

Trump Reorganization Proposal Includes Changes to Housing Programs

National Low-Income Housing Coalition – June 25, 2018

The Trump Administration released on June 21 a proposal for reorganizing and consolidating federal departments, including those that oversee and administer federal housing and community development programs.

Among many changes, the reorganization plan included a broad outline of the president's vision for mortgage finance reform, in line with a proposal drafted by Senators Bob Corker (R-TN) and Mark Warner (D-VA). In addition to calling for an end to the conservatorship of government-sponsored enterprises Fannie Mae and Freddie Mac and transitioning to private guarantors, the proposal also seems to propose shifting funding dedicated to building and preserving affordable rental homes for people with the lowest incomes through the national Housing Trust Fund to instead pay for a Market Access Fund to support homeownership and other housing activities. The Housing Trust Fund would have received \$3.5 billion annually under past bipartisan iterations of housing finance reform legislation, but funding would be capped at just \$440 million under the draft Corker/Warner bill.

The Administration's reorganization proposal also creates a Council on Public Assistance, which would be housed in the new Department of Health and Public Welfare and would have the authority to set cross-program policies, such as work requirements. The council would include representatives from all agencies that administer public benefit programs, including the U.S. Department of Agriculture (USDA), the Center for Medicare and Medicaid Services, and HUD.

HUD's Community Development Block Grants would be moved to the Bureau of Economic Growth within the Department of Commerce. It is unclear how this transition would impact the Community Development Block Grant – Disaster Recovery program, which is the primary tool used by the federal government to address the long-term housing recovery needs after a disaster.

Moreover, USDA Rural Housing Service guaranteed loan and rental assistance programs would be shifted to HUD.

Read the full proposal here: <https://bit.ly/2MNCtQA>