NAHRO Statement on the Administration’s 2013 Budget Request

The Administration’s attempt in their FY2013 budget proposal to address the nation’s most critical housing and community development (HCD) needs in the face of a fragile economic recovery is to be commended. With a healthy respect for the need to attack the federal deficit, President Obama has proposed a budget that is designed to stimulate economic growth while addressing the debilitating effects of an 8.5% unemployment rate. We commend the President for these efforts, including his proposal to fund the National Housing Trust Fund. We do take serious exception to a number of the “difficult decisions” made in the HUD budget request for three reasons. First, these decisions fly in the face of the reality shared by millions of low- and very-low-income families, who need a strong social safety net and a vigorous, empowered HUD to help them through these difficult times. Second, several of the cuts suggested continue a pattern of disinvestment, particularly with regard to the nation’s public housing, which faces a backlog of over $26 billion in deferred maintenance. Third, making these cuts in the HUD budget squanders the opportunity to create jobs and address the nation’s vulnerable affordable housing infrastructure. We specifically regret that the progress made in the Recovery Act proposed by this Administration and so successfully implemented by our members through the provision and use of $4 billion in Capital Fund dollars has all but been superseded by approved reductions in the Public Housing Capital Fund since FY 2010.

On this point, we note that the Administration’s Rental Assistance Demonstration proposal (RAD), presented as an unfunded 60,000 unit continuation of the demonstration approved by appropriators in 2012, is included in this year’s budget request. The conversion of public housing to a more stable funding stream under the Section 8 program makes sense and is in many ways supportable if properly administered by the Department. RAD is not a panacea and it is not, in its current form, a replacement for or reason to inadequately resource the Public Housing Capital Fund. Merging the Operating and Capital Funds as the proposal recommends is yet another recommendation that could, if approved, undermine the long-term stability and preservation of public housing inventory. We fear that acceptance of this proposal could make both Capital and Operating Funds needed by the majority of the inventory that cannot or will not convert under RAD vulnerable to Congressional attempts to “block and cut.”
We also see a mixed message in the proposed funding for the Community Development Block Grant (CDBG) and HOME Investments Partnership Program. The good news is that the Administration has called for level funding of both programs comparable to FY 2012. The bad news is that the final FY 2012 agreement represents a 12% and 61% reduction for CDBG and HOME from FY 2011 approved levels. Here again the opportunity to create jobs and stimulate local economies by way of the creation of new affordable housing and neighborhood revitalization will be lost if Congress agrees with the President’s request.

But we are heartened to hear Secretary Donovan say what NAHRO has been saying for several years: that the failure to adequately fund the administration of the Section 8 voucher program will lead to fewer families served. We commend HUD for requesting additional dollars for voucher administration. Unfortunately, even with the increased funding proposed, the budget request still represents an 81% proration compared to what is actually needed to prudently and competently administer this invaluable assistance to millions of families and a growing number of our nation’s homeless veterans.

In sum, despite what we believe to be the best of intentions as noted above, this budget request does not, taken together, meet the needs that our members see and experience everyday in their communities. We will work with Congress and the Administration to find a more reasoned course for 2013 that more effectively addresses the needs of deserving families and seniors and preserves that part of our affordable housing inventory we can least afford to lose in these troubled times.