

Saving Project-Based Section 8 Housing



by Michael Bodaken



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Nelly Benitez is 88 years old. Born and raised in Cuba, she immigrated to the United States in 1967. She worked a series of low-paying jobs in New York City, California, and Florida. As a widow with no family to rely on, she moved into Los Robles, an affordable senior apartment complex in Miami where residents earn an average of \$11,000 annually. Through a Project-Based Section 8 contract with the federal government, Nelly Benitez and other Los Robles residents are able to live affordably and independently.

When Los Robles' Section 8 contract expires in the summer of 2015; however, Nelly and the other residents of Los Robles may find themselves out of luck. Assisted housing—privately-owned multifamily housing receiving government subsidies to keep rents affordable to low-income tenants—is at risk in Florida. Currently, there are 42,000 Section 8 apartments throughout the State of Florida. Those apartments primarily serve seniors, people with disabilities, veterans and families with children.

Why should Floridians care about Section 8? First, affordability restrictions expire and owners may choose to “opt-out” of Section 8. As a consequence, these assisted properties are disappearing from the affordable housing stock. The University of Florida’s Shimberg Center for Housing Studies found that during the last decade, 38,000 assisted apartments were lost in Florida. Meanwhile, the need for affordable housing continues to rise. The number of renters earning less than 80% of the area median income and paying more than 50% of their income on housing will swell by more than 100,000 households by 2030 in Florida (Shimberg Center for Housing Studies). Unless we save Section 8 housing,

renters will be competing for an ever shrinking share of available, affordable housing.

Second, Section 8 Housing offers more than a roof over one’s head; it serves as a platform for improving residents’ lives and a catalyst for revitalizing communities. The rehabilitation of rental housing creates desperately needed jobs and adds economic activity to local markets, providing millions in annual property tax revenue to local communities and supporting local jobs. According to HUD, Project-Based Section 8 provides more than \$400 million in taxes to localities and generates more than 100,000 jobs every year. In short, Section 8 funding is a critical part of any community’s healthy housing mix, ensuring job creation, diversity, opportunity, and a labor force for essential community services.

Section 8 housing also helps reduce health care costs. By freeing up limited financial resources for nutritious food, health care and prescriptions, affordable housing helps improve renters’ health. Children who are stably housed show lower levels of hospitalization, asthma, anemia and developmental delays than homeless children. Housing that is energy efficient not only saves money but reduces exposure to hazardous materials and airborne toxins commonly found in substandard housing.



Los Robles is an affordable senior apartment complex in Miami with a Project-Based Section 8 contract with HUD. Unless Section 8 housing is saved, renters will be competing for an ever shrinking share of available, affordable housing.

Finally, Section 8 is a bargain for the U.S. taxpayer. A one year stay in preserved and improved elderly housing with supportive services—like Los Robles, which offers transportation to local grocery stores, daily visits by a home health aide and medication management—costs less than \$10,000 while a one year stay in a nursing home subsidized by Medicaid costs about \$50,000. The list continues.

As federal, state and local governments form budgets for 2013, it is critical that policymakers understand the critical role that affordable assisted housing plays in local communities. Florida’s low-income residents, especially the elderly, depend on the availability of these apartments in order to maintain their independence and stay connected to local neighborhoods. Supporting programs like Project-Based Section 8 is not only good for properties like Los Robles and residents like Nelly, it’s a job creator, reduces health care costs and is good for the American taxpayer. A good deal all around. **HNN**

MICHAEL BODAKEN, *President, has been head of the Trust for over 19 years. Under his guidance, the Trust has become the primary national nonprofit intermediary dedicated to the preservation and improvement of affordable multifamily homes. He is chiefly involved in business planning, finance and public policy. To date, his endeavors have involved the preservation and improvement of more than 25,000 affordable multifamily homes, requiring a combined acquisition and rehabilitation financing of over \$1 billion.*

LAURA ABERNATHY, *Public Policy Associate, monitors and analyzes housing policy proposals on both the state and federal levels, paying particular attention to the ways in which policies address the preservation of affordable housing, the greening of the existing housing stock, and the transportation opportunities available to low- and moderate- income households. Her work also includes conducting data research and analysis of the affordable multifamily housing stock.*

Sequestration Cuts Will Harm Florida Residents in Stable Housing

HUD’s Project-Based Section 8 program provides rental assistance for 1.2 million households nationwide, each year generating \$460 million in property taxes for local governments and supporting 100,000 jobs annually. The program primarily serves seniors, families with children and low-income persons with disabilities. The sequestration that is set to take place in March will decrease funding for the Project-Based Section 8 program by \$476 million, hurting more than 42,000 households in Florida.

Cutting funding eliminates stable supportive housing for vulnerable populations: The Project-Based Section 8 program provides stable housing for over 25,500 seniors and persons with disabilities in Florida. Owners provide supportive services that residents depend on to remain active participants in their local communities, such as transportation to local grocery stores, job training programs, computer skills classes and on-site case management.

Cutting funding for rental assistance increases taxpayer costs: Stable housing is cost-effective compared to the alternatives of nursing homes, temporary shelters and emergency services. In Florida, a one-year stay at a nursing home can cost \$93,000, while housing with supportive health services costs only \$13,500 a year.

Cutting funding for Project-Based rental assistance hurts FHA. According to HUD, there is \$13.6 billion in FHA-insured financing underlying projects assisted by Project-Based Section 8 contracts. Without ongoing rental income for operations and debt-servicing, projects will default. In HUD’s own words, without full funding “the value of this underlying [\$41 Billion] debt to both FHA and private lenders as well as existing equity in the physical structures would be severely eroded, contributing to significant loss of privately held wealth and community investment.” (HUD Budget, 2012)

	Florida	National
Number of PBS8 Properties	~ 500	> 17,700
Number of apartments	~42,000	>1,200,000
Number of elderly or disabled apartments	~25,500	> 800,000
Number of rural (515) apartments	~ 1,000	> 43,000