

# Community Preservation Act Committee Proposal Request Form for FY 2014

CPA funding category - Check all that apply

- Community Housing     Open Space  
 Historic Preservation     Recreation

Date: December 11, 2013

Submitting Entity: Amherst Housing and Sheltering Committee

Contact Person: Nathaniel Malloy, staff liaison

Contact Phone: 413-259-3322

Contact Email: malloyn@amherstma.gov

## Overview of Proposal:

Almost two years ago the Congress and the President agreed to sequester ten percent of funding for most Federal programs as a temporary solution to the Federal FY2013 budget impasse. This included the HUD Housing Choice Voucher Program (HCVP) (also known historically as "Section 8"). This program provides rental supports to low- and moderate-income individuals and families throughout the country; the amount of support depends principally upon individual/family income and regional payment standards reflecting "Fair Market Rent". As elsewhere, in Amherst the loss of Federal funding has forced the program administrator, the Amherst Housing Authority, to seriously consider reducing the housing subsidies. For many families a lower subsidy could lead to severe consequences including the loss of present housing, loss of vouchers, and possible homelessness. Neither the families, which also face reductions in SNAP and Headstart benefits nor the Amherst Housing Authority (AHA) have other sources of funding to address the gap created by the Federal budget cuts.

The Amherst Housing Authority estimates a projected deficit of \$154,000 for 2014 for the HCVP. However, there is uncertainty about exactly how large the gap in funding is both because HUD has yet to commit to specific funding for the program and because there is uncertainty about the actual program costs throughout the year. Nonetheless, the Housing and Sheltering Committee thinks it is critical that the process of establishing a commitment by the Town to supporting this program be initiated now, with the understanding that updated estimates of the deficit will be developed as better information becomes available. In the event that AHA requires less than \$154,000, the balance will be retained in the CPA Fund.

Recent reports indicate that homelessness has been growing throughout the Commonwealth with families from Boston being housed in Greenfield motels [<http://www.gazettenet.com/search/9619232-95/homeless-state-families-in-hotels-surge-wmass-used-as-placement-area>]. The committee believes the community must do what it can to prevent further homelessness in Amherst.

## **Describe how your request meets the CPA criteria:**

### **1. Description of funding needed including:**

- a. **Documentation of cost estimates.** The Amherst Housing Authority has not developed final estimates of its likely expenditures for the Housing Choice Voucher Program in 2014. This is for two reasons: first, it has not made a decision about whether to continue its present Amherst rental subsidy at 120% of Fair Market Rent or to reduce the payment standard thus increasing rent costs for most tenant households. Second, estimating costs are generally difficult because they depend upon a number of factors that are not known, and can change month to month for each tenant. These include landlord decision to raise or lower rents, changes to family income, and attrition of current families from the program. Working estimates assume that there will be 4,668 unit months to be covered in 2014. If the average monthly cost to AHA remains at \$640 per month through 2014, projected costs would be under \$3 million. The projected shortfall is estimated at \$154,000 for 2014.\* As additional data becomes available, updated estimates will be provided in a timely way to the CPA Committee.
- b. **Other sources of funding, e.g., grants, self-funding, fund-raising.** Other than its annual allocation from HUD to support the HCVP, AHA has no other appropriate sources of funds to address this shortfall. Preliminary estimates of its FY14 allocation will be over \$2.8 million.\* However, like currently available estimates of costs, this is subject to change depending on the budget language Congress adopts in a continuing resolution and when that occurs.
- c. **Timeline on how CPA funds, if awarded, would be spent.** Funding may be needed as soon as it becomes available. All funds should be expended by December 31, 2014.
- d. **Timeline for spending funds; expectation for spending over multiple years.** All funds committed during this funding cycle should be expended by December 31, 2014. As of the date of this application, the need for additional funds in future years is unknown. It is expected that total costs would decrease because of normal attrition of families from the program. However, there is no guarantee of that or of other changes affecting costs as briefly described in 1a above. It is also possible that the U.S. Congress could make changes to the annual HUD appropriation to support the HCVP, hopefully increases.

### **2. Urgency of the Project, if any:**

Like many families in Massachusetts and across the nation who are enrolled in the HUD Housing Choice Voucher Program (Section 8), Amherst families face very serious difficulties if the Amherst Housing Authority is forced to reduce the level of housing subsidies. The additional costs to many families are variously estimated at \$25-100 per month at the same time that they will likely be facing reduction in HUD's Supplemental Nutrition Assistance Program (SNAP or food stamps). As a result, families will have to divert resources away from other expenses (e.g., food, clothing) in order to afford increased rent. If they cannot pay increased rent, they face eviction and possible homelessness if they cannot find alternative housing. In addition, children may be forced

\* Source-Amherst Housing Authority

to move to a new school system in another community, and both adults and children may lose contact with friends and other sources of support now available to them in Amherst. Amherst also offers families services, employment and transportation opportunities not available in other communities.

**3. Estimated timeline from receipt of funds to Project completion:**

Funding may be needed as soon as it becomes available. One possible delay would occur if AHA is awaiting HUD approval to spend these funds at the time they are approved by Town Meeting. At this time it is not known if the AHA can accept these funds and apply them to the voucher program. All funds should be expended by December 31, 2014.

**4. Acquisition or preservation of threatened resources:**

The purpose of these funds is to assist the Amherst Housing Authority in preserving threatened resources, specifically rental housing subsidized through the Housing Choice Voucher Program. The use of CPA funds to cover the shortfall in the voucher program would help the Town retain a level of affordable housing that is decreasing and difficult to find because of the tight rental market that caters to students. The recently completed Housing Production Plan and the draft Comprehensive Housing Market Study emphasize the increasing housing costs in Amherst that are exaggerated by a limited supply of affordable housing.

**5. Population(s) to be served by the Project:**

The population to be served is over 200 low- and moderate-income families who are at risk of having an increase in housing costs or possibly losing their housing in Amherst, as well as their housing voucher, because of the reduced HUD funding for the Housing Choice Voucher Program administered by the Amherst Housing Authority.

**6. How the Project is prioritized by requesting Town committees or commissions:**

The Housing and Sheltering Committee considers this to be a high priority, however, the committee has not prioritized the CPA proposals.

**7. Other information regarding the Project deemed necessary for CPAC:**

HUD has not yet given permission for the acceptance of this type of fund to supplement the subsidy account, but AHA is working to secure this ability.

In October the AHA had a public meeting attended by over 50 people and in December held a public hearing attended by over 75 people who participated in discussions regarding the choices it faces in trying to overcome a projected deficit ranging from five to ten percent of the annual budget of the Housing Choice Voucher Program. Individual family members, housing advocates, and other members of the Amherst Community spoke about the pain the projected reductions in rental subsidies would cause. Virtually all speakers asked the AHA Commissioners to do everything in their power to avoid these reductions, including seeking help from the Town. The HSC anticipates that the

The Housing and Sheltering Committee is grateful to the CPA committee for your consideration of this proposal and acknowledge the extraordinary nature of our request and the additional time and consideration that it imposes upon the committee.