



Alex Sanchez, Executive Director

### Sequestration Brings Hardship to County's Most Vulnerable

In our first newsletter, I had hoped to share with you some of the innovative ways we're providing low-income families with affordable housing and new paths to economic independence. Instead, our focus is the federal budget sequester and its devastating impact on the very vulnerable, low-income people we serve.

The U.S. Department of Housing and Urban Development (HUD) has cut \$21 million from HACSC's Section 8 program funding for 2013. This massive cut to a 100% federally funded program is a game changer for the 17,000 families and landlords who receive a rental subsidy. It represents almost 9% of the rental subsidy payments we have scheduled for the rest of the year. There's no way our agency can just absorb it.

In the next few weeks, the Board will be making tough decisions about how to cut our Section 8 program in order to reduce these costs. The HACSC Board of Commissioners will decide the program cuts at **9:30 a.m. on Tuesday, April 23, at HACSC's office: 505 West Julian St. in San José.**

We invite you to participate in this important discussion and decision in a number of ways:

Please read this newsletter that describes the problem, what our agency already has done to prepare, and cost-reduction options on the table.

Attend our April 23 public meeting. Whether you're a tenant, landlord, affordable housing developer or non-profit director, you are our partner in affordable housing solutions. *We want to hear from you!*

E-mail our Commissioners with your ideas and concerns: [Board@hacsc.org](mailto:Board@hacsc.org).

Finally, we urge you to contact California's congressional delegation with your concerns. The federal Section 8 program's funding has had five consecutive years of cuts. The sequester cuts will lead to the termination of housing across the country; yes, termination of vouchers is now a reality that we believe Congress can and must fix. They need to hear from all of us.

My sincere thanks to you for partnering with us in our mission to keep families in safe, affordable housing,

Alex Sanchez, Executive Director

For congressional delegation e-mails, addresses and sample letters go to [www.hacsc.org](http://www.hacsc.org) and click **The Budget Sequester - What does it mean to you?**

### Board to Make Section 8 Program Cuts on April 23

Given the cost reductions HACSC has already implemented and the basic math, HUD's \$21 million cut to this year's budget will impact our tenants and landlords. The harsh reality is that Congress has chosen to help fewer struggling families.

While our long-term goals include efforts to urge Congress to restore Section 8 program funding to full eligibility and to exempt it from further cuts, in the short term, we must deal with this year's cut to our Section 8 program.

Cost reductions on the table include options that will result in tenants paying more towards their rent and landlords receiving lower overall rents. Other options include accelerating implementation of HACSC's revised subsidy standards policy (related to occupancy and bedrooms), limiting increases to household size, and implementing wide-spread rent reform that will require all participants to pay a percentage of their income as rent and considerably simplify the calculation of the rental subsidy we will pay.

For reports describing these cost reductions go to [www.hacsc.org](http://www.hacsc.org) and click **The Budget Sequester - What does it mean to you?**



## Impact of Sequestration Slams Housing Authorities

A recent *San Jose Mercury News* article (April 7, 2013) highlighted the plight of Verna Hayden, a resident commissioner on our Board. Hayden, 81, says, "Living here would be really rough without the housing authority's help; it would take all the money I have to pay rent and I would not have enough money to buy food."

Commissioner Hayden is not alone - 57% of our assisted households or nearly 10,000 people are elderly and/or disabled surviving on extremely low, fixed incomes in Santa Clara County.

On March 1, an \$85 billion across-the-board cut in discretionary federal spending went into effect because Congress could not agree on how to reduce the federal deficit. This 2013 "sequestration" is just the first of ten annual cuts in mandatory federal spending sequester cuts. Included this time was a \$2 billion reduction to HUD's housing support programs. HUD passed that cut on to the nation's 3,500 public housing authorities. As a result, \$21 million was cut from HACSC's Section 8 program. These cuts will start impacting the agency and its ability to subsidize rents beginning May 1.

Any funding cut to the Section 8 program has a direct impact on the fragile population it serves. Why? HACSC is a pass-through agency: Any decrease in this housing funding means fewer needy Santa Clara County households will receive those vouchers. There are no local funds that backfill this program.

To put it bluntly, 1,000 Santa Clara County households - families with children experiencing poverty, veterans, seniors, the disabled and formerly homeless - represent an annual Section 8 program cost of \$15 million. HUD's cut of \$21 million will require program cuts in one form or another: less rental subsidy paid on behalf of the extremely low income population that we serve, or a reduction in the number of households on the program.

## HACSC Prepares for HUD Funding Cuts

In 2008 we obtained a special agreement with HUD allowing HACSC to demonstrate how affordable housing programs could be run more efficiently. Under this Moving to Work (MTW) agreement, HACSC has streamlined its voucher program and saved about \$5 million in operation costs. This and other cost savings enabled us to assist - during a time of declining federal and state funding for affordable housing - an additional 1,247 households since 2009. We're a lean agency of 140 employees with 17,000 low-income clients. Our operating costs have decreased from 11% to 8% of our total budget, representing an ongoing cost savings since 2010 of \$3.5 million. More than 90% of the federal funds we receive directly assists households with their monthly rent. And we've proven our financial health by our record of 11 consecutive years of clean audits.

### Who Do We Serve?

