

Final 2019 HUD Budget and Its Implications

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Agenda

1. Introductions and Logistics
2. Overview of HUD Budget for FY 2019
3. Using Funds to Issue More Housing Vouchers
4. Housing Mobility Demonstration
5. Outlook for FY 2020 HUD Budget
6. Q & A

Agenda

1. Introductions and Logistics

- Submitting questions through Zoom
- Recording and slides will be sent after the webinar
- Reports and blogs discussed today can be found at:
 - cbpp.org/topics/housing
- Can sign up for regular email updates there, too

Policy Basics 

The Housing Choice Voucher Program

Created in the 1970s, the "Section 8" Housing Choice Voucher Program has become the dominant form of federal housing assistance.

What Is the Housing Voucher Program?

Low-income families use vouchers to help pay for housing in the private market. The program is federally funded but run by a network of about 2,150 state and local housing agencies. More than 5 million people in 2.2 million low-income families use vouchers.

Who Is Eligible for Vouchers?

Federal rules ensure that vouchers are targeted at the families who need them most. Seventy-five percent of new households admitted each year must be "extremely low income," with incomes not exceeding 30 percent of the local median or the poverty line, whichever is higher. Other new households may have incomes up to 80 percent of the area median.


Housing agencies may set admissions preferences based on housing need or other criteria. Undocumented immigrants are not eligible for voucher assistance.

How Does a Family Use a Voucher?

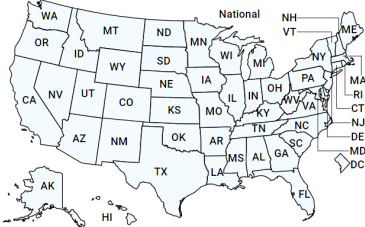
Once a family receives a voucher, it has at least 60 days to find housing. A family can use a voucher to help pay the rent either for its current unit or for a new unit. In either case, the housing agency must verify that the unit meets federal housing quality standards and that the rent is reasonable compared to market rents for similar units in the area.

National and State Housing Fact Sheets & Data

UPDATED MARCH 1, 2019

SHARE 

Federal Rental Assistance. Federal rental assistance programs enable about 5 million low-income households in the United States to rent modest housing at an affordable cost. These factsheets provide details on who uses and who needs rental assistance in each state. Users can also download the data, including supplemental tables on low income renters, federal funding, and the location of urban and rural housing, in Excel. [National Fact Sheet](#) | [State Fact Sheets](#) | [Download the Data](#) | [Sources and Methods](#)



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Discussing Three Distinct Federal Fiscal Years

2019

Current Budget Year
(budget passed in Feb.)

2020

President's Budget and
Upcoming Appropriations
Cycle

2020 and 2021

Budget Caps Must Be Raised
Impacts Both Years

HUD Budget for 2019

- Signed into law on February 15
- Sustains most of the funding increases from the 2018 funding bill
 - Budget caps deal for 2018 and 2019 made this possible
- \$53.8 billion, nearly a 2 percent increase
- Maintains number of families served by rental assistance programs
- Housing mobility demonstration

Rental Assistance Programs

- Public housing
 - Capital funds increase of \$25 million
 - Operating fund, increase of \$103 million
- Section 8 Project-Based Rental Assistance
 - \$232 million increase
- Section 202 program
 - Level funding at \$678 million
- Section 811
 - Modest decrease but enough funding to renew current aid and possibly expand to several thousand more households

Additional HUD Programs

- Homeless assistance grants
 - Increased by \$123 million
- Community Development Block Grant
 - Level funded at \$3.3 billion
- HOME program
 - Decrease of 9 percent to \$1.25 billion

2019 Housing Program Allocations, Proposed and Enacted

(Figures in Millions)

	2018	Trump 2019	House 2019	Senate 2019	Enacted 2019
Housing Vouchers	\$22,015	\$20,550	\$22,476	\$22,781	\$22,598
<i>Renewals</i>	\$19,600	\$18,749	\$20,107	\$20,520	\$20,313
<i>Admin. fees</i>	\$1,760	\$1,550	\$1,800	\$1,956	\$1,886
<i>New VASH, FUP, NED*</i>	\$445	\$0	\$310	\$94	\$165
Mobility Demonstration	\$0	\$0	\$50	\$0	\$25
Section 8 Project-Based	\$11,515	\$11,147	\$11,747	\$11,747	\$11,747
Public Housing Capital Fund	\$2,750	\$0	\$2,750	\$2,775	\$2,775
Public Housing Operating Fund	\$4,550	\$3,279	\$4,550	\$4,756	\$4,653
Homeless Assistance	\$2,513	\$2,383	\$2,571	\$2,612	\$2,636
Section 202 Housing for Elderly	\$678	\$601	\$678	\$678	\$678
Section 811 Housing for People with Disabilities	\$230	\$140	\$154	\$154	\$184
Housing Opportunities for People with HIV/AIDS	\$375	\$330	\$393	\$375	\$393
HOME Block Grants	\$1,362	\$0	\$1,200	\$1,362	\$1,250
Native American and Hawaiian Housing Block Grants	\$657	\$600	\$655	\$657	\$657
Community Development Block Grants	\$3,300	\$0	\$3,300	\$3,300	\$3,300
HUD Program Total (gross)	\$52,749	\$41,423	\$53,240	\$54,049	\$53,774

Note: VASH = Veterans Affairs Supportive Housing. FUP = Family Unification Program. NED = "mainstream" vouchers for non-elderly people with disabilities.

*These figures are estimates based on most recently available data.

Sources: Office of Management and Budget and Consolidated Appropriations Act, 2019.

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Housing Choice Voucher Funding, 2019

Renewal Funding

- \$20.3 billion, \$713 million (3.6%) over 2018
- \$100 million set aside for 4 categories of renewal funding adjustments
- HUD authority to offset allocations for PHAs with excess funding reserves
- PHAs should receive 99 – 100% of the renewal funding for which they are eligible in 2019, taking local inflation factors and offsets into account

Housing Choice Voucher Funding, 2019

Incremental Vouchers

- \$225 million for mainstream vouchers, at least \$105 million of which will be for ~12,000 new vouchers (HUD still has ~\$295 million in 2018 funds to award)
- \$44 million for VASH, including \$4 million for tribal VASH; about 4,500 new vouchers for vets
- \$20 million for about 2,000 new Family Unification Program vouchers for youth and families
- \$25 million for innovative Voucher Mobility Demonstration, including \$5 million for ~500 new vouchers for families with children

Housing Choice Voucher Funding, 2019

Other Provisions

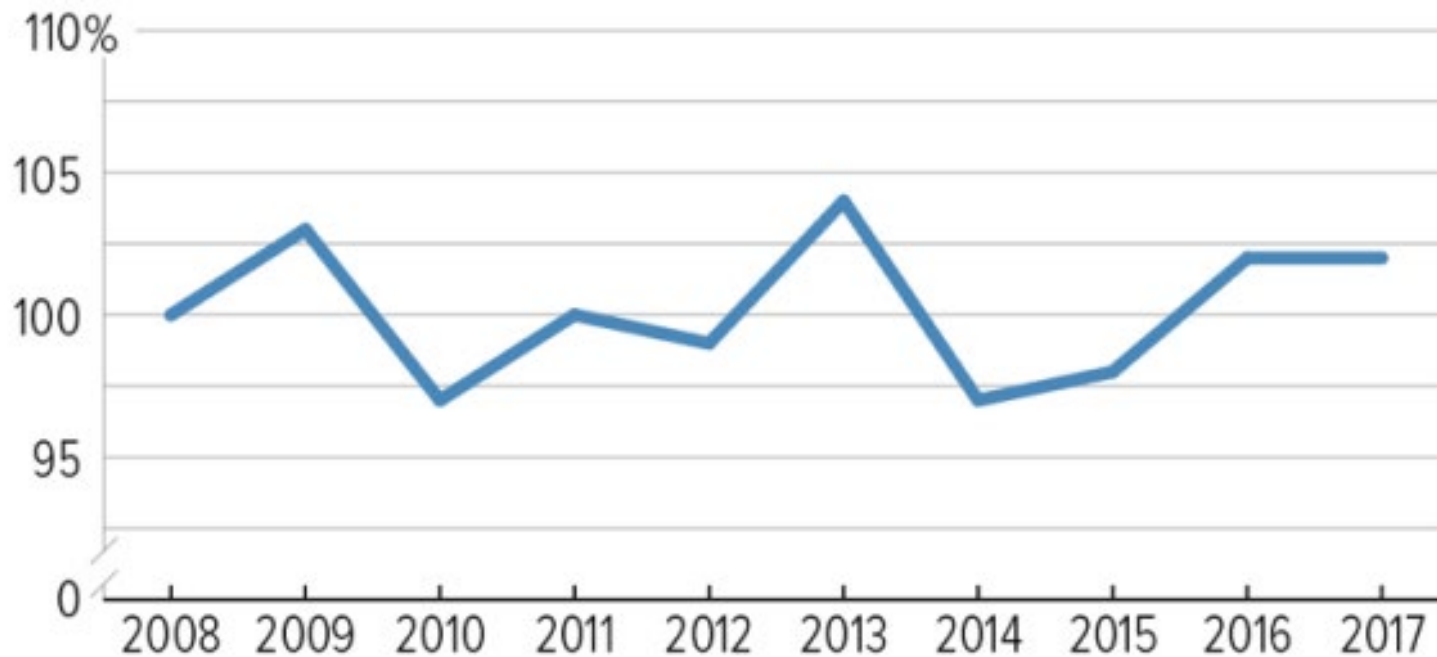
- \$85 million for tenant protection vouchers
- \$1.89 billion for administrative fees, \$126 million (7%) over 2018; likely sufficient to raise the formula proration a bit above the 2018 level of ~80%

PHAs Should Be Able to Issue More Vouchers in 2019, Reverse Recent Cuts

- 2017 funding delay/shortfall & 2018 funding delay contributed to leasing decline of ~50,000 housing vouchers from March 2017 to September 2018
- By end of 2018, PHAs had built up more than \$500 million in excess funding reserves (not counting MTW agencies)
- Using renewal funds and excess reserves, PHAs should be able to assist tens of thousands of additional families in 2019

Housing Agencies on Average Spend 100 Percent of Their Voucher Assistance Funds Over Time

Percent of annual housing voucher assistance funding spent, 2008-2017

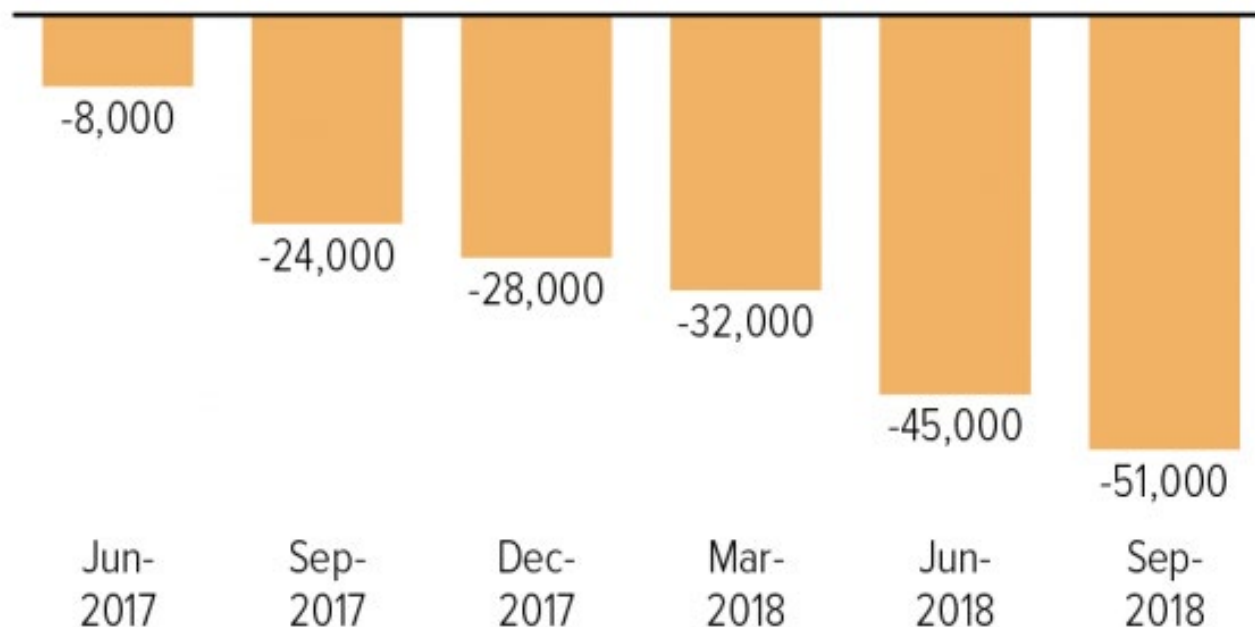


Note: Figures don't include agencies participating in the Moving to Work demonstration, which provides waivers of rules governing public housing and the voucher program. The share of annual voucher assistance funding spent can be over 100% because agencies can use unspent funds left over from prior years.

Source: CBPP analysis of Housing and Urban Development data

Funding Delays, Shortfalls Contributed to Loss of 50,000 Housing Vouchers

Decline in number of families using Housing Choice Vouchers relative to March 2017



Note: Final funding for 2017 and 2018 wasn't approved until several months into each of those years, and 2017 funding was insufficient to renew all vouchers in use. Figures exclude new tenant-protection or Rental Assistance Demonstration vouchers leased during the period shown.

Source: CBPP analysis of Department of Housing and Urban Development data.

Improving Housing Voucher Utilization

- Reasonable for PHAs to maintain modest reserves (4 to 12% of annual funding, depending on PHA size)
- PHAs should spend excess reserve amounts to assist more families on waiting lists:
 - Helps more families in need
 - Increases PHAs' renewal funding eligibility
 - Increases PHAs' admin fee eligibility
 - Improves PHAs' SEMAP score
 - Avoids losing funding via renewal funding offset
- CBPP has posted updated utilization data, estimates of PHA funding reserves, other resources

New CBPP Resources

- [“Funding Bill and Carryover Funding Should Enable Agencies to Issue More Housing Vouchers in 2019,”](#) report analyzing 2019 funding provisions
- [“Agencies Generally Use All Available Voucher Funding to Help Families Afford Housing,”](#) report explaining intersecting issues of voucher utilization
- [“Housing Voucher Success and Utilization Indicators, and Understanding Utilization Data,”](#) brief explainer on voucher utilization data, how to use them
- [“Dialogue with Amy Ginger, HUD Director of Housing Voucher Programs, on Improving Housing Voucher Utilization,”](#) interview transcript
- [Three housing voucher utilization data tables, by PHA](#)

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Housing Mobility Demonstration

- Included as part of the FY 2019 HUD Funding Bill
- \$20 million for housing mobility support services and operating regional mobility programs
- \$5 million for 500 new vouchers for families with children participating in the demonstration
- \$3 million for research to determine the most cost-effective program components

Housing Mobility Demonstration

- HUD will issue a notice of funding availability for PHAs to apply for the competitive funding
- Encourage PHAs to begin working regionally if interested in the demonstration
- Will continue to update materials on our website
 - cbpp.org/housing-choice-voucher-mobility-demonstration

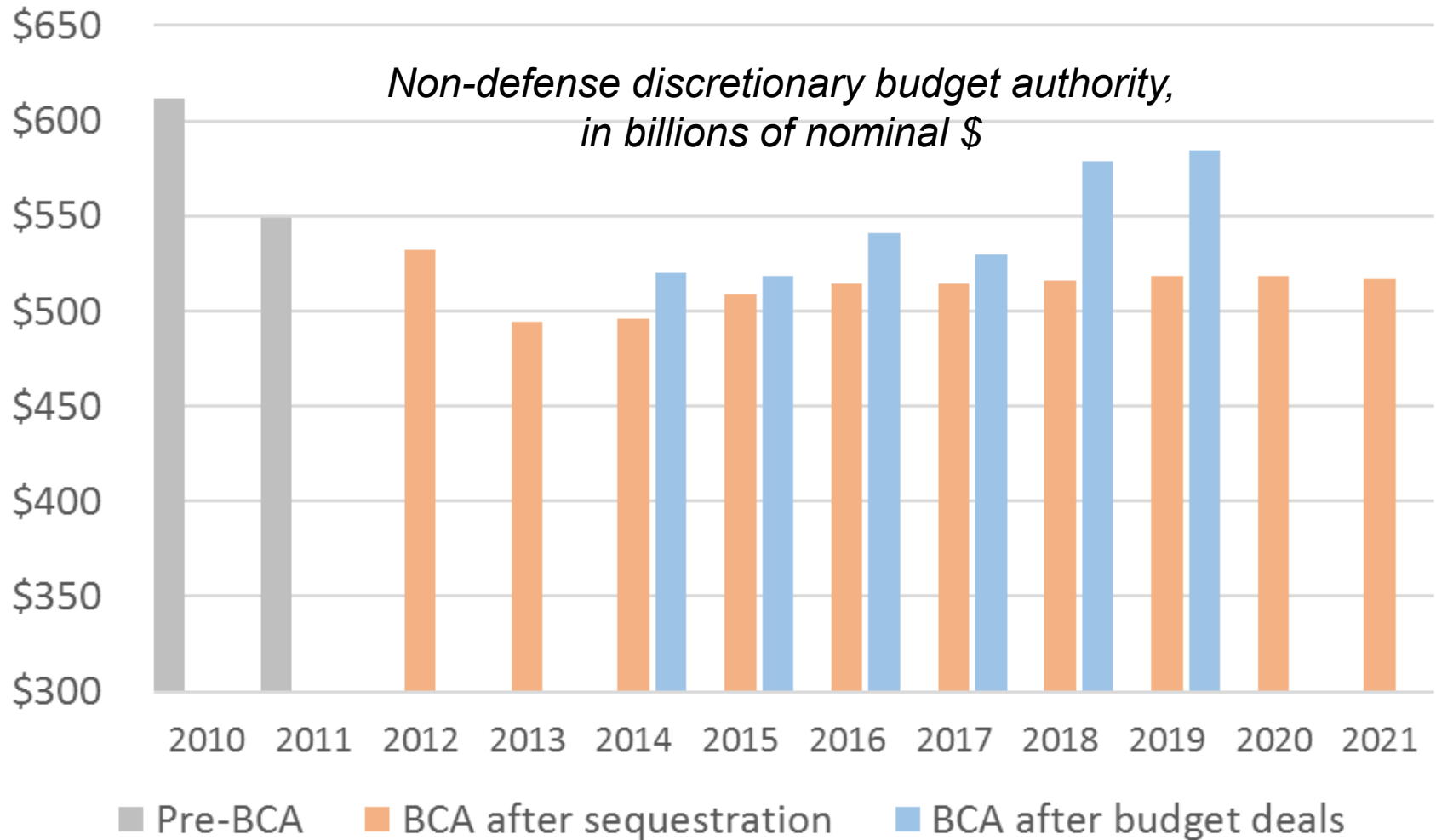
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Congress Must Reach New Deal for FY 2020

- Three 2-year agreements to raise Budget Control Act of 2011 caps have prevented more than \$200B in non-defense discretionary (NDD) funding cuts
- Still, non-defense discretionary funding in 2019 is 10.6% below the 2010 level, adjusted for inflation
- To its credit, Congress has prioritized HUD programs, yet 2019 funding is still 2.6% below 2010, adj. for inflation – public housing, block grants hit hardest
- Without a new deal, the BCA caps would force very deep cuts in 2020 (9% cut in NDD funding, not counting inflation losses)

Budget Deals Raised BCA Caps from 2014 to 2019, But New Deal Needed for 2020



FY 2020 Budget Timeline

- Trump FY 2020 budget release March 11 & 18
- House and Senate will “deem” discretionary funding levels for 2020
- Appropriations committees will aim to complete Transportation-HUD and other appropriations bill markups by end of July
- Final completion of bills will require an agreement on BCA spending caps – timing of which is uncertain, but fall seems likely

Trump FY 2020 HUD Budget Request

- Deep cuts in HUD program funding
 - \$9.7 billion (18%) in total HUD program cuts
 - \$4.6 billion (62%) cut in public housing funding
 - Eliminate CDBG and HOME (\$4.6 billion cut)
 - \$354 million cut in housing vouchers, would eliminate tens of thousands of vouchers in use
- Re-proposes plan to raise rents on millions of assisted renters & proposes to take aid away from those that don't meet new work requirements

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