National Alliance to End Homelessness

FY 2018 Appropriations: HUD's Voucher and Public Housing Programs

Federal Policy Update, July 2017

Program Overview

In appropriations bills, there are four program accounts that include almost all spending for affordable housing for Americans with the lowest incomes: Tenant-Based Rental Assistance (TBRA, "Section 8" or the Housing Choice Voucher program, including HUD-VASH vouchers and Family Unification Program vouchers); Project-Based Rental Assistance (the old "Project-Based Section 8" program, which still provides rent subsidies for many privately owned affordable housing programs); and two accounts for Public Housing (Operating Funds which Public Housing Authorities use for day-to-day operations of their programs, and Capital Grants for larger scale repairs or replacements of outworn systems including aspects like heating that are necessary for people to live in the buildings).

Together, these programs provide housing, at affordable rent levels, for around 3.5 million households. Rents are set at 30 percent of the household's income, making these the most accessible housing opportunities for people with incomes below the poverty line.

Current Status

For many years, Congress has provided only enough funding for about one-fourth of the households eligible and in need of these deeply subsidized programs. Preventing these programs from shrinking is usually a priority for both parties in Congress, but this is not always the case. The last time Congress passed appropriations bills subject to "sequestration," the number of Section 8 vouchers shrank considerably due to underfunding. Meanwhile, the list of needed major repairs and renovations in Public Housing continued to grow, increasing the danger that many now-occupied apartments will not remain habitable.

The Administration's budget request for FY 2018 would severely reduce all of these accounts. This is one of many reasons that Congress is not seriously considering adopting the Administration's budget. Congress is, however, considering using sequestration-level funding caps that would slightly decrease overall non-defense funding and result in, at best, flat funding for the housing accounts. Flat funding for these mainstream housing programs would be dangerous. With rents rising quickly in many parts of the United States, flat funding TBRA, for example, would mean a substantial cut in the number of households that could be served, in the range of 200,000.

Recommendation

The Appropriations Committee should carefully determine the amount of funding needed in these four accounts to ensure that existing levels of capacity remain funded. After meeting this basic threshold, it should begin what will be a multiyear task of increasing the capacity of programs funded by the Tenant-Based Rental Assistance account, so that ultimately the problem of severe housing instability and cost burden can be resolved. The Bipartisan Policy Center, in its 2013 housing recommendations, indicated that an additional $22.5 billion per year would be needed to pay for rental subsidies to achieve this goal. The Alliance recommends a ten-year effort to achieve this level, including reforms in HUD and other federal housing subsidies to ensure targeting to those most in need. As a first step, in FY 2018, Congress should include funding for 34,000 incremental vouchers, the same number requested by President George W. Bush for FY 2003. Maintaining and beginning to increase these programs is essential to preventing and ending homelessness. Assisting with an end to homelessness would be one of many ways this would benefit our nation.

Congress should not enact any policy that would divert mandatory funding now directed to the National Housing Trust Fund (HTF). The HTF, which began allocating funding to states in 2016, is the first new housing resource since 1974 targeted to building, rehabilitating, preserving, and operating rental housing for extremely low income people.