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Gulf housing agencies get support

Section 8 cuts could come in spending bill

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WASHINGTON -- Rep. Maxine Waters, D-Calif., plans to introduce legislation next week to protect Gulf Coast public housing agencies from cuts in low-income housing vouchers that Republicans say will result from a recently enacted spending bill.

Scott Olson, housing policy director for the House Financial Services Committee, revealed Waters' plans Friday, although he said that Democrats still believe that the draconian cuts identified earlier this week by House Republicans are a result of a misinterpretation of provisions in the spending legislation.

Howard Gyler, managing partner of B-G&G Investors LLC, which has plans to renovate more than 3,000 housing units in metropolitan New Orleans, said that the legislation planned by Waters, chairwoman of the House Subcommittee on Housing and Community Opportunity, might be too late. Many housing redevelopment plans for New Orleans, including his own, rely on federal Section 8 vouchers to help lower-income tenants pay their rents.

"When I talk to \$45 million pension plans (investors) saying that Congress says it will take care of this problem, they can't take it to the bank. And that's a major problem," Gyler said. The situation is made worse, he said, because the question over Section 8 financing is occurring at the same time that private investors are worried about sharply rising insurance and construction costs along the Gulf Coast.

Big Section 8 cuts

Olson said that Waters is prepared to clarify Congress' intent through legislation if the Department of Housing and Urban Development interprets a provision mandating the use of the most recent reliable data to determine allotments for the Section 8 vouchers. The change was intended to target areas where there are long waiting lists for vouchers by taking money from communities in which demand has been less than their yearly federal appropriations.

According to an analysis by Republicans on the House Appropriations Committee, the formula change will result in \$130 million in Section 8 cuts this year for Gulf Coast communities. That's because there are substantially fewer Section 8 vouchers being used in the New Orleans area than before Hurricane Katrina because of the serious housing shortage.

The Republicans pegged the Section 8 financing in New Orleans as dropping from \$73.6 million to \$3.3 million for the 2007 fiscal year.

Olson said that Democrats believe that the cuts aren't called for because the new formula relies on the latest reliable data, and the federal government doesn't have reliable data for post-Katrina New Orleans. Moreover, he said, that Congress has already passed legislation that says that local housing authorities along the Gulf Coast can use Section 8 allocations for rebuilding and that legislation remains in effect.

But he said that Democrats won't take any chances and will move legislation clarifying the intent of Congress not to trim Section 8 spending along the Gulf Coast if HUD agrees with the House GOP interpretation.

Rep. William Jefferson, D-New Orleans, said he suspects some political payback from Republicans who didn't raise concerns about Gulf Coast Section 8 allotments when the Senate Republican majority passed a similar formula change for the Section 8 program last year. But he said politics or not, Congress still should pass a clarifying bill

establishing in no uncertain terms that New Orleans won't be penalized because there are currently fewer Section 8 vouchers being used than prior to Hurricane Katrina.

Help paying the rent

Under the Section 8 program, the federal government subsidizes rent for low-income tenants. Landlords are paid the difference between 30 percent of household income and the local payment standard -- about 80 to 100 percent of the fair-market rent.

Olson said that Democrats would also want to clarify that those New Orleans residents who took their Section 8 vouchers to rental units in Houston, Atlanta or other locations still can use those vouchers when they are ready to move back to their communities.

Sen. Mary Landrieu, D-La., said through a spokesman that she's confident Congress will fix the Section 8 problem if there is one, perhaps with an allocation in a supplemental spending bill due out in the spring.

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Caption: STAFF PHOTO BY ELLIS LUCIA Rep. Judy Biggert, left, and Rep. Maxine Waters listen as Gov. Kathleen Blanco answers a question at a Subcommittee on Housing and Community Opportunity meeting Thursday on the Dillard University campus. Waters is hoping to prevent cuts to public housing agencies through legislation. [3065832]