



Legislation Text

File #: 15508, **Version:** 1

Fiscal Note

This policy resolution has no direct budgetary impact.

Title

To urge Congress and our Congressional delegation to find a permanent solution to resolve the shortfall in funding the Housing Choice Voucher (Section 8) Program.

Body

Background: The Department of Housing and Urban Development (HUD) has enacted numerous programmatic changes in the past few years. In 2005, HUD changed the way it funded the Housing Choice Voucher (Section 8) Program. Previously HUD funded the CDA for 1606 vouchers, a dollar amount was allocated but if the actual costs were higher HUD would make up the difference. In 2005, HUD capped the dollar allocation amount. Based on this, the CDA while authorized to issue 1606 vouchers, could no longer afford to have this many vouchers out. Utilization (vouchers in use) had to be lowered and monitored to stay within budget.

The 2009 federal budget was not approved until March of 2009. In the normal process the Executive budget would have been introduced in February of 2008 with a federal budget approved prior to the federal fiscal 2009 calendar year, which began on October 1, 2008. After a federal budget is approved, HUD has 60 days to inform Housing Authorities of their funding levels. Again normally the CDA should have received notice of its funding level in December of 2008. The CDA received notice from HUD of its 2009 calendar year funding in May of 2009.

The CDA has had to anticipate funding levels based on past experience and best guesses of HUD staff. For 2008 funding allocations, HUD based funding levels on expenditures of Housing Authorities as of December 31, 2007. For 2009 funding allocations HUD based funding levels on expenditures of Housing Authorities as of September 31, 2007. This change was mandated by Congress. This change is one of the reasons the CDA and many other Housing Authorities funding was different (less than) anticipated. The CDA and HUD staff did not see this change coming.

Another issue involved Net Reserve Assets (NRA). These are funds allocated but unspent from the previous year. In 2008 the CDA had NRA funds and was told they could use and did so. Until 2003 HUD had always allowed the use or carryover of unspent funding from previous years. In 2004 HUD said they would no longer permit the use of carryover funds to the following year. The CDA at that time had close to 1700 vouchers out, to maximize the use of previous years unspent funds. Fortunately there was sufficient funding and through attrition the CDA got down to its authorized voucher authority of 1606. But as outlined above, HUD again changed its rule and capped funding, so the CDA had to again reduce voucher utilization to come within its budget authority. The CDA again, was able to do this through attrition.

In recent years HUD has again authorized the use of NRA, previous years unspent funding. In 2008 the CDA had carryover funding from 2007 and HUD allowed its use. In 2009 the CDA had unspent funding from 2008 and issued vouchers based on the availability of those unspent funds. Unfortunately, and to the CDA's surprise, HUD took back \$349,000.

The CDA made a request to HUD to restore funding but so far have been denied. The Mayor's Office alerted Congresswoman Tammy Baldwin's Office to this situation. Her office has been reviewing this situation with HUD officials on behalf of the City and CDA. HUD has contacted the CDA for additional information but so far

there has been no word on any additional funding. The CDA will continue to provide information to HUD in the hopes of some funding relief.

In order for the CDA to come within budget by the end of the year the CDA was forced to take actions. It had a choice of either eliminating some participants from the program or reducing assistance to a larger number of program participants. The CDA chose the latter option. In a conference call with HUD to review this matter, HUD concurred with the CDA on the actions that were being taken. They acknowledged that they were having similar conference calls with over 200 other Housing Authorities who were caught short on funding. The CDA received notice from St. Paul, Minnesota that their Housing Authority was facing the possibility of terminating over 1000 households from their program.

The many changes in HUD program rules have made it difficult to plan and budget. The CDA is one of over 200 Housing Authorities who have been caught short in funding. Housing staff has been discussing these issues with the CDA Housing Operations Subcommittee and CDA Board of Directors, which provides oversight. The Committee, Board and staff have all have been operating on best estimates and information available.

WHEREAS, the Community Development Authority of the City of Madison received notice from HUD, in May of 2009 of its Section 8 program funding allocation, for calendar year 2009 and

WHEREAS, this late allocation notification created a budget shortfall (estimated at approximately \$578,000) in planned programming efforts, resulting in a reduction in assistance available to Section 8 Program participants (estimated at approximately 1124) and

WHEREAS, this has caused concern among housing providers/landlords who have been encouraged to participate in this program and

WHEREAS, this has created hardship for many program participants who face an unanticipated reduction in assistance

NOW, THEREFORE, BE IT RESOLVED, that , that the City of Madison Common Council urges the U. S. Congress to take the necessary action to ensure that this does not happen again and that housing low-income citizens take a higher priority in domestic program funding.