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NAHRO Pressroom – Press Release

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## **Low-Income Families Left Hanging by HUD**

*NAHRO Calls on HUD to Request Necessary Funding for 184,000 Low-Income Families*

July 11 – The Section 8 Housing Choice Voucher (HCV) program, the most important source of rental assistance for extremely low-income families, could be under-funded by \$1.26 billion. That money would otherwise assist approximately 184,000 families, many of whom are elderly, disabled or considered the "working" poor. These findings come from a study issued today by the Center on Budget and Policy Priorities (CBPP). If this reduction occurs, it would be unprecedented in the history of the program.

The Administration's FY 2004 \$13.05 billion budget request for the Section 8 program on Feb. 4 was based on the most current information available. However, HUD collected information in April and May 2003 from housing agencies around the country, on both the number of families assisted under the program as well as its costs. This recent data collection resulted because Congress adopted a new contract renewal funding system in FY 2003, which was shaped by the National Association of Housing and Redevelopment Officials (NAHRO). Consequently, HUD now possesses the most up-to-date cost information it has had in the 30-year history of the Section 8 program.

Given the lease-up and cost information HUD now possesses, the Department should come forward immediately and present Congress with a revised estimate of 2004 program needs. "To make up for the \$1.26 billion funding shortfall identified by CBPP's study, HUD should request immediately any additional funding, beyond its projected level of residual funds, necessary to maintain the Section 8 program. Appropriators should not be put in the position of having to choose which of its children to sacrifice, in order to accommodate real funding needs for the program. HUD should step forward with this critical information before July 14, when the House Appropriations Subcommittee on Housing VA, HUD and Independent Agencies begins voting on its funding for the Section 8 HCV program for the coming year," said NAHRO Executive Director Saul Ramirez, Jr.

Ramirez continued, "We commend the Department for its implementation of the new renewal funding system recently enacted by Congress, and believe that they will do the right thing by low-income families so that Appropriators are not hamstrung by funding shortfalls in the Section 8 program. When HUD made its initial budget request in February of this year, it was their responsibility to request funding for all the families under lease and projected to lease throughout the next fiscal year. In light of the program information HUD now possesses, their initial budget request will only provide enough funding for 86.7 percent of authorized vouchers rather than the 96.7 percent expected to be in use when FY 2004 begins. What's more, the estimated \$1.26 billion shortfall figure does not include funding that will be necessary if housing agencies continue to house additional authorized families. Therefore, it is time for HUD to provide Congress with full disclosure, by requesting necessary funding levels for the Section 8 Housing Choice Voucher program."

Bipartisan reforms enacted in 1998's Quality Housing and Work Responsibility Act streamlined the program and set the stage for improvements in voucher lease-up, that have enabled 100,000 additional low-income families to lease each year since it was enacted. The number of families served has increased

from an estimated 1.5 million in 1999, to 2.02 million. “Serving more families each year, requires more funding than HUD had originally anticipated. Just as in life, it’s not how you start; it’s how you finish. While HUD’s initial budget request has now been proven to come up short, we are hopeful that the Department will finish by requesting additional funding so that low-income families are not left in the lurch.” Ramirez said.

Despite serving more low-income families each year, the number of the nation’s unassisted low-income families with severe rent burdens, is over three times the number of families currently assisted through the Section 8 HCV program as evidenced by long waiting lists around the country. A study by the National Housing Conference, *America’s Working Families and the Housing Landscape*, reveals a dramatic 67 percent increase in just four years (1997 – 2001), in the number of low- to moderate-income working families paying at least half their income for housing. “The Section 8 program has proven its success in reducing rent burdens for low-income families. Now HUD should come forward to request necessary funding, so that approximately 184,000 low-income families can continue to experience housing stability and self-sufficiency, and small landlords participating in the program will not suffer financially,” Ramirez said.

The Center on Budget and Policy Priorities study can be accessed at: <http://www.cbpp.org/7-11-03hous.htm> and press release at: <http://www.cbpp.org/7-11-03hous-pr.htm>

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