

FEDERAL RENT SUBSIDIES VANISH FOR MANY LOW-INCOME MINNESOTANS

The Star-Tribune – 4/11/2013 – by Randy Furst -- **Low-income people who had been told they were going to get Section 8 subsidies were surprised to learn that money's on hold, thanks to sequestration.**

Corinne Lewis, who is disabled and lives in a rental unit in need of repairs, was on a waiting list for six years to get a rental subsidy under a federal housing program. In February, the Woodbury woman was elated to learn that she, her disabled daughter and a granddaughter finally would receive the subsidy under the Section 8 program. She began hunting for an apartment. Then, last month, Lewis got a second letter from the **Metropolitan Council's Housing and Redevelopment Authority**. The agency told her the subsidy was on hold because of a reduction in federal funding due to sequestration — the automatic budget cuts that went into effect starting last month. “We were devastated,” Lewis said. “All our hope got taken away. We were so excited to be moving to a decent place.”

Across Minnesota and around the nation, housing agencies are tightening their belts and often putting a freeze on new Section 8 vouchers for low-income people in the wake of the sequestration.

The Met Council, which administers 6,200 vouchers, estimates it will serve 500 fewer families in 2013, says Terri Smith. She manages the council's Section 8 program, which is taking a \$2.5 million cut from its \$49 million allocation.

About 32,000 Section 8 vouchers are issued across the state, according to Beth Reetz, the Met Council's director of housing and livable communities. Section 8 allows those who qualify to select a privately owned rental unit, using a federal subsidy administered through a local housing agency. Participants pay 30 percent of their income toward the rent and the agency pays the rest, up to a capped amount.

Five agencies' plans -- In interviews by the Star Tribune of officials at five agencies, none mentioned plans to take subsidies away from individuals currently living in Section 8 housing. But several are not issuing new vouchers to replace ones that are returned when people go off the program.

In the case of the Met Council, 162 people who had been told they were getting vouchers — including some who had them in hand and were apartment shopping — were subsequently told by the council that they could not use them. “We had to pull those because we did not have the funding to service people at this time,” Smith said.

The Minneapolis Public Housing Authority (MPHA) administers about 5,000 Section 8 vouchers and has about 10,000 people on a waiting list that has not been reopened since 2008. Because of previous federal cutbacks, the MPHA stopped issuing replacement vouchers beginning in January 2012, except for people who already had promises of vouchers and were looking for apartments. **Bob Boyd, director of MPHA policy and special initiatives**, said the sequester makes the situation worse. The reduction in available vouchers “contributes to an already desperate homeless situation in the city of Minneapolis,” he says.

Hope on hold

Lewis said she is unable to work and receives Social Security disability payments because both her hands were injured in a fall. She had surgery on them, and they are numb and weak. She also suffers from depression. Her daughter has bipolar illness. They live in a \$945-per-month rental unit with a broken window, a heating system that isn't operating, and a leak in the bathtub faucet that's led to a \$252 water bill she is unable to pay. "This place is falling apart," she said. Lewis said that with a Section 8 subsidy, she could get a better apartment for less. Now that prospect is on hold until more federal money comes along.

Sheila Mack, 55, works at Wal-Mart and lives in a small two-room unit in a Minneapolis Public Housing building. She has a tiny kitchenette with no room for a table. She received word from the Met Council that she had gotten a Section 8 voucher and was hoping for a new apartment where she could have a full kitchen and be able to entertain her children and grandchildren. Then she was told the voucher was on hold. "It's like giving someone a check for a thousand dollars and taking it back," she says.

Kate, 65, who asked that her last name not be used because she finds her homeless circumstances embarrassing, received a voucher in the mail from the Met Council after being on the waiting list for seven years. She says she was on her way to look at an apartment when the council called her to say the voucher had been canceled. "I am devastated, absolutely devastated," she said. Over the last year, she has slept on couches, in her car and in a homeless shelter where she said she picked up an infection and was hospitalized. She said she suffers from chronic fatigue, fibromyalgia, Lyme disease and hepatitis C. "I am so sick, I really need permanent housing," she said. "I need a home to live in and not be so vulnerable to the world."

Minneapolis Public Housing will not be issuing Section 8 vouchers until 2014, Boyd said. Its board will weigh proposals on its Section 8 program this month, but Boyd would not say what they are.

The **St. Paul Public Housing Agency** administers 4,500 vouchers. **Al Hester, housing policy director**, says the agency has 7,500 people on its waiting list, none of whom will get vouchers this year. **Jon Gutzmann, the agency executive director**, attributes that partly to sequestration. Other cut-backs are coming to the agency, as well, Gutzmann said. Four vacant positions, one tied to Section 8, will not be filled, and people in five longtime temporary positions have lost their jobs. "Fortunately we have reserves," Gutzmann said. "I mentioned to the board that this is a time to draw on them and weather this storm, and hope for a better 2014 budget."

Bryan Hartman, program director of the Bloomington Housing and Redevelopment Authority, which administers 551 Section 8 vouchers, said his agency stopped issuing replacement vouchers at the beginning of 2013. He said if the agency has enough money, it might start reissuing vouchers by June.

The Duluth Housing and Redevelopment Authority, which has 1,472 Section 8 vouchers, is issuing them on a limited basis, but expects to give out 60 to 70 fewer by year's end because of the sequester, says **Rick Ball, the agency's executive director**. "We are able to serve fewer people when the demand is very high and that is certainly a concern," he said. "We just have a strong need for housing subsidies when there are folks who are unemployed and underemployed."

Cheryl Jacobson, director of administration for the Dakota County Community Development Agency, said her program administers 2,300 vouchers and continues to replace them as they are turned in. “We’re still crunching our numbers ... to determine what we need to do and what impact [the sequester] is going to be,” she said.