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HOUSTON HOUSING AUTHORITY BOND RATING DROPS ONE NOTCH DUE TO BUDGET CUTS & SEQUESTRATION

HOUSTON—The Houston Housing Authority's (HHA) bond rating was recently downgraded one notch from an AA- to A+ with a negative outlook by the Standard & Poor's Ratings Services. The federal budget cuts and specifically sequestration is the main factor in the downgrade and negative outlook. Sequestration put HHA in the difficult position to decide between permanently reducing its program size and serving fewer families or spending program reserves to ensure that HHA continues to serve the same number of needy families. The Housing Authority chose to use its program reserves.

HHA has implemented prudent policy changes to the Housing Choice Voucher Program that should result in reversing the trend of declining reserves experienced in 2013 due to sequestration. Early to midpoint 2014 projections show that HHA will be able to decrease its monthly costs to a point where the agency will not need to rely on program reserves and should begin to build back a prudent reserve. Additionally, the recent budget deals and resulting appropriation to avoid continued sequestration should result in a more stable outlook for the federal funds that HHA receives.

The demand for subsidized housing in Houston far outreaches the current supply. HHA has a combined waiting list of over 30,000, and in 2013, the number of low-income families needing subsidized housing grew by 4,000 families. The downgrade should have limited effect on the activities of the Housing Authority. HHA plans to address the significant need for affordable housing in Houston by constructing new, mixed-income communities in 2014 and 2015 with funding for the projects coming from tax credit capital and CDBG Disaster recovery funds.

ABOUT HHA:

The Houston Housing Authority provides affordable homes and services to more than 60,000 low-income Houstonians, including over 17,000 families housed through the Housing Choice Voucher Program and another 5,500 living in 26 public housing and tax credit developments around the city. HHA also administers the nation's third largest voucher program exclusively serving homeless veterans. More information about HHA can be found at www.housingforhouston.com.

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