



2006 Proposed Federal Housing and Homelessness Budget: Impact on California

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2006 Federal Housing Budget Proposal

- Good news: HUD homeless programs increase and focus on supportive housing
- McKinney Vento Homeless Assistance Grants proposed at \$1.4 billion
 - An increase of \$174 million
 - Samaritan Housing Initiative proposed at \$200 million
- Community Health Centers and Healthcare for the Homeless increase by 17%

Uncertain Impact

- Competing needs for McKinney-Vento funding
- Cost of renewing current S+C and SHP grants expected to increase by \$50 million
- Up to \$200 million targeted to Samaritan
 - Remaining \$1.2 billion would be \$26 million less than 2005 grants for other new and ongoing programs
- Budget states intent to propose legislation consolidating McKinney-Vento programs and authorizing Samaritan

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Other Proposals Reduce Funding

- Administration's stated commitment to end chronic homelessness has galvanized local planning
- Many cities and states have set ambitious new goals to create supportive housing
- Federal policy academies emphasize leveraging of "mainstream resources" – many of which are proposed for reductions in the budget

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Cuts to other HUD programs

- HUD's 811 program faces cut of 50%
 - To \$120 million
 - Eliminates all funding for new unit production
 - More than 70% of funds renew existing subsidies
 - Ends 30 year HUD commitment to production of new housing for those with severe disabilities
- HOPWA reduced by \$14 million

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Section 8

- Not targeted for new cuts as in FFY 2005
 - Increased by \$1.1 billion over 2005
- Not enough to fund all vouchers that were in use in 2004
 - Preliminary estimate: loss of 40,000 units

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State and Local Resources for Housing Cut

- 18 programs proposed for consolidation, transfer to Department of Commerce and 35% cut
 - 2005 funding: \$5.7 billion
 - Proposed funding for 2006: \$3.7 billion
 - Includes HUD programs – mostly CDBG – cut by about \$1.6 billion
 - 25% of CDBG used for affordable housing
 - CSBG eliminated (\$637 million) – increases squeeze on other funds

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HUD Appropriations (in millions)

Program	FY 2004 enacted	FY 2005 President's Request [#]	FY 2005 enacted [#]	+/- FY 2005 vs. FY 2004 enacted	FY 2006 President's Request	+/- FY 2006 President's Request vs. FY 2005 enacted
<i>McKinney-Vento / "Continuum of Care"</i>	1,360	1,267 [#]	1,341	-19	1,415 [#]	+174
Samantian Initiative (HUD share)	0	50	0	0	200 [#]	+150
Section 8 renewals	19,095 [#]	18,196 [#]	20,059 [#]	1,657	20,917 [#]	859
Incremental Section 8 vouchers	0	0	0	0	0	0
<i>Disabled Housing/Section 811</i>	249	249	238	-11	120	-118
Housing for Persons with AIDS (HCPWA)	295	295	282	-13	268	-14
Elderly Housing/Section 202	774	773	741	-33	741	0
HOME Investment Partnerships	2,005	2,064	1,899	-107	1,941	+42
<i>HOPE VI</i>	149	0	144	144	0	-144
<i>Community Development Block</i>	4,921	4,638	4,670	-264	3,780 [#]	-1,050 [#] (minimum)

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HHS Appropriations (in millions)

Program	FY 2004 enacted	FY 2005 President's Request*	FY 2005 enacted**	+/- FY 2005 vs. FY 2004 enacted	FY 2006 President's Request**	+/- FY 2006 President's Request vs. FY 2005 enacted
<i>PATH</i>	20	25	54.8	4.8	28	0
<i>Grants to Benefit Homeless Individuals</i>	37.2	40.1	40.1	2.9	34.8	-5.3
Community Health Centers	1,050	1,870	1,734	84	2,038	+304
<i>Headspace for the Homeless</i>	140	160.8	149.1	9.1	178	+29
Kennedy and Homeless Youth Programs and Street Outreach	105	105	103.9	-1.1	114*	+10
Education for Homeless Children and Youth	59	59.6	62.3	3.3	142	n/a
attered Women's Shelter Program	126	126	125.6	-.5	n/a	n/a
<i>Sanctuary Initiative (SEIS sites)</i>	0	10	0	0	0	n/a
<i>Community Services Block Grant</i>	642	498	637	-5	0	-637

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Future Impact of Potential Cuts

- Budget proposes caps on appropriations for non-entitlement programs
- Caps apply every year through 2010
- OMB documents indicate total funding for federal low income housing assistance in 2010 estimated \$1 billion *below* budget request for 2006
- Adjusted for inflation: \$3.7 billion cut
- Could reduce by 370,000 # of families receiving vouchers
- CA receives average 16% of McKinney-Vento funding

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Potential Changes in Funding

- Budget proposes changes in basic funding of vouchers
 - No longer tied to number of families assisted, rental costs, income of families
- Number of families assisted likely to drop
- Administration indicates it will submit legislation to make major changes in rules governing programs such as eligible income levels, amount of rent that can be charged, etc.

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Action by Congress

- House and Senate Budget Committees pave the way for severe cuts to low income programs
- House provides \$141 million less than President's budget for FY 06 for HUD programs
- Total cuts of \$200 billion + proposed for discretionary programs (everything in HUD is discretionary)

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California Impacts

- Currently authorized vouchers: 300,836
- 2005 funding likely to cut 12,027 families
- 2005 funding likely to result in 18,000 vouchers expiring and not refunded
- 2006 funding request likely to restore 6,060 of the 12,027 families cut in 2005
- Under proposed scenario, likely to cut about 50,000 families by 2010

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Homelessness in CA

- 1% of CA population homeless each day = 361,000 people
- 1 million homeless each year
- 71% cities, 21% suburbs, 9% rural
- About 10-20% long-term

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Demographics

On any given day:

- 2/3 single; 1/3 families
- At least 60,000 children
- 30,000+ veterans
- 50,000 severe mental illness
- 100,000 mental health and substance use
- Additional 50,000 substance use only

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California's Housing is Costly

- Rent for 2 bedroom apartment: \$1,024/month = 117 hours at minimum wage (\$6.75) to afford
- 1 million of 4.2 million renters in CA spend 50% or more of income on rent
- 68% of **low income** renters spend more than 50% of income on rent
- "Low income" in CA is \$30,000-\$48,000
- "Affordable" is 30% of income spent on rent

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Housing Wage

- To afford modest 1 bedroom (at 30% of income) must earn \$16.35 an hour working full time - more than 3 times the minimum wage

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Not Enough Affordable Apartments

- 2 low income renters in metropolitan areas to every 1 low cost rental unit
- Survey of 20 housing authorities found 371,740 families on wait list for section 8 assistance – more than 3 times the # getting assistance

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Too few new apartments

- 1970's - 215,585 units a year
- 1980's - 203,369 (2/3 multifamily)
- 1990's building permits issued for average of 110,581 units each year (less than 1/3 multifamily)
- Job growth exceeded housing growth since economic recovery of 1994, + 4 jobs for every one unit of housing

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Housing needed

- 200,000+ units needed each year to match population growth and 'reasonable' affordability
- Gap of 651,000 affordable units in state

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Homeownership – distant dream

- CA's home ownership rate 4th lowest in nation – at 58% in 2002
- Racial disparities: 67% of white-headed households owned homes, 44% of Latinos, 60% of Asians, and 43% of African-Americans
- Elementary school teacher making \$51,000 earns \$25,000 less than needed to purchase median-priced home in San Diego

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Seniors and families on fixed incomes can't afford housing

- 65% of seniors pay more than 30% of income for rent; 41% pay more than 50%
- 13% of CA families receiving public assistance got federal housing subsidies – nationally – 23%
- CA ranks 49th among 50 states in housing assistance for welfare families

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People with disabilities on fixed incomes can't afford housing

- In CA monthly SSI income - \$778
- About 15% of median income
- Rent for modest studio apartment – \$936 in Alameda County, \$674 in Los Angeles
- 2000 – 2002: CA SSI up 8%;
- 1 bedroom fair market rent up 23%

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Less Federal Aid

- Federal housing assistance in decline since 70's
- 1976-1981 HUD budget = 5 - 8% of total budget
- Since 1981 - has gotten above 2% twice
- From 1976-2001, total federal budget increased from \$1.2 trillion to \$2 trillion
- HUD budget authority declined by 60%
- New proposals further decline

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Policy Proposals

- Ending Long Term Homelessness Services Initiative
- NLIHC convened “Housing Voucher Summit”
 - Assesses goals of program: to provide good, affordable housing for those who do not have it
 - Other goals: quality, choice, targeting to lowest income

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More Policy Proposals

- Broad agreement
 - utilization is high,
 - income targeting is prioritizing poorest,
 - program not grossly wasteful,
 - demand outstrips supply,
 - program cost rising, but future increases unclear,
 - evidence for deconcentration and self-sufficiency not strong
- Widely cited areas to improve Section 8
 - Administration – less complex
 - Funding stability and predictability
 - More equitable portability
 - More local adaptability

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