



FY2021 HUD BUDGET PROPOSAL

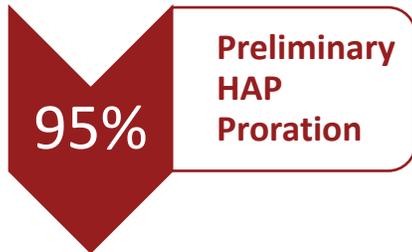
The U.S. Department of Housing and Urban Development (HUD) budget follows this familiar formula of domestic cuts with a proposed \$8.6 billion or 15 percent reduction, slightly reduced from the FY 2020 proposed cut of \$9.7 billion. The increase in funding for HUD relative to the FY2020 request is largely attributed to a greater investment in the Self Sufficiency Fund (Family Self Sufficiency (FSS) and Jobs Plus) and Rental Assistance Demonstration (RAD) Fund, but the Public Housing Capital Fund, Community Development Block Grant program, HOME, and Choice Neighborhoods were eliminated entirely for the third year in a row.

The President’s proposal for HUD also assumes significant cost savings from rent reforms. The rent reforms would require Congressional approve the Making Affordable Housing Work Act of 2018 (MAHWA). MAHWA includes provisions allowing income recertification every three years and at recertification adjusting the tenant rent to 35% of the resident’s gross income and 30% of elderly and disabled resident’s gross income. Additional cost savings are attributed to uniform work requirements for work-able individuals.

Section 8

Tenant-Based Rental Assistance (TBRA)

Housing Choice Voucher (HCV) Housing Assistance Payments (HAP): The President’s budget includes \$16.958 billion for HAP renewals. In total, this is \$21.131. This total amount is \$371 million less than Fiscal Year (FY) 2020 enacted. At this time, NAHRO estimates that this represents around a preliminary proration of 95 percent, though this may change as additional information becomes available.



Administrative Fees: The President’s budget allocates \$1.815 billion in administrative fees. The President’s budget allocates \$1.475 billion for

administrative fees for non-MTW agencies This total amount is \$132 million less than the FY 2020 enacted budget. At this time, NAHRO believes that this represents a 70 percent proration, though this may change as NAHRO learns additional information.



Public Housing

Public Housing Capital Fund



The President’s elimination of the Capital Fund is a devastating proposal that would have innumerable negative impacts on PHAs’ ability to ensure families are housed in safe, secure units. This would be a significant step in the wrong direction considering the immense size of the capital needs backlog, which NAHRO estimates at \$70 billion, and our inability to fund annually accruing capital needs.

Public Housing Operating Fund

The president's budget would provide \$3.276 billion for public housing formula grants for non-MTW agencies. As the President's budget eliminates the Capital Fund, current Capital Fund set-asides would be moved to the "Public Housing Fund." PHAs would have \$3.948 billion to support the operation and management of public housing. Accounting for these newly created Operating Fund set-asides, this is \$601 million below the FY 2020 funding - a 13 percent cut.

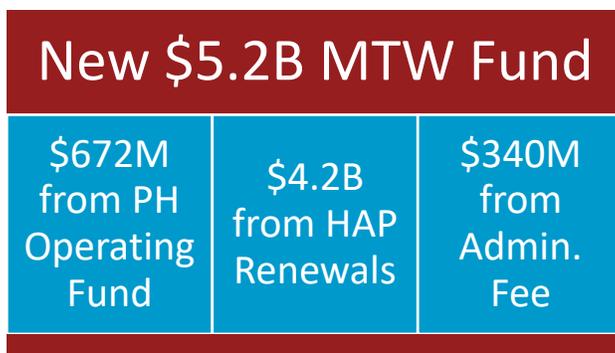


Although the president's budget proposes a 13 percent cut to the Public Housing Fund, HUD claims that proposed funding represents a 100 percent proration for the Operating Fund when the savings from enacting MAHWA are included.

Additional Programs

Moving to Work

The president's budget would include a new separate Moving to Work (MTW) agency funding account. This account would include all Public Housing and Tenant-Based Rental Assistance (TBRA) funding received by MTW agencies. MTW funding levels are based on the total combined need for Public Housing and TBRA funding for both the current 39 MTW agencies and the approximately 30 PHAs that will receive MTW designation in 2020 through the first cohort of the MTW expansion.



Self Sufficiency Programs

Family Self-Sufficiency (FSS): The president's budget would provide \$90 million for the FSS program, a \$10 million increase from FY 2020. In the proposed budget, sponsors of multifamily Section 8 project-based rental assistance (PBRA) are permitted to fund coordinators out of their residual receipts.



Jobs-Plus Initiative: The president's budget would provide \$100 million to the Jobs Plus Initiative, an \$85 million increase from FY 2020. The budget requires that any costs of rent incentives authorized through Job Plus not be charged against the competitive grant amounts made available through the initiative.

Resident Opportunities and Self-Sufficiency (ROSS): The President's budget proposes eliminating the ROSS program. The ROSS program was funded at \$35 million in FY 2020.