

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

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### Affordable Housing and Community Development Programs: Appropriations for Fiscal Year 2019

#### Background

In February, President Trump signed into law the remaining FY19 agency funding bills, including HUD and USDA. This comes after Congress reached a final deal on border security funding, which had been the issue causing the recent 35-day government shutdown. Enacted funding levels for both HUD and USDA were quite positive and maintained funding increases from FY18, despite both agencies facing significant cuts proposed in the Administration's FY19 budget request.

For HUD, the FY19 bill provides \$53.8 billion, a \$1.02 billion increase from last fiscal year, and over \$12.5 billion more than the Administration's FY 2019 request. For USDA Rural Development, the FY19 bill provides mostly flat funding with minimal increases to rural housing programs. In providing increased funding, Congress rejected the Administration's proposed rent reforms to HUD's rental assistance programs. Congress also rejected the Administration's proposed elimination of several key affordable housing programs, including: Public Housing Capital Fund, Housing Trust Fund, HOME, CDBG, Choice Neighborhoods, and the U.S. Interagency Council on Homelessness.

#### 1. Appropriations for HUD's Affordable Housing Programs

The FY19 omnibus provides increased funding levels for nearly all of HUD's affordable housing and community development programs. After industry-wide opposition to the President's Budget Request for this fiscal year, which had proposed funding levels insufficient to renew Section 8 contracts and eliminated funding for certain community development programs, NAHMA welcomes the much-needed boost for Project-based Rental Assistance (PBRA) and other programs outlined in the following pages.

## Project-Based Rental Assistance (PBRA)

The omnibus bill provides \$11.747 billion for project-based rental assistance (PBRA), an increase over FY18 that is sufficient to renew all contracts. The bill provides \$245 million for PBCA oversight. NAHMA continues to monitor the PBCA process closely and expects updates from HUD before the end of the fiscal year. Current PBCA contracts will continue in the meantime.

<b>Housing and Urban Development Fiscal Year 2019 Appropriations Act (\$ in millions)</b>			
<b>HUD Affordable Housing and Community Development Programs</b>	<b>FY18 Enacted</b>	<b>FY19 President's Proposed Budget</b>	<b>FY19 Enacted</b>
Tenant-Based Rental Assistance	22,015	20,550	22,598
<i>Contract Renewals</i>	<i>19,600</i>	<i>18,749</i>	<i>20,313</i>
Project-Based Rental Assistance	11,515	11,147	11,747
Housing for the Elderly (Section 202)	678	601	678
<i>Capital Advance</i>	<i>105</i>	<i>0</i>	<i>51</i>
<i>Service Coordinators</i>	<i>90</i>	<i>90</i>	<i>90</i>
<i>Home Modifications – Aging in Place</i>	<i>0</i>	<i>0</i>	<i>10</i>
Supportive Housing for Persons with Disabilities (Section 811)	230	140	184
<i>Capital Advance</i>	<i>83</i>	<i>0</i>	<i>30</i>
Community Development Fund	3,365	0	3,365
HOME	1,362	0	1,250

## Tenant-Based Rental Assistance – Housing Choice Vouchers (HCV)

The omnibus spending bill provides \$22.598 billion for tenant-based rental assistance (or Housing Choice Vouchers, HCV), an increase over FY18 enacted levels and significantly more than requested by the Administration. The increased funding provides \$20.313 billion for voucher renewals. The bill also funds a new “Family Mobility Demonstration.” This includes \$25 million to implement a voucher mobility demonstration program (\$20 million to support PHA programs designed to empower families to successfully move to, and remain in, lower-poverty areas) and up to \$5 million for incremental housing vouchers for families with children that participate in the demonstration.

## Housing for the Elderly, Section 202

HUD Section 202, Housing for the Elderly, received \$678 million, same as FY18 enacted levels. The bill provides \$51 million for new capital advances and project-based rental assistance

contracts, up to \$90 million for service coordinators and the continuation of existing congregate service grants, and \$10 million for the new aging in place home modification grant program. NAHMA and industry partners continue to advocate for each of these improvements to the 202 program and applauds the much-needed support for elderly housing.

### **Housing for Persons with Disabilities, Section 811**

Similar to Section 202, HUD Section 811 receives new capital advance funding (\$30 million) under the omnibus bill. Overall, the program funding is decreased to \$184 million in FY19 from \$230 million in FY18.

### **HOME Investment Partnerships Program and the Community Development Fund**

After being targeted for elimination under the President’s FY19 Budget Request, both the HOME and Community Development Block Grant (CDBG) programs continue under the omnibus spending bill: Funding for HOME was \$1.250 billion. The bill maintains funding for the Community Development Fund at \$3.365 billion.

## **2. Appropriations for USDA Rural Housing Programs**

<b>USDA – Rural Development Fiscal Year 2019 Appropriations Act (\$ in millions)</b>			
<b>RHS Programs</b>	<b>FY18 Enacted</b>	<b>FY19 President’s Proposed Budget</b>	<b>FY19 Enacted</b>
Section 521 Rental Assistance	1,345	1,331	1,331
Section 515 Rental Housing Direct Loans	40	0	40
Multifamily Revitalization	47	0	51.5
Preservation Demonstration	22	0	24.5
Section 542 Rural Housing Vouchers	25	20 (moved to RA account)	27
Section 538 Loan Guarantee	230	250	230

In the FY19 omnibus, some of USDA’s rural housing programs also see an increase over Fiscal Year 2018 enacted levels. The funding levels are sufficient to renew existing affordable housing contracts.

### **Section 521 Rental Assistance (RA)**

The omnibus bill provides \$1.331 billion for the Section 521 Rental Assistance (RA) program, which represents a slight decrease due to program attrition.

### **Section 515 Rental Housing Direct Loans**

Lawmakers continue to pay more attention to the impending number of Section 515 properties that are reaching their mortgage maturity dates. The omnibus maintains \$40 million funding level from last year's enacted level. The bill also directs the USDA Secretary to incentivize public housing authorities and nonprofits in preservation activities for their rural rental housing portfolio by allowing these entities to receive a return on investment and an asset management fee up to \$7,500 per property.

### **Multifamily Revitalization and Rural Housing Vouchers**

Despite the Administration's request to zero out funding for the Multifamily Revitalization Program, the omnibus bill provides a slight increase to the program. The new total funding level of \$51.5 million maintains \$24.5 million for the Preservation Demonstration, while funding for Rural Housing Vouchers is increased to \$27 million.

Lastly, Section 538 Loan Guarantee remains flat at \$230 million.

### **3. Outlook for Fiscal Year 2020**

Although behind schedule and coming after a devastating government shutdown, the FY19 omnibus bill represents a clear victory for affordable housing. NAHMA strongly supports the funding increases in the bill, and applauds Members of Congress for rejecting drastic program cuts and enacting bipartisan legislation to invest in affordable housing and community development programs. However, we are still in the midst of an affordable housing crisis, and continued funding will be required to meet our country's housing needs. A divided government presents new challenges, as we observed with the recent shutdown. Over the next few months, the Trump Administration and Congress will need to pass another budget agreement to increase the overall spending caps for upcoming fiscal years. The President's Budget Request for FY20 will likely fall short of the funding levels required to renew contracts and continue to invest in communities across the country.

We ask that NAHMA members continue to advocate for funding above the FY19 enacted levels for the next fiscal year, which begins October 1<sup>st</sup>, 2019. NAHMA will keep members updated as funding negotiations unfold throughout the summer and early fall, and we look forward to working together via our forthcoming grassroots alerts.