

Annual Appropriations Process Moves Slowly

By Robert S. Thesman, CPA

Several HUD programs would receive Fiscal Year 2008 funds greater than those proposed by the Bush Administration if the appropriations committees of the House and Senate and the full House have their say. Both committees' spending bills provide \$2.12 billion more than the FY 2007 enacted level, and \$3.15 billion more than the President's request.

On July 12, the House and Senate Appropriations committees approved the almost \$39 billion FY 2008 Transportation, HUD and Related Agencies Appropriations (THUD) bill. Twelve days later the full House acted on the measure, approving it by a vote of 268-153. The Senate, which has passed only one appropriations bill to the House's 12, is expected to act on the THUD bills sometime this fall after its members return from summer recess on September 4.

Appropriations Committees Actions

Both the House and Senate appropriations committees rejected the Bush Administration's proposal that would once again cut the HOPE VI program, and decrease funding for the Community Development Block Grant (CDBG) program, and the Section 202 and 811 programs. The House committee provided \$120 million for HOPE VI, \$21 million more than the enacted FY 2007 level, while the Senate committee proposed \$100 million, \$1 million more than the amount enacted in 2007. These are still far short of the \$778 million provided in 2004.

At \$4 billion, the House committee version of the CDBG program would see an increase of \$228 million over 2007 levels (\$963 million more than the Administration's request), while the Senate committee would provide an amount equal to the 2007 level and \$735 million more than that requested. These levels are still about \$400 million below 2001.

The House provided \$734.4 million for Section 202 elderly housing and \$236.6 for the Section 811 disabled program; the Senate would make available \$735 million for elderly housing and \$236.6 million for Section 811 housing. The President proposed cutting Section 202 by 22 percent and Section 811 by \$112 million.

Both committees' budgets provide increases to the Public Housing fund: \$2.4 billion and \$2.5 billion was earmarked for the program by the House and Senate committees respectively, and both committees allocated \$4.2 billion, \$336 million more than 2007 levels, for the Public Housing Operating fund. Public Housing Authorities (PHAs) spend roughly \$8.1 billion on capital improvements, maintenance and operations per year, generating about \$8.2 billion in economic activity.

The committees also rejected the Administration's deep budget cuts for rural housing programs, particularly the elimination of sections 502 single-family direct loans, and 515 rental housing direct loans. The Senate bill would provide \$70 million to be used for new construction for Section 515; the House would set aside \$99 million, equal to the 2007 level, with a portion to be used for preservation purposes.

Action in the House

The full House on July 24 approved the FY 2008 THUD appropriations bill in a measure that is very similar to the House Appropriations Committee's approved bill. Reports suggest that cuts are possible as the White House threatens to veto any spending levels that exceed the president's proposal. There is also some speculation that rather than subjecting the bill to a veto, it could be packaged into an omnibus bill later in the year, a fact that subcommittee Ranking Member Rep. Joe Knollenberg, R-Mich., called "highly likely." The fact that the end of the fiscal year is approaching fast makes packaging the bill a real possibility because there is little time for moving spending bills individually.

Senate Majority Leader Harry Reid, D-Nev., said in late July that the THUD bill was a candidate for floor action and the increased spending contained in it for highway infrastructure would likely be an impetus for support of its passage, especially since the bridge collapse in Minneapolis. The office of Sen. Tom Coburn, R-Okla., said he has plans to offer amendments to repair existing infrastructure.

(continued on page 2)

Annual Appropriations

(continued from page 1)

Extending HOPE VI

Despite the Bush Administration's annual efforts to gut the HOPE VI program, it enjoys strong bipartisan support, as evidenced by its survival each year that its elimination has been proposed.

By some estimates, HOPE VI has leveraged between \$5 billion and \$8 billion of private investment in communities across the nation. The demand for HOPE VI grants in communities throughout the country continues to exceed the available resources. HUD receives three applications for every HOPE VI award made.

The source of that support in the Congress has its work cut out for it if legislation to reauthorize the program has a chance of passing. The proposed bill, which authorizes funding of \$6.4 billion for HOPE VI over eight years, was introduced in the House by Rep. Maxine Waters, D-Calif., chair of the House Financial Services Committee Subcommittee on Housing and Community Opportunity. H.R. 3126, is co-sponsored by Financial Services Committee Chair Barney Frank, D-Mass., and Rep. Melvin Watt, D-N.C.

H.R. 3126 would require housing authorities receiving HOPE VI grants to:

- ♦ replace each public housing unit demolished under the program with a comparable unit;
- ♦ provide for a "right of return;"
- ♦ maintain a list of current addresses of households dislocated by the revitalization and provide on a quarterly basis that information to HUD;
- ♦ use the same standards for "waiting lists, tenant screening and occupancy that apply to other housing owned or managed, or assisted" by the PHA, and;
- ♦ provide "opportunities for the active involvement and participation of, and consultation with, residents of public housing [who] are subject to the revitalization plan" and relocation assistance to dislocated residents.

A PHA would also be required to provide notice to affected residents that it plans to submit an application for HOPE VI funds 12 months prior to the submission.

The House Committee has invited comments on the proposed legislation and mark-up is expected when legislators return from summer recess. A companion bill in the Senate has been introduced by Sens. Barbara Mikulski, D-Md., and Mel Martinez, R-Fla.

Conclusion

It is fitting that the appropriations committees and the full House have seen the benefits of restoring proposed cuts and providing additional funds to the Administration's proposed budget, which would cut more than \$2 billion from programs that provide shelter for low-income Americans. We couldn't be in more agreement with Senate Appropriations Committee Chairman Robert C. Byrd, D-W.Va., who said, "Providing housing for homeless veterans and the elderly poor are moral imperatives for our nation." Let us add: "and for the many other citizens who are not sheltered in safe and decent housing." To paraphrase Sen. Patty Murray, D-Wash., chairman of the Senate Transportation-HUD Appropriations Committee, at a time when budgets are tight and needs are numerous, the committees have provided funding that will bolster our economy, improve safety and build the nation's infrastructure, and as members of Congress return to Washington after the August recess, we urge them to waste no time in addressing the nation's affordable housing crisis. ❖