

President Trump's Budget Proposes to Slash Affordable Housing and Other Essential Programs



In a [press statement](#) and a [message to members](#) NLIHC President and CEO Diane Yentel criticized President Donald Trump's Fiscal Year (FY) 2018 budget request – released today – for its “cruel indifference to the millions of low income seniors, people with disabilities, families with children, veterans, and other vulnerable people who are struggling to keep a roof over their heads.”

Overall, Mr. Trump proposes to balance the federal budget over 10 years – while cutting taxes for the wealthy and breaking the Budget Control Act (BCA) spending caps on defense programs – by slashing federal investments in domestic priorities by more than 2% each year or \$1.4 trillion over the decade, including deep cuts to affordable housing and other essential programs that ensure basic living standards. If enacted, non-defense spending would be pushed to historic lows beyond current BCA levels.

Despite the [broad, positive impact of having an affordable home](#), HUD would be cut by nearly 15% or \$7.4 billion compared to 2017. This could lead to more 250,000 of the lowest income people losing their housing vouchers – a move that would increase homelessness and housing poverty. It would also impose punitive measures that would jeopardize family stability – increasing the financial burdens they face through higher rents and ending support to help cover the cost of basic utilities, like water and heat. For more detailed information, see NLIHC's updated [budget chart](#).

The Trump budget also guts essential programs that help families put food on the table, provide health-care to children, and help people with disabilities achieve financial security. It provides states with the authority to impose work requirements and time limits on non-housing federal assistance, despite research that shows these restrictions often [push families deeper into poverty](#).

The administration also calls for a \$1 trillion infrastructure package – which may include affordable housing investments. While [housing is infrastructure](#),

replacing annual funding with a one-time spending boost in a infrastructure package that has only a remote chance of being enacted is wholly unacceptable. Instead, an investment in affordable housing infrastructure must be made on top of full annual appropriations for HUD and USDA.

The budget proposal now heads to Congress, where the House and Senate will begin to draft their spending bills. The House is expected to unveil its budget resolution, which sets overall spending guidelines, after the Memorial Day recess.

Although the president's budget has already been panned by both Republicans and Democrats as a non-starter, advocates are deeply concerned that Congress could try to pass deep – but less severe – cuts as a compromise. For that reason, NLIHC urges Congress to not only reject Mr. Trump's budget, but to lift the low spending caps that prevent our nation from making the affordable housing investments needed to help families and communities thrive.

HUD PROGRAMS

Rent Policy Changes Directly Impacting Tenants

The budget includes several provisions that give HUD the authority to increase the financial burden on current and future tenants. While hardship exemptions are still intact, these changes would hurt tenants already scraping to get by and would make it more difficult for them to achieve financial security.

The budget proposal provides the HUD secretary with the authority to: increase a tenant's rent contributions from the currently standard of 30% of their adjusted income to 35% of their gross income; increase the minimum monthly rent for tenants to \$50, beginning with a tenant's first annual or interim authorization; prohibit tenants from receiving utility reimbursements used to cover the cost of heat and water; and freeze annual rent adjustments for properties receiving housing assistance.

National Housing Trust Fund

Mr. Trump's budget calls for eliminating the national Housing Trust Fund (HTF), which is exclusively targeted to help build and preserve housing affordability to people with the lowest incomes, including those experiencing homelessness.

The national HTF is funded through a small fee on Fannie Mae and Freddie Mac. Instead, the budget allows the HUD secretary to direct these resources to offset the cost of salaries, contract expenses, and technology improvements at the Federal Housing Administration (FHA).

Tenant-Based Rental Assistance

Mr. Trump would cut funding for tenant-based rental assistance (TBRA) by nearly 5% compared to FY17 funding levels. The request provides \$19.318 billion for TBRA, \$17.584 billion of which is to renew previous contracts. NLIHC estimates that more than 250,000 households would lose their housing assistance, putting them at immediate risk of eviction and homelessness.

The administration would also cut funding for new Section 811 mainstream vouchers for people with disabilities by \$13 million, would cut Tenant Protection Vouchers from \$110 million to \$60 million and no longer provide higher payments for Enhanced Vouchers, and would zero out funding for new Family Unification and HUD-Veterans Affairs Supportive Housing (VASH) vouchers. The proposal does provide \$7 million for HUD-VASH vouchers targeted to Native Americans. The budget would reduce the amount of funds public housing authorities (PHAs) receive to administer the voucher program by 6% compared to FY17 levels.

The budget (Section 231) provides the HUD secretary with the authority to waive or specify alternative statutory and regulatory requirements under the voucher program, including those related to setting and adjusting allowable rents, payment standards, tenant rent contributions, occupancy standards, and PHA administrative, planning, and reporting requirements, if the HUD secretary finds that this will reduce costs or improve effectiveness.

Project-Based Rental Housing

The budget proposal would provide \$10.351 billion to renew project-based rental assistance contracts for calendar year 2018, a decrease of \$465 million

from the FY17 funding level. This is not sufficient to cover all existing contracts.

Public Housing

Public housing takes a huge hit under the Trump budget proposal. The public housing capital fund would be reduced from \$1.942 billion in FY17 to \$628 million—a devastating 68% cut. The allocation for the operating fund would fall from \$4.4 billion in FY17 to \$3.9 billion.

The budget (Section 230) provides the HUD secretary with the authority to waive or set alternative statutory and regulatory requirements for PHAs, including administrative, planning, and reporting requirements, energy audits, income re-certifications, and program assessments, if the HUD secretary finds that this will reduce costs or improve effectiveness.

Section 233 would allow PHAs to comingle funding from the Public Housing Operating and Capital Funds. This would allow PHAs to direct operating funds, which are used to provide tenants with homes, to cover the cost of repairs and rehabilitation.

Section 219 eliminates the cap on the number of public housing units that can be converted to project-based vouchers or project-based rental assistance under the Rental Assistance Program (RAD). It also eliminates the sunset date.

Homelessness

Mr. Trump would reduce funding for homeless assistance programs to \$2.25 billion from \$2.383 billion in FY17.

Other HUD Programs

The budget would eliminate the Community Development Block Grant program, the HOME Investment Partnerships program, Choice Neighborhoods grants, the Section 4 Capacity Building program, and the Self-Help Homeownership Opportunity Program.

The budget provides \$510 million to the Section 202 Housing for the Elderly program, an \$8 million increase from last year's funding level, and it reduces funding for the Section 811 Housing for People with Disabilities program to \$121 million, \$25 million less than the FY17 level. The budget would allow Section 202 Project Rental Assistance Contract (PRAC) properties to convert under RAD.

Funding for the Housing Opportunities for People with AIDS (HOPWA) program would decrease to \$330 million, down from \$356 million in FY17.

The budget decreases funding for the Native American Housing Block Grant program, by \$54 million, or a little more than 8%. The Native Hawaiian Housing Block Grant program would receive no funds.

Healthy Homes

Despite HUD Secretary Ben Carson [promising the Senate Banking Committee during his confirmation hearing](#) that healthy housing would be one of his priorities, the administration cuts funding for the Office of Lead Hazard Control and Healthy Homes' grants by \$15 million to \$130 million.

Fair Housing

The budget provides flat funding for HUD's office of Fair Housing and Equal Opportunity.

USDA RURAL HOUSING

Rural Rental Housing

President Trump proposes significant cuts to rural housing programs at the Department of Agriculture (USDA), including a \$60 million cut to Section 521 Rural Rental Assistance. It is unclear whether this is sufficient to cover all existing contracts.

The budget also eliminates funding for the Multi-family Preservation and Revitalization demonstration and funds Section 542 vouchers for residents in properties subject to prepayment at \$20 million.

Rural Development

Mr. Trump also calls for eliminating funding for Section 502 Direct Homeownership Loans, Section 514/516 Farm Worker Housing Loans and Grants, Section 523 Mutual and Self-Help Housing, and Section 504 Rural Housing Assistance Loans, as well as cuts to the agency's water and wastewater loan and grant program and Rural Development staff.

These cuts come on top of the administration's plan to reorganize USDA and eliminate the under secretary for rural development position, which oversees rural housing programs. Rural advocates, including the National Rural Housing Coalition, oppose this reorganization plan and call it a "[one-two punch in the gut for Rural America.](#)"

OTHER AGENCIES

Mr. Trump would also:

- Cut Medicaid by nearly 25 percent or \$839 billion over a decade. These cuts are on top of the \$800 billion cut included in the House American Health Care Act.
- The Supplemental Nutrition Assistance Program would be cut by \$193 billion over 10 years.
- Eliminate funding for the U.S. Interagency Council on Homelessness, the Neighborhood Reinvestment Corporation (NeighborWorks America), and the Legal Services Corporation (Legal Aid), which is often the only resource available to help deeply low income people avoid unwarranted evictions.
- Eliminate funding to the Treasury Department for Community Development Financial Institutions (CDFI) Fund grants.
- Eliminate the Low Income Home Energy Assistance Program (LIHEAP) and Community Services Block Grants (CSBG) at the Department of Health and Human Services.
- Eliminate the Weatherization Assistance Program (WAP) at the Department of Energy.

INFRASTRUCTURE PACKAGE

President Trump's FY18 spending bill calls for a \$1 trillion infrastructure package with \$200 billion in federal spending. The infrastructure package may include affordable housing investments.

While NLIHC believes that [housing is infrastructure](#) and that affordable housing investments must be included in any infrastructure package, replacing annual funding with a one-time spending boost is wholly unacceptable. Instead, an investment in affordable housing infrastructure must be made on top of full annual appropriations for HUD and USDA.

We cannot afford to lose sight of the long-term, annual investments our communities need to ensure that everyone has an affordable, accessible place to call home.