

The Shutdown is Over, but the Pain for Low-Income Families Lingers

By: Suzy Khimm, NBC News



After Child Protective Services in Pocatello, Idaho, took her son away in April, Candice Cluff fought to get back on her feet and regain custody. She left an abusive relationship, went into treatment for meth addiction, got sober and started a new job as a hairdresser.

Then, nearly a month ago, she got a call that she was finally off the waiting list for a Section 8 housing voucher — a subsidy that will enable her to rent a two-bedroom home, which she's required to have before she can

reunite with her 2 1/2-year-old son, who has been in foster care.

But Cluff's long-awaited voucher has been on hold for weeks. First it was delayed by the record 35-day government shutdown, and now, as the federal government reopens and catches up, the timeline remains uncertain.

"This is the last thing standing in between me getting my son back," said Cluff, 30, speaking last week before the government reopened. "It really hurts knowing I'm doing all the work I possibly can, and now this is an obstacle that I have no control over."

Cluff is one of many whose hopes and plans were upended by the longest government shutdown in U.S. history, and her situation demonstrates the vulnerability of many Americans when Washington politicians get into a spending dispute — a possibility that could recur when the current temporary spending bill expires in less than three weeks.

She was among the thousands of low-income Americans across the country who were frozen out of the Section 8 voucher program during the shutdown, prohibited from accessing public subsidies to private landlords who rent to about 2.2 million families. When vouchers became available through turnover, many local housing authorities decided to stop re-issuing the vouchers to new participants because they couldn't guarantee they'd be able to pay landlords after February, according to Steve Berg, vice president for programs and policy at the National Alliance to End Homelessness, an advocacy group.

While federal workers went back to the Department of Housing and Urban Development on Monday — 95 percent of them had been furloughed during the shutdown — Congressional staffers and budget experts say that it will take time for HUD to get its affairs in order and get approval from the White House to extend funding for the Section 8 vouchers and other affordable housing programs past February.

"It's going to take a time for them to clean up the wreckage and get the money out the door," said Ellen Lurie Hoffman, federal policy director of the National Housing Trust, a nonprofit that advocates for affordable housing and owns HUD-funded rental properties. "Everyone at HUD is blowing the dust off their desks, literally."

The Shutdown is Over, but the Pain for Low-Income Families Lingers (Cont'd)

The shutdown stopped affordable housing vouchers from being passed on to new families, lengthening wait times for assistance and putting a strain on local homeless shelters that are already overflowing in the dead of winter. Housing Alliance & Community Partnerships, the local housing authority, froze about 50 Section 8 vouchers that it normally would have re-issued to those on the wait list, which is more than 400 people long, including Cluff, according to Sunny Shaw, the organization's executive director.



Shaw, like other local housing officials across the country, isn't going to release the new vouchers until she receives greater assurances that HUD can and will fund the program through the end of April — especially since the federal government is only open for the next three weeks, with another potential shutdown looming in mid-February.

When asked on Monday if HUD would now be able to extend funding for Section 8 vouchers, the department declined to answer. "We're slammed," said spokesman Brian Sullivan, who offered to reconnect "later this week or next." The White House's Office of Management and Budget did not respond to a request for comment.

In the meantime, families who have been waiting — typically for years — to enter the Section 8 voucher program remain in limbo. That includes urgent cases like Cluff's — she received expedited consideration after applying last June. "She would be getting ready to have a voucher issued, but the paperwork has been put on hold," Shaw said.

Public housing authorities administer Section 8 vouchers on behalf of HUD, and HUD made it clear during the shutdown that it could only guarantee funding for those vouchers through the end of February. That made some housing authorities reluctant to move forward with new housing contracts they might not be able to honor, and why they are waiting for HUD to commit more funding before opening up the program again.

"We don't feel like it would be fair to set landlords and tenants in a situation that could end poorly, pressuring tenants to move," said Shaw, adding that she didn't want to undermine landlords' trust in the local housing authority by shortchanging them.

The same thing is happening in York, Pennsylvania, where the local housing authority stopped re-issuing all Section 8 vouchers during the shutdown, including a handful designated for chronically homeless veterans, according to Regina Mitchell, executive director of the Housing Authority of the City of York.

The shutdown froze Section 8 vouchers for more than 200 families in central Pennsylvania, and they are all still on hold until local housing officials get the green light from HUD, Mitchell said. The delayed vouchers could continue to burden local homeless shelters and other service providers that are already overflowing.

CPNs and their Negative Effects on Resident Screening

A decade after the financial crisis, many key economic indicators give hope that American's are back on their feet and are financially healthier. One metric trending up is the average FICO score, which in 2016 hit a record high of 699. While the sea-level of credit health has risen overall, not all have joined in the recovery. According to Experian, a staggering 68 million Americans are currently operating with poor or bad credit, which is defined as a sub-600 credit score.

With 30 percent of Americans in a high-risk bracket, many have resorted to credit privacy numbers (CPNs) as a means to avoid historical records that otherwise would disqualify the candidate from housing, loans and other major financial transactions.



What is a CPN?

It's important to differentiate between what CPNs are marketed as and what they actually are. Through ads targeting high-risk individuals, groups selling CPNs entice individuals with claims of a clean credit slate and most commonly, the car, house or apartment that is beyond reach. For approximately \$150 to \$250, a group such as CPN Direct will provide the buyer with a "clean" 9-digit CPN which can be used in place of their existing SSN on credit, loan and lease applications. Included within each CPN package are credit lines that have been opened and maintained to establish good credit -- often in the 750 range -- for the buyer.

Using CPNs in place of an SSN in a financial transaction is a federal crime, according to the Federal Trade Commission -- and for good reason. CPNs are directly tied to predatory identity theft practices that target children, the elderly and those incarcerated for long periods of time, and aim to build credit off of the victims' stolen Social Security numbers. With each victim group, it often is years after the events that the crime is recognized, often crippling the victims' financial wellbeing.

The Marketplace

CPNs are the finished product of a much larger black market economy that is fed by the endless stream of data breaches plaguing the U.S. during the past decade. Breaches of highly sensitive Personally Identifiable Information (PII) in the hacks of Equifax, Facebook and Target, to name less than 1 percent of the breaches in 2017 alone, have flooded the black market with hundreds of millions of sensitive records. These records, which include SSNs, street addresses, ID numbers, personal history and more are bought wholesale by dealers who take the information and "clean" it. A sorting of the wheat from the chaff, cleaning refers to fraud rings removing individuals that are likely to monitor their credit, from those high-risk groups like young, old, and otherwise compromised individuals, according to the Federal Reserve Bank of St. Louis. With clean SSNs in hand, CPN brokers open and nurture credit lines for future use by their buyers.

CPNs and their Negative Effects on Resident Screening (Cont'd)

While originating through illegal channels, CPNs in their final forms are marketed in much more benign corners of the Internet, such as Craigslist, often underplaying their services as credit repair services. In a twist that will sound familiar to many property managers in rental housing, listings generally offer full-service packages that include supporting documentation that includes pay stubs, illegal call centers for references and forged IDs to pair with CPNs. This practice is known as creating a Synthetic Identity.

Multifamily on Guard

Unlike other fraud schemes such as chip reading, which focuses on flash scams, CPNs and Synthetic Identity fraud are designed for major transactions, including apartment rentals. While the cost of a resident skipping or being evicted varies greatly by market, the cost to prematurely turn an apartment is universally a burden of time and finances for a management company. Compounding the risk of fraudulent lease activity are secondary risks to premise liability that all rental housing operators must factor in.

Regarding the risk associated with fraudulent renting, Terry Slattery, Chief Executive Officer of CheckpointID, says, "In the past, we took evictions at face value, but in today's marketplace, we are now recognizing that we're recycling high-risk renters into our rental pipeline and damaging bottom-line earnings. It's not a recipe for healthy growth, so we need to work together to protect stakeholders and honest renters alike."



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