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# How President Trump's First Budget Could Impact Affordable Housing

March 6, 2017

# Speakers

- Moderator: Elayne Weiss, National Low Income Housing Coalition
- Doug Rice, Center on Budget and Policy Priorities
- Tess Hembree, National Association of Housing Redevelopment Officials
- Ellen Lurie Hoffman, National Housing Trust
- Linda Couch, LeadingAge
- Marion McFadden, Enterprise Community Partners
- Steve Berg, National Alliance to End Homelessness
- Leslie Strauss, Housing Assistance Council



# Agenda

- Budget overview
- Housing Programs
  - Housing Vouchers
  - Public Housing
  - Project-Based Rental Assistance
  - Housing for Special Populations
  - Formula and Block Grant Programs
  - Homeless Assistance
  - Rural Housing
- Opportunities for Advocacy





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# Budget Outlook and Housing Vouchers

Doug Rice

Center on Budget and Policy Priorities

# FY18 Budget Timeline

ACTION	TIMING (TARGET)	COMMENTS
<b>TRUMP FY 2018 BUDGET BRIEF</b>	March 16	Probably “topline” numbers, including for non-defense discretionary funding; may include details on a few individual programs
<b>FY 2018 BUDGET RESOLUTION OR “DEEMING RESOLUTIONS”</b>	By April	Set the overall discretionary funding limits for defense and non-defense programs that the House and Senate appropriations committees will use in drafting FY 2018 funding bills
<b>FY 2018 TRANSPORTATION-HUD AND OTHER APPROPRIATIONS COMMITTEE MARKUPS</b>	May/June/July	House and Senate committees set priorities, approve legislation with specific program funding levels
<b>FINAL FY 2018 TRANSPORTATION-HUD BILL</b>	September - December	Likely “continuing resolution” by September 30; THUD and most funding bills will likely be finalized later in fall. Set HUD and USDA program funding levels for FY 2018

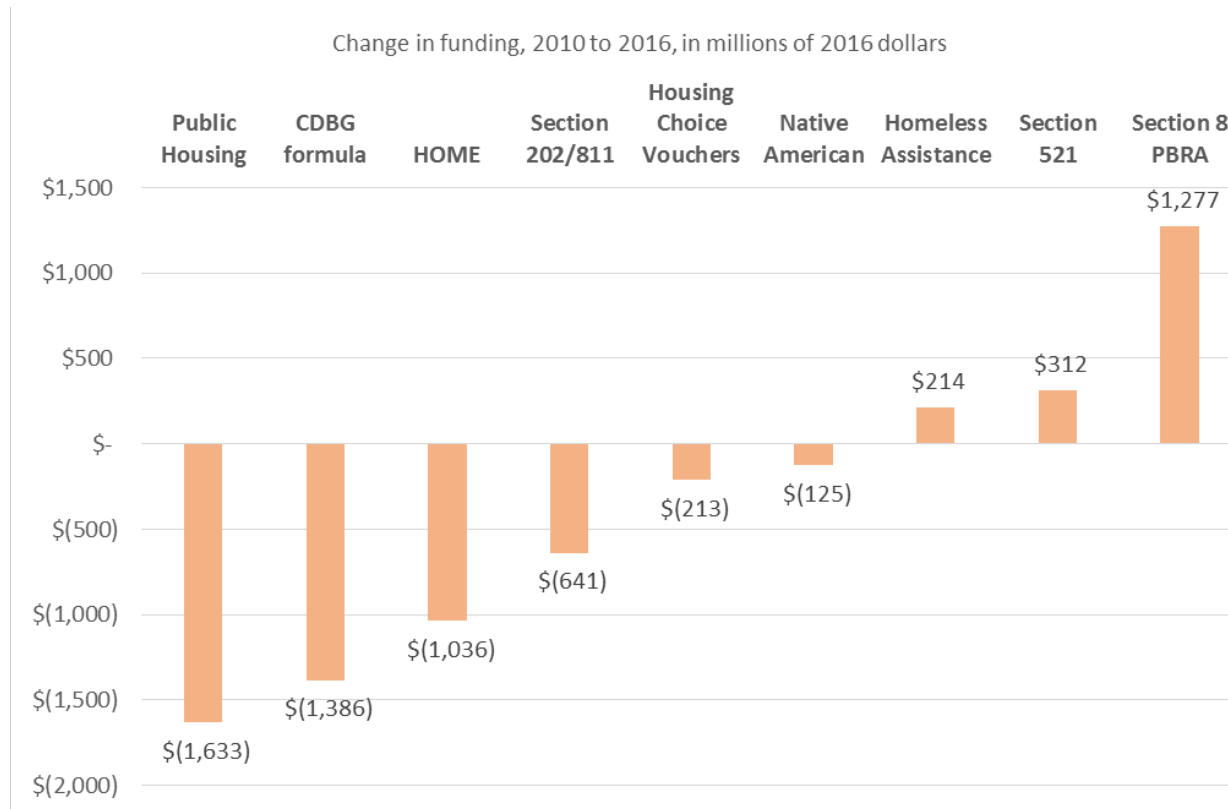


# BCA Caps Have Forced Housing/CD Cuts

- Under the Budget Control Act of 2011 cap on nondefense discretionary (NDD) spending, annual funding for HUD and USDA housing and community development programs has declined \$4.7 billion (8.6%) from 2010 to 2016 (adj. for inflation)
- Public housing and block grants have seen the deepest funding cuts
- Sequestration caused the loss of housing vouchers for more than 80,000 households in 2013 and 2014, but PHAs restored these vouchers in 2015 and 2016

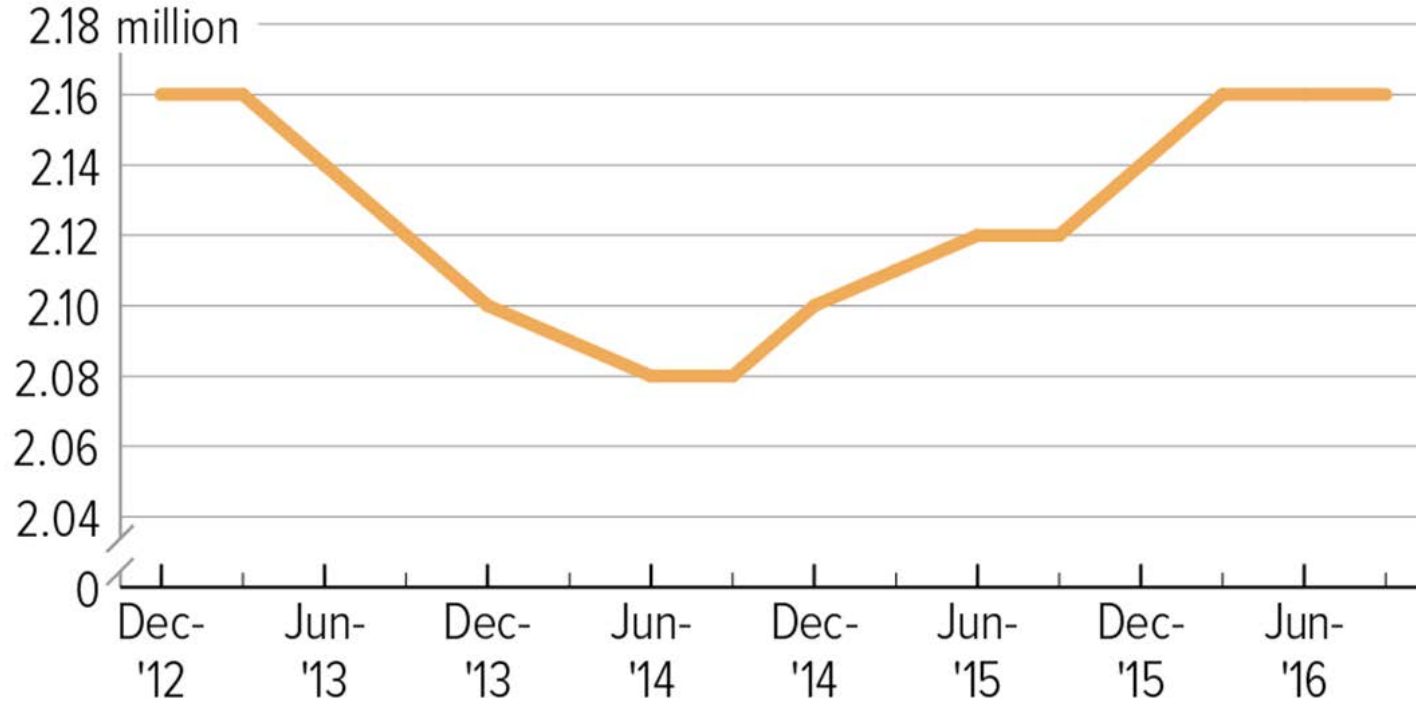


# Public Housing and Block Grants Have Seen Deepest Funding Cuts



# Housing Agencies Have Reversed Sequestration Cuts in Housing Vouchers

Number of families using housing vouchers



Note: Figures exclude an estimated 58,000 new “tenant protection” vouchers issued to families since December 2012 because the tenants’ existing federally-assisted housing, such as public housing units, had been demolished or otherwise eliminated. The replacement support did not represent a net gain in families assisted. Sequestration refers to the across-the-board funding cuts that were implemented in March 2013 in accord with the Budget Control Act of 2011.

Source: CBPP analysis of Department of Housing and Urban Development data



# HUD and USDA Budgets Will Tighten Further in 2018, Unless Congress Raises Caps

- For FY 2018, BCA funding cap for NDD programs is \$14 billion (3%) below the FY 2017 limit and \$96 billion (16 percent) below the FY 2010 level (adj. for inflation)
- Veterans' health care funding will rise in FY 2018, deepening the cuts in other NDD programs
- Rental assistance renewals will require more funding, too, to avoid cuts in the number of assisted families, tightening the squeeze within the HUD budget
- Trump Administration has proposed deep further cuts in NDD program funding



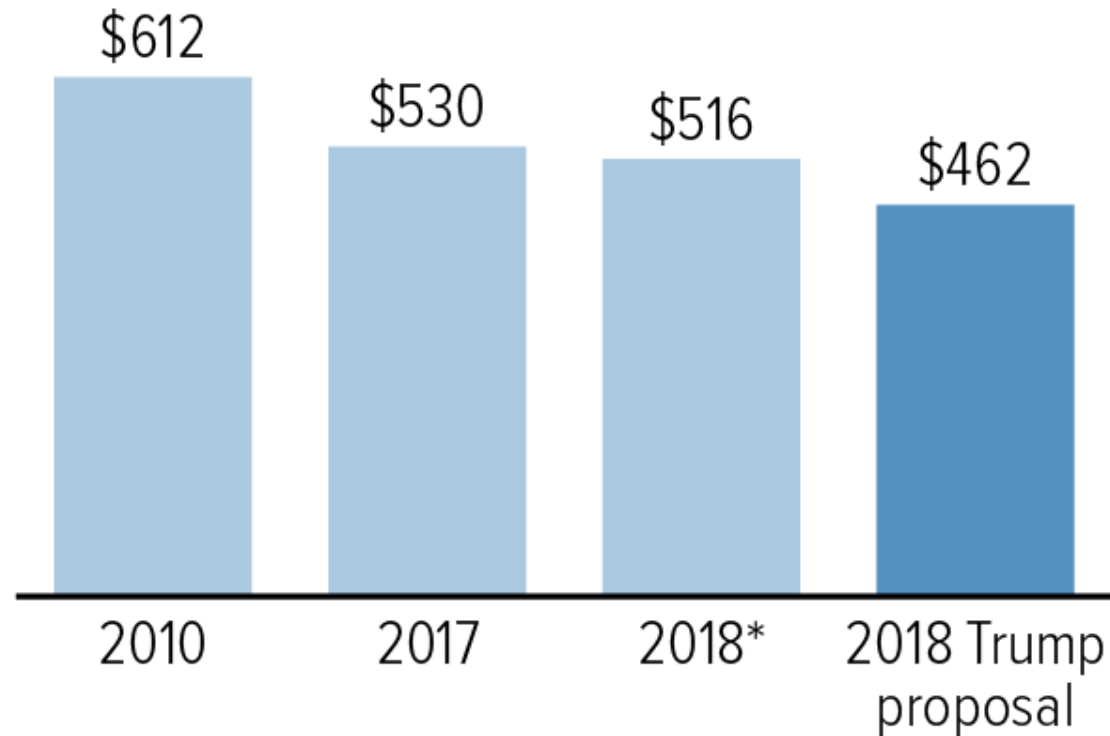
# Trump Proposes Big Domestic Program Cuts

- Pres. Trump has proposed to increase defense funding by \$54 billion in FY 2018, and cut NDD programs by an equal amount
- This would lower the FY 2018 NDD cap by 11%; after accounting for vets' health increase and excluding homeland security, other programs cuts would be 15%
- No proposal yet on HUD budget, but a 15% (\$7.1 billion) cut would have devastating consequences:
  - 15% rental assistance cut would eliminate 625,000 housing vouchers and project-based Section 8 units and additional units in other programs
  - If Congress chose to protect families using rental assistance, remainder of HUD budget would have to be eliminated to absorb a 15% HUD budget cut



# Non-Defense Appropriations Would Fall Under Trump Plan

In billions of 2018 dollars



\*Funding level set in 2011 Budget Control Act, which establishes sequestration cuts.

Source: CBPP analysis of data from the Congressional Budget Office and the Office of Management and Budget

# Strong Effort Needed to Lift BCA Caps, Protect Housing/CD Programs

- Pres. Trump's proposal is only the start of the FY 2018 appropriations process — Democrats and Republicans who support NDD programs will have leverage because of Senate filibuster rules, Republican divisions
- Lawmakers must use their leverage to raise the caps and sustain parity in defense and nondefense funding — or at least to prevent NDD cuts below current BCA cap levels
- Whatever the NDD cap level, HUD and USDA should receive priority to receive funding necessary to sustain current rental assistance, avoid deepening cuts in other housing and community development programs





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# Public Housing

Tess Hembree

National Association of Housing  
Redevelopment Officials

# Public Housing Operating Fund

- Operating Fund: FY 2016 proration: 90%
- Current proration: 85%



# Public Housing Capital Fund

- Estimated maintenance backlog as of 2010: \$26 billion
- Annual accrual: \$3.4 billion
- FY 2016 Capital Fund enacted: \$1.9 billion





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# Project-Based Rental Assistance

Ellen Lurie Hoffman  
National Housing Trust



# What is Project-Based Rental Assistance?

- A public-private partnership which provides rental assistance to property owners if they agree to rent to low-income individuals.
- Serves 1.2 million low and very low income people
- Over 56% of these households include someone who is elderly or disabled
- Average household income = less than \$12,000
- Leverages over \$17B in private financing and equity, often through LIHTC
- Generates \$460M in property taxes for local municipalities and supports 55,000 jobs
- Creates local jobs in rehabilitation, property management, supportive services for residents, as well as retail and service sector jobs in the community



# Failing to fully fund PBRA will...

- Put residents, many of whom are elderly or disabled, at risk
- Erode investor and lender confidence, create uncertainty about whether properties will meet debt serving and operating obligations, impairing investment or increasing financing costs
- Make it difficult for many properties to sustain current supportive services and continue debt payments, leaving FHA to pay the tab
- Nearly 10,000 of 17,723 PBRA properties are FHA-insured.
- Estimated unpaid balance of FHA insured debt of PBRA contracts = over \$13.5 B





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# Housing for Special Populations

Linda Couch

LeadingAge

# Section 811: Housing for Persons with Disabilities

- FY17: HUD requested \$154 million for Section 811 Project Rental Assistance Contract (PRAC) and Project Assistance Contract (PAC) renewals (\$152 million) and for other program expenses like inspections (\$2 million).
- FY18: renewal number will increase by about \$3 million.
- 30,000 households served.
- Average annual household income: \$11,000.
- Of 7.7 M “worst case housing need” households in 2013, 1.09 M had at least one nonelderly person with disabilities, 10% above HUD’s 2009 WCHN estimate.



# Section 202: Housing for the Elderly

- In addition to the needed PBRA increase for FY17, we also need a \$72 million increase for 202 PRAC renewals (in a \$505 million account).
- FY17: HUD requested \$505 million for this account, including \$427 million to renew 202 Project Rental Assistance Contracts, \$75 million to renew about 1500 Service Coordinator grants, and \$3 million for property inspections and other program costs.
- FY18: PRAC renewal amount will increase by about 3 – 4%, plus Service Coordinator renewal need.
- Many 202s also rely on Project-Based Rental Assistance through the Section 8 program as their underlying rental subsidy.
- Almost 400,000 households served.
- Average annual household income: \$13,238.
- Of 7.7 M “worst case housing need” households in 2013, almost 1.5 million households were headed by an elderly person.
- Expand Rental Assistance Demonstration for PRACs.



# Housing Opportunities for Persons with AIDS (HOPWA)

- FY17: HUD requested \$335 million, flat with FY16 funding.
- HIV is a public health issue; better individual and community health outcomes achieved when people are housed.
- First modernization of HOPWA funding distribution since 1992 passed in 2016.
- New formula switches from counting cumulative AIDS cases to counting how many people are currently living HIV/AIDS.
- To accommodate new formula, more resources are needed to ensure those currently served in formula jurisdictions that will lose funding can continue to provide assistance.
- FY18: \$15 million increase needed to adjust to the new formula.





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# Formula and Block Grant Programs

Marion McFadden,  
Enterprise Community Partners

# Threats to Formula and Block Grant Programs

- A reduced HUD budget creates tension in renewing all existing rental assistance and makes formula and block grant community development and housing programs, including big ticket items like CDBG (~\$3b) and HOME (~\$1b), attractive targets for cuts
- While there are no specifics from Trump Administration yet, we are hearing that we need to be prepared for large cuts
- The Heritage Foundation Policy Blueprint proposes eliminating CDBG entirely
- Existing downward trends in allocations to these programs





# Threats to the Community Development Block Grant Program (CDBG)

- There is strong bipartisan support for CDBG in Congress—few in Congress wanting to talk about cutting CDBG
- In six of the past eight years, Congress appropriated more to CDBG than was requested in the President’s Budget
- Strong support from mayors and county executives
- Its gradual downward trajectory, however, indicates that at best we can hope for level funding given the political climate
- Great vehicle for infrastructure

Fiscal Year	Requested	Enacted by Congress
2009	\$ 3.0 B	\$3.6 B
2010	\$4.18 B	\$3.99 B
2011	\$3.99 B	\$3.34 B
2012	\$3.69 B	\$2.95 B
2013	\$2.95 B	\$3.08 B
2014	\$2.8 B	\$3.03 B
2015	\$2.8 B	\$3.0 B
2016	\$2.8 B	\$ 3.0 B



# Threats to the HOME Investments Partnerships Program (HOME)

- HOME funding has been cut nearly in the half since FY 2010
- Both House and Senate THUD bills funded HOME at \$950 million for FY17, level with FY16 funding
- HOME funding may be cut by NHTF estimate amount
- Bad press about HOME's unobligated funds may continue to pose a threat—so it's important to pass an amendment eliminating the 24-month fund obligation period (but retain expenditure reqs)
- HOME is flexible, empowers states/communities to make their own housing decisions, and is used as gap financing in 1 in 4 LIHTC deals



# Threats to the National Housing Trust Fund (HTF)

- Hearing that HTF could receive an estimate of \$220 million in 2017, up from \$170 million last year
- Members of Congress might again try to use money from the HTF to fill cuts made to other programs
- Important to educate members that NHTF assists extremely low income households





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# Homeless Assistance

Steve Berg

National Alliance to End Homelessness

# HUD Homeless Assistance

What it does: Funds local systems for ending homelessness - \$2.25B in 2016

- Rapid re-housing
- Permanent supportive housing
- Transitional housing and shelters
- Local planning and system-building

Benefits to community: vulnerable people, costly problem

- We're making it work, cost-effectively – investment has a big impact
- Something Rs and Ds can agree on



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# HUD Homeless Assistance

What we need: Increases to substantially improve reach of the programs

- House Committee increased by \$237 million for FY17 – 40,000 homeless people housed!
- Senate increases by \$80 million, plus adds \$70 million in targeted HCV resources
- Acknowledges excellent and difficult work in the field



# HUD Homeless Assistance

What we don't need: Effects of a possible 15% cut in FY 2018

- \$360 million reduction for the year
- No newly homeless people would be housed (down from approx. 200,000)
- Alternatively, 50,000 formerly homeless people now in permanent housing lose subsidies





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# Rural Housing

Leslie Strauss

Housing Assistance Council



# Rural Rental Assistance Programs, FY17

If FY17 funding stays at FY16 levels

- 3,054 Sec. 521 Rental Assistance families could lose their homes
  - 61% elderly or disabled
- 1,020 Sec. 542 Voucher families could lose their homes
- No new tenants would get RA or vouchers

FY17 funding needs

- Increase 521 RA by \$15 million to total \$1.405 billion
- Increase 542 Vouchers by \$3.75 million to total \$18.75 million
- Still, no new tenants would get RA or vouchers



# Rural Housing Programs, FY18

If FY18 funding is at FY16 level minus 15%

<b>USDA Rural Dev. Prog. (dollars in millions)</b>	<b>FY16 Units</b>	<b>Minus 15%</b>	<b>Diffrenc.</b>
502 Single Fam. Direct	7,089	6,026	1,063
504 VLI Repair Loans	3,162	2,688	474
504 VLI Repair Grants	5,010	4,259	752
521 Rental Assistance	301,792	256,523	45,269
542 Rural Hsg. Vouchers	5,303	4,508	795





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# Opportunities for Advocacy

Elayne Weiss

National Low Income Housing Coalition

# What you can do

**Ask Congress and the Trump administration to work together to lift the spending caps for FY18, maintaining parity for defense and non-defense programs, and ensure housing and community development programs receive the highest level of funding possible.**

- Sign onto the CHCDF letter (new deadline is March 31):  
<http://nlihc.org/article/take-action-affordable-housing-and-transportation-programs-threatened-severe-cuts>
- Plan an in-district meeting with your lawmakers
- Invite your lawmakers to a site visit
- Write an op-ed



# Advocacy Toolkit

CHCDF has prepared a toolkit that advocates can use to urge lawmakers to increase investments in affordable housing and community development. The toolkit includes:

- CHCDF's new report, *A Place to Call Home*, that discusses the positive impacts affordable housing has on low income households as well as the economy
- Talking points
- Sample op-eds
- Tweets
- How-to's for setting up in-district meetings and site visits

**You can find these resources at [www.nlihc.org/partners/chcdf](http://www.nlihc.org/partners/chcdf)**



# For more information

Elayne Weiss, National Low Income Housing Coalition: [eweiss@nlihc.org](mailto:eweiss@nlihc.org)

Doug Rice, Center on Budget and Policy Priorities: [rice@cbpp.org](mailto:rice@cbpp.org)

Tess Hembree, National Association of Redevelopment Officials:  
[thembree@nahro.org](mailto:thembree@nahro.org)

Ellen Lurie Hoffman, National Housing Trust:  
[eluriehoffman@nhtinc.org](mailto:eluriehoffman@nhtinc.org)

Linda Couch, LeadingAge: [lcouch@leadingage.org](mailto:lcouch@leadingage.org)

Marion McFadden, Enterprise Community Partners:  
[mmcfadden@enterprisecommunity.org](mailto:mmcfadden@enterprisecommunity.org)

Steve Berg, National Alliance to End Homelessness: [sberg@naeh.org](mailto:sberg@naeh.org)

Leslie Strauss, Housing Assistance Council: [leslie@ruralhome.org](mailto:leslie@ruralhome.org)



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