

Housing Industry Targets HANF, Response Largely Negative

By Michael J. Novogradac, CPA

The Bush Administration's proposal to change the Section 8 Housing Voucher Choice Program to a state-administered block grant program, known as Housing Assistance for Needy Families (HANF), is for the most part not sitting well with the affordable housing industry. While NCSHA is "cautiously optimistic" about the proposal, the proposal has drawn opposition from a wide spectrum that ranges from NAHMA, NAHRO and the New York Housing Conference, to the San Jose (Calif.) Mercury News.

A May 16 editorial in the Mercury News says, "spinning off the program is the wrong solution," and adds that "the feds should root out the abuse and mismanagement."

It is no secret that Section 8 is not well run everywhere, but where it is, says the Mercury News, it's an excellent program, providing help to the more than 2 million low-income people who need it and allowing them to look for apartments anywhere, not only in public housing.

HUD itself appears to be a believer in the program's efficacy, noting in an evaluation that the program "has a strong public purpose and provides cost-effective, market-based assistance." HUD also compares it favorably to alternative forms of housing, not only in terms of cost but also in its ability to offer more choice in housing and neighborhoods. Given that positive evaluation, the New York Housing Conference position statement finds the rationale for the proposed Block Grant program is not persuasive and "in our view, does not exist." It calls HANF "a threat that will change the entire direction of the voucher program."

Speaking to the National Multi Housing Council's (NMHC) Board of Directors on May 20, HUD Secretary Mel Martinez noted the growing popularity of apartment living and called for a new understanding about the importance of apartments in creating successful communities. "While our rental housing efforts might not generate the same kind of headlines some of our home ownership initiatives do, it remains a critical part of HUD's mission," he said. Regarding HANF, he noted that the program would give communities "new flexibility to meet local needs" and the ability to "address the underutilization problems that have occurred in certain local markets." HUD will manage fewer than 60 grantees versus the 2,600 it manages

today, which means, Martinez said, the administration of the program will run more smoothly.

The National Council of State Housing Agencies (NCSHA) said in April that it was "cautiously optimistic" about the Administration's proposal for creating HANF and had not endorsed it because the proposal was still in development. It suggested specific key principles, including adequate funding and program flexibility, would be needed for its success.

The National Associations of Housing & Redevelopment Officials campaigned against HANF and in conjunction with several low-income advocacy groups held a briefing on May 9 for more than 65 Senate legislative housing staff to educate them about the Section 8 voucher program and the proposal to block grant the program. Spokespersons from other housing groups, including the National Low-Income Housing Coalition, the People's Emergency Center of Philadelphia, the Corporation for Supportive Housing, and the Center on Budget and Policy Priorities (CBPP), also briefed the senators.

According to CBPP, two new bills, H.R. 1841 (Rep. Bob Ney, R-Ohio) and S. 947 (Sen. Wayne Allard, R-Colo.), provide the specifics of the Administration's plan. CBPP's analysis indicates that the block grant bills would eliminate the structure under which Congress adjusts funding for the program, allowing it instead to simply pick an amount each year to appropriate for the block grant. The Center's Barbara Sard and Will Fischer warn that if funding falls behind the program's needs, as they believe is inevitable, states would either have to contribute their own funds to the program or reduce assistance to low-income families and elderly and disabled individuals.

What is evident from the various critiques of HANF and from the cautious optimism expressed by potential supporters that there is great concern as to future funding levels. The chief concern is that HANF is a stalking horse for future Section 8 funding cuts and will result in *de facto* unfunded federal mandates. To overcome this justifiable concern, HUD and Congress need to develop approaches to alleviate the concern. ❖