

Alameda landlords cut rents

200 offer voluntary reductions to cover Section 8 gap, but many still fear for poor tenants

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Thursday, June 17, 2004 - ALAMEDA -- Landlords, it turns out, have feelings too.

A group of about 200 local landlords informally agreed Tuesday to voluntarily roll back rents to keep poor families on the city's cash-strapped housing assistance program, and to keep vacancy signs away from their front yards.

Alameda Housing Authority Executive Director Michael Pucci said lower rents would leave more money in the Section 8 program, making it possible to keep significantly more families from being dropped.

While 200 landlords unofficially agreed to cut rents, a total of 600 participate in the Section 8 program in Alameda.

The city's housing authority said earlier this month it would cut 240 families from the federal housing assistance program, and by extension end 240 contracts with landlords.

Property owners rallied Tuesday against that decision, many agreeing they wanted to be part of the solution.

"I'm not a hard-nosed fellow," said Yim Louie, an elderly man who rents two apartments in an eight-unit Pacific Avenue complex to families receiving rent subsidies.

"Good tenants are hard to come by," Louie said, "and they're good tenants."

He plans to reduce rent for the two-bedroom units to \$1,200, he said. He currently charges about \$1,375.

Like many landlords, Louie is as surprised as his tenants who learned earlier this month they would no longer receive rent aid from the government.

When asked how he thought his tenants might come up with the \$1,200 without Section 8 money, he said: "I have no idea."

Crowded into a humid church Tuesday, landlords complained the housing authority was forcing tenants to break the law by giving them less than a month to vacate properties and find alternative housing.

This excerpt is provided by the Rental Housing Association of Northern Alameda County. www.rhanac.org 510-893-9873

Tenants received notice June 5 that their rent subsidies would be terminated.

Many landlords at the meeting said they are negotiating payment plans with tenants, while others said they have no idea what their tenants will do to fill the gap.

Landlord Suzanne Bernhard said she would sell her property before evicting her tenant, a single mom who came to her with nothing -- no car, no furniture -- and has been a "spotless" tenant.

"I'm going to survive," said Bernhard, close to tears. "But my tenant is going to be homeless. My heart breaks for her."

Bernhard said she met with a real estate agent this week to sell the Santa Clara duplex she bought in October 2002 as a rental property.

She can't afford to subsidize the Section 8 portion of her tenant's rent -- which is 90 percent of \$1,500 a month for a three bedrooms, she said. Nor can she afford another vacancy.

"The market is too soft."

Landlord Barbara Kahn said she and her husband will allow their two Section 8 tenants and their families to stay put, despite considerable economic loss to them.

Both tenants are bouncing back from difficult circumstances, she said, and have come too far for her to pull the rug out from under them.

"How could we?" Kahn said. "We will swallow it, and get a damn new president," she said, referring to President Bush.

In January, Congress passed legislation that the federal Housing and Urban Development agency says requires it to reform reimbursement rates to curb rising Section 8 costs.

Alameda will receive a little more than \$18 million from HUD this year, significantly less than previous years, Pucci has said.

The HUD money makes up 80 percent of the agency's budget, and is not enough to cover the costs of the city's outstanding 1,659 housing vouchers, he has said.

Many landlords blamed Bush for the crisis, saying they are starting to feel the bite of an administration out of touch with the common people.

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In the meantime, the Alameda Housing Authority is seeking additional money from HUD.

Pucci sent a letter last month to HUD asking for \$1.5 million to replenish the authority's reserve funds.

The housing authority "blew through" that amount to pay last month's rent, Pucci said.

Alameda could also receive an additional \$100,000 monthly from HUD if the agency accepts readjusted reimbursement figures submitted by the city this week.

The housing authority misinterpreted the new HUD funding formula when it originally determined its annual budget, Pucci said.

At the same time, Alameda is asking landlords to voluntarily lower their rents. It is also researching whether Section 8 rents here are higher than market rates, in which case the housing authority could force reductions.

Tuesday, it seemed the request could be met with success. But landlords said before reducing rents they want assurances their tenants won't be dropped.

Gallagher and Lindsay Senior Property Manager Lisa Fowler said while the rent reductions would be a big hit to landlords, it's even more damaging to the Section 8 program, which is only now slowly overcoming a poor reputation, she said.

"For this to happen, it is very unfortunate. It will be something that is going to haunt this program for a very long time," she said.