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CONGRESS PLANS SEVERE CUTS IN HOUSING PROGRAMS Bay Area's Low-Income, Seniors, and Disabled at Risk

OAKLAND, CA, June 22, 2006— On June 14, Congress voted to underfund next year's federal low-income housing programs by approximately \$1 billion. Bay Area housing authorities have been told to expect as little as 78% of the funds needed to conduct basic maintenance and management and 84% of the funds needed to cover capital costs for the region's public housing.

In passing its annual Transportation, Treasury, HUD (TTHUD) Appropriation bill, the U.S. House of Representatives approved spending \$3.56 billion next year to operate public housing, even though the operating fund formula of the U.S. Department of Housing and Urban Development (HUD) itself shows that this is only 78% of what is actually needed.

If approved by the Senate and signed into law, this bill will also mark the 13th straight year of underfunding the capital costs associated with public housing, including major repairs and upkeep, and rehabilitation. HUD estimates about \$2.5 billion is needed annually to cover public housing capital costs, yet the House bill allots only \$2.178 billion for next year. Housing authorities will be forced to defer basic upkeep of the public's housing stock for the 13th straight year, while continuing to manage the nationwide backlog of between \$18 and \$22 billion in deferred capital needs which has built up from previous years of underfunding.

"If this spending plan is adopted, Congress will force communities across the country to make some very tough and unpopular choices," according to OHA's Executive Director Jon Gresley.

Based upon the House vote, public housing would be funded as follows:

- \$3.564 billion for the Public Housing Operating Fund. This represents 78% of the program's known costs, thus leaving a gap that could result in no funding for units occupied by 2,748 Bay Area low-income families.
- \$2.178 billion for the Public Housing Capital Fund. This represents \$261 million less than last year, and may translate into Bay Area housing authorities receiving Capital Funds for only half of the improvements needed for the public housing stock. According to recommendations from the National Commission on Severely Distressed Public Housing, this is the 13th year in a row of insufficient funding. The Commission recommended \$4.5 billion per year for 10 years just to eliminate the public housing capital backlog;

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