

# HOUSING

The Portland Observer

## House Bill Taking \$2.2 Billion From HUD Could Force 1 Million Into Homelessness

Housing and Urban Development Secretary Andrew Cuomo said today that nearly 1 million impoverished Americans - primarily mothers and their children, senior citizens and people with disabilities - could be forced into homelessness or substandard housing under legislation approved by the House taking \$2.2 billion from HUD.

The House action comes when HUD is seeking about 100,000 additional rental assistance vouchers under the Section 8 program in its proposed 1999 budget. Congress has approved virtually no new vouchers since 1994.

"A rescission of this magnitude could tear apart the social safety net for some of the most vulnerable Americans," Cuomo said of the House legislation. "Impoverished mothers and children, grandmothers and grandfathers, and people with disabilities should not be thrown out of their apartments. They should not be forced to live on the streets, to plead for space in overflowing homeless shelters, or to live doubled and tripled-up in overcrowded, substandard apartments."

The House of Representatives bill would take \$2.2 billion from HUD reserves, which have already been designated by the Clinton Administration for use in 1999 for the Section 8 rental assistance program. More than 75% percent of funds taken under the bill to offset other spending comes from housing assistance. The measure won narrow passage in the House on a 212-208 vote on March 31.

Legislation passed by the Senate to pay for the same programs funded in the House bill does not require budget cuts by HUD or any other agencies to offset the emergency spending. The differing bills will go to a House-Senate Conference Committee to enable lawmakers to seek agreement on a single version.

The Clinton Administration has stated in a Statement of Administration Policy on the House bill: "The Committee bill finances emergency defense requirements with reductions in important do-

mestic programs and is a breach of the firewalls enacted into law in the Balanced Budget Act."

The Administration Statement continues: "We should be able to provide disaster assistance to communities here at home and support for our troops overseas without violating last year's budget agreement or attaching extraneous political provisions."

We urge you to avoid actions that will result in gridlock and that will be detrimental to our troops abroad and our citizens at home in

*"Impoverished mothers and children, grandmothers and grandfathers, and people with disabilities should not be thrown out their apartments... forced to live on the streets..."*

a time of need. The President's senior advisors would recommend the President veto this legislation if it contains such offsets."

HUD's Section 8 program provides rental assistance for about 6.4 million poor people around the nation in 2.8 million apartments.

Cuomo said the House bill could take Section 8 housing assistance away from as many as 969,000 poor people living in about 420,000 apartments. About 45 percent of people losing assistance under the House bill are parents (primarily mothers) and children, about 37 percent are elderly and about 12 percent are people with disabilities. About 40 percent of the non-elderly and non-disabled households targeted under the House measure have wage-earners working in low-paying jobs. About 75 percent of the households that would lose assistance are headed by women. Section 8 households have a median income of about \$7,500.

"To respond to a severe shortage of affordable housing, President Clinton has asked Congress to increase the number of Section 8 vouchers by about 100,000 next year," Cuomo said. "To instead cut the number of vouchers by 420,000 would create an even more severe shortage."

A HUD report to Congress last month on the nationwide shortage of affordable housing said: "Housing affordability is a fundamental structural problem in U.S. housing

markets. The number of very-low-income renter households with the most serious housing needs did not drop between 1993 and 1995 despite robust economic growth during that period. Instead, the number with the "worst case" needs remained at 5.3 million, its all-time high. Households with worst case needs are defined as unassisted renter households that pay more than half of their income for rent or live in severely substandard housing."

The President's proposed budget seeks \$585 million in new funds for 103,400 new Section 8 vouchers next year. A total of 50,000 of the vouchers would be provided through a new welfare-to-work initiative to provide stable housing to families struggling to move off the welfare rolls and join the workforce. A second initiative would provide 34,000 new Section 8 rental assistance vouchers for homeless people moving from shelter care into permanent homes. This aid would help ensure that homeless people who have benefited from HUD's Continuum of

Care transitional housing programs have stable housing to ease their transition into the mainstream. The 1999 budget also asks for 8,800 new vouchers targeted to elderly Americans, plus an additional 10,600 Section 8 vouchers.

Rental assistance from HUD's Section 8 program enables poor people to rent apartments on the private market. People pay about 30 percent of their income in rent, and HUD pays the rest.

Here's how Section 8 Housing Assistance could be threatened in Oregon and Washington: These are the number of apartments and the approximate number of people who could lose housing in Oregon and Washington under a House bill taking \$2.2 billion of reserves from the Department of Housing and Urban Development. The reserves have already been designated by the Clinton Administration for use in 1999 for the Section 8 rental assistance program.

**In OREGON:**  
Number of apartments - 4,952  
Number of people - 12,462  
**In WASHINGTON:**  
Number of apartments - 6,804  
Number of people - 16,082

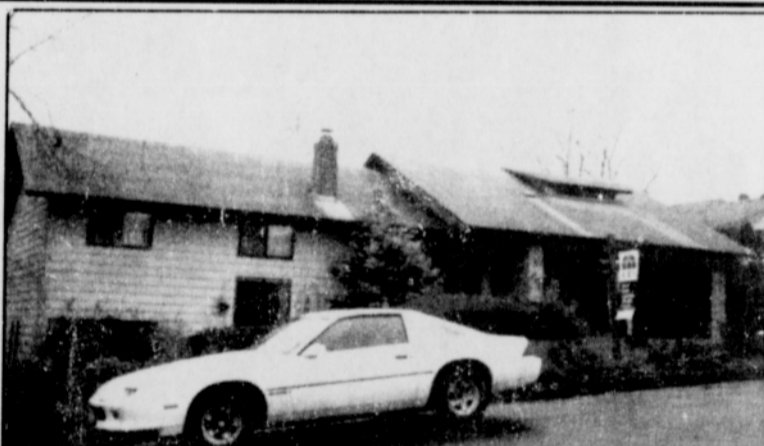


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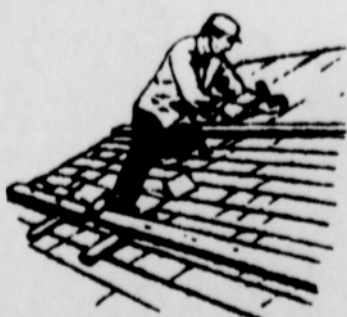
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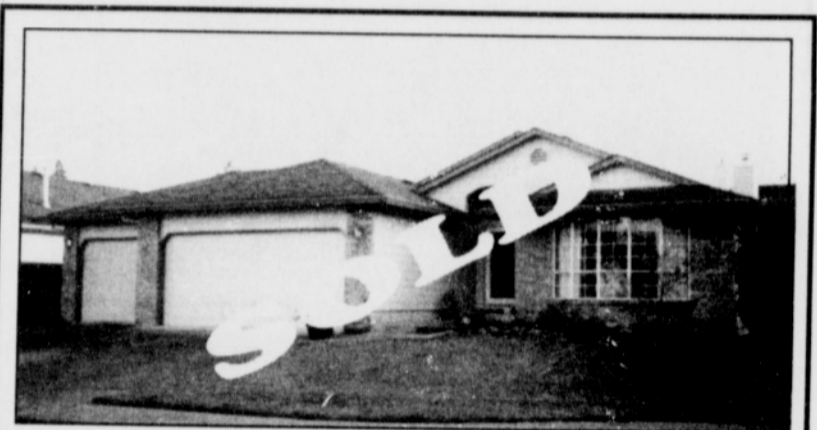
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### Landlord Charged With Fraud

The government has filed civil fraud charges against the landlord of apartment projects in 26 states, accusing him of making \$7.5 million in kickbacks, Housing Secretary Andrew Cuomo said Wednesday.

The suit alleges that Bruce Rozet and associates pocketed millions of dollars in the kickback and insurance scam, Cuomo said.

HUD wants the repayment of what it claims were \$7.5 million in kickbacks made between 1990 and 1997, plus damages and penalties that could reach \$20 million, the agency said. It also is seeking unspecified additional amounts in the insurance case.

Rozet, in a telephone interview, denied the allegations.

"There's not a shred of evidence to support any of the charges they have made," he said. "We are doing ... an exemplary job in overseeing the housing projects that we are involved with. We have not been involved in any kickback schemes whatsoever and they have no evidence to support such charges."

The kickback charges involve 90 low- and moderate-income apartment projects in 26 states, Washington, D.C., and Puerto Rico, the department said.

Last year, Rozet was charged with siphoning off \$5 million from subsidized housing units at 17 complexes in California and Nevada.

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