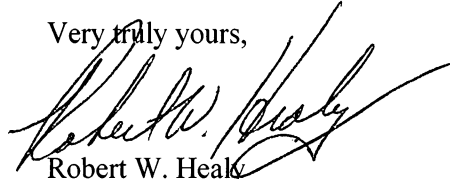


Finally, the most disturbing part of the Administration's 04 budget is the proposal to block grant the Section 8 program to the States under a new program called "Housing Assistance to Needy Families" (HANF). Although the most disturbing piece of the budget, this is also the piece most likely to fail passage due to lack of support by both Democrats and Republicans. Such a provision would essentially take control of the program away from the local PHAs and would create an additional bureaucracy. Ultimately, it is anticipated that fewer people would be subsidized and States would eventually end up paying additional funds to run the program

Very truly yours,



Robert W. Healy
City Manager

RWH/mec



CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

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June 2, 2003

To the Honorable, the City Council:

In response to Awaiting Report Item No. 03-62, regarding the funding limitation facing the Section 8 voucher program, Executive Director of the Cambridge Housing Authority Daniel J. Wuenschel reports the following:

The Appropriations Bill for fiscal year 2003 provided PHA's with enough funding to renew vouchers shown as leased up on their last financial statement. However, it also provides that PHA's may petition the Secretary for an adjustment if necessary due to increased utilization. Therefore it appears that the bill funds all vouchers allocated to a PHA and not just those that are under lease. PHAs designated, as Moving to Work agencies will continue to be funded as agreed in their MTW agreement with HUD.

As you know the CHA has 1,582 vouchers allocated to MTW and 612 vouchers allocated as non-MTW. As of the end of our Fiscal Year, March 31, 2003, we were at 104% utilization with respect to MTW units and 100% utilization with respect to non-MTW units. What this means is we will be fully funded for all 612 non-MTW vouchers while drawing down from reserves on the MTW allocation. Although drawing from reserves is not an ideal scenario, participation in MTW has allowed us to accumulate funds for just this reason and allows us much more flexibility with over leasing than other PHAs have under this bill.

Probably the biggest impact of the Appropriations Bill to the CHA is the fact that no new incremental vouchers have been funded. This is very disappointing since the CHA currently has 2,147 residents on the Section 8 waiting list and no way to service them because of the fact that we are fully utilized. It is also anticipated that the Budget for fiscal year 2004 will also fail to fund new incremental vouchers and as currently proposed, actually under funds the entire program by 120,000 vouchers nationwide. This fact is extremely disturbing since there is no sense, as of yet how HUD would recapture those unfunded vouchers. Therefore, for our purposes, it is extremely important to remain at 100% utilization to ensure that none of our vouchers are easily vulnerable to recapture.

Since no new vouchers are likely to become available in the near future, we recently petitioned and obtained permission from the Board of Commissioners to close the Section 8 waiting list. This action was effective May 1, 2003.

S-188

Consent Agenda #11

Awaiting Report Item Number 03-62, regarding a report on the funding limitations facing the Section 8 voucher program.

In City Council June 2, 2003

PLACED ON FILE.