



Second Year of Sequestration Will Worsen Impact on Low-income Families

While we are relieved the partial government shutdown has been lifted for now, Congress's continuing resolution extends sequestration and keeps us riding the funding roller coaster into 2014.

Federal government agencies and programs are being funded at the FY2013 across-the-board spending cut levels until January 15. After that, year two of 10 years of federal sequestration cuts is very likely to arrive. Current projections are that an additional 8% will be cut from the Department of Housing and Urban Development (HUD) programs, which is in addition to the approximate 5% cut to HUD programs in 2013.

Our agency can absorb the 2014 sequestration cut *but nothing more without having to choose one of two equally bad choices: terminate families from the program, or implement another fundamental redesign of the Housing Choice Voucher (Section 8) program.*

The Section 8 program changes that went into effect in September are enabling HACSC to continue paying rent for all 17,000 low-income families despite the 2013 federal funding decrease that would otherwise have required the termination of almost 1,000 families from the Section 8 program. Because HACSC is a "pass-through" agency, any decrease in Section 8 funding means fewer needy Santa Clara County households will receive housing vouchers. Unfortunately, there are no local funds that backfill this program. This is compounded by the fact that Silicon Valley is one of the most expensive housing markets in the country.

In Silicon Valley, the next version of a product usually is an improvement over the first. Sequester version 2.0 will only worsen the impacts that our low-income clients already experienced from the first round of sequester cuts. If sequestration persists, we will not have the opportunity to reduce the rental burden imposed by Congress on our Section 8 tenants. With each year of sequestration, fewer families are served because HACSC cannot reissue vouchers. If cuts continue, HACSC will be forced to continue to reduce overall leasing.

If the federal government does not shut down again, the agency can continue funding all program participants, even if funding is reduced for calendar year 2014.

HACSC's mission is keeping families housed and enabling low-income people in Santa Clara County to achieve financial stability and self-reliance. We will continue working to ensure that we are able to provide both service and rental assistance to as many eligible families as possible.

Alex Sanchez, *Executive Director*

Local Response Prevents Evictions

Because Congress reduced the 2013 Section 8 program funding, all of our agency's Section 8 families are having to pay more toward their rent, in some cases by several hundred dollars. Recognizing many could be evicted if unable to pay this additional rent, Santa Clara County, the County Housing Authority, San José, Santa Clara, and Sunnyvale pooled \$1.82 million in emergency funding to prevent the eviction of up to 550 households most severely impacted by these federal cuts.

The Sequester Eviction Prevention Program (SEPP) fund is providing emergency financial assistance to the most vulnerable households and helping families stabilize their housing by assisting tenants in resolving issues under their existing lease and providing funds to assist with their new rental security deposit requirements.

We anticipate that the number of tenants facing eviction will rise in the coming months as emergency funds and the other means the tenants may be using to bridge the rent gap run out, and that our emergency SEPP fund is sized appropriately to address the need.



Lenzen Gardens Apartments Rehabilitation



HACSC recently celebrated the rehabilitation of Lenzen Gardens Apartments, a 94-unit senior property in San José. Lenzen Gardens is one of 10 HACSC-owned or –controlled properties that has had major rehabilitation thanks to a public-private partnership using low income housing tax credits. All HACSC-owned or -controlled properties provide supportive services and resident programs.



In 2014, HACSC has two major affordable housing projects (*providing a total of 181 units, 2 community centers and a full range of resident services and programs*) in pre-development on one site at 777 Park Avenue adjacent to the Diridon Transit Center in San José. We look forward to sharing news of our Park Avenue development progress next year!

Katherine Harasz, HACSC’s Deputy Executive Director & General Counsel, has joined the Destination: Home Leadership Board and the Continuum of Care Board.

Destination:Home is a public-private partnership of local government agencies, services providers, companies, foundations and individuals who are committed to ending homelessness in Santa Clara County. It embraces the “Housing First” strategy that provides stable housing first and then combines that housing with supportive services to people who are homeless. Destination: Home and its partners have completed initiatives “that have already helped bring 950 homeless people back inside,” according to the website.

The Continuum of Care Board is a geographically based (*in our case, countywide*) group that carries out the planning responsibility of the Continuum of Care Program, as set forth in the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The federal government appropriates homeless assistance funds for local communities to use pursuant to the HEARTH Act. In establishing a Continuum of Care Board and countywide governance structure in accordance with the law, Santa Clara County has assured that – if appropriated – homeless assistance funds will continue to flow into the county, and, if there is an opportunity to apply for additional funds, that we have a means to apply for additional funds.