



HUD's hatchet job

The federal sequester chops \$13 million from Oregon's social-service network, leaving housing and homeless programs bracing to absorb the hit

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By now, every American is probably familiar with the term and concept — if not the reasoning behind — the national budget sequester.

As of March 1, evidence of its fallout nationally has been trickling in, from international airline delays to local job furloughs. But the impact on some of the poorest populations remains a slow burn. The Department of Housing and Urban Development is taking a 5 percent cut across the board, with its primary programs — Section 8 vouchers, homeless assistance, housing loan services — impacting millions of low-income citizens.

"A 5 percent cut may not seem like a big deal, but to a family it's 100 percent," said Leland Jones, HUD's regional spokesperson based in Seattle. Jones said that the sequester will mean fewer services for fewer families.

One of the largest single casualties is Section 8 Housing Choice Vouchers, which provides rental subsidies for the elderly, disabled and impoverished. Prior to this sequester, Congress had traditionally protected funding for the actual Section 8 vouchers, regardless of cuts elsewhere in the program budget. The wholesale nature of sequestration changes all that. According to a report by the Center on Budget and Policy Priorities, the voucher program will lose an estimated \$938 million from 2013. (Read the complete report from the Center on page 10.)

HUD Secretary Shaun Donovan has said these cuts could put 125,000 individuals and families at risk of losing their Section 8 Housing Choice Vouchers, resulting in more than 100,000 formerly homeless people becoming at risk of returning to the streets. It could also result in 75,000 fewer households receiving foreclosure prevention or other counseling, in addition to deferred maintenance to public housing among other effects.

HUD estimates that Oregon will see a \$13 million reduction in funding for HUD

programs for the upcoming fiscal year. The bulk of that is \$11 million in cuts to tenant-based rental assistance, a HUD subsidy to help households rent market-rate units, impacting nearly 2,000 families. According to HUD, Oregon will see a \$641,000 reduction in HOME funds, which are used to create affordable housing, resulting in fewer units being produced. Funding for HUD homeless programs will be reduced by \$1.2 million. Another HUD program helping people with AIDS find housing will see a \$73,000 reduction in Oregon as well.

In Portland, government and social-service agencies that rely on HUD funding, are expecting the cuts to be painful, even if their precise damage is to be determined.

For Portland's housing authority — Home Forward — sequestration means between \$4 million and \$5 million in funding reductions.

HUD provides about three-quarters of Home Forward's annual budget, which this year was adopted at nearly \$121 million.

The cuts come in myriad tiers — applied to administration, operating funds and capital. But by far, the bulk of the cut from HUD, more than \$4 million, will hit rent assistance funds that come through the housing authority and go directly to landlords to pay rent for low-income residents. The sequestration took a hatchet to a sacred budgetary cow by chopping 5 percent of reimbursements to Section 8 Housing Choice Vouchers, which means that HUD will only pay Home Forward 95 percent of what it pays out in Section 8. This means some cuts at the administration level, along with possible increases in the amount renters' pay for their housing.

"The housing authority system in this country is in as much jeopardy as it has been — ever," says Steve Rudman, Home Forward's executive director, who described it as far worse than the war on welfare during the Reagan administration. Rudman put the blame squarely on a Congressional game of chicken that is "nickel-and-diming" the most vulnerable.

"These are just easy little cuts to people who don't have any power," Rudman said. "We're like pawns in their game."

Home Forward anticipates that much of the \$4 million sequestration dent can be absorbed by its own reforms in Section 8. Years of budget constraints had prompted Home Forward to revamp its payment structure for the approximately 10,000 very low-income households it serves, adding incentives for people to transition back to work and off assistance. In some cases, renters could see the percentage they contribute to rent increase. That revenue had been intended to meet the growing demand for Section 8 vouchers: Last year 3,000 people joined the waiting list out of 21,000 who applied. They will be waiting another year before any more vouchers are released.

"We might be able to skate through, but there's going to be an impact longer term," says Rudman. "That money could have been put into all kinds of useful things, instead of backfilling the federal government on the backs of the poor people."

In addition to the cuts, the Portland rental market is nearly sealed up with vacancy rates at less than 4 percent. That rate drives rents higher. So costs are going up while the federal government is pulling out.

Northwest Oregon Housing Authority manages Section 8 vouchers for nearly 1,100 families in Columbia, Tillamook and Clatsop counties, providing about 20 to 30 new vouchers every month. The cut there mean no new recipients for the vouchers beyond attrition, or about six to eight vouchers a month, according to NOHA Executive Director Todd Johnston.

"I think for the short-term, it's sustainable — six months at the most. But I think long-term, it's going to affect our staff and that's ultimately going to affect our clients and our ability to respond and get things up in a timely matter," Johnston said.

Johnston said the impact is not just the sequester itself but the ripple effect of falling

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