



Campaign for Housing and Community Development Funding

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

January 24, 2011

The Honorable John Boehner, Eric Cantor, Kevin McCarthy, Harold Rogers and Spencer Bachus
The Honorable Nancy Pelosi, Steny Hoyer, James Clyburn, Norman Dicks and Barney Frank
The Honorable Harry Reid, Richard Durbin, Daniel Inouye and Timothy Johnson
The Honorable Mitch McConnell, Jon Kyl, Thad Cochran and Richard Shelby

Dear Members of the Leadership of the House of Representatives and Senate:

The undersigned organizations write to express concern about reports that Congress may soon consider deep cuts in funding for non-security discretionary programs and the harmful effect such cuts could have on affordable housing and community development programs administered by USDA and HUD. These programs prevent homelessness, help families and communities ravaged by job losses and foreclosures to meet their basic needs, and support the creation of jobs and economic growth in both rural and urban areas. Reductions in funding for these critical programs would have a grave impact on vulnerable families and communities, and undermine the fragile economic recovery.

We agree that fiscal reform is needed and that, over the long term, growing debt presents a serious problem for our country. In addressing these challenges, however, we urge you to adhere to the following principles:

- **The burden of deficit reduction should not fall on programs that provide critical support for the nation's most vulnerable families and communities.** Because affordable housing and community development programs make up such a small share of the federal budget, deep cuts in these areas would have an insignificant effect on the federal budget deficit. Yet the harm caused to low-income families and communities would be substantial.

Despite softening in many rental housing markets, a large and growing number of low-income families pay housing costs that are unaffordable, and evidence suggests that homelessness is increasing in many communities. According to the Census Bureau, 5.6 million households with incomes below the poverty line — or about 60 percent of all poor renter households — paid at least half of their income for rent and basic utilities in 2009, an increase of 17 percent since 2007 and 45 percent since 2003. When families pay more than half of their low income for housing, they struggle to make ends meet and end up making hard choices about basic needs—often they must choose between skipping meals, not taking critical medications, or losing their homes. For these families and those living at homeless shelters or in the growing number of tent cities across the country, the economic crisis is painfully real each day.

- **Deficit reduction efforts should focus on the long term and not the short term, as immediate deep cuts in spending could undermine the fragile economic recovery.** Deep cuts in affordable housing and community development programs would be harmful at any time, yet they are particularly unwise while the economy is still weak. In his January 7 testimony before the Senate Budget Committee, Federal Reserve Chairman Bernanke noted that fiscal policymakers, “[i]n their planning for the near term, . . . will need to continue to take into account the low level of economic activity and the still-fragile nature of the economic recovery.” Many economists remain concerned that economic growth remains too anemic to reduce unemployment by a significant amount over the next couple of years. To slash federal spending in 2011 and 2012 would shrink an important source of demand in the economy, thereby undermining the modest economic growth that exists.

Moreover, investments in affordable housing and community development programs contribute in important ways to job creation and economic growth in disadvantaged communities. Federal rental assistance frees up resources for low-income families to spend on groceries, transportation, and medical care – and also helps small rental property owners with moderate incomes to maintain their buildings in good repair, reducing blight in neighborhoods where vacancy rates are high and home values are falling. Community development funding helps neighborhoods that are most in need by mitigating the adverse effects of concentration of poverty. Spending in all these areas also has a positive ripple effect in local economies. One study of eight large public housing agencies, for example, concluded that every dollar spent directly on public housing generated a total of \$2.12 in economic activity in the regional economies of those agencies.

- **A responsible deficit reduction plan must balance reduced spending in mandatory and discretionary programs with options for increasing revenues over the long term.** The report issued on December 1 by the President’s Commission on Fiscal Responsibility and Reform (the “Bowles-Simpson” plan) does not strike the right balance between spending and revenues, relying too heavily on deep cuts in spending, including funding for discretionary programs. Deep cuts in housing and community development programs will largely fall on the backs of those in poverty who have been hit the hardest by the recession.

We are particularly concerned about plans announced by the House leadership to cut funding for non-security programs in fiscal year 2011 back to the level provided in 2008. Such deep cuts, if imposed on affordable housing and community development programs, would have a devastating impact on low-income families and communities. For example, if funding for the Section 8 tenant-based and project-based rental assistance programs is cut back to the 2008 level in 2011, 500,000 low-income families would lose rental assistance. As a result, housing costs for these families – roughly half of which are headed by people who are elderly or have disabilities and a third of which include children – would double or triple, placing many at risk of losing their homes.

Moreover, we are concerned by press reports that additional deep cuts could be mandated as part of a broader deficit reduction plan. We understand that a bipartisan group of senators is using the Bowles-Simpson plan as a starting point for deficit reduction negotiations. Based on some of the proposals – including multi-year discretionary caps that would impose deep cuts in funding over the next decade – we fear that critical funding for affordable housing and community development programs is at risk.

In light of the economic benefits of housing and community development funding and the Great Recession's lasting and severe impact on millions of low-income families, the undersigned organizations respectfully request that you consider full funding for housing and community development programs in fiscal years 2011 and 2012, thereby helping to shield vulnerable American families from the devastating effects of unaffordable housing costs, foreclosures and homelessness.

Sincerely,

Community Action Partnership
Consortium for Citizens with Disabilities
Corporation for Supportive Housing
Council of Large Public Housing Authorities
Council of State Community and Economic Development Agencies
Enterprise Community Partners
Housing Assistance Council
Housing Partnership Network
Jesuit Conference
Lawyers' Committee for Civil Rights Under Law
LeadingAge (formerly AAHSA)
Local Initiatives Support Coalition
National AIDS Housing Coalition
National American Indian Housing Council
National Association of Housing and Redevelopment Officials
National Coalition for Asian Pacific American Community Development
National Coalition for the Homeless
National Community Development Association
National Council of State Housing Agencies
National Housing Conference
National Housing Trust
National Law Center on Homelessness and Poverty
National Low Income Housing Coalition
National Network for Youth
NETWORK, A National Catholic Social Justice Lobby
Rebuilding Together
Reconnecting America
RISE America
Stewards of Affordable Housing for the Future
The Jewish Federations of North America