Cambridge Housing Authority

Memo

To: Daniel J. Wuenschel, Executive Director

From: Michael J. Johnston, Director of Leasing and Occupancy

CC:

Date: 12/12/2001

Re: Council Order #7, Dated 11/19/01

In 1998 Congress passed the housing reform legislation known as The Quality Housing and Work Responsibility Act of 1998 (QHWRA). This legislation essentially merged the Section 8 Certificate and Section 8 Voucher Programs into one program and that program is known as the Housing Choice Voucher Program. The legislation called for a phase-in of the merger and for us, the phase-in will be complete in April of 2002. This means that all "tenant-based" Section 8 certificates in our portfolio will be converted to Housing Choice Vouchers by the end of this coming April.

Overall, the conversion of certificates to vouchers is beneficial for the survivability of the program in today's rental market. As you know, holders of a Section 8 Certificate were required to go out into the market and locate an apartment that rented for an amount at or below the "Fair Market Rents" established and published yearly by the Department of Housing and Urban Development. There was no flexibility allowed with respect to the monthly rent. Therefore, if the fair market rent for a two bedroom apartment was $1,100 and a family located a two bedroom apartment with a rent of $1,125, the family would not be allowed the rent the apartment unless the landlord agreed to drop his rent. In the case where the participant held a Section 8 Voucher or a Housing Choice Voucher, the participant could elect to pay the additional $25 on his/her own. However, unlike the certificate program where the participant's rent was always 30% of their income, the participant in this case would be responsible to pay 30% of his/her income plus the additional $25 towards rent. This ability to pay over 30% of the household's income towards rent is in fact is the main difference between the certificate and voucher programs. Under the merger, the fair market rents from the certificate program are no longer ceilings but instead are a standard that the participant can use to look for an affordable apartment.

This ability to exceed 30% of a household's income towards rent has been very beneficial since the loss of rent control. Over the past couple of years, many households that have continued to reside in formally rent controlled apartments, seeking rental assistance, have approached us. Because of the loss of rent control, many of these long-term Cambridge residents have found that yearly rent increases have them paying 50, 60 and in some cases 70% of their income towards rent. In most cases, the monthly rent on these apartments has exceeded the current fair market rents and because of this, if the Section 8 Certificate Program still existed, the household would be unable to use it in place. By using a voucher, the household has the ability to stay in their current apartment, pay more than 30% of their income to rent but certainly less than their non-subsidized rent. Although the goal of the Housing Choice Voucher Program is not to have households paying more than 30% of their income to rent, the ability to allow flexibility to participants is important, particularly for long-term Cambridge residents that wish to remain in place.

Although the conversion has been beneficial for the overall program, some have been negatively impacted by the change. Those households are primarily the households that are residing in apartments that are too big for their needs. In the certificate program, the contract rent was established based on what the household was qualified for. If at some future date, the household composition changed, the rent level remained the same. In the voucher program, the subsidy amount that the household receives is based on what they qualify for and this changes yearly. Although this does not mean that the household has to move from their apartment, it does mean that the household's subsidy would be based on a smaller sized apartment and that the household would be responsible to pay more money to reside in the apartment. The households affected in this way by the conversion were notified two years ago of the pending change.

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CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager Richard C. Rossi, Deputy City Manager

December 17, 2001

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 01-255, regarding a report on Section 8 certificates and vouchers, received from Executive Director of the Cambridge Housing Authority Daniel J. Wuenschel.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

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Consent Agenda #16

Awaiting Report Item Number 01-255, regarding a report on Section 8 certificates and vouchers.

In City Council December 17, 2001

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