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HUD FY2018 Appropriations: In Brief

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Contents

Status of Appropriations	1
Enactment of FY2017 Appropriations	1
President's Request	2
House Action	2
Senate Action	2

Tables

Table 1. HUD FY2017-FY2018 Detailed Appropriations.....	3
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Contacts

Author Contact Information	5
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Most of the funding for the activities of the Department of Housing and Urban Development (HUD) comes from discretionary appropriations provided each year in the annual appropriations acts, typically as a part of the Transportation, HUD, and Related Agencies appropriations bill (THUD). HUD's programs are designed primarily to address housing problems faced by households with very low incomes or other special housing needs.¹

Three rental assistance programs—Public Housing, Section 8 tenant-based rental assistance (which funds Section 8 Housing Choice Vouchers), and Section 8 project-based rental assistance—account for the majority of the department's funding (nearly 80% of total HUD appropriations in FY2017). Two flexible block grant programs—HOME and the Community Development Block Grant (CDBG) program—help communities finance a variety of housing and community development activities designed to serve low- and moderate-income families. Other more specialized grant programs help communities meet the needs of homeless persons, including those living with HIV/AIDS. HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to homebuyers with low down payments and to developers of multifamily rental buildings containing relatively affordable units. FHA collects fees from insured borrowers, which are used to sustain the insurance fund. Surplus FHA funds have been used to offset the cost of the HUD budget.

This *In Brief* report tracks progress on FY2018 HUD appropriations and provides detailed account-level, and in some cases sub-account-level, funding information as well as footnotes with additional detail or context (**Table 1**).

Status of Appropriations

The FY2018 appropriations process has been affected by two important and related circumstances: the transition from the Barack Obama Administration to the Donald Trump Administration, which resulted in a delay in the release of the President's FY2018 budget request; and the delayed completion of the FY2017 appropriations process, which meant that final FY2017 totals were not known in time for the new Administration to prepare its FY2018 request.

Enactment of FY2017 Appropriations

Following a series of continuing resolutions, on May 5, 2017, the Consolidated Appropriations Act of 2017 was signed into law (P.L. 115-31). Title II of Division K provided full-year FY2017 appropriations for HUD. The law appropriated \$48.1 billion for HUD's programs and activities. After accounting for offsets, the net discretionary budget authority provided for the department by the bill totaled \$38.8 billion. This represented a \$1 billion increase in funding over FY2016, which was primarily attributable to funding increases for the tenant-based rental assistance account (+\$663 million) and project-based rental assistance account (+\$196 million). The increased funding largely maintained current services for the roughly 3 million low-income families who receive housing assistance through the Housing Choice Voucher program and the project-based Section 8 program. The largest relative increase in funding was provided for HUD's lead hazard reduction programs (+32%). The law also included \$400 million in disaster assistance provided through the CDBG program.

¹ For more information about federal housing assistance programs, see CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*, by (name redacted) (name redacted) and (name redacted). For more information on HUD funding trends, see CRS Report R42542, *Department of Housing and Urban Development (HUD): Funding Trends Since FY2002*, by (name redacted).

President's Request

On May 23, 2017, the Trump Administration submitted its detailed FY2018 budget request.² (This followed the release of a FY2018 Budget Blueprint, or “skinny budget,” in March 2017.) The budget request included \$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. When looking at *net* discretionary budget authority—accounting for the effect of offsets, rescissions, and other savings—the President’s budget requested an even greater decrease relative to FY2017: At \$31.2 billion in net discretionary funding for HUD, the request represents a decrease of about \$7.6 billion (19.6%) compared to the net budget authority provided in FY2017. Much of the decrease is attributable to the President’s proposal to eliminate funding for several HUD grant programs. Most notable among these are HUD’s two largest block grant programs for states and localities, the CDBG and HOME programs, as well as those funded in the Self-Help Homeownership Opportunity (SHOP) account (i.e., funding for Habitat for Humanity and related sweat-equity programs and certain capacity building programs).

Additionally, the President’s budget proposed several policy changes. These included an increase in the share of rent paid by certain recipients of HUD-assisted housing from 30% of family income to 35% and an elimination of utility reimbursements paid to families.

House Action

In anticipation of floor action following the August recess, on August 16, 2017, the House Rules Committee posted the text of H.R. 3354, the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2018, which is to serve as the legislative vehicle for the consolidated appropriations bill, the Make America Secure and Prosperous Appropriations Act, 2018. It combines the texts of the remaining appropriations bills that have not been considered by the full House, including H.R. 3353, the Transportation, HUD and Related Agencies Appropriations Act, 2018, with some changes. (The substance of the HUD portion of H.R. 3354 appears unchanged from H.R. 3353.) H.R. 3353 was reported by the Appropriations Committee on July 21, 2017, following full committee consideration July 17, 2017, and THUD subcommittee approval on July 11, 2017.

H.R. 3353 would increase gross appropriations for HUD’s programs and activities by 18% over the President’s budget request, providing a gross total that is level with FY2017. It does not follow the President’s proposal to eliminate funding for HOME, CDBG, and SHOP, but it would reduce the funding for those accounts relative to FY2017 (-11%, -3%, and -17%, respectively). It would increase funding for the Housing for the Elderly account relative to FY2017 (+14%) and would provide level funding for most other HUD accounts.

In terms of policy changes, the bill does not include the rental assistance policy reforms requested by the President’s budget.

Senate Action

On July 27, 2017, the Senate Appropriations Committee approved its version of a FY2018 THUD appropriations bill two days after it was approved in subcommittee. The bill, S. 1655, would

² For more information on the President’s budget, see <https://www.whitehouse.gov/omb/budget>. For more information about HUD’s budget request, see https://portal.hud.gov/hudportal/HUD?src=/program_offices/cfo/reports/fy18_CJ.

increase gross appropriations for HUD's programs and activities by 4% over FY2017 and H.R. 3353 and by 23% over the President's request. It did not follow all the funding reductions proposed in the President's budget and would provide funding increases to the majority of HUD accounts relative to H.R. 3353.

In terms of policy changes, like H.R. 3353, the bill does not follow the President's rental assistance policy reform proposals. It includes several new policy changes, including an expansion of the Rental Assistance Demonstration—eliminating the cap on the number of units that may convert, modifying the terms of conversion for some properties, and expanding the program to Section 202 Housing for the Elderly properties (Section 236 of the General Provisions)—and new penalties for HUD if the agency does not issue reports to the committee about properties that fail inspection (Section 202 of the General Provisions).

Table I. HUD FY2017-FY2018 Detailed Appropriations

In billions of dollars

Accounts	FY2017 Enacted	FY2018 Pres. Request	FY2018 House Cmte. ^a	FY2018 Senate Cmte.
Appropriations				
Salaries and Expenses (Mgmt. & Adm.)	1.355	1.324	1.351	1.355
Tenant-Based Rental Assistance (Sec. 8 Housing Choice Vouchers)	20.292	19.318	20.487	21.365
<i>Voucher Renewals (non-add)</i>	18.355	17.584	18.710	19.370
<i>Administrative Fees (non-add)</i>	1.650	1.550	1.550	1.725
<i>New Incremental Vouchers (Including VASH) (non-add)</i>	0.050 ^b	0.000	0.000	0.060 ^c
Public Housing Capital Fund	1.942	0.628	1.850	1.945
Public Housing Operating Fund	4.400	3.900	4.400	4.500
Choice Neighborhoods	0.138	0.000	0.020	0.050
Family Self Sufficiency	0.075	0.075	0.075	0.075
Native American housing block grants	0.654	0.600	0.654	0.655
<i>Native American Housing Block Grants (non-add)</i>	0.645	0.598	0.645	0.646
<i>Training and Technical Assistance (non-add)</i>	0.007	0.000	0.007	0.007 ^d
Indian housing loan guarantee ^e	0.007	0.000 ^f	0.007	0.001
Native Hawaiian block grant	0.002	0.000	0.000	0.001
Housing, persons with AIDS (HOPWA)	0.356	0.330	0.356	0.330
Community Development Fund	3.060	0.000	2.960	3.060
<i>CDBG Formula Grants</i>	3.000	0.000	2.900	3.000
<i>Indian Tribes</i>	0.060	0.000	0.060	0.060
HOME Investment Partnerships	0.950	0.000	0.850	0.950
Self-Help Homeownership	0.054	0.000	0.045	0.054
<i>Self-Help and Assisted Homeownership Opportunity Program</i>	0.010	0.000	0.010	0.010
<i>Section 4 Capacity Building</i>	0.035	0.000	0.030	0.035
<i>Rural Capacity Building</i>	0.005	0.000	0.005	0.005

Accounts	FY2017 Enacted	FY2018 Pres. Request	FY2018 House Cmte. ^a	FY2018 Senate Cmte.
<i>Veterans Home Rehabilitation Pilot Program</i>	0.004	0.000	0.000	0.004
Homeless Assistance Grants	2.383	2.250	2.383	2.456
Project-Based Rental Assistance (Sec. 8)	10.816	10.751	11.082	11.507
<i>Contract Renewals</i>	10.581	10.466	11.082	11.222
<i>Contract Administrators</i>	0.235	0.285	0.000 ^g	0.285
Rental Assistance Demonstration	0.000	0.000	0.000	0.004 ^h
Housing for the Elderly (Section 202)	0.502	0.510	0.573	0.573
Housing for Persons with Disabilities (Section 811)	0.146	0.121	0.147	0.147
Housing Counseling Assistance	0.055	0.047	0.050	0.047
Manufactured Housing Fees Trust Fund ⁱ	0.011	0.011	0.011	0.011
Rental Housing Assistance	0.020	0.014	0.014	0.014
Federal Housing Administration (FHA) Expenses ⁱ	0.130	0.160 ^j	0.135 ^j	0.130 ^j
Government National Mortgage Assn. (GNMA) Expenses ⁱ	0.024	0.026	0.026	0.025
Research and technology	0.089	0.085	0.085	0.085
Fair housing activities	0.065	0.065	0.065	0.065
Office, lead hazard control	0.145	0.130	0.130	0.160
<i>Lead Hazard Control Grants (non-add)</i>	0.060	0.055	0.055	0.130 ^k
<i>Lead Hazard Reduction Demonstration (non-add)</i>	0.055	0.045	0.050	0.000 ^k
Information Technology Fund	0.257	0.250	0.150	0.250
Inspector General	0.128	0.126	0.128	0.126
<i>Gross Appropriations Subtotal</i>	48.056	40.722	48.034	49.942
Offsetting Collections and Receipts				
Manufactured Housing Fees Trust Fund	-0.011	-0.011	-0.011	-0.011
FHA	-7.998	-7.741	-8.011	-8.011
GNMA	-1.224	-1.616	-1.676	-1.676
<i>Offsets Subtotal</i>	-9.233	-9.368	-9.698	-9.698
Total Net Discretionary Budget Authority	38.823	31.354	38.336	40.244

Source: Table prepared by CRS based on P.L. 115-31 and the Explanatory Statement accompanying H.R. 244, the FY2017 consolidated appropriations bill, as published in the *Congressional Record*, May 3, 2017, beginning on p. H4101; H.R. 3353 and the Comparative Statement of New Budget (Obligational) Authority as published in H.Rept. 115-237; S. 1655 and the Comparative Statement of New Budget (Obligational) Authority as published in S.Rept. 115-138; and HUD FY2018 Congressional Budget Justifications.

Notes: Totals may not add due to rounding. Only selected set-asides are presented in this table. Figures include advanced appropriations provided in the bills. Supplemental disaster relief appropriations are not shown in this table.

- Note that the HUD-related portion of H.R. 3354, the vehicle for the FY2018 consolidated appropriations bill as published on the Rules Committee website, is substantively identical to the HUD-related portion of H.R. 3353, the FY2018 THUD appropriations bill reported by the House Appropriations Committee.
- Includes \$40 million for Veteran Affairs Supportive Housing (VASH) vouchers and \$10 million for Family Unification Program (FUP) vouchers, with a priority for youth exiting foster care.

- c. Includes \$40 million for VASH vouchers and \$20 million for FUP vouchers, with a priority for serving youth exiting foster care.
- d. In recent years, appropriations acts have included funding for national and regional organizations that represent Native American housing interests to provide training and technical assistance to tribes and separate funding for HUD to “support the inspection of Indian housing units, contract expertise, training, and technical assistance” related to Native American housing programs. S. 1655 would combine this funding and provide \$7 million in total funding for training and technical assistance. (In FY2017, \$3.5 million was provided for each purpose, for a total of \$7 million.) The bill would not specify an amount for national and regional organizations, but in S.Rept. 115-138 the committee states that it “expects that these technical assistance funds will be provided to both national and regional organizations” with relevant experience.
- e. A home loan guarantee program for Native Hawaiians was not funded in FY2017, and funding for that program is not included in the President’s budget request or in either the House or Senate committee-passed bills. However, the FY2018 HUD Budget Justification states that HUD “will carry forward balances of prior year loan guarantee authority sufficient to guarantee up to \$23.3 million in loans” under the Native Hawaiian home loan guarantee program in FY2018.
- f. The President’s budget does not request funding for the Indian Housing Loan Guarantee Program. However, the FY2018 HUD Budget Justification states that HUD “will carry forward balances of prior year subsidy budget authority sufficient to guarantee up to \$1.78 billion in loans in fiscal year 2018” under the program. The Senate committee-passed bill provides less credit subsidy—and authorizes a lower aggregate dollar amount of loan guarantees—than was provided in FY2017 or is included in the House bill.
- g. Beginning in 2001, HUD has contracted with public housing agencies and state housing finance agencies to manage project-based Section 8 contracts on the department’s behalf. In 2008, HUD began the process of rebidding its existing contracts. That rebid process was contentious and ended in litigation that ultimately required HUD to restart the process under new terms. The House Appropriations Committee, in H.Rept. 115-237, expresses displeasure with the department for not having completed the rebid per the guidance of the committee and states, “Until the Committee gets assurances that HUD will respond appropriately, the Committee directs HUD to perform these functions in-house and provides adequate funding under the Management and Administration account.”
- h. Section 236 of the General Provisions of the bill proposes a number of modifications to the Rental Assistance Demonstration (RAD) program, including removing the cap on the number of public housing units that may participate (currently, at 225,000 units), allowing higher rents for certain multifamily properties that wish to convert (under what is often referred to as first component RAD) and expanding eligibility for RAD conversion to Section 202 properties. The bill would provide \$4 million for additional rental subsidy to facilitate the conversion of Section 202 units.
- i. Some or all of the cost of funding these accounts is offset by the collection of fees or other receipts, shown later in this table.
- j. The President’s budget requested an increase of \$30 million in appropriations for administrative contract expenses for FHA over FY2017, to be offset by a new administrative support fee to be charged to participating FHA lenders. Neither the House nor Senate committee-passed bills provide this additional funding or the authority to charge an administrative support fee.
- k. In S.Rept. 115-138, the Senate Appropriations Committee states, “In an effort to ensure that more communities can access funding to address lead-based paint hazards in their low-income housing, the Committee has consolidated HUD’s two lead hazard funding programs into a single grant program.” However, it also states that “the Committee directs HUD to award no less than \$65,000,000 of grants to remediate lead-based paint hazards in low-income housing to those jurisdictions with the highest lead-based paint abatement needs.”

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

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