

Congress of the United States House of Representatives

Washington, DC

May 4, 2004

Co-sponsor Legislation to Ensure Full Funding of Housing Vouchers

Dear Colleague:

I am writing to invite you to co-sponsor legislation to protect the longstanding policy of fully funding existing Section 8 housing vouchers from the threat that this policy now faces.

The legislation I am introducing amends the FY 2004 VA, HUD Appropriations Act to re-emphasize that Congress intends that Section 8 vouchers are to be funded based on a housing agency's actual costs. This is necessary because of the looming crisis with respect to the voucher program that is caused by HUD's mis-interpretation of the FY 2004 bill – and which could result for the first time in HUD failing to fully fund the cost of all vouchers.

On April 22, 2004, HUD issued a notice implementing the voucher provisions in the FY 2004 VA, HUD Appropriations conference report. HUD used a language change in that bill to justify their interpretation that it would no longer reimburse housing agencies for their actual costs, but would instead renew quarterly voucher funding based on an agency's per unit costs in August, 2003, adjusted only by a regional housing inflation factor. This inflation factor will not keep pace with actual costs for a significant number of housing agencies. HUD is compounding the funding shortfall by imposing the change retroactively, back to January of this year.

It is unacceptable for HUD to deny funding for voucher costs that housing agencies incurred under program rules. HUD's action is especially troublesome for those housing agencies with no program reserves. Such agencies are being forced to consider draconian actions, in some cases on a tight timetable because of the timing of their fiscal year. Their main options appear to include evicting families with vouchers from their homes or raising rents on families who cannot afford to pay more. It appears that a few housing agencies have already sent out notices terminating vouchers.

HUD's action is wrong on interpretation of legislative language and wrong on policy. Congress added \$1 billion more to the Section 8 program in conference to ensure that all vouchers would be fully funded under the FY 2004 appropriations bill. HUD's action would contradict this Congressional intent. Moreover, HUD's action has the bizarre effect of using less accurate cost data, which can be more than a year old, instead of using accurate, up-to-date data that HUD has been collecting and using to calculate quarterly voucher renewals up until the recent change.

The solution to this looming crisis should be that HUD reverses its faulty interpretation. HUD could fully fund all vouchers by merely reverting to the renewal method in place prior to its April 22nd notice – but HUD refuses to do so. Therefore, this legislation would restore the practice of renewing vouchers based a housing agency's actual per unit costs in the prior quarter, adjusted by inflation for the intervening months. It also provides that this method be used for all renewals funded with FY 2004 money – thus undoing the retroactive cuts that HUD is now imposing.

To co-sponsor, email or call (at 5-7054) Scott Olson, Dominique McCoy, or Kay Gibbs.


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