

HOUSE BILL REPORT

HJM 4009

As Reported by House Committee On:
Housing

Brief Description: Requesting that Section 8 housing assistance be maintained.

Sponsors: Representatives Ormsby, Dunn, Miloscia, Jarrett, Pettigrew, Flannigan, Springer, Morrell, Sells, O'Brien, Conway, Priest, Simpson, Kagi, Darneille, Lantz, Kenney, Clibborn, Cody, Schual-Berke, Chase, Hasegawa and Wood.

Brief History:

Committee Activity:

Housing: 2/22/05, 3/1/05 [DPS].

Brief Summary of Substitute Bill

- Commends the U.S. Department of Housing and Urban Development for effective policies in augmenting home ownership and homelessness programs.
- Prays that the number of vouchers and the funding level and formulas for the Section 8 program be maintained at the same number, level, and formulas as provided for the program in 2003.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune, Ormsby, Pettigrew, Schindler and Sells.

Staff: CeCe Clynych (786-7168).

Background:

HUD Homeownership and Homeless Programs:

The mission of the U.S. Department of Housing and Urban Development (HUD), as stated on its Web site, "is to increase homeownership, support community development and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships that leverage resources and improve HUDs ability to be effective on the community level."

There are various HUD programs focused on housing issues, including:

- The American Dream Downpayment Initiative, which provides downpayment assistance to low income families. This program is administered under the HUD HOME Investment Partnerships Program (HOME);
- The Housing Counseling Assistance Program, which enables anyone who wants to, or already does rent or own housing, to get the counseling they need to make their rent or mortgage payments and to be a responsible tenant or owner in other ways. The counseling is provided by HUD-approved housing counseling agencies;
- HUD's Homeless Assistance programs, which include supportive housing, rental housing for persons with disabilities, and rental assistance on behalf of homeless individuals in connection with moderate rehabilitation of single room occupancy dwellings. The HUD also issues grants designed to help improve the quality of existing emergency shelters, to make available additional shelters, to provide vital social services, and to help prevent homelessness; and
- The Section 8 program, which provides Section 8 "tenant-based" vouchers to low-income tenants who use them to help pay the cost of renting housing on the open market.

Section 8 Program

The Section 8 program is federally funded but vouchers are distributed at the local level by state, regional, and local housing authorities and agencies. Housing vouchers are not an entitlement benefit and only about 25 percent of income-eligible individuals and households actually receive vouchers. Two-thirds of the housing authorities in Washington have had to close their Section 8 waiting lists because of the size of the backlog. Those individuals on the lists face a wait of 18 months to five years to receive a voucher. When housing costs increase faster than incomes, as has been the case in the last several years, housing is less affordable and the number of individuals and households eligible, but not receiving, Section 8 vouchers grows.

An individual or household with a tenant-based voucher chooses where to live and rents a housing unit from a private property owner. The housing authority or agency inspects the unit to make sure it meets the program's housing quality standards and also certifies that the rent is "reasonable." Both the housing authority and the individual or family sign contracts with the private landlord. The individual or household is generally required to contribute 30 percent of its income for rent and utilities. The voucher then pays the rest of those costs up to a limit set by the local housing authority.

A small percentage of vouchers can be tied to a particular project or building rather than to an individual or household. These vouchers, called "project-based" vouchers, can help pay for the construction or rehabilitation of housing projects or buildings.

Summary of Substitute Bill:

HUD Homeownership and Homeless Programs:

Several findings are made in this memorial related to HUD homeownership and homeless programs:

- that affordable, safe, and sanitary housing is vital to the quality of life and the economy;
- that owning a home is part of the "American Dream";
- that the cost of owning a home has dramatically increased;
- that Washington homeownership rates are 67 percent for Whites, 41 percent for Hispanics, and 38 percent for Blacks;
- that a priority of HUD is to add 5.5 million minority homeowners by the end of the decade;
- that Congress has appropriated increases in funding for the HOME Investment Partnerships Program and the American Dream Downpayment Initiative; and
- that HUD's comprehensive plan to end chronic homelessness is the largest total award of federal funds for homeless assistance in history.

HUD's role in augmenting homeownership and rental assistance for Washington families is recognized and commended.

Section 8 Program:

The Section 8 program is recognized as one of the best models of public-private partnerships. By making rental housing more affordable, the Section 8 program benefits communities, individuals, and private property owners.

It is found that Washington, as a whole, saw a decrease in the amount of funding it received for the Section 8 program in 2004 as compared to what was received in 2003. The state experienced a loss of about 1,755 vouchers, equating to \$11,662,795. As a result, two-thirds of Washington Housing Authorities have closed their Section 8 waiting lists due to the overwhelming number of individuals on the lists. The memorial further finds that based on information provided by HUD to individual authorities in January 2005, it is projected that Washington will lose funding for an additional 2,169 vouchers in 2005, amounting to \$14,802,474.

A request is made that the number of vouchers and the funding level and formulas for the Section 8 program be maintained at the 2003 levels.

Substitute Bill Compared to Original Bill:

The substitute joint memorial integrated into HJM 4009 parts of HJM 4019 which praise HUD for its investment in homeownership programs as well as in initiatives to help the homeless. Substitute HJM 4009 also recognizes the importance of the Section 8 program, referring to it as one of the "best models of public-private partnerships," and states that the program benefits not only tenants receiving assistance, but also property owners, communities and states in general. House Joint Memorial 4009 illustrates the crisis Washington is facing due to HUD funding cuts to the Section 8 program, including closed Section 8 waiting lists and long wait periods for those already on the list. The memorial projects that Washington will lose funding for an additional 2,169 Section 8 vouchers in calendar year 2005 and hypothesizes that this could result in an increase in the number of people who are homeless or live in unsafe

housing. In addition to a public recognition of HUD's efforts to assist Washington families with rental assistance and homeownership programs, a request is made that the number of vouchers and the funding level and formulas for Section 8 be maintained at the 2003 levels.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: With these cuts in the Section 8 program for 2005, Washington will experience a \$24 million cut over the course of 2004 and 2005. This is a huge hole to plug and there is concern that the state will not be able to plug it. Not only do these cuts in vouchers hurt low income persons, but the economy as a whole and landlords in particular are hurt by these cuts. It is necessary for the federal government to put more money into Section 8 vouchers.

Testimony Against: None.

Persons Testifying: Representative Ormsby, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.