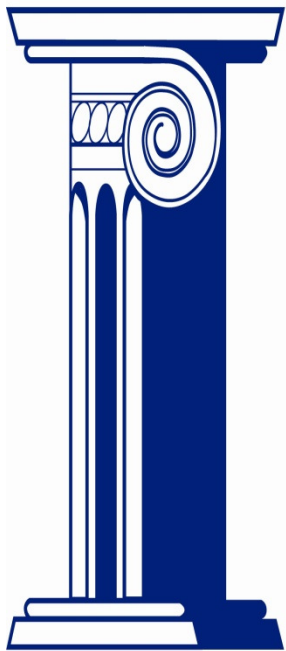


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I N S T I T U T E

# **The Nanny State Is Expanding – And Private- Property Rights Are Decreasing**

By Deborah D. Thornton  
Public Interest Institute Research Analyst

**POLICY STUDY**

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## Introduction

Did you know that recent and proposed actions by the federal government are making Eastern Iowa part of the greater-Chicago area? The distance from Chicago to Dubuque, or Clinton, or Davenport is around 200 miles. It's almost 250 to Burlington. This is a drive of four to five hours, even with no traffic.

Ever thought about commuting to Chicago, or Milwaukee, Wisconsin, on a daily basis? Probably not. Yet the expanding federal nanny state has decided that our river towns, many of which are struggling to provide good jobs and decent housing for low-income people who already live here, should focus on recruiting low-income people from outside the state to live in Iowa. This is instead of taking care of the poor families with children, retired elderly, or disabled adults who already live here. And instead of working to recruit military veterans, active retirees, or young college graduates, who can start businesses, begin families, return home, and help lift their neighborhoods up.

The federal government is also infringing on the rights of house and apartment owners wishing to rent their private property to whomever they want. This expansion and infringement on private-property rights is not only continuing, but expanding.



The process is starting with the low-income housing programs of Dubuque. Even before the adoption of the proposed Affirmatively Furthering Fair Housing (AFFH) regulation by the U.S. Department of Housing and Urban Development (HUD) this summer, Dubuque is being required to alter their Section 8 low-income housing standards to not focus on the local needy citizens, but

instead to attract and recruit new low-income people from areas outside of Iowa. The requirement is specifically to recruit low-income applicants and approved users of Section 8 housing vouchers to more closely reflect the demographics of Chicago.

Dubuque is not a city which could be considered wealthy and elite. Local residents are not looking to increase the number of people who are dependent on government services for their daily living needs. Instead, Dubuque (like the other river cities) is struggling to revive its economic base, keep its young people from moving away, and provide for the needs of those who currently live there, who vote there, and who pay taxes there: people who they already have an obligation to.

The negative and unintended result of the HUD micromanagement of the Section 8 low-income housing program in Dubuque is already beginning. The new list of eligible applicants is expected to close this summer, and the wait time for housing vouchers could be two years or more. There is not enough money to fund the required number of vouchers. The administrative burden imposed by HUD is significant, and Dubuque is required to follow their every direction for the next five years or more.

The elected officials responsible for the governance of our other small towns, including those such as Cedar Rapids, Iowa City, and Mount Pleasant – and those even further west – must take note. Once they lose local control of housing, then schools, zoning, transportation, the environment, and business location will be next. The central planners of HUD intend to use “big data” to force every region of the U.S. to meet nationally determined standards for the management and makeup of every aspect of our local communities. These regions will be directed by unelected governing boards who do not report to the voters. The “regions” do not even have to be contiguous.

Though many local elected officials probably believe they can retain local control, if you take the federal government’s money you must play by their rules. Some officials are already acting to turn down economic development block grants and the federal control which comes with them, or at least to more closely consider the implications of accepting the money, but more need to be aware of the risks, implications, and results. If HUD and the central planners have their way, there are likely to be more Dubuques, not fewer.

It cannot be said too often: if you take their money, you play by their rules. Their rules are not pretty.

## Background on America's Housing and Rental Patterns

Owning real estate and renting houses and apartments has long been a profitable business for many people and a reasonable choice of housing for many households. Renting allows greater personal flexibility in living arrangements – including ease of moving for job or personal reasons, increased cost controls to help manage expenses, and no responsibility for maintenance. As of 2012, 35 percent, or one of three American households, rent – the highest percent in the last 30 years, with the most growth in the 30 to 39-year-old age groups.<sup>1</sup> There has also been an increase in renting among those over age 70, for similar reasons.

In particular lower-income people are more likely to rent, whether younger or older. Half of all renters are people with incomes under \$30,000 a year.<sup>2</sup> Many of these people also have children, whether as a single parent or as a couple. However, the demographics of renters are changing. Over the next ten years, according to the Harvard Center for Housing Studies, there will be significant growth in the number of people over age 65 wanting to rent and in minorities renting – especially Hispanics. These groups of people will include both married couples with several children or extended families and singles – also with one or more children. There are many types and qualities of rental property available to those choosing to rent.

In general the types of properties available for rent are broken out as follows:

4 of 10 units	Single-family homes
2 of 10	Small buildings with 2-4 units
3 of 10	Typical apartment buildings with 10+ units <sup>3</sup>

Property owners, on the other hand, typically live in single-family houses in homogenous neighborhoods, especially in suburban or exurban areas. Few property owners live in condominium or their own apartment buildings. Homeowner neighborhoods end up being homogenous as a developer will sell similar-sized lots and build similar-quality homes on them.

Renters are spread about evenly between city or urban settings and more suburban settings. Because many of those interested in renting are lower income, the areas where they live become lower-income areas, with a different mix of services than might be found in an upscale neighborhood. This is an intuitive result, as the size, quality, and pricing of apartments within a building or complex are typically not going to vary widely between high-end and low-end units, just as they do not vary widely in single-family-home areas. The mix of services needed may also be expected to vary between rental and owner-occupied property areas. For example, renters typically do not need a hardware store close by, as they are not doing their own repairs and upgrades.

## Housing Cost Issues

In order to have properties available for people to rent, you must have owners with properties, whether houses or apartments, willing to rent to them. Building of rental properties in the last few years has not kept up with demand, resulting in “lower vacancies, higher rents, and higher (quality) construction levels.”<sup>4</sup> As a result by 2011, 50 percent of renters were considered housing burdened, paying over 30 percent of their income for housing. Of these over half are “severely” burdened, defined as paying over 50 percent of their income in rent.<sup>5</sup>

For people making \$30,000 or less a year, under the one-third of income to housing cost standard, they should be paying less than \$750 per month. Unfortunately, for new apartments built since 2007, the median monthly rent is \$1,000. Few rental units are available in the under \$800 a month category.<sup>6</sup> Those which are priced at \$800 and below a month are mostly older units, and many are being torn down and removed from the inventory. Increased regulatory and zoning requirements, such as those in Iowa City on the number of residents per bedroom (no more than two), has contributed to both the destruction of low-income rentals and a lack of new units being built.<sup>7</sup> The costs to build to the demanded standards are too high for owners to charge rents under \$1,000 a month.

A 2013 report by RDG Planning & Design and Gruen Gruen Associates on Iowa housing issues estimated that a new one-bedroom apartment, of about 800 square feet, would cost between \$93,000 and \$115,000 to build. That is a cost of \$116 to \$145 per square foot. The rent to make this profitable for an owner, at a 10 percent return, would be between \$850 and \$1,000 per month, plus utilities.<sup>8</sup> The rental rate deemed acceptable for the very lowest income categories is closer to \$500-\$600 per month. Today’s building standards make that almost impossible to charge and still make a profit. At the same time, most of the current housing stock in Iowa is over 50 years old, meaning it requires significant upgrades to meet today’s regulatory standards for things such as disability access.

## Section 8 Overview

According to U.S. Department of Housing and Urban Development (HUD), having “affordable” housing is a desirable social good which must be managed and provided by the Federal government. So the nanny state steps in to alter the market by offering building incentives and requirements for low-income properties, in addition to direct subsidizes to tenants through the Housing Choice Vouchers (HCV) program, better known as Section 8.

The Housing Choice Vouchers program is controlled by local (generally city or county based) public housing agencies (PHAs). The money for vouchers comes from taxpayers – after being routed through HUD.<sup>9</sup> Once an individual applies for a Section 8 voucher and receives it, he or she then finds a residence and owner who will accept Section 8. Typically there are more applicants for Section 8 than money available to pay their rent. Waiting lists in many areas are long. And typically there are more holders of Section 8 vouchers than there are owners willing to accept them. Both the individual application process and the owner’s requirements for providing a Section 8 property are significant and onerous.

The PHA pays the rent directly to the landlord. The amount paid is determined by the applicant’s income and family size and typical local housing costs. Any rent charged by the landlord above the allowed voucher amount is then paid by the tenant directly. The general requirement for acceptance into the Section 8 program is that annual income must not exceed 50 percent of the median income for the specific area. Further, 75 percent of the vouchers by law must be given to people with incomes less than 30 percent of the median.<sup>10</sup> The voucher holder must still pay 30 percent of their annual income in rent, so they have some personal commitment to supporting themselves.

Based upon the median income of Iowans and those living in Dubuque (city and county), the amount of rent each category of applicant should be able to pay is as follows:

**Median Household Income Comparisons With Government-Determined "Fair" Rent**

	Dubuque City	Dubuque County	State of Iowa
Median Household Income, 2009 - 2013	\$44,599	\$51,475	\$51,843
Fifty Percent of Median Income	\$22,300	\$25,738	\$25,922
Amount of "Fair" Rent to be Paid per month	\$557	\$643	\$648
Thirty Percent of Median Income	\$13,380	\$15,443	\$15,553
Amount of "Fair" Rent to be Paid per Month	\$334	\$386	\$389

Source: Dubuque (city) Iowa, [Quickfacts.census.gov/qfd/states/19/1922395.html](http://Quickfacts.census.gov/qfd/states/19/1922395.html)

New voucher recipients who currently live in the area where their voucher was issued may rent a property anywhere, either in that town or anywhere in the U.S. they choose to move. People receiving a voucher from an area where they do not currently live must move to and live in that area for the first 12 months but may then move anywhere in the U.S., still able to use the voucher.

Wait lists for Section 8 vouchers are common and often long. Therefore local PHAs are officially allowed by HUD to establish “local preferences” for priority applicants. These preferences can include those who are currently homeless or living in substandard housing, those

paying more than 50 percent of their income for their current housing, and those involuntarily displaced. These PHAs are also theoretically allowed to use other local preferences to “reflect the housing needs and priorities” of their community.<sup>11</sup>

### **Fair Housing and Impacts on Private-Property Rights**

Under commonly accepted private-property-rights ideas one might think you can control the use of your own property, i.e. if you own a property you may or may not rent it to anyone you want. This is patently not true. The government’s regulations for fair housing access – controlling who one can rent to, either within or outside of the Section 8 program – are quite strict.

The Civil Rights Act of 1964 contains a Fair Housing Act, contained in Title VI. It specifies that discrimination on the basis of race, color, or national origin is prohibited in both the rental and sale of residential property. All organizations such as PHAs, which accept federal government money or grants, must abide by these regulations.<sup>12</sup> Age discrimination was added later, as were other targeted classes of people, such as disability, religion, gender, family status, or sexual orientation.

Specifically, the HUD website says, “No one may take any of the following actions based on race, color, national origin, religion, sex, familial status, or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions, or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting) or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.”<sup>13</sup>

Two of the reasons an owner can deny renting to someone is if they are “a direct threat to the safety of others” or currently use illegal drugs. The illegal drug use issue also includes consideration of whether or not an individual has an arrest record and criminal convictions.

Additionally, if the only income a Section 8 applicant has is other government support, such as welfare or social security disability, they may be denied.<sup>14</sup> This is because if the tenant receives a welfare check and does not pay his or her rent, the landlord is unable to sue the government to

“garnish” the income for rent. In contrast, an employee’s wages may be garnished. If the potential tenant has a history of not paying his or her rent, has a bad credit history, prior bankruptcies, bad or non-existent references, or has been evicted from other housing, the landlord can also turn down the application. Finally, except for service-support animals, a landlord may turn down tenants with a pet or charge an additional fee to cover potential pet damage.

When leasing property on the non-governmental market, if an owner uses a rental or management company all of these factors also apply. Additionally, one may not deny an application because the potential tenant has children, though it is legal to ask for applications from every potential resident over age 18 and to run credit and legal background checks on all tenants.

If the federal department of Housing and Urban Development is successful at finalizing the proposed Affirmatively Further Fair Housing (AFFH) regulation this summer, the private-property rights of owners will be further eroded.<sup>15</sup>

According to the press release announcing this proposed regulation, “HUD will provide data for every neighborhood in the country, detailing the access African American, Latino, Asian, and other communities have to local assets, including schools, jobs, transportation, and other important neighborhood resources that can play a role in helping people move into the middle class. Long-term solutions will involve various strategies, such as helping people gain access to different neighborhoods and channeling investments into underserved areas,” said Secretary Shaun Donovan.<sup>16</sup>

State and local governments receiving federal tax dollars through the Community Development Block Grants (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grants (ESG), Housing Opportunities for Persons With AIDS (HOPWA), and the PHAs will be required to follow the AFFH rules.<sup>17</sup>

The required analysis and resulting government actions would focus on “improving integrated living patterns and overcoming historic patterns of segregation; reducing racial and ethnic concentrations of poverty; reducing disparities by race, color, religion, sex, familial status, national origin, or disability in access to community assets such as education, transit access, and employment, as well as exposure to environmental health hazards and other stressors that harm a person’s quality of life; and responding to disproportionate housing needs by protected class.”<sup>18</sup>

To implement this regulation, HUD would provide extensive, nationally uniform data and encourage additional regional and local data to be used in establishing fair housing targets, addressing all of the concern areas and groups. The plan provided by the local/regional group



may be rejected if it is substantially incomplete or “includes priorities or goals” found to be “materially inconsistent” with the original data provided.<sup>19</sup>

The regional Assessment of Fair Housing committees would not have to be contiguous and may cross state boundaries, according to HUD statements.<sup>20</sup>

### **The Era of Big Data Is Here and It Will Control Us**

One of the key “tools” in the AFFH regulation to be used by the regional committees are dot density maps showing the population and demographic makeup of areas. The sample maps provided as templates take the data for every individual household in an area and aggregate it into one dot for every 10, 50, or 100 households of X type. The maps generated include current and past racial and ethnicity clusters, as well as clusters on national origin, limited English proficiency, presence of public housing and Section 8 vouchers, housing-burdened households, school proficiency, jobs proximity, labor engagement, transit proximity, poverty exposure, environmental health hazards, and disability groupings by age ranges.<sup>21</sup>

Under this regulation, whether or not a region is determined to be discriminating in housing will be based on the concentration patterns of each of the various groupings. The acceptable, statistical variation – presumably based on standard deviations from the median – of types of people living in each area will be tracked and evaluated by HUD. In order to be in compliance, the region must be taking specific steps to alter the housing patterns into an acceptable balance.

The percentage of X type of people living in each subset area of the designated region will be dictated by the proportional numbers decided by HUD. If your area has less than the acceptable percent and is not showing enough movement towards increasing that type of resident, in HUD regulator’s and bureaucrat’s opinions it may indicate systematic discrimination toward that group. The local government may be fined or otherwise penalized and then must take specific actions to try to recruit more of that type of person. The proposed regulation does not state what the correct statistical balance is.

For example, Dubuque, Clinton, and Davenport, Iowa, might be considered to be in the greater Chicago area. As such, their housing balance must reflect the overall regional totals. The regional commission, made up of a wide variety of special interest groups, mostly appointed individuals representing various demographic groups – not elected officials – will set targets for the desired percent of “types” of people to live in each area of the region. These commissions will have little to no accountability to voters or property owners.

The first implementation of this proposed rule has been demonstrated in Dubuque over the last four years. The results are still playing out, as well as the spending of thousands of dollars and staff hours to implement it.

### Dubuque Discrimination Case

In June 2011 HUD began investigating the Dubuque housing commission and office, specifically the use of a preference point system for the awarding of Section 8 housing vouchers that was in use between 2009 and 2011. There is no government-owned low-income housing in Dubuque, only private landlords who agree to accept Section 8 vouchers. In order to better manage the number of applicants, which increased as a result of the 2008 recession and the mismanagement of the city of Chicago’s low-income housing program, Dubuque implemented a (supposedly allowed) local preference program to “better meet their communities’ needs.”

The city decided to award points to Section 8 applicants based on where they lived when applying. Current residents of Dubuque city were awarded the most points (30). Next were current county residents (20), then Iowa residents (15), and finally those from outside the state. The points were cumulative, which meant that current Dubuque city residents would end up with 65 points, compared to a non-Iowa resident’s 0 points.<sup>22</sup> Elderly and disabled applicants were also given preference points, though a lower number. Dubuque then further limited applicants to only point-eligible individuals. That fact, combined with a shortage of owners willing to rent apartments and houses to Section 8 users, meant that virtually no one from outside of Iowa would ever be awarded a Section 8 voucher.



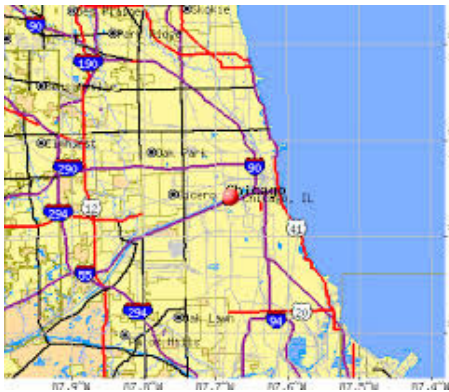
Most current holders of the Section 8 vouchers in Dubuque were either elderly or disabled, and most had been on Section 8 for a fairly long period of time, five years or more. Originally there was little reason to expect the makeup of the voucher applicants to change. In Dubuque, as in many areas of Iowa, there is an overweighting of the population toward older residents. Therefore, city leaders thought that by prioritizing current applicants with the point system, they would be helping their local low-income people to remain in the community, remain close to family and friends who were their support system, and be in stable living situations.

Unfortunately, most of those from outside of Iowa during 2009-2011 who were applying for Section 8 vouchers were from “nearby” greater Chicago, Illinois, or Milwaukee or Madison,

Wisconsin. The distance from Dubuque to Chicago is almost 200 miles, and the drive time is four to five hours depending on traffic and weather.<sup>23</sup>

HUD determined that low-income people living four hours away should be served as part of the Dubuque city expected and anticipated market segment for affordable housing, that Section 8 voucher applications must be accepted no matter where the individual is from, and that no priority could be given to local residents – most of whom were either elderly or disabled – in filling affordable housing needs.

The detailed analysis of these out-of-state applicants by HUD revealed that most of them were also African American. Even though Dubuque stopped using the point system when the unintended consequence was brought to their attention, HUD determined that the City of Dubuque was de facto discriminating against African Americans and other minority citizens. As a result of this discrimination – which the elected officials of the City of Dubuque did not agree was the intent – HUD forced them to sign a 30-some page Voluntary Compliance Agreement. Even with no admission of intent to discriminate, the elected officials of Dubuque agreed to extensive, intrusive, and highly controlled oversight of the Section 8 and other housing support and assistance programs for the next five years. The first year of this correction program is now ending.



The agreement includes specific and strict actions which must be taken to recruit low-income minorities to Dubuque, including extensive marketing and outreach in the Chicago metro area. The numbers and demographics of applicants and ranking results, as well as the details on those actually being awarded a Section 8 voucher, must be reported quarterly.

*Chicago, on Lake Michigan in Illinois, is among the largest cities in the U.S. with a population of 2.719 million (2013)*

The following table outlines the current, March 2015, demographics of those holding Section 8 vouchers, compared to the overall demographics of Dubuque city, county, and the state of Iowa as of the 2010 census.

Dubuque already has a slightly larger African American population than all of Iowa, at 4 percent, compared to 3.3 percent. This is significantly lower than the African American population of the city of Chicago at 33 percent and Illinois as a whole at 14.5 percent. However, as of January 2015, the percent of voucher users in Dubuque who are African American is actually larger than the overall percent of African Americans who live in Chicago. The “Hispanic” population details are not considered in this data as Hispanics may be either white or black and are

considered an ethnic or origin status versus a racial status. This complaint and analysis was only on racial issues.

Racial Composition of Section 8 Households vs. Dubuque City, State of Iowa, City of Chicago, and State of Illinois						
Primary Race (Non-Hispanic)	Total Voucher Holders, January 2015	Voucher Percent	Total City Resident Percent *	Total Iowa Resident Percent *	Total Chicago City Percent *	Total Illinois Percent*
White	592	63.8%	91.7%	92.5%	45.0%	71.5%
Black/African American	315	33.9%	4.0%	3.3%	32.9%	14.5%
American Indian/Alaskan Native	1	0.1%	0.3%	0.5%	0.5%	0.3%
Asian	4	0.4%	1.1%	2.0%	5.5%	4.6%
Native Hawaiian	16	1.7%	0.5%	0.1%	NA	NA
Total (Non-Hispanic) Families	928	100.0%	97.6%	98.4%	83.9%	90.9%
<i>Source: Participant Statistical Summary Housing Choice vouchers - City of Dubuque, January 23, 2015, <a href="http://www.cityofdubuque/statistical/analysis/jan2015.pdf">http://www.cityofdubuque/statistical/analysis/jan2015.pdf</a></i>						
<i>Source: Dubuque (city) Iowa, State of Iowa, City of Chicago, State of Illinois, <a href="http://www.quickfacts.census.gov">Quickfacts.census.gov</a></i>						
* Totals may not equal 100% because of rounding						

### Background on the City of Dubuque

The city of Dubuque is not a bastion of upper-middle-class elites. It is a pretty generic, mid-sized old Iowa river town. The population in 2010 was 57,532 and has increased slightly over the last few years, following several years of decline – as has the overall Iowa population. The age demographics skew older – as does much of Iowa. The median income is lower than Iowa overall, at \$44,600 compared to \$51, 843.<sup>24</sup>

The number of children in their schools is stable or declining – as in much of Iowa. And finally, the racial mix of the population is over 90 percent white – as it is in most of Iowa. The city is slightly older and poorer than Dubuque County as a whole. Fewer people own their own homes, and more people live in apartments than in the county. These numbers – population, age, income, children, and race – have all been pretty steady in Dubuque and Iowa for many, many years. The following table outlines this data.

**Population Demographics 2010**

	<b>Dubuque City</b>	<b>Dubuque County</b>	<b>State of Iowa</b>
Population, 2010	57,532	93,653	3,046,869
Under 18 Years	21.4%	23.1%	23.4%
65 and Over	16.5%	15.9%	15.6%
White	91.7%	94.1%	92.5%
Black/African American	4.0%	2.8%	3.3%
American Indian	0.3%	0.3%	0.5%
Asian	1.1%	1.2%	2.0%
Native Hawaiian	0.5%	0.3%	0.1%
Housing Units, 2013	25,029	39,988	1,349,617
Homeownership Rate, 2009 - 2013	64.3%	73.0%	72.2%
Multi-Unit Housing Units	30.7%	22.0%	18.4%
Median Household Income, 2009 - 2013	\$44,599	\$51,475	\$51,843
Persons Below Poverty Level, 2009-2013	14.0%	10.9%	12.4%

*Source: Dubuque (city) Iowa, Quickfacts.census.gov/qfd/states/19/1922395.html*

But HUD has decided that this must change, not only in the greater Dubuque area, which now includes Chicago and Milwaukee – but in all of the United States. As a result in the summer of 2013 HUD proposed, as discussed before, the Affirmatively Furthering Fair Housing (AFFH) rule. This rule has gone through the proposal and comment stages and is now in final review. They anticipate issuing a final rule later in 2015.

Under the guise of ensuring equity and fairness, the AFFH will force small cities and towns and rural areas surrounding major population centers to analyze their population demographics, determine what the groups are missing in comparison to the total population of the regional area, and develop plans – much like those being foisted on Dubuque – to address these inequities and recruit people from the missing demographic groups to their areas. This regulation will impact not only Dubuque, but Clinton, Davenport, and Burlington, to name just a few of the Iowa towns in the greater Chicago area.

## Chicago Housing Authority Problems – Spread to Dubuque

Interestingly enough, the issues and actions of the Dubuque Housing Authority to address their Section 8 voucher wait list and reported crime increases occurred just as the city of Chicago was having significant housing authority and voucher problems of its own.



The “Plan for Transformation” of Chicago’s public housing was started in 2000, with the promise to tear down drug and crime-ridden high-rise buildings, such as the infamous Cabrini Green and Henry Horner and Robert Taylor Homes, and replaces them with “private, mixed-income” developments. By 2010, 25,000 units were to be replaced, at a cost of \$1.6 billion. Unfortunately, as of December 2013 only 21,648 units had been completed by the scandal-plagued Chicago Housing Authority (CHA). The wait list for Section 8 vouchers at that time was over 57,000 families, and over 1,000 displaced families were still waiting for housing.<sup>25</sup> This was three years after the ten-year program was to be completed.

At the same time, six of ten housing units provided by private-sector landlords failed housing inspections. Some of the issues are “rat and bedbug infestation, heating and electricity outages.” According to the 2012 Chicago Housing Authority annual report, almost 25 percent of the city-owned units were vacant. The “why” they were vacant wasn’t stated.

The timing and focus of the HUD investigation of Dubuque, coming on the heels of the failing CHA program, is interesting, but irrelevant to the results.

## Dubuque Today

The Dubuque Section 8 program has been operating under the HUD decree for about a year now. The resident-based priority system has ended and extensive marketing and outreach to minority populations in the Chicago metro area has occurred. The results are seen in the fact that one of three voucher holders in Dubuque are now minorities, specifically African American. Almost half of those using the vouchers are single individuals (47.3 percent); another 21 percent are two-person families, with very few four, five, or more people in a household, as outlined by the table below.



## Participant Statistical Summary Housing Choice Vouchers - Section 8

Number of Heads of Household

March 1, 2015

Household Size	Total Applicants	Percent
1	433	47.3%
2	193	21.1%
3	137	14.9%
4	77	8.4%
5	47	5.1%
6	18	1.9%
7	0.6	0.7%
8 or more	3	0.3%
<b>Total Voucher Recipients</b>	<b>914</b>	

Source: Participant Statistical Summary Housing Choice vouchers - City of Dubuque, April 8, 2015, <http://www.cityofdubuque/statistical/analysis/mar2015.pdf>

The amount which the Section 8 vouchers can pay toward rent in Dubuque as of January 1, 2015, is \$344 for a single-room occupancy (SRO), \$459 for a studio, \$568 for a one-bedroom, and \$737 for a two-bedroom rental. There are higher amounts allowed for more bedrooms and in some more “expensive” areas of the town. According to the 30 and 50 percent of income recommendation, a person making 30 percent of median income, or \$13,580 per year, should be paying \$334 a month in rent. This is the amount the Section 8 pays for an SRO rental. At the 50 percent of median figure (\$22,300 a year), the person should be paying \$557. This is without considering if there are other family members, such as children or the elderly/disabled, who cannot work but live in the same home, who would increase the number of bedrooms needed. When the personal financial commitment is added to the voucher amount the total available for housing ranges from \$678 to almost \$900 for a one-bedroom rental. The one-bedroom apartments listed on the April 2015 Dubuque list range from \$439 to \$772, indicating that current Section 8 voucher holders should be able to find acceptable housing fairly easily.

As of April 26, the Dubuque city council announced that they may be closing the wait list. This is because the federal funding provided to pay the voucher rent is not sufficient to cover the mandated 1,063 vouchers. At this time there are 914 vouchers in active use in Dubuque.<sup>26</sup> There is a shortfall of almost \$500,000 in the amount available to pay owners for the other 149.

Because of the mismanagement of the Chicago voucher and public housing program, people are looking to get on Section 8 anywhere they can – and Dubuque has been mandated to take them. The current Dubuque wait list is 1,500 applicants, making up over 30 pages of ID numbers and rankings, and the average wait-list time is now over a year, 388 days. There are basically ten applicants for every one possible voucher to yet be funded.

The director of the Dubuque Housing and Community Development program, Alvin Nash, was quoted in the Dubuque *Telegraph Herald* on April 26, 2015, saying that he expects another 2,000 applicants to be added to their wait list before the end of 2015 if the list is not closed. That would be 24 applicants for every remaining voucher. The current wait-list time is expected to be two years. Apparently, the marketing and recruitment efforts to entice low-income people to move to Dubuque have been wildly successful.

On the landlord end, there are currently 79 properties on the potential availability list, ranging from single room occupancy to two five-bedroom units. The rents range from \$285 per month for a single room occupancy to just under \$1,450 for a four-bedroom unit.<sup>27</sup> If the money is found and another 149 vouchers are issued, there will not be enough property owners interested in renting to Section 8 holders. Some voucher holders will still not be able to find housing. This will be another “un-intended” consequence of federal control. Will HUD then take further actions to force private-property owners in Dubuque to accept Section 8 vouchers, even if they do not want to? Will they require each apartment complex to have a specific percent of low-income tenants? Will individual property owners be accused of discrimination against low-income citizens?

If private-property owners who build and operate rental housing cannot control their own tenant selection then fewer people are likely to take the risk of building and operating rental units. Additionally, the non-low-income tenants will be required to cover the losses generated by Section 8 users. That will drive the price of housing up higher, resulting in even more people – both current residents and possible new movers such as military veterans and college graduates – who cannot afford to live in Dubuque.

In the meantime, the reams of paper and reports required by the HUD agreement continues to grow, with monthly, quarterly, annual, and five-year plans and programs required to be developed, documented, and followed up on by local government employees.

### **Cities Taking Other Options**

Another major “big” government program is the Community Development Block Grant (CDBG) funds. The CDBG monies are supposed to help “develop viable communities by providing decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate incomes.” The types of projects which can be funded by CDBG include water and sewer facilities, community buildings, housing rehabilitation, economic development, and job training.<sup>28</sup>



The amount of tax money “allocated” to Iowa for the CDBG in 2014 was \$21.6 million. The state priorities for spending this money are owner-occupied housing for elderly individuals, infrastructure for low and moderate-income communities (LMC), day-care centers and sheltered workshops for low and moderate-income individuals (LMI), and economic development programs to retain or create jobs for LMI.<sup>29</sup> The amount set aside for owner-occupied housing rehabilitation in 2014 was \$5.4 million. Another 60 percent or almost \$13 million was allocated for non-housing activities, including \$4.3 million for economic development and job training and emergency set-aside funds of just over \$1 million.<sup>30</sup> Much of these funds were used for the LMI focus.

Because of the onerous regulatory, reporting, and legal constraints of the Section 8 voucher program and the CDBG programs, more and more cities and towns are opting out of the programs. The nanny state control just is not worth the money.

In September 2014 Earlham city council members tabled acceptance of CDBG funds for further consideration.<sup>31</sup> Following further research by a Regional Planner with the Southern Iowa Council of Governments (SICOG), an individual with an extensive background in federally funded housing issues, the Earlham city council voted in October to proceed with the grant.<sup>32</sup> At the same time they voted to select SICOG to provide “technical services” to manage the housing rehabilitation program.<sup>33</sup> The SICOG is exactly the type of organization that HUD wants intimately involved in the implementation of the AFFH regulation. In this case they were not only successful at convincing the city council to accept the federal money, but to give them control over spending it.

In a more definitive and independent action in September 2014 the Ankeny, Iowa, city council decided to defer their acceptance of entitlement status from HUD for a CDBG block grant. The council members then went further, in contrast to Earlham, and refused to allow city staff to proceed with developing a draft application for the Downtown Revitalization and Single Family Owner-Occupied Housing Rehabilitation program. The motion to proceed with developing an application failed for lack of a motion to consider directing staff to proceed.<sup>34</sup>

### **If You Want “Their” Money, You Must Play by “Their” Rules**

The regulatory overreach of HUD through micromanaging the Section 8 Housing Voucher program and continuing interference with local governments and local taxpayers can only be stopped by refusing to bid on and accept the money being offered. This is especially true if the AFFH rulemaking is allowed to be finalized in the summer of 2015.

The actions taken against the City of Dubuque were based on the premises in AFFH and should serve as a strong indication of exactly what the goals and purposes of that regulation are and how they will be implemented. Local cities and business owners will be buried under a mound of paperwork and reporting deadlines, with strict requirements – imposed by regional committees with no accountability to voters or taxpayers. They will be forced to examine every aspect of their community for the slightest indication of “unfair” impacts on supposedly disadvantaged and marginalized citizens in every sub-segment of our population.



According to the AFFH this “unfair impact” will be evaluated based on every aspect of the community’s transportation, education, jobs, housing, environmental hazards, poverty, national origin, English language ability, and disability situations. If these issues are not being managed in an “approved” way to get the centrally determined desired results, there will be significant repercussions to the elected officials and government staffs, as well as a public shaming of the community for not performing in an approved manner. The specific numerical standards to be met by each community under the AFFH have not yet been stated, but they will not be determined by individual communities to meet their unique needs and circumstances. They will instead be determined by regionalized central planners, based on what is thought to be best for the region, set up in five-year plans.

If we will remember, centrally driven five-year plans did not work out very well during the late 1900s for our friends in the Soviet Union. There is little reason to think they will work any better in 2015 or 2020.

Certainly, as evidenced by the CHA, large centrally controlled management of housing (and most other government services) is not working very well for the low-income citizens of Chicago, no matter what their race.

The repercussions to private-property owners and small businesses of this federal government overreach are significant. As soon as one becomes involved with and receives any government funds to implement a project or improve one’s business or home, you will fall under the regulatory governance of HUD and the AFFH and must meet their standards. The only way for our Iowa cities and towns and our property owners and small business people to avoid being impacted in this way is to not take the money.

To paraphrase a famous movie line, we do NOT want them to “show us the money.” And we do not want them to be our “nannies.” We want them to keep their money, to give it back to the hardworking taxpayers who earned it, leave private-property owners alone, and stop micro-managing our communities.

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<sup>1</sup> “America’s Rental Housing, Evolving Markets and Needs,” Joint Center for Housing Studies of Harvard University, 201, pp. 1-2,

<[http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs\\_americas\\_rental\\_housing\\_2013\\_1\\_0.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_americas_rental_housing_2013_1_0.pdf)> accessed on April 11, 2015.

<sup>2</sup> Ibid., p. 3.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid., p.5.

<sup>5</sup> Ibid., p.6.

<sup>6</sup> Ibid.

<sup>7</sup> 17-5-21 (C2): Title 24 of the Code of Federal Regulations; Sections 882.109(a) Through (I); “Housing Quality Standards,” <[http://www.sterlingcodifiers.com/codebook/index.php?book\\_id=953](http://www.sterlingcodifiers.com/codebook/index.php?book_id=953)> accessed on April 16, 2015.

<sup>8</sup> “2012 Iowa Housing Study,” RDG Planning & Design and Gruen Gruen Associates, p. 35, <<http://www.rdgusa.com/crp/iowahousing/images/Conference%20Presentation%20-%20updated.pdf>> accessed on April 22, 2015.

<sup>9</sup> “Housing Choice Vouchers Fact Sheet,” 2014 U.S. Department of Housing and Urban Development, <[http://portal.hud.gov/hudportal/HUD?src=/topics/housing\\_choice\\_voucher\\_program\\_section\\_8](http://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8)> accessed on March 2, 2015.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> “Title VI of the Civil Rights Act,” U.S. Department of Housing and Urban Development, <<http://portal.hud.gov/hudportal/HUD?src=/programdescription/title6>> accessed on March 2, 2015.

<sup>13</sup> “Fair Housing – It’s Your Right,” U.S. Department of Housing and Urban Development, <<http://portal.hud.gov/hudportal/HUD?src=/programdescription/title6>> accessed on March 2, 2015.

<sup>14</sup> “Section 8 Administrative Plan – City of Dubuque,” Section V, Page 1, Section V Eligibility and Denial of Assistance, <<http://www.cityofdubuque.org/DocumentCenter/Home/View/3013>> accessed on March 15, 2015.

<sup>15</sup> “HUD Publishes New Proposed Rule on Affirmatively Furthering Fair Housing,” U.S. Department of Housing and Urban Development, HUD No.13-110, July 19, 2013, <[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2013/HUDNo.13-110](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-110)> accessed on March 2, 2015.

<sup>16</sup> Ibid.

<sup>17</sup> “HUD’s Notice of Proposed Rulemaking on Affirmatively Furthering Fair Housing,” <[http://www.huduser.org/portal/affht\\_pt.html](http://www.huduser.org/portal/affht_pt.html)> accessed on March 15, 2015.

<sup>18</sup> Ibid.

<sup>19</sup> “Summary,” HUD’s Notice of Proposed Rulemaking on Affirmatively Furthering Fair Housing, U.S. Department of Housing and Urban Development, <[http://www.huduser.org/portal/publications/pdf/affht\\_summary.pdf](http://www.huduser.org/portal/publications/pdf/affht_summary.pdf)> accessed on April 16, 2015.

<sup>20</sup> Ibid.

<sup>21</sup> AFFH Template Maps, <<http://www.huduser.org/portal/publications/pdf/AFFH-Template-Maps-2014.pdf>> accessed on April 22, 2015.

<sup>22</sup> Elena Gaona, “HUD and City of Dubuque, Iowa Settle Allegations of Discrimination Against African Americans,” U.S. Department of Housing and Urban Development, HUD No. 14-034, April 15, 2014, <[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2014/HUDNo.14-034](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2014/HUDNo.14-034)> accessed February 12, 2015.

<sup>23</sup> “Directions, Chicago, Illinois to Dubuque, Iowa,” April 21, 2015, Mapquest.com, <<http://www.mapquest.com/maps?1c=Chicago&1s=IL&2c=Dubuque&2s=IA&2z=52001#dd163fe695a70956b0207051>> accessed on April 22, 2015.

<sup>24</sup> “Dubuque (city), Iowa,” U.S. Census Bureau Quickfacts, <<http://www.Quickfacts.census.gov/qfd/states/19/1922395.html>> accessed on April 22, 2015.

<sup>25</sup> “Can the Chicago Housing Authority Get on Track?” *The Chicago Tribune*, December 21, 2013, <[http://articles.chicagotribune.com/2013-12-21/opinion/ct-chicago-housing-authority-edit-1221-20131221\\_1-charles-woodyard-ceo-lewis-jordan-public-housing-high-rises](http://articles.chicagotribune.com/2013-12-21/opinion/ct-chicago-housing-authority-edit-1221-20131221_1-charles-woodyard-ceo-lewis-jordan-public-housing-high-rises)> accessed on April 25, 2015.

<sup>26</sup> Thomas Barton, “Updated: Dubuque to Consider Closing Waiting List for Federal Housing Vouchers,” *Dubuque Telegraph Herald*, April 26, 2015, <[http://www.thonline.com/mobile\\_new/news/article\\_8cbdf522-ea8b-11e4-9d53-539012436f29.html](http://www.thonline.com/mobile_new/news/article_8cbdf522-ea8b-11e4-9d53-539012436f29.html)> accessed on April 26, 2015.

<sup>27</sup> “Vacant Unit Listing,” April 21, 2015, City of Dubuque, <<http://www.cityofdubuque.org/DocumentCenter/View/15611>> accessed on April 26, 2015.

<sup>28</sup> “Community Development Block Grant,” Iowa Economic Development, <<http://www.iowaeconomicdevelopment.com/Community/CDBG>> accessed on April 17, 2015.

<sup>29</sup> “Annual Performance Plan: 2014,” The State of Iowa, Consolidated Plan for Housing & Community Development, p. 6, <<http://www.iowaeconomicdevelopment.com/UserDocs/documents/IEDA/2014AnnualPerformanceReport-FINALDRAFT.pdf>> accessed on April 17, 2015.

<sup>30</sup> *Ibid.*, pp.7-8.

<sup>31</sup> “Minutes 2014-09-08,” Earlham City Council Meeting Minutes, <<https://earlham-ia.org/index.php/city/city-council/minutes/496-minutes-2014-09-08?tmpl=component&print=1&page=>> accessed on April 18, 2015.

<sup>32</sup> “About-Staff,” Southern Iowa Council of Governments, <<http://www.sicog.com/about/staff>> accessed on April 18, 2015.

<sup>33</sup> “Minutes 2014-10-13,” Earlham City Council Meeting Minutes, City of Earlham, <<http://www.earlham-ia.org/index.php/city/city-council/minutes/506-minutes-2014-10-13>> accessed on April 18, 2015.

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