



PROVISIONS IN THE FY 2005 OMNIBUS APPROPRIATIONS BILL IMPACTING HOUSING OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Housing – Cuts to Section 8 Restored, Most Other HUD Programs Cut

Overall, the HUD budget for FY 2005 is \$37.3 billion, or \$521 million above the President's request, which is actually \$618 million below the level Congress allocated last year. Most importantly, the omnibus bill rejects the Bush Administration's effort to underfund the Section 8 program by nearly \$1.6 billion and enact the "Flexible Voucher" block grant proposal. Specifically, the omnibus bill allocates \$14.9 billion to renew all current tenant-based Section 8 vouchers under lease (\$13.36 billion will be available once the .8% reduction is taken into account). This is \$697 million more than last year, and \$1.77 billion above the President's request.

Current estimates project that this is sufficient funding to ensure that all current Section 8 vouchers are renewed consistent with most existing rules. More importantly, the omnibus bill specifically rejects key provisions in the Administration's "Flexible Voucher" proposal, including efforts to repeal requirements for targeting of vouchers to extremely low-income households and allow housing agencies to increase tenant rents and time limit assistance.

At the same time, the omnibus bill does include language shifting Section 8 to a "budget-based" (or dollar-based) program. It is unclear at this point what the impact of this shift will be for the remainder of FY 2005. HUD will now be responsible for notifying each housing agency of its budget within 45 days. The amount of renewal funding each agency gets will be determined by multiplying the average number of vouchers in use in May-July 2004 by the average cost of vouchers in the same period (with a small regional adjustment factor). NAMI will be carefully monitoring the situation to ensure that housing agencies maintain their obligation to continue targeting vouchers to extremely low-income households (including individuals living on SSI).

Beyond Section 8, most other HUD programs were cut by an average of 4%. These reductions were driven in large part by the need to accommodate additional funding for the Section 8 program. Included in these cuts is a \$9 million reduction for the Section 811 – dropping funding for FY 2005 down to \$240 million. The bill allocates as much as \$50 million for Section 811 tenant-based voucher renewals, i.e. renewal funding for 811 vouchers funded in previous years. Programs under the McKinney-Vento Homeless Assistance Act are funded at \$1.3 billion in the omnibus spending bill, including \$186 million for renewal of expiring housing subsidies under the Shelter Plus Care program. While this is \$40.5 million above FY 2004 levels, all of this increase is directed to the growing cost of renewing Shelter Plus Care rent subsidies.

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