Introduction

On May 17, the House Appropriations Subcommittee released its Fiscal Year (FY) 2017 Transportation, Housing and Urban Development bill. The Subcommittee is slated to mark up the bill on May 18.

As written, the THUD bill provides $58.2 billion in budget authority to fund the nation’s transportation, housing, and community development priorities. This represents a nearly $890 million increase from FY 2016 enacted levels and a nearly $1.7 billion increase over the Senate THUD bill.

However, even with the top line increase to the THUD bill, the House provides approximately $350 million less than the Senate bill for HUD’s affordable housing and community development programs.

U.S. Department of Housing and Urban Development (HUD)

The House THUD bill provides a nearly $1.2 billion increase compared to FY 2016 levels HUD’s affordable housing and community development programs.

Specifically, the House bill provides significantly more resources to fund Housing Choice Vouchers ($560 million increase compared to FY 2016), Project-Based Rental Assistance ($279 million), Homeless Assistance Grants ($237 million), Housing for the Elderly ($72.3 million), and Lead-Based Paint Hazard programs ($20 million), and Housing Counseling ($8 million).

Many HUD programs receive level funding under the House bill, including Community Development Block Grants ($3.06 billion), HOME Investment Partnerships (HOME) program ($950 million), Housing for Persons with AIDS (HOPWA) at $335 million, the Public Housing Operating ($4.5 billion) and Capital Funds ($1.9 billion).

Only a few HUD programs would see a significant cut in funding under the House bill, including a $25 million decrease for the Choice Neighborhood program and the elimination of National Foreclosure Mitigation Counseling.

Public and Assisted Housing

Housing Choice Vouchers

The single largest increase in proposed spending in the FY 2017 House THUD bill is for HUD’s Housing Choice Vouchers program, which is funded at $20.2 billion compared to $19.6 billion in FY 2016. This represents nearly half (48 percent) of the nearly $1.2 billion of additional funding proposed by the House for all housing and community development programs in FY 2017.

Despite this significant increase in funding, the House bill would provide $243 million less for Housing Choice Vouchers than the Senate bill. Moreover, it would provide $43 million less for contract renewals.

Unlike the Senate bill, which provided $50 million in new funding for Veteran Affairs Supportive Housing (VASH) vouchers, the House THUD bill would not provide any new funding for this initiative. Moreover,
the House bill does not include the $80 million in VASH vouchers for homeless families that was included in the President’s budget request, nor the $20 million in Family Unification Program (FUP) vouchers that was proposed in the Senate bill. However, the House does create a $7 million set-aside for new Tribal VASH vouchers, matching the proposals included in the President’s budget request and the Senate bill.

Project-Based Rental Assistance

The House THUD bill proposes to fund Project-Based Rental Assistance (PBRA) at $10.9 billion, equal to the rate proposed by the Senate. This represents a $279 million or 2.6 percent increase compared to FY 2016 and would continue to support fully funding for all existing contracts.

The increase in funding for PBRA represents a quarter (24 percent) of the nearly $1.2 billion of additional funding proposed by the House for all housing and community development programs in FY 2017.

Public Housing

The House THUD bill provides level funding for the Public Housing Operating ($4.5 billion) and Capital Funds ($1.9 billion) compared to FY 2016.

Comparatively, the Senate bill would an additional $175 million for the Operating Fund and $25 million for the Capital Fund.

Rental Assistance Demonstration

The House bill provides no changes to the Rental Assistance Demonstration (RAD). The Senate THUD bill, however, would increase the cap on the number of public housing units authorized to convert under RAD from 185,000 to 250,000, authorize $4 million to support the conversion of Section 202 Housing for the Elderly under RAD, and clarify tenant protections under certain types of RAD conversions.

Mobility Demonstration

Unlike the Senate bill, the House version does not include language to provide HUD with the authority to implement a voucher mobility demonstration. The Senate bill provided HUD authority to create a demonstration program for PHAs to implement and test regional housing mobility plans.

The President’s Budget Request included $15 million for a proposed Housing Choice Voucher Mobility program.

Mobility programs have been implemented locally in a few cities and it aims to assist families with access to housing choice vouchers find a rental unit in a high opportunity area. The 2016 landmark study by Raj Chetty and Nathaniel Hendren demonstrates that children who remain in high-poverty neighborhoods will have less opportunities to be successful.

HOME Investment Partnerships (HOME)

Like the Senate THUD bill, the House version proposes to fund HOME at $950 million. This renews the $50 million increase in funding that HOME supporters and Congressional champions secured in the FY 2016 budget after Congress initially proposed to deeply cut—or even essentially eliminate—the program altogether.

None of the policy changes proposed by the Administration in its Budget Request was included in the House bill. Specifically, the administration requested legislative language to eliminate the 24-month commitment requirement, eliminate the 15 percent Community Housing Development Organization (CHDO) set-aside, establish a single qualification threshold of $500,000 irrespective of the appropriation amount, revise the current "grandfathering" provision so that participating
jurisdictions that fall below the threshold three years out of a five-year period are ineligible for direct formula funds, and allow recaptured HOME CHDO technical assistance funds to be reallocated as HOME technical assistance funds.

As of the time this is going to print, the Senate has voted to approve an amendment to the THUD bill on the Senate floor offered by Sen. Feinstein (D-CA) and Sen. Portman (R-OH) to ensure that states and communities can maintain access to critical HOME funding that would otherwise expire due to the program’s 24-month commitment deadline. Specifically, the amendment would eliminate the 24-month commitment deadline for HOME funding in FY 2016, FY 2017, FY 2018, and FY 2019. This ensures that all HOME funds that have already been allocated are not subject to the commitment deadline.

Capacity Building

Both the House and the Senate bills fully fund the HUD Section 4 Capacity Building for the Community Development and Affordable Housing (Section 4) program at $35 million as a stand-alone program.

In doing so, both chambers of Congress rejected the Administration’s proposal to combine all capacity building and technical assistance programs—including Section 4—into a Research and Technology (R&T) account. The Administration’s proposal would not have provided a direct appropriation to HUD’s capacity building programs. Instead, it would have only given the HUD Secretary the authority to transfer up to $120 million from other HUD programs. It is important to note that this funding would not have been guaranteed. The Administration’s proposal would have essentially eliminated the Section 4 program as it operates today.

When the administration proposed a similar change in FY2016, it was soundly rejected by Congress.

Holistic Community Development Policies

Fair Housing

Both the House and Senate bill propose $65.3 million for the Office of Fair Housing and Equal Opportunity (FHEO), a $4.7 million decrease from the President’s budget request and level funding compared to FY 2016 rates.

For More Information

If you have any questions about the FY 2017 House THUD bill—or how you can help protect funding for affordable housing programs—please contact:

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