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Using the Media to Track the Effects of Sequestration on Low Income Housing Programs

Sequestration refers to the across-the-board budget cuts to federal programs that are subject to annual appropriations (also known as discretionary funding) that took effect on March 1, 2013 in accordance with the Budget Control Act (BCA) of 2011. All programs were cut by 5% on an annualized basis. Because these cuts were implemented five months into the fiscal year, the effective rate of the sequester cuts was 9% for the remainder of FY13. Sequestration cut nearly all programs administered by the Department of Housing and Urban Development (HUD).

All recipients of HUD funds, including public housing agencies (PHAs), state and local governments, and private housing providers, which were subject to the cuts, were left to determine how they would be implemented. The first reports of the effects of the cuts on low income people were found in the media.

The National Low Income Housing Coalition (NLIHC) has compiled and analyzed impacts from 314 articles published between February 25 and September 30, 2013 that cover the local impact of sequestration of housing programs that serve the lowest income households. The articles are from 42 states, the District of Columbia, and Guam.

This analysis highlights the major reported impacts for low income households across the country including having Section 8 vouchers rescinded before households could lease a home, remaining on Section 8 voucher waiting lists because voucher turnover was halted, having rent payments increased, and waiting longer for repairs and maintenance of housing units. In compiling the media reports, NLIHC categorized the reported impacts as: voucher termination, voucher loss from attrition, voucher rent increases, other voucher

challenges, public housing rent increases, public housing vacancies, homelessness, delayed production of housing, community development barriers, loss of or change in quality of employment, and/or general challenges. The categorization of impacts includes whether an effect was reported as an actual or an expected impact.

Deep Cuts to HUD Programs

The articles indicate that tens of thousands of low income households were or expect to be affected negatively by the sequester cuts to federal affordable housing programs. The sequester cuts were layered on top of already deep cuts to HUD programs, reducing funding for some programs by nearly 50% during the last three fiscal years. Many HUD programs have barely maintained service levels despite the increasing need for affordable housing by low income households. These latest cuts due to sequestration compound years of struggle to operate programs with less funding. Many PHAs and other organizations administering HUD-funded programs are no longer able to provide services to the same number of consumers.

The media coverage of sequestration and HUD programs reveals several immediate effects, described below.

Section 8 Vouchers Recalled

The most striking impact of the sequester reported is of families losing newly issued vouchers just as they were ready to lease long awaited homes. The first way for many PHA to cut back was to recall vouchers that had been issued to people on their waiting lists before leases could be signed. By mid-October, news outlets reported that 1,732 households had lost the opportunity to lease units with Section 8 vouchers that had been issued, but then recalled. PHAs reported that they expected to recall vouchers for another 11,600 households.

In April 2013, the Housing Authority of New Orleans in Louisiana recalled vouchers that had been issued to 700 families that had not yet had the chance to lease up apartments.¹ In the same month, a man living in Fairfax, Virginia had received a voucher that was rescinded before he could lease an apartment. The former custodian had significant health problems and expected to lose his current home.²

Section 8 Vouchers Shelved

Another impact is that PHAs have stopped or expect to stop issuing vouchers, preventing more than 37,000 households from having the opportunity to access housing vouchers. The articles indicate that the majority of these households remain on waiting lists and in housing that is unaffordable to them.

Numerous reports cited PHA decisions to freeze housing choice vouchers once they were notified of funding cuts. Congress has not funded new vouchers in many years, but PHAs can reissue vouchers that are turned in by residents who no longer need them. Now, many PHAs were reported to be holding these vouchers and not reissuing them to the next households on their waiting lists. In March 2013, the Durham,

North Carolina Housing Authority announced it would stop reissuing vouchers, which was expected to result in a 7% decrease in the number of people served by the program.³ In Lincoln, Nebraska, a grandmother with two young children who were living in emergency shelter and next on the voucher waiting list had to remain in shelter because the Lincoln Housing Authority was not able to issue 180 vouchers it anticipated would be available.⁴

Other PHAs were reported as having growing waiting lists or closing voucher waiting lists to new applicants because the lists were too long. In Muskogee, Oklahoma, families who had already applied for vouchers would see a longer wait due to the PHA having to reduce the number of households it served by more than 10%.⁵ In Pennsylvania, PHAs in three counties were reported to have closed their voucher waiting lists after they stopped reissuing vouchers. A housing official in one of the counties said that families who do not receive housing assistance are forced to live in the homes of friends or relatives, fall into “a repeating routine of being evicted when they can’t keep up with market rents,” and become homeless.⁶

Raising Rents on Residents

Another way that PHAs are managing the cuts is to reduce the amount of Section 8 voucher and public housing assistance individual families receive. Numerous PHAs were reported as having issued tenant rent increase notices in the face of declining HUD funding. The Housing Authority of the City of Los Angeles, California expected to notify tenants of rent increases of \$100 to \$200 per month.⁷

Other Effects

Other impacts of reduced PHA funding include reduced provided, extended wait times for basic housing repairs, laying off staff, or reducing employee benefits. News outlets have only recently started covering the potential impacts of reduced community development funding for low income communities.

¹ Webster, Richard. (2013, April 29). HANO recalls 700 Section 8 vouchers, blames sequester. *The Times Picayune*. Retrieved from www.nola.com

² Laris, Michael. (2013, April 21). Those who need housing in Fairfax face tough times because of sequester. *The Washington Post*. Retrieved from www.washingtonpost.com

³ Gronberg, Ray. (2013, March 8). Sequester effects begin to surface at city, DHA. *The Herald Sun*. Retrieved from www.heraldsun.com

⁴ Hicks, Nancy. (2013, May 14). Sequestration means no new housing vouchers in Lincoln for a while. *Lincoln Journal Star*. Retrieved from www.journalstar.com

⁵ Burton, Wendy. (2013, March 2). Sequester to produce delays in city’s Section 8 program. *Muskogee Phoenix*. Retrieved from www.muskogeephoenix.com

⁶ Olanoff, Lynn. (2013, May 20). Federal sequester shuts Section 8 waiting lists in Northampton, Lehigh, Warren counties. *Lehigh Valley Live*. Retrieved from www.lehighvalleylive.com

Conclusion

In the seven months since sequestration was implemented, media outlets have reported a selection of the impacts that low income households experienced as a result. Additional PHAs have been forced to make changes to their housing choice voucher programs and public housing portfolios, and other agencies that administer HUD funds are making similar choices about the number of people they are able to serve with reduced funding. Due to the way other HUD funds are administered and state level budgeting practices, the impacts of cuts to other HUD programs, including Homeless Assistance, the media are not yet focused on some of these effects.

Based on the media coverage reviewed by NLIHC, it is clear that sequestration cuts to HUD programs have exacerbated the gap between affordable housing need and federal housing resources. Cutting HUD funding has created increased financial burdens for current residents of affordable housing, those who can least afford to bear the brunt of federal budget cuts.

The Americans featured in these media reports are the citizens most directly harmed by sequestration cuts to HUD programs. If Congress continues to sequester funding from HUD programs into the next fiscal year, these early measures of coping with cuts will be maximized and even more draconian changes will become necessary. The next step will be for people to lose housing assistance altogether and face eviction and homelessness.

NLIHC strongly opposes the sequestration of HUD and other non-defense discretionary funds for deficit reduction purposes. NLIHC supports replacing sequestration with a balanced deficit reduction plan that includes raising new federal revenues, while protecting the nation's most vulnerable people.

The compilation of articles is available in three formats: by state of media report, by date of media report, and by impact type as categorized by National Low Income Housing Coalition.

Additional impacts are expected to be reported in other program areas in coming months and this report will be updated to reflect new impacts reported by media outlets.

The articles were compiled by National Low Income Housing Coalition with the help of the Coalition on Human Needs, the Council of Large Public Housing Authorities, and the National Association of Housing and Redevelopment Officials.