

# **What the Budget Negotiations Mean for Low-Income Housing Programs in 2014**

**November 12, 2013**



# Agenda

- 1) The Budget Control Act and the three waves of cuts in low-income housing programs
- 2) What could the budget negotiations mean for low-income housing programs in 2014?
- 3) New advocacy resources
- 4) Q & A

*With Panelists: Doug Rice and Barbara Sard*

# The Budget Control Act of 2011 (BCA)

1. **Discretionary funding caps:** Set binding limits in each fiscal year from 2012 to 2021, with separate sub-caps for defense and non-defense programs.
2. **Sequestration:** Triggered when Congress failed to agree on \$1.2 trillion more in deficit reduction:
  - i. In FY 2013, automatic, across-the-board cuts in non-exempt entitlement and discretionary programs; and
  - ii. In FY 2014 – 2021, lowered defense and nondefense discretionary funding caps (and cuts in non-exempt entitlement programs).



# Three Waves of HUD Housing Assistance Cuts Since 2010

Percent cut in HUD housing assistance program funding, relative to 2010, adjusted for inflation

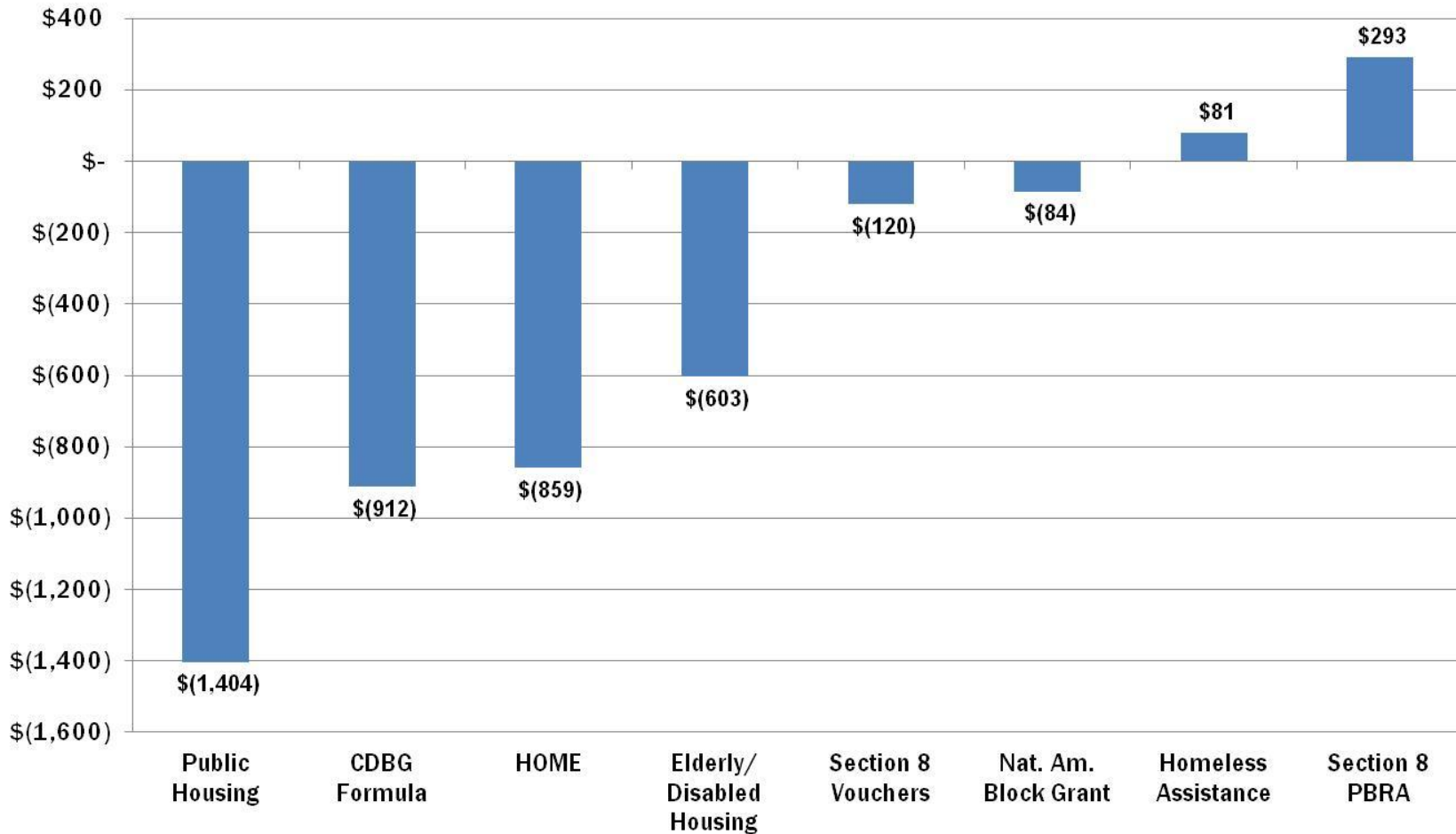


Note: Sources are OMB and CBO data. Figures include funding for public housing, the Section 8 programs, homeless assistance, HOME, and other HUD discretionary housing assistance programs, but not mortgage credit or community development programs.



# Housing Program Cuts Since 2010

Change in Annual Funding, 2010 – 2013, in millions of current \$

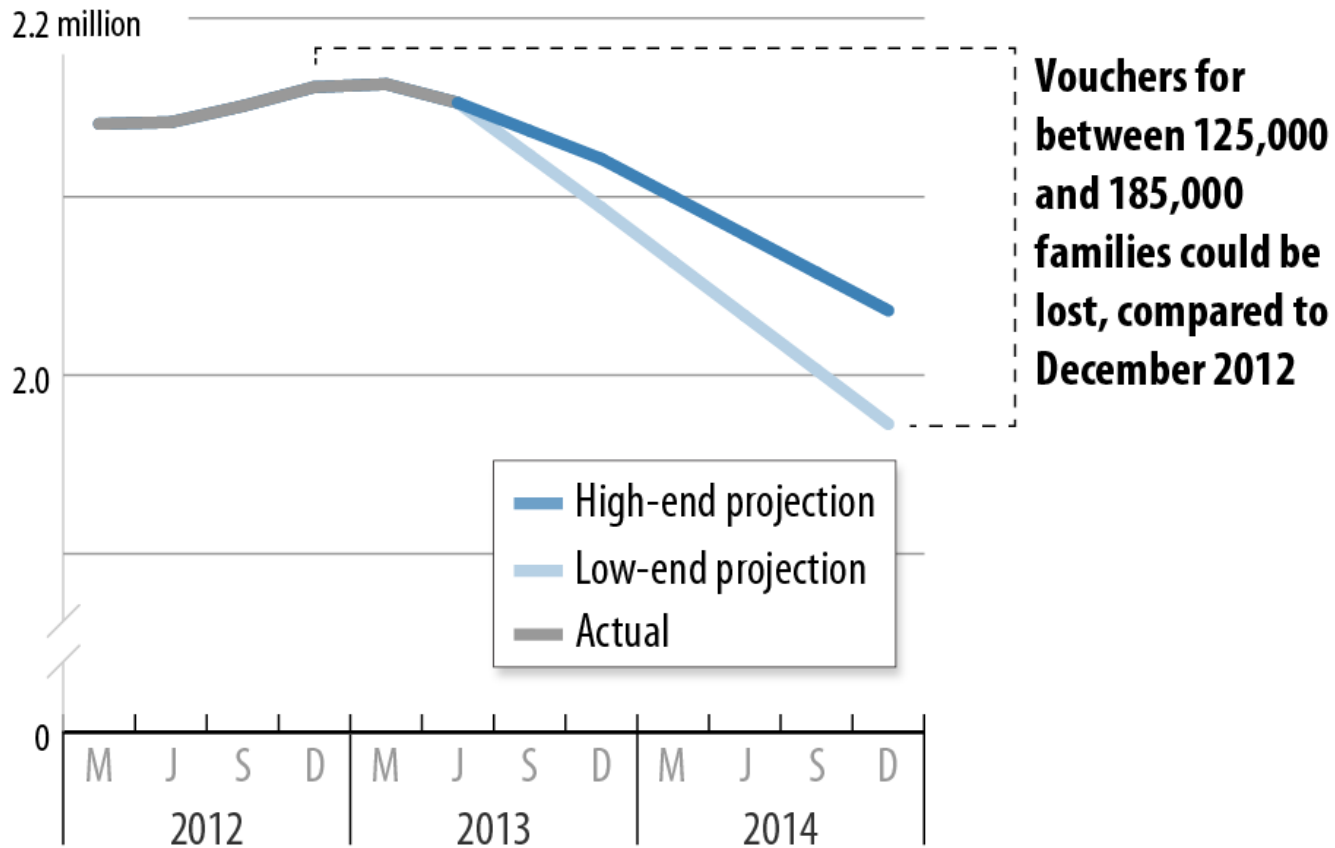


Source: OMB public budget database and HUD data.



# Sequestration Could Cut Housing Vouchers for as Many as 185,000 Families by the End of 2014

Number of families using housing choice vouchers



Source: Actual data through June 2013 from HUD's Voucher Management System. CBPP projections from July 2013 to December 2014 from HUD data.

# Timeline for FY 2014 Budget Decisions

- House/Senate budget conference due to report by December 13 – but some are pushing for a deal before Thanksgiving
- FY 2014 “Continuing Resolution” expires on January 15
- Federal debt ceiling waiver expires February 7



# What Happens to Discretionary Funding in FY 2014 Under the BCA Spending Caps?

**Table 1**

**2014 Discretionary Levels (billions of dollars)**

	Freeze at 2013 level after sequestration (CR)	Budget Control Act cap before sequestration	Budget Control Act cap after sequestration
Defense	518	552	498
<u>Nondefense</u>	<u>468</u>	<u>506</u>	<u>469</u>
Total	986	1058	967

Source: Joel Friedman et al., “Clearing Up Misunderstandings: Sequestration Would Not Be Tougher on Defense Than Non-Defense Programs in 2014,” Center on Budget and Policy Priorities, September 18, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4019>.

- In **nondefense** category, 2014 post-sequestration funding is roughly level with 2013
- In **defense**, 2014 post-sequestration funding is ~\$20 billion below the 2013 level (mostly because “fiscal cliff” deal reduced sequestration in 2013)



## Prospects for FY 2014?

- Goal is agreement to cancel or reduce sequestration in 2014 and 2015. Question is how to offset the cost and sticking point is revenues.
- **Opportunity:** Good deal could reduce or eliminate sequestration cuts – opening path for Congress to complete some FY 2014 bills (omnibus), including possibly T-HUD
- **Risk:** Bad deal could replace sequestration with harmful cuts in entitlement safety net or NDD programs, or provide “flexibility” instead of restoring funding for NDD programs
- **Default option** is full-year CR, with no changes in sequestration or discretionary funding caps; may include “anomalies” (i.e., funding adjustments)



## Proposed Funding Levels for HUD Programs in FY 2014 (Millions of dollars)

	<b>2013 post- sequestration</b>	<b>House 2014</b>	<b>Senate 2014</b>	<b>Senate minus House</b>
Housing Choice Voucher Renewals	\$16,349	\$17,000	\$17,568	+\$568
Housing Choice Voucher Admin	\$1,306	\$1,350	\$1,685	+\$335
Public Housing Operating	\$4,054	\$4,262	\$4,600	+\$338
Public Housing Capital	\$1,777	\$1,500	\$2,000	+\$500
Section 8 Project-Based Rental Asst.	\$8,851	\$9,451	\$10,700	+\$1,249
Homeless Assistance	\$1,933	\$2,088	\$2,260	+\$172
HOME	\$948	\$700	\$1,000	+\$300
Section 202 Elderly Housing	\$355	\$375	\$400	+\$25
Section 811 People with Disabilities	\$156	\$126	\$126	-
Native American Housing Grants	\$616	\$600	\$675	+\$75
CDBG Formula Grants	\$3,078	\$1,637	\$3,150	+\$1,513



## Making the Case

- Critical to document and publicize real harm of sequestration in 2013 – and in 2014 if not reversed.
- Both data and stories are important – key is to show impact on vulnerable people in local communities
  - e.g., people in shelters, disabled people in institutions, or others on waiting lists who are being denied assistance because of cuts
- Also important to highlight program success stories, to paint a picture of how rental assistance matters



## Messages

- HUD's rental assistance programs need more money to maintain current assistance to seniors, people with disabilities, working families with kids, reduce homelessness, and continue programs that work
- Any agreement to fix defense sequestration must restore funding for housing and other nondefense programs by an equal amount
- Key principle of any deal: should protect low-income Americans and avoid increasing poverty or hardship
  - Don't replace defense sequestration with domestic entitlement cuts



## Budget Conference Members

House: Rep. Ryan (WI), Rep. Price (GA), Rep. Cole (OK), Rep. Black (TN), Rep. , Rep. Van Hollen (MD), Rep. Clyburn (SC), Rep. Lowey (NY)

Senate: All [Democratic](#) and [Republican](#) members of the Senate Budget Committee

[House Appropriations Committee](#)

[Senate Appropriations Committee](#)



# How to Use CBPP HCV Utilization Fact Sheets

**New fact sheets for each state, with PHA data:**

- **Illustrate the harmful effects of sequestration**
  - Include CBPP’s estimate of vouchers cut in 2014 in each state if sequestration continues and funding is level with 2013.
    - Also show reduction in voucher utilization due to funding cuts and policy changes in 2005 – 2006. Comparison may be helpful to show likely longstanding impact.
  - Show value of voucher assistance funds to local property owners in 2012.
- **Serve as a starting point in understanding how effectively local agencies are using available funds.**
  - Stakeholders can use the data – together with [HUD data](#) on reserves at the end of 2012 and spending in 2013 – to open a dialogue with local officials about how to improve utilization, where appropriate.



## Resources

- [State fact sheets](#) on federal rental assistance, Housing Choice Voucher usage, and unmet need
- [State table](#) on voucher cuts in 2014 under sequestration
- [Report](#) on veterans' use of federal rental assistance
- [Chartbook](#) on budget deficits, the economy, and the budget negotiations
- [NDD United](#) toolkit on sequestration
- [July 19](#) and [November 6](#) reports on sequestration
- CBPP [webinar](#) materials