

# Housing advocates: Vilsack should act on subsidy cuts



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(Photo: AP file photo)

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The staffs of Iowa's two U.S. senators and affordable housing advocates blame U.S. Secretary of Agriculture Tom Vilsack and the Obama administration for changes that have left subsidies in jeopardy for thousands of low-income Americans.

Staffers for U.S. Sens. Joni Ernst and Chuck Grassley said this week the U.S. Department of Agriculture initiated a proposal, passed by Congress as part of the 2015 fiscal budget, that changed how often subsidies can be renewed for those who live in low-income housing. Fifty properties, including six in Iowa, became the first in the nation in July to be notified they were running out of subsidy funding due to the changes.

As many as 700 to 800 properties across the U.S. could be affected in the 2016 fiscal year that begins in October.

"Secretary (Vilsack) has said nothing. Nor has the administration," said Colleen Fischer, executive director of the Council for Affordable & Rural Housing in Virginia. "There's been very little leadership from the USDA in terms of their ability to get this issue solved."

Both Fischer and Grassley's staff said the USDA has a long history of failing to adequately budget for the roughly \$1.2 billion rental assistance program, which aims to provide housing in disproportionately poor rural areas.

The Senate Appropriations Committee this year engaged the Government Accountability Office and said in a recent report: "The committee has lost confidence in USDA's ability to accurately estimate rental assistance needs. The department has a well-established history of faulty calculations and subsequent ad hoc, informal requests for additional funds to cover shortfalls."

[A Reader's Watchdog column on Wednesday](#) reported on the plight of one senior citizen and subsidy recipient who said she received notice that her Altoona complex would be affected. The owner of the apartments, Ted Oswald of T&L Properties in Granger, sent a letter to residents, urging them to write members of Iowa's congressional delegation to take action for being forced to pay market-rate rent.

But on Thursday, a national housing law attorney said property owners in the rural development rental program are forbidden under federal legislation passed in 1983 from raising rents more than 10 percent in one year. He says he believes the USDA also entered into contracts with property owners "arbitrarily and capriciously" knowing there would be subsidy shortfalls.

"I expect within the next two to three weeks we will definitely get into litigation on this," said Gideon Anders, a senior attorney for the National Housing Law Project in San Francisco.

Anders encouraged Iowa tenants in the USDA low-income rental program to contact lawyers who work with the poor to fight any moves to increase rent to market rate.

"In short, what is happening in the field is illegal," he told the Watchdog. "Moreover, Rural Development should be required to supplement contracts that it has knowingly short-funded."

But Catherine Cochran, a spokeswoman for the USDA in Washington, said the federal agency has made several attempts to shore up the budget for the hard-to-predict subsidies.

"For the past several years, we've run into this problem where (unit owners) have run out of money," she said.

For the fiscal year 2015 budget, she said, the agency made a handful of proposals aimed at helping the USDA and property owners manage costs, but Congress only approved one.

Lawmakers eliminated the automatic renewal of rental agreements, essentially capping the amount of assistance provided to tenants in a 12-month period. Without being able to renew, tenants who receive more rental assistance than others have been running out of their subsidies more quickly. The language remains in spending bills for 2016.

What Congress did not do, Cochran said, was allow for shorter-term leases so that the USDA and property owners could plan better and fill gaps, she said.

USDA officials in Iowa confirmed this week that properties in Baxter, Grimes, Mitchellville, Nevada and North Liberty had so far run out of subsidies. But they said they are trying to broker short-term relief agreements with property owners.

Cochran said the agency does "want to work with Congress and people on the ground to keep people in their homes."

Right now, tenants pay about 30 percent of their adjusted gross income in rent and the subsidies make up the rest.

Grassley's staff says he supports "a policy that makes sense and is fair to all involved, whether it's what the appropriators are proposing – a renewal with fixes – or something different. He doesn't want people to be displaced."

Ernst's staff members said she was away this week, serving in the National Guard.