



Policy Update: The Latest Federal FY18 Budget Developments

On March 23, 2018, Congress passed the FY18 omnibus bill that will fund the government for the remainder of the FY18 fiscal year (September 30, 2018). This update details some of the budget decisions that impact housing and homelessness, as well as shares what philanthropy can do to push for continued and increased funding in housing and homelessness.

Funders Together to End Homelessness is grateful to Steve Berg, Vice President for Programs and Policy at the [National Alliance to End Homelessness](#), and Sarah Mickelson, Senior Director of Public Policy at the [National Low Income Housing Coalition](#), for the following analysis and remarks on the Federal FY18 budget.

Budget Highlights

- A 10% increase to HUD programs in the FY18 budget and a measure to undo negative impact caused by recent tax cuts on the Low Income Housing Tax Credit (LIHTC).
- While the tax bill preserved the LIHTC, it significantly devalued the program by cutting the corporate tax rate from 35% to 21%. This reduces the amount of equity that the tax credit can generate for housing developments.
- Experts warn that as many as 230,000 fewer affordable homes would be built or preserved as a result. Thankfully, Congress included some relief in the budget by increasing the LIHTC by 12.5% for four years. While this is likely not enough to make the program whole, it will help offset some of the harm.
- Advocates are continuing to push for an expansion of the tax credit, given the growing affordable housing crisis, as well as reforms to help the program better serve extremely low-income people and those experiencing homelessness. It may be difficult to enact these changes now that the tax bill has been passed, but there may be opportunities to add these fixes into other must-pass legislation.

Despite the 10% increase, there's still cause for concern.

There are efforts focused on cutting housing benefits that help America's lowest income seniors, people with disabilities, families with children, and other vulnerable populations afford a roof over their head, even though homelessness is increasing and the affordable rental housing crisis is intensifying across the country.

- The Trump administration has proposed to decrease funding for HUD by \$11 billion compared to FY 2018, including the elimination of about 200,000 housing vouchers and more than 16 housing programs.
- The administration is also proposing to cut housing benefits by increasing rents and imposing arbitrary work requirements on millions of low income families. The thought is that this will increase "self-sufficiency," but cutting housing benefits this way will leave more people without a stable home, making it harder – not easier – for them to climb the economic ladder and live with dignity. These proposals target America's poorest families, putting them at an increased risk of evictions and, in worst cases, homelessness.

What should lawmakers do instead?

According to Sarah Mickelson, Senior Director of Public Policy at the National Low Income Housing Coalition, lawmakers who are serious about lifting low-income families out of poverty should reject these measures and expand [proven solutions](#) to help struggling families earn more and get ahead. This starts with expanding – not cutting – investments in affordable homes, job training, education, and childcare.

What does this mean for my community?

Many decisions about how the new money will be spent are made at the local or state level. How much impact this will have on homelessness depends a lot on implementation. For example:

- The Omnibus included money for approximately 40,000 – 50,000 rent vouchers for people with disabilities. About 10,000 of those have been shifted to the 2017 fiscal year, and the NOFA for Public Housing Agencies has been released. (The rest will be released in the coming year.)
- This provides a great opportunity if communities use them strategically to solve problems like chronic homelessness. Similar opportunities exist around the set aside new money in the Homeless Assistance account, new money for housing development, new FUP vouchers, funding to address opioid addiction, and others.

Other Updates and Notes

The budget also included new money for domestic violence. How can that also help in housing and homelessness?

- More domestic violence providers will have an opportunity to try rapid re-housing, which has received positive reviews from domestic violence survivors who've used it.
- Communities where domestic violence survivors are not already part of the coordinated entry system will receive help developing separate systems or making the overall system better for survivors. This is crucial because coordinated entry, done right, is key to the efficiency of the homeless system, and efficiency means more people moving from homelessness to housing.

What happened to HUD-VASH vouchers, and is the program safe?

- The program is safe for now. At high leadership levels in the Veterans Affairs (VA) health care system, there was an effort to give local hospitals more flexibility over how to use a range of special-purpose money. The VA was considering allowing hospitals to use funding for case management in the HUD-VASH program for other priorities.
- Homeless advocates learned of this and worked with key Congressional committees, HUD, and others to educate VA officials about the importance of HUD-VASH and VA's participation. VA issued new guidance, assuring that those funds will continue to be dedicated to HUD-VASH case management for the remainder of the fiscal year.
- This issue may reemerge, since it is thought to be related to the move to privatize VA health services.