

Trump administration considers \$6 billion cut to HUD budget



By **Jose A. DelReal** March 8

The Trump administration has considered more than \$6 billion in cuts at the Department of Housing and Urban Development, according to preliminary budget documents obtained by The Washington Post. The plan would squeeze public housing support and end most federally funded community development grants, which provide services such as meal assistance and cleaning up abandoned properties in low-income neighborhoods.

It's the latest evidence that the administration is following through on President Trump's goal to cut domestic spending by \$54 billion to bolster the defense budget. HUD's budget would shrink by about 14 percent to \$40.5 billion in fiscal 2018, which begins in October.

HUD Secretary Ben Carson has taken a staunchly conservative stance on public assistance in the past, saying dependency on HUD programs could become "a way of life" for recipients. While suggesting significant cuts, the preliminary budget maintains the same level of funding to rental assistance programs and avoids reductions that could directly put families on the streets. Instead, it targets funding for building maintenance and community development projects, although HUD recommends in the budget document that those projects receive funding from another source.

About \$1.3 billion would be cut from the public housing capital fund, under the preliminary plan — when compared to funding in 2016 — and an additional \$600 million would be cut from the public housing operating fund.

HUD spokesman Jereon Brown said the budget document "is still a work in progress." The budget document appears to be part of a back-and-forth with federal budget officials, and it is unclear whether the proposed cuts will be included in the president's final budget proposal. The Trump administration has said it will release its complete budget plan next week.

Carson's chief of staff, Sheila Greenwood, did not respond to requests for comment.

Budgets for public housing authorities — city and state agencies that provide subsidized housing and vouchers to local residents — would be among the hardest hit. Under the preliminary budget, those operational funds would be reduced by \$600 million, or 13 percent. Funds for big-ticket repairs at public housing facilities would be cut by an additional \$1.3 billion, about 32 percent. That could have a major quality-of-life effects on the low-income families who rely on public housing: Tens of billions of dollars in backlogged repairs already plague the country's 1.2 million public housing units, according to a 2010 HUD report.

The proposal would also reshape the federal government's involvement in local community development, potentially eliminating a decades-old program that funnels federal dollars into programs that combat poverty and urban decline, and fund other local improvement efforts.

The Community Development Block Grant Program, which has enjoyed bipartisan support in Congress, is budgeted to receive \$3 billion this fiscal year, according to the document. The proposal would cut those funds entirely.

The program has been used to develop a pedestrian and bike trail in New Orleans and affordable housing projects in Milwaukee. A Boys and Girls Club in Maryland is applying for CDBG funds to construct a gym next year.

In the budget document, HUD employees recommended "inclusion of funds in infrastructure package" for the Community Development Block Grant, indicating the money could come from outside the HUD budget as part of a separate White House bill.

The HOME Investment Partnerships Program, which provides block grants for local communities to build affordable housing, and Choice Neighborhoods, a program that invests in redeveloping low-income communities, also would be cut.

In total, about \$4 billion in community planning and development grants, which have been used to clean up struggling neighborhoods, would be eliminated under the Office of Management and Budget's proposal.

Under the proposal, direct rental assistance payments — including Section 8 Housing and housing vouchers for homeless veterans — would be cut by at least \$300 million, to \$19.3 billion. Additionally, housing for the elderly — known as the Section 202 program — would be cut by \$42 million, nearly 10 percent. Section 811 housing for people with disabilities would be cut by \$29 million, nearly 20 percent. Money available for Native American housing block grants would fall by \$150 million, more than 20 percent.

Barbara Sard, vice president for housing policy at the Center on Budget and Policy Priorities, said that even flat funding for HUD's core programs ultimately could affect the number of subsidized housing vouchers available to families because of inflation. As a result, she said, hundreds of thousands of vouchers could be eliminated in the coming years if the department's funding allocations for subsidized housing stay the same.

She noted that, while it appears likely that Trump will propose an infrastructure package, the White House has not indicated that it would include anything related to housing.

Marc Morial, president of the National Urban League, said such cuts would be “devastating and hardhearted,” potentially leading to rent increases for those in subsidized housing.

“These sorts of cuts could . . . increase the number of families and people that are homeless because housing is less affordable,” Morial said. “It’s a slap in the face of working Americans, urban communities, to suggest that you should make all these cuts to buy more tankers, aircraft carriers and missile systems.”

HUD salaries and administrative expenses will be cut by 5 percent, down from \$1.36 billion in 2016 to \$1.28 billion in 2018. It is not yet clear how that reduction in staff or wages would be achieved.

In the process of developing the federal budget, agencies submit an initial funding request to OMB, which makes adjustments and returns the budget markup. The budget document obtained by The Post details OMB’s budget priorities, program by program. Brown, the HUD spokesman, said the preliminary document is likely a HUD working draft as part of the budgeting process and might not have been reviewed by OMB, which is responsible for finalizing the president’s budget proposal before it is sent to Congress.

Given deadlines and the length of the process, that probably happened before Carson was confirmed last week by the Senate.

White House spokesman Sean Spicer referred questions to OMB spokesman John Czwartacki, who called the document an “internal discussion” and said it would be “premature for us to comment.”

“The president and his Cabinet are working collaboratively as we seek to create a budget that keeps the president’s promises to secure the country and prioritize taxpayer funds,” Czwartacki said.

Debra Cenziper, Damian Paletta and Juliet Eilperin contributed to this report.

Jose DelReal is a national correspondent covering America's rural-urban divide, the USDA, and HUD. During the 2016 presidential election, he traveled to over 40 states while chronicling Donald Trump's astonishing political rise. Jose grew up in Anchorage, Alaska, and graduated from Harvard College. He lives in Washington, D.C. 🐦 Follow @jdelreal