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Department of Housing and Urban Development (HUD): FY2018 Budget Request Fact Sheet

(name redacted)

Specialist in Housing Policy

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Introduction

This report provides a brief overview of the FY2018 budget request for the Department of Housing and Urban Development (HUD), with links to relevant Administration budget documents and CRS reports. A list of CRS analysts with expertise on various aspects of the HUD budget is also provided. Note that this report will not be updated to track legislative action.

HUD

Most of the funding for HUD's programs and activities comes from discretionary appropriations provided each year in the annual appropriations acts enacted by Congress. HUD's annual appropriations are generally provided along with the Department of Transportation and several related agencies (including the Neighborhood Reinvestment Corporation, also known as NeighborWorks America) by the Transportation, HUD, and Related Agencies subcommittees of the House and the Senate Appropriations committees.

- For more information about HUD's programs and activities, see CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*, by (name redacted), (name redacted), and (name redacted)

President's FY2018 Budget

Totals

On May 23, 2017, the Trump Administration submitted its detailed FY2018 budget request. (This followed release of a FY2018 Budget Blueprint, or "skinny budget," in March 2017.) The budget request includes \$40.7 billion in *gross* discretionary appropriations for HUD, not accounting for savings from offsets and other sources. That amount is about \$7.3 billion (15%) less than was provided in the final FY2017 appropriations law (see **Figure 1**).

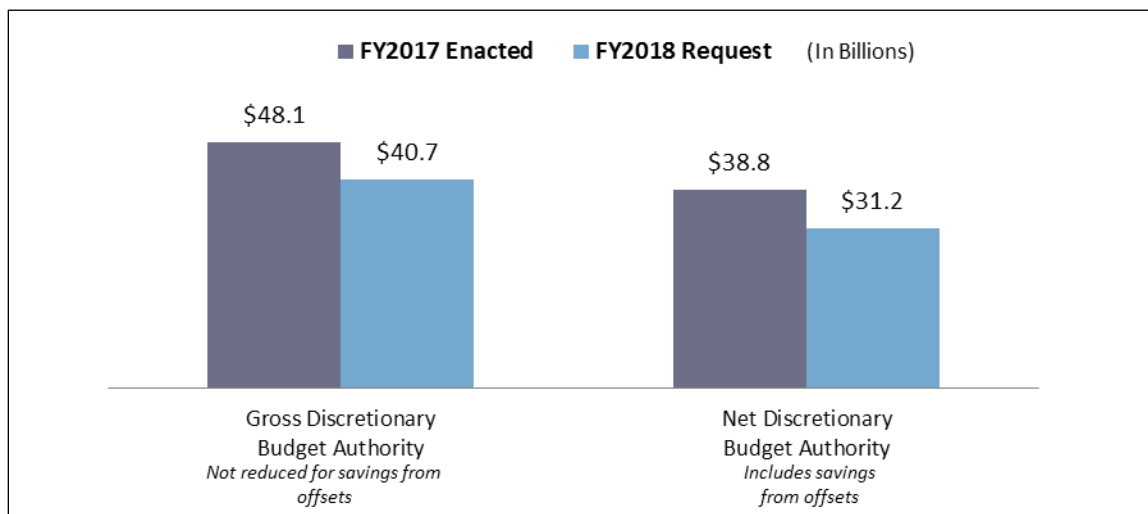
- *For more information about HUD's budget request, see FY2018 Budget Appendix-HUD. For additional detail about funding levels for specific programs and activities, see HUD's FY2018 Congressional Budget Justifications. (Note that the President's budget documents were prepared prior to enactment of final FY2017 appropriations. Thus, FY2017 funding figures in the President's budget documents do not reflect actual FY2017 funding levels.)*
- *For a table of FY2018 requested funding levels compared to FY2017 enacted funding levels for selected HUD accounts, see **Table 1**.*

When looking at *net* discretionary budget authority—accounting for the effect of budgetary savings from offsetting collections and receipts, rescissions, and other sources—the President's budget is requesting an even greater decrease relative to FY2017. As shown in **Figure 1**, when accounting for these savings, the President's FY2018 budget requests \$31.2 billion in net discretionary funding for HUD, a decrease of about \$7.6 billion (19.6%) compared to the net budget authority provided in FY2017.

The difference in net and gross figures is attributable to an estimated 3% increase in offsetting collections and receipts for FY2018 relative to FY2017, primarily attributable to an assumed 42% increase in savings available from the Government National Mortgage Administration. However, these estimates of offsetting collections and receipts for FY2018 will likely change when the

Congressional Budget Office (CBO) re-estimates the President’s budget. (For more information about offsetting collections and receipts and other components of the HUD budget, see CRS Report R42542, *Department of Housing and Urban Development (HUD): Funding Trends Since FY2002*, by (name redacted) .)

Figure I. Total HUD Discretionary Funding With and Without Savings from Offsets and Other Sources, FY2017 Enacted and FY2018 Request



Source: Chart prepared by CRS based on information in the President’s FY2018 budget documents and FY2017 congressional budget documents. Note that estimates from the President’s budget will likely differ from congressional estimates (which are used in CRS appropriations reports) due to differences in estimates of various offsets between the Administration and the Congressional Budget Office.

Program Eliminations

Over half of the funding reduction proposed in the FY2018 budget request comes from program eliminations. Namely, the budget proposes to eliminate funding for a number of HUD grant programs, including the following:

- **Community Development Block Grants**, funded at \$3 billion in FY2017, provides formula grants to states and localities for a variety of community and economic development activities.
- **HOME Investment Partnerships** grants, funded at \$950 million in FY2017, provides formula grants to states and localities for various housing activities targeted to low-income families.
- **Choice Neighborhoods** grants, funded at \$138 million in FY2017, provides competitive grants to revitalize distressed public housing or other HUD assisted housing.
- **The Self-Help Homeownership Program (SHOP)**, funded at \$54 million in FY2017, provides grants to national intermediaries (such as Habitat for Humanity) to fund self-help, sweat-equity model housing programs for low-income families.
- **The Native Hawaiian Block Grants**, funded at \$2 million in FY2017, provides grants for housing and related infrastructure on the Hawaiian home lands.

Funding Reductions

Nearly all other HUD programs are slated for funding reductions in the FY2018 request relative to FY2017. Those with the largest proposed reductions include the following:

- **The Public Housing** program, which would be subject to the largest funding reduction under the President’s request. The program is funded by two primary accounts:
 1. **The Public Housing Capital Fund**, proposed for a \$1.3 billion (67.7%) reduction relative to FY2017, provides grants to public housing authorities (PHAs) to fund the major modernization needs in public housing.
 2. **The Public Housing Operating Fund**, proposed for a \$500 million (11.4%) reduction relative to FY2017, provides formula grants to PHAs to fund the operating costs of public housing.
- **Section 8 Housing Choice Vouchers**, proposed for a \$974 million (4.8%) reduction relative to FY2017, primarily fund the costs to renew rental vouchers for families currently receiving assistance and the related administrative fee costs of the program.
- **Homeless Assistance Grants**, proposed for a \$133 million (5.6%) reduction relative to FY2017, provide funds to local communities for a variety of housing and related services for individuals and families experiencing or at risk of homelessness.

Legislative Proposals

The FY2018 budget request contains a number of legislative proposals that would make changes to several HUD programs, most notably HUD’s rental assistance programs. Described in budget documents as a “downpayment” on a future rental reform proposal, the budget contains a set of legislative proposals to:

- increase tenant rent contributions from 30% of family income to 35% (as a pilot in select programs in FY2018);
- establish \$50 minimum rents, with hardship exemptions (currently minimum rents are optional for program administrators to implement);
- freeze rent increases paid to property owners in project-based rental assistance programs; and
- provide expanded waiver authority for PHA administrative requirements.

For more information about legislative proposals included in the President’s budget, see HUD Congressional Budget Justifications, Rent Reform.

Table I. FY2017 Enacted Funding and FY2018 Request for Selected HUD Accounts
In Billions of Dollars

Accounts	FY2017 Enacted	FY2018 Request	% Change
Salaries and Expenses (Mgmt. & Adm.)	1.355	1.326	-2%
Tenant-Based Rental Assistance (Section 8 Housing Choice Vouchers)	20.292	19.318	-5%
Public housing capital fund	1.942	0.628	-68%
Public housing operating fund	4.400	3.900	-11%
Choice Neighborhoods	0.138	—	-100%
Family Self Sufficiency	0.075	0.075	0%
Native American housing block grants	0.654	0.600	-8%
Native Hawaiian block grant	0.002	—	-100%
Housing, persons with AIDS (HOPWA)	0.356	0.330	-7%
Community Development Fund (Including CDBG)	3.060	—	-100%
HOME Investment Partnerships	0.950	—	-100%
Self-Help Homeownership (SHOP)	0.054	—	-100%
Homeless Assistance Grants	2.383	2.250	-6%
Project-Based Rental Assistance (Project-Based Section 8)	10.816	10.751	-1%
Housing for the Elderly	0.502	0.510	2%
Housing for Persons with Disabilities	0.146	0.121	-17%
Housing Counseling Assistance	0.055	0.047	-15%
Research and technology	0.089	0.085	-4%
Fair housing activities	0.065	0.065	0%
Office, lead hazard control	0.145	0.130	-10%

Source: Table prepared by CRS based on Explanatory Statement accompanying H.R. 244, the FY2017 consolidated appropriations bill, as published in the *Congressional Record*, May 3, 2017, beginning on p. H4101, and FY2018 HUD Congressional Budget Justifications.

Key Policy Staff

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Section 202 housing for elderly persons, Section 811 housing for persons with disabilities, homeless assistance, HOPWA, and Fair Housing	(name redacted)	7-....	-redacted-@crs.loc.gov
Federal Housing Administration (FHA), HOME, housing counseling, Native American housing programs	(name redacted)	7-....	-redacted-@crs.loc.gov

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