



CDBG In, Choice Neighborhoods Out

Handing President Donald Trump a firm rebuke, members of the House Appropriations HUD subcommittee decided to keep the Community Development Block Grant program intact with a nominal \$100 million cut from FY 2017 spending, reducing subsidies to \$2.9 billion.

At the same time, lawmakers sided with the White House on its proposal to butcher the Choice Neighborhoods program. The Choice Neighborhoods Initiative was launched by the Obama administration in 2010 to succeed the controversial HOPE VI public housing revitalization program.

CNI is a signature effort by the Obama administration to build full service populations centers around public transportation corridors. The growth of such neighborhoods would take them across current city and state boundaries, an expansion that would lead to regional governments, largely designed on HUD's regional office system of 10 regions.

The CNI legislation succeeded when the White House and Congress were in Democrat hands. But Republicans have always looked askance at the strategy calling it "social engineering." The GOP has now seized the opportunity to limit subsidies for CNI and the strategy likely will succeed. CNI would be cut to \$20 million in FY 2018, down from the current \$138 million

Despite the initial success, the future of CDBG remains in question. The Trump administration still wants to dump what amounts to the last Federal-State revenue sharing program begun during the Nixon administration.

Congressional sources tell *HAL* the likely strategy would have the White House sending over legislation creating a new revenue-sharing program linked to infrastructure renewal with low-income housing construction as one element of the subsidy. The new program would be rigidly monitored, the sources say.

Meanwhile, lawmakers continue to assemble spending strategies while congressional budget committees struggle to set an overall spending ceiling. When that occurs, appropriators will have to revisit the drawing board to reset program-spending levels.

The House draft cuts HUD spending by \$1.5 billion, a far cry from the \$6 billion proposed by the White House but still enough to hinder current program priorities.

The House bill keep the National Housing Trust Fund and its funding formula but the decision is expected to face fierce opposition from conservatives and it could ultimately be a political bargaining chip.

The Section 8 program would be funded at \$20.5 billion, \$18.7 billion of which must renew current contracts. But the surge in rental housing and the consequent scarcity of available rental units nationwide has pushed up prices. The static funding coupled with the inflation is estimated to eliminate voucher subsidies for up to 140,000 families.

While receiving a \$266 million funding increase to \$11.1 billion, project-based landlords will also face the same inflationary pinch.

Public housing operations would receive the same amount of money as FY 2017 funding provided, which is still well below the funding needed to provide basic services after years of cuts. Despite the fast increasing need for money to pay for public housing repairs -- the estimated need is now approaching \$30 billion -- the bill cuts the Capital Fund from \$1.94 billion to \$1.85 billion, about the same level of funding as FY 2010.

Although HUD's Fair Housing Act enforcement is surging, the department's fair housing program would have to operate with the same amount of funding as FY 2017. The bill's language also would bar HUD from spending any money to force a community to change its zoning laws to comply with the new Affirmatively Furthering Fair Housing enforcement rule or the AFFH assessment tool.

The House bill does not address the Trump administration's request to increase a public housing-Section 8 voucher tenant's rent contribution from 30% to 35% of adjusted gross income, or to raise the minimum monthly rent to \$50.

On top of the funding reductions proposed, HUD programs still face the additional cut of budget sequestration when the program intended to help reduce the national debt kicks in again Oct. 1. The Budget Control Act of 2011 calls for automatic annual funding cuts of nearly \$100 billion. While cuts were suspended for three years, they are set to return with full impact on discretionary spending this year unless Congress acts to continue the suspension.

Info: See the House draft bill at www.cdpublications.com/docs/9236

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