

Making Up Ground

HUD FY 2015 Budget Reflects Recovery from Sequestration

Recovering from the spending cuts imposed by sequestration, the Obama Administration is proposing increased funding for the U.S. Department of Housing and Urban Development (HUD) for Fiscal Year 2015, which begins October 1.

The Administration has requested \$46.7 billion in gross budget authority for HUD programs, an increase of 2.6% over FY 2014 and 10.1% above the FY 2013 funding levels after sequestration. The omnibus appropriations act passed last October boosted federal appropriations for FY 2014.

For FY 2015, HUD has proposed a 4.5% increase for tenant-based rental assistance (i.e. vouchers) compared to FY 2014, including \$75 million for 10,000 new HUD-VASH vouchers for veterans. However, the Department proposes a 1.7% cut for project-based rent subsidies. HUD plans to start shifting funding for project-based

contracts to a calendar year basis, but will continue to will renew contracts throughout the year as needed. FY 2015 will be a transition year for shifting funding schedules for contracts.

The Department proposes funding increases of:

- 33.3% for the Choice Neighborhoods program;
- 27% for Supportive Housing for Persons With Disabilities (Section 811);
- 14.7% for Supportive Housing for the Elderly (Section 202);
- 14.3% for Homeless Assistance Grants;
- 4.5% for public housing operating subsidies;
- 2.7% for public housing capital funds; and,
- 0.6% for Housing Opportunities for Persons with AIDs.

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Comparison of FY 2015 Budget Proposal, Enacted FY 2014 Appropriations

| HUD Programs | FY 2015 Proposed | FY 2014 Enacted | % Increase or Decrease Over FY 2014 |
|--|------------------|------------------|-------------------------------------|
| Tenant-Based Rental Assistance | \$20,045,000,000 | \$19,177,218,000 | 4.5% |
| Project-Based Rental Assistance | \$9,746,000,000 | \$9,916,628,000 | -1.7% |
| Public Housing Capital Fund | \$1,925,000,000 | \$1,875,000,000 | 2.7% |
| Public Housing Operating Fund | \$4,600,000,000 | \$4,400,000,000 | 4.5% |
| HOME Investment Partnerships | \$950,000,000 | \$1,000,000,000 | -5.0% |
| Choice Neighborhoods | \$120,000,000 | \$90,000,000 | 33.3% |
| Community Development Block Grants | \$2,800,000,000 | \$3,030,000,000 | -7.6% |
| Supportive Housing for the Elderly (Section 202) | \$440,000,000 | \$383,500,000 | 14.7% |
| Supportive Housing for Persons With Disabilities (Section 811) | \$160,000,000 | \$126,000,000 | 27.0% |
| Native America Housing Block Grants | \$650,000,000 | \$650,000,000 | 0.0% |
| Homeless Assistance Grants | \$2,406,400,000 | \$2,105,000,000 | 14.3% |
| Housing Opportunities for Persons With AIDS | \$332,000,000 | \$330,000,000 | 0.6% |
| Rental Assistance Demonstration | \$10,000,000 | \$0 | |
| National Housing Trust Fund | \$1,000,000,000 | \$0 | |
| USDA Rural Housing Service Programs | | | |
| Section 515 Rural Rental Direct Loans | \$28,432,000 | \$28,432,000 | 0.0% |
| Section 538 Guaranteed Rural Rental Loans | \$150,000,000 | \$150,000,000 | 0.0% |
| Section 521 Rural Rental Assistance | \$1,088,500,000 | \$1,110,000,000 | -1.9% |
| Multi-Family Housing Revitalization | \$28,000,000 | \$32,575,000 | -14.0% |
| Section 514 Farm Labor Housing Loans | \$23,900,000 | \$23,855,000 | 0.2% |
| Section 516 Farm Labor Housing Grants | \$8,300,000 | \$8,336,000 | -0.4% |

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The Administration proposes the same funding level as FY 2014 for Native American Housing Block Grants, \$1 billion in initial capital for the national Housing Trust Fund, and \$10 million for the Rental Assistance Demonstration (RAD) program.

Proposed cuts include 7.6% to formula Community Development Block Grants and 5% to the HOME program.

The budget request proposes legislative reforms to the project-based rental assistance program, to lift the current cap of 60,000 public housing units eligible to convert to project-based rent subsidies under the RAD program, and to permit FHA risk-share loans originated by state housing finance agencies to be securitized by Ginnie Mae.

Beyond the regular appropriations request, the Administration proposes an extra \$56 billion in additional spending across the federal government, split equally between defense and non-defense programs, under a new Opportunity, Growth and Special Initiatives that would be

paid for by tax law changes and other reforms. Under this, another \$280 million is proposed for the Choice Neighborhoods program to fund grants to benefit an estimated additional 7 to 10 high-poverty neighborhoods.

However, leaders of the House and Senate appropriations committees have indicated they will adhere to the FY 2015 spending cap imposed by last year's budget agreement.

Rural Housing Programs

Regarding rural housing programs operated by USDA's Rural Housing Service, the Administration proposes the same funding level as FY 2014 for Section 538 guaranteed rental housing loans and Section 515 direct loans and a slight increase for Section 514 farm labor housing loans. However, cuts are proposed of 1.9% for Section 521 rural rent subsidies, 14% for multifamily housing revitalization support, and 0.4% for Section 516 farm labor housing grants.

(HUD, USDA RHS budget documents:
<http://tinyurl.com/cunle83>) **TCA**

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