20515

Honorable Maxine Waters
 Financial Services Subcommittee
 on Housing and Community Opportunity
 2344 Rayburn House Office Building
 Washington, D.C. 20515

Dear Congressmembers,

On behalf of the Citizens Housing and Planning Council of New York (CHPC), I would like to offer my opposition to the proposed conversion of the Section 8 housing choice voucher program into a State-administered block grant as outlined in House Resolution 1841 (Housing Assistance for Needy Families [HANF]). The proposed legislation would have calamitous consequences for low-income families, particularly those in urban centers with tight rental housing markets such as New York City.

The primary legislative finding (Section 2) in the HANF proposal does not reflect the reality of the Section 8 voucher program in New York City. The main charge against the current program is that funds remain unallocated and as a result, eligible families remain unassisted. This charge does not apply to New York City, whose two local housing agencies, the New York City Housing Authority (NYCHA) and the Department of Housing Preservation and Development (HPD) manage over 110,000 vouchers. Despite the extremely low vacancy rate for rental housing (2.94 percent in 2002), NYCHA and HPD have achieved spectacular voucher utilization rates of 97 and 100 percent, respectively.

Another justification for HANF is the complexity of the current Section 8 program. However, the HANF proposal adds another layer of bureaucracy, as the States would serve as intermediaries deciding the allocation of vouchers from HUD to the local housing agencies in their states. In addition, HANF's grandfathering provision would force PHAs to administer

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parallel Section 8 programs—one for current Section 8 families under the existing regulations for the first 5 years and another program for incoming needy families.

Sections 5 (Planning and Performance) and 13 (Compliance) present an ominous consequence of block granting the program to the States. The performance standard imposed on the States under HANF might result in PHAs (and ultimately, the needy families they serve) being penalized for the State's failure to comply with any provision of HANF. For example, if the HUD Secretary is unsatisfied with New York State's performance report, the Secretary may terminate grant payments to the State, reduce future grants, take over administration of the program or turn it over to a third party. As a result, NYCHA and HPD's operations might be negatively impacted even if individually they complied with all requirements. This penalty system would introduce further uncertainty into the operations of the Section 8 program as some landlords, who might otherwise participate, may be discouraged from doing so by the possibility of delayed payments or abrupt changes in program rules and administration.

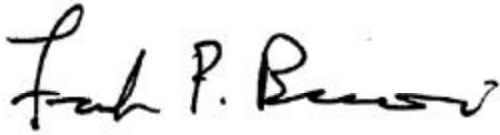
Without a doubt, the most troubling aspect of the HANF proposal is the shifting of funding responsibility from the federal to the local level. From Fiscal Year 2005 to 2009, the HANF legislation would require States to serve, at minimum, the same number of families as was assisted in the last 4 months of fiscal year 2004, regardless of the block grant level. Moreover, if the State grant is insufficient to fund all *grandfathered* families, the State is charged with providing assistance to the greatest extent possible. For fiscal year 2010 and beyond, the 2004 benchmark would no longer apply and the States would be free to determine what level of assistance, if any, to provide for low-income families. Under HANF, the HUD Secretary would issue a regulation establishing the block grant formula. At best, the HANF block grant may initially resemble the reasonable cost of the Section 8 program. However, even if the block grant were adjusted for inflation, it would certainly fail to cover *actual* program costs in the very near future.

Most housing experts acknowledge that the most likely way in which a cash-strapped State would provide for the same number of families with less funding will be to serve a less needy subset of the population in order to make the subsidy dollars go farther. While CHPC has continuously made policy recommendations in favor of assisting moderate- and middle-income renters in New York, under the HANF proposal this aim would come at the expense of the poorest and most vulnerable families, precisely those the Section 8 program was intended to serve. In April, CHPC published research that showed that only 16 percent of families with high rent burdens in the city receive a Section 8 voucher. Under HANF, the proportion served is likely to decline further, leaving the overwhelming majority of low-income families facing precarious housing situations including paying more than half their income on rent, doubling up in dwelling units, and living in unsafe and dilapidated housing.

The HANF proposal represents a major setback in federal housing policy. Rather than strengthening a generally successful voucher program to allow it to reach more low-income families in need of rental assistance, the HANF proposal would jeopardize federal support for the 1.8 million families currently participating in the program. Despite the current budget issues that have prompted the Bush Administration to view Section 8 with disfavor, CHPC believes demand-side housing assistance is too fundamental a tool to be abandoned by policymakers.

For all these reasons, I urge you to oppose the Section 8 block grant proposal and instead focus on the major problem with the current Section 8 program, inadequate funding.

Respectfully submitted,

A handwritten signature in black ink that reads "Frank P. Braconi". The signature is written in a cursive, slightly slanted style.

Frank Braconi
Executive Director

Cc: Hon. Barbara Mikulski
Ranking Minority Member
Senate Appropriations Subcommittee on VA/HUD-Independent Agencies

Hon. Alan B. Mollohan
Ranking Minority Member
House Appropriations Subcommittee on VA, HUD, and Independent Agencies

Hon. Charles E. Schumer
United States Senator

Hon. Hillary Rodham Clinton
United States Senator

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