



May 10, 2017

**RE: UPDATE ON THE IMPACTS OF THE FEDERAL BUDGET ON THE HOUSING AUTHORITY'S
HOUSING CHOICE VOUCHER PROGRAM AND THE CONTINUED PAUSE ON ISSUANCE OF
VOUCHERS
(SECTION 8 HOUSING ASSISTANCE)**

Dear Community Partners, Participants, Applicants and Property Managers:

On February 14, 2017, the Housing Authority of the City of Santa Barbara (HACSB) issued a notice to our landlords, applicants and participants of the necessity for our agency to cease leasing activities under the Section 8 Housing Choice Voucher Program ("the Program"). This was due to insufficient funding as a result of Congress not adopting a budget for the current Federal Fiscal Year. The notice explained that the cessation of issuing vouchers would continue until a budget was adopted and once a budget was passed, the cessation of issuing vouchers would only be lifted if the budget provided sufficient funding to renew all existing vouchers under lease.

Last Tuesday, May 2, 2017, Congress settled upon a \$1.1 trillion budget for the 2017 fiscal year, which the President signed into law on Friday, May 5, 2017. Although this omnibus bill provides \$18.36 billion to renew Housing Choice Vouchers and is a \$674 million increase above 2016 funding levels, it is about \$450 million less than what is required to renew current vouchers in use. As a result, all housing authorities across the nation will receive approximately 2.5% less than required to renew utilized vouchers, adjusting for rent inflation and other factors.

As a result of this prorated funding, HACSB will not be able to fund all vouchers currently in use and is therefore considered a "shortfall agency." Fortunately, the Department of Housing and Urban Development (HUD) has a set-aside of funds to make up this shortfall to prevent termination of utilized vouchers. In order to access these funds, HUD is requiring us to continue with cost saving measures already in place, along with the immediate cessation of re-issuing turnover vouchers until such time as we no longer need the shortfall prevention funds. This will require HACSB to reduce the current program size by about 100 vouchers through attrition (vouchers returned to our agency by households no longer requiring assistance) so that current housed participants are not affected. As our attrition rate averages 10 vouchers per month, we estimate that we will not be in a position to select applicants from our Housing Choice Voucher wait list until February or March of 2018, and only then, if the 2018 Federal Budget responsibly funds all renewal vouchers.

To be clear, although the Program is underfunded, current participants who have a unit under lease will not be affected. However, applicants on our waiting list will have extended waiting periods. Additionally, we will continue the following cost saving measures outlined in the February notice:

- No turnover vouchers will be issued until such time as the program funding will support the issuance.
- Our ability to approve rent increases will be constrained. We will continue working with landlords on rents that are reasonable for both HACSB and the landlord.

- Moves for program participants that will result in a higher Housing Assistance Payment will be limited to only those required as a reasonable accommodation.
- For moves that are approved, there will be no double subsidy paid by HACSB for overlapping rentals. Participants will be fully responsible for any overlap in subsidy.

We are disheartened by the inadequate funding levels appropriated by Congress for the Section 8 Housing Choice Voucher program. On a daily basis, we hear from many of our 4,500 clients on the waitlist how difficult it is for them to make ends meet and survive in our community due to the high housing costs. This issue will only further exacerbate the waiting time for the desperately needed affordable housing. We encourage you to contact your congressional representatives to voice how important the program is to our community and for those in need. It is vital for the health of our community that we have responsible funding levels set for the Program when the budget is adopted for the 2018 Federal Fiscal Year.

If you have questions about this notice, you may contact me directly at 805-897-1051 or via email at rfredericks@hacsb.org. You may also access staff email addresses from our staff roster on our website at www.hacsb.org.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



ROB FREDERICKS
Executive Director/CEO

cc: Housing Authority Board of Commissioners
Veronica Loza, Director of Housing Programs