



# Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

## **TESTIMONY OF MICHAEL T. PUCCI EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF THE CITY OF ALAMEDA**

BEFORE THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY  
U. S. HOUSE OF REPRESENTATIVES  
IN WASHINGTON, D.C.  
JULY 13, 2004

Mr. Chairman, I appreciate the opportunity to testify before the Committee as Executive Director of the Housing Authority of the City of Alameda. While the primary thrust of this hearing is about the Samaritan Initiative and funding adequate means to prevent homelessness, I am here to address the recent changes to the Section 8 Housing Choice Voucher Program and the impact those changes are having on our community and Section 8 Participants who are now at risk of becoming homeless. Our failure to speak candidly about recent changes in the Section 8 Housing Choice Voucher Program and the effect these changes are having on families around the country who are at risk of becoming homeless if something is not done to reverse the perilous course we are on would be unconscionable.

Alameda is a community of nearly 72,000 people located in the San Francisco Bay Area. This is an expensive place to live; rents here are some of the highest in the nation. The low-income members of our community depend on the Section 8 Housing Choice Voucher Program to stay in this community – near friends and family members

who provide critical support. In addition to the over 1,600 families that we serve through the Section 8 Program, we have a list of 6,000 additional families waiting for assistance.

HUD's failure to pay on an "actual cost" basis and its failure to fund our reserves resulted in the Housing Authority no longer having enough money to pay for 1625 authorized vouchers. This situation has put 108 families at risk of becoming homeless on August 1. We are seeking immediate relief in the form of increased Housing Assistance Payments funding to prevent this from happening.

This situation is having a direct impact on these families. Recently, Malika Nassirrudin, a young woman who has lost her assistance testified before the Alameda City Council. She said, "I don't want to port out to another county that is getting ready to endure the same hardships.... the uncertainty is physically and mentally draining for me and my family. My son's social behavior is declining. He hesitates to make new friends in Alameda. He likes it so much, it's hard to lose good friends and that moving around is not fun." Another young man, named Anthony, a single parent of a teenage son, told me that this past year was the first time he and his son were able to live together. The Section 8 Voucher allowed him to get a decent place to live so he was able to get custody of his son. This was the best year of both of their lives. If he loses his Section 8 Voucher he will lose his housing, if he loses his housing he will lose custody of his son. We need to help these families and the other 106 families at risk of becoming homeless.

This is an intolerable situation for these families. It also is a burden for the broader community. If made homeless, there would be 108 families, consisting of over 400 women, children, the elderly and disabled, who would be easy victims of street crime.

They would need more social services, posing a burden on state agencies that can ill afford it.

A reduction in the number of children attending local schools will hit the Alameda Unified School District hard. The State of California provides approximately \$5,000 per child enrolled; a reduction in enrollment would also mean a reduction in funding, which would result in laying off teachers and adversely impacting all of Alameda's children who rely on the services that this school funding provides.

These changes to the Section 8 program are unprecedented. In 1999 and 2000, the housing market was tight in the Bay Area. Rents skyrocketed; Fair Market Rents could not keep up with escalating market rents. Landlords no longer wanted to rent to Section 8 voucher holders. As a result, our Section 8 program was under leased and HUD recaptured over \$4 million of our funds during this period. By late 2002, the market had softened and voucher holders started to lease up. By the end of our fiscal year 2003, the Housing Authority was 98 percent leased up. HUD used all of the Housing Authority's program reserves to pay for the increased leasing costs. Even though we were not over leased for fiscal year 2003, HUD has failed to replenish our FY 2003 reserves, even though required to do so by its own regulations. This has exacerbated the underfunding situation and directly impacts these 108 families.

During our fiscal year 2004, the housing market continued to be soft and voucher holders continued to lease up. Due partly to the weak economy, Voucher holders also were less inclined to leave the program or move; therefore, our turnover rate declined dramatically causing us for the first time to be over leased. Despite the softer market,

costs for the program continued to rise because of increases in utility rates, decreases in family income, portability moves to higher cost areas, reasonable accommodations provided to the disabled and several other reasons.

On May 6, 2004, the Housing Authority received a phone call from the San Francisco HUD office advising us that due to the renewal formula our funding would be significantly cut and that these cuts were retroactive to January 1. Since we were already more than five months into the calendar year and less than two months away from our fiscal year end and HUD had failed to replenish our reserves, this news was catastrophic. The new formula would leave the Housing Authority with a shortfall of \$3 million for our 2004 fiscal year. At that point, it appeared that our only option was to terminate housing assistance payments contracts for ALL Section 8 voucher holders for the month of June.

Because we have a City Council and Board of Commissioners in Alameda that cares deeply about its citizens, this action was averted. All available Housing Authority reserves were used to pay HUD Section 8 housing assistance payments for June. Of the total \$3,000,000 needed to fund HUD's Section 8 program, only \$600,000 was paid with Section 8 Administrative Fee reserves--the balance of \$2,400,000 was paid from non-HUD Housing Authority reserves, monies that were to be used for making repairs and improvements to the low-income rental units owned and managed by the Housing Authority. These repairs and improvements now have to be deferred indefinitely.

Unfortunately, use of all reserves provided only a temporary reprieve. The new funding formula will leave us \$200,000 short each month for the remainder of calendar year 2004, and the Housing Authority had exhausted all of its reserves to pay for the single

month of June. The Housing Authority had no choice but to send notices to landlords and tenants of its intention to terminate assistance for 240 families effective June 30.

Our efforts to help these families were unflagging. Between June 4 and the end of the month, the Authority was able to rescind terminations for all but 108 families. This was done through the generosity of some voucher holders, who voluntarily gave up their assistance, landlords who voluntarily lowered their rents, and other housing authorities who agreed to absorb the costs of some voucher holders who had ported to their communities. Nonetheless, 108 Housing Assistance Payment agreements were terminated effective June 30, 2004.

The City of Alameda provided temporary assistance to these 108 families by making HOME funds available to assist their rent payments for the single month of July 2004. This generosity prevented the likely evictions of most of these families on July 1. Nevertheless, they face the same fate on August 1 if nothing is done by HUD to restore sufficient funding to support the Housing Authority's baseline allocation for 1625 vouchers. The agony of month after month of not knowing whether they will have a home is devastating for these families. We have exhausted all available resources in our community. The homeless shelters in Alameda County are full and there is a long waiting list for transitional housing. The safety net is small and not available for these families.

The Section 8 Program is in serious trouble. Though we may be the first Housing Authority to suffer to this extent, we are not the only one feeling the pain. HUD and the Section 8 Program have failed the low-income citizens of Alameda. It has failed

because it no longer pays on an “actual cost” basis as was past practice and HUD has failed by not funding our reserves in FY2003, which under the rules at that time, was required. In January 2003, HUD advised that our reserves would be restored, yet HUD has failed to act. Our reserves should have been funded as we were not over leased in FY 2003.

We have been trying to get additional assistance from HUD to address these issues since January in order to prevent termination of assistance from happening. HUD has not come through. Part of our problem is due to understated data for the renewal formula which was submitted by the Housing Authority to HUD. Although we have provided corrected data to facilitate HUD’s correction of its funding formula for the Housing Authority, HUD has still not made these corrections. Corrections to the renewal funding formula would result in increased funds for the Housing Authority, which would greatly help relieve the underfunding problem for these 108 families.

While we wait for HUD to act to correct the renewal funding formula error and to replenish our reserves—both actions which are required of it--there are 108 families at risk of becoming homeless in less than one month. Many of these families have organized and participated in demonstrations in our City to protest these Section 8 terminations. A copy of one of their fliers is attached. These are families that the Alameda Housing Authority is authorized to serve, but HUD has not provided the funding needed to pay their rent subsidies. These families need your immediate help. Direct HUD to give us the funding – Housing Assistance Payments and replenish the reserves- needed top keep these families intact and in their homes. These families should not be made to suffer.

# **“How do I tell my children they’re going to be homeless?”**

**ALAMEDA NEWS:** 140 Alameda families still facing eviction on Aug.1st  
Low-income families trying to get on their feet, get 20 days notice from Section 8.

**“ We are not just numbers.  
We are real people, with real lives”**

Brenda



Tranh & Siblings



Khalil



Lucinda



The disabled, low-income moms, children, and the elderly....  
Should Alameda be evicting them?

In the richest country in the history of the world...  
How can we say there's no money to stop these families being thrown on the street?

Call your Elected Officials -

**Let the Mayor Know**

This isn't right

Call Alameda Mayor  
Beverly Johnson  
510 747-4701



**What else can you do to help?**

1. Join us this Tuesday July 6th, 6:30pm at City Hall (2263 Santa Clara) Let our Council Know!
2. Join us again for the Housing Hearing on Tuesday July 20th, 6:30pm to Save our Homes

\* Polls consistently show that most Americans believe the country is heading in the wrong direction: the war, education cuts, job closures, low pay, transit cuts...  
Do something to change things!

**Campaign for Renters Rights & Section 8 Tenants' Union 595-5545**