



## FHA Move Part Of HUD Overhaul

When the Trump administration moved in its initial minutes Jan. 20 to halt an Obama administration decision to lower FHA insurance premium rates, it signaled an administration priority to dismantle many of the changes HUD initiated over the past eight years (*See HAL Jan. 27, 2017 Issue No. 17-04*).

HUD's transition leaders are poised to move immediately after Dr. Ben Carson is confirmed by the Senate to be HUD secretary. HUD sources tell *HAL* the initial effort will be identification of any potential obstacles to what the new administration intends to do -- return the department to its core mission of assisting redevelopment of urban centers and providing transitory housing to down-on-their luck families.

The Trump administration and several key Republican lawmakers are seething over what they consider an out-of-control Section 8 housing subsidy program while public housing, its 1.9 million tenants and billion-dollar housing portfolio has been neglected.

HUD, in the closing days of the Obama administration, decided to lower FHA insurance rates to help ignite a homeownership campaign for lower-income families. The incoming Trump administration saw the move as an attempt to increase the FHA workload and financial obligations to help complicate any quick move to redesign FHA's mission.

There was very little mentioned about the nation's housing during the 18-month Trump presidential campaign, but the Republican Party's 2016 convention platform contains compelling evidence of how Republicans and an army of influential lobbies want to transform the housing market.

"The Federal Housing Administration, which provides taxpayer-backed guarantees in the mortgage market, should no longer support high-income individuals, and the public should not be financially exposed by risks taken by FHA officials," the key reference in the platform says.

HUD likely will first move to end financial support to high-income people by scaling back FHA insurance for high-cost mortgage loans. The FHA also would become financially leaner through a more selective process of backing home loans to help reduce financial risk to the FHA mortgage insurance fund that could lead to another taxpayer bailout.

Meanwhile, the operation of HUD itself will undergo major shifts.

While housing assistance to the elderly and disabled likely will be spared, the Trump administration specifically has the Office of Fair Housing & Equal Opportunity and the Section 8 housing voucher program targeted for major changes and cutbacks, including a recent rule providing market-rate rental subsidies for low-income families in high-cost areas.

Most vulnerable fair housing organizations are those that depend on annual HUD subsidies and a percentage of settlement fines to stay in business. The private nonprofit groups process 65% of the fair housing complaints. State and local Fair Housing Assistance Program agencies process 25% of complaints under comparable state laws while HUD directly handles 10% of the complaints.

The FHEO is particularly targeted, specifically the recent additions to the staff hired to process enforcement results under HUD's new Affirmatively Furthering Fair Housing rule, the new interpretation of Fair Housing Act regulations. Under the Obama administration's focus on Fair Housing Act enforcement, the number of complaints nearly tripled annually, from a record 10,552 complaints in 2008 to 27,944 complaints in 2015.

HUD programs likely to see new or continued emphasis are the Rental Assistance Demonstration and the Public Housing Moving-to-Work programs. Both likely will be given new directions to limit their length and scope of public financial assistance, two objectives vehemently opposed by low-income housing advocates.

The Section 8 housing voucher, renamed the Housing Choice Voucher program to make it more politically palatable, is the subsidy behemoth largely in the gunfights of congressional Republican lawmakers.

Section 8 is now more than half of HUD's annual budget and it has faced scandals in recent years for subsidizing low-income families to live in luxury housing. Republicans contend the program has exceeded its original intent of temporary housing assistance by providing permanent subsidies. Democrats are likely to mount considerable resistance to any shift in Section 8 emphasis.

The big Trump administration change likely will be shift of department emphasis to urban renewal connected to its national infrastructure rebuilding campaign.

At the core of the Trump administration's approach to HUD's functioning is the proposed Local Zoning Decisions Protection Act of 2017 intended to abolish the AFFH Rule and ban federal funding of studies designed to map racial segregation patterns such as the AFFH Data & Mapping Tool.

The legislation was first introduced in 2015 but its progress faltered under threat of veto by President Barack Obama. The measure likely will succeed this time.

**Info:** See the legislative proposal at [www.cdpublications.com/docs/9078](http://www.cdpublications.com/docs/9078)

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