

ROMNEY LETTER TO US HUD SECRETARY JACKSON REGARDING SECTION 8 HOUSING
VOUCHERS (4-13-04)

THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT

April 13, 2004

The Honorable Alphonso R. Jackson
Secretary
US Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

Dear Secretary Jackson:

I am writing to bring your attention to a matter that threatens to seriously affect the Commonwealth of Massachusetts' ability to meet the needs of those currently receiving Section 8 housing vouchers. Without an immediate change in the policy that has been communicated by HUD to our Department of Housing and Community Development (DHCD), thousands of tenants face disruption of their living situations on extremely short notice.

Two weeks ago, DHCD was contacted by HUD staff and told that its Section 8 Housing Choice Voucher Program budget would be retroactively reduced by \$3,150,000 for DHCD's current fiscal year, which ends on June 30, 2004. Since such a budget cut can at this late date only legally be achieved by terminations of participants, and only after 30 days notice, all of the savings must be accomplished in one month, the month of June.

The issue stems from an interpretation by HUD of language contained in the Federal Fiscal Year 2004 budget. According to this interpretation, HUD has informed DHCD verbally that they will be reimbursed for Section 8 expenses based on August 1, 2003 costs, adjusted for inflation. As you know, agencies have historically been reimbursed based on the average costs incurred during the most recent quarter submitted to HUD. In fact, the FFY 2003 budget specifically required HUD to collect quarterly data on expenses so that voucher costs might be more accurately calculated and funds more accurately targeted. In Massachusetts, our voucher costs have risen at a rate far above the inflation adjustment provided, due primarily to a drop in average household income. This change in policy will therefore mean a \$3 million gap in Section 8 funds that must be filled by the June 30 end of our state fiscal year. As a result, we are faced with few options other than the termination of existing clients who have fulfilled all requirements of the program in good faith. Based on extensive outreach to other housing agencies, it appears a number of other states will face similarly difficult choices in the coming months.

On March 31, at HUD's suggestion, DHCD requested that its entire \$3,150,000 deficit be restored from remaining funds in HUD's FY 2003 Central Fund. To date, DHCD has not received any answer to this request.

It is my understanding that, in the 29-year history of the Section 8 program, Congress has always provided adequate funds to renew all currently authorized vouchers. I find it difficult to imagine that the intent of those preparing the FFY 2004 budget was to break with this tradition. Furthermore, it is unrealistic to expect states to implement such a historic change in a matter of weeks, particularly given the tenuous economic circumstances of many who will feel the effect of the implementation.

I respectfully ask that you do everything in your power to prevent this potential crisis from occurring. I am eager to work with your office in anyway possible to both meet the intent of the laws under which the Section 8 program operates and maintain a fair, equitable and effective program that serves those in need of housing.

Sincerely,

Mitt Romney