

Housing Voucher Block Grant Proposal

Will Fischer
Center on Budget and Policy Priorities
202/408-1080
fischer@cbpp.org
www.cbpp.org

Background on Housing Voucher Program

- There are currently about 2.1 million housing vouchers.
- Vouchers can be used to rent a housing unit of the family's choice that meets basic standards.
- Program is administered by state and local agencies.

Block Grant Proposals in H.R. 1841 and S. 947

- Housing Assistance for Needy Families (HANF) would be established in 2005
- Would replace existing voucher program in all states
- States could run program themselves or through local PHAs, private companies, or faith- or community-based organizations

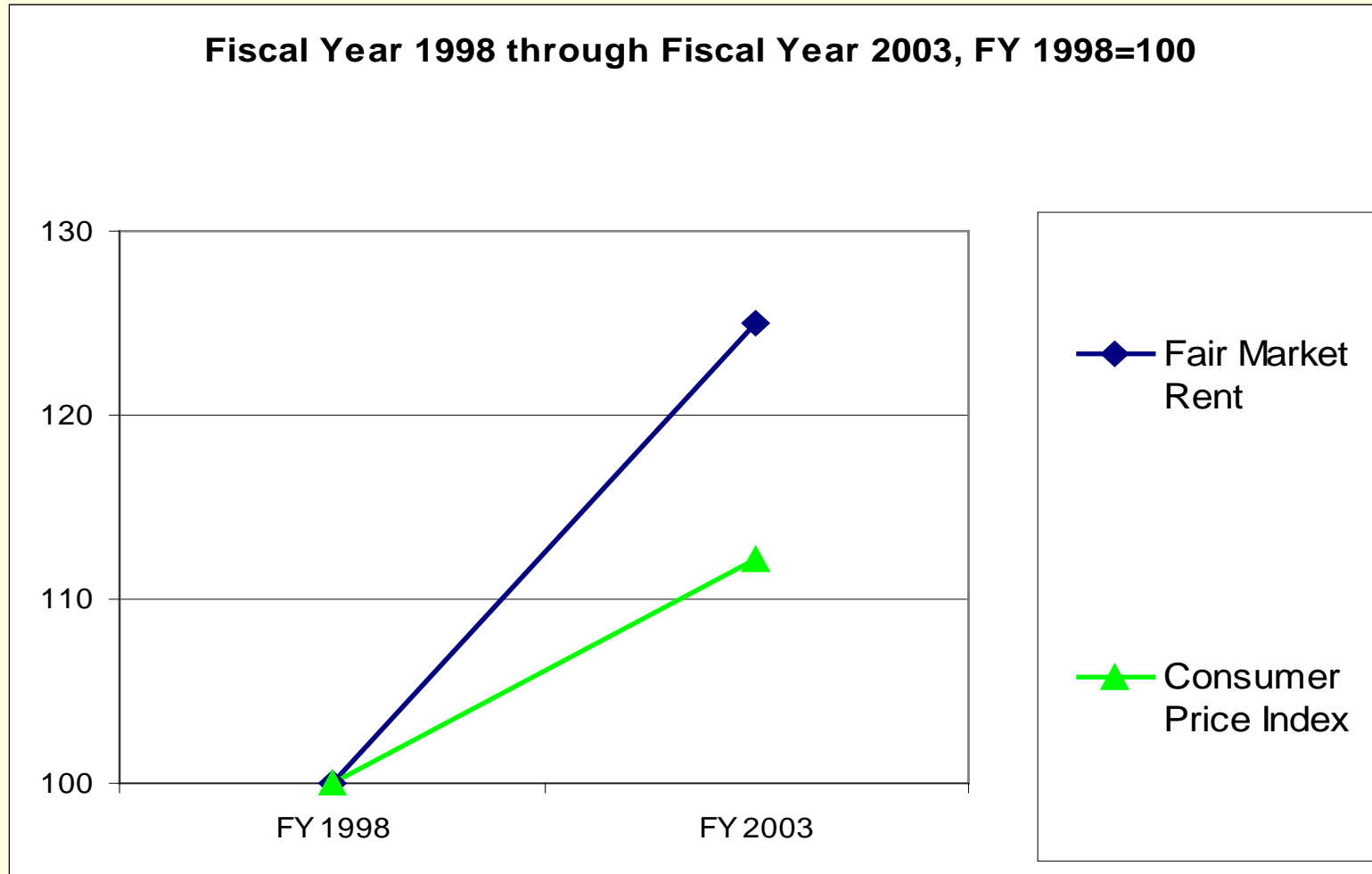
Funding

- Currently, funding is based on the actual cost of vouchers.
- Under block grant, no provision for adjusting total funding based on housing costs or any other factor.
- In 2005 funding would be distributed to states based on allocations under the current system.
- In 2006 and after funding would be distributed to states based on a formula to be determined by HUD.

Funding for Other Block Grants Has Not Kept Pace with Inflation

- Analysis of 11 block grants shows that inflation-adjusted funding has fallen by 11% since establishment of block grant (or 1982 if later)
- Excluding child care, funding for block grants fell 22%
- SSBG has lost 65% of its funding and LIHEAP has lost 53%

Voucher Fair Market Rents Have Risen More Rapidly than Overall Inflation



States Would Likely Be Forced to Impose Cuts

States would be able to:

- Reduce number of vouchers
- Shift assistance to higher income families
- Reduce the amount of rent that vouchers cover
- Raise rents paid by families with vouchers

Block Grant Could Deter Landlords From Participating

- National Association of Realtors and six other owners groups, February 25, 2003:

“Apartment owners and managers look to uniformity and consistency of program rules and funding levels when deciding to participate as voucher landlords. HUD’s proposal creates uncertainty in this regard, the result of which will have a chilling impact upon market participation in the program.”

Administration Claims Regarding Housing Voucher Block Grant

- Would address problem of recaptures
- Would reduce subsidy overpayments
- Would allow consolidation to a more manageable number of agencies
- Would improve coordination with TANF

Budget Plans Call for Large Reductions in Category that Includes Voucher Program

- Budget resolution approved by Congress in April 2003 requires \$168 billion in cuts to domestic discretionary programs compared to CBO baseline over a ten-year period.
- Resolution doesn't say where reductions would come from, but many programs would need to be cut.