

Treacherous Road Ahead: Outlook for Federal Housing Funding and Policy

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Overview

- Congress's 2017 agenda: Major threats to safety net; a few small opportunities to strengthen housing programs
- HUD FY 2017 budget: How and when will Congress finalize it, and what's at stake?
- HUD FY 2018 budget: What are the risks, and when will Congress make decisions?
- Tax reform and housing policy: risks and opportunities
- Potential infrastructure investment
- Other possible Congressional activity on housing policy
- HUD update
- Q & A

Congress's 2017 Agenda

- Repealing the Affordable Care Act (including Medicaid expansion) - no clear consensus yet on replacement
- Possible deep cuts, harmful structural changes to Medicaid, SNAP
- FY 2017 & FY 2018 appropriations (spending) bills that will adhere to, or cut below, the current austere budget caps
- Major tax cuts for the wealthy that could force deeper cuts

HUD FY 2017 Budget Recap

- Budget Control Act of 2011 limits NDD funding to \$518.5 billion in FY 2017, same as FY 2016
- Despite limits, House/Senate appropriations committees approved bills last summer that increased HUD program funding by \$1/\$1.5 billion, respectively
- Both bills reflected strong — but in hindsight insufficient — commitments to renewing existing rental assistance
- “Continuing resolution” funds HUD and other agencies through April 28 at FY 2016 levels

House/Senate FY 2017 THUD Funding

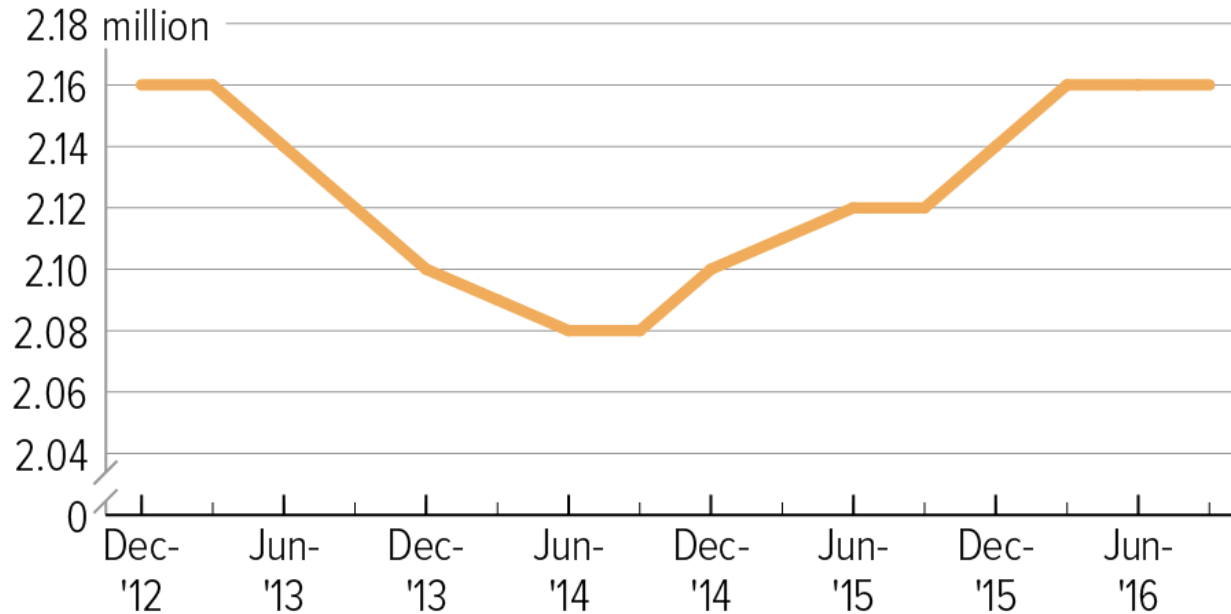
Program	2016	Senate 2017	House 2017
Housing Vouchers	\$19,629	\$20,432	\$20,189
<i>Renewals</i>	\$17,681	\$18,355	\$18,312
<i>Admin fees</i>	\$1,650	\$1,769	\$1,650
<i>VASH</i>	\$60	\$57	\$7
<i>Family unification</i>	-	\$20	-
<i>Housing mobility</i>	-	\$14	-
Section 8 PBRA	\$10,620	\$10,901	\$10,901
Public housing operating	\$4,500	\$4,675	\$4,500
Public housing capital	\$1,900	\$1,925	\$1,900
Homeless Assistance	\$2,250	\$2,330	\$2,487
HOPWA	\$335	\$335	\$335
Section 202 elderly	\$433	\$505	\$505
Section 811 disabilities	\$151	\$154	\$154
HOME	\$950	\$950	\$950
Native American grants	\$650	\$714	\$655
CDBG formula grants	\$3,000	\$3,000	\$3,000

Finalizing HUD's FY 2017 Budget: What's at Stake?

- Congress may attempt to break “parity” by increasing defense funding via FY 2017 supplemental; would set precedent that makes it harder to raise NDD caps in future years
- Some Republicans may attempt to reduce NDD funding below the BCA cap level for FY 2017 to offset additional defense or homeland security spending
- Continuing resolution v. full HUD funding title? Focus on program funding levels, not bill form
- Housing voucher renewal costs have grown to \$18.86 billion, well above House/Senate bill levels

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

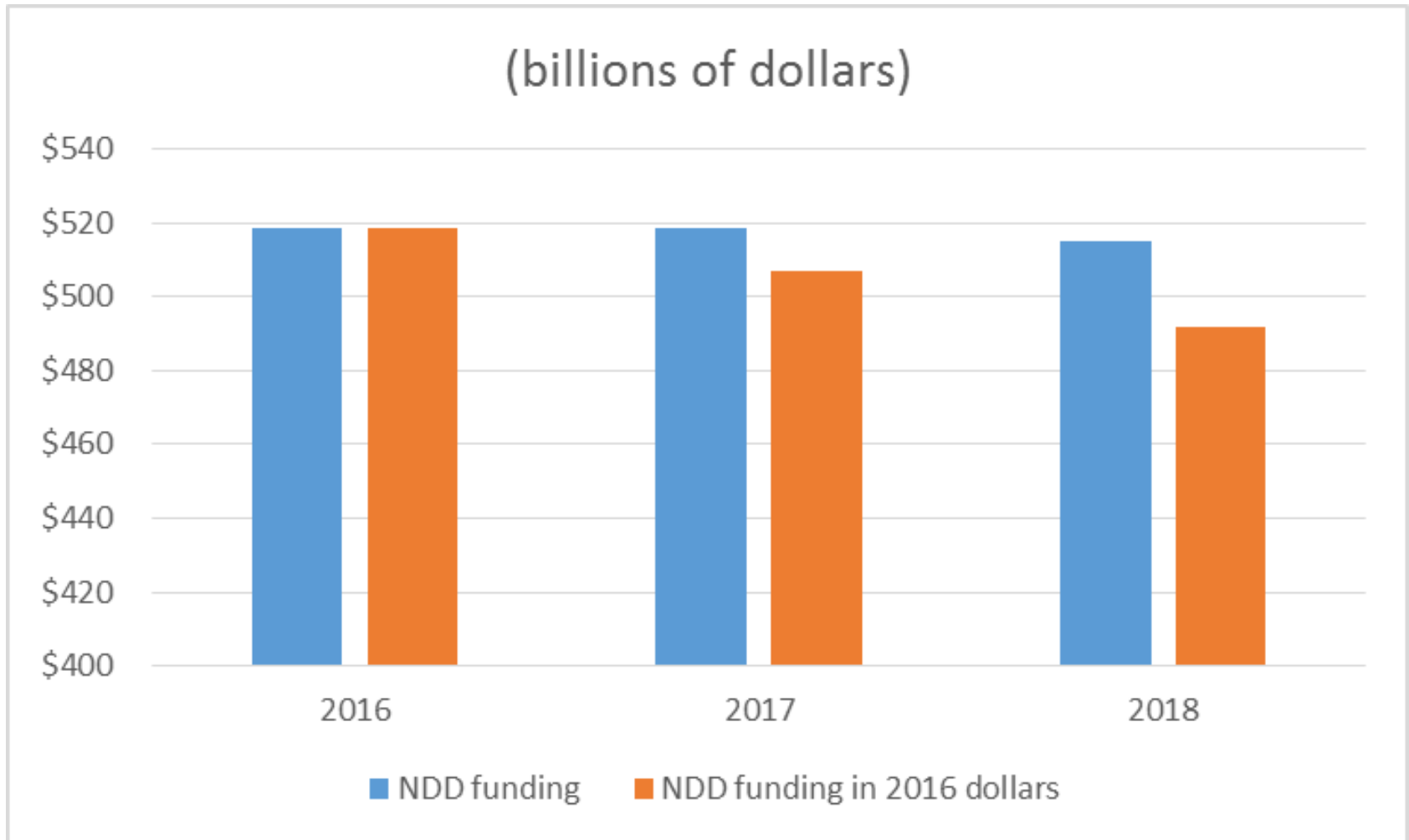
HUD FY 2017 Budget Goals

- Sustain parity for defense & nondefense — no defense cap relief without equal nondefense cap relief
- Provide sufficient funding to fully renew housing vouchers & project-based Section 8 contracts
 - Updated CBPP paper explains HCV renewal need, state-by-state impact of inadequate funding
- Increase funding for public housing, homeless assistance grants, and voucher admin fees, consistent with higher levels in respective House/Senate bills
- Fund Senate bill's voucher mobility demonstration

HUD FY 2018 Budget: Risks

- BCA funding limit for NDD programs for FY 2018 will be ~\$3 billion (0.6%) below FY 2017
- Veterans' health care, rental assistance renewals will require increased funding for FY 2018
- NDD and HUD budgets will be very tight, if Congress fails to raise BCA limits
- President Trump or House Republicans may propose to deepen NDD cuts for FY 2018 and beyond
- BUT any such proposals are only the beginning of the FY 2018 appropriations process — lawmakers who support NDD programs will have leverage because of Senate filibuster rules & divisions among Republicans

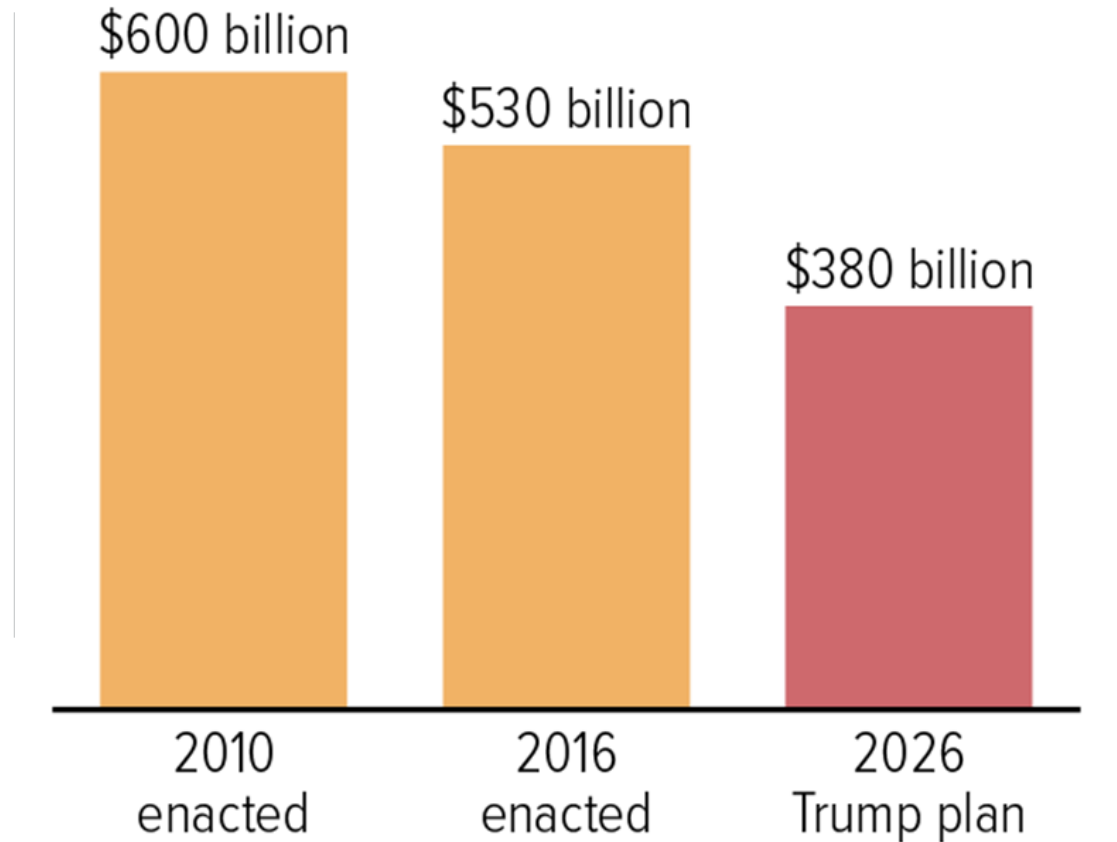
BCA Caps Will Again Put Pressure on NDD program funding in FY 2018



Trump Plan Would Cut Non-Defense Discretionary Funding Deeply Over Time

Budget authority in 2017 dollars

- Under Trump's "Penny Plan," NDD funding in 2026 would be 29% below the 2016 level, adjusted for inflation
- These cuts would come on top of those already enacted under the BCA – and NDD funding would fall to one-third below the previous record low as a share of the economy



HUD FY 2018 Budget: Goals

- Lawmakers (Democrats and Republicans) must use their leverage to 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 should receive priority in funding to protect the housing safety net
- Provide funding increases necessary to sustain rental assistance to current number of families; avoid deepening cuts to other HUD programs

FY 2017 & FY2018 Budget Timeline

ACTION	TIMING (TARGET)	COMMENTS
FY 2017 BUDGET RESOLUTION	January/February	ACA repeal/replace blueprint passed 1/13/17
FY 2017 RECONCILIATION BILL FY 2018 TRUMP BUDGET BRIEF FY 2017 FUNDING BILL & DEFENSE SUPPLEMENTAL FUNDING BILL FY 2018 BUDGET RESOLUTION	March/April 2017	Enact ACA repeal/replace; timing could slip Mid-March? Include proposed NDD funding limit for FY 2018? Will likely break “parity”; may include Mexican border wall funding; include final HUD budget; by April 28 Blueprint for NDD funding, tax/entitlement changes; must first pass ACA repeal/replace, may slip to summer
FY 2018 RECONCILIATION BILL FY 2018 THUD MARKUPS DEBT CEILING?	May/June/July	Enact tax changes, Medicaid and possibly SNAP cuts, “infrastructure”? In House/Senate appropriations committees May slip to September/October
FY 2018 FUNDING BILL	September	At least a continuing resolution

Tax Reform and Housing Policy

- Tax reform is a high priority for Trump and Congress, but process and content fluid – and effort may fail
- To achieve Republican goal of substantial rate cuts, without increasing the deficit, will require eliminating or modifying many current tax expenditures and could risk deep cuts in safety net programs
 - Tax cuts + safety net cuts in a reconciliation bill probably = Republican-only
 - Even then, LIHTC cut unlikely. Bill may include changes to retain value of credits despite cut in corporate rate
- *If* tax reform bipartisan, *could* provide opportunity to increase LIHTC and possibly add renters' credit

Potential Infrastructure Investment

- Trump priority; Congressional Rs lukewarm at best
- Vehicle and timing unclear, though likely part of or after tax reform (if enacted)
- Senate Democrats' proposal includes substantial resources for housing
 - Democratic support likely contingent on substantial new funding, not just private sector tax credits
- Particularly if bipartisan, potential opportunity to add funds for public housing repair and additional affordable housing
 - Secretary-designate Carson indicated support for including funding for housing in an infrastructure bill

Possible Housing-Related Activity by Authorizing Committees

- GSE reform
 - Priority for House Financial Services and Senate Banking chairs and Treasury Secretary Mnuchin, though approaches likely to differ
 - Even if happens, unclear outcome for Housing Trust Fund
- Possible interest in variety of program “improvements”
 - More efficient administration; cost savings
 - More access to areas with greater opportunities
 - Less regulatory requirements; more flexibility
 - Encourage self-sufficiency; possible work requirements
- Bipartisan agreement and busy Congressional calendar challenging

HUD Update

- Dr. Carson will be confirmed, though possibly not until after next week's recess
- No other senior appointees requiring Senate confirmation yet named, though could come quickly after Secretary confirmed
- Expect few if any policy modifications until leadership in place
- No HUD rules *in effect* appear to be targets for rescission in near term.

CBPP Resources

- ***Substantial Funding Boost Needed to Renew Housing Vouchers in 2017***, report with state data:
<http://www.cbpp.org/research/housing/substantial-funding-boost-needed-to-renew-housing-vouchers-in-2017>
- ***Chart Book: Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing***:
<http://www.cbpp.org/research/housing/chart-book-cuts-in-federal-assistance-have-exacerbated-families-struggles-to-afford>
- ***Chart Book: Rental Assistance Reduces Hardship, Promotes Children's Long-Term Success***:
<http://www.cbpp.org/research/housing/chart-book-rental-assistance-reduces-hardship-promotes-childrens-long-term-success>
- **National and State Housing Fact Sheets & Data**:
<http://www.cbpp.org/research/housing/national-and-state-housing-fact-sheets-data>
- ***Commentary: Signs Suggest Trump Budget Will Feature Unprecedented Cuts Plus Large Tax Cuts Favoring Wealthy***:
<http://www.cbpp.org/federal-budget/commentary-signs-suggest-trump-budget-will-feature-unprecedented-cuts-plus-large-tax>

Keep Up-to-Date

- Subscribe to periodic Housing Policy Updates:
<http://cbpp.us10.list-manage1.com/subscribe?u=fcb519d4a06d032e8e2bbf63f&id=8fdffd50b8>
- Housing publications:
<http://www.cbpp.org/topics/housing>

Q & A

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