



HOUSING AUTHORITY of PORTLAND

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Comments
 Portland City Council
 Resolution #1761
November 1, 1995

A. Don't know with certainty what will happen to subsidized housing appropriations yet

- * No conference committee VA HUD appropriation bill yet
- * When he gets it the President will veto VA HUD bill over National Service Corp and EPA
- * Then . . . ?

B. Pretty sure of some basic things:

- * Between now and FY 2003, we have to work within the following parameters:
- * We operate 2,700 public housing units and provide 4,800 Section 8 subsidies
- * About half of the households we subsidize are families with children; the other half about equally divided between disabled and/or elderly
- * 80% have incomes below 30% of median (\$14,300 for a family of 4)
- * The mean household income is about \$7,600 per year (\$630 per month)
- * They all now pay 30% of their eligible income in rent (\$4.1 million)
- * About 12,000 of the 18,000 households in MultCo with incomes below 30% of median pay over 50% of their incomes in rent.
- * Public housing funding will be reduced by over 30%
- * HAP's reduction is likely to be 21 - 24% (no development)
- * That will be tough on us, but likely devastating to communities with poor stock and weak or non-existent community support
- * The dollar value of Section 8 subsidies will be 5% less compared to the rental market, and available units will be fewer, lower quality, and more concentrated in the poorest neighborhoods
- * Recipients will likely pay either a minimum rent of \$50 (970) or 32% of their household income (a 7% rent increase, \$12 - 13 per month)
- * There will be about 8% (375) fewer Section 8 subsidies

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- * Reductions in administrative fees may drive some housing authorities out of the business (not HAP)
- * We haven't a clue about the inevitable combined effects of welfare reform and work requirements, reductions in SSI, the above cuts in housing subsidies, and reductions in Medicaid and Medicare on the people we try to serve or the cities they live in (however, agency cooperation off to good start)
- * This is likely as good as it gets.
- * Odds are, the number of value of Section 8 subsidies will continue to be squeezed along with administrative fees
- * We know that project based Section 8 subsidy contracts for 1,043 units in 15 buildings will expire and not be renewed over the next nine years. The subsidy amount is \$4.1 million this year
- * I don't know of an estimate of the impact of mark-to-market proposals on privately owned elderly and multi-family Section 8 properties
- * Every year from now through 2002 will get more difficult for HAP public housing by: (1) the rate of increase in the cost of labor, materials, and utilities and (2) any further reductions in federal subsidies
- * A 3% annual increase in costs over seven years will generate by 2002 a need for an additional \$2.3 million annually for basic operations and capital maintenance
- * Preservation of our present grant-funded drug elimination, CV Safety Action Team, congregate housing services, family self-sufficiency, youth sports, and mixed-population programs would require an additional \$2 million annually.
- * If tenants have to cover these costs, their rent would rise to 40% household income if that income also rises at 3% per year (more if it doesn't)
- * The annual increase in tenant rent would exceed the annual increase in tenant income by \$2 a month each year
- * The federal government will not pay for any of this increase in costs
- * It has so far given us no authority to increase rents or otherwise increase public housing revenue
- * It has so far given us no authority to reduce costs generated by federal regulation
- * We expect to reduce our public operating costs this year by about 6.5% (\$600,000) while improving service and productivity

C. The larger context

- * We will dedicate the last 20 units of public housing likely to be built in this community in early December.
- * The private housing industry can't build and rent or sell at a profit housing that is affordable to households with incomes much below the area median
- * Tax free public revenue bond interest rates, property tax exemptions, tax credits, the state's Housing Trust Fund, and City capital contributions and credit enhancements enable purchase or construction of housing affordable to 60% of median income, 50% of the wind is right
- * In time, net income from some of these projects can be applied to operating or capital subsidies (such as those that will be needed by our public housing units) of to construction of new units affordable below 50% of median
- * Otherwise, however, there are no mechanisms to provide new housing units affordable to households with incomes below 50% of median or subsidize their operation
- * Aside from the City of Portland and Multnomah County, what other local governments in the metro area put policy and money behind their concern about this?
- * How long will these conditions prevail?
- * What will be our housing situation then?
- * In what respect does the reduction in federal housing commitments reflect concern about these questions?

Denny West
273 - 4503

RESOLUTION NO. 35459

Urge Congress to reject budget cuts that will hurt the poor, elderly, and environmental protection (Resolution)

WHEREAS, Congress is proposing massive cuts in virtually every sector of the federal budget through both the appropriations and reconciliation process, and

WHEREAS, Congress is dismantling and devolving to states and local governments fiscal and administrative responsibility for numerous federal programs ranging from medical access to job training to child protection, and

WHEREAS, Congress is proposing reducing job training monies, cutting Housing programs, reducing environmental enforcement, slashing homeless assistance, eliminating the Low Income Housing Tax Credit, eliminating the National and Community Service Program to promote community service, and limiting the availability of the Earned Income Tax Credit for low income workers, and

WHEREAS, Congress is considering Medicaid cuts which by 2002 will be an eventual reduction of 30%, and proposed Medicare cuts of more than \$250 billion over the next seven years, including cuts that will threaten the Oregon Health Plan, and,

WHEREAS, Congress is imposing massive cuts on all levels of federal activity and these mark the most significant change in the direction of the nations's safety net programs in more than half a century, and

WHEREAS, Congress' proposed cuts and devolution would leave huge and sometimes retroactive responsibilities for states and local governments with far less resources, and

WHEREAS, Congress proposes block grants to states but eschews providing a local role in many instances, although it is the local governments which will have to bear the brunt of the change and will have to provide the safety net of last resort, and

WHEREAS, Congress is concurrently considering tax cuts of at least \$245 billion, most of which benefit a small segment of society,

NOW, THEREFORE, BE IT RESOLVED the City of Portland urges Congress to maintain basic child protection and nutrition services as entitlements, to provide medical access to the poor through the Medicare and Medicaid programs, to cushion the cuts in housing, environmental, education, job training programs, and to provide a role for local governments in conjunction with the states in administering block grants

Adopted by the Council, **NOV 01 1995**

Gretchen Miller Kafoury, Commissioner
GK/MK/BR/ br
October 27, 1995

Barbara Clark
Auditor of the City of Portland
By *Britta Olson* Deputy

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Agenda No
RESOLUTION NO

35459

Title

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INTRODUCED BY	Filed OCT 27 1995
Commissioner Blumenauer Commissioner Gretchen Kafoury	Barbara Clark Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs <i>RWR ferGMK</i>	By <u><i>Cay Kershner</i></u> Deputy
Finance and Administration	For Meeting of _____
Safety	
Utilities	ACTION TAKEN
Works <i>EB / tar</i>	
BUREAU APPROVAL	
Bureau	
Prepared by <i>mk</i> Date	
Marge Kafoury October 18, 1995	
Budget Impact Review	
<input type="checkbox"/> Completed <input checked="" type="checkbox"/> Not Required	
Bureau Head	

AGENDA		FOUR FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS	
Consent	Regular		YEAS	NAYS
		Blumenauer	✓	
		Hales	✓	
		Kafoury	✓	
		Lindberg	✓	
		Katz	✓	
NOTED BY				
City Attorney				
City Auditor				
City Engineer				