

Waste, abuse assure changes in Section 8 housing

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The series of articles and subsequent editorials on the Section 8 program that appeared in these papers have drawn several angry responses to the editor from residents of this government-assisted housing. Typical is the following: "When something worthwhile is being done for the handicapped and elderly in Rhode Island, why do you do your best to kill it? . . . If the Section 8 program is hurt in any way because of your articles, you can sit back and laugh while 1,700 future applicants for housing are crying."

This letter singles out the dilemma of government programs aimed at meeting the housing needs of low-income persons, a need that has been addressed since 1937, when the public housing program was initiated. Through a series of subsequent housing acts enacted by Congress, numerous programs have been established to provide loans, grants, insured mortgages, and other incentives to private groups — whether for profit or not for profit — and public agencies to supply this type of housing.

Today's "action" in the government housing market is The Lower Income Housing Assistance Program (Section 8), instituted in 1974. This rent supplement program ensures that a tenant pay no more than 25 percent of his income for rent (the very poor pay no more than 15 percent). The government pays the difference between this amount and the previously established market rent for the unit. There are 6,400 such units built or under construction in Rhode Island and approximately 330,000 in the nation. Substantial rehabilitation and use of existing structures make this a sizable program, costing the federal government \$4.5 billion annually.

The elderly and handicapped are the major beneficiaries of Section 8, 50 percent of all units being occupied by these groups. In the nation 88 percent of all new units constructed are occupied by them, and in Rhode Island, where the average age of a head of household tenant in Section 8 housing is 65 years, 86 percent of all new and rehabilitated units are occupied by the elderly and handicapped.

Satisfied tenants, paying no more than 25 percent of income for rent (and that includes heat), and usually living in new accommodations, these low-income people are the recipients of an effective housing program that is seeking to satisfy a demand that numbers 400 qualified applicants in the state for every 100 Section 8 units built here. So what is wrong? Plenty.

Edward Logue, best known for his re-

development work in New Haven, Boston and New York, talked about the program four years ago at the University of Rhode Island and accurately stated that Section 8 was a good program but would end once the government discovered the cost. Sure enough, Senator Pell wants major changes in the legislation because it is "wasting tax dollars at an alarming rate." Without any additions to Section 8 units, the government is obligated to pay \$231 billion in rent supplements over the next 30 years.

A major incentive for the developer of Section 8 housing is the minimal down payment, the ability to recoup this money by selling off tax shelters in the development, and the sizable land profits. According to one developer, these inordinately lucrative incentives provided by legislation are now termed loopholes and efforts will be made to change them.

Since there are considerable profits to be made, a developer will go to great lengths to receive project approval. The *Journal* series stated that payments to the right people helped "grease the skids" on some projects. And some political office holders and their friends have capitalized on this little understood program to go into this development business themselves.

Does all of this mean the end of Section 8? Somewhat comparable was the 235 home ownership program started in 1968. It became a national scandal, in which real estate dealers, contractors, developers, bureaucrats and others used the legislation to make big money fast at the expense of low-income families. The Department of Housing and Urban Development was then left in the unenviable position of taking over these houses through default. By this route it became, for example, the biggest slumlord in Detroit.

It would be unfortunate if a good program were to end because of abuses by developers or renters (tenants who sold their assets in order to qualify as being "poor" are little different from developers who abuse the law to their advantage). But changes in the law are needed. Rhode Island's senators and one congressman have indicated this. They should move expeditiously to prevent further abuse; if not, continuing abuses could cause the whole program to be scrapped.

As one developer stated, the statement of former Gov. Philip Noel that he "laughed all the way to the bank" as a result of his Section 8 dealings is the single most devastating statement on the program, one that will guarantee changes in the legislation. If that is the case, then his arrogance will have served a useful purpose.

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