

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

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

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December 23, 2019

NAHMAanalysis 2019-1223

Affordable Housing and Community Development Programs: Appropriations for Fiscal Year 2020

Background

In late December, Congress completed the fiscal year 2020 (FY20) appropriations process, passing two major spending packages in both chambers. President Trump signed the legislation before the December 20th midnight deadline to fund the government and prevent a shutdown. Overall, the funding levels for both HUD and USDA are positive and maintain funding increases from FY19, despite both agencies facing significant cuts proposed in the administration's FY20 budget request and the threat of yearlong continuing resolutions.

For HUD, the FY20 bill provides \$56.5 billion, a \$2.7 billion increase from last fiscal year, and over \$12 billion more than the administration's FY 2020 request. For USDA Rural Development, the FY20 bill provides mostly the same funding with some increases to preserve rural housing. In providing increased funding, Congress sustained its rejection of the Administration's proposed rent reforms to HUD's rental assistance programs. Congress also continued rejecting the Administration's proposed elimination of several key affordable housing programs, including the 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 FY20 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 \$12.570 billion for project-based rental assistance (PBRA), an increase over FY19 that is sufficient to renew all contracts. The bill provides \$345 million for PBCA oversight. NAHMA continues to monitor the PBCA process closely and expects updates from HUD in early 2020.

Housing and Urban Development		
Fiscal Year 2020 Appropriations Act (\$ in millions)		
HUD Programs	Last Year (FY19)	FY20 Enacted (current)
Tenant-Based Rental Assistance	22,598	23,874
<i>Contract Renewals</i>	<i>20,313</i>	<i>21,502</i>
Project-Based Rental Assistance	11,747	12,570
Housing for the Elderly (Section 202)	678	793
<i>Capital Advance</i>	<i>51</i>	<i>90</i>
<i>Service Coordinators</i>	<i>90</i>	<i>100</i>
<i>Home Modifications – Aging in Place</i>	<i>10</i>	<i>10</i>
Supportive Housing for Persons with Disabilities (Section 811)	184	202
<i>Capital Advance</i>	<i>30</i>	<i>40</i>
Community Development Fund	3,365	3,400
HOME	1,250	1,350

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

The omnibus spending bill provides \$23.874 billion for tenant-based rental assistance (or Housing Choice Vouchers, HCV), an increase over FY19 enacted levels and significantly more than requested by the Administration. The increased funding provides \$21.502 billion for voucher renewals. The bill continues to provide funds for 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 \$793 million, an increase over FY19 enacted levels. The bill provides \$90 million for new capital advances and project-based rental assistance contracts, up to \$100 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 (\$40 million) under the omnibus bill. Overall, the program funding is increased to \$202 million in FY20 from \$184 million in FY19.

HOME Investment Partnerships Program and the Community Development Fund

After being targeted for elimination under the President’s FY20 budget request, both the HOME and Community Development Block Grant (CDBG) programs received slight increases under the omnibus spending bill: Funding for HOME is \$1.350 billion, and the funding for the Community Development Fund is \$3.400 billion.

2. Appropriations for USDA Rural Housing Programs

USDA – Rural Development		
Fiscal Year 2020 Appropriations Act (\$ in millions)		
RHS Programs	Last Year FY19	FY20 Enacted (current Year)
Section 521 Rental Assistance	1,331	1,375
Section 515 Rental Housing Direct Loans	40	40
Multifamily Revitalization	51.5	60
Preservation Demonstration	24.5	28
Section 542 Rural Housing Vouchers	27	32
Section 538 Loan Guarantee	230	230

In the FY20 omnibus, some of USDA's rural housing programs also see an increase over Fiscal Year 2019 enacted levels. The funding levels are sufficient to renew existing affordable housing contracts.

Section 521 Rental Assistance (RA)

The omnibus bill provides \$1.375 billion for the Section 521 Rental Assistance (RA) program, which represents a slight increase from the previous year.

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 the \$40 million funding level from last year's enacted level. The bill allows owners of USDA-financed rental properties (Section 514 and Section 515) to request Rental Assistance agreements (Section 521) with terms of 20 years rather than one year; the funding for longer contracts will still be subject to annual appropriations.

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 \$60 million maintains \$28 million for the Preservation Demonstration, while funding for Rural Housing Vouchers is increased to \$32 million.

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

3. Outlook for Fiscal Year 2020

Although behind schedule and only narrowly avoiding another devastating government shutdown, the FY20 omnibus bill represents a clear victory for affordable housing. NAHMA strongly advocated for the funding increases in the bill, and applauds Members of Congress for rejecting drastic program cuts and for enacting bipartisan legislation to invest in affordable housing and community development programs. The upcoming election year will present new challenges, as it is the last year of the 116th Congress and the final year of the Trump Administration's first term. We ask that NAHMA members continue to advocate for funding above the FY20 enacted levels for the next fiscal year (FY21), which begins October 1st, 2020. 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 workshops and activities.