

WHAT WILL RURAL HOUSING FUNDING BE IN 2018?



HOUSING ASSISTANCE COUNCIL

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BUDGET PROCESS



- **President proposes budget**
- **House originates funding bills**
- **Budget resolution(s)**
 - Not a law
- **302b allocations to committees**
- **Appropriations bills**
 - Subcommittees of the Appropriations Committees
 - Agriculture
 - Transportation-HUD
 - Appropriations Committees
 - House and Senate
 - President
- **Continuing resolution(s)**

BUDGET CONTROL ACT



- **2011**
- **Annual caps**
- **Sequestration**
- **Caps raised for FY16 and FY17**

USDA REORGANIZATION PROPOSAL



- **Not included in budget**
- **New Under Secty. for Trade and Foreign Agricultural Affairs**
- **New Under Secty. for Farm Production and Conservation**
- **No Under Secty. for Rural Development**
- **“Walk-in” privileges**
- **Elevation or demotion?**
- **Comments at www.regulations.gov by June 14**

USDA SINGLE-FAMILY PROGRAMS



- **Sec. 502 direct – USDA is the bank**
- **Sec. 502 guaranteed – USDA guarantees mortgages made by private lenders**
- **Sec. 504 loans – for VLI homeowners**
- **Sec. 504 grants – for elderly VLI homeowners**

USDA SINGLE-FAMILY SELF-HELP PROGRAMS



- **Many self-help, sweat equity homebuyer/builders use Sec. 502 direct mortgages**
- **Self-help sponsor organizations use Sec. 523 TA program**

USDA SINGLE-FAMILY FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-----------------|-----------------------|-----------------------|-------------------------------|
| Sec. 502 Dir. | \$900 | \$1,000 | 0 |
| Sec. 502 Guar. | 24,000 | 24,000 | 24,000 |
| Sec. 504 Loans | 26.3 | 26.3 | 0 |
| Sec. 504 Grants | 28.7 | 28.7 | REIG |
| Sec. 523 SH | 27.5 | 30 | (-11) |

RURAL ECONOMIC INFRASTRUCTURE GRANT PROGRAM



- **Combines 4 existing programs**
 - **Sec. 504 grants**
 - **Community facilities grants**
 - **Telemedicine distance learning grants**
 - **Broadband grants**
- **\$162 million**
 - **\$80 million for Appalachia**

USDA MULTIFAMILY PROGRAMS



- **Sec. 515 – loans to developers of rental housing; tenants up to 80% AMI; also for preservation**
- **Sec. 514/516 – loans and grants to developers of farmworker rental housing**
- **Sec. 521 Rental Assistance – project-based, only for tenants in 515 and 514/516**
- **Sec. 538 – loan guarantees to developers; tenants up to 115% AMI**

USDA MULTIFAMILY FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-----------------|-----------------------|-----------------------|-----------------------------------|
| Sec. 515 | \$28.4 | \$35 | 0 |
| Sec. 538 | 150 | 230 | 250 |
| Sec. 514 | 23.9 | 23.9 | (-4) |
| Sec. 516 | 8.3 | 8.3 | |

USDA SEC. 521 RA FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-----------------|-----------------------|-----------------------|-------------------------------|
| RA Total | 1,390 | 1,405 | 1,345 |

USDA Rental Assistance



- **All FY18 funding to renew existing contracts**
- **FY17 \$1.405 billion includes \$40 million advance for FY18**
 - **FY17 \$1.365 billion**
 - **FY18 \$1.385 billion**
- **Unlike HUD, no minimum rent**

USDA RENTAL PRESERVATION PROGRAMS



- **Preservation and revitalization (MPR) demonstration**
- **Preservation Revolving Loan Fund demonstration**
- **Section 542 vouchers**

USDA PRESERVATION FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-----------------|-----------------------|-----------------------|-----------------------------------|
| MPR | \$22 | \$22 | (-\$4) |
| PRLF | 0 | 0 | 0 |
| Sec. 542 Vchrs. | 15 | 19.4 | 20 |

HUD IN THE 2018 BUDGET



- FY '18 proposal would cut HUD by 15%, or \$7.4 billion from current level
- Proposed cuts are many, but elimination of Community Development Block Grants (CDBG) and HOME funding are most prominent; long downward trend for both programs
- In recent public statements, Secretary Carson has noted concerns over housing being “too cozy” and called poverty a “state of mind”
- Budget eliminates Housing Trust Fund—a tool to house those of very limited means
- Budget includes policy changes around minimum rents and work eligibility to achieve savings; aligned with other portions of budget
- Sec. Carson: *“This Budget reflects this Administration’s commitment to fiscal responsibility while continuing HUD’s core support of our most vulnerable households. We will work very closely with Congress to support the critical work of our agency as we vigorously pursue new approaches to help work-eligible households achieve self-sufficiency.”*

HUD FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|---------------------------------|-----------------------|-----------------------|-----------------------------------|
| Tenant Based Rental Asst | \$19,628 | \$20,292 | \$19,318 |
| VASH for homeless vets | 60 | 40 | 0 |
| Tribal VASH | 0 | 7 | 7 |
| Proj. Based Rental Asst | 10,622 | 10,816 | 10,351 |
| Public Hsg. Capital Fund | 1,900 | 1,942 | 628 |
| Public Hsg. Oper. Fund | 4,500 | 4,400 | 3,900 |

HUD FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-------------|-----------------------|-----------------------|-------------------------------|
| CDBG | \$3,060 | \$3,060 | 0 |
| HOME | 950 | 950 | 0 |

HUD FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-------------------------|-----------------------|-----------------------|-------------------------------|
| Choice Neighbhd Init | \$125 | \$137.5 | 0 |
| Indian Hsg Block Grants | 650 | 654 | 600 |
| Homeless Assistance | 2,250 | 2,383 | 2,250 |
| HOPWA | 335 | 356 | 330 |

HUD FUNDING

(in millions of \$)



| | FY16 Final | FY17 Final | FY18 Admin. Budget |
|-----------------------|-----------------------|-----------------------|-------------------------------|
| Sec. 202 for Elderly | \$433 | \$502.4 | \$510 |
| Sec. 811 for Disabled | 151 | 146.2 | 121 |
| Fair Housing | 65 | 65 | 65 |
| Healthy Homes | 110 | 145 | 130 |
| SHOP | 10 | 10 | 0 |
| Housing Counseling | 47 | 55 | 47 |

FY18 HUD BUDGET KEY POINTS



- Rural and Capacity Building Focus in HUD:
 - Eliminates
 - Section 4 (LISC, Enterprise Community Partners & Habitat)
 - Rural Capacity Building Program (RCB)
 - SHOP, which funds land and infrastructure for Self-Help Housing
 - Rural Innovation Fund \$0
 - Rural Housing and Economic Development program \$0

NOTABLE BUDGET CONTEXT



- **Budget eliminates Appalachian Regional Commission, Delta Regional Commission, & Northern Border Regional Commission; rural lawmakers have noted concern**
- **Low-income advocates believe that cuts across agencies (e.g. food stamps, domestic violence funding, education) will combine to hurt the poor**
- **Administration advocates believe that the budget will rein in spending and unleash economic growth and create jobs, thereby benefitting low-income people**
- **Administration suggests “greater role for state and local governments and the private sector in addressing community development and affordable housing”**

HAC'S SERVICES



- **Loans and grants**
- **Training and technical assistance**
- **Research and information**
- **Initiatives –**
 - Rural veterans
 - Rural elderly
 - Rural homelessness
 - Persistent poverty
 - Self-help



HAC