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APRIL 10, 2006**

**FOR MORE INFORMATION, CONTACT
MARK MAZZAFERRO (707) 649-5462**

VALLEJO HOUSING AUTHORITY TO REIMBURSE \$1 MILLION TO RENTERS

VALLEJO – An effort to avoid having to cut housing assistance to 134 disabled, low-income families of Vallejo will end up costing the Vallejo Housing Authority over \$1 million, funds city officials believe were well spent.

The VHA has funds in its reserves to cover that expense, and no one currently participating in the Housing Choice Voucher Program – formerly known as Section 8 - will be removed due to cuts in the federally-funded program.

“We kept 134 families in the program,” said Laura Simpson, Housing Manager for the City of Vallejo. “In Spring 2004, when HUD (the Department of Housing and Urban Development) informed us of a proposed reduction in funding, we estimated we would have had to eliminate 134 families from the program to keep it going. Instead, we reduced the assistance to all families for a short period of time and kept all current participants enrolled.”

In April 2004 HUD notified agencies that, retroactive to January 1, 2004, they would be reducing funding cities receive for housing assistance and administrative costs. As a result, the VHA conducted an analysis of the impacts of these reductions and concluded that approximately \$2.3 million would be cut from the Vallejo program.

In order to remain financially solvent, the VHA had a tough decision to make: Eliminate 134 participants from the Housing Choice Voucher Program, or implement cost-saving measures.

VHA chose cost-saving measures, and immediately implemented steps to reduce Housing Assistance Program and administrative costs, such as making sure rents were appropriate; increasing fraud detection activities; and not accepting any new clients from a waiting list of over 3,000 families.

Following a series of public meetings and meeting with the Resident Advisory Board, it was decided to decrease tenant subsidies rather than eliminate 134 families from the program, and on June 8, 2004 the VHA Board implemented the expense reduction strategy.

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The city asked for a waiver of HUD's review of the payment standard reduction, which would have permitted assistance decreases, and not required rent refunds, but the request was rejected. As a result, the Vallejo Housing Authority has to refund approximately \$1.2 million to over 1,400 families – or about \$857 per Housing Choice Voucher Program participant family - for the time they received reduced benefits, which was a little less than a year.

The approval of the repayment is scheduled to be considered by the Housing and Redevelopment Commission on April 12 and the Housing Authority Board on April 25.

“The effect of our efforts was we saved those 134 families from being removed from the program,” Simpson said. “Now they are getting their assistance repaid. Ultimately it was for the highest public benefit – we didn't have to cut any families off.”

The funds will come out of a reserve account, with approximately \$350,000 remaining after the proposed payment.

“The agency is solvent,” Simpson said. “We'll be able to sustain operations, and there will be no other impact to us. Most important, no one lost their benefits.”