

Final 2018 HUD Budget & Its Implications

Doug Rice
Alison Bell
Alicia Mazzara

April 4, 2018



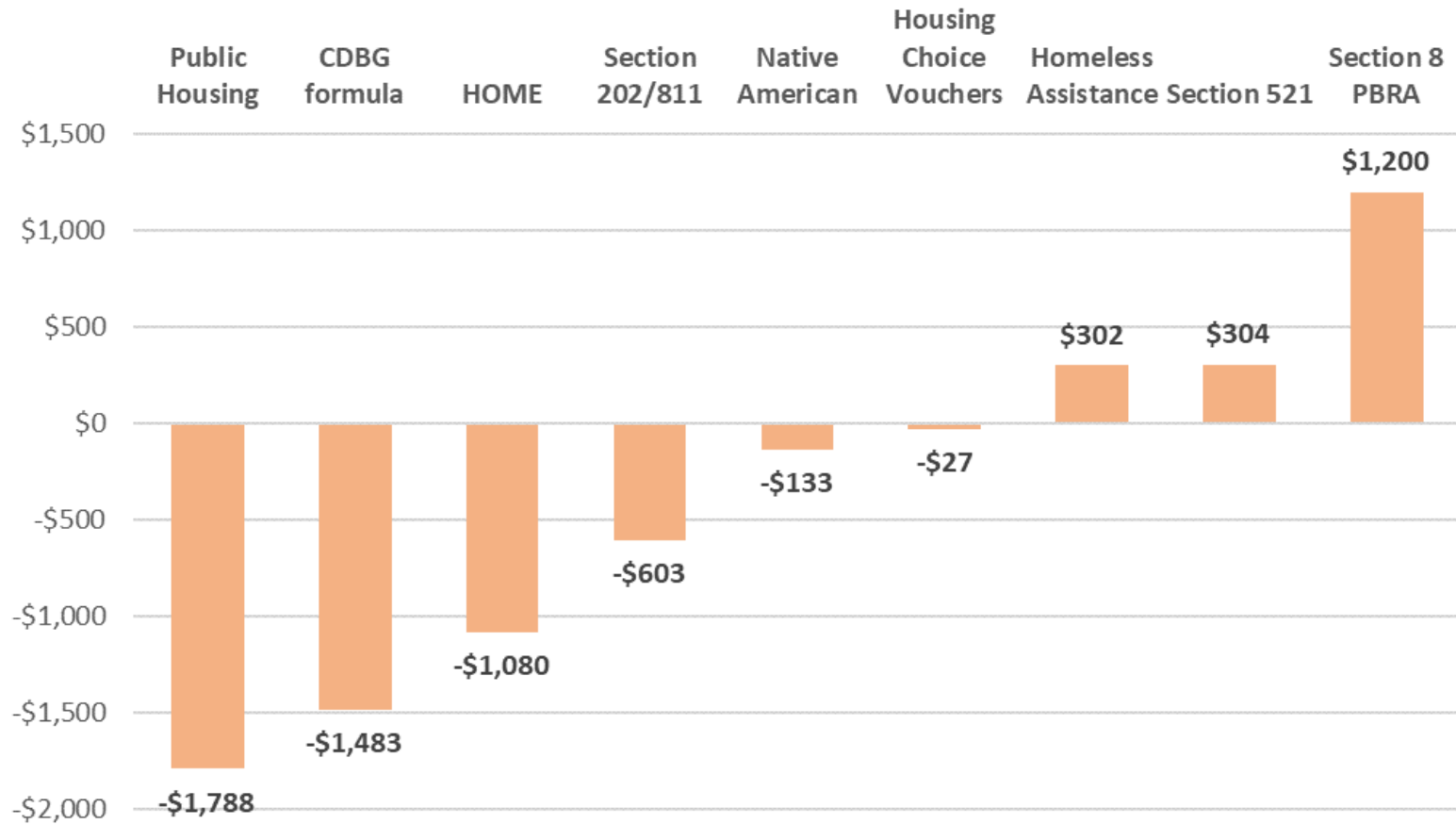
Agenda

- Rare good news from Washington: How did it happen?
- Overview of the HUD provisions of the 2018 omnibus bill
- Maximizing voucher funds utilization
- CBPP web site resources
- What's next? Outlook for the 2019 HUD budget and President Trump's proposed policy reforms
- Q&A

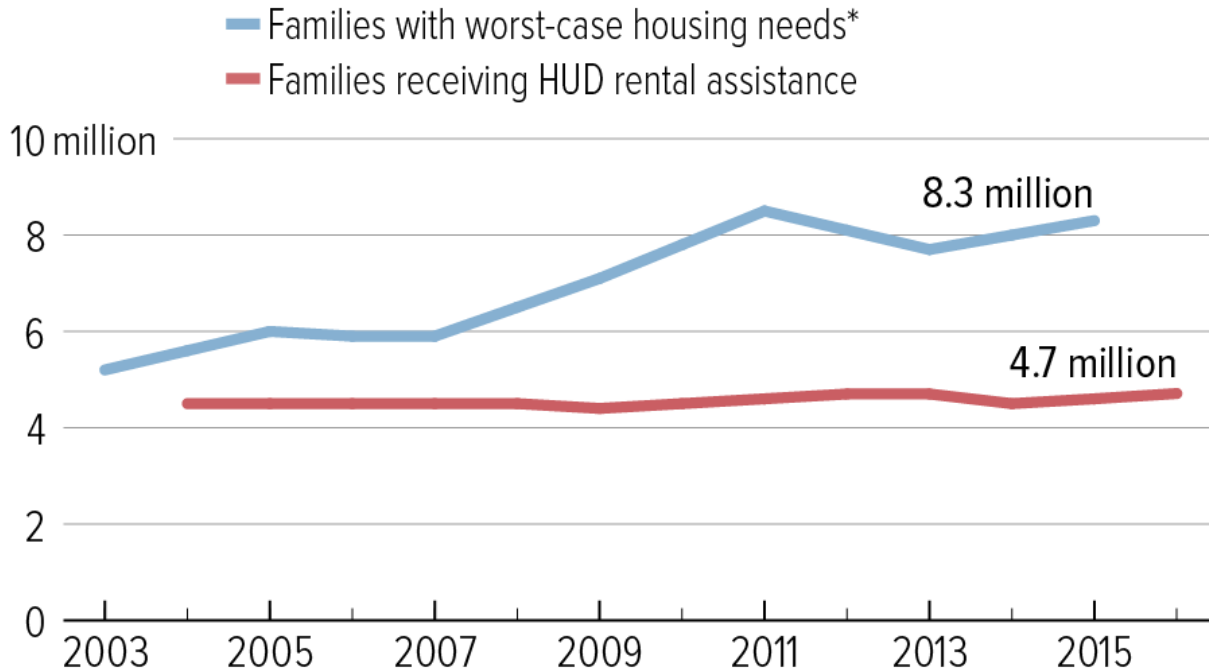
Rare good news from Washington: How did it happen?

Budget Control Act Caps Have Forced Deep Cuts in Housing Aid

2017 funding compared to 2010, in millions of 2017 dollars



Federal Rental Assistance Has Not Kept Pace with Growing Need



*“Worst-case housing needs” = renters with incomes below half of the local median who receive no housing assistance and pay more than half of their income for rent and utilities and/or live in severely substandard housing. Data on worst-case housing needs only available through 2015; data on number of assisted families not available for 2003. Rental assistance includes all Department of Housing and Urban Development programs with subsidies tied to tenant income except Housing Opportunities for People with AIDS/HIV and McKinney-Vento permanent housing.

Source: HUD's 2015 and 2017 Worst Case Needs reports and Picture of Subsidized Households data

Budget Deal & President's Budget

- **Budget deal**

- Enacted on February 9
- Raised funding caps for non-defense discretionary programs (NDD) and defense for 2018 & 2019
- Series of other provisions (CHIP for 10 years, home visiting, other health extenders, child welfare bill, tax extenders)

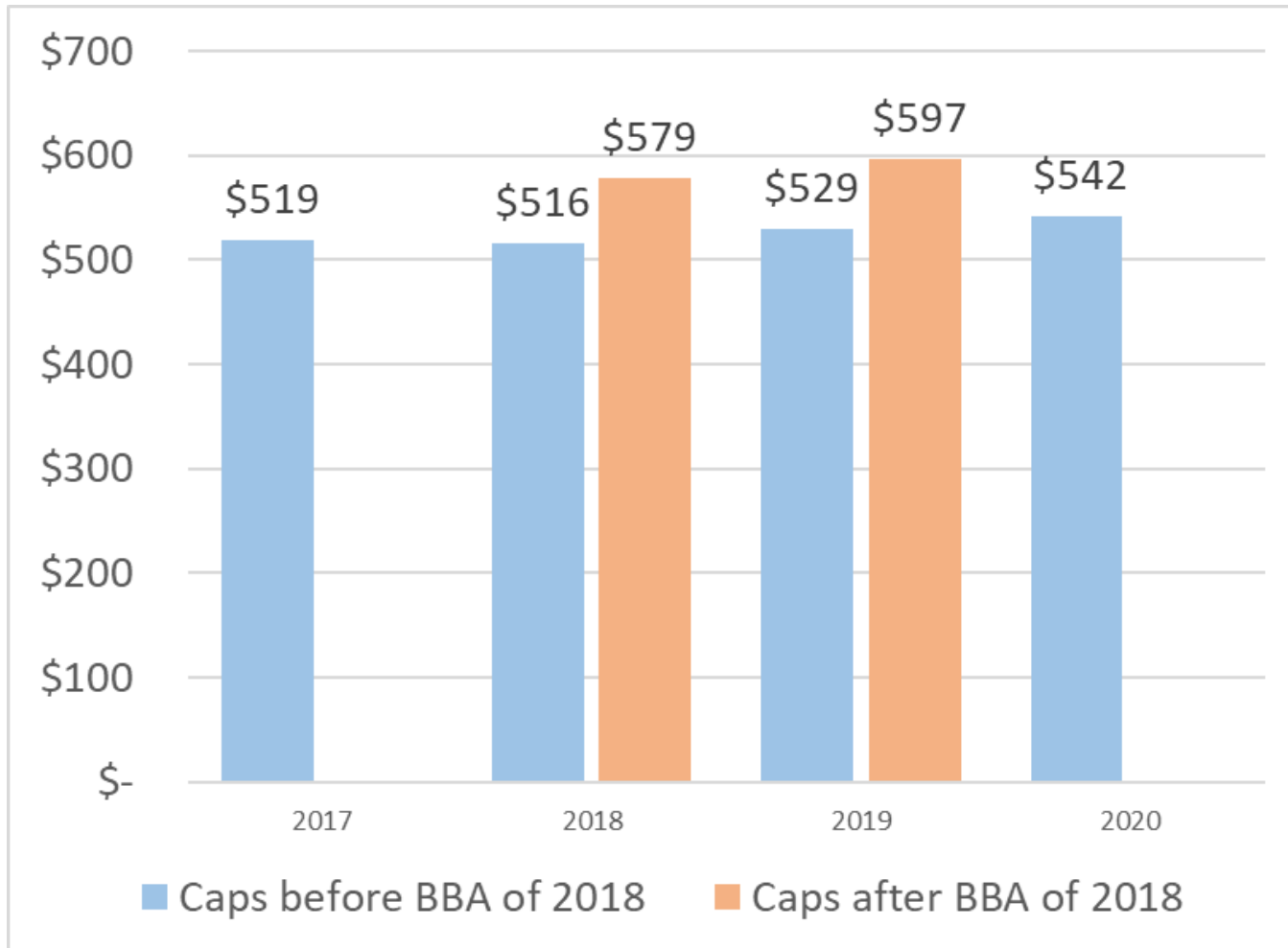
- **Implications of budget deal**

- Enabled Congress to finalize 2018 funding
- Set topline funding levels for 2019

- **President's FY 2019 Budget still matters!**

Bipartisan Deal Increased NDD Funding

NDD caps, in billions of nominal dollars



Overview of the HUD provisions of the 2018 omnibus bill

Final 2018 Omnibus Bill

- \$52.7 billion for HUD programs
 - Increase of \$4.7 billion, or 10% over 2017 funding level
- Housing Choice Vouchers
 - Full voucher renewal funding
 - \$19.6 billion ~100% proration factor
 - Funds for ~60,000 new vouchers
 - ~\$402 million for people with disabilities (NED/Mainstream)
 - \$45 million for homeless veterans (VASH)
 - \$20 million for child-welfare involved families (Family Unification Program – FUP)

Final 2018 Omnibus Bill Cont'd

- HCV administrative fees funding at \$1.7 billion, increase of \$110 million over 2017
 - Formula increase of \$90 million or 5.5%
 - Set-aside of \$30 million, \$20 million over 2017
- Section 8 Project-Based Rental Assistance (PBRA)
 - Full renewal funding of \$11.5 billion
- Public Housing
 - Significant increase, +\$959 million or 15%, over 2017
 - +\$809 million for Capital Fund
 - +\$150 million Operating Fund
 - \$150M for Choice Neighborhoods Initiative (CNI)
 - Rental Assistance Demonstration (RAD) cap increased from 225,000 to 455,000 units
 - Expanded eligibility to 202 program

Final 2018 Omnibus Bill Con't

- Homeless assistance
 - +\$130 million over 2017
 - Includes \$80 million for youth, \$50 million for rapid re-housing and services and for domestic violence victims
- Sec 202 – housing for seniors
 - Funded at \$678 million, including \$105 million for new capital advances and project rental assistance
- Sec 811 – housing for persons with disabilities
 - Funded at \$230 million, including \$83 million for new capital advances and project rental assistance
- HOME funding at \$1.36 billion, increase of \$412 million over 2017
- Community Development Block Grant (CDBG) at \$3.3 billion, a 10% increase over 2017

HUD Program Funding 2018

(Figures in millions)	2017	Trump 2018	House 2018	Senate 2018	Omnibus 2018
Housing Vouchers	\$20,292	\$19,318	\$20,487	\$21,365	\$22,015
<i>Renewals</i>	\$18,355	\$17,584	\$18,710	\$19,370	\$19,600
<i>Admin fees</i>	\$1,650	\$1,550	\$1,550	\$1,725	\$1,760
<i>New VASH, FUP, NED</i>	\$60		\$40	\$80	\$465
Section 8 Project-Based	\$10,816	\$10,751	\$11,082	\$11,507	\$11,515
Public Housing	\$6,342	\$4,528	\$6,250	\$6,445	\$7,300
Homeless Assistance	\$2,383	\$2,250	\$2,383	\$2,456	\$2,513
Section 202 Housing for Elderly	\$502	\$510	\$573	\$573	\$678
Section 811 Housing for People with Disabilities	\$146	\$121	\$147	\$147	\$230
Housing Opportunities for People with HIV/AIDS	\$356	\$330	\$356	\$330	\$375
HOME Block Grants	\$950	\$0	\$850	\$950	\$1,362
Native American Housing Block Grants	\$654	\$600	\$654	\$655	\$657
Community Development Block Grants	\$3,000	\$0	\$2,900	\$3,000	\$3,300
HUD PROGRAM TOTAL (gross)	\$48,056	\$40,722	\$48,034	\$49,942	\$52,749

Maximizing voucher funds utilization

PHAs Should Fully Use Voucher Funds

- PHAs should be actively working to lease as many families as possible to spend their full Housing Assistance Payments (HAP) allocations to serve more families, reduce rent burdens, expand geographical choice
- HUD's utilization measurements
- Major program incentives to achieve high utilization
 - Significant need for rental assistance
 - You have to spend HAP to earn HAP
 - More units leased = more administrative fees earned
 - Opportunity to address rent burdens
 - Higher score on HUD rating system SEMAP
 - Risk of HAP reserves swept by HUD

Evaluating Utilization

- What share of the Housing Assistance Payments (HAP) funds that a PHAs receives is it using to assist families?
- What level of HAP reserves does the PHA have?
- Is the PHA serving more or fewer families in recent years?
- What is the voucher success rate? Can it be improved?
 - Leasing plan based on recent data
 - Increased payment standards
 - Streamlined program operations
 - Effective landlord outreach

Utilization Resources

- CBPP transcript of interview with former HUD Director of Voucher Programs, Amy Ginger, on utilization: [Link](#)
- HUD's Two Year Forecasting Tool: [Link](#)
- HUD's HCV Guidebook chapter on utilization: [Link](#)
- HUD's Voucher Success Rate Guide: [Link](#)

CBPP web site resources

What's next? Outlook for the 2019 HUD budget and President Trump's proposed policy reforms

Outlook for 2019 HUD Budget

- NDD cap set at \$597 billion for 2019, 3.1% above 2018
- House/Senate appropriations committees will likely set working allocations for THUD and other 11 subcommittees in late April/early May, enabling staff to begin bill drafting
- Subcommittees/full committees will begin considering bills in May, with goal of moving all 12 bills through committees before August recess
- Full House/Senate chambers may amend/vote on some bills, but likely not all
- Congress most likely to complete final 2019 budgets for HUD/other agencies after November elections; will approve a temporary funding resolution (CR) in September

HUD Budget Goals for 2019

- Sustain program funding gains in 2018 law
- Provide increased funding required to renew all Housing Choice Vouchers, other rental assistance
 - CBPP recommends \$22.75 billion for vouchers in 2019, incl. \$20.55 billion to fully renew vouchers in use
 - Section 8 PBRA, Public Housing Operating Fund, smaller programs will also require added funds to sustain current rental assistance
- Expand rental assistance to reduce homelessness, other severe affordability problems, e.g., \$110 million for new housing vouchers

Trump 2019 HUD Budget

- \$41.2 billion for HUD programs (including “addendum”), \$11.5 billion or 22% *below* final 2018 budget
- Housing Choice Vouchers: \$1.8 billion shortfall for renewals, leaving 200,000 without renewal funds in 2019
- Section 8 Project-Based RA: \$360 million below 2018 renewal cost, even further below 2019 cost
- Public Housing: 55% cut below 2018; \$100 million for RAD
- Homeless Assistance: frozen at 2017 level
- HOME/CDBG/CNI/NHTF: eliminated
- Proposes housing program policy changes that would raise rents, increase hardship for assisted residents
- *Most radical retrenchment of federal rent aid in 80 years*

Trump 2019 HUD Budget

(Figures in millions)	2017	2018	Trump 2019
Housing Vouchers	\$20,292	\$22,015	\$20,550
<i>Renewals</i>	\$18,355	\$19,600	\$18,749
<i>Admin fees</i>	\$1,650	\$1,760	\$1,550
<i>New VASH, FUP, NED</i>	\$60	\$465	-
Section 8 Project-Based	\$10,816	\$11,515	\$11,147
Public Housing	\$6,342	\$7,300	\$3,279
Homeless Assistance	\$2,383	\$2,513	\$2,383
Section 202 Housing for Elderly	\$502	\$678	\$601
Section 811 Housing for People with Disabilities	\$146	\$230	\$140
Housing Opportunities for People with HIV/AIDS	\$356	\$375	\$330
HOME Block Grants	\$950	\$1,362	-
Native American Housing Block Grants	\$654	\$657	\$600
Community Development Block Grants	\$3,000	\$3,300	-
HUD PROGRAM TOTAL (gross)	\$48,056	\$52,749	\$41,200
* CBPP estimate			

Trump 2019 HUD Rent Policy Proposals

- Few details in budget, but consistent with leaked draft, except that “current” elderly/disabled may be held harmless
- Non-elderly, non-disabled households:
 - Raise rents from 30% to 35% of income
 - Eliminate child care and other deductions
 - Impose minimum rents of \$152/month
- Elderly/disabled households: unclear how changes apply
- Applies to HCVs, PH, PBRA, 202, 811, McKinney. Complex set of other provisions, including authority for HUD to establish alternative rent policies
- Work requirement option for PHAs/owners, up to 32 hrs/wk, including certain training/ed activities

Rent Proposals Would Increase Hardship

- Raise rents by \$2.3 billion/yr on 1.8 million households including 3 million children, by 32% or \$120/month, on average (assuming elderly/disabled excluded)
- Rent provisions would mostly target working families, increasing their costs
- Rent increases, esp. minimum rents, fall hardest on poorest households, mostly families with children
- If enacted, would offset only a fraction of proposed funding cuts, and likely none in 2019

Work Requirements Don't Work

- Not effective in encouraging or supporting work: work reqts in other programs generated little or no long-term gains in earning or employment, research found
- Push families into homelessness and hardship: work reqts have caused many families – often those with the greatest disadvantages – to lose assistance, research found
 - Many harmed would be people who already work
- Includes no new resources to help people build skills, pay for child care, or otherwise overcome barriers to work
- Better approach: FSS and Jobs-Plus programs that emphasize service supports and financial incentives show promising outcomes without the downside risks

Q & A

Doug Rice

rice@cbpp.org

www.cbpp.org

202.408.1080

