

The Impact of Sequestration on Affordable Housing and Community Development

Congressional Briefing

October 18, 2012



**Campaign for Housing and
Community Development Funding**



Introduction

Campaign for Housing and Community Development Funding (CHCDF)

coalition of more than 70 national organizations concerned about funding affordable housing and community development programs

National Housing Trust (NHT) national non-profit engaged in housing preservation through public policy, real estate development, and lending

Presenters

Doug Rice, Senior Policy Analyst, Center on Budget and Policy Priorities

Hilary Saunders, Tenant Advocate and Board Member, Tenants & Neighbors, NY

Bill Faith, Executive Director, Coalition on Homelessness & Housing in Ohio

Regina Mitchell, Executive Director, College Park Housing Authority, MD

Arnold Cohen, Policy Coordinator, Housing and Community Development Network of New Jersey



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Doug Rice

Senior Policy Analyst
Center on Budget and Policy
Priorities



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Sequestration

- **Budget Control Act of 2011:**
 - Imposes binding caps on spending for defense and non-defense discretionary programs in FY 2012-2021. Together with spending reductions enacted in FY 2011, these caps will reduce discretionary spending by \$1.5 trillion over ten years
 - Requires across-the-board cut (sequestration) of non-exempt discretionary and mandatory programs, beginning on January 2, 2013. Also further reduces spending caps in FY 2014-2021
- **Sequestration:**
 - Housing and community development programs would face an estimated 8.2% cut in funding in FY 2013



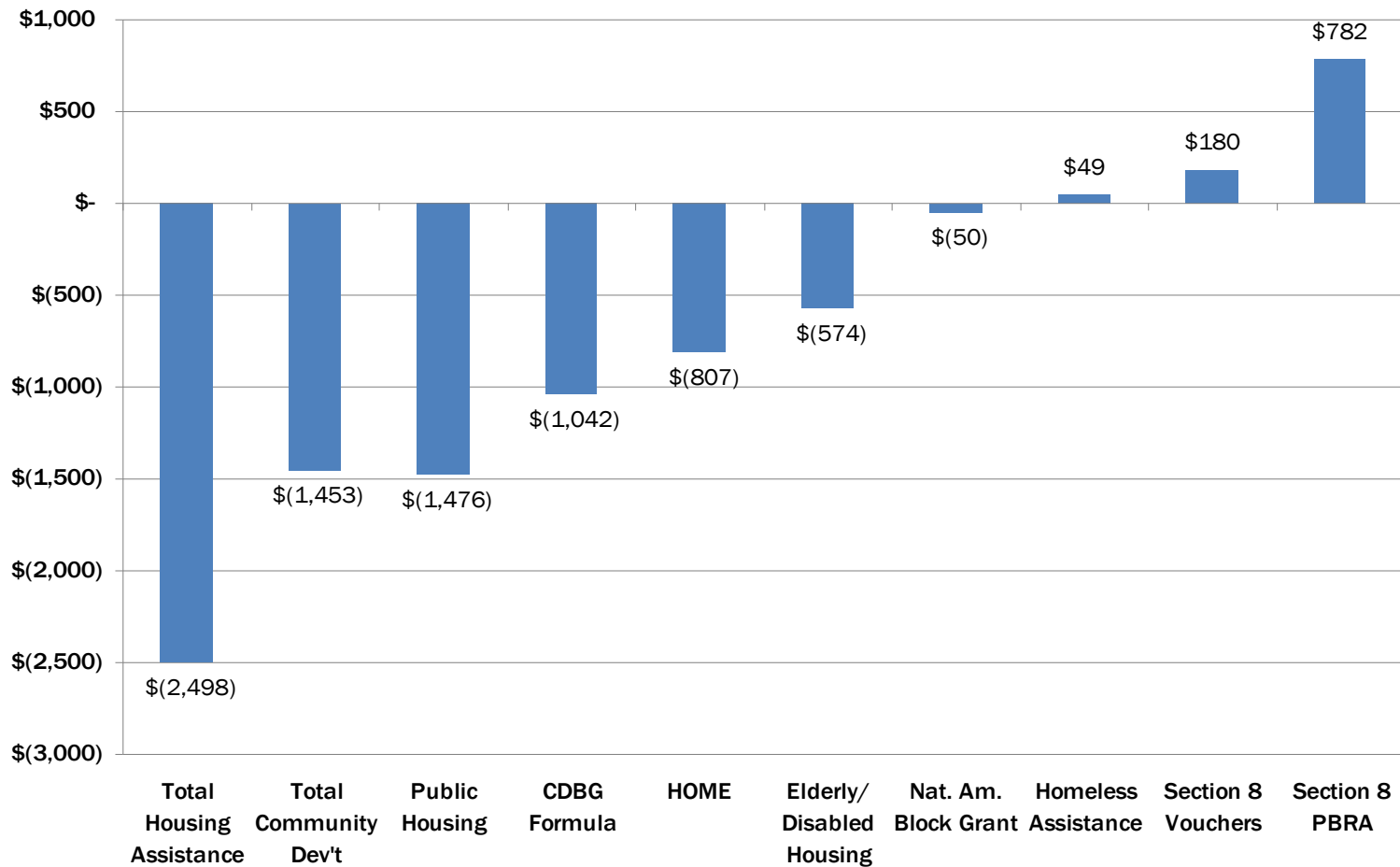
OVERVIEW

1. Congress has already enacted deep cuts in housing assistance and other essential resources for low-income families and communities – and these cuts will continue to deepen in coming years under the Budget Control Act.
2. Under sequestration in 2013, hundreds of thousands of low-income families would lose rental assistance, and communities would lose \$3.5 billion in HUD/USDA housing and community development funding.
3. To protect vulnerable low-income families and communities from further cuts, sequestration should be cancelled and replaced only with a balanced package to reduce projected deficits through mandatory savings and significant revenue increases.



Congress Cut Funding for Housing by \$2.5B and CD by \$1.5B Over the Last Several Years

Change in Funding, 2010 - 2012, in millions of nominal dollars

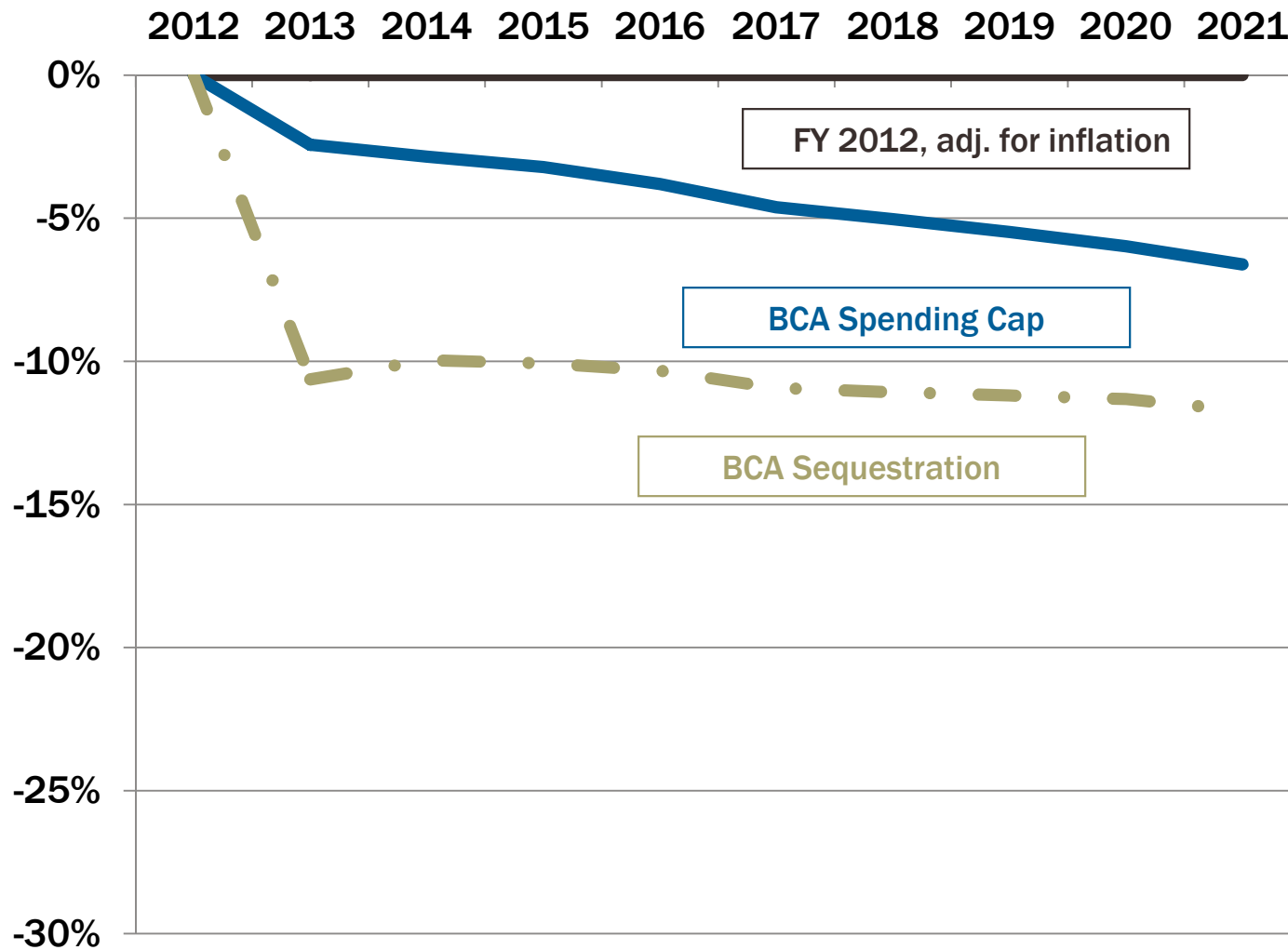


Source: OMB public budget database.

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BCA Spending Caps Will Force Further Cuts in NDD Spending Over the Next Decade



Source: CBPP analysis based on CBO data.

Impact of Sequestration in 2013

- \$1.5 billion cut from Section 8 vouchers; as many as ~180,000 families could lose vouchers in 2013
- \$772 million cut from Section 8 Project-Based Assistance
- \$325 million cut from public housing operations; capital funds would be cut by \$154 million
- \$241 million cut from CDBG formula grants
- \$156 million cut from homeless assistance
- \$82 million cut from HOME

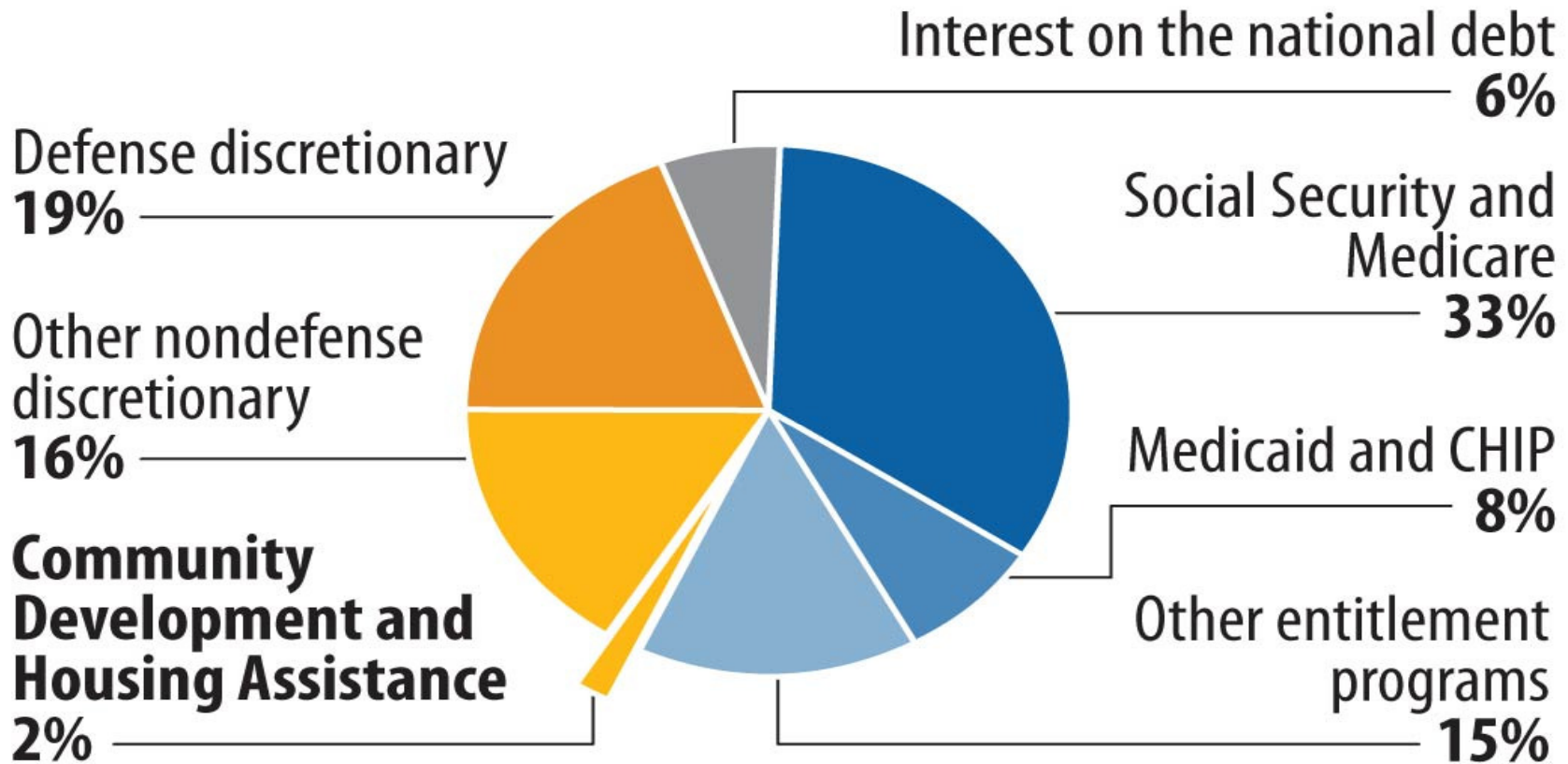


Source: All dollar figures are OMB estimates, and represent cuts below enacted FY 2012 funding levels.

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Federal Spending, FY 2011



Source: Office of Management and Budget



Center on Budget and Policy Priorities | cbpp.org

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How to Get Several Trillion \$ in Additional Deficit Reduction

- If Social Security, Medicare, and defense are largely protected...
- And there is little or no new revenue...
- Then there are only two major parts of the budget left to target:
 - 1) the *entitlement safety net for low-income households*; and
 - 2) *Nondefense discretionary programs*, including employment and training, education, Head Start, WIC, low-income housing and community development, research, infrastructure etc.
- Revenues are key: without them, nondefense discretionary programs and anti-poverty programs will face massive cuts.



Principles for Deficit Reduction

1. Low-income families and individuals should not be made worse off by deficit reduction actions, e.g., by experiencing increased housing cost burdens.
2. Sequestration should be cancelled and replaced with a balanced package of responsible mandatory savings and significant revenue increases.
3. Any additional deficit reduction must take into account the already enacted \$1.5 trillion in discretionary spending cuts. Funding for non-defense discretionary programs should not be cut below the level adopted under the BCA spending cap.
4. Deficit reduction efforts that include inflexible spending mechanisms such as spending or revenue caps should be opposed because they are likely to result in additional deep cuts to housing and community development programs.
5. Tax provisions that facilitate community development investments and expand the availability of affordable housing for low income households should be protected in any future deficit reduction or tax reform package.



Hilary Saunders

**Board Member – Schomburg
Plaza Tenants Association and
Tenants and Neighbors, NY**



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NEW YORK

Shortage of affordable, available ELI
units: **610,879**

Impact of Sequestration on Households

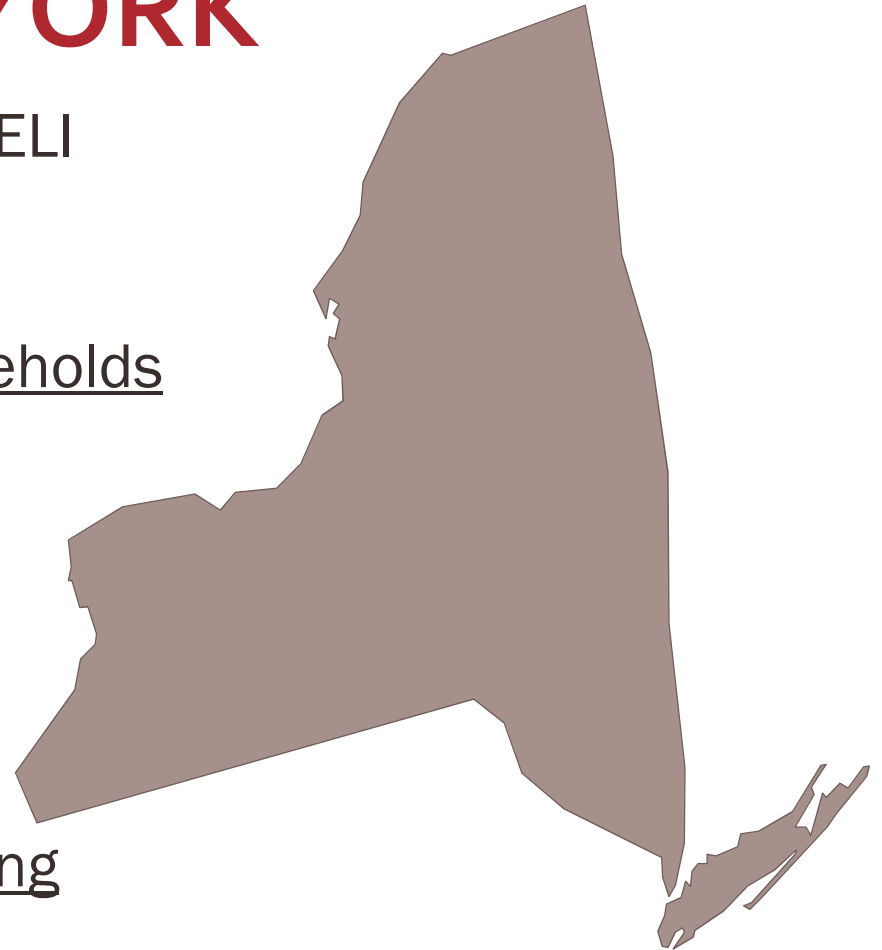
Housing Choice

Vouchers – **18,620 units**

PBS8 – **10,178 units**

Impact of Sequestration on Funding

Public Housing - **\$99.5 million**



Bill Faith

**Executive Director
Coalition on Homelessness and
Housing in Ohio**



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OHIO

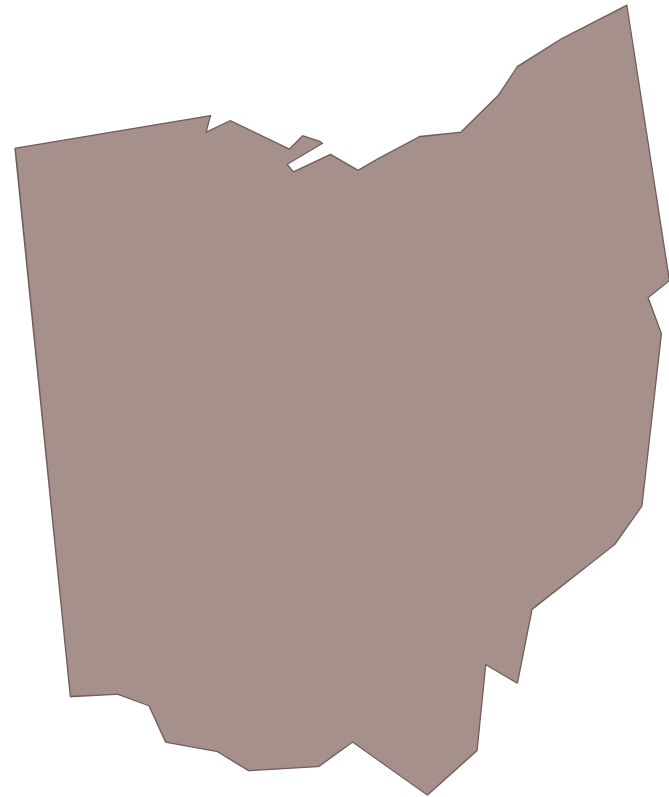
Shortage of affordable, available ELI units: **282,412**

Impact of Sequestration on Households

Housing Choice Vouchers – **7,652**

PBS8 – **6,860**

Impact of Sequestration on Funding
Homeless Assistance - **\$7.3 million**



Regina Mitchell

**Executive Director
College Park Housing
Authority, MD**



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MARYLAND

Shortage of affordable, available ELI units:

111,026

Impact of Sequestration on Households

Housing Choice

Vouchers – **3,524**

PBS8 – **2,410**

Impact of Sequestration on Funding

Public Housing - **\$10.3 million**



Arnold Cohen

**Policy Coordinator
Housing and Community
Development Network of New
Jersey**



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NEW JERSEY

Shortage of affordable, available ELI units:

189,044

Impact of Sequestration on Households

Housing Choice PBS8 - **4,384**

Vouchers - **5,350**

Impact of Sequestration on Funding

CDBG - **\$6.4 million**

HOME - **\$2.1 million**



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Questions?



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For Follow Up Please Contact:

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Coalition**

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