



Campaign for Housing and Community Development Funding

Working to ensure maximum federal resources for housing and community development.

What Your Members of Congress Need to Know About Sequestration Impacts on Affordable Housing and Community Development Programs

Background

On March 1, federal lawmakers made a choice to allow sequestration to take effect instead of replacing it with a balanced deficit reduction plan. This fiscal choice will impact the country for years to come.

Sequestration, automatic across-the-board cuts to defense and non-defense discretionary spending that started on March 1, was required by the Budget Control Act (BCA) of 2011. This deficit reduction mechanism was designed to spur Congress to negotiate a deficit reduction plan, which it failed to do. Requiring sequestration in the BCA was intended as a disincentive to failing to reach bipartisan agreement on a deficit plan. In addition to the sequester, Congress chose to enact \$1.5 trillion in cuts to discretionary programs as part of the BCA.

How will the sequester impact programs on the national and local level?

Virtually all HUD and USDA Rural Housing programs will be cut by 5.1%, an effective 9% cut for the remaining seven months of the 2013 fiscal year. Agencies do not have discretion in allocating these cuts. HUD estimates that this cut will cause 125,000 households to lose their Section 8 vouchers and become homeless; 100,000 formerly homeless people, the majority of whom are people with disabilities, to lose their homeless assistance and be back on the street; and 7,300 households served by the Housing Opportunities for Persons with AIDS Program (HOPWA) would lose assistance and be at risk of homelessness. Public housing agencies would be forced to defer maintenance and repairs of deteriorating units and add to the \$26 billion backlog of public housing capital repairs.

In addition to this loss of affordable rental housing for current tenants, the cuts will halt development of new affordable rental and homeownership units, eliminate funding for many community development activities, decrease funds leveraged through federal investment, and cause people to lose their jobs.

What your Representative and Senators need to hear

Choosing to continue the sequester will decimate affordable housing and community development programs and harm the low income households that the programs serve. For households served by HUD programs, many of these cuts will be felt immediately, unlike other agencies where impacts may take one or more months to appear. Congress must act to replace sequestration before low income households are harmed.

Any replacement deficit reduction plan needs to include significant revenues in order not to negatively impact these households. Flexibility of allocating these cuts will not lessen the negative impacts for low income households and may result in significantly greater burden for vulnerable households. Without an increase in revenue included in a deficit reduction agreement, it will be impossible to reach a deficit goal without cutting discretionary spending, which would likely include continued cuts to HUD and USDA affordable housing and community development programs.

Talking Points

- Due to the non-defense discretionary cuts under sequestration, [Insert state] is about to lose \$[Insert dollar amount from totaling figures listed in CBPP table] in funding from six HUD programs alone. Unfortunately, these funds cannot be supplanted by state funds- the financial hole that is about to be created is simply too large.
- These non-defense discretionary cuts are about to cause hundreds of thousands of low income households to lose their housing or shelter in our state; [Insert state figure from CBPP report] households would lose their Section 8 vouchers; public housing units would be underfunded by [Insert state figure from CBPP report]. HOME affordable housing funds that address the shortage of affordable units would be cut by [Insert state figure from CBPP report].
- Nationwide, 100,000 formerly homeless people will lose their housing or shelter and be out on the street- thousands of these men, women, and children will be forced to live on our streets in [Insert state/municipality as appropriate].
- Community development funding in our state is being slashed by [Insert state figure from CBPP report] impeding the development of [insert local example].
- In our state, there are already [Insert state figure from NLIHC State Housing Profiles] low income households who are severely rent burdened. [Insert local example of need such as the number of households on Section 8 or public housing waiting lists.] Adding thousands of households in need to this total does not represent progress for the people of [Insert state].
- Congress must chose to stop these harmful impacts for low income households and replace sequestration immediately, before the full effects of housing and job loss are experienced.
- While we must work to reduce our nation's deficit over the long-term, balancing our budget should not be done on the backs of the middle and low-income families in our state and nation.
- Congress must also include significant revenues in any sequestration replacement bill. Otherwise, this would force even deeper cuts to housing and community development programs essential to middle and lower-income families and to key investments for future economic growth. Flexibility of allocating cuts would not protect low income households and could ultimately lead to even worse cuts for HUD and USDA Rural Housing programs.
- Discretionary programs have already been cut by \$1.5 trillion through the Budget Control Act of 2011 and the depth of these cuts must be taken into account. Additionally, tax provisions that create affordable housing and invest in community development for low and moderate income households should continue to be protected.
- We urge you to immediately take action to replace sequestration with a deficit reduction plan that protects the low income households in need of affordable housing and community development resources. Any proposal that either allows flexibility in allocating cuts or fails to include significant revenue will endanger low income households and the affordable housing and community development resources that they rely upon.
- Implementing and continuing sequestration is a choice that Congress is making, one that will harm [is starting to harm] constituents in [Insert state/district. We urge you to do your part to prevent [reverse] this harm.

Resources

- Center on Budget and Policy Priorities Sequestration Estimates: <http://www.cbpp.org/files/1-28-13hous.pdf>
- National Low Income Housing Coalition State Housing Profiles: <http://nlihc.org/library/housingprofiles>
- Campaign for Housing and Community Development Funding Deficit Reduction Principles: http://nlihc.org/sites/default/files/CHCDF_Statement_on_Deficit_Reduction.pdf