

Developers angered over Section 8 changes

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A proposed congressional formula change in the Section 8 program that would reduce funding for the program is angering some developers of low-income housing.

The formula change would reduce the annual voucher funding in New Orleans from more than \$73 million to \$3.3 million in the 2007 budget year.

Howard Gyler, a Baton Rouge-based developer who planned to rehabilitate up to 4,000 blighted apartments in the New Orleans area and rent them to low-income tenants, said the change could force him to scrap his plans.

"What does this mean to me right now? I'm going to have to take the position at this moment until these issues are resolved that I can't take Section 8, because there's no money in the program," Gyler said.

In Jefferson Parish, under the formula change, the Section 8 allotment would drop to \$2.8 million from \$14.8 million.

Gyler said he doesn't know what impact the formula change will have on his investors.

"This could very well cost me a \$44-million pension fund. If you take \$44 million in cash and leverage it out, you're talking about \$172 million in buying power," he said.

Gyler said rising insurance costs are making it difficult for developers to break even.

He is in the process of rehabilitating roughly 150 apartments on Holmes Boulevard on the West Bank of Jefferson Parish. He had planned to make rents available to low-income residents. Now, he doubts he can do that.

"At this point our position is going to be that for the moment we're going market rate," he said.