

## FY 20 Appropriations

### Budget Deal Does Not Guarantee Adequate Funding for HUD Programs

THE HOUSE AND SENATE PASSED IMPORTANT LEGISLATION in July that averts sequestration and raises spending caps for non-defense discretionary (NDD) programs, including HUD, for both FY 20 and 21. The bipartisan package also raises the debt limit ceiling for the next two years, which is necessary because the government has reached its maximum borrowing authority and would have been forced to drastically cut spending had Congress not acted. Under the terms of the bipartisan agreement, Congress will be able to increase NDD spending by \$27 billion compared to FY 19, but this is about \$9 billion less than the House budget approved in May anticipated.

For T-HUD programs, the House provided \$50.1 billion through the appropriations process. This is \$5.9 billion, or 13.3 percent, above the 2019 enacted level. Given the reduction in NDD through the budget caps deal, the final HUD budget (along with all other domestic programs) is now expected to be lower than these previously approved House numbers.

At a minimum, PHADA urges Congress, and members should too, to adopt the previous House numbers for major program accounts as follows:

#### FY 20 Budget of Selected HUD Programs

	INDUSTRY EST. OF NEED	FY 19 ENACTED	FY 20 WHITE HOUSE BUDGET	FY 20 HOUSE APPNS	% INCREASE FROM FY 19 ENACTED TO FY 20 HOUSE
Public Housing Operating Fund	\$5.400 B	\$4.653 B	\$2.863 B	\$4.753 B	2.1%
Public Housing Capital Fund	\$5.000 B	\$2.775 B	\$0	\$2.855 B	2.9%
Housing Choice Voucher Renewals	\$21.200 B	\$20.313 B	\$20.116 B	\$21.400 B	5.4%
Administrative Fees	\$2.500 B	\$1.886 B	\$1.738 B	\$1.925 B	2.1%
Project Based Rental Assistance	N/A*	\$11.747 B	\$12.021 B	\$12.590 B	7.2%
Choice Neighborhoods	\$300 M	\$150 M	\$0	\$300 M	100.0%

\*The industry groups did not determine an estimate of need for this account.

The Senate, which had not put forward any of its appropriations bills pending the outcome of an agreement between the President, the Senate and the House, may now move forward. Our sources indicate that the Senate Appropriations Committee will consider its first FY 20 spending bill on September 12. It is also widely assumed that the Senate will be unable to consider all 12 bills by the end of September, when the current fiscal year ends. Similar to last year, it is likely that the Senate will package some of the spending bills to speed

the process; however, there is a strong likelihood that Congress will not enact a final FY 20 spending bill before October 1 and that a continuing resolution (CR) to fund the government will be necessary. It would then follow that Congress would pass an appropriations bill before that CR expires.

#### The Effect of the Budget on HUD Programs & Residents

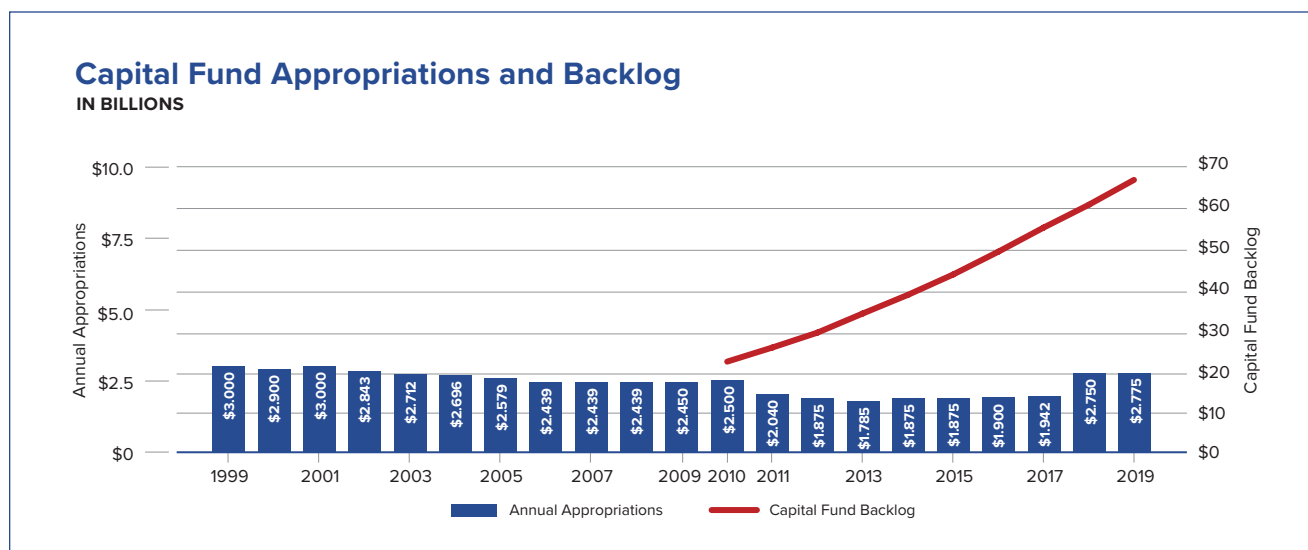
Any decrease in HUD funding is problematic especially with respect to the public housing operating and capital

accounts. We have seen some much-needed recent gains in these accounts in the last two appropriations bills and do not want to lose momentum. We need at least the sums in the earlier House legislation to maintain progress and to continue the positive trends in rents for the Rental Assistance Demonstration (RAD). This is so because the operating and capital funds are used (with the tenant rent contribution) to determine the RAD rents for HAs seeking to convert their properties to that program. PHADA learned from HUD RAD staff that RAD rents have increased on average between \$40 and \$50 per unit per month due to the last two appropriations packages.

be even a small excess of HAP renewal funding in the budget, these funds be used for the admin fees account.

### Recent Gains in the Capital Fund at Risk

Public Housing serves 2 million Americans across the country and is a critical part of our nation's infrastructure. However, Congressional staff have opined that under the most recent budget deal, Congress will fully fund renewals for HCV and PBRA before any other HUD programs. Most likely, the Operating Fund would be funded next, creating concern that along with a potential reduction in admin fees, there could very well be a reduction in the Capital Fund,



In its 2010 Report, Capital Needs in the Public Housing Program, Abt Associates found there to be a backlog of \$26 billion along with annual accruing needs of \$3.4 billion. Failure to meet the annual need compounds the backlog by 8.7% as repair needs become more extensive and replacements are required, pushing the total figure close to 70 billion dollars.

In addition to operating, capital and RAD funding, PHADA's other major budget priorities include the Housing Choice Voucher account, HCV Administrative Fees and Project-Based Rental Assistance (PBRA). PHADA earlier estimated that the House bill includes full funding for Voucher HAP renewals but only about 77 percent for admin fees. Given this inadequate funding for admin fees, it is particularly important for members to advocate that there be no further reductions in this account. **If there is insufficient funding to maintain adequate staffing levels, history has shown that agencies will be unable to fully utilize their voucher budget authority. This hurts those on waiting lists and in dire need of housing.** HUD has acknowledged this problem in the past, stating that it defeats the purpose of fully funding vouchers through appropriations when admin fees are inadequately funded. PHADA urges that where there may

which was increased by \$80 million through the House Appropriations process in May.

House Financial Services Chairwoman Maxine Waters (D-CA) has called for \$70 billion for the Capital Fund as part of any national infrastructure package. PHADA provided analysis in support of this level, as cited at the House Financial Services Committee hearing earlier this year. This funding will address the critical backlog of deferred maintenance to public housing, a backlog that we know from a 2010 HUD report grows at a rate of at least \$3.4 billion per year. **Yet despite deteriorating properties and the effect this has on the quality of life for public housing residents, the Capital Fund continues to be severely underfunded through Congressional appropriations.** Without sufficient resources, the estimated loss of ten to twelve thousand units per year will continue as more and more homes become uninhabitable. ■

## PHADA Needs Your Help

PHADA urges members to advocate for the highest funding levels possible for core programs. Please use the PHADA budget chart on page 1 to communicate our priorities to your Representatives and Senators. **The message is simple: Ask Congress to support, at a minimum, the sums in the House appropriations measure.**