League Summary of Recent Developments at HUD

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Municipalities with projects or residents relying on funding from the U.S. Department of Housing and Urban Development (HUD) may have questions regarding the status of the funding given recent Executive Orders by the President and other uncertainty surrounding federal funding. The League, relying partly on information gathered from our federal partners at the National League of Cities (NLC), has prepared this summary of recent developments at HUD.

HUD Secretary Scott Turner announced last week that his department will rollback 2021 actions known as Affirmatively Furthering Fair Housing (AFFH) rules. HUD describes this rollback as "cutting costly red tape imposed on localities" and saying the rule was "in effect a zoning tax, which fueled an increase in the cost and a decrease in the supply of affordable housing due to restrictions on local land."

In this announcement, Secretary Turner said, "Local and state governments understand the needs of their communities much better than bureaucrats in Washington D.C. Terminating this rule restores trust in local communities and property owners." While fair housing laws are important to address inequalities, NLC argues the AFFH rule placed additional burdens on local leaders that makes it harder to participate in HUD programs. NLC also states that the previous administration may have recognized this reality as they never finalized the AFFH rule, making it easier for new HUD leadership to rollback the rule.

While this rollback may allow for more engagement in HUD programs, other recent news may make participation more difficult. The Department of Government Efficiency (DOGE) has called for a significant reduction in HUD staffing according to a leaked memo. The memo lays out plans to cut HUD's workforce by 50%, or about 4,300 staff. Some of the highest job cuts are proposed for HUD's Office of Community Planning and Development (CPD), with an expected cut to their workforce of 84%. Congressional Democrats suggest that half of HUD's field offices could be closed due to layoffs.

CPD administers most HUD funding to local governments, including the Community Development Block Grants, the HOME Investment Partnerships Program, Homeless Assistance Grants, Disaster Recovery Grants, and Congressionally Designated Funding. The impact of a substantial reduction in the workforce at CPD could put these grant programs in jeopardy. It should be noted that the spokesperson for HUD said the leaked memo "should not be taken as final."

Impacts are already being felt from the shake up at HUD. NLC, based on reports from grantees, reports that HUD's Green and Resilient Retrofit Program has been suspended despite announced awards. Statements on funding recipients have been removed from HUD's website. Additionally, several technical assistance programs have also been taken offline with no clarity on when or if they will return.

According to the Urban Institute, 114,769 Wisconsinites and 78,443 Wisconsin households are supported by HUD programs with a total of $664,483,496 in funding being delivered to Wisconsin through HUD's various programs.

The League and NLC will continue to monitor the status of federal funding at HUD and other agencies. Local governments encountering challenges accessing anticipated federal funds are encouraged to report that information to the League's Government Affairs team at the email addresses listed at the end of the Bulletin and to NLC through the Federal Grants Exchange Form.