



806 SW Broadway, Suite 900
Portland, OR 97205

T 503.242.1745
F 503.242.1072

HOBBSSTRAUS.COM

MEMORANDUM

May 23, 2017

To: HOUSING CLIENTS

From: HOBBS, STRAUS, DEAN & WALKER, LLP

Re: ***Trump Administration Releases FY 2018 Budget; Proposes Significant Cut to IHBG***

The Trump Administration released its full budget request earlier today. The budget proposes substantial cuts in non-defense, discretionary programs, including HUD. Overall the budget request proposes a \$40.7 billion in gross discretionary funding for HUD, a \$6.2 billion or 13.2 % decrease from FY 2017 levels. A copy of the HUD press release is attached.

The budget proposes \$600 million for the Indian Housing Block Grant, a decrease of \$54 million or 8.2% from the FY 2017 appropriation. (Earlier news reports had indicated that the proposed reduction would be even larger [a \$500 million request], so while the proposed reduction is still significant it means that the Administration has already moved away from its more drastic proposed cuts). A copy of the 2018 Summary Statement and Initiatives from the Administration is attached.

In the larger budget document, entitled “Major Savings and Reforms: Budget of the U.S. Government Fiscal Year 2018” (also attached), the Administration states its rationale for the proposed cuts as follows:

[The Indian Housing Block Grant] provides formula grants to Native American Tribes and Alaska Native villages (“Tribes”) for affordable housing and related activities. The Budget proposes that funding for this *unauthorized* program be reduced and redirected to programs in higher priority areas, such as national security and public safety. While the program is fulfilling its mission by increasing the stock of affordable housing in Indian Country, *improved data collection is necessary to assess grantee performance on efficiency metrics*. For example, we cannot say whether grantees are keeping vacancies to a minimum or turning vacant units over quickly.

(Emphases added.) We note that the language quoted above calls attention to the fact that NAHASDA is currently not authorized, which underscores the urgent need for reauthorization. The language also raises some interesting questions about data collection

and efficiency metrics. These comments will need to be addressed when asking Congressional appropriators to protect the IHBG appropriation from such cuts.

The budget sets aside \$2 million of the IHBG appropriation for the Title VI loan guarantee program (to support loan guarantee authority of \$17.4 million), which is the same as FY 2017. It does not contain set aside for HUD training and technical assistance, nor for any national or regional organizations to provide such training and technical assistance. Thus, under this proposal, NAIHC would not receive any training and technical assistance funds. It is not clear what would happen to the training and technical assistance that is provided by HUD ONAP.

The proposed budget also includes \$5 million for the Native Hawaiian Block Grant under Title VIII of NAHASDA.

The budget also proposes to eliminate the Community Development Block Grant (CDBG) entirely, including the Indian Community Development Block Grant. The rationale for the proposal to eliminate the overall CDBG program includes the following:

The Federal Government has spent over \$150 billion on CDBG since its inception in 1974, but the program has not demonstrated results. The broad purpose and flexible nature of this unauthorized program allows for a wide range of community activities to be supported, but it is this same flexibility that creates challenges to measuring the program's impact and efficacy in improving communities.

The program has largely remained unchanged since it was last reauthorized in 1994. Studies have shown that the allocation formula poorly targets funds to the areas of greatest need, and many aspects of the program have become outdated.

Moreover, decreasing appropriations combined with an increasing number of localities qualifying for CDBG allocations has reduced the size of the individual grants over time, making CDBG less impactful.

The Budget recognizes that State and local governments are better positioned to address local community and economic development needs.

The budget proposal also specifically discusses why the Administration is proposing to eliminate the Indian Community Development Block Grant:

The Budget proposes to eliminate ICDBG as it is unauthorized and duplicates, in part, HUD's larger [Indian Housing Block Grant] program and the Department of Agriculture's Rural Economic Infrastructure Grants, the Department of Transportation's Tribal Transportation Program, and the Environmental Protection Agency's Clean Water and Drinking Water State Revolving Funds.

The release of the Administration's budget is just the first step in the appropriations process. Congress will now take up the budget as a proposal, and will ultimately draft and pass the appropriations bills to fund the government. There will be extensive negotiations between the Administration and Congress, as well as among various folks in Congress. Indian tribes and tribal housing programs will have to make their case to Congress to avoid the proposed cuts to Indian housing funding (and other Indian programs). The rationale laid out by the Administration for the proposed cuts is important, and should be addressed as part of any talking points developed in response. *Please let us know if you would like us to assist with drafting any comments on the proposed budget, or to set up meetings with your Congressional delegation or appropriators.*

If you have any questions about the items in this memorandum, please do not hesitate to contact Edmund Clay Goodman at EGoodman@hobbsstrauss.com or by phone at (503) 242-1745.