



March 6, 2013

Dear PHA Staff:

This letter is intended to update you on the fiscal issues that the Philadelphia Housing Authority (“PHA”) is facing as a result of sequestration of federal funding (the “Sequestration”). Sequestration is a term used to describe mandatory spending cuts in the federal budget. It is an automatic, across-the-board spending cut in the face of annual federal budget deficits. Sequestration began on March 1, 2013.

As you know, PHA relies on HUD for over 90 percent of its funding. The automatic budget reductions at the federal level will result in a loss of **\$42 million to PHA**. Even though PHA is in sound fiscal condition, this reduction in federal support will force us to maintain our current level with fewer resources and in some cases may result in cuts to PHA programs.

I want to ensure that each employee understands the immediate effects of the sequestration to PHA and the impact in the near future. While our goal is to avoid lay-offs, moving forward, we will take appropriate steps to cut costs, find savings, and seek alternative funding options in order to continue our mission of creating better communities and changing lives.

Therefore, the following changes will be implemented effective immediately:

- 1) Several contracts with vendors will be cancelled and work will be performed “in-house.”
- 2) Furloughs (which are unpaid leave days).
- 3) Freeze all over time indefinitely unless the overtime is related to an emergency or relates to health and safety.
- 4) Suspend the 3 percent one-time bonus for non-represented employees, slated for April 1, 2013.
- 5) Hiring and wage freeze, except for critical positions.
- 6) Collect debt and rent more aggressively.
- 7) Aggressively attain or build other income-producing sites.
- 8) Concentrate efforts to sell scattered sites.
- 9) Suspend the issuance of new vouchers and cease new HCV leasing.

While this news may seem frightening or demoralizing please keep in mind the following:

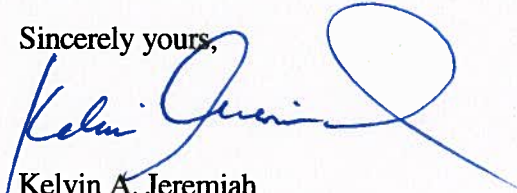
- First, although we are in good financial condition, sequestration cuts in future federal funding support to PHA is troubling, thus requiring that we act now to safeguard our future; and
- Second, our overarching goal is to continue helping our residents and advancing our mission. We can and will do this even in this predicament of drastic cuts and economic uncertainty.

I know that there are challenging times ahead, but I am confident that together, we will manage this storm without compromising services to our residents. The management and finance teams will continue to carefully track the budget and make regular changes in order to keep our finances in order.

Finally, I am asking for the help of all employees. If you have any ideas on cutting costs, saving money and/or increasing revenue, please email me at phanews@pha.phila.gov or place your idea in the suggestion boxes.

Thank you for all you do and especially for your commitment to PHA and those we serve.

Sincerely yours,



Kelvin A. Jeremiah
Interim Executive Director/
Administrative Receiver



March 6, 2013

The Honorable Robert Brady
U.S. House of Representatives, District 1
102 Cannon House Office Building
Washington, DC 20515

Re: A Call to End Sequestration

Dear Congressman Brady:

Partisanship, politics and the breakdown of order in Congress has led to a deterioration of good governance in Washington and the most vulnerable in our society are paying the price.

On behalf of the more than 80,000 residents and 1,300 employees of the Philadelphia Housing Authority ("PHA"), I am writing to urge you to cease the sequester.

The sequester, coupled with the ill-advised offset against public housing authorities' operating reserves in 2012, an inadequate level of funding under the current Continuing Resolution, and long-term spending caps established by the 2011 Budget Control Act, threatens to cripple vital affordable housing programs.

Under sequestration, PHA will lose nearly **\$42 million** in funding. This loss will directly impact approximately 30,000 children, 10,000 seniors, and over 500 veterans that rely on programs such as public housing, Section 8, and VASH. Sequestration will accelerate and ultimately result in these populations being put at risk of homelessness.

Additionally, jobs stimulated by local housing and redevelopment activities will be lost and businesses that benefit from both partnerships with PHA and redevelopment activities will suffer. Further, construction projects that provide job are also threatened by sequestration cuts, and will undermine PHA's ability to build new affordable housing and provide maintenance support for our existing housing stock.

We are counting on you to return to regular order, achieve deficit reduction in a balanced fashion and, most importantly, pass a 2013 spending bill at levels previously agreed upon for FY 2013 to enable local housing and redevelopment agencies, like PHA, to continue to fulfill their mission to the public in a responsible manner.

Respectfully,

Kelvin A. Jeremiah
Interim Executive Director/Administrative Receiver



March 6, 2013

The Honorable Chaka Fattah
U.S. House of Representatives, District 2
2301 Rayburn House Office Building House Office Building
Washington, DC 20515

Re: A Call to End Sequestration

Dear Congressman Fattah:

Partisanship, politics and the breakdown of order in Congress has led to a deterioration of good governance in Washington and the most vulnerable in our society are paying the price.

On behalf of the more than 80,000 residents and 1,300 employees of the Philadelphia Housing Authority ("PHA"), I am writing to urge you to cease the sequester.

The sequester, coupled with the ill-advised offset against public housing authorities' operating reserves in 2012, an inadequate level of funding under the current Continuing Resolution, and long-term spending caps established by the 2011 Budget Control Act, threatens to cripple vital affordable housing programs.

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Respectfully,

Kelvin A. Jeremiah
Interim Executive Director/Administrative Receiver



March 6, 2013

The Honorable Allyson Schwartz
U.S. House of Representatives, District 13
330 Cannon House Office Building
Washington, DC 20515

Re: A Call to End Sequestration

Dear Congresswoman Schwartz:

Partisanship, politics and the breakdown of order in Congress has led to a deterioration of good governance in Washington and the most vulnerable in our society are paying the price.

On behalf of the more than 80,000 residents and 1,300 employees of the Philadelphia Housing Authority ("PHA"), I am writing to urge you to cease the sequester.

The sequester, coupled with the ill-advised offset against public housing authorities' operating reserves in 2012, an inadequate level of funding under the current Continuing Resolution, and long-term spending caps established by the 2011 Budget Control Act, threatens to cripple vital affordable housing programs.

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Respectfully,



Kelvin A. Jeremiah
Interim Executive Director/Administrative Receiver



March 6, 2013

The Honorable Patrick Toomey
United States Senate
B40B Dirksen Senate Office Building
Washington, DC 20510

Re: A Call to End Sequestration

Dear Senator Toomey:

Partisanship, politics and the breakdown of order in Congress has led to a deterioration of good governance in Washington and the most vulnerable in our society are paying the price.

On behalf of the more than 80,000 residents and 1,300 employees of the Philadelphia Housing Authority ("PHA"), I am writing to urge you to cease the sequester.

The sequester, coupled with the ill-advised offset against public housing authorities' operating reserves in 2012, an inadequate level of funding under the current Continuing Resolution, and long-term spending caps established by the 2011 Budget Control Act, threatens to cripple vital affordable housing programs.

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Respectfully,

Kelvin A. Jeremiah
Interim Executive Director/Administrative Receiver



March 6, 2013

The Honorable Robert Casey
United States Senate
393 Russell Senate Office Building
Washington, DC 20510

Re: A Call to End Sequestration

Dear Senator Casey:

Partisanship, politics and the breakdown of order in Congress has led to a deterioration of good governance in Washington and the most vulnerable in our society are paying the price.

On behalf of the more than 80,000 residents and 1,300 employees of the Philadelphia Housing Authority ("PHA"), I am writing to urge you to cease the sequester.

The sequester, coupled with the ill-advised offset against public housing authorities' operating reserves in 2012, an inadequate level of funding under the current Continuing Resolution, and long-term spending caps established by the 2011 Budget Control Act, threatens to cripple vital affordable housing programs.

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Respectfully,

Kelvin A. Jeremiah
Interim Executive Director/Administrative Receiver



March 7, 2013

Dear Residents:

The Philadelphia Housing Authority (PHA) receives more than 90 percent of its funding from HUD. Due to recent failed attempts in Congress to reach a budget deficit agreement, the **sequestration** of federal funding took effect on March 1, 2013. **This means PHA will lose \$42 million.**

Sequestration is a term used to describe mandatory spending cuts in the federal budget. This reduction in federal support will force us to maintain our current level of service with fewer resources and in some cases may result in cuts to PHA programs.

Our overarching goal is to continue the same level of services to you despite the financial deficiencies. However, critical action must happen now to safeguard our future. I want to ensure each resident understands the effects of the sequestration to PHA.

Effective immediately PHA will do the following:

- Collect rent more aggressively
- Suspend new leasing efforts
- Concentrate efforts to sell scattered sites
- Suspend the issuance of new vouchers
- Suspend housing anyone on the waiting list

I know that there are challenging times ahead, but I am confident that together, we will manage this storm without your services being compromised. PHA's management and finance teams will continue to carefully track the budget and make regular changes in order to keep our finances in order.

If you have any ideas on how PHA can cut costs, save money and/or increase revenue, please email me at phanews@pha.phila.gov or place your ideas in the suggestion boxes.

Sincerely yours,

Kelvin A. Jeremiah
Interim Executive Director/
Administrative Receiver



March 20, 2013

Mr. John Smith
1234 Maine Street
Philadelphia, PA 12345

Re: Sequestration and the Philadelphia Housing Authority

Dear HCV Landlord:

As you know, the Philadelphia Housing Authority (PHA) receives more than 90 percent of its funding from the United States Department of Housing and Urban Development (HUD). Due to recent attempts in Congress to reach a budget deficit agreement, the sequestration of federal funding took effect on March 1, 2013. Sequestration is a term used to describe mandatory, across-the-board, spending cuts in the federal budget.

Sequestration will result in a devastating \$42 million dollar loss to PHA. This reduction in federal support will force us to maintain our current level of service with considerably fewer resources. In some cases, this may result in cuts to PHA programs.

In order to reach our goal of continuing the current level of utilization in spite of the financial deficiencies, PHA will take immediate, critical action. Some actions may include suspending the issuance of new vouchers and delaying new rent increase requests.

I know that there are challenging times ahead, but I am confident that together, we will manage this storm without compromising services to our residents. The management and finance teams will continue to carefully track the budget and make regular changes in order to keep our finances in order.

If you have any ideas on how PHA can cut costs, save money and/or increase revenue, please email me at phanews@pha.phila.gov.

Sincerely yours,

Kelvin A. Jeremiah
President/CEO