

**Testimony of  
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Subcommittee on Housing and Community Opportunity  
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**“The Section 8 Housing Assistance Program: Promoting Decent  
Affordable Housing for Families & Individuals Who Rent”  
Testimony of Larry Gross, Executive Director  
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Chairman Ney, Ranking Member Waters and other distinguished members of the Subcommittee on Housing and Community Opportunity, thank you for the opportunity to offer testimony today on the Section 8 Housing Voucher Program and H.R. 1841.

I am Larry Gross, Executive Director of the Coalition for Economic Survival (CES). CES is a 30 year old grass roots tenants’ rights organization assisting tenants, including project-based Section 8 and Housing Choice Voucher renters, throughout the Southern California area. CES also has been overseeing a HUD Outreach and Training Grant to provide assistance to tenants living in expiring project-based Section 8 housing and buildings subject to the HUD Mark-to-Market program for over the last four years.

I am here today to express great concern about the proposal that would block grant to states the Section 8 Housing Voucher Program. Thus, we strongly oppose this proposal because we believe it will have a disastrous impact on the ability to provide affordable housing to the nation’s low income seniors and families.

Section 8 is the cornerstone of federal affordable housing policy, providing vouchers to nearly 2 million households. While, certainly as with most government programs, there is room for improvement, the voucher program is highly effective in providing needed housing assistance. This was clearly stated by the bipartisan, Congressionally-chartered Millennial Housing Commission, which strongly endorsed the voucher program as being “flexible, cost-effective and successful in its mission.”

One of the main problems of Section 8 is the inadequate Congressional funding which results in long lists where tenants have to wait for years to receive vouchers, and then, once finally obtaining a voucher, tenants face losing them due to their inability to find a landlord who is willing to accept the voucher within the required time period allowed. Only one of three eligible households receives Section 8.

When the Housing Authority of the City of Los Angeles opened up its Section 8 rental assistance waiting list for the first time in years in late

1998 for a two week period, over 150,000 families signed up -- more than 10% of the City's households.

Block granting will make this situation worse. By eliminating the federal commitment to maintain funding at a level sufficient to meet the need, it would make rental voucher revenues less reliable, which would likely further deter landlords from accepting vouchers. Even the National Association of Realtors and other apartment owners' groups have warned that block granting vouchers would "have a chilling impact upon market participation in the [voucher] program."

The greater Los Angeles area already is facing one of the nation's most severe affordable housing crises. We can ill afford to take action, which will further increase this crisis.

Overall, approximately 90,000 families and individuals receive affordable housing assistance in the City of Los Angeles, a greatly insufficient number given the need.

There are nearly 784,000 renter households, which represent 61% of the city's population. L.A. is a city of renters.

Over 177,000 households, 23% of all renter households in L.A., pay over 50% of their income to rent.

The 1994 Los Angeles Rental Housing Study identified two structural problems in Los Angeles' housing market. They are the reduced effective demand (insufficient income to pay market rents) and a mismatch of the average household size and the units available at affordable rents (i.e. large families can only afford the rents for efficiency units or one bedroom apartments). This situation persists in 2003.

The block grant proposal would further impact this situation and would result in fewer Section 8 vouchers when many more are needed.

Block granting would eliminate the current funding structure where Congress adjusts funding each year based on changes in actual costs to ensure that housing agencies have sufficient funds to cover all vouchers that families are using. Under the block grant proposal Congress could simply decide on a funding figure which has no correlation to the actual number of families using vouchers, as well as not providing adjustments for increases in rents. This approach would lead to the eroding of Section 8 voucher funding over time.

States would also be allowed to remove many of the provisions that protect the lowest income renters. States could receive waivers to provide

only 55% vouchers to the poorest families, instead of the current 75% figure.

Rent vouchers allow low income people to achieve a degree of less poverty and the ability to live in less segregated communities. Block granting would do the opposite. States could save money by reducing the total value of the voucher. That would make it more difficult for families to use vouchers to move into neighborhoods with more opportunities, jobs, better schools and less crime, because the rents are much higher. The block grant proposal would also give states broad power to direct vouchers to specific developments and prohibit voucher use to certain neighborhoods. Thus, we could likely see the creation of “voucher ghettos and barrios.”

In addition, under a block grant, states would be able to cut costs by requiring larger rental payments from voucher holders. Thus, households could end up paying far more than 30% of their income to rent, a federal affordable housing standard for the last 30 years.

In the City of Los Angeles, we have been successful in a number of initiatives to do our part in addressing affordable housing needs.

The City recently approved the creation of a \$100 million Housing Trust Fund to build and preserve affordable housing. It adopted a Preservation Program Ordinance, which addresses the problem of prepayments of HUD insured mortgages and the opt-outs of project-based Section 8 contracts. The City also enacted an amendment to its Rent Stabilization Ordinance to help dissuade owners from terminating Section 8 vouchers, of which 6,000 were terminated in the prior year due to the area’s strong housing market.

These significant local incentives assume a certain level of support and commitment of funding on the federal level. These local efforts demonstrate a willingness to take responsibility to participate as a partner with the federal government. The block granting, which would result in reduced federal funding, would critically undermine the success of this partnership. It would significantly diminish the effectiveness of Los Angeles’ effort to take a proactive approach to confronting the affordable housing needs of its residents.

In addition, Los Angeles affordable housing advocates, tenants’ leaders and tenant organizations have had an extremely close and effective working relationship with the Section 8 Division of the City of Los Angeles Housing Authority. Through this relationship, we have been able to identify problems, develop effective approaches to dealing with those problems

and have implemented new programs to enable tenants to receive the benefits of Section 8 vouchers.

This working relationship would likely be placed at risk due to block granting. Under the block grant proposal, state administrative costs would be limited to 10 percent of the state's total funding. For many states, this would be a lower amount than local housing agencies currently receive to administer the program. Yet, states would take on added administrative responsibilities.

A deep concern to us is the impact on tenants living in housing where a prepayment of a HUD insured mortgage or an opt-out of a project-based Section 8 contract has occurred.

Los Angeles has the largest stock of privately owned HUD subsidized housing of any city in California or the nation. There are 24,500 units, which are at risk of losing their affordability restrictions, due to owners' decisions to prepay their FHA-insured mortgages or to opt-out of the Section 8 program. L.A. has already experienced one of the highest rates of prepayments and opt-outs. Approximately 3,000 homes have already been lost. The average income of residents in these properties is \$9,000, below the poverty level, with monthly rents ranging from \$50 to \$400. It will be extremely difficult for poor families, senior citizens and disabled City residents to find comparable, decent, safe apartments in Los Angeles.

Currently, tenants living in complexes where an opt-out or prepayment has occurred, for the most part, are protected with Section 8 enhanced vouchers. The enhanced voucher ensures that tenants will not face a rent increase and will not be displaced. An enhanced voucher tenant has the right to remain in the unit as long as Congress provides funding and owners are mandated to accept the enhanced vouchers.

Each year, funds are appropriated for HUD to renew previously issued enhanced vouchers and to fund new vouchers issued during the course of the upcoming fiscal year as project-based subsidies end. H.R. 1841 would have the effect of terminating existing requirements in Section 8 for providing enhanced vouchers after FY 2004. Additional appropriations are authorized to maintain or grandfather tenants "previously receiving such assistance in that state," but states would not be required to issue new enhanced vouchers. States would have the flexibility to continue the enhanced voucher protection, but there is no assurance they would do so. A state might then only provide a regular Section 8 voucher to tenants as a result of a prepayment or opt-out, instead of the enhanced voucher. This may then result in the tenant having to pay higher rent and be forced to move due to inability to pay. Also, owners would be under no obligation to accept the voucher, thus resulting in the tenant's displacement.

In conclusion, we strongly urge that the block granting of the Section 8 Housing Choice Vouchers be firmly rejected. Its approval would only bring increased hardship to the nation's low income households who are in dire need of obtaining secure affordable housing.

Thank you, again, for giving me this opportunity to provide you with the views of the Coalition for Economic Survival.