

BALANCING THE BUDGET SHOULDN'T PUT PEOPLE ON THE STREETS!

The undersigned organizations strongly support federal affordable rental housing programs and urge that Congress adopt a sensible deficit reduction strategy that doesn't displace vulnerable households from stable affordable housing.

Full funding for HUD project-based Section 8 rental assistance included in the FY11 budget compromise and the Administration's FY12 budget proposal is commendable. We also strongly support additional time-sensitive proposals to assist households with expiring affordability protections. We urge that future funding maintain the commitment to America's most vulnerable households and to the public-private partnership upon which the project-based Section 8 program has endured for nearly 40 years.

Reductions in Section 8 funding would lead to rapid and significant harm to residents, property owners, borrowers, and lenders. Delayed or reduced payments on rental assistance contracts can lead quickly to defaults on underlying mortgages, resulting in increased claims against the FHA insurance fund and greater weakness in the commercial mortgage market. Loss of confidence in the reliability of Section 8 payments will lead lenders and investors to require larger reserves or refuse to finance preservation transactions or needed repairs. This will cause properties to deteriorate and create problems in the neighboring community and lead to more defaults and foreclosures.

We urge Congress and the Administration to support the following concepts:

- Deficit reduction efforts should not focus primarily on cutting non-defense discretionary spending, which represents only 12% of the federal budget. Federal housing and community development programs are essential to assisting vulnerable households, especially in a recession. Deficit reduction efforts must be balanced among domestic discretionary spending, security spending, mandatory programs, and improved revenues.
- Most residents of project-based Section 8 housing are elderly or disabled. In many cases stable housing helps to prevent higher social service expenses, especially for elderly and disabled residents and veterans. Housing funding also helps to support energy efficiency improvements and creates construction jobs.

- Spending caps, including numerical caps, caps on federal spending as a percentage of GDP, or similar proposals that rely on automatic rescissions would result in imbalanced deficit reduction and lead to deep cuts in rental assistance, gap funding for affordable housing production, and other housing and community development programs. Congress should not use such devices as a substitute for setting clear spending priorities.
- Congress should also preserve and improve the Low Income Housing Tax Credit, which has proved itself effective and important for producing and rehabilitating affordable rental housing in partnership with the private sector for nearly 25 years.
- Deficit reduction efforts should abide by the principle that low income families and individuals should not be made worse off by deficit reduction actions; this includes ensuring that households do not experience increased housing or other cost burdens from deficit reduction efforts.

Thank you for remembering the needs of our most vulnerable households while evaluating proposals to reduce the federal budget deficit.

Endorsed by:

Council for Affordable and Rural Housing
Enterprise Community Partners
Housing Partnership Network
Institute for Responsible Housing Preservation
LeadingAge (formerly AAHSA)
Local Initiatives Support Corporation
National Affordable Housing Management Association
National Housing Trust
National Leased Housing Association
National Low Income Housing Coalition
Stewards of Affordable Housing for the Future