NAHMAnalysis

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

March 16, 2017   NAHMAnalysis 2017-0316

President Trump releases FY18 budget:
America First: A Budget Blueprint to Make America Great Again

Today, President Trump sent Congress its Fiscal Year (FY) 2018 budget blueprint, "America First: A Budget Blueprint to Make America Great Again." The FY18 budget blueprint provides funding recommendations; however it does not provide the specific funding levels and policy proposals for most programs. A complete FY18 budget request is expected to be released in May and will include policy specifics and detailed proposals.

In his opening message, President Trump stated, "the core of my first Budget Blueprint is the rebuilding of our nation's military without adding to our federal deficit. There is a $54 billion increase in defense spending in 2018 that is offset by targeted reductions elsewhere. This defense funding is vital to rebuilding and preparing our Armed Forces for the future." Given the increase in defense spending, the Administration proposed deep cuts to programs administered by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.

This NAHMAnalysis highlights the proposed budget and funding levels for HUD, U.S. Department of Agriculture (USDA) Rural Housing Service (RHS), and other housing programs.

HUD

The Administration's FY18 Budget requests $40.7 billion in funding for HUD, a $6.2 billion or 13.2 percent decrease to the 2017 annualized continuing resolution (CR) level (the current FY17 CR runs until April 28, however the budget is estimating the CR would run until Sept. 30).

As stated in the budget, this funding level "provides over $35 billion for HUD's rental assistance programs and proposes reforms that reduce costs while continuing to assist 4.5 million low-income households." However, specific funding amounts were not provided for Public Housing, Housing Choice Vouchers, and Project-based Rental Assistance programs. In addition to the rental assistance commitment, the budget also reaffirmed the Administration's support for homeownership through Federal Housing Administration mortgage insurance programs. NAHMA supports funding to renew all rental assistance to tenants. The proposed funding levels are insufficient to renew all contracts in HCV and PBRA.

While rental assistance and homeownership programs appear to survive significant cuts, other HUD community development programs would be eliminated. To account for the significant decrease in funding, the Administration is proposing to eliminate several important HUD programs, including the HOME Investment Partnerships (HOME) program, the Community

Development Block Grant (CDBG), Choice Neighborhoods, the Self-help Homeownership Opportunity Program (SHOP), and Section 4 Capacity Building for Community Development and Affordable Housing programs. As provided in the budget, the Administration rational for eliminating these programs is to "devolve community and economic development activities to the State and local level, and redirect federal resources to other activities.…State and local governments are better positioned to serve their communities based on local needs and priorities." NAHMA strongly opposes the elimination of HOME, Choice Neighborhoods, and CDBG. These programs play a critical role in supporting the preservation of existing affordable housing.

Finally, the only HUD program to receive a substantial funding increase is the Lead-Based Paint Hazard Reduction. The Administration stated that this proposal "promotes healthy and lead-safe homes by providing $130 million, an increase of $20 million over the 2017 annualized CR level, for the mitigation of lead-based paint and other hazards in low-income homes, especially those in which children reside. This also funds enforcement, education, and research activities to further support this goal, all of which contributes to lower healthcare costs and increased productivity." NAHMA is supportive of efforts to eliminate lead hazards in assisted housing.

USDA-RHS

The Administration's FY18 Budget requests $17.9 billion for USDA, a $4.7 billion or 21 percent decrease from the 2017 annualized continuing resolution (CR) level. The budget request does not provide any details on funding levels for RHS programs. The only RHS-related proposal provided proposes to "reduce staffing in USDA's Service Center Agencies to streamline county office operations, reflect reduced Rural Development workload, and encourage private sector conservation planning." NAHMA will continue to advocate for funding to renew all RHS rental assistance programs.

Conclusion

In addition to HUD and USDA-RHS programs, the Administration's FY18 requests the elimination of other housing-related programs, including the Community Development Financial Institutions (CDFI) Fund's discretionary grant programs, the United States Interagency Council on Homelessness, Neighborworks America, the Corporation for National and Community Service, the Low Income Home Energy Assistance Program (LIHEAP), and the Legal Services Corporation. The Administration also stated that it "supports Veteran Affairs programs that provide services to homeless and at-risk veterans and their families to help keep them safe and sheltered."

NAHMA strongly opposes the drastic cuts to federal affordable housing programs. In addition, we strongly oppose cuts to programs, like HOME, that support the preservation and development of affordable housing. NAHMA will continue to work with Congress to ensure the requested cuts are not implemented and full funding for all federal rental assistance programs is provided.

NAHMA members must take action and advocate, as well. Now is the time! To learn how members can get involved, please view the recent Grassroots Alert to **help preserve funding for affordable housing**.