

PERFECT STORM, from page 10

Housing authorities across the country — the local distributors of federal housing assistance — are reporting sweeping cuts to their Section 8 rolls because of the latest round of funding from HUD.

Walla Walla County Housing Authority in Washington is looking at cuts to as many as 150 families on Section 8 because of the lack of adequate funding for 2009. In Florida, the Brevard Family of Housing Authorities is reporting that it might have to cut 200 to 250 families from the Section 8 program because of the funding shortfall. For the Raleigh County Housing Authority in Beckley, W. Va., the number is 156; about 26 families to be trimmed each month, starting in July, through the rest of the year.

The pinch is a \$750 million “offset” determined by Congress when it appropriated the housing assistance program. In the simplest terms, the offset is a funding gap that Congress intended local housing authorities to pick up by tapping into their Net Restricted Reserves (accrued by housing authorities in unspent Section 8 funds). It wouldn't be a bad idea — recoup money allocated for Section 8 but never spent. Only in these times, the money had already been spent.

Tony Bazzie, executive director of the Raleigh County Housing Authority in Beckley, W. Va. says, “There is a serious situation currently facing a large number of housing authorities in that net restricted assets, which can be used to cover increasing HAP (housing assistance program) costs, are dwindling and will disappear altogether prior to the end of this calendar year. As a result, my agency and hundreds of others will have no choice but to reduce the number of families it serves because our HAP expenses exceed the amount of HAP dollars provided monthly by HUD. ... The fact that the voucher renewal funding formula then requires HUD to use the new leasing numbers to determine how much we'll receive in HAP funding the following year results in a continually downward spiraling of families that can be served.”

Those were Bazzie's words in his June 4 testimony before the House Financial Services Subcommittee on Housing and Community Opportunity, chaired by Rep. Maxine Waters, D-Calif. The hearings were on the Section 8 Voucher Reform Act, or SEVRA, which Waters has reintroduced to correct the funding problems. For Waters, the situation has reached crisis levels.

“We can't wait until people are put on the street,” Waters told Street Roots. “We've got to do some kind of moratorium until they can find some discretionary money or find some funding to pay for their vouchers. We can't allow them to put them out on the street.”

Waters says her new SEVRA legislation will ensure that housing authorities have the money they need to fulfill the program. The housing authorities have run out of money, she says, and she lays blame squarely on the previous administration and its policies that gutted funds used for affordable housing, including the voucher programs. Immediate action, and money, she

says, are needed to correct the situation that the Section 8 program is now in.

“These people are going to be homeless if they don't have the Section 8 voucher support,” Waters said. “Our bill will provide funding for all of the 2,400 public housing authorities. We'll make sure they have a reserve account so they can cope with any unanticipated cost.”

By the time Waters' effort to reform Section 8 runs its course, Jennifer Cherry and her family may already be homeless. As of press time, they had a week to either fill the gap left by nearly \$900 a month in housing subsidies, or find some other place to live, which will most likely be a campground or a trailer park, if they found a trailer. With a herniated disk, Jennifer says her doctor won't let her work, but as she awaits surgery in early July, she is still unable to draw disability assistance. Her fiancé, Jeff, is recovering from a collision with a logging truck two years ago but is trying to get on with a flagger crew for work. Their income is \$700 a month they receive from Temporary Assistance for Needy Families. This, with three children and a rent payment of nearly \$1,000. They have a van, but it won't hold everyone; they don't even have a tent. So they're collecting boxes and newspapers and packing up, but not without a fight. They've called every agency they know that might be able to offer assistance, and left messages on congressional switchboards for Sens. Jeff Merkley and Ron Wyden and Reps. David Wu and Kurt Schrader.

“I've got a lot of things I'd like to say. But, really, what do you say?” Jennifer says. “Life's gotta go on. There's not much we can do about it. ... I'm waiting to get a letter from somebody saying we can help you for this next month and give us a little more time.”

Trying to buy some of that time is a nationwide group of organizations and advocates, including Street Roots. Dozens of groups have signed on to a campaign for emergency assistance to the families being terminated. Merkley and Wu wrote a letter to HUD calling on the use of contingency funds or other resources to address the “crisis in Oregon.”

Wyden sent a letter to HUD calling on the agency to “do everything in your power to help keep these Oregonians in their houses and not force them out to the streets.”

NOHA and nearly 1,000 other housing authorities across the country, have applied for assistance to the \$100 million pot of money included in HUD's budget for emergency situations — “unforeseen circumstances” such as higher rental costs. That's nearly half of the nation's 2,400 housing authorities that dispense Section 8 vouchers. Their hopes — and those of their clients — rest in the hands of Miguel A. Fontanez, HUD's director of financial management for the Section 8 program.

“At least some relief is coming,” said Fontanez, who on the day Street Roots talked to him had been signing the forms approving additional funding for troubled housing authorities. The money is expected to be distributed within days. “Some relief is going out very soon.”

If all those who applied receive relief, that amounts to about \$10,000 per housing authority, which is about what NOHA has received in the

past when it has applied for these funds. That does little to offset the \$600,000-plus gap NOHA is experiencing in current voucher obligations, resulting in the termination of Jennifer and her family along with 284 recipients in the region.

And the \$100 million relief fund is a far cry from the \$750 million Congress offset in HUD's housing assistance programs that contributed to the shortfalls and terminations. It was basically a \$750 million hole for the remainder of 2009 that Congress expected local housing authorities to fill. But rising rent costs, low attrition rates on people in the program, unemployment and the combined economic malaise raided those coffers many months ago.

Even with the federal relief money, Snell says it will not be until this fall at the earliest before people's housing assistance will be restored.

“It is a confluence of issues getting together at the same time,” said Ted Van Dyke, director of government affairs for the Public Housing Authority Directors Association. “We probably still don't have an idea on how big this problem is. The person at HUD called it a perfect storm.”

So we've heard.

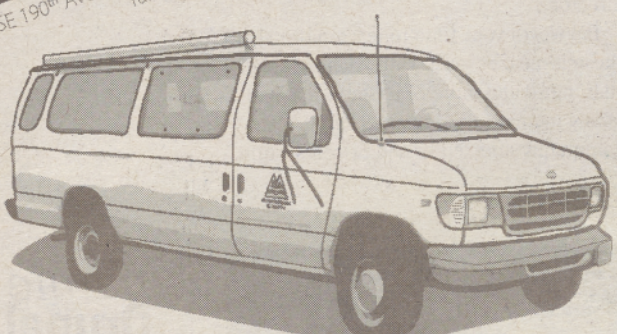
When the news of the NOHA terminations reached the state, the Oregon Housing and Community Services designated \$50,000 in homeless service funding to apply toward the affected families. The funds are not being administered by NOHA, but rather by the regional Community Action Team, based in St. Helens, and its local team members in Clatsop and Tillamook counties. Legally, the money can only be used to help families that have previously been homeless. Jim Tierney with CAT says he expects they'll be able to help only a handful of families with \$50,000. He's hoping for more state relief and a ruling from HUD that will reverse the decision to apply local reserves to the coming year's Section 8 vouchers.

“I do think it would be a mistake to say HUD owns all of this, but also a mistake to say the housing authority owns all of this. In this situation, I think a little flexibility in everyone's part to solve this is really a good idea,” Tierney said. “The HUD system does not seem to be designed to help these small housing authorities do well. To expect our little housing authority in Warrenton to adequately predict what its 1,100 Section 8 households are going to do — that is in fact a system that is not crafted for them to behave responsibly.”

By law, NOHA cannot give out the names of the people selected for termination from the Section 8 program, so CAT has had to shotgun letters out to known Section 8 recipients to notify them of the \$50,000 in state funds available. The deadline for applying for a portion of the money was June 23. Even with that assistance, some landlords are requiring renters who lost their Section 8 to reapply for their unit — something that could disqualify people even if they've got the money to pay the rent, Tierney said.

“It's another spinoff of this disaster that's not obvious on the front end,” Tierney said. “There are going to be a bunch of losses. The landlords are going to lose money. They're going to be stiffer about leasing to Section 8 again. There's a lot of fallout that just isn't apparent.”

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