

Revised November 16, 2007

**HUD BILL AVOIDS DEEP CUTS IN 2008:
President's Veto Threat Risks Loss of Housing Assistance for
Low-Income Families**

By Douglas Rice, Will Fischer, Barbara Sard

Executive Summary

Congress is expected to approve soon an appropriations bill (H.R. 3074) to fund programs administered by the Departments of Housing and Urban Development (HUD), Transportation, and a few smaller agencies. The President has threatened to veto this and other domestic appropriations bills that do not contain the level of funding cuts requested in his budget.[1] To reduce the Transportation-HUD bill down to the President's proposed level, \$3 billion would have to be cut from Congress' bill.

The President's budget and the Transportation-HUD appropriations bill differ primarily with respect to funding levels for key low-income housing and related programs. The President's budget would cut funding for HUD programs by \$2.3 billion, or 6.1 percent, below the 2007 level, adjusted for inflation. Congress' bill would increase funding by \$576 million (or 1.5 percent) above the inflation-adjusted 2007 level.[2] Nearly all of the difference in HUD funding consists of funding increases needed to prevent substantial cuts in housing assistance for large numbers of low-income families and people who are elderly or have serious disabilities and in community development funding for states and localities. If the President succeeds in forcing Congress to enact the cuts he has proposed, the following consequences will ensue.

- Section 8 housing vouchers used by 25,000 low-income families in 2007 will receive no renewal funding in 2008. In addition, more than 15,000 new vouchers for homeless veterans and other vulnerable families will not be funded.
- Public housing will face the deepest funding shortfalls the program has ever experienced, exacerbating the deterioration in living conditions and security that has occurred in recent years.
- Private owners of nearly 1 million apartments assisted under the project-based Section 8 program will be required to accept renewal contracts that guarantee only a few months of assistance payments, leading to doubts about whether HUD will be able to meet its contractual obligations. As a result, a large number of apartment-building owners could decide to terminate their partnership with HUD and raise rents on thousands of apartments that are now affordable to the low-income seniors, people with disabilities, and others who occupy them.
- Funding provided under the Section 202 and 811 supportive housing programs for low-income seniors and people with disabilities will fall by 22 and 47 percent, respectively, compared to the 2007 level (before adjustment for inflation), reducing the construction of new units by nearly half. This would result in the loss of approximately 2,800 new affordable housing units.
- State and local governments will lose \$1.2 billion in Community Development Block Grant funding in 2008.
- \$200 million approved by Congress to mitigate the growing rates of mortgage defaults and foreclosures will be eliminated. This funding would provide counseling services to help borrowers preserve their homes by modifying or restructuring their mortgages. Without assistance, tens of thousands of additional families are likely to lose their homes to foreclosure.[3]

Document Resources:

- PDF of full report (21pp.)
- PDF of appendix (3pp.) State Impacts of President's Cuts in Key Programs
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KEY FINDINGS IN THIS REPORT:

The President has vowed to veto the Transportation-HUD appropriations bill and other domestic appropriations bills that exceed the overall funding level for those bills in his budget. Congress would have to cut the Transportation-HUD bill by \$3 billion to bring it down to the President's proposed funding level for the bill.

If programs funded by the bill are reduced to the levels the President's budget calls for, housing vouchers used by 25,000 low-income families in 2007 will be cut off, and more than 15,000 new vouchers that Congress would provide for homeless veterans and other vulnerable families will not be funded.

The President's budget would also impose the deepest funding shortfalls in the public housing program's history, exacerbating the recent deterioration in living conditions and security.

Adopting the President's funding level would eliminate, as well, \$200 million that Congress included in the bill to mitigate growing rates of mortgage defaults and foreclosures and also would cause significant funding cuts in supportive housing for the elderly and people with disabilities, project-based Section 8 rental assistance, and the Community Development Block Grant.

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(The table in the appendix shows state-by-state impacts of the cuts in Section 8 housing vouchers, public housing, project-based Section 8 rental assistance, and CDBG grants that will occur if the President prevails and forces funding levels down to the amounts he has proposed.)

**Table 1:
What's at Stake in the HUD Bill for 2008?[1]**

Program Area	Funding Cuts that Would Result from Reducing Funding to the President's Proposed Levels	
	v. Congress' Bill	v. 2007 Level, adj. for inflation
Housing Vouchers (total)	-\$436 million	-\$354 million
Public Housing Operating/Capital	-\$615 million	-\$451 million
Project-Based Section 8 renewals	-\$616 million	-\$465 million
Elderly/Disabled Housing	-\$272 million	-\$298 million
CDBG formula grants	-\$1.1 billion	-\$1.1 billion

[1] Inflation adjustments made by CBPP using the Consumer Price Index. CDBG figures are based on the level of new program funding requested by the President. See the note 30 and the state-by-state table in the appendix for a more complete explanation.

[Click here to read the full-text PDF of this report \(21pp.\)](#)

[View the appendix tables: State Impacts of President's Cuts in Key Programs \(3pp.\)](#)

End Notes:

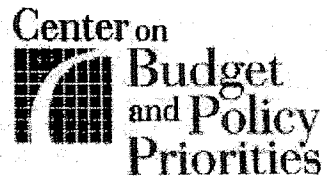
[1] See Jim Horney and Martha Coven, "The Labor-HHS-Education Bill – What's At Stake: The President's Funding Levels Would Weaken Education, Medical Research, and Other Critical Needs," Center on Budget and Policy Priorities, November 8, 2007, <http://www.cbpp.org/11-8-07bud.htm>.

[2] Comparisons between the aggregate level of HUD funding in the President's budget, Congress' bill, and the 2007 level adjusted for inflation are based on CBO's March baseline. To facilitate longer-term historical comparisons, program-level comparisons use the Consumer Price Index. Using a different deflator would not affect the qualitative conclusions of this paper.

[3] While included in the Transportation-HUD bill, the additional funding to mitigate mortgage foreclosures would be administered by the Neighborhood Reinvestment Corporation, which is not managed by HUD. Accordingly, the HUD funding comparison figures presented above do not include this funding.

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Revised November 16, 2007

APPENDIX: WHAT'S AT STAKE IN THE HUD BILL FOR 2008?

TABLE A

State Impacts on Four Key Programs If Funding Is Cut to the President's Proposed Levels

State	Section 8 Housing Choice Vouchers¹ <i>Number of Families Whose Vouchers Would Not Be Renewed by the President's Budget</i>	Project-Based Section 8 Rental Assistance² <i>Number of Affordable Units at High Risk of Loss Due to Owner Opt-Outs Following Funding Shortfalls</i>	Public Housing³ <i>Reduction in Funding for Operating and Capital Expenses, Compared to Congressional Bill</i>	Community Development Block Grants⁴ <i>Reduction in Funding, Compared to Congressional Bill</i>
AL	455	5,223	-\$16,732,557	-\$14,827,492
AK	119	444	-\$852,802	-\$1,417,114
AZ	164	3,716	-\$2,432,322	-\$16,254,871
AR	317	2,571	-\$5,017,589	-\$8,263,818
CA	4,282	73,442	-\$20,404,734	-\$140,830,631
CO	260	8,783	-\$3,192,184	-\$11,479,942
CT	366	8,823	-\$8,018,363	-\$12,540,634
DE	19	2,489	-\$1,303,394	-\$2,165,406
DC	0	9,170	-\$5,562,644	-\$5,585,312
FL	948	26,168	-\$15,428,113	-\$48,401,369
GA	839	13,727	-\$19,749,629	-\$24,572,910
HI	74	2,419	-\$2,723,877	-\$4,575,252
ID	73	640	-\$232,789	-\$3,654,975
IL	754	11,151	-\$40,201,684	-\$52,761,508
IN	409	8,977	-\$6,577,130	-\$21,108,762
IA	298	2,567	-\$1,223,158	-\$12,377,118
KS	161	3,035	-\$2,845,740	-\$8,389,133
KY	274	7,266	-\$9,085,383	-\$13,704,353
LA	202	9,617	-\$12,281,971	-\$18,681,685
ME	44	713	-\$1,557,969	-\$5,942,746
MD	438	16,423	-\$10,109,589	-\$16,695,512
MA	587	19,552	-\$16,959,595	-\$32,980,448
MI	179	14,665	-\$10,075,000	-\$39,569,382
MN	340	6,776	-\$7,921,538	-\$17,455,653

TABLE A

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State	Section 8 Housing Choice Vouchers¹ <i>Number of Families Whose Vouchers Would Not Be Renewed by the President's Budget</i>	Project-Based Section 8 Rental Assistance² <i>Number of Affordable Units at High Risk of Loss Due to Owner Opt- Outs Following Funding Shortfalls</i>	Public Housing³ <i>Reduction in Funding for Operating and Capital Expenses, Compared to Congressional Bill</i>	Community Development Block Grants⁴ <i>Reduction in Funding, Compared to Congressional Bill</i>
MS	67	7,550	-\$5,253,971	-\$10,573,800
MO	310	8,880	-\$7,722,411	-\$20,144,550
MT	91	1,061	-\$749,311	-\$2,764,376
NE	117	2,381	-\$2,129,465	-\$5,832,057
NV	235	2,554	-\$1,997,165	-\$6,081,816
NH	38	550	-\$1,411,827	-\$3,971,527
NJ	1,147	13,121	-\$21,320,306	-\$30,360,272
NM	220	2,868	-\$1,592,623	-\$6,322,918
NY	2836	35,757	-\$107,819,368	-\$105,060,365
NC	657	11,304	-\$15,570,408	-\$21,401,927
ND	107	1,012	-\$544,448	-\$1,909,587
OH	1,180	22,195	-\$24,843,665	-\$48,725,326
OK	112	5,801	-\$4,383,466	-\$9,098,112
OR	295	3,476	-\$2,506,668	-\$10,965,071
PA	974	16,818	-\$39,703,958	-\$66,771,174
RI	141	5,876	-\$3,727,935	-\$5,155,445
SC	350	4,473	-\$5,935,962	-\$11,680,095
SD	57	1,367	-\$458,697	-\$2,401,101
TN	420	19,207	-\$14,463,837	-\$15,047,618
TX	2,373	26,987	-\$22,353,987	-\$76,904,508
UT	18	1,193	-\$700,336	-\$6,171,968
VT	103	650	-\$561,485	-\$2,507,669
VA	488	21,202	-\$9,477,922	-\$18,448,737
WA	224	8,318	-\$6,527,300	-\$18,475,927
WV	158	676	-\$2,439,347	-\$7,548,205
WI	398	9,492	-\$4,072,882	-\$20,081,769
WY	52	541	-\$234,626	-\$1,264,138
Total⁵	25,180	493,667	-\$560,534,000	-\$1,105,250,000

Project-Based Rental Assistance Units Covered by Contracts Renewing in FY'08* by Congressional District

*Includes both HAP and PRAC contracts

Data compiled from HUD's Multifamily Assistance and Section 8 Contract database and has not been independently verified. Data does not include all contracts renewing in FY'08 because congressional district information could not be derived for some properties with insufficient addresses.

Contact Todd Nedwick at the National Housing Trust for more information: 202-333-8931 x.28,
tnedwick@nhtinc.org

State	Rep. Name	Total Units
MN	Betty McCollum	2,819
	Collin Peterson	2,005
	James Oberstar	2,256
	Jim Ramstad	1,327
	John Kline	1,147
	Keith Ellison	2,525
	Michele Bachman	1,317
	Timothy Walz	1,739
MN Total		15,135

Notes

¹ For an explanation of the methodology used, see notes 4, 5, and 7 in the paper. Voucher cuts represent vouchers expected to be in use in the final quarter of calendar year 2007, based on the assumption that voucher usage in the final quarter will be about 3.1 percent above the average for 2006. HUD data show that voucher usage had already increased by approximately 2.6 percent as of June 2007.

² Totals consist of the number of project-based Section 8 units in each state with rents that are below the HUD-established Fair Market Rent (FMR). More than one-quarter of these units have rents that are well below FMR, i.e., below the 80 percent of FMR level. A recent (2006) report issued by HUD, "Multifamily Properties: Opting-in, Opting-out, and Remaining Affordable," concluded that owners of Section 8 properties whose rents were less than the FMR were at greater risk of opting out of the program. Data were generously provided by the National Housing Trust, based on its analysis of HUD data.

³ Totals are based on the difference in funding provided for the public housing operating fund and public housing capital fund formula grants under the President's budget and Congress' Transportation-HUD bill, assuming that housing agencies in each state receive the same proportion of funding in 2008 as they did in 2007. Totals do not include cuts proposed in the President's budget in funds set aside within the public housing capital fund for purposes other than formula grants. See note 12 for additional information on those cuts.

⁴ Totals are based on the difference in funding provided under the President's budget and Congress' Transportation-HUD bill, assuming that each state (and localities within the state) receives the same proportion of total CDBG formula funding in fiscal year 2008 that it did in fiscal year 2007. See note 30 for additional explanation of the amount of CDBG formula grant funding provided under the President's budget.

⁵ Totals for Section 8 vouchers, public housing, and CDBG include figures for American Samoa, Guam, Northern Marianas Islands, Puerto Rico, and Virgin Islands.

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Update on HUD's FY08 Spending Bill: Call Needed to Support HUD Funding Levels

November 29, 2007

The House passed the Transportation, Housing and Urban Development and Related Agencies (THUD) FY08 conference agreement on November 14 by a 270-147 vote. The conference agreement, which is the compromise between the individual House and Senate THUD appropriations bills, will not go to the full Senate as a stand-alone bill.

Instead, when the House and Senate reconvene the week of December 3 after Thanksgiving recess, they will develop an omnibus spending bill to deliver to the President (after House and Senate passage). This omnibus spending bill will likely include all or most of the 11 unfinished FY08 spending bills, including the THUD bill.

Since the President has threatened to veto the THUD and other spending bills because they exceed his budget requests, **Democrats hope to develop an omnibus spending bill that splits the difference between what they want for FY08 and what the President has requested. For HUD programs, this would be devastating. Any cuts would mean the actual loss of housing assistance for some people currently being served.**

Right now, non-defense federal programs are operating under a continuing resolution, which means that programs are operating at FY07 levels. Congress intends to enact an omnibus spending bill before this continuing resolution expires on December 14.

Messages for ALL Senators and Representatives – please contact your elected officials:

- Support the funding levels for HUD in the THUD conference agreement.
- These HUD funding levels will barely sustain existing housing for people in the public housing and voucher programs. There are about 20,000 new vouchers, nationally, in the bill for homeless veterans, non-elderly disabled people and for the Family Unification program.
- Funding for project-based Section 8 contract renewals needs an additional "advance appropriation" in order to protect about 500,000 units in FY08.

Toll free number for the congressional switchboard: 877-210-5351

Please use this toll free number – **877-210-5351** – for the congressional switchboard and ask to be connected to the housing staffer for your Senators and Representative.

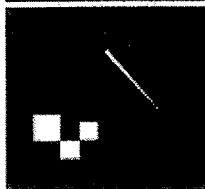
Resources:

The latest news in NLIHC's Memo to Members: <http://www.nlihc.org/pubs/issue.cfm>

NLIHC's budget chart: http://www.nlihc.org/doc/FY08_BudgetChart.pdf

Center on Budget and Policy Priorities' November 14 paper comparing the conference agreement to the President's FY08 request and offering state-by-state examples of the impact of funding at the President's levels: <http://www.cbpp.org/11-14-07hous.htm>

National Housing Trust's list of at-risk project-based Section 8 units, by Congressional District: <http://www.nlihc.org/doc/PB-Rental-Assistance-Units-by-Cong-District.pdf>



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See H.R. 3915 on THOMAS for the official source of information on this bill.

What is a House Bill (H.R.)?

A bill must be passed by both the House and Senate and then be signed by the President before it becomes law.

See also: How a bill becomes a law from Project Vote Smart.

Status Widget

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[Legislation](#) > 2007-2008 (110th Congress)

H.R. 3915: Mortgage Reform and Anti-Predatory Lending Act of 2007

To amend the Truth in Lending Act to reform consumer mortgage practices and provide accountability for such practices, to establish licensing and registration requirements for residential mortgage originators, to provide certain minimum standards for consumer mortgage loans, and for other purposes.

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Bill Status

Sponsor: Rep. Bradley Miller [D-NC] [hide cosponsors](#)

Cosponsors [as of 2007-11-16]

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 - Rep. Melissa Bean [D-IL]
 - Rep. Michael Capuano [D-MA]
 - Rep. Julia Carson [D-IN]
 - Rep. Yvette Clarke [D-NY]
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 - Rep. David Scott [D-GA]
 - Rep. Betty Sutton [D-OH]
 - Rep. Maxine Waters [D-CA]
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 - Rep. Albert Wynn [D-MD]
- Cosponsorship information sometimes is out of date. Why?*

Bill Text: [Summaries \(CRS\)](#)
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Status:

- Introduced Oct 22, 2007
- Scheduled for Debate Nov 6, 2007
- Amendments (19 proposed) [details]
- Passed House [details] Nov 15, 2007
- Voted on in Senate .
- Signed by President .

This bill has been passed in the House. The bill now goes on to be voted on in the Senate. [Last Updated: Nov 15, 2007]

Aye	MA-1	Oliver, John [D]
Aye	MA-2	Neal, Richard [D]
Aye	MA-3	McGovern, James [D]
Aye	MA-4	Frank, Barney [D]
Aye	MA-5	Tsongas, Niki [D]
Aye	MA-6	Tierney, John [D]
Aye	MA-7	Markey, Edward [D]
Aye	MA-8	Capuano, Michael [D]
Aye	MA-9	Lynch, Stephen [D]
Aye	MA-10	Delahunt, William [D]

Michigan

Aye	MI-1	Stupak, Bart [D]
Nay	MI-2	Hoekstra, Peter [R]
Aye	MI-3	Ehlers, Vernon [R]
Nay	MI-4	Camp, David [R]
Aye	MI-5	Kildee, Dale [D]
Aye	MI-6	Upton, Frederick [R]
Nay	MI-7	Walberg, Timothy [R]
Aye	MI-8	Rogers, Michael [R]
Aye	MI-9	Knollenberg, Joseph [R]
Aye	MI-10	Miller, Candice [R]
Aye	MI-11	McCotter, Thaddeus [R]
Aye	MI-12	Levin, Sander [D]
Aye	MI-13	Kilpatrick, Carolyn [D]
Aye	MI-14	Conyers, John [D]
Aye	MI-15	Dingell, John [D]

Minnesota

Aye	MN-1	Walz, Timothy [D]
Aye	MN-2	Kline, John [R]
Nay	MN-3	Ramstad, James [R]
Aye	MN-4	McCollum, Betty [D]
Aye	MN-5	Ellison, Keith [D]
Nay	MN-6	Bachmann, Michele [R]
Aye	MN-7	Peterson, Collin [D]
No Vote	MN-8	Oberstar, James [D]

Mississippi

Nay	MS-1	Wicker, Roger [R]
Aye	MS-2	Thompson, Bennie [D]
Nay	MS-3	Pickering, Charles [R]
Aye	MS-4	Taylor, Gene [D]

Missouri

Aye	MO-1	Clay, William [D]
Nay	MO-2	Akin, W. [R]
Aye	MO-3	Carnahan, Russ [D]
Aye	MO-4	Skelton, Ike [D]
Aye	MO-5	Cleaver, Emanuel [D]
Aye	MO-6	Graves, Samuel [R]
Nay	MO-7	Blunt, Roy [R]
Aye	MO-8	Emerson, Jo Ann [R]
Nay	MO-9	Hulshof, Kenny [R]

Montana

Nay	MT-0	Rehberg, Dennis [R]
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Nebraska

Aye	NE-1	Fortenberry, Jeffrey [R]
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in honor of the National Hunger & Homelessness Awareness Week. Lego artist Nathan Sawaya of New York, used nothing but the plastic bricks and adhesive in creating a sculpture that illustrated the human condition of homelessness and the need for more affordable housing. Sawaya told the Pioneer Press that he sees the effects of homelessness in New York City where he lives, and would love to see it eradicated. The sculpture was the centerpiece of an exhibit sponsored by the Minnesota Coalition for the Homeless and the Family Housing Fund at the Mall of America.

November Minnesota Housing Board Report

A light, pre-holiday agenda allowed the Minnesota Housing board to focus on the agency's next major step in addressing foreclosures. The staff reported to the board that there are 50,000 Minnesota borrowers with subprime loans. They also said that the foreclosure crisis is expected to peak in the fall of 2008. The board took two actions related to foreclosures: It approved \$500,000 for early outreach, and it reached into agency reserves to help finance a comprehensive counseling and research plan.

Earlier this year, Minnesota Housing reached agreement with the Department of Commerce to use \$500,000 from the Real Estate Research and Recovery Fund to address foreclosures. The initiative aims to encourage people facing foreclosures to seek help earlier, when there is more opportunity to avert foreclosure. The board awarded these funds to the Minneapolis Urban League for efforts in North Minneapolis and to the Home Ownership Center for activities in areas with concentrated foreclosures.

Board members also agreed to draw \$1 million from agency reserves to fund a consortium proposal by Greater Minnesota Housing Fund, Family Housing Fund, Home Ownership Center, and HousingLink. This investment is being matched by \$2.4 million in funding from other government entities as well as private and philanthropic sources.

The consortium proposal has four components. First, the plan more than doubles the number of foreclosure prevention counselors supported by the Home Ownership Center (HOC). By increasing the number of counselors to 37, HOC should be able to reach 27,000 households, said agency staff. The goal is to prevent 5,500 foreclosures, and assist 8,300 additional families with finding suitable housing when they do lose their homes, sometimes referred to as a "soft landing."

Second, the proposal expands outreach. This effort integrates with HOC's Real Estate Research and Recovery Fund award.

Third, the plan earmarks money for tenant counseling. This is the first time money has been specifically set aside by Minnesota Housing for renters affected by foreclosures. Agency staff pointed out that between 40 and 50 percent of the foreclosed properties in Minneapolis and St. Paul are tenant-occupied.

The final component of the plan covers the cost of HousingLink's foreclosure tracking efforts. Staff told the board that it is critical to have data that identifies concentrations of foreclosures and allows targeting of resources.

Staff noted that the proposed funding would dip into agency reserves, now amounting close to \$40 million, a move that could diminish future funding commitments. The agency's policies, however, do allow commitment of the reserves for emergency or one-time opportunities. Staff also said that, while the reserve-funded foreclosure commitment is for only one year, Minnesota Housing may need to make similar investments in the future.

Board members were enthusiastic about the proposal and asked whether more money should be committed. Staff responded that they recommend funding the full amount requested from the agency. Board member Marina Lyon, while endorsing the proposal, did question the efficacy of outreach approaches. She said that there had been considerable investment in a similar "Don't Borrow Trouble Campaign" over the last decade. In spite of the campaign she said, "we got trouble."

Minnesota Housing staff Mike Haley told the board that the agency was exploring other efforts to address foreclosures as well. However, the agency reviewed the mortgage refinancing approaches of five other states and did not see much success. Encouraging mortgage servicers to restructure high-risk loans appeared to be a better approach, said Haley. —*Chip Halbach*
