

On March 23, 2017, President Trump released a brief budget proposal for the 2018 fiscal year, which begins on October 1. A further detailed budget proposal was then released on May 23, 2017. Below are highlights of the budget proposal that impact real estate.

Business Issues

- **Consumer Financial Protection Bureau (CFPB):** Starting in 2018, the Budget proposes to begin restructuring the CFPB by limiting the Agency's mandatory funding it receives from the Federal Reserve System (a decrease of \$145 million from current funding), and transition to discretionary appropriations directed by Congress for funding beginning in 2019. Last year, the CFPB was provided \$600 million in funding from the Federal Reserve. The reasoning for the restructuring is to refocus Agency efforts on enforcing existing consumer protection laws rather than creating regulatory hurdles that stunt economic growth and ultimately hurt consumers the Agency was designed to protect. Such discretionary appropriations would also provide Congressional oversight over the Agency.
 - NAR recently adopted policy that continues to support the existence of a federal agency, such as the CFPB, and the existing funding sources from the Federal Reserve. The policy also advocates for policy proposals that maintain the agency's independence from Congressional appropriations and restructures the CFPB or similar agency from the current single-director arrangement to a qualified five member board with no more than three members from one political party.
- **Department of Labor:** With the Administration's priority on increasing military spending without increasing the deficit, the budget proposes a 19.8 percent (\$2.4 billion) decrease in Department of Labor (DOL) funding, requesting \$9.7 billion for operations. The budget proposal reduces spending on ineffective and duplicative job training grants and services and instead shifts this responsibility to states, localities, and employers.
 - The Budget provides \$230.1 million for the Wage and Hour Division to enforce laws that establish the minimum standards for wages and working conditions, such as the law governing classification of independent contractors. The Budget includes a funding increase of \$3 million to perform compliance assistance projects to educate employer groups and industry associations on how to comply with such workforce laws.
- **Cybersecurity:** The President's Budget includes \$44.1 billion for the Department of Homeland Security (DHS) and \$27.7 billion for the Department of Justice for law enforcement, public safety, and related enforcement programs and activities. One of the priorities supported with this funding includes cybersecurity, to defend the Federal networks and keep secure critical infrastructure, as well as American businesses. The Budget also purports to increase law enforcement and cybersecurity personnel across the Department of Defense, DHS, and the Federal Bureau of Investigation to execute these efforts and counter cybercrime.

- **Visas:** The budget “Invests \$15 million to begin implementation of mandatory nationwide use of the E-Verify Program, an internet-based system that allows businesses to determine the eligibility of their new employees to work in the United States. This investment would strengthen the employment verification process and reduce unauthorized employment across the U.S.”
 - Many resort areas/hotels employ seasonal workers as lifeguards, amusement park employees, landscapers, etc. who work under H-2B visas (temporary non-agriculture workers). Expanded E-Verify capabilities could make it easier for employers to ascertain the legality of their employees; this is not an issue that NAR has been involved in, but it is one that the resort and hotel communities care about.

Federal Housing Issues

- **HUD:** The budget would cut \$7.4 billion from the U.S. Department of Housing and Urban Development; and proposes eliminating the Community Development Block Grant (CDBG) program, Choice Neighborhoods, HOME Investment Partnership program, the National Housing Trust Fund, and Self-help Housing programs (SHOP). These programs provide resources for states and local communities to provide downpayment assistance, home renovation, rental assistance and development. The budget would also freeze rents on federally assisted housing units. The budget does make any changes to the FHA mortgage insurance program.
- **USDA:** The budget would eliminate the Section 502 Direct Homeownership Loans, Section 514/516 Farm Worker Housing Loans and Grants, Section 523 Mutual and Self-Help Housing, and Section 504 Rural Housing Assistance Loans. It would also cut \$60 million from the Section 521 Rural Rental Assistance program, and eliminate funding for the Multifamily Preservation and Revitalization demonstration. The budget would also reorganize the USDA and would eliminate the under secretary for rural development position, which oversees rural housing programs.

Flood Insurance Issues

- **Flood Maps:** Eliminates \$190 million in federal funding for flood maps to “instead explore other more effective and fair means...” Currently, taxpayers and policyholders under the National Flood Insurance Program (NFIP) split the mapping cost 50-50, but under this proposal, the NFIP policy fee would double to \$100. The reason why taxpayers currently pay for half is because the maps reduce the amount they will spend on disaster relief to repair homes inadvertently built in high-risk flood zones. Without the maps, communities and property owners would not know where to build or insure safely, potentially putting taxpayers on the hook for increased post-disaster financial assistance.
- **NFIP:** The Administration seeks to work with Congress to close NFIP’s budgetary shortfall and decrease the debt. The budget assumes that these reforms would save \$8.9 Billion from 2018-2027.

Health Insurance Issues

- Department of Health and Human Services: The Administration's budget proposal requests \$69 billion discretionary and \$1,046 billion in mandatory funding for Health and Human Services (HHS) operations, with the goal of eliminating programs that are duplicative or have limited impact on public health and well-being. This is a 15.7 percent (\$15 billion) decrease from the 2017 budget level. Reforms to Medicaid through state empowerment are projected to save \$655 billion over ten years, while medical liability reforms are projected to save HHS programs \$31.8 billion over 10 years and \$55 billion to the Federal Government overall.
 - The Budget includes \$250 billion in net deficit savings over 10 years associated with health care reform, involving repeal and replacement of the *Affordable Care Act* (ACA or Obamacare) as part of the Administration's commitment to increase access, eliminate mandates, and lower premiums. NAR is closely watching health care reform efforts and the potential impact on members, such as changes to the age rating rules that increase the limit on premiums for the oldest enrollees.