



Funders Together
TO END HOMELESSNESS



National Alliance to
END HOMELESSNESS



NATIONAL LOW INCOME
HOUSING COALITION

Policy Update: The Federal Budget

May 2018

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 document details some of the budget decisions that impact housing and homelessness, an update on the THUD FY19 Budget proposal, and 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. You can see their [full analysis here](#).

FY18 Federal 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).
- The tax bill preserved the LIHTC and increased it by 12.5% for four years. However, it also 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, and experts warn that as many as 230,000 fewer affordable homes will be built or preserved as a result.
- 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 in FY18 now that the tax bill has been passed, but there may be opportunities to add these fixes into other must-pass legislation and as we look ahead to FY19.

What Has Happened Since

Federal Housing Assistance Rent Increases & Work Requirements

On April 25, the Administration [proposed legislation](#) that would increase rents and enact work requirements on low income people who receive federal housing assistance. Under this proposal:

- Veterans, families with children, seniors, and people with disabilities would be some of those affected the most.
- Families (working age, non-disabled households) receiving federal housing assistance would pay 35% of their gross income as rent instead of the 30% of adjusted income they currently pay, along with a new mandatory minimum rent of \$150 (three times higher than the current minimum).
- The elderly and people with disabilities would pay a minimum of \$50 per month or 30% of their monthly gross income.
- Deductions for high medical and child care expenses would be eliminated, thus increasing rents and affecting seniors, people with disabilities, and families with small children.

- Public housing agencies and project-based Section 8 owners have the option of imposing work requirements or end assistance to families that don't work the specified numbers of hours, which would be set by HUD.

What this means:

- If enacted, after the phase-in, nearly 4.1 million households will be affected, including 3.3 million children. The average annual rental increase will be \$780 per household.
- In reality, these rent increases would affect nearly every working family on assistance and possibly discourage work by eliminating medical and child care deductions.
- [Work requirements do not work](#) and would result in [placing additional hardships on individuals and families](#) already in need of assistance.

Administration's Rescission Package Proposal

On May 9, the Trump Administration has [proposed rescinding \\$15.3 billion](#) in funding from FY15 through FY17 domestic programs. Proposed rescissions include:

- \$41 million from the Public Housing Capital Fund (HUD)
- \$40 million from rental assistance programs (USDA)
- \$23 million from Community Development Financial Institutions (CDFI) Fund
- \$151 million from Community Development Financial institutes Capital Magnet Fund

What this means:

- Lawmakers have 45 days to vote on the package. It will go to the House and then to the Senate, where it needs a simple majority (50 votes) to pass.
- The rescission of these funds would prove to be detrimental to efforts to solve the affordable housing crisis across the country and put more individuals and families at risk of experiencing homelessness.

Looking Ahead: THUD FY19 Budget Appropriations

On May 15, the House Appropriations Subcommittee released its [draft FY19 spending bill](#). The draft bill includes:

- Maintaining the 10% increase in HUD funding from the FY18 budget with additional increases for FY19.
- An increase in homeless assistance programs funding from \$2.513 billion to \$2.546 billion.
- The U.S. Interagency Council on Homelessness (USICH) funded at \$3.6 million.
- Public housing capital repairs and operating funds level with FY18 dollars at \$2.75 billion and \$4.55 billion, respectively.
- Funding for the Family Self-Sufficiency program remaining level at \$75 million.
- No funding for Family Unification vouchers.
- Project-Based Rental Assistance facing a \$168 million decrease from FY18, lowering funding to \$11.347 billion.
- \$22.48 billion for tenant-based rental assistance.
- Level funding for both Veterans Affairs Support Housing (VASH) at \$40 million.
- Community Development Block Grants (CDBG) level-funded at \$3.365 billion and the HOME Investments Partnership program funding decreased to \$1.2 billion.

What this means:

- This bill ignores many of the funding cuts to housing programs proposed in the Administration's FY19 budget.
- However, while the proposal includes a moderate increase in funding overall, it is still not enough to keep up with the growing needs of communities across the country.

A more in-depth look at the bill can be found in an analysis by the [National Low Income Housing Coalition](#) and by the [Center on Budget and Policy Priorities](#).

What This Means for Philanthropy

Funders Together is keeping a close eye on developments with the FY19 federal budget and will be providing updates on what it means for efforts to prevent and end homelessness. In addition, we will be seeking out opportunities for philanthropy to support adequate funding for homelessness and housing programs through the federal budget.

Philanthropy can use its voice to amplify the following messages:

- Ending homelessness not only improves lives of individuals, it also has positive education, health, criminal justice, and economic outcomes for entire communities.
- Communities are doing important work in homelessness. It's important to continue funding resources for the homeless system and affordable housing, as well as supporting the knowledge and leadership from local and federal government.
- It's important for funders to be vocal about the limitations of philanthropy to "fill the gap" when federal investments are cut. Members of Congress have said that we do not need federal funding for housing because the private sector will step up and fill the gap. This is untrue, since the needs are so much greater than what philanthropy can do alone, and undermines the effectiveness of public-private partnerships that have been critical to efforts in the past.
- Philanthropy is watching. As funders, your voice matters. Let policymakers know that you are aware of policy and budget changes and how they will affect housing stability.

What's Working that Philanthropy Can Invest In Collaboration

- Philanthropy can promote collaboration with advocacy groups and find ways to amplify their reach. For example, NLIHC, NAEH, and others have realized that to really move the ball on housing policy, we need to engage with other sectors who are directly impacted by the housing shortage: healthcare, education, civil rights, child poverty, and others.
- NLIHC just launched the [Opportunity Starts at Home](#) campaign – thanks to the support of [Funders for Housing and Opportunity](#) – that brings together these sectors to work together on housing. There are new advocates at the table, such as teachers who can speak to the impact that evictions and homelessness have on their students and healthcare providers who can talk about the impact that living in an affordable home has on the health outcomes of their patients.

Advocacy

- Advocacy played a big part in the 10% increase in HUD's FY18 budget. There was a lot of activism around the country last year, and people respond to calls to action. Advocacy must continue to secure appropriate funding for FY19.
- There was greater visibility of homelessness and housing issues due to media coverage, the extreme increases in unsheltered homelessness in many cities, advocacy by interest groups like Opportunity Starts at Home, and Matthew Desmond's book, [Evicted](#), and his work to talk about the issue.
- Homelessness is a bipartisan issue. Talking about the larger housing issue in terms of homelessness helped secure support on both sides of the aisle in FY18 and this work needs to continue for FY19 and beyond.

Do you want to learn about new opportunities to invest in advocacy at the federal or local level? Are you interested in using your voice to write an op-ed? Funders Together offers our members assistance with developing messaging and guidance on legally supporting advocacy initiatives. Please contact our CEO, [Amanda Andere](#), for more information.