

March 31, 2004

To: U.S. House Committee on Appropriations  
U.S. House Committee on Financial Services, Subcommittee on Housing and Community Opportunity  
U.S. Senate Committee on Appropriations

As members of the faith community, we urge you to support full funding for the Housing Choice (Section 8) Voucher Program in FY2005 and to oppose the Flexible Voucher Program (FVP) proposal, which was included as part of the Bush Administration's FY2005 budget request. In our view, FVP would fundamentally alter the design and purpose of the Section 8 voucher program, eliminate protections for extremely low-income households, and undermine the long-term viability of the program.

Our organizations and denominations collectively represent and assist millions of low-income families and individuals who, despite their best efforts, are struggling to meet their basic needs. For many of these households, high housing costs present a major obstacle to their progress, leaving them unable to pay for utilities, food, clothing, transportation, childcare, or health care, and placing some at risk of becoming homeless. In turn, the Section 8 voucher program offers hope and critical support for over 2 million households. Through our work, we are witness to the important roles that Section 8 vouchers play in preventing and ending homelessness, in helping seniors and persons with disabilities to live with dignity in decent housing, and in supporting families that are striving to make progress towards self-sufficiency.

At a time when the Section 8 program should be strengthened, the Bush Administration has presented a budget request for FY2005 that could weaken the Section 8 program and harm hundreds of thousands of extremely low-income households:

- **The Flexible Voucher Program (FVP) proposal would restructure Section 8 as a block grant administered by public housing authorities (PHAs), which is likely to lead to reduced assistance to households with severe housing needs and to discourage landlord participation in Section 8.** Under the existing unit-based funding system, each PHA is authorized to distribute and lease a specific number of vouchers, while Congress appropriates annually an amount of funding sufficient to renew every voucher in use. The unit-based system ensures that voucher subsidies are stable and will adjust to rising housing costs and other market changes. Equally important, the unit-based system reassures landlords that voucher subsidies will be reliable, which is crucial to persuading landlords to participate in the Section 8 program.

FVP proposes to restructure Section 8 as a block grant to PHAs. As a block grant, Section 8 voucher funding would become detached from the actual costs of voucher leases, making voucher subsidies unreliable and unresponsive to changing housing costs. This would discourage landlords from participating in the program, as well as reduce the amount of assistance provided to low-income households over the long term.

- **Under the guise of improving "flexibility," FVP would eliminate Section 8 program rules that target voucher assistance to the extremely low-income households that need it the most.** The Section 8 voucher program is one of only two major federal housing assistance programs that direct assistance to extremely low income households. Under the current Section 8 program rules, 75 percent of newly issued vouchers go to extremely low-income households, and voucher recipients are required to pay only 30 percent of their income for housing costs. These policies ensure that voucher assistance is directed to households with the most severe needs—and most at risk of becoming homeless—and that housing will be affordable and stable for those families that receive assistance.

FVP would eliminate these rules, allowing PHAs to shift vouchers to higher income households and to require voucher recipients to pay more than 30 percent of their income towards housing costs. The probable consequences of these changes would be reduced assistance and higher costs for the poorest, least stable households, and rising homelessness.

- **President Bush's FY2005 budget request reduces Section 8 voucher funding by over \$1 billion in comparison to FY2004 funding; a cut of this magnitude could eliminate assistance for 250,000 households.** The budget request is \$1.7 billion below what will be necessary to maintain the Section 8 program at current service levels, according to an estimate by Rep. Bill Young, Chair of the House Committee on Appropriations.

Overall, reduced funding combined with the elimination of income-targeting and other program rules would have a grave impact on hundreds of thousands of extremely-low-income households with severe housing needs. PHAs would be compelled to choose among three disturbing alternatives: (1) reduce the number of vouchers issued; (2) cut the subsidy levels for vouchers by requiring participants to pay more than 30 percent of their income for housing costs; or (3) shift vouchers from extremely-low-income households to higher-income households that are less costly to assist.

The Administration has argued that the implementation of FVP is necessary to control Section 8 costs in the future, and we recognize that members of the House and Senate Committees on Appropriations have expressed concerns about rising Section 8 costs. However, cooling housing markets and other factors offer strong evidence that Section 8 costs are leveling off, and will continue to do so in outgoing years. Indeed, the Congressional Budget Office (CBO) estimates that per-unit voucher costs will increase by only 2.9 percent annually over the next five years, while total outlays for the Section 8 program will increase by only 1.9 percent annually.

In summary, we urge you to fully fund the Section 8 voucher program in FY2005 and to oppose FVP and other fundamental changes to the program. In the spirit of our faith traditions, we are committed to strengthening our communities by helping our most vulnerable families and individuals. We encourage you to assist us in our work by protecting the Section 8 voucher program.

Respectfully,

American Baptist Churches USA  
 B'nai B'rith International  
 Call to Renewal  
 Catholic Charities USA  
 Central Conference of American Rabbis  
 Conference of Major Superiors of Men  
 The Episcopal Church, USA  
 Evangelical Lutheran Church in America  
 Jewish Council for Public Affairs  
 Leadership Conference of Women Religious  
 Lutheran Services in America  
 Mennonite Central Committee U.S. Washington Office  
 Mercy Housing, Inc.  
 National Advocacy Center of the Sisters of the Good Shepherd  
 National Council of Churches of Christ in the USA  
 NETWORK, A National Catholic Social Justice Lobby  
 Presbyterian Church (USA) Washington Office  
 The Salvation Army  
 Sisters of Mercy Institute Justice Team  
 Union for Reform Judaism  
 United Church of Christ Justice and Witness Ministries  
 U.S. Jesuit Conference  
 Volunteers of America