

Sacramento families waiting for affordable housing may lose access under federal cut

The Sacramento Bee, by Anita Chabria and Tony Bizjak, March 13, 2017 8:43 PM

Faced with a significant federal budget cut, Sacramento's affordable housing agency could be forced to shut off access to low-income residents waiting for rent vouchers as early as this summer.

The move, should it happen, could also threaten Mayor Darrell Steinberg's plan to use those federal funds to pay for permanent shelter for 1,200 homeless people over the next three years.

Jim Eychaner, of St. Mark's Methodist Church, carries a sign supporting affordable housing as he and other protesters file into City Hall for a Sacramento city council meeting to discuss proposed changes to the city's Mixed Income House Ordinance. Paul Kitagaki Jr. pkitagaki@sacbee.com

La Shelle Dozier, head of the city-county Sacramento Housing and Redevelopment Agency, said a \$2.5 million federal cut through June will force her agency to burn through reserves to ensure more than 12,000 households can continue receiving subsidized housing. Dozier said households already using vouchers in Sacramento will likely avoid impacts.

However, she said the agency may have to stop issuing new vouchers as reserves are depleted. Each year, about 600 vouchers become available to new participants.

The U.S. Department of Housing and Urban Development warned SHRA in late February that funding for housing vouchers would immediately fall to 95 percent of what it needs to continue the program at current levels while Congress continues to work on a long-overdue 2017 budget.

The budget cut hit agencies nationally, and housing authorities in other jurisdictions are facing similar decisions on how to absorb the loss, said Doug Rice, a housing expert with the Center on Budget and Policy Priorities, a Washington, D.C., think tank that examines social issues.

Rice said some housing agencies have already announced they will temporarily stop issuing new vouchers until a final funding picture emerges. Currently, HUD and other government agencies are operating under temporary funding that expires April 28. Congress must pass another extension or a final bill – and the president must sign it – to avert a partial government shutdown.

Rice said he doubts Congress will fully fund the voucher program at existing levels for 2017 but could make up for some of the losses. He said the little-known cuts are “certainly going to have an impact on a lot of local communities.”

A HUD spokesman on Monday said he could not comment on the budget cuts, but in a memo last month, HUD officials said they were taking a “conservative” budget approach given the lack of an approved budget for this fiscal year.

Next year's federal budget could make an even greater financial impact.

President Donald Trump is expected to announce his proposed budget for the 2018 fiscal year on Thursday, which may contain more drastic cuts for HUD. The president has said he plans to increase defense spending by \$54 billion and cut domestic and foreign aid by an equal

amount. The Washington Post reported that HUD could face a cut of \$6 billion, or 14 percent, in the next fiscal year, which begins in October.

The uncertainty has caused local agencies to plan for the worst. Dozier said that the current budget issues are “a different ballgame” from prior years.

“In previous administrations, I had a better feel what that back and forth would look like and where we may end up,” Dozier said. “Given the new administration, it’s really hard to predict because the changes are happening daily.”

Steinberg, Sacramento County Supervisor Phil Serna and other city leaders met with U.S. Department of Housing and Urban Development officials Monday in Washington to seek input on how best to direct federal aid to homeless people.

Serna said that federal officials were “resounding” in their support of using housing vouchers for homeless people, and that the program is meant to be “flexible” and give local officials control of the funding.

Steinberg said despite the uncertainty over the federal budget, officials in the meeting made it clear “there was no reason we should not go forward aggressively,” he said.

SHRA was expected to release its recommendation on Steinberg’s proposal this week for discussion at a Wednesday meeting at its downtown headquarters.

The Washington Post also reported the Trump administration has discussed cutting the Choice Neighborhoods program, which Sacramento has relied on to rebuild public housing.

SHRA won a \$30 million Choice Neighborhoods grant in 2015 to help rebuild the aging Twin Rivers public housing project on Richards Boulevard north of downtown. Dozier said local officials have those funds and plan to break ground on that project later this year.

Eliminating the Choice Neighborhoods program could, however, complicate efforts by the city of Sacramento and the housing agency to finance a similar remake of the Alder Grove and Marina Vista housing projects south of Broadway. Sacramento officials say they have been planning to apply to HUD for a grant.