



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

March 12, 2013

Dear Tribal Leaders:

The purpose of this letter is to provide tribes and tribally designated housing entities with an update on the Fiscal Year (FY) 2013 Federal budget, and the impacts sequestration will have on funding for programs administered by the Department of Housing and Urban Development through the Office of Native American Programs (ONAP). HUD encourages you to share this letter with your tribal government principals and members.

ONAP programs, including the Indian Housing Block Grant (IHBG), are currently operating under a Continuing Resolution (CR) that expires on March 27, 2013. PIH Notice 2012-49, issued on December 12, 2012, informed recipients of IHBG funds that they may be eligible for an advance of 25 percent their FY 2013 estimated formula allocation to serve as interim funding for the first two quarters of FY 2013, until an annual appropriations act is passed or Congress takes other action.

In addition to operating under a CR, ONAP programs are subject to cuts through sequestration. Sequestration refers to a series of automatic, across-the-board cuts to domestic and defense programs outlined in the Budget Control Act of 2011 (BCA). The BCA called for an 8.2 percent cut to nondefense discretionary programs, which includes ONAP programs, on January 1, 2013, if Congress failed to pass a deficit reduction package. The January 1, 2013, sequestration deadline was extended to March 1, 2013, by the American Taxpayer Relief Act (ATRA). As a result of ATRA, the 8.2 percent sequestration cut was reduced to 5 percent. Since Congress did not pass a deficit reduction package by March 1, 2013, the sequestration cuts are now in effect.

At this time, HUD is taking every step possible to mitigate the effects of these cuts. However, based on the Department's 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 organization's workforce and planning for this year, and possibly beyond.

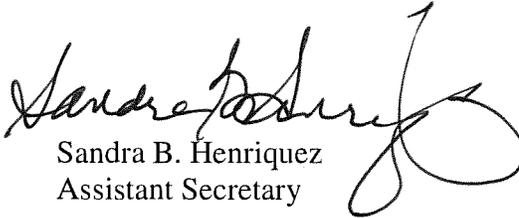
A 5 percent cut to the **IHBG** will reduce the block grant by approximately \$32.5 million from the FY 2012 funding levels. The actual IHBG awards will depend on a number of variables, and will be determined when the formula is run for the fiscal year. The **Native Hawaiian Housing Block Grant** will be reduced by approximately \$650,000 from the FY 2012 funding levels.

A 5 percent cut to the **Indian Housing Loan Guarantee Program** (Section 184) will amount to an approximately \$300,000 decrease in appropriations from the FY 2012 funding levels. The **Native Hawaiian Housing Loan Guarantee Program** will be reduced by approximately \$19,000 from the FY 2012 funding levels.

In addition to programmatic funding cuts, there will be administrative reductions that may likely impact the ability of HUD to conduct the upcoming formula negotiated rulemaking in this fiscal year. 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 you will subsequently be notified of your allocations.

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

Sincerely,



Sandra B. Henriquez
Assistant Secretary

cc: Tribally Designated Housing Entities