

# 2020 HUD Budget Fact Sheet



2/19/2020

On February 10, Trump released his proposed budget for 2020. WRAP produces this fact sheet to provide a historical understanding of the link between the Department of Housing and Urban Development's (HUD) current budget cuts and the 40-year process of draconian reductions in our nation's affordable housing programs. These reductions are a significant cause of contemporary homelessness and the housing shortage impacting communities across the United States.

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## **History of Slashing the HUD Budget**

**1978 – 1983:** HUD budget authority shrank from **\$83 billion** to a little more than **\$18 billion** (in 2004 constant dollars) and shelters opened throughout the United States.

**1996 – 2019:** Public housing stock was depleted by **463,368 units**.

**1996 – 2020:** HUD funding for new public housing units – the safety net for the poorest among us – has been zero since 1996.

**1995 – 2011:** HUD dismantled **360,000** Section 8 units.

## **Trump's 2020 Proposed HUD budget**

The administration is proposing to cut HUD's budget by **\$8.6 billion to \$47.9 billion**, 15% below 2020 enacted levels.

Public Housing Authorities had an estimated capital needs backlog of **\$56 billion** in 2019. In response to this deficit, Trump's budget cuts all funding for public housing capital repairs and cuts public housing operating funds by 21%, to \$3.6 billion.

The Rental Assistance program for rural areas through the Department of Agriculture (USDA) sees a \$75 million increase in funding. This increase is more than offset by **\$138 million in cuts** to other housing programs through the USDA. Programs that would be completely eliminated include the Farm Labor Housing Loans, Farm Labor Housing Grants, Rental Housing Direct Loans, and Multifamily Preservation and Revitalization programs.

For Tenant Based Rental Assistance (TBRA), or Section 8, the proposed budget **cuts funding by \$5 billion, to \$18.8 billion**. At this funding level, an estimated 100,000 – 160,000 households would lose rental assistance.

The proposed budget also cuts **\$130 Million** from homeless programs for youth and victims of domestic violence and removes Housing First language from funding applications.

## *Rent Increases*

The proposed budget would increase the amount of rent that Section 8 tenants must pay **from 30% to 35% percent of income** and triple the **minimum rent requirement to \$150**.

It would also impose a new **minimum rent requirement of \$50** on tenants receiving rental assistance through the USDA.

## *Rental Assistance Demonstration (RAD)*

RAD is a program that facilitates selling public housing stock to private investors as mortgages. The budget provides **\$164 million** for the RAD program, **\$64 million of which is taken from tenant based rental assistance.**

Since 2013, RAD has converted **130,035 units** of public housing to private ownership, with another **99,019 units** in the process of conversion.

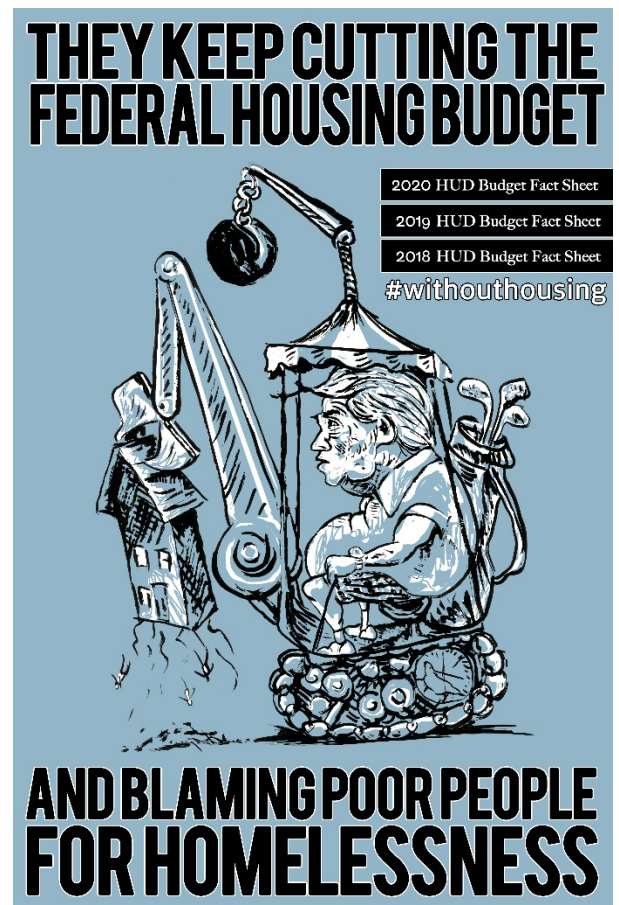
The budget also increases the number of ways RAD can convert public housing to private property and eliminates the 455,000 unit-cap on no-cost Public Housing conversions. This allows for unlimited privatization of public housing.

## *Moving to Work (MTW)*

The budget **INCREASES** the MTW program to \$5.2 billion in a new, separate account. **This money is taken from the Public Housing Fund and the Tenant-Based Rental Assistance Programs.** MTW gives Public Housing Authorities (PHAs) very broad flexibility in how they administer public housing and housing choice voucher programs, allowing PHAs shift funds out of the voucher program and offer housing assistance to fewer families.<sup>1</sup>

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Trump's proposed budget for 2020 has \$1 trillion in cuts to Medicaid and Affordable Care Act premium tax credits over ten years, which would cause millions of people to lose coverage. It also has more than \$180 billion in cuts over ten years to SNAP (formerly known as food stamps). At the same time, it makes permanent the 2017 tax law's huge tax cuts for the wealthy. **Until we recognize housing as a human right and enact policies and budget allocations that reflect that right, along with quality education, economic security, and health care, we will not end homelessness.**



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<sup>1</sup> FY21 Budget Chart for Selected HUD and USDA Programs. *National Low-Income Housing Coalition.*