



# Issue Brief

## *Affordable Housing*

March 2005

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Nearly 65 million people with low incomes, 24 percent of the entire U.S. population, are experiencing housing problems including high cost burdens, substandard conditions, overcrowding or homelessness. The most common problem is cost burden, with 55.5 million low-income rental households and homeowner households paying more than 30% of their income towards housing. The National Housing Wage for a two-bedroom unit is \$15.37 per hour and the median hourly wage in the U.S. is \$10.00 per hour. There is a 1.8 million-unit gap between the number of units available to extremely low-income households and the need for affordable housing for extremely low-income households. At the same time, our elders are finding that there is only one unit of affordable senior housing for every nine people in need.

The Administration continues to prioritize efforts to end chronic homelessness in their Fiscal Year 2006 proposed budget. The Administration's current budget proposal cuts funding to many housing programs. Additionally, the Administration's proposed budget also moves the Community Development Block Grant (CDBG) to the Department of Commerce and cuts at least \$1 billion from the program. The Administration is reintroducing a proposal for a flexible voucher program.

### **Housing Assistance Programs**

Section 8 Housing Choice Vouchers are the nation's principle form of assistance to low-income renter families and elderly individuals. Households with vouchers pay one-third of their income for rent and the voucher subsidizes the remaining amount. Section 8 vouchers have played a key role in assisting low-income recipients move into stable homes and neighborhoods. A report by the General Accounting Office found the voucher program to be one of the most cost-effective federal housing programs.

Section 202 Housing for the Elderly provides funding for the construction and rehabilitation of structures that serve as supportive housing for low-income elderly persons and provides rent subsidies for projects to help make them affordable. The program helps expand the supply of affordable housing with supportive services for the elderly. Section 202 provides low-income elderly with options that allow them to live independently while receiving support services such as congregate meals and transportation.

Section 811 Housing for Persons with Disabilities funds non-profit developers building and operating housing for low-income households with disabilities. In addition to Section 811 services, people with disabilities use approximately 20% of the 2 million Section 8 vouchers.

The Administration's budget proposal for FY 06 slightly increases funding for Section 8 Housing Choice vouchers for low-income families, which would fund renewal vouchers, but would not likely provide any new vouchers. The Administration's budget proposal would also cut the funding for Section 811 almost in half by eliminating funding for production of new housing; and the budget provides level funding for Section 202

Housing for the Elderly. The Administration is again proposing a Flexible Voucher program that would fund these housing programs through block grants to the states. Both the House and Senate Appropriations Committees have rejected the Bush Administration's Flexible Voucher program in the past.

**TAKE ACTION!** Contact your Senators and Representative and ask them to support funding for housing assistance at a level sufficient to meet the needs of low-income households and to reject the Flexible Voucher program. Explain how the housing assistance programs have worked in your area and the need for access to affordable housing. Find contact information for your Senators and Representative at [www.lutheranservices.org](http://www.lutheranservices.org) or call the Capital switchboard at 202-224-3121.

### **Ending Chronic Homelessness Initiatives**

The Administration's list of priorities for the 109<sup>th</sup> Congress includes efforts to end chronic homelessness in the next 10 years. The Administration's proposed budget includes \$200 million to provide comprehensive, coordinated services connected to permanent housing for people experiencing long-term homelessness. Funding for homelessness programs includes \$25 million in the HUD budget for the Prisoner Re-Entry Initiative program. Advocates support efforts to end long-term homelessness and would support expanding this initiative from serving single, disabled persons to serving families as well.

### **Housing Production Programs**

The National Housing Trust Fund would create, rehabilitate, or preserve 1.5 million units of affordable housing over the next ten years. Over 200 Congressional cosponsors and over 4,000 religious leaders, elected officials, and organizations have supported the legislation in the past. Legislation supporting the creation of a National Housing Trust Fund is expected to be reintroduced in the 109<sup>th</sup> Congress.

**TAKE ACTION!** Your support is needed now to make this solution to the affordable housing crisis a reality. Sign on as a supporter of the National Housing Trust Fund and find the latest information on the bill at [www.nhtf.org](http://www.nhtf.org).

### **Community Development Programs**

The Community Development Block Grant (CDBG) provides funding to local governments to support local economic and housing development. CDBG projects leverage private dollars for investment in local communities, create and retain jobs, and assist people with their housing needs. Some estimates show 33% of CDBG funds are used for housing. The Administration is proposing to move CDBG to the Department of Commerce. Under the new proposal, CDBG would be consolidated with 17 other programs into a new program, called *Strengthening America's Communities Grant Program*. The proposed funding for all of these programs is \$3.7 billion. Last year, CDBG alone was funded at \$4.9 billion. In FY 04, the CDBG program assisted 168,938 households with their housing needs, which included homeownership assistance, construction of housing, rehabilitation of existing housing, and energy efficiency improvements.

**TAKE ACTION!** Call your Senators and Representative and share with them how CDBG has had a positive impact in local housing and community development efforts. Ask them to oppose moving CDBG to the Department of Commerce and to fund CDBG at least at the FY05 level. Find contact information for your Senators and Representative at [www.lutheranservices.org](http://www.lutheranservices.org) or call the Capital switchboard at 202-224-3121.