

Hon. Judy Biggert, Chair
Subcommittee on Insurance, Housing and Community Opportunity
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Hon. Luis V. Gutierrez, Ranking Member
Subcommittee on Insurance, Housing and Community Opportunity
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December 5, 2011

Dear Representatives Biggert and Gutierrez:

The undersigned are national organizations concerned with the continued problem of homelessness in the United States. We have appreciated the opportunity to work with the House Financial Services Committee and its members from both parties who share our concern. We write to oppose a provision in draft legislation that would increase allowable minimum rents in federal housing programs.

We support your subcommittee's longstanding efforts to improve the Housing Choice Voucher program and the Public Housing program. We are aware of the October 5th draft of the Section 8 Savings Act, which would make important changes in the HCV program along with some aspects of HUD's other rental assistance programs. (This letter refers to the discussion draft labeled 112SESA\INTRO_001.XML.) These programs, providing help paying the rent for millions of Americans of limited means, are vitally important for preventing homelessness and for ending it when it occurs. In recent years the role of these programs in reducing homelessness has come to be recognized more broadly, as leading public housing agencies have become more involved in solutions to homelessness in their communities.

We are concerned about an increase in minimum rents in the context of an important demographic trend over the past several years: a pronounced increase in the number of extremely poor families with no income from government benefits, and no or very little income from employment. This trend, largely the result of high rates of unemployment at the bottom of the labor market and changes in federal, state and local government support for low-income people, has contributed to increases in the number of people in "deep poverty," i.e. with incomes less than half the federal poverty level. These are the families that are most likely to become homeless without subsidized housing. Many face multiple barriers to employment.

The new draft of SESA would raise the allowable minimum rent from \$50 per month to \$75 or 12 percent of the applicable fair market rent, whichever is higher. Twelve percent of FMR will be higher for most families, including those in at least the high-rent areas of every state. For example, allowable minimum rent in Orange County, CA for a two-bedroom apartment would be \$198; in the Bronx, \$171; in Charlottesville, VA, \$123; in Birmingham, AL, \$90.

Current law, of course, already allows PHAs to establish minimum rents of up to \$50, and most have. Thus the idea that "everyone should pay something" has already been entrenched in federal law and local PHA practice. The existing policy affects households with the lowest income, who under normal

rent-setting rules would have a rental and utility obligation (generally 30 percent of income) of less than \$50; i.e. households with income less than \$167 per month. For the lowest-income people who are unable to find work, the obligation to pay minimum rent can leave them dependent on violent relationships or exploitive economic transactions. In the current job market, those with the least competitive resumes are unlikely to find other viable options.

Under the governing statute, PHAs and landlords are supposed to recognize “hardship exemptions” from minimum rent policies. There are no standards for requiring PHAs to coherently explain hardship exemptions to tenants who may have cognitive or psychiatric disabilities or severe educational deficits, or for making sure that explanations are given at a relevant time. Anecdotal reports from the field and the one available HUD study (www.huduser.org/publications/pdf/Rent%20Study_Final%20Report_05-26-10.pdf) indicate that very few tenants receive hardship exemptions.

In some cases, the Committee’s draft bill would allow minimum rents to be doubled, tripled, quadrupled or more. The impact would be an economic burden on the very poorest households. While the amounts may seem trivial to people with professional salaries, for people struggling to survive and feed their children with sporadic low-wage employment, an increase of \$25, \$50, \$100 or \$150 per month can make the difference between housing stability and eviction. People evicted from assisted housing are known to be at extremely high risk of immediate homelessness.

Larger families with many children are hit hardest: minimum rent for a four-bedroom in Orange County, CA, for example, would be \$323, more than six times that allowed by current policy. Large families often include people who have taken in other people’s children, a practice that in the reality of low-income neighborhoods can be a bulwark against children’s homelessness. Under this draft, this practice could incur a substantial financial penalty.

This is the one provision in the draft SESA bill that puts a greater financial burden on tenants. Unfortunately, it singles out the very poorest tenants, particularly the rising percentage of American families with no welfare or other benefits and with no income or very little income from work. This small and burdened minority faces a substantial increase in cost. Given the other kinds of difficulties faced by these families, nonpayment, eviction and homelessness are the inevitable result.

We encourage the Committee to remove this provision at markup. We would support a thorough study of the impacts of the existing minimum rent rule, including its impact on people with disabilities, evictions and homelessness.

Sincerely yours,

Community Housing Partnership
Community Solutions
Consortium for Citizens with Disabilities Housing Task Force
Corporation for Supportive Housing
Covenant House
Family Promise
First Focus Campaign for Children
Give US Your Poor: The Campaign to End Homelessness
National AIDS Housing Coalition
National Alliance on Mental Illness

National Alliance to End Homelessness
National Center on Family Homelessness
National Coalition for the Homeless
National Health Care for the Homeless Council
National Law Center on Homelessness and Poverty
National Low-Income Housing Coalition
Western Regional Advocacy Project

Cc: Hon. Spencer Bacchus
Hon. Barney Frank