



## **Communities of Faith United for Housing**

### **COMMUNITIES OF FAITH UNITED FOR HOUSING STATEMENT TO THE HUMAN SERVICES COUNCIL ON THE IMPACT OF LINES OF BUSINESS REDUCTION OPTIONS FOR THE FY 2010 BUDGET**

December 10, 2008

Communities of Faith United for Housing (CFUH) is a new advocacy network of faith communities in the Fairfax/Falls Church community who are committed to increasing the supply of affordable housing within our community with a special focus on providing permanent housing opportunities for those at the lowest levels of income who are either homeless or dangerously close to becoming homeless. Although we are concerned about the potential impact of many of the proposed Lines of Business reduction options currently being presented by the human services agencies, our review of the options focused on those organizations that fund programs that would have the most impact on the supply of affordable housing and preventing and ending homelessness. Our comments reflect our review of the LOB reduction options proposed by the Department of Housing and Community Development, the Department of Family Services, and the Consolidated Community Funding Pool.

#### **Department of Housing and Community Development**

CFUH concurs with HCD's reduction philosophy and its recommendations for reductions. The overall agency LOB reduction target for HCD is \$1,249,544, 15% of the county funded operating costs (\$8.6 million) but less than 2% of its total operating budget of \$73,354,724. This is possible because much of its operating budget is funded with Federal and FCHRA dollars that enable HCD to propose reduction options that would have minimal impact on the level of services provided to the community it serves.

In addition to its Operating Budget, HCD has a Capital Budget of \$31,125,242 of which \$23.6 million comes from the County mostly from The Penny for Affordable Housing Fund. As you know, the revenue source for this Fund is dedicated revenue with the value of one cent from the Real Estate tax. Any reduction in this revenue source would have a devastating effect on the ability of the County to provide the affordable housing it needs for its low-income population. CFUH strongly opposes any reduction in the dedication of one cent for affordable housing from the Real Estate tax and would encourage the County to begin thinking about raising the dedicated amount when the fiscal climate improves.

## **Department of Family Services**

CFUH grew out of the Hypothermia Program and strongly supports implementation of the Ten Year Plan to prevent and end homelessness. We believe that the following proposed cuts in LOB 67-15: Services to Homeless Individuals and Families would be very harmful to the community at this time of serious financial challenges for families and individuals at the lowest levels of income.

Priority 26: Reduce Homeless Prevention Program	\$35,268
Priority 27: Reduce Hypothermia Prevention Program (HPP)	\$74,024
Priority 30: Reduce homeless shelter contracts by 5%	\$318,727
Priority 43: Eliminate remaining Homeless Prevention Program funding (HPP)	\$199,855
Priority 50: Reduce homeless shelter contracts by another 10%, 15% cumulatively	\$637,455

The impact of these cuts is likely to produce a domino effect in the current financial environment. Eliminating funding for the HPP would increase the number of homeless families and put additional pressure on the family shelters. Cuts in contracts for homeless shelters would mean fewer staff and resources at a time when the demand for shelter is growing. Reducing funding for hypothermia prevention at the same time that shelter space is in greater demand could potentially result in an increase in hypothermia deaths which is what the program was originally created to prevent.

From a long-term perspective, the shelters are expected to play a key role in moving the County to a Housing First Model for the prevention and ending of homelessness. Getting people who are homeless into permanent housing as soon as possible is less expensive than the costs associated with homelessness, such as public safety and emergency services.

## **Consolidated Community Funding Pool (CCFP)**

CFUH believes that any cuts in the CCFP should be avoided at all costs. Although CCFP's proposed reduction options would not directly impact affordable housing, the indirect impact of cutting programs such as APD Housing Assistance (\$50,000) and the RPJ Affordable Rental and Supportive Housing Program Administration (\$25,500) on the ability of people to stay in their homes would be devastating to people who are barely making ends meet. The cost to the County of providing services to these people if these programs do not serve them would be likely to increase. Further, the County could lose the \$4.03 in cash, donated goods, services and volunteer time that is leveraged for each \$1 provided through the Consolidated Funding Pool.

## **Recommended Options for reducing spending and increasing revenue**

The above analysis presents our perspective on the proposed reduction options presented by the Department of Housing and Community Development, the Department of Family Services, and the Consolidated Community Funding Pool that we believe will have the greatest impact on those who are already suffering and will likely bear the brunt of the current financial slow down. Another option for reducing spending is to consider possible efficiencies that could be achieved

across existing programs, e.g., combining the school and county government ITS programs and building maintenance operations. Possible reductions in cost-of-living increases for county employees particularly for those above a certain income level might also be considered.

We recognize that some cuts in County funding are needed but we would also like to see consideration given to increasing revenue. One option that has received support at many of the Community Dialogues is raising the real estate tax rate to compensate for declining property values so that the income from this revenue source is at least kept level. Other options that have been suggested include establishing or increasing user fees with a sliding scale based on ability to pay if this appears warranted and bringing back the County sticker fee without requiring a sticker – some jurisdictions are already doing this.