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Department of Housing and Urban Development (HUD): FY2017 Appropriations

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Summary

Most of the funding for the activities of the Department of Housing and Urban Development (HUD) comes from discretionary appropriations provided each year in the annual appropriations acts, typically as a part of the Transportation, HUD, and Related Agencies appropriations bill (THUD). HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs. This report tracks FY2017 appropriations for the department.

Full-Year Appropriations: On May 5, 2017, the Consolidated Appropriations Act of 2017 was signed into law (P.L. 115-31). Title II of Division K provides $48.1 billion in gross appropriations for HUD's programs and activities; after accounting for savings from offsets, the net new budget authority for the department totals $38.8 billion. The law provides a $1 billion increase in funding for HUD's policies and programs over FY2016, which is primarily attributable to funding increases for the largest accounts in HUD's budget: the tenant-based rental assistance (TBRA) account (+$663 million) and project-based rental assistance (PBRA) account (+$196 million). Those increases largely maintain current services for the roughly 3 million low-income families who receive housing assistance through the Housing Choice Voucher program and the project-based Section 8 program. The largest *relative* increase in funding was provided for HUD's lead hazard reduction programs (+32%).

Continuing Resolutions: Congress did not enact regular full-year FY2017 appropriations for HUD prior to the end of FY2016. Instead, HUD and most other federal agencies were funded through a series of continuing resolutions.

Senate Action: On May 19, 2016, the full Senate approved FY2017 appropriations for HUD as a part of a substitute amendment to H.R. 2577 (which incorporated both the committee-reported version of the THUD bill (S. 2844) and the committee-reported version of the Military Construction, Veterans Affairs, and Related Agencies bill). It included $48.4 billion in gross discretionary appropriations for HUD's programs and activities, a 3% increase from the FY2016 level. After accounting for savings from offsets and rescissions, the bill included $39.2 billion in net discretionary budget authority, a 2% increase from the FY2016 level.

House Action: On May 24, 2016, the House Appropriations Committee approved its version of a FY2017 THUD appropriations bill (H.R. 5394). It included $48 billion in gross discretionary appropriations and $38.7 billion in net discretionary budget authority for HUD, nearly $1 billion less than was requested and about $500 million less than was included in the Senate version. Like the Senate bill, H.R. 5394 proposed increases to the TBRA and PBRA accounts, but the increases were smaller than those in the Senate bill or requested by the President.

President's Budget Request: Congressional action followed the release of the Obama Administration's FY2017 budget request to Congress on February 9, 2016. The request included $48.9 billion in gross discretionary appropriations for HUD (+4% from FY2016) and $39.6 billion in net discretionary budget authority (+3.5% from FY2016). The largest funding increases proposed were for the PBRA and TBRA accounts.

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Introduction to HUD

Most of the funding for the activities of the Department of Housing and Urban Development (HUD) comes from discretionary appropriations provided each year in the annual appropriations acts, typically as a part of the Transportation, HUD, and Related Agencies appropriations bill (THUD). HUD's programs are primarily designed to address housing problems faced by households with very low incomes or other special housing needs.

Three rental assistance programs—Public Housing, Section 8 tenant-based rental assistance (which funds Section 8 Housing Choice Vouchers), and Section 8 project-based rental assistance—account for the majority of the department's funding (more than three-quarters of total HUD appropriations in FY2016). Two flexible block grant programs—HOME and the Community Development Block Grant (CDBG) program—help communities finance a variety of housing and community development activities designed to serve low- and moderate-income families. In addition, in some years Congress appropriates funds to CDBG to assist in disaster recovery. Other more specialized grant programs help communities meet the needs of homeless persons, including those living with HIV/AIDS. HUD's Federal Housing Administration (FHA) insures mortgages made by lenders to home buyers with low down payments and to developers of multifamily rental buildings containing relatively affordable units. FHA collects fees from insured borrowers, which are used to sustain the insurance fund. Surplus FHA funds have been used to offset the cost of the HUD budget.

A Note About the Housing Trust Fund. The Housing Trust Fund (HTF)—a formula grant program administered by HUD—is not funded through the appropriations process; rather, it is funded through contributions from two government-sponsored enterprises, Fannie Mae and Freddie Mac. The HTF received its first annual funding in 2016 and is expected to receive funding again in 2017. Since the program is funded outside of the annual appropriations process, it is not reflected in this report.[1]

Table 1 presents total net enacted appropriations for HUD over the past five years, including emergency appropriations, rescissions, offsetting collections, and receipts. (For more information, see CRS Report R42542, *Department of Housing and Urban Development (HUD): Funding Trends Since FY2002*, by (name redacted) .)

Table 1. Department of Housing and Urban Development Appropriations, FY2012-FY2016

(Net budget authority in billions of dollars)

FY2012	FY2013	FY2014	FY2015	FY2016
37.43[a]	46.63[b]	32.81	35.62	38.81[c]

Source: Figures for FY2012 and FY2014-FY2016 are taken from tables produced by the House Appropriations Committee. FY2013 figures are from *FY2012 enacted, FY2013, and FY2014 President's Budget funding table*, prepared by HUD.

Notes: Final appropriations levels for any fiscal year include all supplemental appropriations and rescissions. They do not reflect revised estimates of offsetting receipts. Each year includes advance appropriations for the subsequent fiscal year, not advance appropriations from the previous fiscal year.

a. Includes $100 million in disaster funding provided in the regular appropriations act.

[1] For more information on the Housing Trust Fund, see CRS Report R40781, *The Housing Trust Fund: Background and Issues*, by (name redacted)

b. Includes $15.2 billion in disaster funding provided through P.L. 113-2. The amount appropriated was $16 billion, which was then reduced by sequestration. FY2013 budget authority reflects reductions due to sequestration and a 0.02% rescission required by Section 3004 of P.L. 113-6.

c. Includes $300 million in disaster funding provided in P.L. 114-113, the Consolidated Appropriations Act of FY2016, for disaster recovery assistance for states and communities impacted by Hurricane Joaquin, Hurricane Patricia, and other storms and flooding events occurring in 2015; and $500 million provided by P.L. 114-223 for CDBG grants for areas that experienced presidentially declared disasters that occurred prior to the law's enactment.

FY2017 Status

Enactment of Full-Year Appropriations

On May 5, 2017, the Consolidated Appropriations Act of 2017 was signed into law (P.L. 115-31). Title II of Division K provides full-year FY2017 appropriations for HUD. The law appropriates $48.1 billion for HUD's programs and activities; after accounting for offsets, the net discretionary budget authority provided for the department by the bill totals $38.8 billion. This represents a $1 billion increase in funding over FY2016, which is primarily attributable to funding increases for the tenant-based rental assistance (TBRA) account (+$663 million) and project-based rental assistance (PBRA) account (+$196 million). The increased funding largely maintains current services for the roughly 3 million low-income families who receive housing assistance through the Housing Choice Voucher program and the project-based Section 8 program. The largest relative increase in funding is provided for HUD's lead hazard reduction programs (+32%). The law also included $400 million in disaster assistance provided through the CDBG program.

Continuing Resolutions

None of the FY2017 regular appropriations bills were enacted before the end of FY2016. Instead, Congress approved three continuing resolutions to provide temporary funding. The first CR provided funding for most federal agencies through December 9, 2016 (P.L. 114-223); it also contained the Military Construction and Veterans Affairs Appropriations Act for all of FY2017. The second CR, which was enacted before the expiration of the first, provided funding through April 28, 2017 (P.L. 114-254). The third continuing resolution continued the terms of the second CR for one week (P.L. 115-30).

Under the terms of the CRs, funding for most programs, projects, and activities—including those administered by HUD—was continued at FY2016 levels, less an across-the-board reduction of 0.496% in the first CR and 0.1901% in the second CR. Additionally, the first two CRs provided appropriations for disaster relief grants through HUD's Community Development Block Grant program: P.L. 114-223 appropriated $500 million in FY2016 funding for grants for areas that experienced presidentially declared disasters that occurred prior to the law's enactment (including flooding in Louisiana); P.L. 114-254 appropriated $1.8 billion in FY2017 funding for areas that experienced presidentially declared disasters that occurred prior to the law's enactment (including flooding in South Carolina).

For more information about the two CRs, see CRS Report R44653, *Overview of Continuing Appropriations for FY2017 (H.R. 5325)*, coordinated by (name redacted) ; and CRS Report R44723, *Overview of Further Continuing Appropriations for FY2017 (H.R. 2028)*, coordinated by (name redacted) .

House Action

On May 24, 2016, the House Appropriations Committee approved its version of a FY2017 THUD appropriations bill (H.R. 5394). The bill included $38.7 billion in net discretionary budget authority for HUD. That total reflects approximately $48 billion in new gross budget authority for HUD's programs and activities and more than $9 billion in savings from offsets and receipts. This is about $1 billion more in new gross budget authority, but about $400 million less in net budget authority, than was provided in FY2016 (the difference attributable to an additional $580 million in offsetting receipts in FY2017 relative to FY2016). It included about $500 million less than was included in the Senate-passed bill, and nearly $1 billion less than was requested by the President.

Senate Action

On May 12, 2016, the full Senate began consideration of FY2017 appropriations for Transportation, HUD, and Related Agencies. By custom, appropriations legislation originates in the House of Representatives. Because House action on the FY2017 THUD bill had not yet occurred, the Senate took up H.R. 2577, which is the House-passed version of the *FY2016* THUD bill. The Senate Appropriations Committee substitute amendment (S.Amdt. 3896) to the bill included as Division A the text of the FY2017 THUD appropriations bill as reported by the committee (S. 2844). The substitute amendment also included as Division B the text of the Senate Appropriations Committee-reported Military Construction, Veterans Affairs, and Related Agencies bill. It was approved by the full Senate on May 19, 2016.

Earlier, on April 21, 2016, the Senate Appropriations Committee reported its FY2017 Transportation, HUD, and Related Agencies appropriations bill (S. 2844; S.Rept. 114-243). It proposed $48.4 billion in gross discretionary appropriations for HUD's programs and activities, which is a 3% increase from the FY2016 level. After accounting for savings from offsets and rescissions, the bill included $39.2 billion in net discretionary budget authority, which is a 2% increase from the FY2016 level.

President's Request

On February 9, 2016, the Obama Administration submitted its FY2017 budget request to Congress. It included $48.9 billion in gross discretionary appropriations for HUD (4% more than FY2016) and $39.6 billion in net discretionary budget authority (3.5% more than FY2016). (For more information, see CRS Report R44380, *Department of Housing and Urban Development (HUD): FY2017 Budget Request Overview and Resources*, by (name redacted) .)

FY2016

On December 18, 2015, Congress approved and President Obama signed into law a FY2016 omnibus appropriations law (P.L. 114-113). It included $47 billion in appropriations for HUD; $38.3 billion in net budget authority (excluding $300 million in disaster funding). (For more information, see CRS Report R44059, *Department of Housing and Urban Development: FY2016 Appropriations*, coordinated by (name redacted) .)

Table 2 presents account-level funding information for HUD, comparing FY2016 with the FY2017 President's budget request, congressional action, and final FY2017 amounts. It is followed by a discussion of selected issues and accounts.

Table 2. HUD FY2016-FY2017 Detailed Appropriations

In billions of dollars

Accounts	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Appropriations					
Salaries and Expenses (Mgmt. & Adm.)	1.360	1.365	1.345	1.365	1.355
Tenant-Based Rental Assistance (Sec. 8 vouchers)[a]	19.629	20.854	20.189	20.432	20.292
Rental Assistance Demonstration	0.000	0.050	0.000	0.004	0.000
Public housing capital fund	1.900	1.865	1.900	1.925	1.942
Public housing operating fund	4.500	4.569	4.500	4.675	4.400
Choice Neighborhoods	0.125	0.200	0.100	0.080	0.138
Family Self Sufficiency	0.075	0.075	0.075	0.075	0.075
Native American housing block grants	0.650	0.700	0.655	0.714[b]	0.654
Indian housing loan guarantee	0.008	0.006	0.006	0.007	0.007
Native Hawaiian block grant	0.000	0.001	0.000	0.005	0.002
Native Hawaiian loan guarantee	0.000	0.000	0.000	0.000	0.000
Housing, persons with AIDS (HOPWA)	0.335	0.335	0.335	0.335	0.356
Community Development Fund (Including CDBG)	3.060	2.880	3.060	3.000[c]	3.060
HOME Investment Partnerships	0.950	0.950	0.950	0.950	0.950
Self-Help Homeownership[d]	0.056	0.000	0.050	0.054	0.054
Homeless Assistance Grants	2.250	2.664	2.487	2.330	2.383
Project-Based Rental Assistance (Sec. 8)[e]	10.620	10.816	10.901	10.901	10.816
Housing for the Elderly	0.433	0.505	0.505	0.505	0.502
Housing for Persons with Disabilities	0.151	0.154	0.154	0.154	0.146
Housing Counseling Assistance[f]	0.047	0.047	0.055	0.047	0.055
Manufactured Housing Fees Trust Fund[g]	0.011	0.012	0.012	0.011	0.011
Rental Housing Assistance[h]	0.030	0.020	0.020	0.020	0.020
Federal Housing Administration (FHA) Expenses[g]	0.130	0.160	0.130	0.130	0.130
Government National Mortgage Assn. (GNMA) Expenses[g]	0.024	0.024	0.024	0.024	0.024
Research and technology	0.085	0.065	0.080	0.090	0.089
Fair housing activities	0.065	0.070	0.065	0.065	0.065
Office, lead hazard control	0.110	0.110	0.130	0.135	0.145
Information Technology Fund	0.250	0.286	0.100[i]	0.273	0.257
Inspector General	0.126	0.129	0.128	0.129	0.128
Gross Appropriations Subtotal	*46.978*	*48.911*	*47.955*	*48.434*	*48.056*
Rescissions					
Administrative Provisions	-0.014[j]	0.000	-0.027[k]	0.000	0.000

Accounts	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Rescissions Subtotal	*-0.014*	*0.000*	*-0.027*	*0.000*	*0.000*
Offsetting Collections and Receipts					
Manufactured Housing Fees Trust Fund	-0.011	-0.012	-0.012	-0.011	-0.011
FHA	-7.757	-8.028	-7.998	-7.998	-7.998
GNMA	-0.886	-1.224	-1.224	-1.224	-1.224
Offsets Subtotal	*-8.654*	*-9.264*	*-9.234*	*-9.233*	*-9.233*
Total Budget Authority	38.311	39.647	38.695	39.201	38.823
Disaster Relief Funding	*0.800*[l]	*0.000*	*0.000*	*0.000*	*2.209*[m]
Total w/ Disaster Funding	***38.811***	***39.647***	***38.695***	***39.201***	***41.032***

Source: Table prepared by CRS based on the Comparative Statement of New Budget (Obligational) Authority as published in S.Rept. 114-243, beginning on p. 167; H.Rept. 114-606, beginning on p. 153 and Explanatory Statement accompanying H.R. 244, the FY2017 consolidated appropriations bill, as published in the *Congressional Record*, May 3, 2017, beginning on p. H4101.

a. The Section 8 tenant-based rental assistance account includes both current-year and advance appropriations. Typically, Congress appropriates about $4 billion for tenant-based rental assistance for the subsequent fiscal year in addition to funds for the current year.

b. The Senate-passed bill would create a new Indian Block Grants account that would include (1) the programs currently funded in the Native American Housing Block Grant account and (2) the Indian Community Development Block Grant, which is currently funded in the Community Development Fund account. The amount in the table reflects the total amount that would be provided for this new account.

c. Funding for the Indian Community Development Block Grant, which is usually provided in the Community Development Fund account, is included in a new Indian Block Grants account in the Senate-passed bill.

d. The Self-Help and Assisted Homeownership Opportunity Program account provides funds for both the Self-Help Homeownership Opportunity Program (SHOP) and certain capacity building activities. The President's budget proposed funding SHOP as a set-aside within the HOME account and capacity building activities within the Research and Technology account, rather than within their own account.

e. The Section 8 project-based rental assistance account includes both current-year and advance appropriations. Typically, Congress appropriates about $400 million for project-based rental assistance for the subsequent fiscal year in addition to funds for the current year.

f. In addition to HUD's housing counseling assistance program, in recent years Congress has provided funding specifically for foreclosure mitigation counseling known as the National Foreclosure Mitigation Counseling Program (NFMCP), administered by the Neighborhood Reinvestment Corporation (also known as NeighborWorks America). NeighborWorks is not part of HUD, but is usually funded as a related agency in the annual HUD appropriations laws. The President's budget did not request funding for the NFMCP in FY2017, and neither the House committee-passed bill nor the Senate-passed bill would provide funding for the NFMCP.

g. Some or all of the cost of funding these accounts is offset by the collection of fees or other receipts, shown later in this table.

h. The Rental Housing Assistance account is used to provide supplemental funding to some older HUD rent-assisted properties and, when funding is provided, it is typically offset by recaptures. Funding is not requested in this account every year.

i. H.Rept. 114-606, on p. 95, notes that maintenance of basic IT-related systems and activities at HUD requires at least $250 million and states that "prior to enactment, the Committee will work to identify sources of funds to maintain and upgrade the Department's systems."

j. Section 233 of the General Provisions included a rescission of $7 million in unobligated balances from the Neighborhood Stabilization Program and a rescission from FHA's General and Special Risk Program account.

k. Section 237 of the General Provisions includes rescissions of unobligated balances from HUD's Management and Administration and Salaries and Expenses accounts, as well as unobligated balances available from certain HUD recaptures.

l. Section 420 of the General Provisions of Division L of P.L. 114-113, the Consolidated Appropriations Act of FY2016, included $300 million in disaster recovery assistance for states and communities impacted by Hurricane Joaquin and Hurricane Patricia and other storms and flooding events occurring in 2015. Section 145 of P.L. 114-223, the first FY2017 continuing resolution, appropriated $500 million for CDBG grants for areas that experienced presidentially declared disasters that occurred prior to the law's enactment (including flooding in Louisiana). These amounts were provided as "disaster relief" funding, and were thus effectively exempt from the statutory limits on discretionary spending that apply to the remainder of HUD funding in the bills.

m. Section 196 of P.L. 114-254, the second FY2017 continuing resolution, appropriated $1.809 billion through CDBG for disaster assistance for areas that experienced presidentially declared disasters that occurred prior to the law's enactment (including flooding in South Carolina). Section 421 of Title IV of Division K of P.L. 115-31, the FY2017 consolidated appropriation law, included an additional $400 million in CDBG disaster assistance for disasters that occurred in 2015, 2016, and 2017. These amounts were provided as "disaster relief" funding, and were thus effectively exempt from the statutory limits on discretionary spending that apply to the remainder of HUD funding in the bills.

Discussion of Selected Accounts and Issues

Assisted Housing Programs

More than three-quarters of appropriations for HUD supports three programs: Section 8 tenant-based rental assistance (which funds Section 8 Housing Choice Vouchers), Section 8 project-based rental assistance, and the Public Housing program. Together, these three programs serve more than 4 million low-income households. The following subsections discuss appropriations for these three programs.

Section 8 Tenant-Based Rental Assistance

The tenant-based rental assistance (TBRA) account funds the Section 8 Housing Choice Voucher program; it is the largest account in HUD's budget. Most of the funding provided to the account each year is for the annual renewal of more than 2 million vouchers that are currently authorized and being used by families to subsidize their housing costs. The account also provides funding for the administrative costs incurred by the local Public Housing Authorities (PHAs) that administer the program. The account is funded using both current-year appropriations and advance appropriations provided for use in the following fiscal year.

Table 3. Tenant-Based Rental Assistance (Housing Choice Vouchers), FY2016-FY2017

(In billions of dollars)

Section 8 Tenant-Based Rental Assistance	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Total	**19.629**	**20.854**	**20.189**	**20.432**	**20.292**
Budget Authority for Voucher Renewals	17.682	18.447	18.311	18.355	18.355
Rental subsidy reserve	*0.075*	*0.075*	*0.075*	*0.075*	*0.075*
Administrative fees	1.650	2.077	1.650	1.769	1.650
Additional Fees	*0.010*	*0.010*	*0.010*	*0.010*	*0.010*
Tenant Protection Vouchers	0.130	0.110	0.110	0.110	0.110

Section 8 Tenant-Based Rental Assistance	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Incremental Rental Vouchers	0.000	0.088	0.000	0.000	0.000
Incremental Family Unification Vouchers	0.000	0.000	0.000	0.020	0.010
Veterans Affairs Supported Housing vouchers (VASH)	0.060	0.007[a]	0.007[a]	0.057[a]	0.047[a]
Section 811 Voucher Renewals	0.107	0.110	0.110	0.110	0.120
Mobility Demonstration	0.000	0.015	0.000	0.011	0.000

Sources: Table prepared by CRS based on information found in HUD FY2017 Congressional Budget Justifications; S. 2844, and S.Rept. 114-243; H.R. 5394, and H.Rept. 114-606; and H.R. 244 and Explanatory Statement accompanying H.R. 244, the FY2017 consolidated appropriations bill, as published in the *Congressional Record*, May 3, 2017.

a. $7 million of this amount is to fund the cost of renewing existing Tribal VASH vouchers.

Renewal Funding

Arguably, the most contentious issue in the tenant-based rental assistance account every year is the cost of renewing existing vouchers. All of the roughly 2 million vouchers that are currently authorized and in use are funded annually, so in order for families to continue to receive assistance (i.e., renew their leases at the end of the year), new funding is needed each year. How much it will cost to renew those vouchers is difficult to estimate—since the cost of a voucher is driven by changes in market rents and tenant incomes—and estimates can change from the time the President's budget is released until final appropriations are enacted, as newer data are collected by HUD.

The President's budget estimated that the $766 million increase requested would be sufficient to renew all existing vouchers projected to be in use in 2016. The President's estimate assumes $30 million in savings in renewal costs from a policy change related to medical expense deductions that has been proposed in the past several President's budget requests.

Both the House committee-passed bill and the Senate bill would have provided less funding for voucher renewals than requested by the President. The House committee-passed bill included $135 million less than the request and the Senate-passed bill proposed $92 million less than the request. As requested, and permitted in FY2016, both bills would have provided the Secretary with the authority to reallocate unused prior-year funding (PHA reserves) to supplement FY2017 allocations.

S.Rept. 114-243 stated that the amount of funding provided, paired with the reallocation authority, would be sufficient to support all vouchers in use. The press release accompanying House Appropriations Committee-passage of H.R. 5394 also contended that the bill provided sufficient funding to maintain all vouchers in use.[2]

The final FY2017 full-year appropriations level for renewals is lower than proposed by the Senate, but higher than proposed by the House committee bill. It includes the requested reallocation authority.

[2] House Appropriations Committee, "Appropriations Committee Releases Fiscal Year 2017 Transportation, Housing and Urban Development Funding Bill," press release, May 17, 2016, http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=394537.

Administrative Fees

PHAs are paid a per-unit fee to administer the Housing Choice Voucher program. Thus, the total amount of fees a PHA earns in a year is based on how many vouchers it leases. In recent years, the amount of appropriations provided by Congress has not been sufficient to fully fund all of the fees earned by PHAs under the formula, thus they have received reduced, or prorated, fees.

The President's budget requested an increase of $427 million in administrative fee funding relative to FY2016. HUD's Congressional Budget Justifications contended the requested funding level would be sufficient to fund all fees under a new formula HUD is developing based on the findings of a recent administrative fee study, which the department states it hopes to have in place for 2017.

The House committee-passed bill included no increase in administrative fee funding; rather, it proposed to fund fees at the FY2016 level. The Senate-passed bill proposed a smaller increase than requested by the President (+$119 million more than FY2016). The final FY2017 appropriations law funds administrative fees at FY2016 levels.

New Vouchers

New vouchers—or "incremental vouchers"—are vouchers that are funded by Congress and distributed by HUD to PHAs to serve additional families.[3] In recent years, the primary source of new vouchers has been the Veterans Affairs Supported Housing (VASH) program, which is administered jointly with the Department of Veterans Affairs and provides vouchers paired with supportive services for homeless veterans. In some years, the Family Unification Program (FUP), which provides vouchers for families involved in the child welfare system and youth aging out of foster care, has also received funding for additional vouchers.

The President's budget requested $88 million to fund approximately 10,000 new vouchers for families with children who are experiencing homelessness. Additionally, the President's budget requested $7 million to renew tribal VASH vouchers that were funded for the first time in FY2015.

The House committee-passed bill included no funding for new incremental vouchers.

The Senate-passed bill proposed funding two categories of incremental vouchers: $20 million for FUP vouchers and $57 million for VASH vouchers. The committee report directed that HUD prioritize the awards of the new FUP vouchers to PHAs that will target them to youth. The bill also included provisions designed to improve the program for youth, including a lengthening of the existing 18-month time limit to 36 months (or longer, if the youth is participating in economic self-sufficiency activities) and broadening the age of eligibility up to age 24 (from age 21). (Similar FUP policy changes were proposed in the President's budget request.) Of the funding for VASH vouchers, $7 million was targeted for the renewal of tribal vouchers, as requested by the President.

The final FY2017 appropriations law includes funding for the same categories of incremental vouchers proposed by the Senate bill, but at lower levels: $10 million for FUP vouchers and $47 million for VASH vouchers (including renewal of tribal VASH vouchers).

[3] Each year, the President requests, and Congress generally provides, funding for tenant protection vouchers. While tenant protection vouchers are also a type of "new" voucher, they are generally provided to households who are being displaced from other assisted housing. Thus, while the vouchers are new, the families who receive them are not newly assisted.

Mobility Demonstration

One of the key features of the Housing Choice Voucher program is portability; families can move wherever they choose and take their voucher with them. Mobility is a term often used to describe portability moves made by families to communities with lower poverty rates and greater access to educational or economic opportunities. While some older research findings about the impact of mobility moves on family outcomes have been mixed,[4] recent findings have shown that certain mobility moves may have meaningful impacts for children's outcomes.[5]

The President's budget requested $15 million for a new mobility demonstration to encourage and support mobility moves by families with vouchers. The funds would be awarded to PHAs to provide mobility services to families, including pre- and post-move counseling, and would also fund an impact evaluation.

The House committee-passed bill did not include funding for the mobility demonstration; the Senate-passed bill would have provided $11 million to fund it. The final FY2017 appropriations law does not fund the proposal.

Section 8 Project-Based Rental Assistance

The Section 8 project-based rental assistance (PBRA) account provides funding to administer and renew existing project-based Section 8 rental assistance contracts between HUD and private multifamily property owners. Under those contracts, HUD provides subsidies to the owners to make up the difference between what eligible low-income families pay to live in subsidized units (30% of their incomes) and a previously agreed-upon rent for the unit. No contracts for newly subsidized units have been entered into under this program since the early 1980s.[6] When the program was active, Congress funded the contracts for 20- to 40-year periods, so the monthly payments for owners came from old appropriations. However, once those contracts expire, they require new annual appropriations if they are renewed. Further, some old contracts do not have sufficient funding to finish their existing terms, so new funding is needed to complete the contract (referred to as amendment funding). As more contracts have shifted from long-term appropriations to new appropriations, this account has grown and become the second-largest account in HUD's budget. This account also funds the cost of performance-based contract administrators or PBCAs, entities contracted by HUD to manage the program (generally, state housing finance agencies or public housing authorities).

Renewals and Contract Administrators

The President's budget request included $10.581 billion for the cost of renewing PBRA contracts (including $4 million for technical assistance for tenant organizations) and $235 million for the cost of contract administrators. The President's budget documents acknowledged that the amount

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[4] For example, see Ludwig, Jens, et. al., "Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity," American Economic Review, American Economic Association, vol. 103(3), pp. 226-231, May 2013, available at http://ideas.repec.org/a/aea/aecrev/v103y2013i3p226-31.html.

[5] For example, see Chetty, Raj, Nathaniel Hendren, and Lawrence Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project." American Economic Review 106 (4), available at http://scholar.harvard.edu/hendren/publications/effects-Exposure-Better-Neighborhoods-Children-New-Evidence-Moving-Opportunity.

[6] Under the Rental Assistance Demonstration (RAD), units funded through other HUD-assisted housing programs may convert to Section 8 project-based assistance. These include the Rent Supplement program, Rental Assistance Payments, Public Housing, and Section 8 Moderate Rehabilitation program.

requested is less than would be needed to fully fund either activity. In the case of PBRA contract renewals, the budget assumed approximately $240 million in one-time savings from providing funding for less than 12 months for some contract renewals as a part of a transition to calendar year funding. Further, the renewal estimate assumes cost savings from a requested policy change in calculation of medical deductions for elderly and disabled residents. In the case of PBCA funding, the budget assumed the use of $60 million in recaptured funding as well as cost savings from issuing new, cost-saving contracts.

Both the Senate-passed bill and the House committee-passed bill proposed $10.901 billion for PBRA contract renewals, which is $85 million more than was requested by the President. Neither bill included the President's proposed change to medical expense deductions; S.Rept. 114-243 stated that the Senate committee increased the funding level above the request because it rejected the policy change. Both bills proposed to fund contract administrators at the requested level.

The final FY2017 appropriations law funds PBRA at $10.816 billion, less than requested by the President and included in the Senate and House committee-passed bills. It funds PBCAs at the requested level and permits the use of recaptures and carryover to supplement the appropriated funding level.

Public Housing

The Public Housing program provides publicly owned and subsidized rental units for very low-income families. Created in 1937, it is the federal government's oldest housing assistance program for poor families, and it is arguably HUD's most well-known assistance program. (For more information, see CRS Report R41654, *Introduction to Public Housing*, by (name r edacted) .)

Although there has not been permanent authority to build new Public Housing developments for many years, Congress continues to provide funds to the approximately 3,000 PHAs that own and maintain the existing stock of more than 1 million units. Public Housing receives federal funding under two primary accounts, which, when combined, result in Public Housing being the third-highest funded program in HUD's budget (following the two Section 8 programs). Through the operating fund, HUD provides funding to PHAs to help fill the gap between tenants' rent contributions and the cost of ongoing maintenance, utilities, and administration of public housing properties. Through the capital fund, HUD provides funding to PHAs for capital projects and modernization of their public housing properties. Choice Neighborhoods is an Obama Administration initiative to provide competitive grants to revitalize distressed public and assisted housing properties and their surrounding communities. It is similar to its predecessor program, the HOPE VI program; however, Choice Neighborhoods expands the pool of eligible applicants beyond public housing properties to include other HUD-assisted properties and their communities.

Table 4. Public Housing, FY2016-FY2017

(In billions of dollars)

Account	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Public Housing Capital Fund	**1.900**	**1.865**	**1.900**	**1.925**	**1.941**
Amount Available for Formula Grants, after set-asides	1.825	1.794	1.819	1.818	1.834
Resident Opportunities for Supportive Services (ROSS)	0.035	0.000	0.035	0.035	0.035

Account	FY2016 Enacted	FY2017 Request	FY2017 House Comm.	FY2017 Senate	FY2017 Final
Jobs Plus Demonstration	0.015	0.035	0.015	0.015	0.015
Emergency Needs, incl. Safety and Security	0.017	0.020	0.020	0.022	0.022
Lead paint grants	0.000	0.000	0.000	0.025	0.025
Connect Home Initiative	0.000	0.005	0.000	0.000	0.000
Other set-asides	0.009	0.011	0.011	0.011	0.011
Public Housing Operating Fund	**4.500**	**4.569**	**4.500**	**4.675**	**4.400**
Choice Neighborhoods	**0.125**	**0.200**	**0.100**	**0.080**	**0.137**

Sources: Table prepared by CRS based on information found in HUD FY2017 Congressional Budget Justifications; S. 2844 and S.Rept. 114-243; and H.R. 5394 H.Rept. 114-606; and Explanatory Statement accompanying H.R. 244, the FY2017 consolidated appropriations bill, as published in the *Congressional Record*, May 3, 2017.

Note: Totals may not add due to rounding.

Operating Fund

Operating fund dollars are allocated to PHAs according to a formula that estimates what it should cost PHAs to maintain their public housing properties based on the characteristics of those properties. When the amount of appropriations provided is insufficient to fully fund the amount PHAs qualify for under the formula, their allocation is pro-rated, or reduced proportionally.

According to HUD's Congressional Budget Justifications, the amount requested in the President's Budget for the Operating Fund for FY2017 (a 1.5% increase from FY2016) would be sufficient to fund an estimated 87% of PHAs' formula eligibility.

The House committee-passed bill proposed to fund the account level with FY2016, which would likely mean a proration level lower than 87%.

The Senate-passed bill proposed to increase funding for the Operating Fund above the President's requested funding level (+2.3%) and the FY2016 funding level (+4%). As a result, under the Senate-approved funding level, the estimated proration level should have been higher than 87%.

The final FY2017 appropriation law funds the Operating Fund below the President's request, which will likely mean a lower proration level.

Capital Fund

The President's budget requested $35 million less for the Capital Fund in FY2017 than was provided in FY2016. In terms of formula grants, the reduction is $31 million. The President's budget requested a new set-aside of $5 million for its "ConnectHome" initiative, designed to expand broadband access in public housing. As in past years, the President's budget proposed to eliminate funding for the Resident Opportunities and Supportive Services (ROSS) set-aside, which funds service coordinators in public housing.

The House committee-passed bill proposed to fund the Capital Fund at the FY2016 level. It included more for set-asides than FY2016, which means slightly less (<1%) would have been available for formula grants. However, the bill would have provided slightly more (also <1%) for formula grants than was requested by the President.

The Senate-passed bill proposed a $25 million increase for the Capital Fund relative to FY2016. That amount reflects a decrease of $7 million for formula grants, but it proposed to fund the ROSS set-aside at the FY2016 level. It did not include funding for "ConnectHome," but did include a new set-aside of $25 million for competitive grants for PHAs to evaluate and abate lead-based paint hazards in public housing.

The final FY2017 appropriation law includes more for the Capital Fund than was requested by the President or proposed by the House Committee or Senate bills. The increase in funding (+4% over the request) is attributable both to an increase in the amount provided for formula grants, as well as new funding for competitive lead-based paint hazard mitigation grants, as proposed by the Senate.

Rental Assistance Demonstration (RAD)

The Rental Assistance Demonstration (RAD) is an Obama Administration initiative, first authorized by Congress in FY2012. Under RAD, a limited number of units funded through other HUD-assisted housing programs may convert to either project-based Section 8 rental assistance or Housing Choice Vouchers. These include the Rent Supplement program, Rental Assistance Payments, Public Housing, and Section 8 Moderate Rehabilitation program. RAD has never received funding, which means that in order to be eligible, projects must be able to undergo a cost-neutral conversion (i.e., receive no increase in federal subsidy as a result of the conversion).

The President's FY2017 budget request included $50 million to fund RAD in order to allow units that cannot undergo a cost-neutral conversion to participate. It also includes proposed program changes to eliminate the cap on the number of units that can convert under RAD and prohibit the rescreening of tenants in public housing units undergoing a RAD conversion. Similar proposals have been included in the past several President's budget requests. Additionally, for the first time in FY2017, the President's budget requests that RAD be expanded to allow for the conversion of units with Project Rental Assistance Contract (PRAC) assistance under the Section 202 Housing for the Elderly program. HUD contends this expanded authority will allow these units to leverage private financing and thus be preserved.

The House committee-passed bill included no funding and no expansion for RAD.

The Senate-passed bill proposed to expand the RAD demonstration to the Section 202 Housing for the Elderly program, as requested by the President, and includes $4 million to help fund PRAC conversions. The bill did not include additional funding to support other RAD conversions. The Senate-passed bill proposed several additional changes to RAD, including, among others, raising the cap on the number of Public Housing units that can participate from 180,000 to 250,000 and prohibiting rescreening of public housing residents, as proposed in the President's budget.

The final FY2017 appropriations law does not include the President's requested expansion of RAD for PRAC units, but does raise the cap on public housing units from 180,000 to 225,000.

Community Development Block Grants

The Community Development Block Grant (CDBG) program, funded in the Community Development Fund account, is the federal government's largest and most widely available source of financial assistance supporting state and local government-directed neighborhood revitalization, housing rehabilitation, and economic development activities. These formula-based grants are allocated to approximately 1,194 entitlement communities (metropolitan cities with populations of 50,000, principal cities of metropolitan areas, and urban counties), the 50 states plus Puerto Rico, and the insular areas of American Samoa, Guam, the Virgin Islands, and the Northern Mariana Islands. Grants are used to implement plans intended to address housing, community development, and economic development needs, as determined by local officials.

For FY2017, the President's budget requested $2.88 billion for the Community Development Fund, including $2.8 billion for grants under the CDBG program and $80 million for grants for Indian tribes. The requested funding level was $200 million less for CDBG and $20 million more for Indian tribes than was provided in FY2016.

As in the past several budget requests, HUD's FY2017 budget documents stated that the agency planned to advance a legislative package of CDBG reforms. Specifically, the Administration's grant reforms, as outlined in HUD's Congressional Budget Justifications, included proposals that would have, if approved,

- reduced the number of small grantees, including removing grandfathering protections for communities that no longer meet the population threshold for entitlement status and establishing a minimum grant amount;
- reduced the administrative burden on grantees by synchronizing critical program cycles for the submission of plans and reports;
- helped grantees target funding resources to areas of greatest need; and
- provided more options for regional coordination, administration, and planning.

The Administration also proposed an administrative provision that would have increased (from 10% to 15%) the percentage of CDBG funds allocated to the states of Texas, California, New Mexico, and Arizona that must be used in *colonias*; these are blighted and economically distressed unincorporated areas within 150 miles of the border with Mexico.

The House committee-passed bill would have funded CDBG and its related set-asides at FY2016 levels ($3 billion for CDBG grants and $60 million for Indian CDBG grants).

The Senate-passed bill would have funded CDBG at $3 billion, which was the same as the program's FY2016 funding level. Also, it would have provided the level of funding ($60 million) for the Indian Community Development Block Grant (ICDBG) program as appropriated for FY2016. However, the bill would have funded ICDBG, along with Native American Housing Block Grants, in a new Indian Block Grant account instead of the CDF account. The bill did not include the *colonias* set-aside increase that was requested by the President. The bill did include a provision that would have prohibited CDBG grantees from exchanging CDBG funds for other sources of funds. This practice is seen as a means of avoiding CDBG program requirements such as those relating to targeting assistance to low- and moderate-income households, fair housing, environmental review, and fair labor standards.

The final appropriations law appropriates $3 billion for distribution to CDBG entitlement communities, states, and insular areas. The law provides an additional $60 million for ICDBG activities. The law does not include a provision requested by the Administration that would have directed the states of Texas, New Mexico, Arizona, and California to increase the percentage of CDBG targeted to *colonias* from 10% to 15%. Nor does the law transfer ICDBG funds to a new Indian Block Grant as proposed by the Senate bill. The law includes a Senate provision that prohibits CDBG grantees from transferring or exchanging CDBG funds for other funding sources.

The Federal Housing Administration (FHA)

The Federal Housing Administration (FHA) insures private mortgage lenders against losses on certain mortgages made to eligible borrowers. If a borrower defaults on the mortgage, FHA repays the lender the remaining amount that the borrower owes. The provision of FHA insurance helps to make mortgage credit more widely available, and at a lower cost, than it might be in the absence of the insurance.

The FHA insurance programs are administered primarily through two program accounts in the HUD budget. The Mutual Mortgage Insurance Fund (MMI Fund) account includes mortgages for single-family home loans made to eligible borrowers. It also includes FHA-insured reverse mortgages, known as Home Equity Conversion Mortgages (HECMs). The MMI Fund is the largest of the FHA insurance funds, and when there is public discussion of "FHA insurance" or "FHA loans," it is usually related to the MMI Fund and the single-family home loans insured under that fund. (For more information on the features of FHA-insured home mortgages, see CRS Report RS20530, *FHA-Insured Home Loans: An Overview*, by (name redacted).) The second account, the General Insurance/Special Risk Insurance Fund (GI/SRI Fund), includes mortgages on multifamily buildings and healthcare facilities such as hospitals and nursing homes.

Offsetting Receipts

The costs of federal loan guarantees are reflected in the budget as the net present value of all of the expected future cash flows from the loans that are expected to be insured in a given year. (Cash inflows include fees paid by borrowers to the federal government; cash outflows include claims paid by the federal government when a loan is not repaid by the borrower.) If the estimated cash inflows exceed the estimated cash outflows—that is, if the insured loans are expected to earn more money for the government than they cost—then the program is said to have a negative credit subsidy.[7] A negative credit subsidy results in *offsetting receipts,* which, in the case of FHA, can offset other costs of the HUD budget.

Historically, the MMI Fund has been estimated to have negative credit subsidy.[8] The resulting offsetting receipts are usually the single largest source of offsets in the HUD budget. While the President's budget request estimates the amount of FHA offsetting receipts, the Congressional Budget Office (CBO) does its own estimates, and the CBO estimates are the ones that are used by congressional appropriators to determine budget authority.

For FY2017, CBO estimates that the MMI Fund's single-family mortgage insurance programs, excluding FHA-insured reverse mortgages, will earn $7.4 billion. This is a slight increase from FY2016, when the MMI Fund's single-family programs were estimated to earn just over $7 billion. In total, FHA programs are estimated to generate nearly $8 billion in offsetting receipts in FY2017, compared to nearly $7.8 billion in FY2016.

7 Credit subsidy rates do not include administrative expenses.

8 The credit subsidy rates for loans insured in a given year are re-estimated each subsequent year, taking into account updated assumptions and actual loan performance. Given that estimates of the future performance of loans are inherently uncertain, the Federal Credit Reform Act provides permanent and indefinite budget authority to government loan guarantee programs to cover future increases in the costs of loan guarantees based on these re-estimates.

Appropriations and Commitment Authority

Because the loans insured under the MMI Fund have historically been estimated to have negative credit subsidy, the MMI Fund has never needed an appropriation to cover the costs of loans guaranteed in a given fiscal year. However, FHA does receive appropriations every year for salaries (included in the salaries and expenses account for the overall HUD budget) and administrative contract expenses.

The President's budget requested $160 million for FHA's administrative contract expenses, $30 million more than was provided in FY2016. The President's budget proposed paying for this $30 million increase through a fee that would be charged to lenders on FHA-insured mortgages they originate. The House committee-passed bill and the Senate-passed bill both proposed $130 million for administrative contract expenses, the same amount that was provided in FY2016. Neither bill would have provided FHA with the authority to charge lenders a fee to pay for some administrative support expenses, although both the House and Senate committee reports included language indicating support for the goal of improving FHA systems and technology. The Senate committee report language stated that it included resources in the Information Technology account to be used for such purposes. The final FY2017 law does not include the requested fee authority.

Annual appropriations acts also authorize FHA to insure up to a certain aggregate dollar volume of loans during the fiscal year. This is referred to as "commitment authority." The President's budget requested the authority to insure up to $400 billion in new mortgages under the MMI Fund and up to $30 billion in new mortgages under the GI/SRI Fund in FY2017, the same amount of commitment authority that was provided in FY2016. The House committee-passed bill and the Senate-passed bill both included the requested commitment authority, and that level was approved in the final FY2017 appropriations law.

Lead Hazard Control

HUD's Office of Lead Hazard Control administers both the Lead-Based Paint Hazard Control Grant program and the Lead Hazard Reduction Demonstration program, designed to reduce the hazards of lead-based paint in homes. It also administers the Healthy Homes Initiative (HHI), which funds grants that can be used to address a broader set of environmental hazards in homes.

For FY2017, the President's budget requested $110 million for these programs, the same amount funded in FY2016. Both the House Committee-passed bill and the Senate-passed bill proposed funding increases (to $130 million and $135 million, respectively). The final FY2017 appropriations law funds the account at an even higher level: $145 million.

Policy Directives and Provisions

The Senate bill and accompanying committee report (S.Rept. 114-243) contained a number of policy changes and directives related to HUD's oversight and enforcement of lead-paint regulations, particularly as they apply to HUD-assisted housing. These included requirements that HUD align its elevated blood-level standards with the Centers for Disease Control and Prevention (CDC)[9] within a given timeframe, requirements for HUD to establish and implement

[9] HUD has subsequently issued final rules aligning its elevated blood-level standard with CDCs: Department of Housing and Urban Development, "Requirements for Notification, Evaluation and Reduction of Lead- Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Response to Elevated Blood Lead Levels," 82 *Federal Register* 4151 et. seq., January 13, 2017.

various enhanced inspection, monitoring, and reporting requirements related to lead-based paint hazards in HUD-assisted housing, increased funding for PHAs to address lead-based paint hazards in public housing, and a requirement that GAO study HUD's oversight of lead-based paint hazards.

The final appropriations law and accompanying explanatory statement maintain some, but not all, of the directives from the Senate bill. It requires a GAO report, but with an expanded focus, and it also requires HUD to report on its activities, but does not include the same directives for HUD to enhance its inspection procedures.

Selected General Provisions

Funding to Implement HUD's Affirmatively Furthering Fair Housing Rule

The Fair Housing Act requires certain grantees, including communities receiving Community Planning and Development (CPD) formula grants—CDBG, HOME, HOPWA, and ESG funding—as well as the PHAs who administer public housing and the Section 8 Housing Choice Voucher program, to affirmatively further fair housing. While not defined in statute, affirmatively furthering fair housing has been found by courts to mean doing more than simply refraining from discrimination, and working to end discrimination and segregation. (For more information about the obligation to affirmatively further fair housing, see CRS Report R44557, *The Fair Housing Act: HUD Oversight, Programs, and Activities*, by (name redacted))

In July 2015, HUD issued a final rule that changes the way in which CPD grantees and PHAs (collectively referred to as "program participants") comply with the requirement to affirmatively further fair housing. The rule has been controversial. When the proposed rule was published, in June 2013, HUD received more than 1,000 comments. Commenters raised concerns that the requirements intrude on the authority of local jurisdictions and constitute social engineering; raised concerns that compliance will be costly, especially for small jurisdictions and PHAs; asked questions as to whether HUD will continue to allow investment in low-income, segregated areas; and expressed uncertainty about how HUD will enforce the rule.

During the FY2016 appropriations process, the House adopted an amendment to the THUD appropriations bill (H.Amdt. 399 to H.R. 2577) that would have prohibited funds in the bill from being used to enforce the affirmatively furthering fair housing rule. The amendment was not included in the final appropriations act. A similar amendment was proposed to the FY2017 appropriations bill in the Senate. S.Amdt. 3897 would prevent funds from being used to carry out the final rule. The amendment was tabled. Instead, the Senate adopted an amendment, S.Amdt. 3970, that would prohibit funds in the appropriations bill from being used to "direct a grantee to undertake specific changes to existing zoning laws" in carrying out the affirmatively furthering fair housing rule (§240 of the Senate-passed appropriations bill). The provision is included in the final appropriations law. See §243 of P.L. 115-31.

Housing Assistance for Persons Convicted of Committing Certain Crimes

Under existing federal law, persons convicted of committing certain crimes are either barred from receiving federal rental housing assistance or local program administrators are given authority to bar such persons from receiving assistance.[10] An amendment accepted during floor consideration

[10] For more information about current crime-related restrictions in federal assisted housing programs, see CRS Report R42394, *Drug Testing and Crime-Related Restrictions in TANF, SNAP, and Housing Assistance*, by (name redacted) (continued...)

of the Senate-passed THUD appropriations bill (S.Amdt. 3905) would have prohibited any funding in the bill from being used to provide housing assistance to persons convicted of a broader set of crimes than are currently subject to restrictions under federal law. Specifically, the amendment would have barred assistance funded under the bill for persons convicted of aggravated sexual abuse, murder, human trafficking, and child pornography (§249 of the Senate-passed bill). This provision is not included in the final FY2017 appropriations law.

Restrictions Related to the Federal Flood Risk Management Standard

The Federal Flood Risk Management Standard (FFRMS) is the principal mechanism for accomplishing the flood risk management policies established by President Obama in Executive Order (E.O.) 13690.[11] First published in January 2015, the FFRMS aims to improve the resilience of communities and federal assets against the impacts of flooding and the standard is applicable to certain federally funded projects. Section 236 of the House Appropriations Committee-reported FY2017 THUD appropriations bill would have prohibited any funding appropriated under the bill from being used to implement, administer, carry out, or enforce E.O. 13690 until at least 90 days after the Secretary of HUD makes specified reports to the House and Senate appropriations committees regarding the effects of the new FFRMS. This provision is not included in the final FY2017 appropriations law.

(...continued)

et al.

[11] For more information about E.O. 13690 and the FFRMS, see CRS Insight IN10434, *Federal Flood Risk Management Standard (FFRMS)*, by (name redacted), (name redacted), and (name redacted) .

Appendix. The Budget Resolution and Discretionary Spending Caps

HUD appropriations are included as a part of the Transportation, HUD, and Related Agencies appropriations bill (THUD) each year. That bill, like the other 11 annual appropriations bills, is crafted to comply with limits provided in the annual budget resolution, which is, in turn, influenced by the Budget Control Act and its discretionary spending limits. Thus, it is useful to have a basic understanding of these policies and procedures as context when considering the formulation of HUD appropriations levels.

The Budget Resolution

The annual budget resolution provides a budgetary framework within which Congress considers legislation affecting spending and revenue. It sets forth spending and revenue levels, including spending allocations to House and Senate committees. These levels are enforceable by a point of order. After the House and the Senate Appropriations Committees receive their discretionary spending allocations from the budget resolution (referred to as 302(a) allocations), they divide their allocations among their 12 subcommittees (referred to as the 302(b) allocations). Each subcommittee is responsible for one of the 12 regular appropriations bills. While a budget resolution and subcommittee allocations alone cannot be used to determine how much funding any individual account or program will receive, they do set the parameters within which decisions about funding for individual accounts and programs can be made.

The House and the Senate did not adopt a budget resolution for FY2017.[12] In its absence, the Senate Budget Committee chair filed budgetary levels in the *Congressional Record* that are enforceable in the Senate as if they had been included in a budget resolution for FY2017.[13] Based on these levels, the Senate Appropriations Committee reported their initial 302(b) suballocations on April 18, 2016. They include $56.474 billion for the THUD subcommittee, which is approximately $1 billion less than the comparable FY2016 level ($57.301 billion). In the absence of a budget resolution in the House, the House Appropriations Committee chose to adopt "interim 302(b) suballocations" for the appropriations bills as they were marked up in full committee.[14] These interim suballocations are not procedurally enforceable. A suballocation for the THUD subcommittee of $58.190 billion was included in H.Rept. 114-606.

The Budget Control Act and Sequestration

In 2011, the Budget Control Act (BCA, P.L. 112-25) was enacted, which both increased the debt limit and contained provisions intended to reduce the budget deficit through spending limits and

[12] For a discussion of budget enforcement mechanisms that may be adopted in the absence of a budget resolution, see CRS Report R44296, *Deeming Resolutions: Budget Enforcement in the Absence of a Budget Resolution*, by (name red acted); and CRS Report R43535, *Provisions in the Bipartisan Budget Act of 2013 as an Alternative to a Traditional Budget Resolution*, by (name redacted).

[13] The authority for these actions is provided by Section 102 of the Bipartisan Budget Act of 2015 (P.L. 114-74). The levels were filed by the Senate Budget Committee chair on April 18, 2016. ("Allocation of Spending Authority to Senate Committee on Appropriations for Fiscal Year 2017," Congressional Record, daily edition, vol. 162, no. 59 (April 18, 2016), p. S2121.) No comparable authority for the House Budget Committee chair was provided by the Bipartisan Budget Act.

[14] These interim suballocations are available on the House Appropriations Committee website, at http://appropriations.house.gov/files/?CatagoryID=34785.

reductions. In part, the BCA was intended to accomplish deficit reduction by imposing statutory limits on discretionary spending each fiscal year from FY2012 through FY2021. The BCA specifies separate limits for defense and nondefense spending; HUD discretionary programs are subject to the nondefense discretionary limits.

In addition to the initial spending limits set in the BCA, the law tasked a Joint Select Committee on Deficit Reduction to develop a federal deficit reduction plan for Congress and the President to enact by January 15, 2012. When a plan was not enacted, the BCA required that a one-time sequestration of nonexempt discretionary spending occur in FY2013. (Sequestration is a process of automatic, largely across-the-board spending reductions.) In addition, the BCA required that the discretionary spending limits be lowered further for FY2014 through FY2021.[15] Various amendments to the BCA have been enacted that have altered the discretionary spending reductions that were otherwise scheduled to occur under that law. Most recently, the enactment of the Bipartisan Budget Act of 2015 had the effect of lessening the BCA reductions for FY2016 and FY2017, by establishing higher levels for those fiscal years' limits than otherwise would have been the case. Under current law, those BCA reductions are to resume for the FY2018 limits.

In each fiscal year, if discretionary funding is enacted that exceeds either of the limits (defense or non-defense), then sequestration will be imposed to reduce spending in the applicable category. In terms of mandatory funding, the BCA provided for reductions of nonexempt programs through sequestration each year through FY2021. This has subsequently been amended to occur through FY2024.[16]

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[15] For more information about the BCA and its implementation, see CRS Report R43411, *The Budget Control Act of 2011: Legislative Changes to the Law and Their Budgetary Effects*, coordinated by (name redacted).

[16] A very small amount of HUD funding ($3 million from the Rental Housing Assistance Fund) is considered non-exempt mandatory funding subject to sequestration. Additionally, the Housing Trust Fund, which is funded outside of the annual appropriations process, is also subject to mandatory sequestration. See Office of Management and Budget, *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2016*, February 2, 2015, p. 8, https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/legislative_reports/sequestration/2016_jc_sequestration_report_speaker.pdf.