



To: Interested Parties
From: CBPP Housing staff
Date: April 25, 2016
Re: Senate Transportation-HUD bill for FY 2017

Last week, the Senate Appropriations Committee approved on a unanimous vote a Transportation-HUD funding bill for fiscal year 2017. The bill would provide \$48.4 billion for HUD housing and community development programs for 2017, nearly \$1.5 billion (3.1 percent) more than policymakers provided for 2016.¹ Highlights of the bill include:

- \$18.36 billion to renew Housing Choice Vouchers, a \$674 million (3.8%) increase over 2016, and \$1.76 billion for program administration, \$119 million (7.2%) above 2016;
- \$50 million for approximately 6,200 new vouchers for homeless veterans (VASH) and \$20 million for roughly 2,500 new vouchers for families participating in the Family Unification Program (FUP);
- \$14 million for a new housing mobility demonstration;
- \$2.33 billion for homeless assistance grants, \$80 million above the 2016 level;
- \$6.6 billion for public housing operations and capital repairs, a 3.1 percent increase over 2016; and
- Authority to expand the Rental Assistance Demonstration to 250,000 units.

While the Senate bill does not support several initiatives proposed by the Obama Administration — such as a request for \$88 million for 10,000 new vouchers for homeless families with children, which was an essential down payment towards meeting the goal of ending family homelessness by 2020 — it reflects a strong commitment to sustaining core HUD rental assistance and community development programs under the tight spending caps established by the 2011 Budget Control Act.

The Senate bill will likely be considered by the full chamber either this week, or soon after the Senate returns from recess on May 9. The House Appropriations Committee has not yet indicated when it expects to take up the THUD bill, but it is likely to be sometime in May.

(See Table 1 below for a summary of the Senate bill's HUD program funding levels.)

¹ These figures exclude estimated net mortgage insurance receipts. Including mortgage insurance receipts, the bill provides \$39.2 billion in new funding for HUD, \$891 million more than in 2016. The bill and committee report are available at: <https://www.congress.gov/bill/114th-congress/senate-bill/2844?q=%7B%22search%22%3A%5B%22%5C%22s2844%5C%22%22%5D%7D&resultIndex=1>.

Housing Choice (Section 8) Vouchers

The Senate THUD bill would provide \$20.4 billion for Housing Choice Vouchers (HCV) in 2017, including \$18.34 billion to renew vouchers. The latter is \$674 million (3.8 percent) above the 2016 funding level and \$92 million below the President's request for renewals. The bill also authorizes HUD to offset 2017 allocations for housing agencies with excess funding reserves, if necessary to ensure that all agencies have adequate renewal funding.² The strong increase in renewal funding, together with the renewal offset authority, will ensure that housing agencies receive sufficient funds to renew all vouchers in use in 2017.

For housing agencies' administrative expenses, the Senate bill includes \$1.76 billion, an increase of \$119 million, or 7.2 percent, over 2016. The President's budget had requested \$2.07 billion administrative fees. The budget also indicated that HUD would propose to modify the allocation formula in accord with the findings of Abt Associates' [study of agency administrative costs](#), but HUD's proposal to revise the administrative fee policy is still pending review at the Office of Management and Budget.

The bill includes \$50 million for approximately 6,200 new vouchers for homeless veterans (VASH) and \$7 million for VASH vouchers administered by Native American tribes. The Senate report also encourages HUD to recapture and reallocate VASH funds from housing agencies that voluntarily declare that they no longer need the VASH assistance in their communities.

The Senate bill would provide \$20 million for roughly 2,500 new Family Unification Program vouchers, and the Senate report directs HUD to prioritize youth for receipt of these new vouchers. Section 240 of the bill would permanently expand eligibility for FUP vouchers to youth who are 18 to 24 years old, and increase the duration of possible receipt of FUP assistance by young adults to 36 months (or longer in conjunction with participation in the Family Self-Sufficiency program).

The Senate bill did not include funds for the President's [Homeless Assistance for Families](#) proposal.

Finally, the Senate bill includes \$14 million to implement a housing mobility demonstration, which will allow housing agencies to test new strategies to enable families to successfully relocate to low-poverty neighborhoods with good schools and better opportunities. Goals of the demonstration would include identifying regulatory and administrative barriers to housing mobility, as well as cost-effective strategies to promote mobility, according to the Senate report.

Section 8 Project-Based Rental Assistance

Section 8 project-based rental assistance would be funded at \$10.9 billion under the Senate bill. This amount is \$85 million above the President's request, consistent with the fact that the bill does not include the President's proposal to raise the medical deduction threshold for seniors and people with

² Under a renewal offset, HUD reduces renewal funding eligibility for agencies that have excess reserves of unspent funds from prior years, with the understanding that such agencies will draw down those reserves to cover some of their renewal costs. This enables HUD to provide adequate renewal funding allocations for other agencies. Under authority provided by Congress, HUD "offset" agencies' excess reserves in 2008, 2009, and 2012. HUD has discretion to determine the threshold of reserves that are "excess."

disabilities. The Senate bill funding level should be sufficient to renew all rental assistance contracts for calendar year 2017.

Public Housing

For 2017, the Senate bill would provide \$4.68 billion for public housing operations and \$1.93 billion for capital repairs, \$106 million and \$60 million above the President's request, respectively. Overall, the bill would increase public housing funding in 2017 by \$200 million, or 3.1 percent, over 2016. Under estimates released with the President's budget, the Senate bill would cover roughly 89 percent of agencies' funding eligibility under the operating cost formula.

Section 239 of the Senate bill includes provisions that would permit agencies to use capital funds to establish replacement reserves and allow agencies to use up to 20 percent of their operating funds for purposes permitted under the capital fund.³ Today, non-troubled agencies with fewer than 250 units can shift unlimited funds between the operating and capital funds, but larger agencies only have permanent authority to shift 20 percent of their capital funds to operating purposes. (The bill also allows large and mid-sized agencies to use up to 25 percent of their capital funds for operating purposes and permits HUD to waive this limit to fund anticrime and antidrug activities. Those provisions only apply to fiscal year 2017 capital fund grants, but Congress included similar provision in the 2015 and 2016 appropriations acts covering funds for those years.)

Section 241 of the Senate bill would allow HUD to create a new utilities conservation pilot, which would encourage housing agencies to adopt conservation measures in public housing by allowing them to retain a portion of any resulting utility cost savings for one to 20 years (depending on the magnitude of the savings).

The Senate bill includes \$80 million for the Choice Neighborhoods Initiative (CNI), \$45 million below 2016 and \$120 million below the President's request. CNI provides grants to revitalize distressed public and privately owned assisted housing. At least \$48 million of the new funds must be awarded to public housing agencies.

Finally, the amount for capital repairs includes \$15 million for the [Jobs-Plus demonstration](#), equal to the amount appropriated for 2016. Jobs-Plus provides grants to support employment services and earnings incentives for public housing residents. The Senate bill also sets aside \$35 million from the capital fund appropriation for the Resident Opportunities and Supportive Services (ROSS) program and \$25 billion to evaluate and reduce lead-based paint hazards in public housing.

Rental Assistance Demonstration

The President's budget had proposed to eliminate the 185,000 unit cap on the Rental Assistance Demonstration (RAD), an important initiative that helps preserve developments subsidized through public housing and several smaller rental assistance programs by converting them to long-term project-based Section 8 contracts. The Senate bill would raise the cap for public housing

³ Both of these provisions are nearly identical to provisions of H.R. 3700, a housing assistance reform bill passed unanimously by the House on February 2. The Senate bill, however, does not address most of the changes that H.R. 3700 would make in HUD programs.

conversions to 250,000 units, thereby enabling the demonstration to cover roughly one-quarter of the 1.1 million units of public housing.

Consistent with the President's request, the Senate bill would also for the first time allow Section 202 Project Rental Assistance Contract (PRAC) units for the elderly to be converted to Section 8 contracts under RAD. The bill also includes \$4 million for such conversions. Other provisions in the bill would prohibit RAD conversions from being used to rescreen or terminate tenants of any converted development (extending a protection that currently applies mainly to converted public housing developments) and broaden somewhat the circumstances under which ownership or control of a public housing development converted under RAD can be shifted to a non-profit organization.

Homeless Assistance Grants

The Senate bill includes \$2.33 billion for homeless assistance, an increase of \$80 million over 2016. The total includes not less than \$250 million for Emergency Solutions Grants (ESG) and \$40 million in additional funds for the youth homelessness initiative created under the 2016 funding law. The President had requested an additional \$334 million, primarily to fund the development of an additional 25,500 new units of supportive housing that it deems necessary to end chronic homelessness by 2017. After covering the cost of Continuum of Care grant renewals, it is unclear whether sufficient funds would be available under the Senate bill to develop additional supportive housing.

Section 202 Elderly Housing and Section 811 Housing for People with Disabilities

The Section 202 elderly housing program would receive \$505 million under the Senate bill, \$72 million more than in 2016. The Section 811 housing for people with disabilities program would receive \$154 million, \$3 million above the 2016 level. These funds should be sufficient to continue assistance for more than 121,000 Section 202 units and 27,000 Section 811 units, but will enable no expansion of these programs.

HOME/CDBG/Native American Block Grant

The Senate bill would provide \$950 million for HOME and \$3 billion for CDBG formula grants, both of which are equal to 2016 funding levels. It also includes \$714 million for the Native American Housing Block Grant program, \$64 million above the 2016 level.

Table 1
HUD Program Funding, 2016 – 2017, in millions

Program	2016	Obama 2017	Senate 2017
Housing Vouchers	\$19,629	\$20,854	\$20,432
<i>Renewals</i>	\$17,681	\$18,447	\$18,355
<i>Admin fees</i>	\$1,650	\$2,077	\$1,759
<i>Tenant protections</i>	\$130	\$110	\$110
<i>VASH</i>	\$60	\$7	\$57
<i>Family unification</i>	-	-	\$20
<i>Homeless families</i>	-	\$88	-
<i>811 Mainstream</i>	\$107	\$110	\$110
<i>Housing mobility</i>	-	\$15	**\$14
Section 8 PBRA	\$10,620	\$10,816	\$10,901
Public housing operating	\$4,500	\$4,569	\$4,675
Public housing capital	\$1,900	\$1,865	\$1,925
Family Self-Sufficiency	\$75	\$75	\$75
Choice Neighborhoods	\$125	\$200	\$80
Homeless Assistance	\$2,250	\$2,664	\$2,330
HOPWA	\$335	\$335	\$335
Section 202 elderly	\$433	\$505	\$505
Section 811 disabilities	\$151	\$154	\$154
HOME	\$950	*\$950	\$950
Native American grants	\$650	\$700	\$714
CDBG formula	\$3,000	\$2,800	\$3,000

* Includes \$10 million for SHHOP

** This amount includes \$3 million provided for research/evaluation in the budget line for the Office of Policy Development and Research.