

MINNPOST

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After six years, she finally got Section 8 housing — and then lost it

By Marlys Harris | 04/15/13

How would you feel if you finally got something that you'd waited six years for only to have it suddenly yanked away?

"Totally discouraged and really depressed," says Corinne Lewis. "Really depressed."

The 59-year-old grandmother who lives with her daughter and granddaughter was elated when she learned in February that after sitting on a waiting list since July 2006, they would be eligible for a Section 8 housing choice voucher. It pays a rental supplement that allows very low-income families to afford market-rate housing. "We started shopping for a place," she says.

But a month later, she received a letter from the Metropolitan Council's Housing and Redevelopment Authority announcing that due to budget cuts -- the sequester and other strictures imposed by Congress because of its inability to reach a balanced budget deal -- her family was back on the waiting list.

So now they are stuck in a two-bedroom apartment Lewis calls "substandard." While they have heat and light, a broken window is taped, the fridge has busted shelves, the tub is leaking and some kitchen cabinet drawers are missing. The landlord has promised to fix it all up but hasn't made any improvements since they moved into the place last September.

And by the way, it's a place that they can't really afford. At \$945 a month, the rent eats up 55 percent of the \$1,700 monthly income she and her daughter receive from Social Security. (Both are disabled; Corinne has nerve-damaged hands that leave her unable to find the kind of computer job she worked in previously, and her daughter has bipolar disease.)



If the voucher hadn't been withdrawn, Lewis would have paid about \$570 a month, about a third of her income (what the government deems to be a reasonable share for rent), and the U.S. Department of Housing and Urban Development (HUD) would have paid \$1,305. The total would have been enough, Lewis believes, for a place with three bedrooms and left the family with \$400 more a month to spend. "Right now, we're barely making it from day to day," she says.

Shift in strategy

The federal public housing program began in the Depression, creating hundreds of thousands of government built and owned units to get poor people out of unsafe, substandard housing. In the 1970s, however, the government shifted its strategy. By then, most of the substandard housing had been urban renewed out of existence, but the poor couldn't afford the rental housing that was available. An increasing number of people were simply homeless.

Enter the Section 8 voucher program, which subsidizes rents. It allows participants to shop for apartments on their own -- and relieves the government of the cost of building and maintaining public housing. The two programs exist side-by-side. (Just to confuse you, there's also affordable housing, which is built with federal tax credits and limits rents.)

New public housing hasn't been built for some time. And the Section 8 program has been steadily cut for the last five years. So low-income families have been less able to find affordable housing.

"Out of Reach," a report out this week from the National Low Income Housing Coalition, claims that their difficulties are worsening: "Finding a decent affordable apartment is a challenge for all renters, but the poorest households are the most likely to be locked out of the market entirely. For every 100 extremely low-income renter households [those whose incomes are less than 30 percent of the area's median], there are just 30 affordable and available units."

While rents in the Twin Cities metro are nowhere near the highest (that distinction goes to New York, Honolulu and San Francisco), it is "seen as unaffordable because we have such a low vacancy rate," says Beth Reetz, director of housing and livable communities for the Metropolitan Council.

According to "Out of Reach," a family in the seven-county area would have to earn \$17.69 an hour to afford a fair market rent for a two-bedroom apartment. (Fair market rent or FMR is a kind of technical median the government invented -- the 40th percentile of gross rents for typical, non-substandard rental units.) With a minimum wage of \$7.25 an hour, a family would have to work 2.4 full-time jobs to be able to pay that FMR.



Source: National Low Income Housing Coalition

In Minnesota, the Fair Market Rent (FMR) for a two-bedroom apartment is \$836. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn \$2,786 monthly or \$33,438 annually.

Long waiting lists

Budget stringency plus lots of people in need equals long waiting lists for housing assistance. The Metropolitan Housing and Redevelopment Authority, which runs voucher programs in Anoka, Carver and parts of Ramsey and Hennepin counties, has 1,500 families waiting for Section 8 vouchers and hasn't accepted new applicants since 2007. St. Paul has 2,000 families on its voucher list, which is also closed. Minneapolis last opened its list in 2008; 10,000 families are on it.

That was the situation before the sequester. Now both public housing and the Section 8 program are experiencing a bigger squeeze. Public housing now will only receive 82 cents on the dollar, down from about 97 cents last year. In other words, if it costs a local housing authority \$100,000 to operate a program, the federal government will provide only \$82,000.

"We are not going to remove housing assistance from anybody who already has it," says Jon Gutzmann, executive director of the St. Paul Housing Authority, which operates the city's public housing programs. And he doesn't plan on reducing service. Instead he has eliminated nine positions and will borrow from reserves to make up the shortfall. The waiting list for public housing is always open, but 7,000 households are on it.

"The wait is only six months to a year if you need a one-bedroom apartment in a hi-rise," he says. For larger apartments, say three bedrooms, families can sit on the list for three to five years.

The Section 8 voucher program is another story. Rent subsidies have been reduced by about 6 percent, and the fees housing authorities receive to administer the program will this year pay for only 69 percent of operations. Again, Gutzmann plans to dip into reserves, but he says that, obviously, he can't do that forever.

Reserves will eventually run out. So he has to shrink the program. Previously, when people left, he would issue new vouchers to those on the waiting list -- about 20 a month. Now he will have to hold back until there's been enough attrition in the program to bring it down to an affordable level.

Deep cuts

The news is pretty much the same all over. Cora McCorvey, executive director of the Minneapolis Public Housing Authority, declared: "These are the deepest cuts that have ever been made in the Section 8 program," and she warns that they could lower the number of families who can participate. The Met Council has already decided to borrow from reserves for now but shrink its voucher program to 5,700 families from 6,200. Instead of languishing on the waiting list for five to seven years, families will have to wait six to eight years.

And that's where Corinne Lewis is -- back on the waiting list. She's hoping, she says, that maybe she'll make it into the program next year. In the meantime, she's looking for an apartment where the landlord will eventually accept a Section 8 renter when she does qualify.

But she may have a longer wait than she anticipates. President Obama's budget proposal funds the program at only 86 percent, and that's likely to be a ceiling, since he will have to negotiate with Congress and likely accept a lower funding level.

A friend of mine, Joseph Shuldiner, who was former assistant secretary for public and Indian housing for HUD in the Clinton administration, operates a housing authority for Yonkers, N.Y., a city of about 200,000. Like his Twin Cities counterparts, he says, he's trying to hold down the fort, to do everything to he can to keep those already receiving housing assistance from suffering. So he plans to dip into reserves, pare back his staff and downsize programs.

But, he wonders whether it wouldn't have been smarter to turn people out on the streets. "Maybe if more people were homeless, Congress would sit up and take notice," he says.

This Congress? Probably not.