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## **Trump Administration budget request for FY 2018 would reduce housing funding sharply**

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On May 23, President Trump released his first full-year federal budget request. It covers fiscal year (FY) 2018. The budget for the Dept. of Housing and Urban Development (HUD) would be cut by nearly 15% (\$7.4 billion) in FY 2018. Overall, that budget request would reduce federal non-defense discretionary (NDD) spending by more than 2% per year for the next 10 years—a total of \$1.4 trillion over that period.<sup>1</sup>

As to specific HUD programs:

- Housing voucher assistance to tenants (the TBRA program) would be reduced by close to \$1 billion (nearly 5%) from the current level. The National Low-Income Housing Coalition (NLIHC) estimates that more than 250,000 households would lose their housing assistance if that occurred, putting them at immediate risk of eviction and homelessness.<sup>2</sup>
- The Trump budget also would eliminate funding for the Community Development Block Grant program, which received \$3 billion in funding for FY 2017.<sup>3</sup> That program has supported a wide range of urban development projects over the past 40 years.
- The Administration proposal would eliminate the HOME Investment Partnerships Program, the Choice Neighborhoods program and the Self-help Homeownership Opportunity Program. Doing so would shave an additional \$1.1 billion from HUD's budget.<sup>4</sup>

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<sup>1</sup> NLIHC, *President Trump's Budget Proposes to Slash Affordable Housing and Other Essential Programs*, May 23, 2017, p. 1.

<sup>2</sup> NLIHC, May 23, 2017, pp. 1, 2.

<sup>3</sup> HUD, *Budget Authority by Program: Comparative Summary, Fiscal Years 2016-2018* ("Budget Authority"), p. 1-4, posted at: <https://portal.hud.gov/hudportal/documents/huddoc?id=3-Budget-Authority.pdf>.

<sup>4</sup> HUD, *Budget Authority*, pp. 1-4, 1-5.

- In addition, the President would reduce the public housing capital fund by 68% (from \$1.942 billion in FY17 to \$628 million in FY18), and the public housing operating fund by 13% (from \$4.4 billion to \$3.9 billion).<sup>5</sup> Federal housing programs already have experienced deep cuts since 2010, under the spending caps of the Budget Control Act (BCA).

Similar, dramatic budget cuts are requested by the President for various other, major social programs administered by different federal agencies. Examples are the nearly 25% requested cut in Medicaid spending over the next 10 years (about \$839 billion), and the \$193 billion cut to the Supplemental Nutrition Assistance Program (SNAP) over that same period.<sup>6</sup>

The Trump budget calls for a \$1 trillion infrastructure package, with \$200 billion of that being federal spending. The infrastructure package may include some investments in affordable housing.<sup>7</sup> However, the fate of that infrastructure package is unclear as yet.

### **Questions regarding effects of President’s real estate holdings on budget requests**

The President’s failure to divest his business assets or place them in a blind trust—the ways in which previous Presidents generally have avoided charges of conflicts of interest regarding their budget and policy proposals—may complicate his effort to sell his budget requests. For example, a notable exception to his HUD budget cuts leaves intact a type of federal housing subsidy which provides the President millions of dollars of gross income annually.

That subsidy is paid directly to private landlords, under HUD’s “project-based rental assistance program.”

One of those landlords is Trump himself, who earns millions of dollars each year as a part-owner of Starrett City, the nation’s largest subsidized housing complex. Trump’s 4 percent stake in the Brooklyn complex earned him at least \$5 million between January of last year and April 15, according to his recent financial disclosure. . . .

“It’s a conflict, and it’s why everyone has pushed Trump to not only step away from his business interests but to divest them,” said Scott Amey, general counsel at the Project on Government Oversight, an independent watchdog organization. . . .

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<sup>5</sup> HUD, *Budget Authority*, pp. 1-3, 1-4.

<sup>6</sup> NLIHC, May 23, 2017, p. 3.

<sup>7</sup> NLIHC, May 23, 2017, p. 3.

The project-based rental assistance program is one of only a few HUD programs that would be spared steep cuts under Trump's proposed budget, which housing advocates have said would carry devastating consequences for the poor and the homeless.<sup>8</sup>

Mr. Trump has placed his stake in Starrett City into a revocable trust, and he has said he has turned over management to his sons. Also, the \$5 million or so that he reported earning from Starrett City is only a small part of the nearly \$600 million in gross revenue he claimed from January 2016 through mid-April 2017.<sup>9</sup> Nevertheless, the President's income from a federal program for which he seeks funding poses a conflict-of-interest question.

### **Regulatory barriers to housing development**

The uncertainty of governmental funding levels for housing aid to low- and moderate-income Americans underscores the importance of effective action to eliminate regulatory barriers to housing development and affordability ("exclusionary housing policies"). Doing so does not require governmental spending. It merely requires governments to cease any unjustified constraints they have placed on the private production of housing (through excessive zoning and other regulatory restrictions), for the benefit of low- and moderate-income people.

Those regulations (mostly local and state, but now subject to federal prohibition under the Commerce Clause) are arguably the primary culprits in the shortages of housing affordable to low- and moderate-income Americans. For more on this issue, please click on [ECONOMIC EFFECTS OF EXCLUSIONARY HOUSING POLICIES; INTERSTATE EFFECTS OF RBHAs \(2014\)](#).

EHI focuses on regulatory barriers to housing development and affordability. The Trump Administration has not yet announced an initiative to address those issues generally, although Mr. Trump vowed action on them, as a Presidential candidate. For more on his statements as a candidate, please click on [TRUMP ON REGULATORY BARRIERS TO HOUSING DEVELOPMENT](#).

However, Congress is moving toward repealing at least some of the credit restrictions of the Dodd-Frank Act of 2010, with the President's full support. He and many members of

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<sup>8</sup> Shawn Boburg, *Trump seeks sharp cuts to housing aid, except for program that brings him millions*, Wash. Post, June 20, 2017 ("A White House spokeswoman declined to respond to detailed questions from *The Post* and directed inquiries to the Trump Organization, which did not respond to messages" during the two days before the story was published).

<sup>9</sup> *Id.*

Congress consider Dodd-Frank to have created regulatory barriers that unduly limit the number of Americans who can obtain home mortgages.

On June 8, 2017, the U.S. House of Representatives passed a bill entitled the “Financial Choice Act,” in a party-line vote (233-186). That bill would undo numerous provisions of Dodd-Frank. That bill now is before the Senate, where a revised version is being crafted.<sup>10</sup>

EHI will keep abreast of national developments relevant to regulatory barriers to housing development and affordability, and we will continue to report on them.

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<sup>10</sup> Donna Borak, *House votes to kill Dodd-Frank. Now what?*, CNN Money, June 8, 2017.