



Mercy Housing

National Office

February 8, 2005

Jim Towey
Director, White House Office of Faith-Based and Community Initiatives
The White House
Washington, DC 20502

Re: Housing Choice Voucher Program additional cuts

Dear Mr. Towey:

Mercy Housing and the Catholic Health Association urge your attention to the most recent cut to HUD's Housing Choice Voucher Program (Section 8). The additional 4 percent cut to the 2005 budget, announced by HUD on January 21st, will force housing agencies across the country to make further reductions to their budgets already significantly diminished this year. These cuts will impact the 2.05 million households already using vouchers, the millions more on frozen waiting lists and the organizations striving to provide quality affordable housing:

1. **Low-income families will pay higher rents** because there may not be adequate funding to supplement their rental payment. Our organizations and our partners in housing and healthcare can attest that these are families already struggling to pay their healthcare, childcare, education and transportation expenses.
2. **Housing agencies will serve higher income families.** With lower levels of funding available housing agencies may opt to serve families who are earning more than 30% of area median income. Section 8 is the key federal program designed to serve very low-income families. Housing providers will face the decision to serve more moderate income families rather than those with the greatest need.
3. **The number of vouchers will be permanently cut.** Waiting lists will continue to grow or be eliminated entirely. Organizations planning to utilize project based Housing Choice Vouchers will halt their plans for development.

The following are **two examples** of the way in which Housing Choice Voucher cuts impact communities Mercy Housing serves in California and Georgia:

- In Contra Costa County, California, the local housing agency is unable to obtain a waiver to fund project based Housing Choice Vouchers, even though they have been allocated to five projects, two of which are already under construction. Mercy Housing is planning to start construction this spring on 98 units of family housing in Brentwood. The project based Section 8 commitment for this property would support 25 very low-income units and \$2 million in debt. Without Section 8, this property may be terminated or will be on hold as we search for alternative sources of funding to cover the \$2 million gap. Mercy Housing has expended over

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Mercy Housing is sponsored by communities of Catholic Sisters.

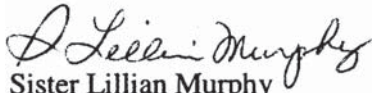
\$1 million in upfront costs for this development, which are typically reimbursed when the property starts in construction, but in this case may be lost, without a source for repayment.

- In Savannah, Georgia, Mercy Housing is working on restructuring an existing HUD 236 senior property that is desperately in need of major capital renovations. Mercy has secured a commitment from the Housing Authority for 100 project based vouchers that are essential to this development's financing. If the Housing Authority is unable to maintain this commitment we will be forced to terminate this project. This 200 unit apartment complex has been a longtime resource for the elderly citizens of Savannah.

As the 2005 budget year continues and plans for 2006 are released, we urge the attention of the Office of Faith-Based and Community Initiatives to the detrimental impacts of these cuts for all low-income citizens, elderly and families alike. The Section 8 program has long received bi-partisan support by the President and members of Congress who have realized it to be a flexible, market-based way to address the gap between what families earn and what housing costs. Section 8 is the most important way we can support very low-income families in their efforts to achieve stability in housing and as a result, dramatically improve their ability to build stability in their lives.

Thank you for your attention. We will be in touch with you regarding opportunities to meet in person to discuss this issue as well as the 2006 HUD budget.

Sincerely,


Sister Lillian Murphy
President/CEO
Mercy Housing


Michael Rodgers
Vice President
Catholic Health Association