

# Federal Housing Programs Suffer as Budget Lurches from Crisis to Crisis



by Charles Elsesser

Despite the downturn in housing prices in Florida, low-income families continue to suffer severely from a lack of affordable housing. A recent analysis by the Center for Budget and Policy Priorities found that in Florida alone, 680,800 very low-income renter households pay more than half their monthly cash income for housing costs. The median monthly income of these households is \$1,210 and the median housing costs are \$1,040, leaving only \$170 to pay for other necessities. About 35 percent of these severely cost-burdened renter households are headed by people who are elderly or have disabilities, while 31 percent are other families with children. With the State legislature withholding dedicated housing funds, there are virtually no State resources addressing these needs.

Thus, while we must redouble our efforts to restore State housing funds, we must also continue and increase our advocacy as federal funds assume an even greater importance. The Center's study estimates that there are a total of approximately 200,000 units in Florida assisted with HUD funding, including all Section 8 programs and Public Housing. And this housing is often the only housing available to the lowest income households.

And this year federal advocacy is consumed by the federal budget crises. There are actually three separate crises: the sequestration required by the Budget Control Act of 2011 (BCA); the debt ceiling limit; and the need for a 2013 Budget or Continuing Resolution. The BCA required the sequestration of discretionary funds for 10 years starting January 2, if Congress did not reach a comprehensive budget deal. The sequestration would mean making across-the-board cuts to achieve a \$1.2 trillion reduction in the deficit over a 10-year period. The National Low Income Housing Coalition had predicted that the sequestration would have required HUD and USDA to cut affordable housing programs by 8.2% to comply with the cuts required by the BCA.

On January 1, 2013, the night before the sequestration was to begin, Congress passed legislation, signed by the

President, which delayed the sequestration for three months. The bill extended unemployment insurance and refundable tax credits. It increased revenue by failing to continue income tax cuts on higher income households, and also provided some regulatory assistance to Low Income Housing Tax Credit projects so as to allow them to take advantage of a minimum credit rate of 9% provided by the Housing and Economic Recovery Act of 2008. And it delayed the sequestration until March 1, 2013. While the amount of the sequestration has been reduced it would still require a cut in the HUD budget of more than 5%. The Debt Ceiling limit was reached late last year. However, the government was able to continue to operate until late February at which time a shutdown would have been required. Again a last minute agreement was reached to increase the limit so as to allow the government to continue to operate until May 2013. Needless to say given this uncertainty about the government's income, there is no long term FY 2013 Federal Budget and the government is currently operating on a Continuing Resolution which expires March 27, 2013.

While the imminent crisis has been delayed a few months, the potential for serious harm to federal housing programs is very real. The sequestration would require HUD Budget cuts of over 5% from the FY 2012 Budget. However, several programs, including the Housing Choice Voucher Program and the Public Housing Operating Fund, would be greatly impacted if FY13 funding levels were not increased over FY12 levels, simply to account for inflation, as well as rapidly increasing rental costs. To continue serving all current residents, Section 8 voucher funding would need to be increased to account for inflation. Also in FY12, the Public Housing Operating Fund was cut when HUD required one-time contributions of reserves from public housing agencies (PHAs) to supplement the lower appropriation. That was a one-time saving and those funds must be restored in FY 13 if Public Housing is to be maintained. Thus even continuing the current level of funding constitutes a significant cut. **HNN**

**Author's Note:** Much of the information for this article, as well as additional information on the federal housing budget, is available at [www.NLIHC.org](http://www.NLIHC.org).