



December 31, 2013

The Honorable Al Franken
309 Hart Senate Office Building
Washington DC 20510

Sent by E-Mail and U.S. Mail

Re: FY 2014 THUD Appropriations; Families Need Higher Funding for Public Housing and Section 8

Dear Senator Franken:

Please urge your colleagues on the Appropriations Committees to: 1) approve 302(b) allocations for the Transportation, Housing and Urban Development (THUD) Subcommittees that are equal to or higher than the Senate-proposed level of \$54 billion; and 2) support at least the funding levels in the original Senate FY14 THUD bill (S. 1243) for affordable and rental housing programs, especially Public Housing and Section 8 Housing Choice Vouchers (HCVs).

I also ask you to press the Administration to present a budget proposal for FY 2015 that will restore funding for these key programs, rather than understating the need as it has done the last few years. Without significant funding increases, thousands of needy families nationwide—including many in Minnesota—will go without safe, affordable housing. The Saint Paul Public Housing Agency (PHA) is spending its dwindling reserves to maintain services in public housing and Section 8, and other agencies have exhausted their reserves already.

A series of intentional and unintentional budget cuts have disproportionately hurt the very low income families and individuals who rely on, or are waiting for, rent assistance from public housing and Section 8 HCVs. The “one-time” funding reductions offered up by the Administration in FY 2012 have been locked in by Continuing Resolutions (CRs) and sequestration. Our public housing operating subsidy for this year was prorated down to 82%; and Section 8 administrative costs were only funded at 69%. That cannot become the “new normal” for housing funding, since those amounts are far lower than the “full funding” levels in established formulas and sound industry analyses. We support the recommendations issued by all three of the major industry groups, PHADA NAHRO and CLPHA. Staff at all three organizations would be happy to meet with your staff to “go deep” in the details of the funding needs.

To reverse the recent “temporary” cuts and begin to adequately fund public housing and Section 8 HCVs, we are asking you to advocate for these amounts, both with Congressional appropriators and with Administration officials:

- Public Housing Operating Fund: \$5.150 billion needed for full operating subsidies (\$4.600 billion in the Senate bill)
- Public Housing Capital Fund: \$5.072 billion (\$2.000 in the Senate bill)
- Section 8 HCV Housing Assistance Payments to participating property owners: \$18.409 billion (\$17.568 in the Senate bill)



- Section 8 HCV Administrative Fees: \$1.968 billion (\$1.685 in the Senate Bill).

I am happy to report that, until now, the Saint Paul PHA has (mostly) managed to shield our 10,000 public housing residents from the effects of reduced subsidies. The PHA's 4,253 public housing units are well maintained and fully occupied (16 vacancies on November 30; 99.6% occupancy). However, we doubt that we can sustain such high performance if the federal subsidies are not restored to more adequate levels. Without sufficient operating funding, public housing residents here and elsewhere may have to wait longer for repairs or rent adjustments, or to see a social worker, or to meet with a housing manager who is shared with several other buildings. Families on the waiting lists may have to wait longer for required eligibility reviews to be completed.


Without adequate capital funding, this PHA and others will have to continue putting off major repairs and renovation, like replacing hi-rise roofs, plumbing systems or windows. As these projects are delayed further, costs rise and the need becomes more acute, sometimes affecting residents' comfort in their homes (for example, water leaks and interrupted service due to corroded pipes, drafts and water leaks from deteriorating window frames).

On the Section 8 side, the funding for administrative costs is down to 69% of full funding, which is not sustainable. Tenants are penalized when Congress cuts the administrative funding. As the rental market in the Twin Cities grows tighter, property owners are demanding that the PHA complete inspections and required paperwork faster, and respond to every question more quickly. If our small Section 8 staff can't meet their expectations, property owners turn down voucher holders and those tenants have less choice of suitable rental homes and apartments. One result is a further concentration of poverty, and that adversely affects the families and their communities, putting greater burdens on schools and social services.

The Section 8 subsidies the PHA pays to property owners (Housing Assistance Payments) are also underfunded (94% proration), requiring our agency and most others to stop reissuing vouchers when families leave the program. We have not issued a turnover voucher to our waiting list for more than a year, and the list itself has been closed since 2007. Some agencies are actually taking back vouchers from currently assisted tenants, again to cut costs.

Over 21,000 low income people in Saint Paul rely on the PHA for safe, affordable housing, and thousands more are on our waiting lists. Both groups are counting on your support to pass a HUD appropriation bill that ends the cycle of CRs and sequestration cuts and restores adequate funding to these vital programs. Please call Al Hester if you would like more information (651-292-6173, al.hester@stpha.org).

Sincerely,


Jon Gutzmann
Executive Director


Al Hester
Housing Policy Director