



## **Details of Bipartisan HUD and USDA Spending Deal for FY19**

Congress has reached a final deal to fund the federal government for the remainder of FY19.

In late December, President Trump and congressional leaders had failed to enact several spending bills for FY19 – including funding for affordable housing and community development programs – which led to the longest federal government shutdown in U.S. history. While leaders reached an agreement to reopen the government for three weeks, they were quickly approaching the new deadline of February 15. Congressional leaders released last night a bipartisan spending package, including the Transportation-HUD and USDA spending bills that had previously been negotiated between the House and Senate. The House is expected to vote on the package later today before sending it to the Senate and then to President Trump for his signature. President Trump stated he was “not happy” with the deal, but reports indicate he is likely to sign the bill.

Overall, the bill provides HUD programs with more than \$12 billion above the president’s request. The spending package builds on the 10% increase in HUD funding that advocates and congressional champions secured in FY18 by providing \$1.5 billion in new resources in FY19. In doing so, Congress has clearly rejected the calls to [drastically cut housing investments](#) in the form of funding cuts, harmful rent increases, rigid work requirements, or de facto time limits as proposed by the [White House](#). For more details, see NLIHC’s [updated budget chart](#).

Compared to FY18, the negotiated package increases funding for tenant-based rental assistance, public housing, project-based rental assistance, and homeless assistance grants. The bill also provides enough funding to renew all contracts for Section 811 Housing for Persons with Disabilities and Section 202 Housing for the Elderly. The HOME Investment Partnerships program received a slight reduction.

The spending package also includes \$25 million for a mobility housing voucher demonstration for families with young children to help them move to areas of opportunity, and it provides \$100 million in competitive grants to Native American communities to spur construction and preservation of affordable rental housing. The bill does not include an amendment introduced by former Senator Dean Heller (R-NV) that would have prohibited people charged with certain crimes from receiving housing assistance. NLIHC and other advocates voiced concerns about how this provision would have been implemented.

This successful outcome is due to the hard work of advocates across the nation and strong Congressional champions, including Senators Susan Collins (R-ME) and Jack Reed (D-RI) and Representatives David Price (D-NC) and Mario Diaz-Balart (R-FL) – the chairs and ranking members of the House and Senate Transportation-HUD Appropriations Subcommittees.

**NLIHC asks advocates to [call your lawmakers](#) to urge them to pass the spending package as soon as possible.**

See NLIHC's budget chart [here](#).

### **Rent Policy Changes:**

This spending package rejects the rent policy changes proposed by the Trump administration that would have given HUD the authority to increase financial burdens on current and future tenants of HUD-assisted housing. The Trump administration had proposed providing the HUD secretary the authority to: increase a tenant's rent contributions from the current standard of 30% of their adjusted income to 35% of their gross income; eliminate income deductions for childcare and medical expenses; triple the minimum monthly rent for tenants living in severe poverty to \$150; and allow housing providers to impose rigid work requirements.

NLIHC and others will continue to monitor closely any other efforts to impose punitive measures that would jeopardize family stability and increase the financial burdens on low-income tenants.

### **National Housing Trust Fund:**

Congress also rejected the president's proposal to eliminate the national Housing Trust Fund (HTF), the first new federal housing resource in decades exclusively targeted to serve people with the lowest incomes. Protecting the HTF in these bills represents a significant victory for housing advocates, including NLIHC. Advocates will continue to urge Congress to increase funding for the HTF through housing finance reform, an infrastructure spending package, and other legislative opportunities.

### **Tenant-Based Rental Assistance:**

Advocates believe the spending package provides enough funding to renew all existing rental assistance contracts and includes additional resources to provide an estimated 7,600 new vouchers to veterans and youth aging out of the foster care system.

The spending package provides \$22.598 billion for Tenant-Based Rental Assistance (TBRA), including \$20.313 billion for the renewal of all previous contracts. The bill also provides \$40 million for new HUD-Veterans Affairs Supportive Housing (VASH) vouchers and an additional \$4 million to serve Native American veterans. The bill provides \$20 million to support new Family Unification Program (FUP) vouchers. The bill provides \$225 million for Section 811 mainstream vouchers, a decrease from the FY18 funding level of \$505 million but higher than the \$107 million requested by the administration.

The bill also includes \$25 million for a mobility demonstration, where funds can be used to provide housing vouchers and mobility-related services, including pre- and post-move counseling and rent deposits, to help families with children move to areas of opportunity.

The final bill provides significantly more funding than the president's request, which would have resulted in the loss of more than 200,000 vouchers.

### **Project-Based Rental Housing:**

The spending package provides \$11.747 billion to renew Project-Based Rental Assistance contracts for the remainder of calendar year 2019, an increase of \$600 million above the

president's request. Advocates estimate this funding level is sufficient to renew all contracts with project owners.

### **Public Housing:**

The bill provides the capital account with \$2.775 billion, an increase of \$25 million over the FY18 funding level to allow public housing agencies to better address lead-based paint hazards. This continued robust funding will enable housing agencies to make critical repairs, such as fixing leaky roofs and replacing outdated heating systems, to improve living conditions for tens of thousands of residents and help preserve this essential part of the nation's affordable housing infrastructure for the future. The account also includes \$30 million for emergency and disaster grants and \$15 million for the Jobs-Plus pilot.

Funding for the public housing operating fund increased to \$4.65 billion, up from \$4.55 billion in FY18. The bill also provides a \$5 million increase to the Family Self-Sufficiency program, which is funded at \$80 million for FY19.

President Trump had proposed eliminating funding for the capital account and slashing funding for operating expenses in his FY19 budget.

### **Homelessness:**

The spending package increases funding for homeless assistance programs to \$2.64 billion from \$2.51 billion in FY18. The president would have funded the programs at \$2.383 billion. Additionally, the bill targets \$80 million to address youth homelessness and continues to waive the requirement that youth 24 years old or under provide third-party documentation to receive housing and supportive services within the Continuums of Care. The bill also provides \$50 million for rapid rehousing assistance for survivors of domestic violence.

The bill funds the U.S. Interagency Council on Homelessness, which the president proposed to eliminate, at \$3.6 million and extends the agency's authorization through 2028.

### **Other Housing Programs:**

The spending package provides \$678 million to the Section 202 Housing for the Elderly program, the same level of funding as FY18. This funding will meet the renewal needs of the program. The bill also includes \$10 million for new grants to allow low-income seniors to modify or repair their homes to help them age in place.

While the bill decreases funding for the Section 811 Housing for People with Disabilities program from FY18 levels by \$46 million to \$184 million (\$30 million of which is to support new construction or project rental assistance), this amount is enough to renew all contracts. The FY18 spending bill provided \$230 million for Section 811, \$82.6 million of which was for new construction.

The spending package would level-fund the Community Development Block Grant (CDBG) program at \$3.365 billion, but it would decrease the HOME Investments Partnerships program (HOME) from \$1.36 billion in FY18 to \$1.25 billion. Both programs would have been eliminated under the president's budget request.

Funding for the Housing Opportunities for People with AIDS (HOPWA) program was increased by \$18 million to \$393 million for FY19. The president proposed to fund HOPWA at \$330 million.

Congress rejected President Trump's proposal to eliminate the Choice Neighborhoods Initiative, level-funding the program at \$150 million.

The bill provides level funding of \$655 million to the Native American Housing Block Grant program and allows \$100 million in new competitive tribal housing grants. The program would have received \$600 million under the president's budget. The Native Hawaiian Housing Block Grant program was level-funded at \$2 million.

### **Healthy Homes:**

The spending package provides \$279 million to the Office of Lead Hazard Control and Healthy Homes, \$49 million more than the FY18 enacted level. The president would have funded the program at \$145 million. From this allocation, \$95 million is targeted to communities with the highest lead-based abatement needs. The bill also provides \$64 million for the Lead Safe Communities Demonstration that will examine the effectiveness of multi-year investments in lead-based paint remediation activities in seven low-income communities.

The bill also takes steps to address the physical conditions of HUD-assisted housing to ensure residents are living in decent and safe homes. It requires HUD to act against property owners receiving rental subsidies who do not maintain safe properties. The language authorizes the HUD secretary to replace the property's management agent with one approved by HUD, impose civil monetary penalties, change HUD's contract with the property owner until the problem is resolved, transfer the property or contract to a new owner, and relocate tenants, among other actions.

### **Fair Housing:**

The spending package flat-funds HUD's office of Fair Housing and Equal Opportunity at \$65 million.

The bill also prohibits HUD from directing local governments to change their zoning laws under the agency's Affirmatively Furthering Fair Housing (AFFH) rule or with the AFFH assessment tool, as was included in the FY18 and other past spending bills.

### **USDA Rural Housing**

The FY19 spending package provides mostly flat funding or modest increases to rural housing programs.

The bill provides \$1.33 billion for USDA's Section 521 Rural Rental Assistance program, a decrease of \$23 million compared to FY18. It flat-funds USDA's Section 515 Rural Rental Housing Loan program and increases funding for the Multifamily Preservation and Revitalization demonstration by \$4.5 million – two programs that are necessary for preserving rental homes in the agency's portfolio.

The spending package also directs the USDA secretary to incentivize nonprofit organizations and public housing authorities (PHAs) to take over ownership of rental housing properties and to ensure that they remain affordable by allowing these entities to receive a return on investment and an asset management fee up to \$7,500 per property. USDA rental homes are at risk due to the prepayment or maturity of Section 515 loans. When those occur, tenants are no longer eligible for USDA's rental assistance program and may be subject to rent increases. These incentives are aimed at making it more financially feasible for nonprofit organizations and PHAs to maintain these properties as affordable for the long term.