



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**THE DEPUTY SECRETARY**  
WASHINGTON, DC 20410-0050

March 4, 2013

Dear Mayor

As you are likely aware, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order on March 1 canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the federal fiscal year (FY). As partners with the Department of Housing and Urban Development, you are entitled to timely and clear information about how these unfortunate budget cuts impact us, and, in turn, what it means for program beneficiaries in Baltimore.

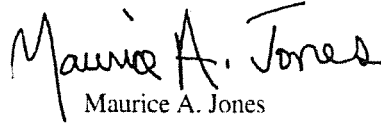
At this time, HUD is taking every step possible to mitigate the effects of these cuts. However, based on our initial analysis, it is likely that your full-year FY 2013 formula program funding will be lower than it was in FY 2012 due to the sequester, which may affect your workforce and planning for this year, and possibly beyond. You can expect 5 percent reductions from the FY 2013 annualized Continuing Resolution levels for the formula programs you are eligible for, including the Community Development Block Grant (CDBG), HOME, Housing Opportunities for Persons With AIDS (HOPWA), and Emergency Solutions Grants for the homeless (ESG) programs.

In testimony to Congress in January, Secretary Donovan estimated some of the impacts sequestration would have on participants. For example, cuts to the HOPWA program would result in 7,300 fewer low-income households receiving permanent and short-term supportive housing assistance, including rent or utility assistance, while a sequester of HOME program funds will result in 2,100 fewer affordable housing units produced for low-income families. As you know, every dollar of HOME funding is leveraged with almost four dollars of other funds.

Once Congress has passed and the President has signed a full-year FY 2013 appropriation for HUD, the exact funding levels you will be receiving for these programs will be set, and, depending upon your program year start date, your individual FY 2013 program grant agreements will subsequently be sent to you.

Thank you for your continued partnership with HUD, and for your cooperation as we work together to manage through these unfortunate circumstances.

Sincerely,

  
Maurice A. Jones