

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
CONGRESSIONAL JUSTIFICATIONS  
INTRODUCTION  
(Dollars in Millions)**

The following table summarizes the Department's funding and staffing requests for fiscal years 2018 through 2020:

	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b><u>ACTUAL</u></b>	<b><u>ANNUALIZED CR</u></b>	<b><u>REQUEST</u></b>
<b><u>BUDGET AUTHORITY</u></b>			
Discretionary (Gross)	\$80,756	\$54,432	\$44,099
Offsetting Receipts	<u>(9,366)</u>	<u>(9,310)</u>	<u>(6,517)</u>
Discretionary (Net)	71,390	45,122	37,582
Mandatory (Net)	<u>9,920</u>	<u>7,903</u>	<u>5,647</u>
<b>Total Budget Authority (Net)</b>	<b>81,310</b>	<b>53,025</b>	<b>43,229</b>
<b><u>BUDGET OUTLAYS</u></b>			
Discretionary	\$43,370	\$46,715	\$51,316
Mandatory	<u>11,297</u>	<u>(14,584)</u>	<u>(1,075)</u>
<b>Total Budget Outlays</b>	<b>54,667</b>	<b>32,131</b>	<b>50,241</b>
<b><u>FULL-TIME EQUIVALENTS</u></b>			
FTE Staff (includes S&E, OIG, WCF)	7,572	7,677	7,794

NOTES: Detail may not add to totals due to rounding.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BUDGET AUTHORITY BY PROGRAM  
COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>DISCRETIONARY PROGRAMS</b>			
<b>PUBLIC AND INDIAN HOUSING</b>			
Tenant-Based Rental Assistance (TBRA)			
Section 8 Contract Renewals.....	\$19,600	\$19,600	\$20,116
Administrative Fees.....	1,760	1,760	1,738
Section 8 Rental Assistance (Tenant Protection Vouchers).....	85	85	130
Advanced Appropriation for FY 2017.....	[4,000]	...	...
Advanced Appropriation for FY 2018.....	[4,000]	...	...
Advanced Appropriation for FY 2019.....	[(4,000)]	[4,000]	...
Advanced Appropriation for FY 2020.....	[...]	[(4,000)]	[4,000]
Advanced Appropriation for FY 2021.....	[...]	[...]	[4,000]
Mainstream Voucher Renewals.....	505	505	260
Veterans Affairs Supportive Housing.....	40	40	...
Tribal HUD VASH.....	5	5	...
Rental Assistance Demonstration (transfer).....	[77]	[77]	[84]
Family Unification Program.....	20	20	...
Rescission of Disaster Housing Assistance Program.....	...	...	[(5)]
Total, TBRA.....	22,015	22,015	22,244
Family Self Sufficiency Program Coordinators.....	75	75	75
Public Housing Capital Fund			
Formula Grants.....	2,669	2,669	...
Resident Opportunity and Support Services (ROSS).....	35	35	...
Emergency/Disaster Reserves.....	17	17	...
Administrative Receivership.....	1	1	...
Jobs Plus.....	15	15	...
Safety and Security.....	5	5	...
Financial and Physical Assessment.....	8	8	...
Rental Assistance Demonstration (transfer).....	[(31)]	[(31)]	...
Total, Public Housing Capital Fund.....	2,750	2,750	...

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BUDGET AUTHORITY BY PROGRAM  
COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018 ACTUAL</u>	<u>2019 ANNUALIZED CR</u>	<u>2020 REQUEST</u>
Choice Neighborhoods.....	150	150	...
Public Housing Operating Fund			
Operating Subsidy.....	4,550	4,550	2,792
Competitive Demolition Grants.....	...	...	30
Emergency Disaster Reserve.....	...	...	10
Administrative and Judicial Receiverships.....	...	...	16
Shortfall Protection.....	...	...	[340]
Jobs Plus.....	...	...	15
Rental Assistance Demonstration (transfer).....	[(93)]	[(93)]	...
Total, Public Housing Operating Fund.....	4,550	4,550	2,863
Native American Housing Block Grants			
Formula Grants.....	\$646	\$753	\$598
Technical Assistance.....	4	...	...
National or Regional Organization.....	4	...	...
Competitive Grants.....	100	...	...
Title VI Federal Guarantees for Tribal Housing Activities			
Program Account.....	2	2	2
Loan Guarantee Limitation.....	[18]	[18]	[18]
Total, Native American Housing Block Grants.....	755	755	600
Indian Housing Loan Guarantee Fund			
Loan Guarantee Contracts.....	1	1	1
Limitation Level.....	[1,190]	[1,190]	...
Total, Indian Housing Loan Guarantee.....	1	1	1
Native Hawaiian Loan Guarantee Fund			
Limitation Level.....	[16]	[...]	[...]
Native Hawaiian Housing Block Grants.....	2	2	...
<b>Subtotal, Public and Indian Housing.....</b>	<b>30,298</b>	<b>30,298</b>	<b>25,782</b>

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COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>			
Community Development Fund			
Entitlement/Non-entitlement.....	3,293	3,293	...
Insular Area CDBG.....	7	7	...
Indian Tribes.....	66	66	...
Disaster Assistance.....	27,980	1,677	...
Total, CDBG.....	31,346	5,043	...
HOME Investment Partnerships Program			
Formula Grants.....	1,359	1,359	...
Insular Areas.....	3	3	...
Total, HOME.....	1,362	1,362	...
Community Development Loan guarantees (Section 108)			
Loan Guarantee Limitation.....	[300]	[300]	...
Self-Help and Assisted Homeownership (SHOP)			
SHOP.....	10	10	...
Section 4 Capacity Building.....	35	35	...
Capacity Building for Rural Housing.....	5	5	...
SHOP for Veterans.....	4	4	...
Total, SHOP.....	54	54	...
Homeless Assistance Grants			
Competitive Grant Renewals (Shelter Plus Care and Supportive Housing).....	2,106	2,106	2,322
Emergency Solutions Grants.....	270	270	270
National Homeless Data Analysis Project.....	7	7	7
Youth Demonstration.....	75	75	...
Youth Technical Assistance.....	5	5	...
Rapid Rehousing for DV Victims.....	50	50	...
Total, Homeless.....	2,513	2,513	2,599

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COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
Housing Opportunities for Persons with AIDS (HOPWA)			
Formula Grants.....	\$338	\$337	\$297
Competitive Grants.....	38	38	33
Total, HOPWA.....	375	375	330
Housing Trust Fund	...	...	...
<b>Subtotal, Community Planning and Development.....</b>	<b>35,650</b>	<b>9,346</b>	<b>2,929</b>
 <b>HOUSING PROGRAMS</b>			
Project-Based Rental Assistance			
Section 8 Contract Renewals.....	10,978	10,978	11,486
Contract Administrators.....	285	285	345
Advanced Appropriation for FY 2017.....	[400]	...	...
Advanced Appropriation for FY 2018.....	[400]	...	...
Advanced Appropriation for FY 2019.....	[(400)]	[400]	[...]
Advanced Appropriation for FY 2020.....	[...]	[(400)]	[400]
Advanced Appropriation for FY 2021.....	[...]	[...]	[(400)]
Tenant Resources Network.....	...	...	2
Mod Rehab and SRO.....	252	252	188
Rental Assistance Demonstration (transfer).....	[57]	[51]	[62]
Total, Project-Based Rental Assistance.....	11,515	11,515	12,021
Housing Counseling Assistance			
Housing Counseling Assistance.....	51	51	41
Administrative Contract Services.....	5	5	5
Total, Housing Counseling Assistance.....	55	55	45
Supportive Housing for the Elderly (Section 202)			
PRAC Renewals/Amendments.....	480	480	551
Service Coordinators/Congregate Housing Service Program.....	90	90	90
Senior Preservation Rental Assistance Contracts.....	105	105	...
Other Expenses.....	3	3	3
Total, Supportive Housing for the Elderly Housing.....	678	678	644

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	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
Housing for Persons with Disabilities (Section 811)			
PRAC/PAC Amendments/Renewal.....	145	145	155
Other Expenses.....	85	85	2
Total, Disabled Housing.....	230	230	157
FHA Funds			
Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds			
Management Housing Insurance (CMHI)			
Administrative Expenses.....	130	130	130
Direct Loan Limitation.....	[5]	[1]	[1]
Loan Guarantee Limitation Level.....	[400,000]	[400,000]	[400,000]
Total, MMI/CMHI.....	130	130	130
General Insurance and Special Risk Insurance Funds			
Direct Loan Limitation.....	[5]	[1]	[1]
Loan Guarantee Limitation Level.....	[30,000]	[30,000]	[30,000]
<b>Total, FHA Funds.....</b>	<b>130</b>	<b>130</b>	<b>130</b>
Manufactured Housing Standards Program			
Payments to States.....	\$4	\$4	\$4
Contracts.....	7	7	\$8
Total, Manufactured Housing Standards Program.....	11	11	12
Other Assisted Housing			
Rent Supplement.....	4	4	1
Rental Housing Assistance (Sec 236).....	10	10	2
Rental Assistance Demonstration Transfer.....	[(36)]	[(5)]	[(3)]
Total, Other Assisted Housing.....	14	14	3
Rental Assistance Demonstrations.....	...	...	100
<b>Subtotal, Housing Programs.....</b>	<b>12,633</b>	<b>12,633</b>	<b>13,112</b>
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>			
Guarantees of Mortgage-Backed Securities			
GNMA - Salaries and Expenses.....	30	30	28
MBS Guarantee Limitation.....	[500,000]	[500,000]	[550,000]

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	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>POLICY DEVELOPMENT AND RESEARCH</b>			
Research and Technology.....	89	89	87
<b>FAIR HOUSING &amp; EQUAL OPPORTUNITY</b>			
Fair Housing Initiative Program.....	40	40	36
Fair Housing Assistance Program.....	24	24	24
Fair Housing Training Academy.....	2	2	2
<b>Total, Fair Housing Activities.....</b>	<b>65</b>	<b>65</b>	<b>62</b>
<b>OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES</b>			
Lead-Based Paint Hazard Reduction			
Lead Hazard Control Grants.....	180	180	240
Technical Studies.....	5	5	5
Healthy Homes .....	45	45	45
<b>Total, OLHCHH.....</b>	<b>230</b>	<b>230</b>	<b>290</b>
<b>MANAGEMENT AND ADMINISTRATION</b>			
Salaries and Expenses, HUD.....	\$1,352	\$1,346	\$1,400
Salaries and Expenses, OIG.....	138	128	129
Information Technology Fund.....	272	267	280
<b>Subtotal, Management and Administration.....</b>	<b>1,762</b>	<b>1,741</b>	<b>1,809</b>
<b>Subtotal, HUD Discretionary Budget Authority (Gross).....</b>	<b>80,756</b>	<b>54,432</b>	<b>44,099</b>
Offsetting Receipts			
MMI Capital Reserve.....	(6,732)	(6,642)	(4,583)
GNMA Receipts.....	(129)	(131)	(132)
GNMA Capital Reserve.....	(1,740)	(1,914)	(1,184)
GI/SRI Negative Subsidy.....	(750)	(607)	(602)
Manufactured Housing Fees Trust.....	(15)	(16)	(16)
<b>Total receipts.....</b>	<b>(9,366)</b>	<b>(9,310)</b>	<b>(6,517)</b>
<b>Total, HUD Discretionary Budget Authority (Net).....</b>	<b>71,390</b>	<b>45,122</b>	<b>37,582</b>

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COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>MANDATORY PROGRAMS</b>			
Indian Housing Loan Guarantee.....	\$14	\$22	...
Native American Housing Block Grants.....	2	...	...
Native Hawaiian Housing Loan Guarantee	1	5	...
Housing Trust Fund.....	266	248	15
FHA General and Special Risk Program Account.....	1,923	1,284	...
FHA General and Special Risk Liquidating Account.....	25	25	25
FHA Mutual Mortgage Insurance Capital Reserve Account.....	6,732	6,642	4,583
Housing for the Elderly or Handicapped Fund Liquidating Account.....	...	(183)	(142)
Guarantees of Mortgage-backed Securities Capital Reserve.....	1,740	1,914	1,184
Guarantees of Mortgage-backed Securities Program.....	...	(1)	(1)
<b>Subtotal, Gross Mandatory Budget Authority.....</b>	<b>10,703</b>	<b>9,956</b>	<b>5,664</b>
Mandatory Receipts.....	(783)	(2,053)	(17)
Total, Net Mandatory Budget Authority.....	9,920	7,903	5,647
<b>Total, Net HUD Budget Authority.....</b>	<b>81,310</b>	<b>53,025</b>	<b>43,229</b>

Note: Totals may not match President's Budget due to rounding.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BUDGET OUTLAYS BY PROGRAM  
COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>DISCRETIONARY PROGRAMS</b>			
<b>PUBLIC AND INDIAN HOUSING</b>			
Tenant-Based Rental Assistance.....	\$21,384	\$22,318	\$22,354
Housing Certificate Fund.....	121	100	80
Public Housing Capital Fund.....	1,896	2,307	2,322
Public Housing Operating Fund.....	4,382	4,336	3,221
Choice Neighborhoods.....	58	162	134
Revitalization of the Severely Distressed	18	30	...
Family Self-Sufficiency.....	71	74	75
Native American Housing Block Grants.....	635	615	590
Native Hawaiian Housing Block Grants.....	2	3	3
Indian Housing Loan Guarantee Fund.....	3	3	2
<b>Subtotal, Public and Indian Housing.....</b>	<b>28,570</b>	<b>29,948</b>	<b>28,781</b>
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>			
Housing Opportunities for Persons with AIDS (HOPWA).....	352	361	380
Community Development Fund.....	5,889	6,818	9,434
HOME Investment Partnerships Program.....	944	1,031	1,097
Self-Help Homeownership Opportunity/Habitat.....	43	54	54
Homeless Assistance Grants.....	2,054	2,394	2,512
Community Development Loan Guarantees.....	1	3	3
Permanent Supportive Housing.....	...	5	...
Brownfields Redevelopment	2	3	2
Rural Housing and Economic Development.....	1	1	...
<b>Subtotal, Community Planning and Development.....</b>	<b>9,286</b>	<b>10,670</b>	<b>13,482</b>

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COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
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	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>HOUSING PROGRAMS</b>			
Project-Based Rental Assistance.....	11,768	12,039	11,901
Housing for the Elderly (Section 202).....	728	752	799
Housing for Persons with Disabilities (Section 811).....	178	238	287
Housing Counseling Assistance.....	51	57	57
Other Assisted Housing.....	111	111	88
FHA Funds:			
Mutual Mortgage Ins. and Coop. Management Housing Ins. Funds:			
Program Account.....	110	\$111	101
General Insurance and Special Risk Insurance Funds:			
Program Account.....	...	...	...
<b>Subtotal, FHA Funds.....</b>	<b>110</b>	<b>111</b>	<b>101</b>
Manufactured Housing Standards Program.....	\$8	\$10	\$11
Flexible Subsidy.....	(41)	(44)	(44)
Rental Assistance Demonstration.....	...	...	100
<b>Subtotal, Housing Programs.....</b>	<b>12,913</b>	<b>13,274</b>	<b>13,300</b>
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>			
Mortgage-Backed Securities Program Account	(102)	(98)	(104)
<b>POLICY DEVELOPMENT AND RESEARCH</b>			
Research and Technology.....	83	95	80
<b>FAIR HOUSING &amp; EQUAL OPPORTUNITY</b>			
Fair Housing Activities.....	62	64	64

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BUDGET OUTLAYS BY PROGRAM  
COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>LEAD HAZARD CONTROL</b>			
Lead Hazard Reduction.....	95	145	179
<b>MANAGEMENT AND ADMINISTRATION</b>			
Salaries and Expenses, HUD.....	1,300	1,350	1,402
Salaries and Expenses, OIG.....	126	122	132
Information Technology Fund.....	255	314	385
Working Capital Fund.....	1	...	...
<b>Subtotal, Management and Administration.....</b>	<b>1,682</b>	<b>1,786</b>	<b>1,919</b>
<b>HUD Transformation Initiatives.....</b>	<b>18</b>	<b>10</b>	<b>...</b>
<b>Subtotal, HUD Discretionary Outlays (Gross).....</b>	<b>52,607</b>	<b>55,894</b>	<b>57,701</b>
Offsetting Receipts (Discretionary).....	(765)	(623)	(618)
Reclassification of MMI Receipts.....	(6,732)	(6,642)	(4,583)
GNMA Receipts.....	(1,740)	(1,914)	(1,184)
<b>Total, HUD Discretionary Outlays (Net).....</b>	<b>43,370</b>	<b>46,715</b>	<b>51,316</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
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COMPARATIVE SUMMARY, FISCAL YEARS 2018-2020  
(Dollars in Millions)**

	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ANNUALIZED CR</u>	<u>2020</u> <u>REQUEST</u>
<b>MANDATORY PROGRAMS</b>			
Indian Housing Loan Guarantee Fund.....	\$14	\$22	...
Native American Housing Block Grants.....	2	...	...
Native Hawaiian Housing Loan Guarantee.....	1	5	...
Neighborhood Stabilization Program.....	21	58	46
Housing Trust Fund.....	32	141	188
FHA MMI Program Account.....	12,638	1,267	...
FHA MMI Liquidating.....	4	8	9
FHA MMI Capital Reserve Account.....	(1,310)	(17,922)	(660)
FHA GI/SRI Program.....	1,923	1,284	...
FHA GI/SRI Funds Liquidating.....	(133)	(33)	(28)
Rental Housing Assistance Fund.....	(2)	(2)	(2)
Housing for the Elderly or Handicapped Fund Liquidating Account.....	(237)	(181)	(140)
Guarantees of Mortgage-Backed Securities.....	192	3,238	100
Guarantees of Mortgage-Backed Securities Liquidating Account.....	(1)	1	1
Guarantees of Mortgage-Backed Securities Capital Reserve Account.....	(1,064)	(417)	(572)
<b>Subtotal, HUD Mandatory Outlays (Gross).....</b>	<b>12,080</b>	<b>(12,531)</b>	<b>(1,058)</b>
Deductions for Offsetting Receipts (Mandatory).....	(783)	(2,053)	(17)
<b>Total, HUD Mandatory Outlays (Net).....</b>	<b>11,297</b>	<b>(14,584)</b>	<b>(1,075)</b>
<b>Total, HUD Outlays.....</b>	<b>54,667</b>	<b>32,131</b>	<b>50,241</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
 FULL-TIME EQUIVALENT (FTE) EMPLOYMENT  
 (Excludes Overtime and Terminal Leave)**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Increase (+) Decrease (-)</b>
	<b><u>Actuals</u></b>	<b><u>Annualized CR</u></b>	<b><u>Request</u></b>	<b><u>2020 vs 2019</u></b>
Salaries and Expenses, HUD.....	6,865	6,956	6,909	(47)
<u>Other Funds:</u>				
Working Capital Fund.....	...	...	158	158
GNMA.....	148	148	154	6
Office of Inspector General.....	559	573	573	...
Subtotal, Other Funds.....	707	721	885	164
Total, HUD Full-Time Equivalent Staff.....	7,572	7,677	7,794	117

## Overview of Rental Assistance Programs

In 2018, 79 percent of HUD's discretionary appropriations were set aside for rental assistance. Rental assistance is a major part of HUD's mission, and because of this, HUD continues to examine its programs to achieve greater effectiveness and efficiency. The 2020 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance.

### Rent Reform

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the Federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration:* The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation:* HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe-harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.
3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the Nation. These alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

In addition, the 2020 Budget proposes uniform work requirements for households able to work. Consistent with Administration policy, the requirement would allow for work-seeking and preparation activities and would exempt the elderly, persons with disabilities, those

## Overview of Rental Assistance Programs

caring for a family member with a disability or small child, and pregnant women. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving To Work PHAs on effective ways to promote self-sufficiency.

## **The Future of Public Housing**

The President's Budget recognizes that the current public housing funding model continues to present an unsustainable way to preserve the nearly one million public housing units across the Nation. Public Housing has an approximate \$26 billion capital needs backlog, and affordable units are lost each year due to severe disrepair. The Department has not been able to meet the growing capital needs and prevent the loss of these units. The cumbersome structure of the Public Housing program constrains the ability for PHAs to swiftly and adequately address the significant preservation needs in their portfolios. Furthermore, the existing tools available to PHAs to deal with their rapidly deteriorating inventory, such as the Rental Assistance Demonstration (RAD), Section 18 Demolition and Disposition, and Voluntary Conversion, are currently limited in their scope and ability to preserve affordable housing for the future. To address these challenges, the 2020 Budget proposes an expansion of RAD, as well as other tools that empower PHAs to make local decisions about how best to use their properties to meet the needs of their communities. This strategy is focused on making the tools more accessible to PHAs of all sizes; simplifying administrative requirements where possible; and encouraging PHAs to transition public housing to more sustainable platforms. The Budget requests \$100 million to support RAD, the largest of these efforts.

Additionally, HUD is making changes to other transitional tools, including demolition and disposition requirements and streamlining voluntary conversions, which will enable PHAs to more easily transition and preserve Public Housing. The Budget is requesting a set-aside of \$30 million for demolition to assist PHAs in removing unsafe and uninhabitable units from HUD's public housing inventory and \$15 million for grants to at-risk PHAs to recapitalize and reposition units.

### Capital and Operating Fund Flexibility

HUD proposes to extend the ability to utilize Capital and Operating Funds interchangeably to all PHAs, regardless of troubled status and the condition of a PHA's public housing portfolio. Currently, only small PHAs (those agencies with fewer than 250 units) that are not troubled and operate public housing in a safe, clean, and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20 percent of the Operating Fund to the Capital Fund, and vice versa. Thus, HUD proposes full flexibility for all PHAs to use fiscal year 2020 operating subsidies and prior year funding from both the Capital and Operating Funds. The enhanced flexibility would enable PHAs to focus limited Federal resources on local priorities without being constrained by the statutory limitations placed on each fund.

## Overview of Rental Assistance Programs

### **PHA Relief**

HUD recognizes the large burdens placed on local governments and PHAs. Therefore, in the 2020 Budget, HUD proposes several initiatives to decrease burdens, increase flexibilities, and encourage innovation.

*Decrease burdens:* HUD continues to work within current regulatory parameters to find ways to allow PHAs to focus less on paperwork and more on serving vulnerable populations in need of housing. In addition to the current initiatives, HUD continues to propose initiatives that would allow the Secretary to waive certain requirements for PHAs. HUD strongly supports the flexibilities provided to PHAs and property owners as part of MAHWA.

The 2020 Budget proposes a new provision which would allow specific indicators of Section Eight Management Assistance Program (SEMAP), which will be further defined in a Federal Register notice, to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration.

Additionally, the Budget proposes adding a new provision that provides HUD with the authority to waive or specify alternative requirements for annual plan requirements, energy audits, and community service requirements to reduce costs or provide for the more effective administration of the Public Housing program. This authority will provide PHAs with a number of options for temporary administrative relief that may be tailored to reflect the specific needs of the individual PHA.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
TENANT-BASED RENTAL ASSISTANCE  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	22,015,000	489,858 <sup>a</sup>	-	22,504,858	21,697,555	21,383,983
2019 Annualized CR	22,015,000	884,472 <sup>b</sup>	-	22,899,472	22,893,472	22,318,000
2020 Request	22,243,500	94,782 <sup>c</sup>	(5,782) <sup>d</sup>	22,332,500	22,332,500	22,354,000
Change from 2019	228,500	(789,690)	(5,782)	(566,972)	(560,972)	36,000

a/ Includes \$3.9 million in recaptured funds and \$116.5 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

b/ Includes an estimated \$77 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

c/ Includes an estimated \$89 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

d/ Includes a rescission of \$5.8 million in recovered funds originally awarded for the Disaster Housing Assistance Program under P.L. 110-329. These funds are designated as “emergency” funds for the budget caps under BBEDCA, Title II of P.L. 99-177, and does not offset the request.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget request for the Section 8 Housing Choice Voucher (HCV) program is \$22.244 billion, which is \$229 million more than the 2019 Annualized Continuing Resolution (CR) level. As described further below, the funding request reflects a set of policies that reduce the cost burdens in the program while maintaining assistance payments to the current number of households served. With implementation of these cost-saving policies, the requested funding level will provide approximately 2.3 million low-income families in 2020 with decent, safe, and sanitary housing. Furthermore, the 2020 Budget will subsidize the approximately 700,000 landlords and property owners who participate in the HCV program by providing a fair market rent in order to adequately meet mortgage payments, local tax obligations, utility expenses, and maintain properties in good physical condition.

## Tenant-Based Rental Assistance

The HCV program is authorized under Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) and is administered locally by approximately 2,200 public housing agencies (PHAs). Overall, the HCV program seeks to:

- Provide greater access to housing choice and better housing opportunities for very low- and extremely low-income families;
- Reduce the number of chronically homeless individuals, families, and veterans; and
- Maximize the federal investment and the number of families assisted through HUD's rental housing assistance programs through comprehensive monitoring of voucher utilization.

## 2. Request

The HCV program is the federal government's largest program targeted to assist very low-income families, the elderly, and persons with disabilities with affordable, decent, safe, and sanitary housing in the private market. The program serves the most economically vulnerable families in the country, including families with disabilities, elderly families, formerly homeless veterans, and families with children, through federal assistance voucher payments in the provision of meeting their rental housing needs.

HUD's *Worst Case Housing Needs: 2017 Report to Congress*<sup>1</sup> reveals that among very low-income renter households that lacked assistance, 8.3 million had worst case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units. Many families assisted by the HCV program formerly experienced worst-case housing needs and, without the benefit of this program, would be at immediate risk of homelessness.

Requested funding levels and brief descriptions for each of the major funding components of the HCV program include:

### Contract Renewals - \$20.116 billion

The 2020 Budget provides funding to renew expiring HCV program Housing Assistance Payments (HAP) funding increments on a calendar-year basis. Contract renewals include funding for special purpose vouchers (SPVs), which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals. Some of these programs are HUD-VASH (Veterans Affairs Supportive Housing), Non-Elderly Disabled, Tribal HUD-VASH, and the Family Unification Program. Contract renewals also include renewal funding for tenant protection

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<sup>1</sup> HUD's *Worst Case Housing Needs: 2017 Report to Congress*, <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>

## Tenant-Based Rental Assistance

vouchers and up to \$4 million for renewal of rental assistance and associated administrative costs appropriated under the Tribal HUD-VASH demonstration program in prior Acts. The requested funding level assumes both program-specific savings policies and savings from proposed legislative reforms.

### Administrative Fees - \$1.738 billion

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for over 2.3 million families.

### Tenant Protection Vouchers - \$130 million

Tenant Protection Vouchers (TPV) are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition or repositioning, and when private owners of multifamily developments choose to leave the project-based program or convert to long term Section 8 contracts. This funding reflects an anticipated increase in demolitions, dispositions, and streamlining voluntary conversions.

### Section 811 Mainstream Renewals - \$259.5 million

Mainstream Renewals are contracts and administrative fees originally funded under the Section 811 Tenant-Based program. The Housing for Persons with Disabilities (Section 811) program provides tenant-based assistance for persons with disabilities to access affordable, private housing of their choice. The requested funding also includes administrative fees for the renewed vouchers.

## **3. Justification**

The HCV program partners with local PHAs and landlords to provide housing to our nation's neediest citizens. Of the families currently receiving HCV assistance, over half are either elderly or have a disabled head of household, and 75 percent are extremely low-income with incomes at or below 30 percent of the area median income. Without rental assistance, these families would likely face a great risk of transitory homelessness, or be forced to forgo other life necessities, such as food, clothing, and medicine.

HCV assistance is primarily tenant-based assistance, which means the assistance is not permanently tied to a particular unit or project, but rather to an individual family. The family is responsible for finding a suitable rental unit with an owner who is willing to participate in the program. The PHA pays a monthly housing assistance payment directly to the owner on behalf of the family. That payment helps cover the affordability

## Tenant-Based Rental Assistance

gap between what very low-income families can afford to pay for rent, and the actual rent charged. The HCV program relies on private sector partnerships to effectively and efficiently provide affordable housing opportunities in the local community instead of depending on direct government intervention to do so.

HUD works with numerous stakeholders in providing HCV assistance to families. In addition to PHAs and private owners, these include:

- Other federal agencies, such as the Department of Veterans Affairs;
- State and local entities, such as Public Child Welfare Agencies;
- Housing Industry Associations;
- Resident Groups; and
- Tribally Designated Entities (TDHEs) and Tribal governments.

The HCV program has proven to be effective at meeting the housing needs of our most vulnerable citizens compared to other approaches. For example, in October 2016, HUD published the results of the Family Options Study. Launched in 2008, the study's goal was to determine which housing and services interventions work best for families with children experiencing homelessness. Reports published in July 2015 and October 2016 presented evidence regarding the effects of giving families in emergency shelters priority access to housing choice vouchers, rapid re-housing, or project-based transitional housing. The study team followed the families for 3 years and measured outcomes in five domains of family well-being: (1) housing stability, (2) family preservation, (3) adult well-being, (4) child well-being, and (5) self-sufficiency. The study determined that the HCV program was the most effective intervention of the approaches tested. HCV intervention reduced most forms of residential instability by more than one half, reduced food insecurity, and improved multiple measures of adult and child well-being.

## Other Activities

### *Landlord Participation Initiatives*

Secretary Carson established HUD's Landlord Task Force in 2018 to hear directly from landlords on ways to increase their participation in the HCV program<sup>2</sup>. The Landlord Task Force evolved from a recent growing body of research on landlord participation in the HCV Program, with

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<sup>2</sup> Urban Landlords and the HCV Program: A Research Report <https://www.huduser.gov/portal/publications/UrbanLandlords.html>

## Tenant-Based Rental Assistance

the goal of improving the HCV program so that more landlords are willing to accept voucher tenants. In 2018, the Task Force conducted a series of listening sessions with landlords throughout the country to gain a better understanding of what motivates landlords to participate in the HCV program and how HUD and PHAs could address some of the challenges to participation that landlords encounter. HUD will work with PHAs and landlords to assess the feasibility of the recommended changes and provide additional tools to landlords and PHAs to ensure that the HCV program is a viable option for landlords and mimics the private rental market to the greatest extent possible.

## Cross-Cutting Rent Reform Proposal

The 2020 Budget funding levels across HUD rental assistance programs would support the same number of households currently assisted, while proposing the following reforms to ensuring the long-term fiscal sustainability of rental assistance.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration*: The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation*: HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe-harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.

## Tenant-Based Rental Assistance

3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the Nation. These alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

In addition, the 2020 Budget proposes uniform work requirements for households able to work. Consistent with Administration policy, the requirement would allow for work-seeking and preparation activities and would exempt the elderly, persons with disabilities, those caring for a family member with a disability or small child, and pregnant women. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

### **General Provisions**

The 2020 Budget includes a General Provision related to TBRA (Sec. 226). This provision is described further in “Fiscal Year 2020 General Provisions”.

Tenant-Based Rental Assistance

**PUBLIC AND INDIAN HOUSING  
TENANT-BASED RENTAL ASSISTANCE  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Contract Renewals	19,600,000	48,236	19,648,236	19,480,916	19,600,000	97,489	19,697,489	20,115,541
Administrative Fees	1,760,000	103,250	1,863,250	1,741,107	1,760,000	192,144	1,952,144	1,738,459
Section 8 Rental Assistance	85,000	132,634	217,634	78,798	85,000	138,836	223,836	130,000
Veterans Affairs Supportive Housing (VASH) Program	40,000	43,834	83,834	78,467	40,000	5,366	45,366	-
Tribal HUD-Vash	5,000	7,000	12,000	3,765	5,000	8,235	13,235	-
Section 811 Mainstream Renewals	505,000	18,961	523,961	214,315	505,000	309,646	814,646	259,500
Rental Assistance Demonstration	-	120,135	120,135	100,187	-	96,948	96,948	-
Family Unification Program (FUP)	20,000	10,000	30,000	-	20,000	30,000	50,000	-
Disaster Displacement	-	5,782	5,782	-	-	5,782	5,782	-
FSS Coordinators	-	26	26	-	-	26	26	-
<b>Total</b>	<b>22,015,000</b>	<b>489,858</b>	<b>22,504,858</b>	<b>21,697,555</b>	<b>22,015,000</b>	<b>884,472</b>	<b>22,899,472</b>	<b>22,243,500</b>

Tenant-Based Rental Assistance

**PUBLIC AND INDIAN HOUSING  
TENANT-BASED RENTAL ASSISTANCE  
Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For activities and assistance for the provision of tenant-based rental assistance authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) ("the Act" herein), not otherwise provided for, \$18,243,500,000, to remain available until September 30, 2022, shall be available on October 1, 2019 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2019), and \$4,000,000,000, to remain available until September 30, 2023, shall be available on October 1, 2020: Provided, That the amounts made available under this heading are provided as follows:*

*(1) \$20,115,540,800 shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover, the Secretary for the calendar year 2020 funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the first-time renewal of vouchers under this paragraph including tenant protection and Choice Neighborhoods vouchers: Provided further, That the Secretary shall, to the extent necessary to stay within the amount specified under this paragraph (except as otherwise modified under this paragraph), prorate each public housing agency's allocation otherwise established pursuant to this paragraph: Provided further, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this paragraph) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget by the latter of 60 days after enactment of this Act or March 1, 2020: Provided further, That the Secretary may extend the notification period with notification to the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and in accordance with the requirements of the MTW program and shall be subject to the same pro rata adjustments under the previous provisos: Provided further, That the Secretary may offset public housing agencies' calendar year 2020 allocations based on the excess amounts of public housing agencies' net restricted assets accounts, including HUD held programmatic reserves (in accordance with VMS data in calendar year 2019 that is verifiable and complete), as determined by the Secretary: Provided further, That public housing agencies participating in the MTW demonstration shall*

## Tenant-Based Rental Assistance

*also be subject to the offset, as determined by the Secretary, from the agencies' calendar year 2020 MTW funding allocation: Provided further, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the proration of renewal funding allocations: Provided further, That the Secretary may utilize unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading from prior year appropriations (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated, to avoid or reduce such prorations: Provided further, That up to \$100,000,000 shall be available only: (1) for adjustments in the allocations for public housing agencies, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act; (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; (4) for public housing agencies that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding; and (5) for public housing agencies that have experienced increased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.): Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;*

*(2) \$130,000,000 shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, HOPE VI and Choice Neighborhood vouchers, mandatory and voluntary conversions, and tenant protection assistance in connection with the release of the Declaration of Trust from a public housing property, and tenant protection assistance including replacement and relocation assistance or for project-based assistance to prevent the displacement of unassisted elderly tenants currently residing in section 202 properties financed between 1959 and 1974 that are refinanced pursuant to Public Law 106–569, as amended, or under the authority as provided under this Act: Provided, That when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: Provided further, That the Secretary may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: Provided further, That any tenant protection voucher made available from amounts under this paragraph shall not be reissued by any public housing agency, except the replacement vouchers as defined by the Secretary by notice, when the initial family that received any such voucher no longer receives such voucher, and the authority for any public housing agency to issue any such voucher shall cease to exist;*

## Tenant-Based Rental Assistance

*(3) \$1,738,459,200 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, of which up to \$20,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, HUD-VASH vouchers, and other special purpose incremental vouchers: Provided, That no less than \$1,718,459,200 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2020 funding cycle based on section 8(q) of the Act (and related Appropriation Act provisions) as in effect immediately before the enactment of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276): Provided further, That if the amounts made available under this paragraph are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated to the Department of Housing and Urban Development under this heading in this Act and prior year Acts (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated: Provided further, That public housing agencies participating in the MTW demonstration shall be funded pursuant to their MTW agreements and in accordance with the requirements of the MTW program, and shall be subject to the same uniform percentage decrease as under the previous proviso: Provided further, That amounts provided under this paragraph shall be only for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities;*

*(4) \$259,500,000 shall be for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: Provided, That administrative and other expenses of public housing agencies in administering the special purpose vouchers in this paragraph shall be funded under the same terms and be subject to the same pro rata reduction as the percent decrease for administrative and other expenses to public housing agencies under paragraph (3) of this heading;*

*(5) Up to \$4,000,000 of the amounts provided under paragraph (1) under this heading shall be for rental assistance and associated administrative fees for Tribal HUD-VA Supportive Housing (Tribal HUD-VASH) to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided, That such amount shall be made available for renewal grants to the recipients that received assistance under the rental assistance and supportive housing demonstration program for Native American veterans authorized under the heading "Tenant-Based Rental Assistance" in prior acts: Provided further, That the Secretary shall be authorized to specify criteria for such renewal grants, including data on the utilization of assistance reported by grant recipients under the demonstration program: Provided further, That funds shall be awarded based on need, and administrative capacity, as established by the Secretary in a Notice published in the Federal Register after coordination with the Secretary of Veterans Affairs: Provided further, That renewal grants under this paragraph shall be administered by block grant recipients in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996: Provided further, That assistance under this paragraph shall be modeled after, with necessary and appropriate adjustments for Native American grant recipients and veterans, the rental assistance and supportive housing program known as*

## Tenant-Based Rental Assistance

*HUD-VASH, including administration in conjunction with the Department of Veterans Affairs and overall implementation of section 8(o)(19) of the United States Housing Act of 1937: Provided further, That the Secretary of Housing and Urban Development may waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the use of funds made available under this paragraph (except requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waiver or alternative requirement is necessary for the effective delivery and administration of such assistance: Provided further, That grant recipients shall report to the Secretary on utilization of such rental assistance and other program data, as prescribed by the Secretary;*

*(6) the Secretary shall separately track all special purpose vouchers funded under this heading; and*

*(7) All unobligated balances from funds appropriated under the heading "Department of Housing and Urban Development—Public and Indian Housing—Tenant Based Rental Assistance" in the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110–329) are hereby permanently cancelled.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**PUBLIC AND INDIAN HOUSING**  
**HOUSING CERTIFICATE FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	-	202,027	-	202,027 <sup>a</sup>	59,589	121,600
2019 Annualized CR	-	174,438	-	174,438 <sup>b</sup>	137,428	100,000
2020 Request	-	69,000	-	69,000 <sup>c</sup>	20,000	80,000
Change from 2019	-	(105,438)	-	(105,438)	(117,428)	(20,000)

- a/ Resources shown assume \$186 million in carryover, after adding \$89 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2018, subtracting \$73 million from sources 1974 and prior that are withdrawn, and reflecting \$51 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.
- b/ Resources shown assume \$142 million in carryover, after adding \$68 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2019, subtracting \$36 million from sources 1974 and prior that are withdrawn, and reflecting \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.
- c/ Resources shown assume \$37 million in carryover, after adding \$68 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2020, subtracting \$36 million from sources 1974 and prior that are withdrawn, and reflecting \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.

**1. Program Purpose and Budget Overview**

The Housing Certificate Fund (HCF) is best described as a composite account. Prior to 2005, it funded contracts that are now administered in the Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA) programs. In 1998, some smaller accounts (including Annual Contributions for Assisted Housing) were consumed by HCF, making it an even more eclectic mix.

- Beginning in 2005, the account stopped receiving annual appropriations and the TBRA and PBRA accounts were established. HCF continues to “hold” the account’s prior obligations for original term (long-term, up to 40-year) PBRA contracts that were funded in advance. These funds continue to pay for contract expenses as they come due.

## Housing Certificate Fund

- As original contract terms draw to completion, annual renewals subsequently take place in the PBRA account, thus slowly depleting the inventory of projects and contracts in HCF, while increasing the number of projects in PBRA.
- Any undisbursed funds remaining on contracts at termination are recaptured and either cancelled or re-appropriated (depending on the source year). Eligible uses of recaptures include PBRA renewals, amendments, and administrative fees for multifamily housing programs. In 2020, HCF recaptures are expected to provide a source of supplemental funding for performance-based contract administrators (PBCAs) or contractors, whose function is detailed in the PBRA account.

### **2. Request**

The 2020 President's Budget request for HCF reflects the use of anticipated carryover and recaptures from previous years. No additional budget authority is requested. Continuing appropriations language for HCF provides that recaptures from source years 1975 through 1987 will be cancelled and an amount of additional budget authority equal to the amount cancelled will be appropriated. Recaptures of contract authority originating in 1974 and prior are cancelled. HUD anticipates recaptures of \$68 million for 2020. These recaptures, along with funds remaining from prior year HCF recoveries, are anticipated to support PBCA contracts, contractors, and contract renewals in the PBRA program, providing an offset to new appropriations needed in the PBRA account.

### **3. Justification**

For more detailed information, please see the PBRA justification.

Housing Certificate Fund

**PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Contract Administrators	-	172,027	172,027	59,589	-	144,438	144,438	-
Renewal of Expiring Section 8 Contracts	-	30,000	30,000	-	-	30,000	30,000	-
<b>Total</b>	-	<b>202,027</b>	<b>202,027</b>	<b>59,589</b>	-	<b>174,438</b>	<b>174,438</b>	-

Notes:

- For fiscal year 2018, resources include carryover of \$186 million in carryover, and \$89 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2018, subtracting \$73 million from sources 1974 and prior that are withdrawn, and reflecting \$51 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.
- For fiscal year 2019, resources assume \$142 million in carryover, after adding \$68 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2019, subtracting \$36 million from sources 1974 and prior that are withdrawn, and reflecting \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.
- For fiscal year 2020, resources assume \$37 million in carryover, after adding \$68 million in anticipated recoveries from prior obligations estimated to be collected during fiscal year 2020, subtracting \$36 million from sources 1974 and prior that are withdrawn, and reflecting \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.

Housing Certificate Fund

**PUBLIC AND INDIAN HOUSING  
HOUSING CERTIFICATE FUND  
Appropriations Language**

The 2020 President's Budget includes the appropriation language below:

**(INCLUDING CANCELLATIONS)**

*Unobligated balances, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under this heading, the heading "Annual Contributions for Assisted Housing", and the heading "Project-Based Rental Assistance", for fiscal year [2019]2020 and prior years may be used for renewal of or amendments to section 8 project-based contracts and for performance-based contract administrators or contractors, notwithstanding the purposes for which such funds were appropriated: Provided, That any obligated balances of contract authority from fiscal year 1974 and prior that have been terminated are hereby permanently cancelled: Provided further, That amounts heretofore recaptured, or recaptured during the current fiscal year, from section 8 project-based contracts from source years fiscal year 1975 through fiscal year 1987 are hereby permanently cancelled, and an amount of additional new budget authority, equivalent to the amount permanently cancelled is hereby appropriated, to remain available until expended, for the purposes set forth under this heading, in addition to amounts otherwise available.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING CAPITAL FUND  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	2,750,000	91,176	-	2,841,176 <sup>a</sup>	2,758,611	1,896,461
2019 Annualized CR	2,750,000	56,167	-	2,806,167 <sup>b</sup>	2,806,000	2,307,000
2020 Request	-	-	-	-	-	2,322,000
Change from 2019	(2,750,000)	(56,167)	-	(2,806,167)	(2,806,000)	15,000

a/ Total resources and obligations for fiscal year 2018 do not include \$42.6 million transferred from Public Housing Capital Fund for subsidy payments of units converting under Rental Assistance Demonstration (RAD).

b/ Total resources and obligations for fiscal year 2019 do not includes an estimated transfer of \$31 million for the implementation of RAD.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests no funding for the Public Housing Capital Fund, and, excluding Capital Modernization grants, all set-aside funding (such as Jobs-Plus Initiative and emergency disaster grants) has been transferred to the Public Housing Fund. The Budget proposes to direct all carryover balances and recaptures from Capital Modernization grants to the Operating Fund for distribution to Public Housing Authorities (PHAs) through the Operating Fund formula.

Public Housing has an estimated capital needs backlog of approximately \$26 billion, and Capital Modernization grants alone are not sufficient to address the significant needs in the portfolio. Moreover, given fiscal constraints, the Budget recognizes a greater role for State and local governments to more fully share in the provision of affordable housing. The President’s Budget also includes enhanced tools and strategies to empower PHAs to make local decisions about how to best use their properties to meet the needs of their communities. For example, the Budget requests funding for programs like the Rental Assistance Demonstration (RAD) program so that PHAs can shift public housing properties to more sustainable Section 8 platforms and leverage private financing for capital needs; and new funding for competitive grants to demolish physically obsolete properties.

Please see the “Public Housing Operating Fund” budget justification for more detailed information on the enhanced flexibilities, funding and administrative items proposed to improve Public Housing asset recapitalization and encourage local choice.

Public Housing Capital Fund

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING CAPITAL FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Formula Grants	2,669,200	35,980	2,705,180	2,657,930	2,669,200	8,704	2,677,904	-
Emergency/Disaster Reserve	16,500	13,147	29,647	28,629	16,500	897	17,397	-
Resident Opportunities and Supportive Services	35,000	36,385	71,385	35,298	35,000	35,649	70,649	-
Administrative Receivership	1,000	2,716	3,716	1,385	1,000	2,334	3,334	-
Financial and Physical Assessment Support	8,300	3,745	12,045	10,689	8,300	1,433	9,733	-
Jobs-Plus	15,000	15,602	30,602		15,000	30,602	45,602	-
Safety and Security	5,000	285	5,285	5,906	5,000	53	5,053	-
Technical Assistance	-	880	880	406	-	672	672	-
Lead-Based Hazard	-	25,000	25,000	18,368	-	6,631	6,631	-
Rental Assistance Demonstration (transfer)	-	(42,564)	(42,564)	-	-	(30,808)	(30,808)	-
<b>Total</b>	<b>2,750,000</b>	<b>91,176</b>	<b>2,841,176</b>	<b>2,758,611</b>	<b>2,750,000</b>	<b>56,167</b>	<b>2,806,167</b>	<b>-</b>

Public Housing Capital Fund

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING CAPITAL FUND  
Appropriations Language  
(INCLUDING TRANSFER OF FUNDS)**

The 2020 President's Budget includes the appropriation language listed below:

*Unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading in prior fiscal years, excluding set asides, shall be transferred to the heading "Public Housing Operating Fund" for distribution to public housing agencies pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**PUBLIC AND INDIAN HOUSING**  
**PUBLIC HOUSING OPERATING FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	4,550,000	615,606	-	5,165,606 <sup>a</sup>	4,766,660	4,381,765
2019 Annualized CR	4,550,000	306,023	-	4,856,023 <sup>b</sup>	4,856,000	4,336,000
2020 Request	2,863,000	(148,000)	-	2,715,000 <sup>c</sup>	2,671,000	3,221,000
Change from 2019	(1,687,000)	(454,023)	-	(2,141,023)	(2,185,000)	(1,115,000)

a/ Total resources and obligations for fiscal year 2018 includes \$137 million transferred from Public Housing Operating Fund for subsidy payments for units converting under the Rental Assistance Demonstration (RAD).

b/ Total resources and obligations for fiscal year 2019 includes an estimated \$93 million transferred for the implementation of RAD.

c/ Total resources and obligations for fiscal year 2020 includes an estimated \$148 million transferred for the implementation of RAD.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget of \$2.863 billion of the Public Housing Operating Fund (Operating Fund) is approximately \$1.7 billion less than the fiscal year 2019 Annualized CR Operating Fund level.

Of this amount, \$2.452 billion is provided for public housing grants (distributed through the Operating Fund formula), and an additional amount of up to \$340 million is available for shortfall funding to prevent the financial insolvency of any Public Housing Authorities (PHAs). There is also \$25 million for previously enacted set-asides transferred from the Public Housing Capital Fund; \$16 million to address high-risk Public Housing Authorities (PHAs) through technical assistance and a new competitive grant for asset improvement, repositioning, or recapitalization; and up to \$30 million for new competitive demolition grants.

The 2020 Budget represents a 54 percent proration against formula eligibility for operating grants. When coupled with the use of existing operating reserves, the shortfall prevention funding, and key policy changes, the funding level will allow the Department to continue to serve approximately 1 million units across more than 3,000 PHAs. PHAs will use this funding to meet the operation,

## Public Housing Operating Fund

management, maintenance and capital needs of public housing throughout the United States and its territories. The 2020 Budget reflects a set of proposed rental reform policies, described further below, that reduce costs while continuing to assist current residents.

Key program outcomes include, but are not limited to:

- Providing safe, decent and affordable housing to approximately 1 million families.
- Providing PHAs with tools to make locally driven decisions about their properties.
- Leveraging federal, state, and local resources to provide affordable housing

## 2. Request

The Public Housing program provides federal grants necessary for PHAs to operate, maintain and make capital improvements to approximately 1 million affordable public housing units. The public housing stock serves an important role in the nation's housing market, ensuring housing for some of the nation's most vulnerable renters. Local administration of federal grant funds allows communities the enhanced flexibility to tailor public housing to suit local needs including establishing preferences for the elderly, disabled, homeless veterans, homeless persons, as well as the working poor. Public housing units serve on average 2.1 residents with an average household income of \$15,073. Furthermore, extremely low-income families (families earning less than 30 percent of an area's median income) comprise more than 60 percent of households in public housing units, about 38 percent of all households served include children, and over half of all households comprise fixed-income seniors or people with disabilities.

The 2020 Budget for the Public Housing Fund covers funds necessary to cover day-to-day operational expenses associated with public housing, program implementation expenses that PHAs are required to undertake under the 1937 Housing Act and existing program regulations, and to meet overall public housing capital needs. This includes, but is not limited to:

### *Public Housing Operation*

- Management and operations, including staff costs
- Routine and preventative maintenance
- Anti-crime, anti-drug and security activities
- Operating costs for privately owned public housing units in mixed-finance projects
- Utilities costs
- Resident supportive services, support coordinators, and participation activities
- Insurance

## Public Housing Operating Fund

### *Public Housing Implementation*

- Recertifications of income and household composition
- Timely rent collection
- Submission of annual unaudited and audited financial statements to HUD
- Asset management over the physical and financial integrity of the program
- Annual unit inspections
- Prioritization and planning for the long-term capital needs to maintain the viability of PHA properties
- Debt service incurred to finance unit rehabilitation and development

### *Capital Needs*

- Development, financing and modernization of public housing projects
- Vacancy reduction
- Addressing deferred maintenance
- Planned code compliance
- Management improvements including support of resident participation
- Demolition and replacement
- Resident relocation
- Capital expenditures for resident empowerment assistance and self-sufficiency
- Capital expenditures for security and safety

The total 2020 Budget of \$2.863 billion for the Public Housing Fund account supports the following activities:

- \$2.452 billion for Public Housing Fund grants based on the Operating Fund formula;
- up to \$340 million for operating shortfall funding;
- up to \$10 million for Emergency and Natural Disaster Reserve;
- up to \$16 million to address high risk PHAs, including Troubled and Receivership PHAs through technical assistance and a new competitive grant program;
- up to \$15 million for the Jobs-Plus Initiative; and
- no less than \$30 million for competitive Demolition Grants.

## Public Housing Operating Fund

### 3. Justification

The Public Housing Fund provides payments to more than 3,000 PHAs for the operation, management, maintenance, and capital needs of publicly owned affordable rental housing throughout the United States and its territories. PHA eligibility for a grant from the Public Housing Fund is based on the Operating Fund formula established through negotiated rulemaking in 2007 and codified at 24 CFR 990. This 2020 Budget assumes that PHAs will utilize both requested funds and Operating Reserves to support the needs of their public housing program.

This 2020 Budget provides no new funding through the Public Housing Capital Fund. Given the challenges faced by PHAs to address operating and capital needs with this reduced funding level, the 2020 Budget seeks to provide expanded authority for PHAs. Such authority includes the ability to use operating funds, as well as operating reserves and prior year capital funds, flexibly under a general provision in this budget that provides full flexibility between the Operating and Capital Fund accounts. The Administration encourages PHAs to work with state and local governments to supplement the federal appropriation with non-federal funding to address additional public housing needs. The Administration's 2020 Budget would also provide PHAs with options to encourage locally driven decisions about the future of their public housing properties.

Below are explanations of the various sub-account in the 2020 Budget:

#### Shortfall Funding

The 2020 Budget includes up to \$340 million in set-aside funds to support PHAs that HUD projects may become insolvent based on funding levels and PHA-held operating reserves. Most PHAs have sufficient reserves to operate projects at a reduced federal funding level in 2020; but, given that operating grants are provided through formula, and because operating reserve levels vary significantly among PHAs, funding reductions will likely have different impacts across individual PHAs.

Although some PHAs may be able to streamline operations, reduce costs, or make use of additional funding flexibility, others may not be able to make such adjustments and risk terminating families or ceasing operations. Thus, to address the potential for public housing program insolvency and continue to house families in public housing units, HUD is proposing \$340 million in shortfall funding, which would be targeted to improve the stability of the most financially distressed PHAs.

## Public Housing Operating Fund

### Emergency and Natural Disaster Reserve

The 2020 Budget includes up to \$10 million for grants to PHAs for capital needs arising from emergency situations or non-Presidentially declared natural disasters. PHAs whose properties suffer damage because of Presidentialy declared natural disasters are eligible to receive funding from the Federal Emergency Management Agency under the Robert T. Stafford Relief Act. Examples of capital needs funded from this set-aside include plumbing replacement, sewer line replacement, foundation stabilization, HVAC replacement, fire alarm replacement, flood abatement and mold removal and repairs, boiler pipe replacement, and emergency window replacement.

### Technical Assistance and Grants for High Risk PHAs

The \$16 million in the 2020 Budget will fund activities related to the recovery of PHA receiverships and prevention of receiverships at high risk and troubled PHAs. This funding will also be used to address deteriorated physical conditions to prevent high risk and troubled PHAs from entering receiverships and preserve affordable housing for the future, an expansion from simply providing technical assistance to PHAs in administrative receivership.

Moreover, up to \$1 million of these funds will be used for targeted technical assistance and administrative costs related to Administrative Receivership oversight, which will include the following: capacity building, conducting assessments, and developing recapitalization strategies for PHAs in administrative receivership with developments whose deep capital needs pose financial and operational risks to the agency.

The remaining funds – at least \$15 million – will be awarded through a competitive process to fund costs associated with capital improvements and repositioning. These funds will assist PHAs in receivership as well as other high risk and troubled PHAs holding limited resources with funds to address their capital needs such as rehabilitation of units (including those that have long-term vacancies), demolition, relocation, securing and maintaining vacant buildings, and mobility counseling to increase successful transitions to new housing.

As evidenced by financial and physical data, there are nearly 700 developments with over 150,000 units in poor physical condition operated by PHAs without the financial resources to address these needs. During any given year, performance scoring under the Public Housing Assessment System (PHAS) identifies over 400 troubled and substandard PHAs, and the number of agencies trending toward substandard performance continues to increase each year due to an aging stock, a growing backlog of capital repairs, and other challenges.

## Public Housing Operating Fund

While the number of PHAs in Administrative Receivership or in HUD possession has been significantly reduced over the past few years, the Department anticipates that there will always be 1-3 agencies in receivership or HUD possession without a mechanism to raise additional capital funding, which is essential to ensuring the long-time viability of physical assets. Depending on the size of an agency and age and degree of disrepair of its public housing portfolio, assistance at an agency with recapitalization needs may cost between \$500,000 - \$7,000,000. Current and past receiverships in Alexander County, IL, Gary, IN, Wellston, MO and East St. Louis, IL indicate insufficient funding to address unit repairs and significant capital needs has been the greatest challenge to implementing effective and timely mitigation strategies, greatly delaying and hindering recovery efforts. The funds outlined in the 2020 Budget will thus provide vulnerable communities with additional resources to recapitalize and stabilize their affordable housing assets.

HUD recognizes the importance of implementing measures to not only help PHAs recover from receivership, but to also prevent receiverships by identifying and addressing physical deficiencies. Ensuring that high risk and troubled agencies have additional resources and recapitalization options will prevent costly receiverships and better preserve affordable housing nationwide.

The funds in the 2020 Budget will help:

- Recover PHAs in receivership through technical assistance and capital funding; and
- Prevent troubled and high risk PHAs from going into receivership by addressing the capital needs of physically distressed public housing units.

## Jobs-Plus Initiative

The 2020 Budget includes up to \$15 million for new Jobs-Plus grants to PHAs. The Jobs-Plus Initiative is an evidence-based strategy for increasing the employment opportunities and earnings of public housing residents through a three-pronged program of employment services, rent-based work incentives, and community support for work.

Among the key accomplishments for the fiscal year 2014 through fiscal year 2017 Jobs Plus grantees:

- Since its inception, Jobs Plus sites report placing 2,783 residents into part-time or full-time employment;
- As a result of the Jobs Plus program, nearly 1,500 individuals have been continuously employed for at least 180 days after placement; and
- Through the Jobs Plus Earned Income Disregard, residents have saved over \$13.5 million in rent payments.

## Public Housing Operating Fund

### Demolition Funding

The \$30 million for Competitive Public Housing Demolition Grants will allow the Department to provide funding to PHAs to facilitate demolition of physically obsolete public housing units and developments. As evidenced by HUD’s capital needs assessment and the needs assessments of individual PHAs, the public housing portfolio has a significant backlog of capital needs—with many housing units and entire public housing developments in a state of such obsolescence or deterioration that rehabilitation of the property is entirely cost-prohibitive, and with demolition evidenced as the only practical solution.

This available funding through the 2020 Budget will address many critical issues, including:

- Removing physically obsolete public housing units that create health and safety hazards for residents, as well as for the surrounding community;
- Removing vacant properties that are sources of criminal activity and which may negatively impact surrounding property values and the community at-large;
- Eliminating the funding obstacle for PHAs that already have HUD approval to demolish obsolete properties;
- Providing the opportunity to offer vacant land marketable for future affordable housing development; and
- Assisting with PHAs’ efforts to transition public housing residential units to a more sustainable physical and financial platform.

### The Future of the Public Housing Program

For PHAs to continue to serve the families currently housed, the 2020 Budget allows for new flexibilities that will enable PHAs to manage their programs in a fiscally responsible manner while mitigating displacement of currently supported households.

For fiscal year 2020, HUD seeks the following:

- Capital and Operating Fund Flexibility: HUD proposes to extend to all PHAs the ability to utilize the Capital and Operating Funds interchangeably, regardless of troubled status and the condition of a PHA’s public housing portfolio. Today, only small PHAs (those with fewer than 250 units) that are not troubled and operate public housing in a safe, clean and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20 percent of the Operating Fund to the Capital Fund and vice versa. HUD proposes full flexibility for all PHAs to use fiscal year 2020 operating subsidies and prior year funding from both the Capital and Operating Funds. This option would enable PHAs to

## Public Housing Operating Fund

focus limited federal resources on local priorities without being constrained by the statutory limitations of each fund. This proposal is included in the budget as General Provision Section 227.

- Waiver Proposal: The President's Budget proposes adding the new provision that provides HUD with the authority to waive or specify alternative requirements for annual plan requirements, energy audits, and community service requirements to reduce costs or provide for the more effective administration of the Public Housing program. This authority will provide PHAs with a number of options for temporary administrative relief that may be tailored to reflect the specific needs of the individual PHA. This proposal is included in the budget as General Provision Section 225.

The 2020 Budget supports asset repositioning and recapitalization options, including:

- \$30 million for new competitive Demolition Grants: As described on page 6 above.
- \$15 million for Repositioning Grants for Troubled PHAs: As described on page 5 above.
- \$100 million to facilitate and enable Rental Assistance Demonstration (RAD) conversions: The funding will support the RAD conversion of public housing units that would not be able to access private financing without additional capital. RAD allows public housing properties to shift to the Section 8 Project-Based Voucher (PBV) and Project-Based Rental Assistance (PBRA) platforms. These project-based Section 8 programs benefit from greater private sector involvement and can leverage private financing for modernization, generally resulting in higher quality housing for the assisted low-income families. Each year, HUD transfers public housing operating and capital funds to the PBRA or TBRA accounts in the amounts necessary to fund the new Section 8 HAP contracts that were entered into in the prior year. (Authority to execute this transfer is provided within Public Law 112-55.) Without any funding appropriated to the Public Housing Capital Fund in 2020, all funds to support the transfers will originate from the Public Housing Fund. More information about this can be found in the RAD justification

In addition to RAD conversion opportunities, HUD is pursuing other actions that would enhance recapitalization and preservation options available to PHAs. Taken together, these opportunities are part of a Departmental Strategic Goal to reposition up to 125,000 units of public housing inventory to a more sustainable platform over the course of fiscal years 2018-2020. While RAD conversions will likely represent the largest part of this repositioning effort, recent administrative actions reflected in Public and Indian Housing Notices for Section 18/Demolition and Disposition (FY 2018) and for Section 22/Streamlined Voluntary Conversion (FY 2019) will allow PHAs additional options to reposition public housing units and protect tenants through voucher-based assistance.

## Public Housing Operating Fund

HUD will also be exploring ways to streamline and improve the existing public housing program for PHAs that choose to continue to operate public housing assets in the current program.

The flexibilities, funding, and administrative items described above are the initial steps in a broader Departmental strategy to improve Public Housing asset recapitalization options and encourage local choice. The Department looks forward to working with Congress and stakeholders to get feedback and effectuate the vision for the Public Housing program.

## Cross-Cutting Rent Reform Proposal

The 2020 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance. The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration:* The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation:* HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe-harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.
3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the nation. These

## Public Housing Operating Fund

alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

In addition, the 2020 Budget proposes uniform work requirements for households able to work. Consistent with Administration policy, the requirement would allow for work-seeking and preparation activities and would exempt the elderly, persons with disabilities, those caring for a family member with a disability or small child, and pregnant women. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving To Work PHAs on effective ways to promote self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

### **General Provisions**

The 2020 Budget includes General Provisions related to the Operating Fund (Sec. 214, 215, 225, and 227). These provisions are described further in “Fiscal Year 2020 General Provisions”.

### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative change that will result in programmatic improvements. HUD will seek this change through the authorization process rather than the appropriations process.

- **Housing Opportunity Through Modernization Act of 2016 (HOTMA) Replacement Housing Fix:** This proposal amends the HOTMA provision that allows certain formerly federally assisted projects to be exempt from the normally applicable project-based voucher (PBV) PHA program cap and income-mixing requirements. The proposal would provide greater flexibility to PHAs in addressing the preservation needs of their community by allowing these same exemptions to apply to a PBV new construction project that is replacing the previously federally assisted project at a different site.

Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING  
PUBLIC HOUSING OPERATING FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Operating Subsidy	4,550,000	752,851	5,302,851	4,766,660	4,550,000	399,170	4,949,170	2,792,000
Competitive Demolition Grants	-	-	-	-	-	-	-	30,000
Emergency Disaster Reserve	-	-	-	-	-	-	-	10,000
Administrative and Judicial Receiverships	-	-	-	-	-	-	-	16,000
Shortfall Prevention	-	-	-	-	-	-	-	[340,000]
Jobs Plus Initiative	-	-	-	-	-	-	-	15,000
Rental Assistance Demonstration (transfer)	-	(137,245)	(137,245)	-	-	(93,147)	(93,147)	-
<b>Total</b>	<b>4,550,000</b>	<b>615,606</b>	<b>5,165,606</b>	<b>4,766,660</b>	<b>4,550,000</b>	<b>306,023</b>	<b>4,856,023</b>	<b>2,863,000</b>

## Public Housing Operating Fund

### **PUBLIC AND INDIAN HOUSING PUBLIC HOUSING OPERATING FUND Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For 2020 payments to public housing agencies (PHAs) for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)), and for other purposes as specified under this heading, \$2,863,000,000, to remain available until September 30, 2021 (except as otherwise specified under this heading): Provided, That notwithstanding any other provision of law or regulation, of the total amount available under this heading, \$340,000,000 shall be available to the Secretary to allocate pursuant to a need-based application process not subject to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations to PHAs that experience financial insolvency, as determined by the Secretary: Provided further, That after all such insolvency needs are met, the Secretary may distribute any remaining funds to all PHAs on a pro-rata basis pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations: Provided further, That of the total amount made available under this heading, no less than \$30,000,000 shall be available until September 30, 2023 for competitive grants to PHAs for demolition, and the associated relocation and administrative costs, of the most distressed public housing units: Provided further, That of the total amount made available under this heading, up to \$16,000,000 shall be available until September 30, 2023 to support the costs of administrative and judicial receiverships, and for competitive grants to PHAs in receivership, designated troubled or substandard, or otherwise at risk, as determined by the Secretary, for costs associated with public housing asset improvement, repositioning or recapitalization, in addition to other amounts for that purpose provided under any heading under this title: Provided further, That of the total amount made available under this heading, not to exceed \$10,000,000 shall be available until September 30, 2023 for the Secretary to make grants, notwithstanding section 203 of this Act, to PHAs for emergency capital needs resulting from unforeseen or unpreventable emergencies and natural disasters excluding Presidentially-declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) occurring in fiscal year 2020: Provided further, That of the total amount made available under this heading, up to \$15,000,000 shall be available until September 30, 2023 for a Jobs-Plus initiative modeled after the Jobs-Plus demonstration: Provided further, That funding under the previous proviso shall be available for competitive grants to partnership between PHAs, local workforce investment boards established under section 107 of the Workforce Innovation and Opportunity Act of 2014 (29 U.S.C. 3122), and other agencies and organizations that provide support to help public housing residents obtain employment and increase earnings: Provided further, That applicants must demonstrate the ability to provide services to residents, partner with workforce investment boards, and leverage service dollars: Provided further, That the Secretary may allow PHAs to request exemptions from rent and income limitation requirements under sections 3 and 6 of the United States Housing Act of 1937 (42 U.S.C. 1437a and 1437d) as necessary to*

## Public Housing Operating Fund

*implement the Jobs-Plus program, including earned income disregards, on such terms and conditions as the Secretary may approve upon a finding by the Secretary that any such or alternative requirements are necessary for the effective implementation of the Jobs-Plus initiative as a voluntary program for residents: Provided further, That the Secretary shall publish by notice in the Federal Register any waivers or alternative requirements pursuant to the preceding two provisos no later than 10 days before the effective date of such notice: Provided further, That the amount of any reduced tenant rent payments due to the implementation of rent incentives as authorized pursuant to such waivers or alternative requirements shall be factored into the PHA's general operating fund eligibility pursuant to part 990 of title 24, Code of Federal Regulations, and shall not be charged against the competitive grant amounts.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**PUBLIC AND INDIAN HOUSING**  
**CHOICE NEIGHBORHOODS**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	150,000	137,000	-	287,000	152,594	57,941
2019 Annualized CR	150,000	134,406	-	284,406	150,000	162,000
2020 Request	-	134,000	-	134,000	-	134,000
Change from 2019	(150,000)	(406)	-	(150,406)	(150,000)	(28,000)

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests no funding for the Choice Neighborhoods program. The 2020 Budget recognizes a greater role for state and local governments, the private sector, and non-profits to address community and economic development needs in localities across the nation. Thus, HUD will continue to seek ways to partner with these governmental and private entities to adopt policies and reduce regulatory barriers that would allow communities to transform neighborhoods and unleash the potential of their residents.

Choice Neighborhoods provided two types of federal grants: 1) planning and action grants which supported the development of comprehensive transformation strategies along with critical community improvement projects, and 2) implementation grants, which allowed communities to put plans for neighborhood revitalization into effect. As of December 2018, there were 16 active Planning Grants and 23 active Implementation Grants. HUD will continue to monitor current grantees and provide existing projects with assistance as needed.

Choice Neighborhoods

**PUBLIC AND INDIAN HOUSING  
CHOICE NEIGHBORHOODS  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Choice Neighborhoods Grants	150,000	137,000	287,000	152,594	150,000	134,406	284,406	-
<b>Total</b>	<b>150,000</b>	<b>137,000</b>	<b>287,000</b>	<b>152,594</b>	<b>150,000</b>	<b>134,406</b>	<b>284,406</b>	<b>-</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**PUBLIC AND INDIAN HOUSING**  
**FAMILY SELF-SUFFICIENCY**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	75,000	75,000	-	150,000	74,996	71,077
2019 Annualized CR	75,000	75,000	-	150,000	150,000	74,000
2020 Request	75,000	-	-	75,000	75,000	75,000
Change from 2019	-	(75,000)	-	(75,000)	(75,000)	1,000

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$75 million for the Family Self-Sufficiency (FSS) program, which is equal to the 2019 Annualized Continuing Resolution (CR) level. The purpose of the FSS program is to promote local strategies that draws public and private resources, enabling families to increase earned income and financial literacy, and reduce or eliminate the need for welfare assistance. It also leverages funds provided for coordinators’ salaries with an array of services provided by other state, city and local programs for training, counseling and other supportive services, which ultimately enables program participants to increase their earned income, and decrease or eliminate the need for rental assistance.

**2. Request**

The President’s Budget requests \$75 million to support approximately 1,300 FSS Coordinators, who will provide services to approximately 74,000 families. The program funds FSS Coordinators to help participants achieve employment goals and accumulate assets. The FSS Coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and supportive services. These services may include child care, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial literacy, asset-building skills, and homeownership counseling among others. The role of the FSS Coordinator is essential to the success of the FSS program. HUD also continues to

## Family Self-Sufficiency Program

support account language allowing private owners of multi-family properties with a Section 8 contract to voluntarily start an FSS program.

The overarching goals of the FSS program include:

- Higher savings, earnings, and employment rates among program participants;
- Reduced debt, higher education attainment, and improvement in credit scores; and
- Participants graduating from the program do not require Temporary Assistance to Needy Families (TANF) assistance and their need for rental assistance is decreased or eliminated.

### **3. Justification**

Enacted in 1990 and having enjoyed bi-partisan support since then, the FSS has remained a pivotal program helping families in Public Housing, the Housing Choice Voucher (HCV) program and some Project-Based Section 8 properties make progress toward economic security by combining stable affordable housing with coordination of services to support work and a rent incentive in the form of an escrow account that grows as families' earnings increase. The program helps families set 5-year goals to achieve economic security and economic independence. Through FSS, participants become and stay employed, become independent of TANF assistance, and increase their income level. Graduating participants gain access to the escrow account established in their name. The graduating participants also decrease or eliminate the need for rental assistance, and more resources are made available to serve more families over time.

The success of the program in promoting the economic security and self-sufficiency of Public Housing and HCV participants is demonstrated by local communities achieving the following outcomes covering July 2017 to June 2018:

- Over 74,000 households actively participate in the program;
- 5,422 families successfully completed their FSS contracts and graduated;
- 100 percent of graduating families did not require temporary cash assistance (TANF/welfare);
- 47 percent of graduates have escrow savings at graduation, at an average of approximately \$7,700; 63 percent of participants earn escrow while in the program, and may use it towards reaching their self-sufficiency goals;
- 1,593 FSS program graduates (29 percent of graduates) exited rental assistance within one year of leaving the FSS program; and
- 624 FSS program graduates (12 percent of graduates) went on to purchase a home.

## Family Self-Sufficiency Program

The following is an actual example of outcomes for program graduates and their families:

G.S., from the Washington, DC area, battled addiction and homelessness before becoming a public housing resident, working as housekeeper at a hotel and convention center. Living in a high high-cost city, where the fair market rent for a two-bedroom apartment exceeds \$1,600, he was barely earning enough to get by even with housing assistance. He was, however, determined to pursue his dream of becoming a homeowner.

G.S. enrolled in the FSS program, participated in credit counseling, financial literacy courses, and a first-time homebuyer workshop. During his three-year participation in the program, he was promoted to guest services engineer, increased his income by \$22,000 (a 57 percent increase from program entry) and accrued enough in escrow savings for a down payment on a townhome. He continued pursuing another dream: entrepreneurship. He purchased a pickup truck to start his own moving and hauling business and is now also a proud small business owner.<sup>1</sup>

### Cost-Effectiveness

The FSS program is cost-effective in that it does not directly fund the wrap-around services utilized by residents to achieve self-sufficiency. Grants to PHAs are for one year, and cover primarily the coordinator's salary, while all services are funded by partners. Residents benefit from an array of services leveraged from State, city and local programs by the Coordinators. HUD capitalized on its appropriations since 2015 to further the efficiencies of the program by not only serving HCV and Public Housing residents, but also by expanding eligibility to residents in the Project-Based Rental Assistance (PBRA) program. This expansion continues to allow PBRA owners to voluntarily make the FSS program available to their residents and to use residual receipts to support the program to assist families.

HUD also awarded a Research Partnership to Abt Associates for half of the cost, to evaluate the partnership model in place between Compass Working Capital and several PHAs in Massachusetts. The Oak Foundation provided a grant to Compass to cover the other half of the evaluation costs. As part of that study, Abt Associates conducted a cost-benefit analysis that showed “participants in the Compass FSS program gained more than \$10,000 in increased income over a five-year period as a result of participation in the program, at a net cost to the government of only \$276 per participant. The \$10,000 figure accounts for reductions to participants’

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<sup>1</sup> Other success stories can be found in the "25 Years of the Family Self-Sufficiency Program: Families Working, Families Prospering" summary beginning on page 6. <https://www.hudexchange.info/programs/fss/25-years/>

## Family Self-Sufficiency Program

federal benefits, such as federal welfare benefits, as their earnings improved. These reductions, along with other cost savings, offset 97 percent of the cost of administering the programs.”<sup>2</sup>

### Evaluating Program Success

To further evaluate and expand upon prior study results, HUD's Office of Policy Development and Research (PD&R) continues to undertake a longitudinal, randomized controlled study of the FSS program. PD&R has entered a collaboration with the foundation community to more robustly test various FSS models. The Department intends to support the FSS program through the period of the study with the commitment to fully consider modifying the program based on the research results.

Preliminary findings in a randomized control trial of the FSS program, as well as two alternative strategies conducted by MDRC in New York City, warranted further study. Early reports showed that the FSS program combined with an immediate cash incentive for full-time work resulted in a statistically significant effect for those that were unemployed when they entered the study. In addition, the standard FSS program and the immediate cash incentive for work by itself showed an earnings gain for participants who are receiving Supplemental Nutrition Assistance Program (SNAP) benefits.<sup>3</sup> Nonetheless, additional research would likely still be needed to determine if these study results are sustained and replicable.

In support of this effort to study the external (statistical) validity of the program, HUD commissioned MDRC in March 2012 to conduct a national impact evaluation of FSS. The national evaluation was set to end in September 2018, allowing for roughly 36 months of post-random assignment follow up. However, the timeframe of the evaluation has now been extended to cover the full five years of a standard FSS contract of participation with a final report due in 2022. Findings for the first 36 months indicate no statistically significant change in earned income for FSS participants vs. the control group, however, they do show a significantly higher uptake of services in the FSS group. These findings at this stage of the program are consistent with the program design.

The Compass study showed positive outcomes on income growth for both unemployed and employed families, showed an impact on non-head-of-household family members, and significant asset growth. It also showed that a smaller escrow contribution ration (50 percent of rent increase instead of 100 percent) did not diminish outcomes.<sup>4</sup> These evaluations, combined with findings from the longitudinal study, will provide practitioners valuable information on the successful and challenging components of the program, and allow HUD to make evidence-based improvements to FSS.

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<sup>2</sup> <https://www.abtassociates.com/insights/publications/report/interim-cost-benefit-analysis-of-the-compass-family-self-sufficiency>

<sup>3</sup> <http://www.mdrc.org/publication/working-toward-self-sufficiency>

<sup>4</sup> <https://www.abtassociates.com/insights/perspectives-blog/asset-building-model-for-huds-family-self-sufficiency-program-shows>

## Family Self-Sufficiency Program

In addition to current evaluation efforts, HUD's PD&R conducted a study of FSS participant outcomes from 2005 to 2009. The 2011 report found that during that period, program graduates were more likely to be employed and had higher incomes than non-program graduates. The average annual income for FSS graduates had increased from \$19,902 to \$33,390.<sup>5</sup> The first national evaluation of FSS conducted by HUD, which covered the period from 1996-2000, revealed that the median income for FSS families increased 72 percent during participation in the FSS program, while a similar group of non-FSS participants' median incomes increased by only 36 percent during the same period.<sup>6</sup> Even though this study showed a positive impact of the program, it did not control for self-selection bias and thus warrants further program evaluation efforts that HUD is currently completing.

### Program Improvements

HUD has undertaken improvements to the FSS program to further assist grantees and increase accountability. Such improvements include a variety of guidance and training for grantees. For example, HUD made available in May 2017: (1) an FSS Promising Practices Guidebook that includes guidance on outreach and goal setting, case management/coaching, increasing residents' earnings, building assets and financial capability, and building effective FSS infrastructure; and (2) online training, based on the guidebook, that was made mandatory for all funded FSS programs starting with FY 2018. The development of this guidebook and training was supported by the McArthur Foundation.

Moreover, in a Federal Register notice dated November 15, 2018, HUD issued the Final Notice of the Performance Measurement System<sup>7</sup> for the FSS program that evaluates currently-funded FSS programs in the following areas: increase in earned income as compared to similar non-FSS families at the PHA; FSS graduation rates; and rates of participation in the FSS program. The Department will begin to use the scores in the FY 2019 NOFA competition.

Additionally, Congress re-authorized the FSS program in Section 306 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (Public Law No: 115-174) in 2018. HUD is developing appropriate regulations to implement the statute.

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<sup>5</sup> <https://www.abtassociates.com/insights/perspectives-blog/asset-building-model-for-huds-family-self-sufficiency-program-shows>

<sup>6</sup> Lubell, Jeff. HUD Program Evaluation Confirms FSS' Success in Promoting Self-Sufficiency and Asset-Building. 2004. Available on the Internet at: <http://portal.hud.gov/hudportal/documents/huddoc?id=fssevalsummary.pdf>. Robert C. Ficke and Andrea Piesse. Evaluation of the Family Self-Sufficiency Program, Retrospective Analysis, 1996 to 2000. 2005. Prepared by WESTAT, in collaboration with Johnson, Bassin and Shaw, for the U.S. Department of Housing and Urban Development. Available on the Internet at: <https://www.huduser.gov/portal/publications/selfsufficiency.pdf>.

<sup>7</sup> <https://www.federalregister.gov/documents/2018/11/15/2018-24949/family-self-sufficiency-performance-measurement-system-composite-score>

Family Self-Sufficiency Program

**PUBLIC AND INDIAN HOUSING  
FAMILY SELF-SUFFICIENCY  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Grants	75,000	75,000	150,000	74,996	75,000	75,000	150,000	75,000
Total	75,000	75,000	150,000	74,996	75,000	75,000	150,000	75,000

Family Self-Sufficiency Program

**PUBLIC AND INDIAN HOUSING  
FAMILY SELF-SUFFICIENCY PROGRAM  
Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For the Family Self-Sufficiency program to support family self-sufficiency coordinators under section 23 of the United States Housing Act of 1937, to promote the development of local strategies to coordinate the use of assistance under sections 8 and 9 of such Act. Account with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency, \$75,000,000, to remain available until September 30, 2022: Provided, That the Secretary may, by Federal Register notice, waive or specify alternative requirements under subsections b(3), b(4), b(5), or c(1) of section 23 of such Act in order to facilitate the operation of a unified self-sufficiency program for individuals receiving assistance under different provisions of the Act, as determined by the Secretary: Provided further, That owners of a privately owned multifamily property with a section 8 contract may voluntarily make a Family Self-Sufficiency program available to the assisted tenants of such property in accordance with procedures established by the Secretary: Provided further, That such procedures established pursuant to the previous proviso shall permit participating tenants to accrue escrow funds in accordance with section 23(d)(2) and shall allow owners to use funding from residual receipt accounts to hire coordinators for their own Family Self-Sufficiency program.*

*Note. —A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANT  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	755,000	50,658	-	805,658	682,100	635,046
2019 Annualized CR	755,000	123,558	-	878,558	685,000	614,698
2020 Request	600,000	193,558	-	793,558	641,000	589,555
Change from 2019	(155,000)	70,000	-	(85,000)	(44,000)	(25,143)

Note: The table above reflects only discretionary budget authority; mandatory authority for upward credit re-estimates is excluded.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget request for Native American Housing Block Grants is \$600 million, which is \$155 million below the 2019 Annualized Continuing Resolution (CR) level. The two programs funded under this account are the Indian Housing Block Grant (IHBG) program, and the Federal Guarantees for Financing Tribal Housing Activities program, also known as the Title VI Loan Guarantee program. The IHBG program funds a wide range of affordable housing activities in Indian Country. The Title VI Loan Guarantee program assists IHBG recipients to finance affordable housing construction and related community development.

**2. Request**

The request includes \$598 million for the IHBG program, which is the principal means by which the United States fulfills its trust obligations to low-income American Indian and Alaska Natives by providing them with resources for safe, decent, and sanitary housing. Eligible IHBG recipients are federally recognized Native Americans, Indian Tribes, and tribally designated housing entities (TDHEs), and a limited number of state-recognized Indian Tribes.

## Native American Housing Block Grants

The request also includes \$2 million for the Title VI Loan Guarantee program, which encourages private lenders to finance tribal housing development activities. An Indian Tribe or TDHE pledges its IHBG grants as security to leverage critical private financing to fund large-scale housing projects. HUD has updated its credit model for Title VI, which will allow HUD to nearly double the value of loans guaranteed from \$17 million to \$32 million.

### **3. Justification**

#### **IHBG Program**

The IHBG program is the single largest source of funding for housing in Indian Country, where safe, decent, affordable housing is desperately needed. Flexibility inherent in this self-determination program enables Indian Tribes to design, develop, and operate their own affordable housing programs based on local needs and customs. IHBG funds can be leveraged and used as a catalyst for community and economic development. The program substantially contributes to stabilizing communities and building healthy economies within American Indian and Alaska Native communities, many of which are in rural areas. Grant awards are distributed annually, by formula, to eligible Indian Tribes and TDHEs, to fund a wide range of affordable housing activities that primarily benefit low-income Native American families living in Indian Country. During the last decade, individual grants have ranged in size from about \$50,000 to about \$94 million, with a median grant of about \$269,000.

The IHBG allocation formula, developed in consultation with Indian Tribes under statutorily mandated negotiated rulemaking, is based on need and the number of existing housing units that were funded under the U.S. Housing Act of 1937 (before the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) was enacted). Need is calculated using several weighted factors, such as the local population's income levels, condition of existing housing, and level of local housing costs. In November 2016, HUD published a Final Rule that marked the completion of three years of work by the negotiated rulemaking committee charged with developing regulatory changes to the allocation formula of the IHBG program. Starting in FY 2018, the formula data are drawn from the Decennial Census and the American Community Survey, with adjustments to spread the impact on individual grantees' yearly funding levels over several years.

In fiscal year 2018, IHBG funds were used to build or acquire 777 affordable housing units, and substantially rehabilitate another 4,747 units. Additionally, Indian Tribes used IHBG funds to operate, maintain, and renovate approximately 37,325 units originally developed under the U.S. Housing Act of 1937. Since the inception of the IHBG program, recipients have built or acquired more than 40,000 affordable housing units and rehabilitated more than 92,000 units. Since fiscal year 2013, the program has also helped more than 3,000 families become homeowners by funding such costs as down payment assistance and closing costs.

## Native American Housing Block Grants

Federal investment in the IHBG program is critical to ensure the health and safety of tribal communities. In January 2017, HUD published *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, a report was based on the results of the most comprehensive, national study of housing needs in Indian Country conducted since the enactment of NAHASDA. The study found that the physical housing problems for Indian households in tribal areas are much more severe than for U.S. households on average. It estimated that between 42,000 and 85,000 Native Americans are “doubled up,” which, in other words, is meant to be living with family or friends because they have no place else to stay and would otherwise be staying in a homeless shelter, a place not meant for human habitation, or living on the streets. In tribal areas, homelessness often translates into overcrowding, and 68,000 units of new affordable housing are needed to replace substandard or overcrowded units. With few exceptions, American Indian and Alaska Native communities rank below other groups when comparing statistical indicators of social and economic well-being, including poverty rates.

The 2017 study also found that, under NAHASDA, Indian Tribes have matched or exceeded the previous rate of assisted housing production that was accomplished under predecessor HUD programs (before 1998). Tribal leaders and administrators that were interviewed for the study almost uniformly prefer operations under NAHASDA to the prior system. The tenets of the tribal self-determination policy, as embodied in the IHBG program, give Indian Tribes greater flexibility to tailor their affordable housing programs to their local needs, and determine what types of services, programs and projects they will carry out. This approach has worked well in Indian Country, where geographies, climates, customs, resources, and economic conditions vary widely.

Separately, researchers also found ample evidence of partnerships among Indian Tribes and other community stakeholders, not only to leverage funds, but also to provide homebuyer education, teach home maintenance, improve home energy efficiency, and provide training and employment in the building trades. To further these goals, HUD continues to work diligently to disseminate information on best practices and strategies to leverage funds to allow Indian Tribes and TDHEs to learn best practices from each other and improve housing conditions in Indian Country.

### **Title VI Loan Guarantee Program**

As of September 30, 2018, a cumulative total of 101 loans worth \$245 million have been guaranteed to fund affordable housing and housing-related community development projects. Historically, private lenders have been hesitant to provide much needed capital on tribal lands. Programs like the Title VI Loan Guarantee program allow Indian Tribes and TDHEs to overcome these lending barriers by using their IHBG funds as collateral to leverage private capital. This request includes \$2 million to be set aside as a credit subsidy to support loan guarantee authority of \$32 million.

## Native American Housing Block Grants

### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. These legislative changes will modify HUD's authority to address unexpended IHBG funds, hearing procedures, and misallocated funds. The Department intends to seek these legislative changes as part of the ongoing NAHASDA Reauthorization process.

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANT  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Formula Grants	646,000	41,735	687,735	674,937	646,000	12,799	658,799	598,000
Loan Guarantee - Title VI (Credit Subsidy)	2,000	1,833	3,833	241	2,000	3,591	5,591	2,000
Technical Assistance	3,500	3,590	7,090	3,422	3,500	5,168	8,668	-
National or Regional Organization	3,500	3,500	7,000	3,500	3,500	2,000	5,500	-
Competitive Grants	100,000	-	100,000	-	100,000	100,000	200,000	-
<b>Total</b>	<b>755,000</b>	<b>50,658</b>	<b>805,658</b>	<b>682,100</b>	<b>755,000</b>	<b>123,558</b>	<b>878,558</b>	<b>600,000</b>

Native American Housing Block Grants

**PUBLIC AND INDIAN HOUSING  
NATIVE AMERICAN HOUSING BLOCK GRANT  
Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), \$600,000,000, to remain available until September 30, 2024: Provided, That, notwithstanding NAHASDA, to determine the amount of the allocation under title I of such Act for each Indian tribe, the Secretary shall apply the formula under section 302 of such Act with the need component based on single-race census data and with the need component based on multi-race census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts: Provided further, That of the amount provided under this heading, \$2,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: Provided further, That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed \$32,000,000.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental / Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	1,000	8,879	-	9,879	2,450	2,450
2019 Annualized CR	1,000	7,751	-	8,751	3,000	3,000
2020 Request	2,500	6,500	-	9,000	2,000	2,000
Change from 2019	1,500	(1,251)	-	249	(1,000)	(1,000)

Note: The table above reflects only discretionary budget authority; mandatory authority for upward reestimates and interest is excluded.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget request for the Indian Housing Loan Guarantee program (also known as the Section 184 program) is \$2.5 million, which is \$1.5 million more than the 2019 Annualized Continuing Resolution (CR) level. When combined with prior-year balances, HUD will be able to support the demand for Section 184 loans.

The Section 184 program is a loan guarantee program that facilitates homeownership and increases access to capital for Native Americans, Indian tribes, and tribally designated housing entities (TDHEs).

**2. Request**

The budget requests \$2.5 million in budget authority and \$1.0 billion in new commitment authority to support new loan guarantees. Through the Section 184 program, HUD provides an incentive for private lenders to make market-rate home mortgages available to Native Americans by guaranteeing 100 percent of the unpaid principal and interest due in the event of a loan default. Section 184 also increases the supply of housing in Indian Country, which helps relieve overcrowding.

## Indian Housing Loan Guarantee Fund (Section 184)

The request also includes \$500,000 for administrative contract expenses, including management processes and systems, to carry out the program.

### **3. Justification**

The Section 184 program is the primary vehicle to access mortgage capital in Indian Country. The program allows eligible borrowers from across the income spectrum the opportunity to purchase quality housing by guaranteeing home mortgages provided by private lenders. Indian tribes and TDHEs can also use the program to diversify the type of housing in Indian Country by developing housing for homeownership or as long-term rentals, without affordability restrictions.

The Section 184 program maximizes a relatively minimal federal investment by insuring approximately 4,000 loans each year and by expanding markets for lenders. The program provides an incentive for private lenders to market loans to this traditionally underserved population by guaranteeing 100 percent repayment of the unpaid principal and interest due in the event of default. Lenders get the guarantee by making mortgage loans to purchase, construct, refinance, and rehabilitate single-family homes on trust or restricted land, in tribal areas of operation, as well as on fee simple land.

In January 2017, HUD published *Mortgage Lending on Tribal Land*, a report showing that the Section 184 program has helped address the functional market barrier to private lending presented by tribal trust land. Historically, Native Americans have had limited retail banking opportunities and limited access to private mortgage capital primarily because much of the land in Indian Country is held in trust by the federal government. Before a lien can be placed on a property, it must receive federal approval through the Department of the Interior's Bureau of Indian Affairs.

To meet program demand and reduce reliance on federal appropriations, HUD started collecting a 1.5 percent up-front fee in 2014 and a 0.15 percent annual fee starting in 2015. In 2017, HUD increased the annual fee to 0.25 percent while keeping the up-front fee at 1.5 percent.

In 2018, almost 3,200 loans worth approximately \$583.0 million were guaranteed. As of September 30, 2018, a cumulative total of over 43,000 loans worth over \$7.1 billion have been guaranteed.

## Indian Housing Loan Guarantee Fund (Section 184)

### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. This legislative change will support added authority to improve the performance and accountability of the Section 184 program, including indemnification from lenders participating in the direct loan guarantee program and to allow lenders to be terminated from the program. Lenders participating in the Section 184 program are able to underwrite loans for closing without prior HUD review. When lenders close loans that do not comply with Section 184 requirements, indemnification authority would give HUD the option of requiring them to indemnify HUD for any losses suffered. Lenders could also be terminated from the program if it is determined that they pose an unacceptable risk to the program. HUD will seek the above changes, as part of the ongoing Native American Housing Assistance and Self-Determination Act reauthorization process, for sound business reasons and to address outstanding Office of Inspector General findings.

Indian Housing Loan Guarantee Fund (Section 184)

**PUBLIC AND INDIAN HOUSING  
INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Loan Guarantee Credit Subsidy	250	5,664	5,914	2,139	250	3,987	4,237	2,000
Land Title Report Commission	-	99	99	-	-	99	99	-
Loan Guarantee Contracts	750	3,116	3,866	201	750	3,665	4,415	500
<b>Total</b>	<b>1,000</b>	<b>8,879</b>	<b>9,879</b>	<b>2,340</b>	<b>1,000</b>	<b>7,751</b>	<b>8,751</b>	<b>2,500</b>

Indian Housing Loan Guarantee Fund (Section 184)

**PUBLIC AND INDIAN HOUSING**  
**INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)**  
**Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), \$2,500,000, to remain available until expended: Provided, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, up to \$1,000,000,000, to remain available until expended: Provided further, That up to \$500,000 of this amount may be for administrative contract expenses including management and systems to carry out the loan guarantee program.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN HOUSING BLOCK GRANT  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental / Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	2,000	2,527	-	4,527	4,339	2,058
2019 Annualized CR	2,000	188	-	2,188	2,070	2,381
2020 Request	-	118	-	118	118	2,628
Change from 2019	(2,000)	(70)	-	(2,070)	(1,952)	247

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests no funding for the Native Hawaiian Housing Block Grant program (NHHBG), which is \$2 million less than the 2019 Annualized Continuing Resolution (CR) level. The NHHBG program funds a wide range of affordable housing activities on Hawaiian home lands and the State of Hawaii’s Department of Hawaiian Home Lands (DHHL) is the sole recipient of NHHBG funds.

**2. Request**

The 2020 President’s Budget does not request funding for the NHHBG program. DHHL began fiscal year 2019 with an obligated, unexpended balance of \$16 million. A portion of those funds are anticipated to be spent this year, but DHHL have sufficient funds to maintain operations in 2020.

**3. Justification**

Under the NHHBG program, DHHL can carry out affordable housing activities for the benefit of low-income Native Hawaiian families residing on Hawaiian home lands. These lands are typically located in rural areas with steep terrain that make them difficult

## Native Hawaiian Housing Block Grant

to access and develop, and such geographic constraints, in turn, contribute to the already high cost of building housing and the necessary infrastructure in these areas.

In 2015, Native Hawaiians and other Pacific Islanders accounted for only 10 percent of the State's population, yet 39 percent of the state's overall homeless population. In addition, Native Hawaiians have lower incomes, higher poverty rates, and lower educational attainment rates than other residents of Hawaii.<sup>1</sup> DHHL projects can help alleviate the problem; however, the development process can be lengthy due to environmental reviews, procurement of construction contracts, compliance with local building permit requirements, and the installation of streets, drainage, water, sewer, and utilities.

Between 2002 and 2018, DHHL used NHHBG funds to support the building, acquisition, and rehabilitation of 691 affordable homes. Approximately 693 lots have been improved with infrastructure to support the construction of affordable homes. At the same time, three community centers have been rehabilitated to provide housing services to affordable housing residents. Housing services, such as pre- and post-homebuyer education, financial literacy training, and self-help home repair training to sustain safe, decent, occupant-owned housing have been provided to more than 2,080 families.

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<sup>1</sup> Hawaiian Needs of Native Hawaiians, A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs. May 2017. <http://www.huduser.gov/portal/publications/housing-needs-native-hawaiians.html>

Native Hawaiian Housing Block Grant

**PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN HOUSING BLOCK GRANT  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Grants	2,000	2,000	4,000	4,000	2,000	-	2,000	-
Technical Assistance	-	527	527	339	-	188	188	-
<b>Total</b>	<b>2,000</b>	<b>2,527</b>	<b>4,527</b>	<b>4,339</b>	<b>2,000</b>	<b>188</b>	<b>2,188</b>	<b>-</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	-	5,926	-	5,926	-	-
2019 Annualized CR	-	5,926	-	5,926	-	-
2020 Request	-	5,926	-	5,926	-	-
Change from 2019	-	-	-	-	-	-

Note: The table above reflects only discretionary budget authority; mandatory authority for upward reestimates and interest is excluded.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests no funding for the Native Hawaiian Loan Guarantee Fund (also known as the Section 184A program), which remains equal to the 2019 Annualized Continuing Resolution (CR) level. Since 2017, the program has operated on a negative subsidy basis; thus, no new budget authority is necessary to support the demand for Section 184A loans.

**2. Request**

The Section 184A program offers Native Hawaiians homeownership, property rehabilitation and new construction opportunities on Hawaiian home lands. By incentivizing private lenders with a 100 percent guarantee in the event of a loan default, the Section 184A program increases access to private financing. Since the program can operate from funds generated from guaranteeing loans, it does not require new budget authority; the program also has sufficient carryover commitment authority to maintain program levels.

**3. Justification**

Rates of overcrowding on the Hawaiian home lands are higher than rates for Native Hawaiians state-wide. Recent studies reveal that about 19 percent of home land households were overcrowded when compared with 15 percent of Native Hawaiian households state-

## Native Hawaiian Housing Loan Guarantee Fund (Section 184A)

wide.<sup>1</sup> The Section 184A program makes it possible for eligible borrowers to access private mortgage capital for acquiring, constructing, and rehabilitating homes on Hawaiian home lands. In addition, it allows the State of Hawaii's Department of Hawaiian Home Lands (DHHL) to diversify housing on the Hawaiian home lands by building new homeownership and rental housing without affordability restrictions.

The program expands the market for lenders and ensures access to private-market mortgages for a traditionally underserved population. Private financing is used to cover construction or acquisition costs, while federal funding is used only to guarantee payment in the event of a default. Eligible borrowers include Native Hawaiian families who are eligible to reside on the Hawaiian home lands, DHHL, the Office of Hawaiian Affairs, and private non-profit organizations experienced in the planning and development of affordable housing for Native Hawaiians.

The existence of the Hawaiian home lands is a distinctive feature of the housing situation for members of the Native Hawaiian community. The home lands are managed by DHHL with oversight of the state's management provided by the U.S. Department of the Interior. Hawaii established a homesteading program in 1921 to support the self-sufficiency and well-being of the Native Hawaiian people. These public trust lands are meant to be leased to eligible Native Hawaiian community members for residential, agricultural, and pastoral purposes in homestead communities. However, the trust status of the land prevented most lenders from providing mortgages, as trust land cannot be used as collateral. The Section 184A program helps to address this problem by providing a 100 percent guarantee to lenders in cases of default.

In fiscal year 2018, 51 loans worth approximately \$14.0 million were guaranteed. As of September 30, 2018, a cumulative total of 650 loans worth \$166.0 million have been guaranteed.

### **Legislative Proposals**

The 2020 President's Budget continues to support added authority to improve the performance and accountability of the Section 184A program, including indemnification from lenders participating in the direct loan guarantee program, and to allow lenders to be terminated from the program. Lenders participating in the Section 184A program are able to underwrite loans for closing without prior HUD review. Indemnification authority would permit HUD to require the lender to accept the loss rather than the taxpayers when the lender closes noncompliant loans in the Section 184 program. Lenders could also be terminated from the program if it is determined that they pose an unacceptable risk to the program. The 2019 Budget included these changes as General Provisions, but HUD will

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<sup>1</sup> Housing Needs of Native Hawaiians: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs, May 2017. <https://www.huduser.gov/portal/publications/housing-needs-native-hawaiians.html>

Native Hawaiian Housing Loan Guarantee Fund (Section 184A)

seek the changes, as part of the ongoing Native American Housing Assistance and Self-Determination Act reauthorization process, for sound business reasons and to address related Office of Inspector General concerns regarding the Section 184A program.

Native Hawaiian Housing Loan Guarantee Fund (Section 184A)

**PUBLIC AND INDIAN HOUSING  
NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryove r Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Loan Guarantee Credit Subsidy	-	5,926	5,926	-	-	5,926	5,926	-
<b>Total</b>	-	5,926	5,926	-	-	5,926	5,926	-

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
COMMUNITY PLANNING AND DEVELOPMENT  
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	375,000	292,380	-	667,380	494,721	351,535
2019 Annualized CR	375,000	172,659	-	547,659	398,012	361,301
2020 Request	330,000	149,647	-	479,647	349,313	379,682
Change from 2019	(45,000)	(23,012)	-	(68,012)	(48,699)	18,381

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$330 million for HOPWA, which is \$45 million less than the 2019 Annualized Continuing Resolution (CR) level.

The HOPWA program provides housing assistance and supportive services to low-income persons living with Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) via authorization per the AIDS Housing Opportunity Act (42 U.S.C. 12901-12912). HOPWA funding helps ensure that the most vulnerable people living with HIV/AIDS have housing and access to medical and other supports needed to manage their HIV. Communities are provided with funding that they can use for rental assistance; operating costs for housing facilities; short-term rent, mortgage, and utility payments (STRMU); permanent housing placement; housing information services; and supportive services and case management.

**2. Request**

At \$330 million, communities will be able to continue their efforts to prevent homelessness and sustain housing stability for approximately 47,867 economically vulnerable households living with HIV infection.

## Housing Opportunities for Persons With AIDS

The requested budget level for HOPWA would provide:

- 24,264 Permanent Supportive Housing households: The budget allows for continued support and sustaining of these households with tenant-based rental assistance and facility-based housing, the latter of whom face significant health and life challenges that impede their ability to live independently.
- 23,603 Transitional/Short-Term Supportive Housing households: Continual support and sustaining of these households with homeless prevention efforts through the provision of STRMU assistance and transitional/short-term housing facilities in coordination with local homeless Continuum of Care efforts to prevent and end homelessness.
- 3,492 Permanent Housing Placement households: One-time support for first month rent and deposits to secure permanent housing.
- 50,000 Supportive Services and Case Management households: These additional households will receive supportive services through the HOPWA program; these households may be on the local HOPWA waitlist in their community or placed in other non-HOPWA housing (for example, Section 8 or a shelter), but need supportive services to stabilize them wherever they may be housed.

### 3. Justification

Key HOPWA Program and Beneficiaries Outcomes for the 2017 performance period (most recent available full year data):

Prevent Homelessness: The number of households assisted varies between permanent supportive housing and transitional, short-term housing assistance activities, depending upon funding level, attrition levels, and grantees' programs.

Annually, 90 percent of the HOPWA appropriation is allocated to qualifying states and metropolitan areas under a statutory formula based on living HIV cases, poverty rates, and local housing costs. The remaining ten percent is awarded as competitive grants to support innovative model projects that address special issues or populations through the award of Special Projects of National Significance.

The delivery of supportive housing requires a partnership between HOPWA grantees and project sponsors consisting of local networks of non-profit, faith-based, and housing and homeless organizations that link beneficiaries to medical services and other related services. Supportive services include critical supports such as housing case management, mental health services, substance abuse treatment, or employment training, that sustain housing stability, promote better health outcomes, and increase quality of life. These critical supports promote self-sufficiency efforts for those able to transition to the unsubsidized private housing market or other affordable housing which does not include necessary supportive services, including placement in public housing.

## Housing Opportunities for Persons With AIDS

**Housing Stability:** Housing stabilization can lead to reduced risk behavior and reduced HIV transmission, a significant consideration for federal HIV prevention efforts. HOPWA demonstrates improved program beneficiary outcomes with respect to access to care and support, resulting in a foundation for increased housing stability and better health outcomes.

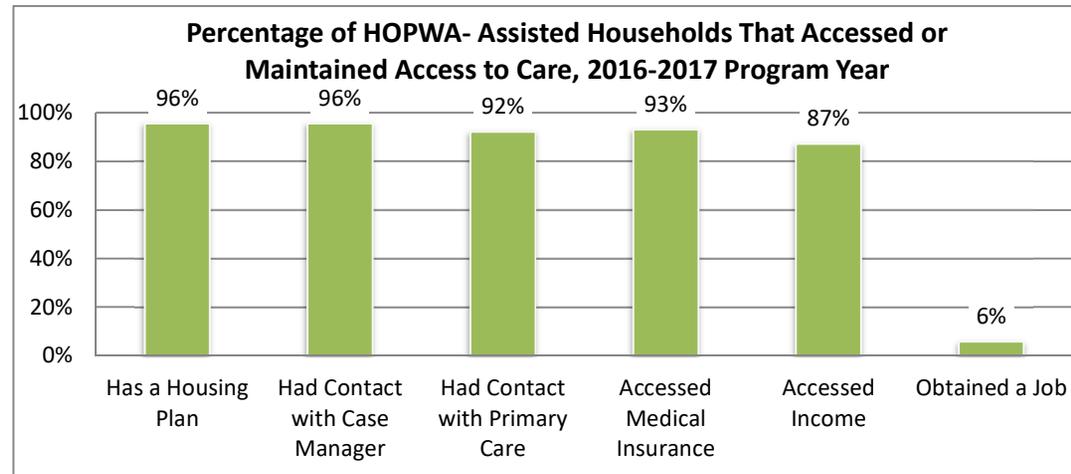
In 2017:

- 95 percent of households receiving long-term HOPWA assistance achieved housing stability.
- 68 percent of client households receiving transitional housing support maintained their housing stability or had reduced risk of homelessness.
- 95 percent of clients receiving tenant-based rental assistance achieved housing stability.
- 94 percent placed in a permanent housing facility achieved housing stability.
- 68 percent of clients receiving transitional or short-term housing facilities assistance achieved housing stability.
- 47 percent receiving STRMU assistance achieved housing stability.

**Access to Care:** HOPWA data shows high levels of connection to care, with 92 percent of households served during 2017, compared to 86 percent during 2014, having contact with primary health care.

The HOPWA statute provides unique authority to allow projects to target housing interventions to a special needs population and to serve as a bridge in coordinating access to other mainstream support, such as HIV services provided under the Ryan White HIV/AIDS program and other human services programs.

**Evidence-based Research:** Multiple studies have found the lack of stable housing to be one of the most significant factors limiting the use of antiretrovirals (ARVs), regardless of insurance, substance abuse, and other factors. Housing interventions improve stability and connection to care, providing the essential foundation for participating in ARV treatment and achieving an undetectable viral load, which prevents the spread of HIV.



## Housing Opportunities for Persons With AIDS

The HUD-CDC joint housing and health study was a multi-site randomized trial undertaken to examine the health, housing, and economic impacts of providing HOPWA assistance to homeless and unstably housed persons living with HIV/AIDS. As published in peer-reviewed journals, findings from the study demonstrated that HOPWA housing assistance serves as an efficient and effective platform for improving the health outcomes of persons living with HIV/AIDS and their families. The housing and health study of HOPWA and other supportive housing programs for persons living with HIV/AIDS found that housing was associated with 41 percent fewer visits to emergency departments, a 23 percent reduction in detectable viral loads, and a 19 percent reduction in unprotected sex with partners whose HIV status was negative or unknown.<sup>1</sup>

Stable housing equals cost-benefit savings. Stable housing is one of the most cost-effective strategies for driving down national HIV/AIDS costs. The number of persons living with HIV in the United States continues to grow annually. Estimates put the annual direct costs of HIV medications at between \$17,000 and \$41,000 per person per year, depending on the severity of an individual's infection.<sup>2</sup> Lifetime treatment costs per person are estimated to be \$415,000.<sup>3</sup> Homeless or unstably housed persons living with HIV/AIDS have been shown to be more likely to demonstrate frequent and prolonged use of high-cost, hospital-based emergency or inpatient services, as compared to persons living with HIV/AIDS who are stably housed. Research conducted in Chicago has shown that homeless persons living with HIV/AIDS had significantly improved medication adherence, health outcomes, and viral loads when provided with HOPWA housing assistance, as compared to persons who remained homeless or unstably housed. Moreover, substantial cost savings were achieved by reducing emergency care and nursing services for this population.<sup>4</sup> HOPWA assistance is a simple way to safeguard the national investment in HIV care.

Stakeholders: The Office of HIV/AIDS Housing is involved in multi-year collaboration projects with the Health Resources and Services Administration (HRSA) HIV/AIDS Bureau, with investment of resources from the Secretary's Minority AIDS Initiative Fund (SMAIF). One of these collaborative projects seeks to improve service coordination, housing stability, and health outcomes for persons living with HIV/AIDS via integrated data systems between Ryan White HIV/AIDS program recipients and HOPWA providers. Another collaborative project focuses on

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<sup>1</sup> Kidder, Daniel. (2009). *The Housing and Health Study: Background, Methods, and Outcomes*. Presentation at National AIDS Housing Coalition Conference.

<sup>2</sup> Schackman, B.R., Gebo, K.A., Walensky, R.P., Losina, E., Muccio, T., Sax, P.E., Weinstein, M.C., Seage, G.R.III, Moore, R.D., Freedberg, K.A. (2006). *The lifetime cost of current human immunodeficiency virus care in the United States*. *Med Care*, 44, 990-997, updated to 2009 dollars.

<sup>3</sup> Ibid.

<sup>4</sup> Sadowski, L., Kee, R., VanderWeele, T., Buchman, D. (2009). *Effect of a housing and case management program on emergency department visits and hospitalization among chronically ill homeless adults*. *Journal of the American Medical Association (JAMA)*, 301(17), 1771-1778.

## Housing Opportunities for Persons With AIDS

operationalizing the Getting to Work employment training curriculum to support the design, implementation, and evaluation of innovative interventions that coordinate HIV primary care, housing services, and employment services in communities to improve health outcomes for people living with HIV.

The Office of HIV/AIDS housing continues to work with 35 communities that are highly impacted by HOPWA formula modernization, including grantees, advocates, and stakeholders, in addressing implementation issues at the local level. This technical assistance effort is a long-term initiative that will cover the complete span of the HOPWA Modernization five-year stop-loss period and is a combination of onsite and remote technical assistance, with an assessment of the current situation in each of the identified communities, as well as tools and products, guidance and support to successfully manage their HOPWA grants and programs. The technical assistance is targeted to assist impacted communities in developing strategies to prevent homelessness and to use HOPWA funding efficiently, based on local needs. As products and tools addressing modernization are developed, they will be made available online to all HOPWA formula grantees through the HUD exchange.

### Operational Improvements

The HOPWA program is working collaboratively on initiatives across all Community Planning and Development (CPD) program offices to streamline processes including grantee risk analysis, monitoring, grant making, and tracking.

Additionally, through the proposed appropriations language, the Department is requesting removal of the requirement to give competitive grantees funding priority in the renewal of permanent supportive housing activity. Removal of the priority renewal provision in the account language would benefit the HOPWA program by:

- Allowing new delivery models to be implemented;
- Aligning the permanent supportive housing definition with that used in the formula program; and
- Infusing the program with high-performing capacity grantees.

Beginning in 2001, a provision was added to the HOPWA appropriations language that required HOPWA competitive funding (10 percent of the appropriation) to be prioritized for the renewal of expiring permanent supportive housing grants. As an unforeseen consequence of the appropriations language, in subsequent years (2002 through 2010) each newly funded permanent supportive housing grant that received an award under a new Notice of Funding Availability (NOFA) became eligible for the renewal priority. This placed a burden on the amount of competitive funding available to fund new competitions after funding the renewal of expiring permanent supportive housing grants. To address

## Housing Opportunities for Persons With AIDS

this issue, in 2011 Congress added language to the renewal provision in HOPWA appropriations language to limit eligibility of renewal to those grantees that were originally awarded funding prior to 2010. The current appropriations language states:

"...the Secretary shall renew all expiring contracts for permanent supportive housing that initially were funded under section 854(c)(5) of such Act from funds made available under this heading in fiscal year 2010 and prior fiscal years that meet all program requirements before awarding funds for new contracts under such section..."

The current provision requires the program to renew all eligible, expiring permanent housing competitive grants funded in 2010 and prior before holding a new competition.

- Competitive grants have a three-year period of performance.
- Approximately one-third are eligible for renewal each year.
- A statutory eligibility requirement is that 51 percent of the grant supports permanent supportive housing activities.
- Performance eligibility requirements in effect at the time of grant awards also included no citizen complaints, no monitoring findings, and with respect to eligible permanent supportive housing (competitive grants only) could include Short-Term Rent Mortgage and Utility (STRMU) as it keeps people in their own housing units.
- Although the only renewal requirement imposed by Congress relates to permanent supportive housing activities, HUD program counsel has declared that renewals must be of existing grant activities/design from time of original award which was based on competition with other applicants (i.e., criteria in effect at time of original rank and rating per applicable Notice of Funding Availability, as a different delivery model or mix of activities may not have been funded).

Currently 82 HOPWA competitive grants remain eligible for priority renewal.

- Of these 82 grants, 28 (at approximately \$28 million) are expected to renew in 2019, another 32 (at approximately \$38 million) are expected to renew in 2020, and 22 (at approximately \$25 million) are expected to renew in 2021.
- These 82 grants have continued to serve the population to the extent possible, but many have not been able to keep up with HIV/AIDS needs in their communities because their scope and model cannot be altered or expanded beyond the approved activities in their original, competitive grant application.

## Housing Opportunities for Persons With AIDS

The current situation limits competition, as the appropriation levels generally do not allow enough funding for a traditional competition after the priority renewals, and it prevents grantees from modernizing their programs to address current community needs.

To operationalize the proposed language change, the Department would continue to offer priority renewal for the eligible 2020 grantees and would provide advance notice of the coming change immediately after the enactment of a bill that removes the priority renewal language. The operational improvement would come into effect the following funding year (with the 2021 eligible grantees). The one year of advance notice will allow all competitive renewal grantees and their communities time to plan for a full competition.

### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process.

Regarding HOPWA's provision of short-term housing, HUD will seek to expand the provision of short-term housing from 21 weeks to a maximum of 24 months, with a requirement for on-going needs assessments, to give communities greater latitude in addressing housing needs for those living with HIV who are homeless or at severe risk of homelessness. The provision would allow grantees flexibilities with the time limits of their HOPWA short-term assistance.

- The current limit for STRMU activity is 21 weeks during a 52-week period, with no mention of assessment or planning.
- The current short-term housing program also cannot assist individuals who are homeless.
- The proposed provision would allow grantees to use short-term and medium-term assistance for rent, mortgage, or utilities payments to eligible persons who are homeless or in need of housing assistance to prevent homelessness for rent, mortgage, or utilities costs accruing over a period of no more than 24 months, provided that after receiving three months of assistance, the person's housing and supportive services needs are assessed on an ongoing monthly basis.
- Grantees have reported that 21 weeks is often too limited for establishing housing stability for high risk households living with HIV. In addition, the provision would match more closely with other HUD rapid rehousing programs.

Impact of Formula Modernization with the 2020 Budget: The modernization of the HOPWA formula by the Housing Opportunity Through Modernization Act (HOTMA) of 2016, Public Law 114-201, continues to advance the program's ability to target funding to the areas of highest need. The fourth year of the five-year stop loss/gain provision (in which no award is 5 percent less or 10 percent more than the share of the total

Housing Opportunities for Persons With AIDS

available formula funds that the grantee received in the preceding fiscal year) is 2020. The chart below reflects estimated distribution of funds to HOPWA formula grantees.

STATE	Name	2018 Formula Actual	2019 CR Formula Estimate	2020 Formula Estimate
AL	Birmingham	\$1,244,128	\$1,302,954	\$1,166,918
AL	Alabama	\$1,975,929	\$2,129,993	\$1,907,610
AR	Little Rock	\$438,569	\$472,764	\$423,405
AR	Arkansas	\$721,555	\$777,815	\$696,607
AZ	Phoenix	\$2,378,741	\$2,564,212	\$2,296,494
AZ	Tucson	\$589,416	\$635,373	\$569,037
AZ	Arizona	\$309,509	\$333,642	\$298,808
CA	Bakersfield	\$496,350	\$535,051	\$479,189
CA	Fresno	\$499,903	\$538,881	\$482,619
CA	Anaheim	\$1,988,481	\$2,143,523	\$1,919,727
CA	Los Angeles	\$17,618,957	\$17,871,385	\$16,005,513
CA	Riverside	\$2,587,369	\$2,789,107	\$2,497,909
CA	Sacramento	\$1,177,649	\$1,269,471	\$1,136,931
CA	San Diego	\$3,686,397	\$3,973,826	\$3,558,936
CA	Oakland	\$2,835,545	\$2,818,887	\$2,524,580
CA	San Francisco	\$7,162,248	\$6,804,136	\$5,894,266
CA	San Jose	\$1,131,945	\$1,220,203	\$1,092,807
CA	Santa Rosa	\$433,139	\$417,762	\$374,145
CA	California	\$3,355,813	\$3,561,911	\$3,190,028
CO	Denver	\$2,017,134	\$2,174,410	\$1,947,390
CO	Colorado	\$567,866	\$612,143	\$548,232
CT	Bridgeport	\$958,450	\$910,528	\$815,464
CT	Hartford	\$1,147,501	\$1,110,988	\$994,995

Housing Opportunities for Persons With AIDS

<b>STATE</b>	<b>Name</b>	<b>2018 Formula Actual</b>	<b>2019 CR Formula Estimate</b>	<b>2020 Formula Estimate</b>
CT	New Haven	\$1,076,899	\$1,042,015	\$933,223
CT	Connecticut	\$246,668	\$251,202	\$224,975
DC	District of Columbia	\$11,221,025	\$10,659,974	\$9,235,879
DE	Wilmington	\$772,728	\$753,070	\$674,445
DE	Delaware	\$270,436	\$286,301	\$256,410
FL	Cape Coral	\$537,792	\$579,724	\$519,198
FL	Deltona	\$494,929	\$527,712	\$472,616
FL	Jacksonville	\$2,645,991	\$2,513,691	\$2,149,300
FL	Lakeland	\$655,670	\$645,606	\$578,201
FL	Ft Lauderdale	\$7,209,708	\$6,849,223	\$5,870,307
FL	Miami	\$11,680,308	\$11,096,293	\$9,822,917
FL	West Palm Beach	\$3,257,585	\$3,094,706	\$2,674,240
FL	Sarasota	\$580,347	\$580,265	\$519,682
FL	Orlando	\$3,841,118	\$3,873,337	\$3,468,939
FL	Palm Bay	\$433,389	\$423,213	\$379,027
FL	Port St Lucie	\$667,025	\$651,822	\$583,768
FL	Tampa	\$3,864,852	\$3,802,970	\$3,405,919
FL	Florida	\$4,037,467	\$3,985,524	\$3,569,413
GA	Atlanta	\$23,101,950	\$21,946,853	\$18,347,569
GA	Augusta-Richmond County	\$1,059,712	\$1,006,726	\$841,623
GA	Georgia	\$3,040,147	\$3,277,188	\$2,935,031
HI	Honolulu	\$567,630	\$606,119	\$542,837
HI	Hawaii	\$258,770	\$254,043	\$227,519
IA	Iowa	\$561,946	\$605,761	\$542,516

Housing Opportunities for Persons With AIDS

<b>STATE</b>	<b>Name</b>	<b>2018 Formula Actual</b>	<b>2019 CR Formula Estimate</b>	<b>2020 Formula Estimate</b>
IL	Chicago	\$9,009,631	\$9,578,871	\$8,578,784
IL	Illinois	\$1,535,465	\$1,655,186	\$1,482,375
IN	Indianapolis	\$1,253,901	\$1,351,668	\$1,210,546
IN	Indiana	\$1,250,586	\$1,348,095	\$1,207,346
KS	Kansas	\$512,927	\$546,352	\$489,310
KY	Louisville	\$757,786	\$816,871	\$731,585
KY	Kentucky	\$700,717	\$755,352	\$676,489
LA	Baton Rouge	\$2,577,040	\$2,448,188	\$2,046,685
LA	New Orleans	\$3,891,572	\$3,696,993	\$3,090,686
LA	Louisiana	\$1,743,146	\$1,879,060	\$1,682,876
MA	Boston	\$2,588,781	\$2,761,922	\$2,473,562
MA	Lowell	\$1,416,588	\$1,527,040	\$1,367,609
MA	Springfield	\$585,390	\$631,033	\$565,150
MA	Worcester	\$587,285	\$605,916	\$542,655
MA	Massachusetts	\$274,934	\$296,371	\$265,428
MD	Baltimore	\$8,417,340	\$7,996,473	\$6,685,051
MD	Frederick	\$1,462,887	\$1,448,625	\$1,297,381
MD	Maryland	\$519,457	\$493,826	\$442,268
MI	Detroit	\$2,723,332	\$2,696,438	\$2,414,915
MI	Warren	\$683,903	\$737,227	\$660,256
MI	Michigan	\$1,408,774	\$1,518,616	\$1,360,064
MN	Minneapolis	\$1,361,885	\$1,468,072	\$1,314,797
MN	Minnesota	\$198,445	\$213,918	\$191,584
MO	Kansas City	\$1,419,904	\$1,530,614	\$1,370,809
MO	St Louis	\$1,824,610	\$1,966,875	\$1,761,522

Housing Opportunities for Persons With AIDS

<b>STATE</b>	<b>Name</b>	<b>2018 Formula Actual</b>	<b>2019 CR Formula Estimate</b>	<b>2020 Formula Estimate</b>
MO	Missouri	\$701,900	\$756,627	\$677,631
MS	Jackson	\$1,453,290	\$1,380,626	\$1,190,726
MS	Mississippi	\$1,313,577	\$1,415,997	\$1,268,159
NC	Charlotte	\$2,529,408	\$2,600,814	\$2,329,275
NC	Durham	\$379,840	\$409,456	\$366,707
NC	Greensboro	\$419,625	\$452,343	\$405,116
NC	Wake County	\$716,346	\$772,200	\$691,578
NC	North Carolina	\$2,836,965	\$3,058,164	\$2,738,875
NE	Nebraska	\$478,117	\$515,396	\$461,586
NJ	Newark	\$5,867,175	\$5,573,816	\$4,766,738
NJ	Camden	\$925,922	\$998,116	\$893,907
NJ	Paterson	\$1,608,136	\$1,605,804	\$1,438,149
NJ	Jersey City	\$2,422,186	\$2,301,077	\$1,956,542
NJ	New Jersey	\$1,474,771	\$1,512,087	\$1,354,217
NM	Albuquerque	\$433,596	\$466,702	\$417,976
NM	New Mexico	\$374,630	\$403,840	\$361,677
NV	Las Vegas	\$1,516,285	\$1,634,510	\$1,463,858
NV	Nevada	\$327,032	\$352,531	\$315,725
NY	Albany	\$637,488	\$648,848	\$581,105
NY	Buffalo	\$720,135	\$762,179	\$682,603
NY	Brookhaven Town	\$2,088,333	\$2,024,177	\$1,812,842
NY	New York City	\$44,228,148	\$42,016,733	\$36,609,731
NY	Rochester	\$890,163	\$914,567	\$819,081
NY	Syracuse	\$378,183	\$371,499	\$332,712
NY	New York	\$2,620,159	\$2,509,946	\$2,247,894

Housing Opportunities for Persons With AIDS

<b>STATE</b>	<b>Name</b>	<b>2018 Formula Actual</b>	<b>2019 CR Formula Estimate</b>	<b>2020 Formula Estimate</b>
OH	Cincinnati	\$896,793	\$966,716	\$865,785
OH	Cleveland	\$1,241,586	\$1,338,393	\$1,198,657
OH	Columbus	\$1,109,448	\$1,195,952	\$1,071,088
OH	Dayton	\$379,368	\$408,947	\$366,251
OH	Ohio	\$1,287,527	\$1,387,916	\$1,243,010
OK	Oklahoma City	\$702,611	\$757,394	\$678,318
OK	Tulsa	\$466,513	\$502,887	\$450,383
OK	Oklahoma	\$327,506	\$353,042	\$316,182
OR	Portland	\$1,409,247	\$1,519,126	\$1,360,521
OR	Oregon	\$500,140	\$531,569	\$476,070
PA	Allentown	\$382,682	\$412,520	\$369,451
PA	Harrisburg	\$382,447	\$412,266	\$369,223
PA	Bensalem Township	\$676,562	\$728,123	\$652,103
PA	Philadelphia	\$7,375,786	\$7,006,997	\$6,245,218
PA	Pittsburgh	\$948,891	\$1,022,876	\$916,082
PA	Pennsylvania	\$1,698,390	\$1,830,814	\$1,639,667
PR	San Juan Municipio	\$6,234,828	\$5,923,087	\$4,967,300
PR	Puerto Rico	\$2,034,912	\$2,069,174	\$1,853,141
RI	Providence	\$1,133,603	\$1,126,316	\$1,008,722
SC	Charleston	\$641,987	\$692,043	\$619,790
SC	Columbia	\$1,406,384	\$1,407,827	\$1,260,842
SC	Greenville	\$475,984	\$513,097	\$459,527
SC	South Carolina	\$1,824,610	\$1,966,875	\$1,761,522
TN	Memphis	\$3,547,703	\$3,370,318	\$2,817,586

Housing Opportunities for Persons With AIDS

STATE	Name	2018 Formula Actual	2019 CR Formula Estimate	2020 Formula Estimate
TN	Nashville-Davidson	\$1,216,011	\$1,310,824	\$1,173,967
TN	Tennessee	\$1,243,245	\$1,340,181	\$1,200,259
TX	Austin	\$1,469,160	\$1,583,711	\$1,418,363
TX	Dallas	\$6,645,116	\$6,735,393	\$6,032,181
TX	Fort Worth	\$1,332,758	\$1,436,674	\$1,286,677
TX	El Paso	\$492,798	\$531,222	\$475,759
TX	Houston	\$9,738,444	\$9,429,462	\$8,444,974
TX	San Antonio	\$1,606,272	\$1,731,513	\$1,550,733
TX	Texas	\$3,914,680	\$4,219,909	\$3,779,327
UT	Salt Lake City	\$472,196	\$509,013	\$455,869
UT	Utah	\$197,972	\$213,408	\$191,127
VA	Richmond	\$1,050,009	\$1,131,878	\$1,013,704
VA	Virginia Beach	\$1,524,127	\$1,642,964	\$1,471,429
VA	Virginia	\$962,389	\$1,037,427	\$929,114
WA	Seattle	\$2,302,251	\$2,481,758	\$2,222,649
WA	Washington	\$955,996	\$1,030,535	\$922,941
WI	Milwaukee	\$768,917	\$828,870	\$742,331
WI	Wisconsin	\$614,044	\$661,921	\$592,813
WV	West Virginia	\$453,725	\$489,102	\$438,037
<b>Total Formula</b>		<b>\$337,500,000</b>	<b>\$337,500,000</b>	<b>\$297,000,000</b>
<b>Total Competitive</b>		<b>\$37,500,000</b>	<b>\$37,500,000</b>	<b>\$33,000,000</b>
<b>Total HOPWA</b>		<b>\$375,000,000</b>	<b>\$375,000,000</b>	<b>\$330,000,000</b>

Housing Opportunities for Persons With AIDS

**COMMUNITY PLANNING AND DEVELOPMENT  
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Formula Grants	337,500	255,277	592,777	441,360	337,500	151,417	488,917	297,000
Competitive Grants	37,500	37,103	74,603	53,361	37,500	21,242	58,742	33,000
<b>Total</b>	<b>375,000</b>	<b>292,380</b>	<b>667,380</b>	<b>494,721</b>	<b>375,000</b>	<b>172,659</b>	<b>547,659</b>	<b>330,000</b>

Housing Opportunities for Persons With AIDS

**COMMUNITY PLANNING AND DEVELOPMENT  
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS  
Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901 et seq.), \$330,000,000, to remain available until September 30, 2021, except that amounts allocated pursuant to section 854(c)(5) of such Act shall remain available until September 30, 2022.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT FUND  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	3,365,000	9,903,846	27,980,000	41,248,846	12,007,153	5,889,877
2019 Annualized CR	3,365,000	29,241,870	1,677,500	34,284,370	13,704,000	6,819,102
2020 Request	-	20,580,370	-	20,580,370	20,099,000	9,434,249
Change from 2019	(3,365,000)	(8,661,500)	(1,677,500)	(13,704,000)	6,395,000	2,615,147

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget does not request funding for the Community Development Block Grant (CDBG) or Indian Community Development Block Grant (ICDBG) programs. The Budget proposes devolving community and economic development activities to the state and local levels and redirects federal resources to higher priority activities.

*CDBG.* Since 1974, the CDBG program has provided formula grants to states and units of general local government to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. CDBG funds are used for a range of activities from municipal infrastructure projects, to housing rehabilitation, to public services.

*ICDBG.* This program, which in part duplicates HUD’s larger Native American Housing Block Grant and other federal grant programs, provides grants to American Indian and Alaska Native Communities to help develop decent housing, a suitable living environment, and economic opportunities, primarily for low- and moderate-income persons.

Community Development Fund

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Entitlement/Non-Entitlement	3,293,000	1,853,117	5,146,117	3,979,455	3,293,000	1,159,294	4,452,294	-
Insular Area CDBG Program	7,000	7,000	14,000	7,953	7,000	6,047	13,047	-
Indian Tribes	65,000	2,928	67,928	2,203	65,000	65,980	130,980	-
Special Purpose (Section 107) Grants	-	336	336	-	-	336	336	-
Economic Development Initiative Grants	-	177	177	-	-	177	177	-
Economic Resilience	-	15	15	-	-	15	15	-
Disaster Assistance	-	8,040,131	8,040,131	8,017,511	1,677,500	28,009,903	29,687,403	-
Section 805 Economic Development training	-	142	142	31	-	118	118	-
<b>Total</b>	<b>3,365,000</b>	<b>9,903,846</b>	<b>13,268,846</b>	<b>12,007,153</b>	<b>5,042,500</b>	<b>29,241,870</b>	<b>34,284,370</b>	<b>-</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT LOAN GUARANTEE  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	- <sup>a</sup>	-	-	-	-	875
2019 Annualized CR	- <sup>a</sup>	-	-	-	-	1,639
2020 Request	- <sup>a</sup>	-	-	-	-	70
Change from 2019	- <sup>a</sup>	-	-	-	-	(1,569)

Note: The summary table reflects only discretionary budget authority; mandatory authority for upward credit reestimates are excluded.

a/ No credit subsidy budget authority has been requested since the program moved to a fee-based program.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget does not request additional loan guarantee authority for the Community Development Loan Guarantee program, also known as the Section 108 program. This program has historically provided federal guarantees to private lenders to assist communities in undertaking large community or economic development projects. Since FY 2016, with the implementation of the congressionally approved fee structure, the Section 108 program has not required an appropriated credit subsidy. While this program operates without appropriated funds, it remains inextricably linked to the Community Development Block Grant (CDBG) program, both with respect to programmatic requirements and as a source of security and payment for debt. The 2020 Budget entrusts community and economic development activities to the state and local level and proposes to eliminate CDBG, which would effectively eliminate the Section 108 program as an additional financing source for communities.

As of December 2018, the Section 108 program supported 600 unpaid loans in communities across the country, with an outstanding loan balance of \$1.25 billion. Existing loan guarantee commitments could extend up to 25 years into the future because borrowers have up to five years to make their first advance, and the 20-year loan commitment does not begin until the first advance is made. The Section 108 office will continue to ensure timely repayment of these loans on a quarterly basis as well as continue to provide regulatory and programmatic oversight.

Community Development Loan Guarantee

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT LOAN GUARANTEE  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Loan Guarantee Subsidy	-	-	-	-	-	-	-	-
Loan Commitment Level	[300,000]	-	[300,000]	-	[300,000]	-	[300,000]	-
<b>Total</b>	<b>[300,000]</b>	<b>-</b>	<b>[300,000]</b>	<b>-</b>	<b>[300,000]</b>	<b>-</b>	<b>[300,000]</b>	<b>-</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
COMMUNITY PLANNING AND DEVELOPMENT  
HOME INVESTMENT PARTNERSHIPS PROGRAM  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	1,362,000	620,368 <sup>a</sup>	-	1,982,368	1,485,599	944,477
2019 Annualized CR	1,362,000	491,135	-	1,853,135	1,634,856	1,031,000
2020 Request	-	218,279	-	218,279	218,279	1,097,000
Change from 2019	(1,362,000)	(272,856)	-	(1,634,856)	(1,416,577)	66,000

a/ This carryover number includes \$5.958 million in funds recaptured in 2018.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget does not request funding for the HOME Investment Partnerships Program. This program has provided formula grants to states and units of general local governments to acquire, rehabilitate, and construct affordable housing and provide rental assistance for low- and very low-income households since 1992. Stagnant incomes, complex housing market dynamics, including local land use, zoning, and other regulations that create barriers to housing development, all contribute to significant housing cost burdens for households across the country, especially for lower income families. Further exacerbating this problem is the current fragmented, overlapping, and inefficient system for funding affordable housing production, as well as challenges to measuring the collective performance. Many of these issues cannot be solved by the federal government or the subsidization of housing construction alone. Therefore, HUD devolves affordable housing activities to state and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems.

HUD will continue to administer the program until all existing grant funds are disbursed and closed, and it will oversee projects assisted with HOME grant funds until the end of their regulatory affordability periods (maximum 20 years).

## HOME Investment Partnerships Program

- There are currently \$3.06 billion of undisbursed HOME funds from FY 2018 and earlier grants.
- FY 2018 grant funds are available for expenditure until September 30, 2026.
- Approximately 9,614 rental projects containing 190,653 units and 23,875 homebuyer projects are currently under compliance agreements.
- Approximately 8,300 projects are currently underway and will be placed in service over the next several years.

HOME Investment Partnerships Program

**COMMUNITY PLANNING AND DEVELOPMENT  
HOME INVESTMENT PARTNERSHIPS PROGRAM  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Formula Grants	1,359,276	619,653	1,978,929	1,482,451	1,359,276	490,844	1,850,120	-
Insular Areas	2,724	-	2,724	2,724	2,724	-	2,724	-
HOME/CHDO Technical Assistance	-	708	708	424	-	284	284	-
Management Information Systems	-	3	3	-	-	3	3	-
Housing Counseling	-	4	4	-	-	4	4	-
<b>Total</b>	<b>1,362,000</b>	<b>620,368<sup>a</sup></b>	<b>1,982,368</b>	<b>1,485,599</b>	<b>1,362,000</b>	<b>491,135</b>	<b>1,853,135</b>	<b>-</b>

a/ This carryover number includes \$5.958 million in funds recaptured in 2018.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
COMMUNITY PLANNING AND DEVELOPMENT  
SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (SHOP)  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	54,000	60,700	-	114,700	40,000	43,125
2019 Annualized CR	54,000	74,700	-	128,700	73,700	53,522
2020 Request	-	55,000	-	55,000	54,000	54,182
Change from 2019	(54,000)	(19,700)	-	(73,700)	(19,700)	660

**1. Program Purpose and Budget Overview**

The 2020 President's Budget does not request funding for the Self-Help Homeownership Opportunity Program (SHOP). Stagnant incomes and complex housing market dynamics, including local land use, zoning, and other regulations that create barriers to housing development, all contribute to significant housing cost burden for households across the country, especially for lower income families. Further exacerbating this problem is the current fragmented, overlapping, and inefficient system for funding affordable housing production, as well as challenges to measuring collective performance. Many of these issues cannot be solved by the federal government or the subsidization of housing construction alone. Therefore, the Department devolves affordable housing activities to state and local governments who are better positioned to comprehensively address the unique market challenges, local policies, and impediments that lead to housing affordability problems.

The SHOP account includes funding for SHOP, Capacity Building for Community Development and Affordable Housing (known as Section 4), rural capacity building, and a pilot home modification and rehabilitation program for disabled and low-income veterans. HUD will continue to administer the SHOP grant programs until all existing grant funds are disbursed, required benefits are documented, and grants are closed.

## Self-Help Homeownership Opportunity Program

- SHOP: This program awards grant funds to eligible national and regional non-profit organizations and consortia to purchase home sites and develop or improve the infrastructure for affordable non-luxury housing for low-income persons. As part of the program, homebuyers must be willing to contribute sweat equity toward the construction or rehabilitation of their homes.
- Section 4: The Capacity Building for Affordable Housing and Community Development Program, also known as the Section 4 program, was originally authorized under Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) to enhance the capacity and ability of community development corporations (CDCs) and community housing development organizations (CHDOs) to carry out community development and affordable housing activities that benefit low-income persons.
- Rural Capacity Building: The Rural Capacity Building Program awards funds to national organizations to enhance the capacity and ability of local governments, Indian tribes, housing development organizations, rural CDCs, and rural CHDOs, to carry out community development and affordable housing activities that benefit low- and moderate-income families and persons in rural areas.
- Veterans Housing Rehabilitation and Modification Pilot Program: Many of America's veterans who are low-income and living with disabilities need adaptive housing to help them regain or maintain their independence. Many veterans are unable to finance significant home repairs or are burdened by utility costs. The Veterans Housing Rehabilitation and Modification Pilot Program awards grants to non-profit veterans' service organizations to rehabilitate and modify the primary residence of disabled or low-income veterans. In partnership with the U.S. Department of Veterans Affairs, HUD tests this new approach to addressing the financial challenges of rehabilitating or modifying a home to fit the needs of America's veterans.

Self-Help Homeownership Opportunity Program

**COMMUNITY PLANNING AND DEVELOPMENT  
 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (SHOP)  
 Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Self-Help Homeownership Opportunity Program	10,000	11,000	21,000	-	10,000	21,000	31,000	-
Capacity Building	35,000	35,000	70,000	35,000	35,000	35,000	70,000	-
Capacity Building for Rural Housing	5,000	5,000	10,000	5,000	5,000	5,000	10,000	-
Veterans Home Rehabilitation and Modification Pilot Program	4,000	9,700	13,700	-	4,000	13,700	17,700	-
<b>Total</b>	<b>54,000</b>	<b>60,700</b>	<b>114,700</b>	<b>40,000</b>	<b>54,000</b>	<b>74,700</b>	<b>128,700</b>	<b>-</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**COMMUNITY PLANNING AND DEVELOPMENT**  
**HOMELESS ASSISTANCE GRANTS**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	2,513,000	2,460,132 <sup>a</sup>	-	4,973,132	2,486,198	2,053,669
2019 Annualized CR	2,513,000	2,489,432 <sup>b</sup>	-	5,002,432	2,555,348	2,394,066
2020 Request	2,598,600	2,447,084 <sup>b</sup>	-	5,045,684	2,621,640	2,512,723
Change from 2019	85,600	(42,348)	-	43,252	66,292	118,657

a/ This number includes \$37.8 million of funds from prior year obligations recaptured during fiscal year 2018.

b/ This number includes anticipated recaptured funds of \$13 million from prior year obligations.

**1. Program Purpose and Budget Overview**

The 2020 President's Budget requests \$2.599 billion for Homeless Assistance Grants (HAG), which is \$85.6 million more than the 2019 Annualized Continuing Resolution (CR) level. This request includes \$2.322 billion for the Continuum of Care (CoC) Program, which will allow HUD to continue to serve over 750,000 people experiencing homelessness each year. It also includes \$270 million for Emergency Solutions Grants (ESG), which support over 350,000 persons in emergency shelters each year, and \$7 million for Homeless Management Information System (HMIS) Technical Assistance through the National Homeless Data Analysis Project.

Homeless Assistance Grants are key to addressing homelessness nationwide, which has declined by 13 percent between 2010 and 2018.<sup>1</sup> HAG funds allow HUD to serve vulnerable individuals and families who are homeless or at risk of homelessness through a variety of service and housing interventions, including homelessness prevention, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing.

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<sup>1</sup> Department of Housing and Urban Development. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress*, Part 1.

## Homeless Assistance Grants

### 2. Request

#### Emergency Solutions Grants Program - \$270 million

The Emergency Solutions Grants (ESG) program provides the first response to people with a housing crisis and engages people living on the streets. The ESG program awards funds to over 360 urban counties, metropolitan cities, states, and territories, supporting a variety of life-saving activities including:

- Emergency shelter to house people in crisis;
- Street outreach and other essential services to engage people who may be living on the streets;
- Rapid re-housing to provide time-limited permanent housing and stabilization services; and
- Homelessness prevention for individuals and families.

#### Continuum of Care Program - \$2.322 billion

The Continuum of Care (CoC) program is HUD's largest program targeted to men, women, and children experiencing homelessness. Funds are awarded to over 7,300 projects through a national competition. In the 2017 CoC program competition, over 91 percent of those projects were renewals (see description of renewal demand on Page 4).

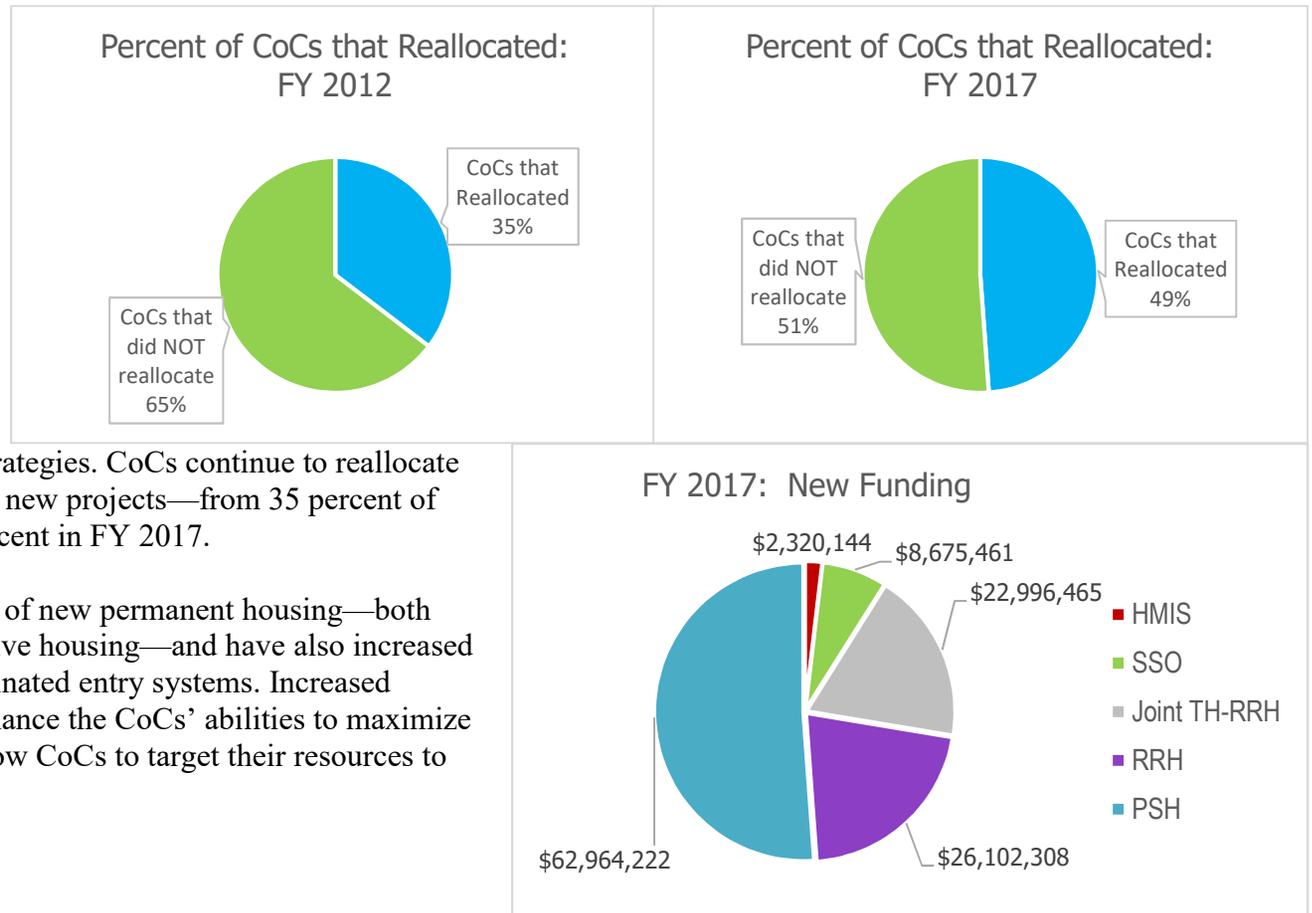
CoC program funds can be used for:

- Rapid re-housing to provide time-limited permanent housing and stabilization services;
- Permanent supportive housing for homeless people with disabilities;
- Transitional housing to help individuals and families move to stability within two years;
- Support services to help identify and maintain permanent housing; and
- Planning to improve program monitoring, collaboration, and data collection to drive higher performance at the local level.

## Homeless Assistance Grants

Policy priorities for the CoC program are focused on preventing and ending homelessness, including ending homelessness for veterans, families, youth, and people experiencing chronic homelessness. The CoC program’s competitive funding process encourages applicants to carefully review the performance of each project in its portfolio and reallocate funds from under-performing or under-utilized projects to ones based on proven, data-driven strategies. CoCs continue to reallocate funding from renewal projects to create new projects—from 35 percent of CoCs reallocating in FY 2012 to 49 percent in FY 2017.

CoCs continue to prioritize the creation of new permanent housing—both rapid rehousing and permanent supportive housing—and have also increased resources for the development of coordinated entry systems. Increased resources for coordinated entry will enhance the CoCs’ abilities to maximize their limited resources and will also allow CoCs to target their resources to those who have the highest needs.



Homeless Assistance Grants

The chart below details the number and type of new and renewal grants in the most recently awarded CoC program competition.

**Fiscal Year 2017 Funding Amount**  
(Dollars in Millions)

	<b>Awarded</b>
<b>Total Projects</b>	7,405
<b>Total Amount (\$)</b>	\$2,033.3
<b>CoC Planning and UFA Cost Applications</b>	373
<b>CoC Planning and UFA Cost Amount (\$)</b>	\$56.0
<b>New Applications</b>	547
<b>New Amount (\$)</b>	\$123.1
<b>Renewal Applications</b>	6,485
<b>Renewal Amount (\$)</b>	\$1,854.2

*Renewal Demand:* The estimated renewal demand for each fiscal year is based primarily on three factors: The number of previously renewed grants which are eligible to seek renewal again; the number of new awards made in the prior 1 to 5 years, which are now eligible for renewal for the first time; and increases based on Fair Market Rent (FMR) updates.

HUD estimates renewal requirements within a range to accommodate the uncertain percentage of projects that will need renewal. The following chart details HUD’s five-year estimates of renewal demand. These projections include currently awarded projects and new projects anticipated from funding provided by Congress through FY 2019.

<b>Fiscal Year</b>	<b>Estimated Renewal Need (in millions)</b>
2019	\$2,196 - \$2,309
2020	\$2,301 - \$2,443
2021	\$2,399 - \$2,547
2022	\$2,450 - \$2,601
2023	\$2,499 - \$2,654
2024	\$2,551 - \$2,708

## Homeless Assistance Grants

*Technical Assistance:* CoC funds also support Technical Assistance (TA), which helps communities improve their homeless assistance. HUD uses TA resources to:

- Develop and provide guidance to communities on critical compliance issues;
- Work directly with communities to develop strategic plans and action steps to improve project and community level performance;
- Develop tools and provide direct assistance to improve data collection and reporting to HUD; and
- Increase the overall capacity of grantees to understand their own markets and manage their portfolios successfully.

### National Homeless Data Analysis Project - \$7 million

The National Homeless Data Analysis Project provides critical resources to communities to:

- Improve data collection and reporting;
- Integrate data collection efforts in HMIS with other federal funding streams;
- Use software as a service for data integration and to enhance the ability for HUD and communities to report and analyze data about persons experiencing homelessness;
- Produce standards and specifications for data entry and reporting for all HMIS-generated reports;
- Analyze point-in-time and longitudinal data to produce the Annual Homeless Assessment Report (AHAR); and
- Provide direct technical assistance to CoCs on HMIS implementation.

Congress charged HUD with “taking the lead on data collection” on homelessness (House Report accompanying the 2001 appropriations (106-988)). HMIS has grown to include other federal partners—in 2011, both the Department of Veterans Affairs (VA) and Department of Health and Human Services (HHS) committed to requiring HMIS to be used by their grantees—thereby streamlining data collection and improving collaboration among programs that serve individuals experiencing homelessness. HUD incentivizes participation in HMIS and high-quality data through its annual CoC Program application. HUD also provides extensive technical assistance (TA) for HMIS at the local level—including needs assessments, on-site assistance to improve data quality, community participation, and data analysis. HMIS has changed the way that HUD and communities do business, moving from using anecdotal and inconsistent evidence to using comprehensive and standardized data to inform policy decisions.

HMIS TA ensures consistency in data standards, policies, collection, and reporting standards. HUD coordinates the participation of federal partners in HMIS, facilitating specifications for reporting that are cross-cutting and supporting a HMIS Data and Research lab

## Homeless Assistance Grants

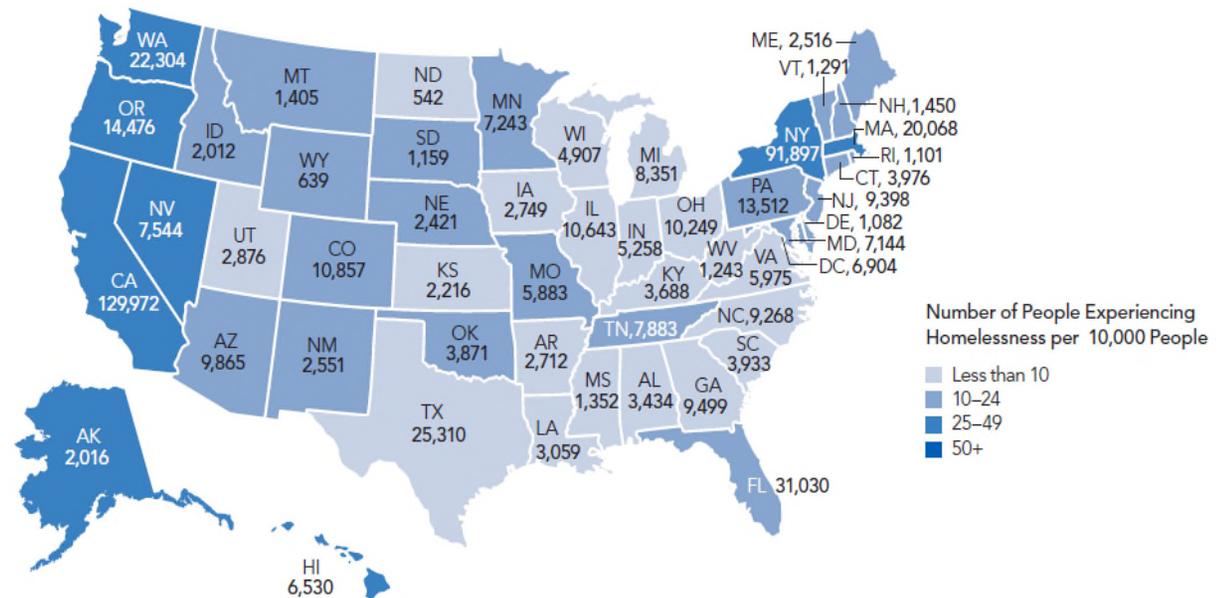
to provide data resources designed to lower costs for communities while increasing reporting accuracy for HUD and the federal partners.

### 3. Justification

While HUD and our federal, national, and local partners have learned a lot about what works to solve homelessness, it still affects nearly 553,000 men, women, and children on any given day. To track progress and continue learning about individuals and families experiencing homelessness, each year HUD publishes its *Annual Homeless Assessment Report (AHAR) to Congress*,<sup>2</sup> which provides valuable information on the scope of homelessness and the needs of the persons served. It provides critical data to HUD and other policymakers so they can make informed decisions, while also providing data that is the basis for establishing goals and tracking progress towards ending homelessness. The data is collected both as a “snapshot” of the number and characteristics of persons who are homeless on a given night, and longitudinally, showing persons being served in emergency shelter, transitional housing, safe havens, and permanent housing.

The most recent AHAR shows that homelessness increased slightly from the prior year. The number of people experiencing homelessness on a single night increased by less than one percent between 2017 and 2018 from 550,996 in January 2017 to 552,830 in

**EXHIBIT 1.6: Estimates of Homeless People**  
By State, 2018



<sup>2</sup> Part 1 of the 2018 AHAR can be accessed online at <https://www.hudexchange.info/resource/5783/2018-ahar-part-1-pit-estimates-of-homelessness-in-the-us/>, and Part 2 of the 2017 AHAR can be accessed online at <https://www.hudexchange.info/resource/5769/2017-ahar-part-2-estimates-of-homelessness-in-the-us/>.

## Homeless Assistance Grants

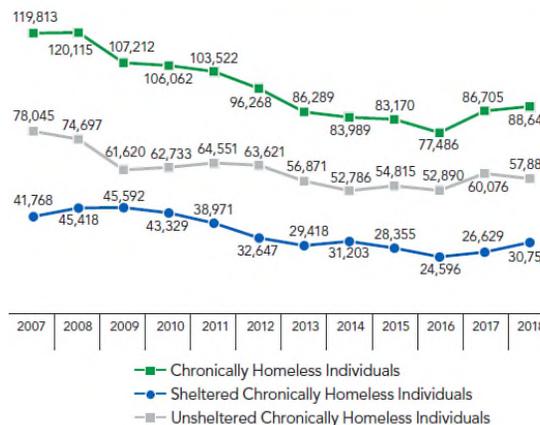
January 2018. This increase was driven by a three percent (4,338 persons) increase in unsheltered persons between 2017 and 2018. Roughly 1.42 million people spent at least one night in an emergency shelter or transitional housing program during the 2017 AHAR reporting period, a 11.1 percent decrease from 2010.

HUD uses the 2018 Point-In-Time (PIT) count data in the AHAR to track the number of families, chronically homeless individuals, and veterans experiencing homelessness. The following charts from the *2018 Annual Homeless Assessment Report to Congress: Point-in-Time Estimates of Homelessness* show the progress in reducing homelessness among these three groups.

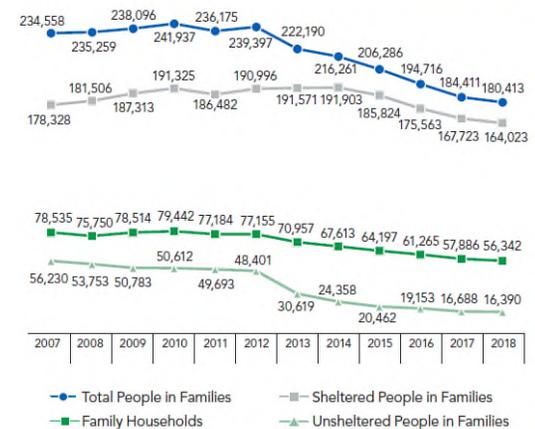
**EXHIBIT 5.1: PIT Estimates of Homeless Veterans**  
By Sheltered Status, 2009–2018



**EXHIBIT 6.1: PIT Estimates of Chronically Homeless Individuals**  
By Sheltered Status, 2007–2018



**EXHIBIT 3.1: PIT Estimates of Homeless People in Families with Children**  
By Sheltered Status, 2007–2018



For people who have lost their homes or are at risk of losing their homes, homeless assistance brings stability and helps address their needs for treatment, health care, and employment. To deliver these services, homeless assistance providers establish partnerships with a variety of public and private health, human service, and job training and placement organizations. HUD is working with communities to implement coordinated entry systems to ensure that people experiencing homelessness are quickly assessed and referred to the most cost-effective solution to their homelessness.

## Homeless Assistance Grants

HUD's Homeless Assistance Grants fund a variety of program types that address the needs of individuals and families experiencing homelessness. Communities conduct a gaps analysis and fund or reallocate projects based on the gaps identified. In a typical community, homeless assistance includes the following types of assistance:

- Emergency shelter to house people in crisis;
- Street outreach and other essential services to engage people who may be living on the streets or who are service-resistant;
- Transitional housing to help individuals and families move to stability within 2 years;
- Rapid re-housing to provide time-limited permanent housing and stabilization services;
- Permanent supportive housing for homeless people with disabilities;
- Homelessness prevention for individuals and families; and
- A variety of support services to help identify and maintain permanent housing.

For over 15 years, HUD has prioritized permanent supportive housing, which serves people with the highest levels of housing and service needs, especially people experiencing chronic homelessness. In 2017, HUD allocated over \$1.50 billion—74 percent of its competitive funds—to permanent supportive housing projects. More recently, as more evidence has emerged about the cost effectiveness of rapid re-housing relative to certain other interventions, HUD has created incentives for communities to use their ESG and CoC resources to expand rapid re-housing. The recent rise in unsheltered homelessness highlights the need for new rapid re-housing resources to help people move quickly off the streets and into housing.

## Homeless Assistance Grants

### Goals and Outcomes to Date

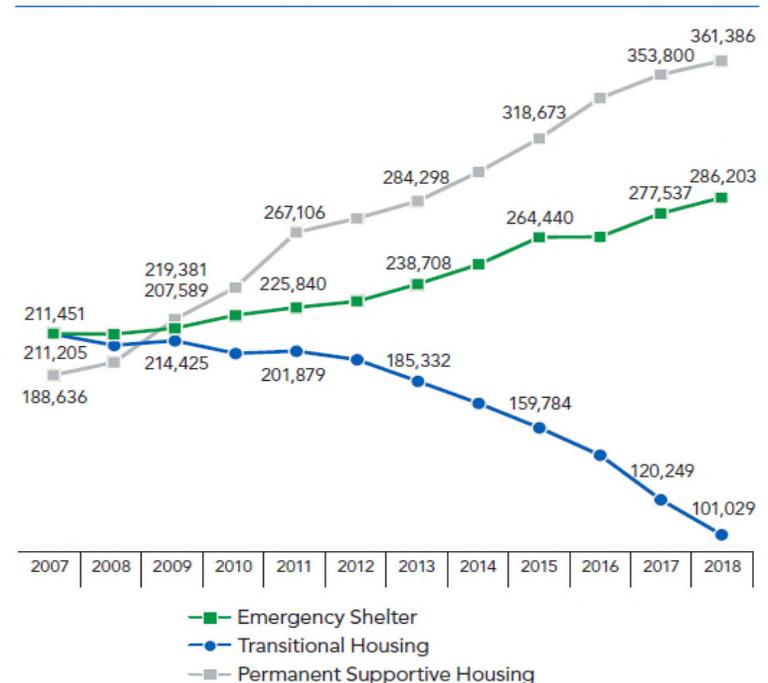
HUD has undertaken several policy and administrative initiatives that have resulted in positive outcomes for the program and for those being served by HUD’s homeless programs.

*Permanent Supportive Housing and Chronic Homelessness:* HUD focuses its resources on people with the highest needs by offering bonuses and other incentives to communities in its annual notice of funding availability (NOFA). As shown in the chart below from the *2018 Annual Homeless Assessment Report to Congress: Point-in-Time Estimates of Homelessness*, since 2009, the number of permanent supportive housing beds has exceeded either the number of emergency shelter or transitional housing beds. Permanent supportive housing leverages an estimated \$3 to each \$1 of HUD funds.

*Homeless Veterans:* HUD is committed to ending veteran homelessness. The programs funded through the Homeless Assistance Grants account play an important role in achieving this goal and contributed to the decrease in veteran homelessness by 49 percent since 2010.<sup>3</sup> Projects funded in 2017 will provide over 10,000 homeless veterans permanent supportive housing through HUD’s CoC Program. Additionally, CoCs continue to work closely with the Department of Veterans Affairs (VA) and Public Housing Authorities to effectively use HUD-VA Supportive Housing (HUD-VASH) resources.

*Child, family, and youth homelessness:* Nearly 158,000 HUD-funded beds across the country were serving persons in homeless families at the beginning of 2018. In the FY 2017 CoC program competition, HUD funded nearly 35,000 rapid re-housing beds that were targeted to homeless families with children. Over 24,000 beds across the country are dedicated to serve youth experiencing

**EXHIBIT 7.1: Inventory of Beds for Homeless and Formerly Homeless People**  
2007–2018



<sup>3</sup> Department of Housing and Urban Development. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress*, Part 1.

## Homeless Assistance Grants

homelessness, 9,600 of which receive HUD funding. Many more youths are served in adult and family programs that do not necessarily set beds aside for youth.

### Key Partners and Stakeholders

*HUD Collaboration with Department of Veterans Affairs:* HUD and the Department of Veterans Affairs (VA) are committed to ending veteran homelessness and have implemented joint planning efforts related to data collection and reporting and partnered to develop milestones and strategies to meet the goal of ending homelessness among veterans. HUD and the VA continue to successfully administer HUD-VASH, resulting in over 150,000 veterans being housed since 2008, and they continue to improve the efficacy of the program. HUD, VA, and the U.S. Interagency Council on Homelessness (USICH) continue to collaborate on innovative strategies to reduce veteran homelessness, including the use of rapid resolution, a problem-solving technique that helps veterans reunify with family members or find other creative housing options.

*HUD Collaboration with Health and Human Services:* HUD and the Department of Health and Human Services (HHS) share the joint goal of ending homelessness among children, families, and youth. Currently, HUD and HHS are collaborating with USICH to further develop and promote a national framework to end family and youth homelessness. In addition to these efforts, HUD, in coordination with HHS, is providing assistance to communities to reduce duplication of healthcare services by ensuring that homeless assistance is coordinated with state Medicaid programs and other mainstream healthcare initiatives.

### Research-Based Evidence of Effectiveness

There is a large body of research that demonstrates positive outcomes and cost-savings gained from housing and supportive services for homeless people. A 2017 study conducted in Orlando showed that placing 58 persons who regularly use public services (e.g., hospitals, jails) into permanent supportive housing resulted in a cost savings of nearly \$2.5 million in a single year.<sup>4</sup> When looking at health service utilization in Orange County, California, researchers estimated average annual cost among those homeless who are housed (\$26,158) is half the annual cost incurred by those on the street or in emergency shelters (\$51,855), with the disparity even greater between those in permanent supportive housing (\$43,184) and the chronically street homeless (\$98,199).<sup>5</sup>

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<sup>4</sup> Ability Housing. 2017. "Solutions that Save." <https://abilityhousing.org/the-solution-that-saves/>.

<sup>5</sup> Snow, David A. and Richard E. Goldberg. 2017. "Homelessness in Orange County: The Costs to Our Community." <https://www.jamboreehousing.com/uploads/pdfs/united-way-cost-study-homelessness-2017-report-jamboree.pdf>.

## Homeless Assistance Grants

Other research shows similar results. One study showed that before housing placement, homeless people with serious mental illness used \$40,451 per person per year in publicly-funded emergency services.<sup>6</sup> After placement in permanent supportive housing, the annual public cost of emergency services was reduced by approximately \$12,146 per placement in housing, enough to offset virtually all of the cost of the permanent supportive housing. A randomized trial of homeless adults with chronic mental illness in Chicago found that case management and housing assistance reduced hospitalization and hospital days by 29 percent and emergency department visits by 24 percent, and it generated an average annual cost savings of \$6,307 per person.<sup>7</sup> Another study of homeless people with chronic mental illness in Seattle found that total cost offsets for Housing First participants relative to the control group averaged \$2,449 per person per month after accounting for housing program costs.<sup>8</sup> Studies have also found that supportive housing improves housing stability and reduces emergency department and inpatient services.<sup>9</sup>

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<sup>6</sup> Culhane, Dennis P., Stephen Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." *Housing Policy Debates* 13(1): 107-63. See also, Cunningham, Mary. 2009. "Preventing and Ending Homelessness-Next Steps." *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults." *Psychiatric Services* 57(7): 992-99.

<sup>7</sup> Basu, Anirban, Romina Kee, David Buchanan, and Laura S. Sadowski. 2012. "Comparative Cost Analysis of Housing and Case Management Program For Chronically Ill Homeless Adults Compared to Usual Care." *HSR* 47(1): 523-543; Sadowski, Laura, Romina Kee, Tyler VanderWeele, David Buchanan. 2009. "Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations Among Chronically Ill Homeless Adults: A Randomized Trial." *JAMA* 301(17): 1771-8.

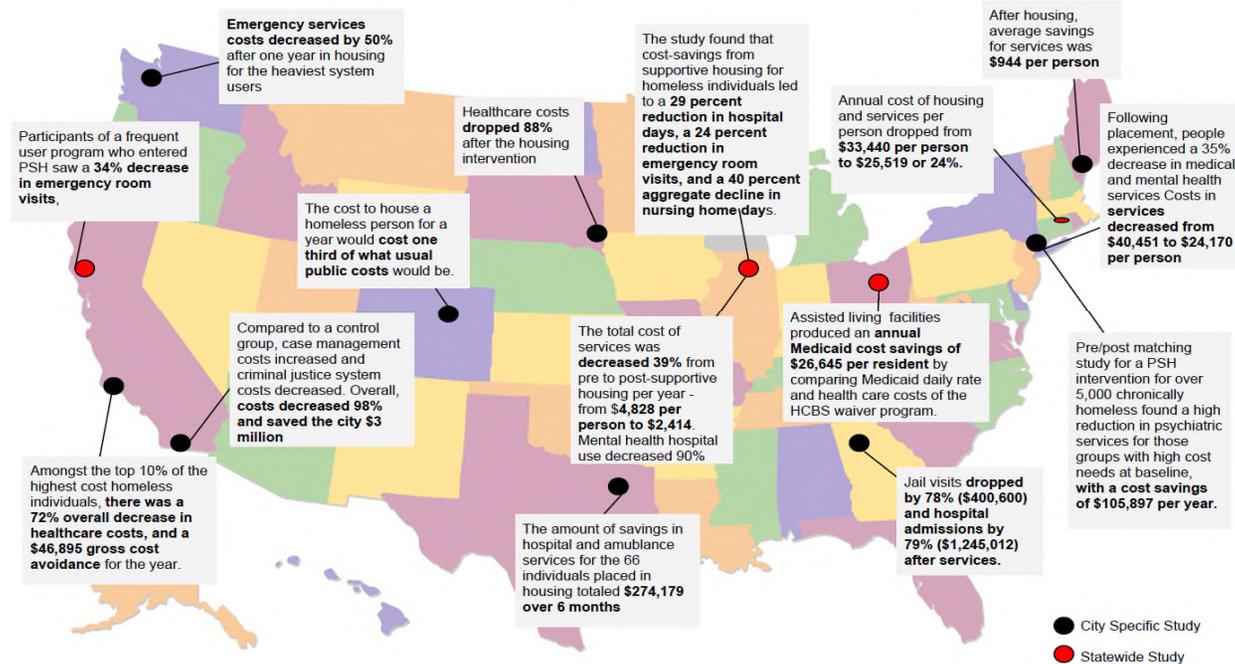
<sup>8</sup> Larimer, Mary, Daniel Malone, Michelle Garner, et al. 2009. "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons with Severe Alcohol Problems." *JAMA* 301(13): 1349-57.

<sup>9</sup> Cunningham, Mary. 2009. "Preventing and Ending Homelessness-Next Steps." *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults." *Psychiatric Services* 57(7): 992-99; Tsemberis, Sam, Leyla Gulcur, and Maria Nakae. 2004. "Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with Dual Diagnosis." *American Journal of Public Health* 94:651; Culhane, Dennis P., Stephen Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." *Housing Policy Debate* 13(1): 107-63.

## Homeless Assistance Grants

The following map details the findings of several of studies related to cost effectiveness of permanent supportive housing projects, which demonstrate cost savings and increased positive outcomes for program participants. It is clear from the outcomes on chronic homelessness as stated above that focused federal attention can make a difference in the homeless population.

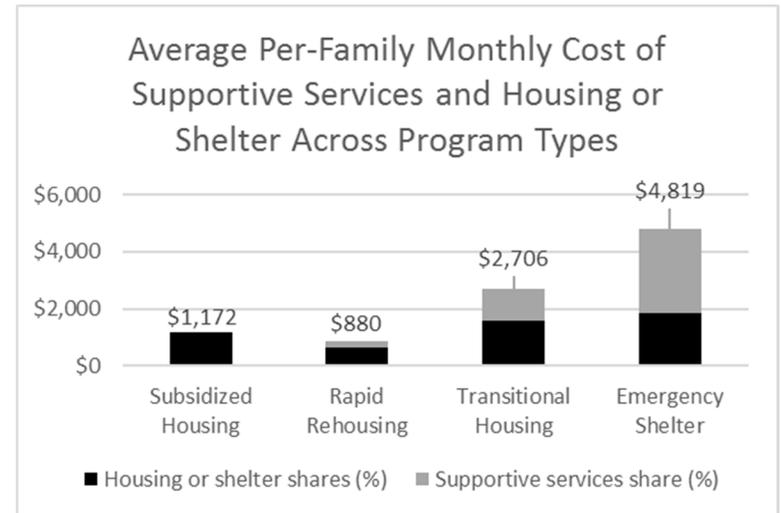
### Health Cost Savings Studies - Permanent Supportive Housing



## Homeless Assistance Grants

HUD, in partnership with other federal agencies, has also engaged in a number of evaluations on the effectiveness of homelessness interventions to identify best practices to serve special populations, such as families with children, youth aging out of foster care, and veterans. These studies include:

- The outcomes from the *Family Options Study*, a large and rigorous study of the impact of various housing and service interventions for homeless families, were released in October of 2016. These outcomes document how families were faring three years after being randomly assigned to one of four interventions: A permanent housing subsidy, community-based rapid re-housing, project-based transitional housing, or usual care. The study indicates that having priority access to deep long-term housing subsidies produces substantial benefits for families. More than one-third of families in all assignment groups found their way to long-term housing subsidies, but families given priority access to that assistance obtained subsidies more often and sooner. Families assigned to receive rapid re-housing received assistance at a lower cost than any other intervention. All reports associated with the study can be found on <https://www.huduser.gov/portal/publications/Family-Options-Study.html>.



- The *Evaluation of the Rapid Re-housing for Homeless Families Demonstration* included both a process and outcome evaluation of the 23 grantees that participated in the demonstration. It documents the program models implemented by the grantees, as well as a set of outcomes observed from a subset of program participants. The final report was released on April 13, 2016, and can be found on <https://www.huduser.gov/portal/publications/RRHD-Report-PartI.html>. Results show that families had a low likelihood of returning to emergency shelter within the study period—a review of Homelessness Management Information System, or HMIS, data found that only 10 percent of households served experienced at least one episode of homelessness within 12 months of program exit. Additionally, it found that families were highly mobile following the end of program participation—76 percent of households moved at least once within the 12-month period following their exit from the program.

## Homeless Assistance Grants

- The study on *Housing Models for Youth Aging Out of Foster Care* was conducted to help understand the housing needs of the nearly 30,000 youth who “aged out” of the foster care system every year, catalog the range of housing programs available to them, and identify opportunities to mitigate the risk of homelessness to this young population. The cornerstone activity of this research effort was an in-depth exploration of the Family Unification Program (FUP), and the extent to which communities target this special purpose voucher program to eligible youth who have aged out of foster care. The final reports from this study are currently available at [http://www.huduser.org/portal/youth\\_foster\\_care.html](http://www.huduser.org/portal/youth_foster_care.html). The report showed 47 percent of PHAs operating FUP had awarded vouchers to former foster youth, and most youth with a FUP voucher were able to lease up. “Nearly three-fourths of the PHAs serving youth reported that youth secure housing before the initial period expires more than half the time, and two-thirds of the PHAs said that more than 75 percent of youth who receive a voucher lease up eventually.”

HUD is also improving collaboration across internal program areas to support ending homelessness. HUD rates collaboration between CoCs and PHAs through the CoC Program Competition. HUD provides tools for local communities to improve collaboration between Public Housing Authorities and homeless systems.

### Plans to Increase Efficiency

The Department bases funding on performance and community-wide improvements. Through its annual CoC Program Competition and its messaging, HUD works with communities to create a performance-based environment. Communities are expected to use data to understand the needs of their local homeless population, resources available to serve the homeless, the gaps in needs and resources, and the effectiveness of existing resources. When there are projects with low performance and compliance issues, HUD prioritizes keeping assistance within a community and attempts to intervene and provide grantees with an opportunity to make improvements before recapturing funds. HUD also encourages reallocation of under-performing grants to new grants. Incentives are offered to communities that implement a reallocation process to identify and replace under-performing or unnecessary projects. With limited resources, it is important to ensure that all projects funded through the CoC Program, including renewals, are effective. For the last several years, HUD has pushed to make its investments more efficient—to make every dollar that it spends mean the most to the people whom it serves. HUD has increased the number of households served with residential programs by 22.5 percent over four years. Through the FY 2017 awards, the CoC Program is serving 12.6 percent more households per dollar spent for residential programs than in 2014. These efforts mean that communities can reach and assist more people with the same dollars than they could two years prior.

The implementation of the HEARTH Act in 2009 provided HUD and its grantees with new goals and tools to increase performance both at the project level and the system level. For example, the HEARTH Act includes a variety of performance measures to help

## Homeless Assistance Grants

increase overall effectiveness of the program. The CoC Program interim rule, issued in 2012, requires CoCs to establish formal performance measurement procedures and encourages critical evaluation of resources and needs. This includes evaluation of the effectiveness of projects by emphasizing performance at both the project and the system level. Performance measures include rates of returns to homelessness, the average length of time persons experience homelessness, housing stability, and employment. This systematic review by each community will lead to better use of limited resources and more efficient service models because HUD and communities will easily identify projects that are less effective and gaps in housing and services. HUD continues to incentivize high performance on these and other indicators through the CoC competition, providing additional points to communities with higher rates of success.

Under the HEARTH Act, Congress authorized HUD to fund Unified Funding Agencies (UFAs) to provide greater flexibility and local autonomy to communities that demonstrate that they have the financial and performance capacity to take a stronger role in administering HUD funds. Communities that are designated as UFAs by HUD are required to monitor their grants and perform greater financial oversight. In return, HUD can award funds more flexibly to the UFAs, who then administer the funds according to their application to HUD. This reduces the administrative burden on HUD and increases the local control of CoC Program funds for communities.

Finally, HUD is committed to providing a variety of technical assistance resources to communities and grantees to help identify and address any performance and compliance issues. HUD intends to use technical assistance as another tool to encourage communities to implement best practices and improve efficiencies in projects and in the community.

### **4. General Provisions**

The 2020 Budget includes General Provisions related to HAG (Sec. 220, 221, and 222). These provisions are described further in “Fiscal Year 2020 General Provisions”.

Homeless Assistance Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
HOMELESS ASSISTANCE GRANTS  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Continuum of Care	2,106,000	2,154,965	4,260,965	2,060,181	2,106,000	2,203,049	4,309,049	2,321,600
Emergency Solutions Grants	270,000	217,152	487,152	385,927	270,000	101,225	371,225	270,000
National Homeless Data Analysis Project	7,000	12,000	19,000	7,000	7,000	12,000	19,000	7,000
Youth Demonstration	75,000	75,844	150,844	33,081	75,000	117,763	192,763	-
Youth Technical Assistance	5,000	-	5,000	-	5,000	5,000	10,000	-
Technical Assistance	-	100	100	-	-	333	333	-
Pay for Success Demonstration	-	71	71	9	-	62	62	-
Housing Needs for Human Trafficking Victims	-	[16,042]	-	[1,427]	-	[14,625]	-	-
Rapid Rehousing for DV Victims	50,000	-	50,000	-	50,000	50,000	100,000	-
<b>Total</b>	<b>2,513,000</b>	<b>2,460,132</b>	<b>4,973,132</b>	<b>2,486,198</b>	<b>2,513,000</b>	<b>2,489,432</b>	<b>5,002,432</b>	<b>2,598,600</b>

**COMMUNITY PLANNING AND DEVELOPMENT**  
**HOMELESS ASSISTANCE GRANTS**  
**Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For the Emergency Solutions Grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the Continuum of Care program as authorized under subtitle C of title IV of such Act; and the Rural Housing Stability Assistance program as authorized under subtitle D of title IV of such Act, \$2,598,600,000, to remain available until September 30, 2022: Provided, That any rental assistance amounts that are recaptured under such Continuum of Care program shall remain available until expended and may be used for any purpose under such program: Provided further, That not less than \$270,000,000 of the funds appropriated under this heading shall be available for such Emergency Solutions Grants program: Provided further, That not less than \$2,321,600,000 of the funds appropriated under this heading shall be available for such Continuum of Care and Rural Housing Stability Assistance programs: Provided further, That up to \$7,000,000 of the funds appropriated under this heading shall be available for the national homeless data analysis project: Provided further, That for all match requirements applicable to funds made available under this heading for this fiscal year and prior years, a grantee may use (or could have used) as a source of match funds other funds administered by the Secretary and other Federal agencies unless there is (or was) a specific statutory prohibition on any such use of any such funds: Provided further, That none of the funds provided under this heading shall be available to provide funding for new projects, except for projects created through reallocation, unless the Secretary determines that the continuum of care has demonstrated that projects are evaluated and ranked based on the degree to which they improve the continuum of care's system performance: Provided further, That the Secretary shall prioritize funding under the Continuum of Care program to continuums of care that have demonstrated a capacity to reallocate funding from lower performing projects to higher performing projects: Provided further, That any unobligated amounts remaining from funds appropriated under this heading in fiscal year 2012 and prior years for project-based rental assistance for rehabilitation projects with 10-year grant terms may be used for purposes under this heading, notwithstanding the purposes for which such funds were appropriated: Provided further, That all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account and transferred to this account shall be available, if recaptured, for Continuum of Care renewals in 2020: Provided further, That youth aged 24 and under seeking assistance under this heading shall not be required to provide third party documentation to establish their eligibility under 42 U.S.C. 11302(a) or (b) to receive services: Provided further, That unaccompanied youth aged 24 and under or families headed by youth aged 24 and under who are living in unsafe situations may be served by youth-serving providers funded under this heading.*

## Homeless Assistance Grants

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**COMMUNITY PLANNING AND DEVELOPMENT**  
**HOUSING TRUST FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	269,131	172,638	(2,461) <sup>a</sup>	439,308	325,385	32,119
2019 Appropriation CR	245,000	113,923	2,573 <sup>b</sup>	361,496	321,884	140,944
2020 Request	-	39,612	15,190	54,802	54,802	188,344
Change from 2019	(245,000)	(74,311)	12,617	(306,694)	(267,082)	47,400

a/ This number consists of sequestered funds (6.6 percent of budget authority (\$17.763 million)) made temporarily unavailable per the *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2018*, plus the \$15.302 million sequestered from FY 2017 that became available in FY 2018.

b/ This number consists of expected sequestered funds (6.2 percent of estimated 2019 budget authority (\$15.190 million)) that would be temporarily unavailable per the *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2019* plus the \$17.763 million previously sequestered that become available in FY 2019.

**1. Program Purpose and Budget Overview**

The Housing Trust Fund is a mandatory program authorized by the Housing and Economic Recovery Act of 2008 and funded through assessments from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The program began operations in FY 2016, and its funds are provided to states for the development, rehabilitation, and preservation of affordable housing for extremely low-income (ELI) households.

The 2020 President's Budget proposes to eliminate the assessments on Fannie Mae and Freddie Mac, thereby discontinuing any new funding of the Housing Trust Fund. HUD anticipates receiving approximately \$245 million from the calendar year 2018 collection, which will be distributed to the states in FY 2019. The Department will continue to administer the program until all existing grant funds are disbursed and closed, and it will oversee projects assisted with these grant funds until the end of their affordability periods (maximum 30 years).

Housing Trust Fund

**COMMUNITY PLANNING AND DEVELOPMENT  
HOUSING TRUST FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Formula Grants	269,131	172,638	439,308	325,385	245,000	113,923	361,496	-
<b>Total</b>	269,131	172,638	439,308 <sup>a</sup>	325,385	245,000	113,923	361,496 <sup>b</sup>	-

a/ The 2018 Total Resources column includes \$2.461 million in net sequestered funds.

b/ The 2019 Total Resources column includes \$2.573 million in net sequestered funds.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**PROJECT-BASED RENTAL ASSISTANCE**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	11,515,000	403,902	-	11,918,902 <sup>a</sup>	11,622,974	11,768,000
2019 Annualized CR	11,515,000	361,929	-	11,876,929 <sup>b</sup>	11,627,293	12,039,000
2020 Request	12,021,000	321,636	(650)	12,341,985 <sup>c</sup>	12,093,000	11,901,000
Change from 2019	506,000	(40,293)	(650)	464,057	465,707	(138,000)

- a/ Resources, obligations, and outlays for 2018 Appropriation include \$269 million in carryover of unobligated balances, \$62 million from recaptures realized in 2018, \$63 million transferred from the Public Housing Operating Fund and Capital Fund for the Rental Assistance Demonstration (RAD), and \$10 million from Other Assisted Housing for RAD conversions.
- b/ Resources, obligations, and outlays for 2019 Annualized Appropriation include \$296 million in carryover of unobligated balances, an estimated \$10 million from recaptures in 2019, \$47 million of transfer from the Public Housing Operating Fund for RAD conversions, and \$9 million of transfer from Other Assisted Housing for RAD conversions.
- c/ Resources, obligations, and outlays for the 2020 Request include \$250 million in carryover of unobligated balances, an estimated \$10 million from recaptures in 2020, \$59 million of transfer from the Public Housing Operating Fund for RAD conversions, and an estimated \$3 million of transfer from Other Assisted Housing for RAD conversions. Additionally, unobligated balances from PBRA Disaster Assistance (P.L. 110-329 as amended by P.L. 111-32) are permanently cancelled, as reflected in the “Supplemental/Rescission” column.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget request for the Project-Based Rental Assistance (PBRA) program is \$12.021 billion, which is \$506 million more than the 2019 Annualized Continuing Resolution (CR) level. This includes \$11.676 billion for contract renewals and amendments, as well as up to \$345 million for Performance-Based Contract Administration (PBCA). As described further below, the funding request reflects a set of policies that reduce costs while continuing to assist current residents.

## Project-Based Rental Assistance

- The funding requested allows renewal or amendment of several types of rental assistance contracts, which currently provide safe, stable, and affordable housing to approximately 1.2 million low-income and very low-income households that are primarily seniors, families with children, and persons with disabilities each year.
- The request, in combination with previously appropriated resources, is estimated to support all PBRA rental subsidy contracts through the end of calendar year 2020.
- The PBRA program provides rental assistance on behalf of eligible tenants residing in specific multifamily rental developments, through contracts between the Department and owners of multifamily rental housing. If a tenant moves, the assistance stays with the housing development (which is a major difference between this program and the Tenant-Based Rental Assistance program in which the subsidy moves with the tenant). The amount of rental assistance paid to the owner is the difference between what a household can afford and the approved contract rent for the unit.

## 2. Request

### Contract Renewals and Amendments - \$11.676 billion

The 2020 President's Budget for Contract Renewals and Amendments fully funds the existing PBRA portfolio, inclusive of pending RAD conversions. The request provides funding for approximately 17,200 Section 8 contracts, which HUD will continue to fund under the calendar year funding methodology, implemented in 2017. The request also includes renewal funding for Public Housing properties that converted to PBRA in 2013 through 2018 via Rental Assistance Demonstration (RAD). HUD will continue the conversion of Public Housing properties to long-term Section 8 contracts in 2020 through RAD. The request also includes renewal funding for Rent Supplement (Rent Supp) and Rental Housing Assistance Payments (RAP) properties converting to PBRA in 2019 under the second component of RAD.

The 2020 Budget for Section 8 Amendments will provide additional funds for long-term project-based contracts, executed primarily in the 1970s and 1980s. During those years, the Department provided contracts for terms of up to 40 years. Accurately estimating long-term funding needs proved to be problematic, and accordingly, many of these Section 8 contracts were inadequately funded. This funding will continue supporting projects with contracts still in the original term.

In 2020, the Department seeks to allocate up to \$2 million (from Contract Renewals and Amendments appropriations) to assist tenant groups, nonprofit groups, and public entities with addressing tenant concerns within at-risk properties and improving tenant access to community services to support self-sufficiency. Section 514(f) of Multifamily Assisted Housing Reform and Affordability Act

## Project-Based Rental Assistance

(MAHRA) authorizes the Secretary to utilize PBRA appropriations for tenant assistance activities and for technical assistance for preservation activities. PBRA appropriations authority for “administrative and other expenses associated with project-based activities and assistance” enables the implementation of this MAHRA authorization. Funding will be used to improve the capacity of tenants to engage in the preservation of properties where housing is at risk due to poor physical conditions or contract expiration. Funding may also be directed toward tenant services and capacity building activities at properties housing significant numbers of work-able households to further resident access to education, health services, and employment opportunities.

### Contract Administration Support - \$345 million

Performance-Based Contract Administrators (PBCAs) or other supportive services contractors, which are integral to the Department’s efforts to be more effective and efficient in the oversight and monitoring of the PBRA program, are typically responsible for conducting on-site management reviews of assisted properties; adjusting contract rents; and reviewing, processing, and paying monthly vouchers submitted by owners. The estimated annual appropriation needed in 2020 to maintain the contract administration program is \$345 million. These funds may be combined with up to \$20 million from Housing Certificate Fund (HCF) to cover the full program cost. This level of funding will ensure that regardless of the timing or outcome of new procurements, critical contract administration services will continue without interruption. Given that protests and litigation may slow the execution of new contract awards, the request takes into account multiple budgetary scenarios. Continued extension of the existing PBCA agreements is estimated to cost up to \$365 million in 2020. Actual cost is dependent on changes in Fair Market Rents and the number of Housing Assistance Payment (HAP) contracts assigned to each PBCA. Should the Department successfully execute new awards, the request will allow for a partial year extension of existing PBCA agreements, with remaining funds anticipated to be placed on the base-year of the new contracts. In recent years, this program has utilized residual funding in HCF to supplement needs not provided by annual appropriations. In 2020, HCF availability will be largely exhausted, resulting in a \$60 million increase in appropriations relative to the 2018 enacted level.

### **3. Justification**

#### Addressing the need for quality affordable rental homes

The PBRA program is one of three major federal rental assistance programs for providing low-income families with decent, safe, and affordable housing. The program currently provides housing for over 1.2 million families, many of whom are vulnerable populations. Approximately 47 percent of assisted households are headed by elderly persons, 17 percent by persons with disabilities, and 26 percent by females with children. The program supports a stock of affordable housing and maintains and protects the long-term federal investment in these assets, which would be costly to recreate.

## Project-Based Rental Assistance

PBRA has maintained a stock of long-term affordable rental housing for the lowest-income American families while a long-term affordable housing shortage was growing increasingly severe. The number of very low-income renters increased by 18 percent between 2003 and 2013 (from 15.7 to 18.5 million households) while the number of affordable units for these renters decreased by 10 percent (from 20 to 18 million). In the face of this affordable rental crisis, PBRA continues to account for over 6 percent of the nation's affordable housing stock for very low-income renters.

### Reduces the number of families with severe housing needs and reduces or prevents homelessness

HUD's *Worst-Case Housing Needs: 2017 Report to Congress* revealed that among very low-income renter households that lacked assistance, 8.3 million had worst-case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units. The likelihood that a very low-income renter household has worst-case needs increased to 43 percent in 2015, approaching the record rate of 44 percent observed in 2011<sup>1</sup>. Public-sector housing assistance and private-sector housing development have substantially failed to keep up with the growing demand for affordable rental housing.

PBRA funding directly reduces worst case housing needs by providing affordable housing to populations likely to face worst-case needs, included families with children, senior citizens, and persons with disabilities. Without assistance, housing costs would effectively diminish the already-limited incomes of these families, even for necessities such as utilities, food, health care, child care, education, and transportation costs, and many would be at risk of homelessness.

### Preserving the affordability and condition of privately-owned rental housing

PBRA supports a stock of long-term affordable rental housing for the lowest-income American families. The gap in the supply of affordable rental units relative to need has been growing for decades; worst-case needs are common in every region and metropolitan category across the United States. Nationwide, 43 percent of very low-income renters had worst case housing needs in 2015. Only 66 affordable units exist nationwide per 100 extremely low-income renters, and because many of these units are occupied by higher-income renters, only 38 units per 100 extremely low-income renters are available to renters in this category (only 33 of the affordable, available units are also physically adequate). The available rental stock, even at higher rent levels, is being absorbed rapidly, reducing the overall rental vacancy rate from 10.9 percent in 2009 to 9.7 percent in 2015. Therefore, it is increasingly important that PBRA supports a stock of long-term affordable rental housing for the lowest-income American families.

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<sup>1</sup> HUD's *Worst-Case Housing Needs: 2017 Report to Congress*, <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>

## Project-Based Rental Assistance

Without this assistance, many projects would either convert to market rates with potentially larger rent increases than the current families could afford, or alternatively would be unable to generate sufficient rental income to be maintained in good condition. In addition, without ongoing rental income, some projects may be unable to continue payments on existing debt, including mortgages insured by FHA, or mortgages backed by bonds issued by state housing finance agencies.

### Expanding choices of affordable rental homes located in a broad range of communities

The preservation of affordable units assures that units will continue to become available in a wide range of housing markets throughout the nation as vacancies occur. Many projects are in neighborhoods where low-income families may otherwise be unable to find affordable housing, while other projects serve as anchors, providing well-maintained properties in areas that might experience downward investment. Many projects also provide badly needed affordable housing in rural areas, as some projects were developed with financing through the USDA Rural Housing Service's Section 515 Multifamily program.

### PBRA's spillover benefits to local communities and economies

Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases. PBRA housing provides employment, increases the buying power of assisted tenants in support of local businesses, and increases local tax bases. The PBRA program, through its approximately 17,200 contracts with owner landlords, directly contributes to job creation and retention in the fields of property management, maintenance, administration, general construction, contract vendors such as landscapers, exterminators, security guards, snow removers, equipment servicers, legal representation, and property insurance providers.

In addition to local revenue generation and job retention associated with ongoing project operation, the PBRA program is also a redevelopment and preservation tool for private owners of low-income multifamily rental housing. PBRA contracts act as a critical credit enhancement for project financing, allowing owners to leverage private debt and equity to permit project refinancing and recapitalization. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements. Without funding for the PBRA program, the value of the underlying debt to FHA and private lenders and existing equity in the physical structures could be severely eroded, contributing to a significant loss of privately held wealth and community investment.

## Project-Based Rental Assistance

### **Cross-Cutting Rent Reform Proposal**

The 2020 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration:* The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation:* HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe-harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.
3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the nation. These alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

In addition, the 2020 Budget proposes uniform work requirements for households able to work. Consistent with Administration policy, the requirement would allow for work-seeking and preparation activities and would exempt the elderly, persons with disabilities, those

## Project-Based Rental Assistance

caring for a family member with a disability or small child, and pregnant women. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

### **General Provisions**

The 2020 Budget includes General Provisions related to PBRA (Sec. 201, 206, 209, 213 and 224). These provisions are described further in “Fiscal Year 2020 General Provisions”.

Project-Based Rental Assistance

**HOUSING**  
**PROJECT-BASED RENTAL ASSISTANCE**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Contract Renewals and Amendments	10,997,000	227,634	11,224,634	11,031,256	11,087,000	281,168	1,368,168	11,486,000
Contract Administrators	285,000	18	285,018	284,975	245,000	43	245,043	345,000
Tenant Resources Network	3,000	-	3,000	-	3,000	-	3,000	2,000
Vouchers for Disaster Relief - (P.L. 111-32)	-	650	650	-	-	650	650	-
Rental Assistance Demonstration	-	109,354	109,354	99,743	-	9,611	9,611	-
Mod Rehab and SRO Renewals	230,000	66,246	296,246	207,000	180,000	70,457	250,457	188,000
Research and Technology (transfer)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,515,000</b>	<b>403,902</b>	<b>11,918,902</b>	<b>11,622,974</b>	<b>11,515,000</b>	<b>361,929</b>	<b>11,876,929</b>	<b>12,021,000</b>

- For fiscal year 2018, Resources, obligations, and outlays include \$269 million in carryover of unobligated balances, \$62 million from recaptures realized in 2018, \$63 million transferred from the Public Housing Operating Fund and Capital Fund for the Rental Assistance Demonstration (RAD), and \$10 million from Other Assisted Housing for RAD conversions.
- For fiscal year 2019 Annualized CR, Resources, obligations, and outlays include \$296 million in carryover of unobligated balances, an estimated \$10 million from recaptures in 2019, \$47 million of transfers from the Public Housing Operating Fund for RAD conversions, and \$9 million of transfers from Other Assisted Housing for RAD conversions.

## Project-Based Rental Assistance

- For fiscal year 2020 Request, Resources, obligations, and outlays include \$250 million in carryover of unobligated balances, an estimated \$10 million from recaptures in 2020, \$59 million of transfers from the Public Housing Operating Fund for RAD conversions, and an estimated \$3 million of transfers from Other Assisted Housing for RAD conversions. Unobligated balances from PBRA Disaster Assistance in the amount of \$650 thousand (P.L. 110-329 as amended by P.L. 111-32) are permanently cancelled, as reflected in the “Supplemental/Rescission” column.

## Project-Based Rental Assistance

### **HOUSING PROJECT-BASED RENTAL ASSISTANCE Appropriations Language (INCLUDING CANCELLATION)**

The 2020 President's Budget includes the appropriation language listed below:

*For activities and assistance for the provision of project-based subsidy contracts under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) ("the Act"), not otherwise provided for, [\$10,747,000,000]\$11,621,000,000, to remain available until September 30, [2021]2022, shall be available on October 1, [2018]2019 (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, [2018]2019), and \$400,000,000, to remain available until September 30, [2022]2023, shall be available on October 1, [2019]2020: Provided, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this paragraph: Provided further, That of the total amounts provided under this heading, not to exceed [\$285,000,000]\$345,000,000 shall be available for performance-based contract administrators or contractors for section 8 project-based assistance, for carrying out 42 U.S.C. 1437(f): Provided further, That the Secretary may also use such amounts in the previous proviso for performance-based contract administrators or contractors for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667): Provided further, That amounts recaptured under this heading, the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund", may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators or contractors, notwithstanding the purposes for which such amounts were appropriated: Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based Housing*

## Project-Based Rental Assistance

*Assistance Payments contract that authorizes HUD or a Housing Finance Agency to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: Provided further, That amounts deposited pursuant to the previous proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading: Provided further, That any unobligated balances made available for obligation under the heading "Department of Housing and Urban Development — Public and Indian Housing — Project-Based Rental Assistance" in chapter 10 of title I of division B of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110–329; 122 Stat. 324) (as amended by section 1203 of Public Law 111–32; 123 Stat. 1859) are hereby permanently cancelled.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**RENTAL ASSISTANCE DEMONSTRATION**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	-	-	-	-	-	-
2019 Annualized CR	-	-	-	-	-	-
2020 Request	100,000	-	-	100,000	100,000	100,000
Change from 2019	100,000	-	-	100,000	100,000	100,000

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget for the Rental Assistance Demonstration (RAD) Program is \$100 million. RAD promotes public-private partnerships to improve the nation’s affordable housing infrastructure and create jobs. The main goal of RAD is the preservation of affordable housing, specifically by converting public housing and other HUD-assisted properties to long-term, Section 8 project-based rental assistance (PBRA) and project-based vouchers (PBV). These conversions allow public housing authorities (PHAs) and other owners to leverage private debt and equity to address their properties’ immediate and long-term capital needs. RAD targets HUD-assisted properties that are supported by contracts inhibiting access to capital and at risk of falling into disrepair or being lost from the Nation’s affordable housing inventory.

**2. Request**

The 2020 President’s Budget supports the following activities:

Rental Assistance Demonstration - \$100 million

Despite the success of RAD, which has been implemented without any new funding, many public housing properties are unable to leverage the public and private capital needed for property improvements to ensure the safety and availability of the nation’s

## Rental Assistance Demonstration

affordable housing infrastructure. HUD requests \$100 million to support the conversion of public housing properties that are unable to convert using only the funds currently provided through Public Housing appropriations. This would leverage capital markets to enable improvements to these properties totaling an estimated \$2.1 billion.

Additionally, HUD requests that the statutory cap of 455,000 units be eliminated, allowing any public housing property that could convert under cost-neutral levels to do so.

### **3. Justification**

The RAD program enables PHAs to revitalize their properties and ensure safe and stable housing for low-income families. As of December 2018, RAD has converted nearly 111,000 public housing units. These transactions have generated over \$6.6 billion in construction activity towards the preservation, rehabilitation, and replacement of these public housing units. RAD has achieved this success without any new federal appropriations, instead repurposing existing Public Housing Operating and Capital Funds towards new Section 8 Housing Assistance Payment (HAP) contracts. PHAs are in the process of converting another 140,000 units and have expressed interest in applying for at least another 100,000 units. Altogether, the program is nearing its current 455,000-unit statutory cap, which may occur within the next one to two years. Therefore, HUD requests that Congress eliminate the statutory cap on the number of public housing units that can convert.

HUD also requests \$100 million to support the conversion of properties that are unable to convert at cost-neutral levels. In 2010, the 1.1 million units in the Public Housing program had a documented capital needs backlog of approximately \$26 billion and the public housing inventory was losing an average of 10,000 units annually through demolitions or dispositions. The capital needs backlog has since increased steadily despite the progress made through RAD. There remain many properties where rent levels based on Public Housing appropriations are too low to support the financing necessary to address the capital needs at the property. With \$100 million in funding, HUD will support the conversion and long-term preservation of an additional 35,000 units that would otherwise be unable to participate in RAD, prioritizing units located in Opportunity Zones.

### **General Provisions**

The 2020 Budget includes a General Provision related to RAD (Sec. 219). This provision is described further in “Fiscal Year 2020 General Provisions”.

Rental Assistance Demonstration

**HOUSING**  
**RENTAL ASSISTANCE DEMONSTRATION**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Rental Assistance Demonstration	-	-	-	-	-	-	-	<u>100,000</u>
Total	-	-	-	-	-	-	-	100,000

Rental Assistance Demonstration

**HOUSING**  
**RENTAL ASSISTANCE DEMONSTRATION**  
**Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For continuing activities under the heading "Rental Assistance Demonstration "in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as amended, \$100,000,000, to remain available through September 30, [2023]2024, for targeted supplemental subsidy to properties seeking to convert from assistance under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) where the section 9 assistance is insufficient to support conversion of the property under the demonstration, in accordance with procedures established by the Secretary.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**HOUSING FOR THE ELDERLY (SECTION 202)**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	Enacted/ Requested	Carryover	Supplemental / Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	678,000	153,678 <sup>a</sup>	-	831,678	626,323	728,448
2019 Annualized CR	678,000	204,398 <sup>b</sup>	-	882,398	647,887	752,080
2020 Request	644,000	234,511	-	878,511	688,864	798,926
Change from 2019	(34,000)	30,113	-	(3,887)	40,977	46,926

a/ Carryover includes \$143.5 million in unexpired unobligated balances and \$10.1 million in recaptures and collections

b/ Carryover includes \$204.3 million in unexpired unobligated balances; it excludes \$1 million in unobligated balances that expired at the end of FY 2018.

**1. Program Purpose and Budget Overview**

The 2020 President's Budget requests \$644 million for the Housing for the Elderly Program (Section 202), which is \$34 million less than the 2019 Annualized Continuing Resolution (CR) level. The 2020 Budget will fully fund Project Rental Assistance Contracts (PRAC) and Senior Preservation Rental Assistance Contracts (SPRAC) renewals and amendments that support more than 124,000 existing units. An estimated 3,400 existing PRAC units will renew or require contract amendments for the first time in 2020.

The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly through capital advances and project rental assistance contracts to support nonprofit entities in building and operating housing for very low-income elderly tenants. Housing through Section 202 provides seniors with options that allow them to live independently and in an environment that provides access to support activities such as cleaning, cooking, transportation, and other services. Affordable senior housing developments that were built with Section 202 funds continue to provide housing and services to their residents. Project-based rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution toward rent.

## Housing for the Elderly (Section 202)

### **2. Request**

The 2020 President's Budget supports the following activities:

#### Elderly PRAC/SPRAC Renewals and Amendments - \$551 million

The 2020 Budget funds Project Rental Assistance Contracts (PRAC) and Senior Preservation Rental Assistance Contracts (SPRAC) Renewals/Amendments that support more than 124,000 existing units. PRAC Renewals/Amendments provide continued assistance to tenants of Section 202 projects where the initial PRAC has expired or all reserved funding has been disbursed. In the early stages of the Section 202 program, the initial PRAC terms were 20 years; those terms were reduced to five years in 1995 and further reduced to three years in 2006. As the initial contracts begin to expire, rental assistance is renewed on a 1-year basis with funding from the PRAC Renewal/Amendment component. The budget recognizes that processing renewals is logistically difficult in the first months of a new fiscal year and, as a result, proposes the ability to renew contracts for up to fifteen months. For a portion of the contracts up for renewal in October, November, or December, this will give HUD the option to provide a one-time longer contract that will put them on a schedule going forward to have annual renewals in the second quarter of the fiscal year rather than the first.

A key ongoing cost driver for PRAC and SPRAC renewals is the number of new units entering the renewal portfolio for the first time. In 2020, approximately 3,400 units will be renewing for the first time. The request, coupled with the Department's proposal to freeze budget-based rent increases and with offsets from residual receipt collections, will fully fund all renewals in the portfolio.

#### Service Coordinator/Congregate Housing Services - \$90 million

The 2020 Budget will fund renewal of approximately 1,500 existing Service Coordinator/Congregate Housing Services grants.

A service coordinator is a social service staff person who is responsible for assuring that residents, especially those who are frail or at risk of becoming frail, are linked to the specific supportive services they need to continue living independently and age in place. Their primary responsibility is to help link residents of eligible housing with supportive services provided by community agencies. The service coordinator may also perform such activities as providing case management, acting as an advocate or mediator, coordinating group programs, or training housing management staff. The Congregate Housing Services Program (CHSP) is a mature program that now only funds renewals. CHSP subsidizes the cost of supportive services that are provided on-site and in the participant's home, which may include but are not limited to congregational meals, housekeeping, personal assistance, transportation, and case management.

## Housing for the Elderly (Section 202)

Service Coordinator grants pay the salary and fringe benefits of a service coordinator and cover related program administrative costs. Annual extensions of Service Coordinator grants are to be used only to meet a critical need and in cases where no other funding source is available. Meeting a “critical need” means addressing a need that cannot be met through the use of other resources. As the physical repair/replacement needs of aging properties begin to increase, HUD has noticed a decline in the number of grantees that can offset service coordination costs from other sources, leading to growth in the size of annual extension requests for established grants.

### Capital Advance

Capital Advance funds may be supplemented through the transfer of recaptures from the Rental Housing Assistance account should recaptures not be needed to support contract renewals and amendments in 2020. The award of these funds will provide construction funding and operating assistance for additional Section 202 projects.

### Capital Advance Amendments and Other Expenses - \$3 million

The 2020 Budget includes \$3 million for related administrative costs.

## **3. Justification**

The Housing for the Elderly (Section 202) program provides funding to create and support multifamily housing for very low-income elderly persons. Nearly 400,000 units for low-income elderly households have been produced to date. Section 202 is currently the only federal program that expressly addresses this need for affordable elderly housing. Its impact is amplified through the leverage of other housing resources such as Section 8 and Low-Income Housing Tax Credits (LIHTC). Since 2005, roughly 900 Section 202 projects have either refinanced their original Section 202 loans or had the loan reach maturity. Of that number, HUD has identified 161 projects that have obtained new FHA-insured mortgages that were linked to low-income tax credits. This represents over \$600 million in new financing. In addition to this group of FHA-insured projects, other Section 202 sponsors are likely to have refinanced with conventional (non-FHA) mortgages that also relied on tax credits.

To be eligible for residency in a Section 202 unit, a household must be composed of one or more elderly persons, with a household income at or below 50 percent of the area median income. Most residents fall far below that threshold. The average annual household income for Section 202 households is approximately \$13,300.<sup>1</sup>

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<sup>1</sup> 2015 Analysis by HUD Office of Policy Development and Research of PIC and TRACS data.

## Housing for the Elderly (Section 202)

The Supportive Housing for the Elderly (Section 202) program provides critical support for the population of vulnerable seniors. Today, HUD is only able to provide assisted housing to one in three seniors who qualify. The demand for such programs is likely to increase as baby boomers continue to age into retirement. In addition to demand outpacing investments in elderly housing, there is a growing increase in the number of older Americans with worst-case housing needs. HUD's *Worst Case Housing Needs: 2017 Report to Congress* reveals that among very low-income renter households that lacked assistance in 2015, 8.3 million had worst-case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or from living in severely inadequate housing units. Almost 1.9 million households headed by an elderly person had worst-case housing needs in 2015. The proportion of elderly very low-income renters with worst-case needs was 39.8 percent in 2015, representing a 2.6 percentage point increase since 2013.

An estimated 38 percent of all residents currently living in Section 202 properties could be considered “frail” or “near-frail.” However, with the assistance of service coordinators, many of these residents can access community-based services that are designed to help them stay longer in their housing and avoid more expensive institutional settings. Going forward, the Section 202 program intends to increasingly target housing assistance toward exactly this subset of the elderly population given the tremendous cost-savings associated with independent living versus nursing homes or assisted living facilities.

A study of HUD's housing programs found that the average age at which elderly households leave assisted housing is higher for Section 202 residents compared to other housing programs. The study found that housing occupied primarily by the elderly has greater success at retaining residents into more advanced ages.<sup>2</sup> A study of service coordination found very high levels of satisfaction, and it found that the presence of service coordinator staff who link residents to supportive services in the community increased residents' length of stay by 10 percent compared to those without access to this service.<sup>3</sup>

HUD has recently collaborated with the Department of Health and Human Services (HHS) on relevant research on ways housing can lead to long-term medical savings. One such study has produced a design for a demonstration on aging-in-place for HUD-assisted seniors. This contract, as noted above, has already produced an extensive literature review and several case studies, and these are the basis for developing a model of service and health care coordination that can be tested for its impacts on health outcomes, health care expenditures, health care service utilization, and consequences for participating properties. In addition, with MacArthur Foundation funding and HUD cooperation, the contractor is conducting a survey of HUD properties to assess the types and scope of services available in senior subsidized housing. Finally, the contractor has matched HUD-assisted seniors in 12 cities to their Medicare claims records to assess health care utilization, expenditures, and diagnoses. This is the first time that the Department has sought to match

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<sup>2</sup> Locke, Gretchen, Ken Lam, Meghan Henry, and Scott Brown (Abt Associates, Inc).2011. End of Participation in Assisted Housing: What Can We Learn About Aging in Place? Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

<sup>3</sup> HUD, “Multifamily Property Managers' Satisfaction with Service Coordination” 2008.

## Housing for the Elderly (Section 202)

HUD administrative data with health claims data to create measures of Medicare utilization and expenditures for HUD-assisted elders.

Under the Americans with Disabilities Act and the Supreme Court's *Olmstead* decision, states are legally obligated to favor community-based and integrated settings over institutional settings for persons with disabilities, including the elderly. State Medicaid agencies are making efforts to comply with this mandate through Medicaid home and community-based "waiver" programs administered by HHS' Centers for Medicare and Medicaid Services. However, states often find themselves limited in achieving this mandate, even when they have effective Medicaid waiver programs in place, because the target population cannot afford the cost of renting a home in the community. In the most recent progress report of the HHS program, 20 out of 34 states reported an insufficient supply of affordable and accessible housing options to transition people from institutional settings to the community. Investments in Section 202 supportive housing align with and complement these state efforts to provide home and community-based services for elderly persons with disabilities. The Department is working with HHS on several collaborative projects to increase access to affordable housing in community settings for elderly persons with disabilities seeking to leave institutional settings related to the Section 202 program, such as HHS' Money Follows the Person (MFP) program.

### **Cross-Cutting Rent Reform Proposal**

The 2020 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration:* The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.

## Housing for the Elderly (Section 202)

2. *Reduce federal taxpayer costs by encouraging work and stable family formation:* HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.
3. *Increase local control and choice:* MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the nation. These alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

### **General Provisions**

The 2020 Budget proposes to continue General Provisions related to the Housing for Elderly program (Sec. 206 and 224). These provisions are described further in “Fiscal Year 2020 General Provisions”.

Housing for the Elderly (Section 202)

**HOUSING  
HOUSING FOR THE ELDERLY (SECTION 202)  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Capital Advance Amendments and Other Expenses	3,000	17,977	20,977	3,596	3,000	17,288	20,288	3,000
Elderly PRAC/SPRAC Renewals/Amendments	480,000	92,609	572,609	527,979	480,000	44,630	524,630	551,000
Service Coordinators/Congregate Housing Service Program	90,000	33,092	123,092	94,748	90,000	27,480	117,480	90,000
Capital Advance, Senior Preservation Rental Assistance Contracts - (Expansion)	105,000	10,000	115,000	-	105,000	115,000	220,000	-
<b>Total</b>	<b>678,000</b>	<b>153,678</b>	<b>831,678</b>	<b>626,323</b>	<b>678,000</b>	<b>204,398</b>	<b>882,398</b>	<b>644,000</b>

Housing for the Elderly (Section 202)

**HOUSING**  
**HOUSING FOR THE ELDERLY (SECTION 202)**  
**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For amendments to capital advance contracts for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance for the elderly under section 202(c)(2) of such Act, including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 15 month term, and for senior preservation rental assistance contracts, including renewals, as authorized by section 811(e) of the American Housing and Economic Opportunity Act of 2000, as amended, and for supportive services associated with the housing, \$644,000,000 to remain available until September 30, 2023: Provided, That of the amount provided under this heading, up to \$90,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects: Provided further, That the Secretary may waive the provisions of section 202 governing the terms and conditions of project rental assistance, except that the initial contract term for such assistance shall not exceed 5 years in duration: Provided further, That upon request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 202 project rental assistance contract, and that upon termination of such contract are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until September 30, 2023: Provided further, That amounts deposited in this account pursuant to the previous proviso shall be available, in addition to the amounts otherwise provided by this heading, for the purposes authorized under this heading and capital advance contracts: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading may be used for the current purposes authorized under this heading notwithstanding the purposes for which such funds originally were appropriated.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental / Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	229,600	87,579 <sup>a</sup>	-	317,179	154,514	177,636
2019 Annualized CR	229,600	162,604 <sup>b</sup>	-	392,204	190,810	238,381
2020 Request	157,000	202,455	-	359,455	230,850	287,593
Change from 2019	(72,600)	39,851	-	(32,749)	40,040	49,212

a/ Carryover includes \$76.8 million in unexpired unobligated balances and \$9.8 million in recaptures and collections.

b/ Carryover includes \$161.6 million in unexpired unobligated balances and \$1 million in recaptures and collections; it excludes \$61 thousand of unobligated balances that expired at the end of FY 2018.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget for the Housing for Persons with Disabilities (Section 811) program is \$157 million, which is \$72.6 million less than the 2019 Annualized Continuing Resolution (CR) level. This request fully funds the annual renewal and amendment for over 29,000 units across 2,450 housing properties that require additional budget authority in 2020. Additionally, the 2020 Budget provides continued assistance to tenants of Section 811 projects in which the initial PRAC/PAC has expired or all reserved funding has been disbursed. The 2020 Budget funding levels across HUD rental assistance programs would support the same number of households currently assisted, while proposing reforms to ensure long-term fiscal sustainability of rental assistance. As described in the “Overview of Rental Assistance Programs” justification, the funding request reflects a set of policies that reduce costs while continuing to assist current residents.

The Housing for Persons with Disabilities program provides project-based rental assistance, which covers the difference between the HUD-approved operating cost of the project and the tenants’ contributions toward rent. It allows very low- or extremely low-income persons with disabilities to live independently by providing them with affordable rental housing that is integrated into their local communities. The program targets vulnerable persons with disabilities who need affordable housing to effectively access community-

## Housing for Persons with Disabilities (Section 811)

based support and services, such as case management, housekeeping assistance, assistance with activities of daily living, and more—to live independently in the community.

### **2. Request**

The 2020 President's Budget supports the following activities:

#### Disabled PRAC/PAC Renewals and Amendments - \$155 million

The 2020 Budget provides \$155 million for Project Rental Assistance Contract (PRAC) and Project Assistance Contract (PAC) renewals and amendments. The 2020 Budget amount, coupled with the Department's proposal to freeze budget-based rents and with offsets from residual receipt collections, will fully fund over 29,000 units across 2,450 housing properties that require additional budget authority in 2020. Approximately 800 units will renew for the first time during 2020, requiring additional funding above the 2019 baseline.

The 2020 Budget provides continued assistance to tenants of Section 811 projects in which the initial PRAC/PAC has expired or all reserved funding has been disbursed. HUD estimates that from 2019 to 2020, approximately 800 units will require first-time amendment (during their initial term) or first-time renewal.

#### Capital Advance and State Project Rental Assistance

The request will allow HUD to use offsetting collections of excess residual receipts to fund new Capital Advances and State Project Rental Assistance awards, thereby modestly increasing the number of disabled, very low-income persons living in safe, decent, and affordable housing. In addition, these funds may be supplemented through the transfer of recaptures from the Project-Based Rental Assistance account should recapture not be needed to support contract renewals and amendments in 2020. The award of these funds will provide construction funding or operating assistance for additional project-based Section 811 units. The program design will build on the updated Section 811 notice of funding availability (NOFA) now under development to award the \$82.6 million appropriated in 2018 to expand assistance and may utilize either Project Rental Assistance (PRA) awards to state housing finance agencies (HFAs) or the traditional capital advance model. The expansion of affordable housing opportunities that are fully integrated into the community and coordinated with critical supportive services provides a needed alternative to costly institutional care.

## Housing for Persons with Disabilities (Section 811)

### Capital Advance Amendments and Other Expenses - \$2 million

The 2020 Budget provides up to \$2 million for related administrative costs.

### **3. Justification**

The Housing for Persons with Disabilities (Section 811) program addresses the unmet housing needs of very low-income renters with disabilities who cannot find affordable housing and experience severe housing problems. HUD's *Worst Case Housing Needs: 2017 Report to Congress* tracked the number of households with worst-case housing needs, defined as renters with very low incomes—no more than 50 percent of the Area Median Income (AMI)—who do not receive government housing assistance and who pay more than one-half of their income for rent, live in severely inadequate conditions, or both. This report revealed that of the 8.3 million very low-income households with worst-case housing needs that lacked assistance in 2015, one in six includes one or more non-elderly persons with disabilities. Worst-case needs among such households increased by 28 percent from 1.09 million in 2013 to 1.39 million in 2015.

Persons with disabilities often require special accommodation and support services to live independently, and finding housing that accommodates these special needs is a challenge. Approximately half of the households with non-elderly persons with disabilities that have worst-case housing needs have ambulatory and cognitive disabilities, and almost one-third of the households have independent living limitations.<sup>1</sup> Two-thirds of people with disabilities assisted by the traditional Section 811 program have developmental disabilities or chronic mental illness that require extensive supportive services.<sup>2</sup>

Nationally, there are an estimated 188,000 non-elderly persons who live in nursing homes and are eligible for Department of Health and Human Services (HHS) Money Follows the Person (MFP) (for persons living in an institution for more than 90 consecutive days) and could potentially be transitioned to a Section 811 unit.<sup>3</sup> The Genworth 2017 Cost of Care Survey estimates the national average cost of a semi-private room in a nursing home at \$85,775 per year. The cost of this type of facility has been increasing annually at a rate of

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<sup>1</sup>[Worst Case Housing Needs: 2017 Report to Congress. Washington DC: U.S. Department of Housing and Urban Development. 2017.](#)

<sup>2</sup> Locke, G., C. Nagler, K. Lam. [Implications of Project Size in Section 811 and Section 202 Assisted Projects for Persons with Disabilities.](#) Washington, DC: U.S. Department of Housing and Urban Development. 2005. Also Applied Real Estate Analysis (AREA). *Evaluation of Supportive Housing Programs for Persons with Disabilities, volume I and II.* Washington, DC: U.S. Department of Housing and Urban Development. 1996.

<sup>3</sup> Irvin, C.V., Denny Brown, N., Morris, E., Postman, C. 2016. Pathways to Independence: Transitioning Adults Under Age 65 From Nursing Homes to Community Living. December 2016. Retrieved from <https://www.mathematica-mpr.com/our-publications-and-findings/publications/pathways-to-independence-transitioning-adults-under-age-65-from-nursing-homes-to-community-living>.

## Housing for Persons with Disabilities (Section 811)

three percent in recent years.<sup>4</sup> Past studies of the traditional Section 811 program have shown that projects are in high demand, with rare vacancies and very low turnover.<sup>5</sup>

Experts agree that there is a great need to reduce health care costs for people with disabilities and to find more cost-effective ways to provide people with disabilities community-based support and services. Affordable housing has been a key barrier to this goal according to evaluations of HHS' MFP program. In the 2017 evaluation report of MFP, 38 of 44 grantee states reported at least one challenge securing housing for MFP participants. The two most commonly reported challenges in 2016 were an insufficient supply of affordable and accessible housing and an insufficient supply of rental vouchers. The evaluation noted that grantee states have continued to cite shortages in housing and rental vouchers as key challenges since the beginning of the MFP demonstration.<sup>6</sup> HUD awarded a contract to conduct an independent evaluation of the cost-effectiveness of the Section 811 Project Rental Assistance (PRA) demonstration<sup>7</sup> compared to the traditional Section 811 program and to other forms of housing assistance for people with disabilities. Until HUD obtains the results from this evaluation (expected in 2019), the evaluation of the MFP program offers a glimpse of possible cost reductions from moving persons with disabilities from institutions into communities. Estimates indicate that the transitions through the end of 2013 (the sixth year of MFP transitions) generated health care cost savings in the range of \$204 million to \$978 million depending on the number of transitions attributable to the MFP demonstration.<sup>8</sup>

Under the Americans with Disabilities Act and the Supreme Court's *Olmstead* decision, states are legally obligated to favor community-based and integrated settings over institutional settings for persons with disabilities. State Medicaid agencies are making efforts to comply with this mandate through Medicaid home and community-based "waiver" programs administered by HHS' Centers for Medicare and Medicaid Services. However, states often find themselves limited in achieving this mandate, even when they have effective Medicaid waiver programs in place, because the target population cannot afford the cost of renting a home in the community.

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<sup>4</sup> Genworth. 2017 Genworth Cost of Care Survey. Retrieved from <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>.

<sup>5</sup> Applied Real Estate Analysis (AREA). *Evaluation of Supportive Housing Programs for Persons with Disabilities, volume I and II*. Washington, DC: U.S. Department of Housing and Urban Development. 1996.

<sup>6</sup> Coghlin, R., Ward, J., Denny-Brown, N., Hagen, B., Maurer, K., Morris, E., Smoot, J., Steiner, A., Perez, B. 2017. Money Follows the Person Demonstration: Overview of State Grantee Progress, January to December 2016. Cambridge MA: Mathematica Policy Research. September 2017. Retrieved from <https://www.mathematica-mpr.com/our-publications-and-findings/publications/money-follows-the-person-demonstration-overview-of-state-grantee-progress-january-to-december-2016>.

<sup>7</sup> The Frank Melville Supportive Housing Investment Act of 2010 authorized the new Project Rental Assistance (PRA) program, making funds available to State housing finance agencies to make available for dwelling units in eligible projects for extremely low-income persons with disabilities and extremely low-income households with at least one person with a disability. Retrieved from <https://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf> and <https://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf>.

<sup>8</sup> Irvin, C.V., Denny-Brown, N., Bohl, A., Wysocki, A., Stewart, K., Coughlin, R., Williams, R., Smoot, J., Steiner, A., Peebles, V. 2017. Money Follows the Person 2015 Annual Evaluation Report. Cambridge, MA: Mathematica Policy Research. May 2017. Retrieved from <https://www.mathematica-mpr.com/our-publications-and-findings/publications/money-follows-the-person-2015-annual-evaluation-report>.

## Housing for Persons with Disabilities (Section 811)

In the most recent progress report of the HHS program, 20 out of 34 states reported an insufficient supply of affordable and accessible housing options to transition people from institutional settings to the community. Investments in Section 811 supportive housing align with and complement these state efforts to provide home and community-based services for persons with disabilities.

### **Cross-Cutting Rent Reform Proposal**

The 2020 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; imposes large administrative burdens for Public Housing Authorities (PHAs), private owners, and tenants; generates significant and increasing costs to the federal government; and ultimately represents a one-size-fits-all approach that cannot reasonably offer the programmatic flexibility to meet the needs of households in localities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed reforming rental assistance to address these notable issues and further the following goals:

1. *Simplify program administration*: The proposed legislation would simplify rent calculations by determining rents using gross rather than adjusted income.
2. *Reduce federal taxpayer costs by encouraging work and stable family formation*: HUD seeks to limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the proposed legislation would establish higher expectations for tenants able to work by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be held harmless from rent increases as reflected in the proposed legislation. Moreover, MAHWA would provide additional safe harbors, including a hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.
3. *Increase local control and choice*: MAHWA would empower PHAs and property owners to choose alternative rent structures, as approved by the Secretary, that would best serve the needs of households in localities across the nation. These

## Housing for Persons with Disabilities (Section 811)

alternative rent structures must incur the same overall program costs and would provide a structure for residents to achieve self-sufficiency.

Please see the “Overview of Rental Assistance Programs” justification for more information.

### **General Provisions**

The 2020 Budget proposes to continue General Provisions related to the Housing for Persons with Disabilities program (Sec. 206 and 224). These provisions are described further in “Fiscal Year 2020 General Provisions”.

Housing for Persons with Disabilities (Section 811)

**HOUSING**  
**HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Capital Advance (Expansion), Capital Advance Amendments, Other Expenses and Initial PRAC	84,600	18,789	103,389	1,355	84,600	102,975	187,575	2,000
Disabled PRAC/PAC Renewal/Amendment	145,000	67,083	212,083	153,159	145,000	57,853	202,853	155,000
Project Rental Assistance Demonstration (PRAD)	-	1,410	1,410	-	-	1,410	1,410	-
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	-	297	297	-	-	366	366	-
<b>Total</b>	<b>229,600</b>	<b>87,579</b>	<b>317,179</b>	<b>154,514</b>	<b>229,600</b>	<b>162,604</b>	<b>392,204</b>	<b>157,000</b>

Housing for Persons with Disabilities (Section 811)

**HOUSING**  
**HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)**  
**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For amendments to capital advance contracts for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), as amended, and for project rental assistance for supportive housing for persons with disabilities under section 811(d)(2) of such Act and for project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86–372; 73 Stat. 667), including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 1-year term, for project rental assistance to State housing finance agencies and other appropriate entities as authorized under section 811(b)(3) of the Cranston-Gonzalez National Housing Act, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, \$157,000,000, to remain available until September 30, 2023: Provided, That, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 811 project rental assistance contract and that upon termination of such contract are in excess of an amount to be determined by the Secretary shall be remitted to the Department and deposited in this account, to be available until September 30, 2023: Provided further, That amounts deposited in this account pursuant to the previous proviso shall be available in addition to the amounts otherwise provided by this heading for the purposes authorized under this heading and for capital advance contracts: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading may be used for the current purposes authorized under this heading notwithstanding the purposes for which such funds originally were appropriated.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**HOUSING COUNSELING ASSISTANCE**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	55,000	4,217 <sup>a</sup>	-	59,217	18,575	50,869
2019 Annualized CR	55,000	40,232 <sup>b</sup>	-	95,232	95,000	56,843
2020 Request	45,000	-	-	45,000	45,000	57,000
Change from 2019	(10,000)	(40,232)	-	(50,232)	(50,000)	157

a/ Carryover into 2018 includes recaptures totaling \$0.24 million.

b/ Carryover into 2019 excludes \$0.41 million that expired at the end of FY 2018.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$45 million for the Housing Counseling Assistance program, which is \$10 million less than the 2019 Annualized Continuing Resolution (CR) level. Funding at this level will permit the Office of Housing Counseling (OHC), through its network of approximately 1,840 housing counseling agencies, to assist more than 958,000 consumers to improve their housing quality and affordability through budgeting, saving, use of credit, and understanding the rights and responsibilities of homeownership and tenancy.

**2. Request**

This funding request supports the following priorities:

- Grants to local providers of \$38.5 million: To distribute competitively to support the direct provision of a holistic range of housing counseling and education services appropriate to local market conditions and individual consumer needs.

## Housing Counseling Assistance

- Training of counselors funding of \$2 million: To strengthen the quality of housing counseling through training for organizations and counselors that increase subject matter expertise. This supports the statutory requirement that housing counselors associated with HUD programs become HUD-certified by August 1, 2020.
- Administrative contracts funding of \$4.5 million: To support education and outreach, enhance agency oversight, and conduct congressionally mandated activities where funding permits, including the housing counselor certification testing and validation system. In addition, HUD uses administrative contracts to support the statutorily required Home Equity Conversion Mortgage (HECM) housing counseling program and housing counselor certification.

### 3. Justification

#### Impact of Housing Counseling

Housing Counseling ranges from addressing the crises of homelessness or foreclosure, to planning for first-time home purchases or setting up matched savings accounts. OHC has measures in place to demonstrate the impact of housing counseling services provided by its HUD-approved housing counseling network. Program activity is reported to the Department by HUD-approved housing counseling agencies and published quarterly on the website. The following reflects OHC's data through the third quarter of 2018:

- Nearly 817,000 consumers received individual counseling and education services. Of those, approximately 54 percent were racial minorities, 18 percent were Hispanic, and nearly 60 percent were low- to moderate-income;
- Delinquency and foreclosure prevention counseling continue to decline as a percentage of all other services offered. These services represented 16 percent of all services in the third quarter of 2018, down from 20 percent for 2017;
- Pre-purchase counseling continues to show an upward trend. In the third quarter of 2018, pre-purchase counseling represented 28 percent of services, up from 20 percent in 2017;
- Approximately 10,500 households received homeless assistance counseling;
- Nearly 7,800 homeless or potentially homeless households obtained temporary or permanent housing;
- Nearly 120,500 households improved their financial capacity (e.g. increased discretionary income, decreased debt load, increased savings, or increased credit score);
- Counselors helped 212,800 households develop sustainable budgets; and

## Housing Counseling Assistance

- Approximately 118,000 households gained access to resources to help them improve their housing situation (e.g. down payment assistance, rental assistance, utility assistance, etc.).

Housing Counseling plays a critical role in providing valuable services to underserved communities across the country. For families affected by disasters, housing counselors provide access to public and private resources and assist with the difficult decision of whether to rebuild or relocate. HUD has expanded the resources available for housing counselors working with victims of disasters, providing flyers in several languages, training, and support for the unique challenges faced by victims of hurricanes and fires. HUD housing counseling agencies are often selected by local governments to play a critical role in long-term disaster recovery, and HUD provides technical assistance when requested.

There are currently approximately 225 HECM-certified counseling agencies, up from 195 agencies at the start of 2018. These agencies employ about 470 counselors who served nearly 96,000 seniors seeking reverse mortgage counseling. About 200 of these agencies provide default counseling services for forward and reverse mortgage borrowers. Overall, about 1,500 agencies provide default counseling. These agencies served nearly 220,000 families and individuals seeking counseling services aimed at preventing delinquency and foreclosure.

### Information Technology Modernization to Streamline Operations

Administrative contract services are supporting the development of recommendations to improve the accuracy of reporting and the efficiency of services provided by housing counseling agencies, with the goal of reducing the administrative burdens of agencies and consumers. OHC is working to implement the recommendations from the contractor by developing an online technology solution (using only in-house staff), which will streamline HUD's internal processes, modernize its reporting and analysis capabilities, and document the outcomes of counseling services. Additionally, funding for administrative contracts will continue to assist OHC to reduce risk in the program by augmenting expertise on financial and program oversight; streamlining HUD compliance activities; and creating a knowledge management system to ensure program information is accurate, consistent, and easily accessible. As well, OHC will continue to work on increasing the public's awareness of the benefits of housing counseling through an increased emphasis on social media, video, flyers, and other visible materials.

### Key Partners and Stakeholders

The funding requested will also support the congressionally-mandated Housing Counseling Federal Advisory Committee. The Committee has been highly engaged and effective. In 2018, the Committee met twice and made a dozen recommendations to improve

## Housing Counseling Assistance

the program, many of which were accepted by HUD. In response to the Committee's recommendations, HUD has launched activities to expand visibility and awareness in the program, to provide social media training for housing counseling agencies, and to identify program models for public and private partnerships.

HUD works on issues affecting seniors with the Consumer Financial Protection Bureau (CFPB), National Council for the Aging, AARP, the National Reverse Mortgage Lenders Association, and other experts on housing for the aging. HUD also works on default prevention with the Financial Services Roundtable, the HOPE NOW alliance, the Mortgage Bankers Association, the Financial Literacy and Education Commission, the Coalition of HUD Intermediaries, the National Housing Resource Center, and others, and fellow federal agencies including the CFPB, Treasury, Federal Housing Finance Agency, and government-sponsored enterprises. In addition, OHC works closely with other HUD programs and the Federal Housing Administration (FHA) to facilitate full implementation of counselor certification in those programs by 2020 as required in the certification rule.

OHC has engaged in projects that increase the visibility and quality of HUD-approved housing counseling and worked to incorporate counseling into the mortgage process. OHC efforts with the Mortgage Industry Standards Maintenance Organization (MISMO) provide lenders, servicers, and other members the technical data standards to program their automated systems for the transfer and exchange of borrower, client, mortgage loan, servicing, demographic, counseling, and investor information.

In addition, OHC works with many federal, state and local programs and private initiatives to leverage dollars and resources to improve the housing situation of individuals and families. Agencies raise \$6 of private or non-federal funding for every dollar of federal funding. Funding remains a significant challenge for organizations. Therefore, HUD is researching whether similar program models benefiting from private funding could be replicated throughout the HUD housing counseling network. In 2020, HUD also intends to explore whether it can leverage its existing grantmaking infrastructure to reduce the costs of grantmaking by other public and private entities.

Recently, organizations such as Fannie Mae and Wells Fargo have launched new loan programs requiring the use of HUD-approved housing counseling agencies. OHC worked to incorporate housing counseling questions and a housing counseling acknowledgement into the Uniform Residential Loan (URLA), which was recently redesigned and planned for release in 2019.

Housing Counseling Assistance

**Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative change that will result in programmatic improvements. HUD will seek this change through the authorization process rather than the appropriations process. This legislative change adds Indian tribes and tribally-designated housing entities to the list of eligible grantees under Housing Counseling.

Housing Counseling Assistance

**HOUSING  
HOUSING COUNSELING ASSISTANCE  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Housing Counseling Assistance	50,500	367	50,867	15,258	50,500	35,742	86,242	40,500
Administrative Contract Services	4,500	3,850	8,350	3,317	4,500	4,490	8,990	4,500
<b>Total</b>	<b>55,000</b>	<b>4,217</b>	<b>59,217</b>	<b>18,575</b>	<b>55,000</b>	<b>40,232</b>	<b>95,232</b>	<b>45,000</b>

Housing Counseling Assistance

**HOUSING  
HOUSING COUNSELING ASSISTANCE  
Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For contracts, grants, and other assistance excluding loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, \$45,000,000, to remain available until September 30, 2021, including up to \$4,500,000 for administrative contract services: Provided, That funds shall be used for providing counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management/literacy, and such other matters as may be appropriate to assist them in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership; for program administration; and for housing counselor training: Provided further, That for purposes of providing such grants from amounts provided under this heading, the Secretary may enter into multiyear agreements as appropriate, subject to the availability of annual appropriations.*

*Note. —A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2019 (Division C of P.L. 115–245 as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**OTHER ASSISTED HOUSING**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	14,000	65,479 <sup>a</sup>	-	79,479	6,018	110,965
2019 Annualized CR	14,000	93,374 <sup>b</sup>	-	107,374 <sup>c</sup>	4,000	111,000
2020 Request	3,000	129,374 <sup>d</sup>	-	132,374	4,000	88,000
Change from 2019	(11,000)	36,000	-	25,000	-	(23,000)

- a/ Amount includes \$30 million of Section 236 Rental Housing Assistance Payments (RAP) and Section 235 combined carryover, \$43 million in recoveries for RAP, \$3 million in recoveries for Rent Supplement (Rent Supp), and an \$867 thousand adjustment in fiscal year 2018. It also includes \$10.5 million transferred to Project-Based Rental Assistance (PBRA) for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.
- b/ Amount includes \$73 million in RAP and Section 235 combined carryover, an estimated \$26 million in recoveries for RAP, and \$3 million in recoveries for Rent Supp. It also includes an estimated \$9 million for transfers to PBRA for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.
- c/ Total Resources include \$60.4 million in carryover, \$47 million in Section 235 and Section 236 Interest Reduction Payments (IRP) not available for obligation.
- d/ Amount includes \$103 million in RAP and Section 235 combined carryover, an estimated \$26 million in recoveries for RAP, and \$3 million in recoveries for Rent Supp. It also includes an estimated \$3 million for transfers to PBRA for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.

## Other Assisted Housing

### **1. Program Purpose and Budget Overview**

The 2020 President's Budget request for the Section 236 Rental Housing Assistance Payments (RAP) and Rent Supplement (Rent Supp) programs is \$3 million, which is \$11 million less than the 2019 Annualized Continuing Resolution (CR) level. This request, when combined with anticipated carryover and recaptures from previous years, will allow HUD to fully support:

- Initial funding transfers for Rental Assistance Demonstration (RAD) conversions, and
- Amendment or extension needs of remaining RAP properties, if needed.

### **2. Request**

#### Rental Assistance Demonstration (RAD) Transfers

As RAP and Rent Supp properties convert to Project-Based Rental Assistance (PBRA) under RAD, HUD uses a portion of the funds that would have otherwise been spent on amendments or extensions to provide initial funding for the new Section 8 contracts. The \$3 million included in this request will ensure that HUD has the resources to cover the costs associated with the remaining RAP projects. As will be detailed further in forthcoming guidance issued by HUD, all remaining Rent Supp and RAP conversions under the 2nd Component (including potential retroactive conversions) must be completed by FY 2020.

#### RAP Amendments or Extensions

This request will ensure there are sufficient funds to cover the amendment or extension needs of remaining RAP properties.

#### Transfer to Housing for the Elderly

HUD also requests the authority to transfer funds remaining in the account at the end of FY 2020, to the Housing for the Elderly account.

### **3. Justification**

RAP contracts support critical affordable housing and rental assistance for vulnerable populations (low-income families and elderly) across the country. To effectively support this population, the Department continues to request appropriations for remaining contracts,

## Other Assisted Housing

while simultaneously working to streamline and consolidate the programs onto the project-based Section 8 platform via RAD. This improvement would simplify the administration of properties for both the owners and HUD, and better allow the owners to access private capital to make improvements to the properties. As of March 2019, over 29,000 RAP and Rent Supp units converted through RAD to long-term Section 8 contracts. The final Rent Supp properties completed conversion, ending the Rent Supp program, while nine RAP contracts remain. By FY 2020, HUD expects to have converted the remaining RAP contracts. These conversions will be funded in part through transfers from the Rental Housing Assistance account.

The Department has implemented three strategies to preserve the affordability of these assisted units and/or to prevent displacement or rent increases for low-income residents. The first strategy, aimed at the long-term preservation of these properties and authorized as part of RAD, allows owners to convert to long-term Section 8 contracts, either Project-Based Vouchers (PBV) or PBRA, to preserve the properties as affordable housing. Authority enacted in 2015 provided Rent Supp and RAP properties the option to convert to long-term PBRA contracts via RAD, using: (1) amounts remaining on the contracts of converting projects, (2) funding that might otherwise be used to provide contract extensions and rent amendments for converting projects, and/or (3) amounts from tenant protection vouchers. Therefore, while the 2020 request is based on potential extension and amendment needs in 2020, most of the funding may be used to support RAP conversions to project-based contracts via RAD.

Under the second strategy, which supports the first, HUD offers short-term contract extensions of up to 12 months. These extensions provide time for owners to obtain new financing for the property to maintain it as affordable housing while completing a RAD conversion transaction.

If the owner is uninterested in maintaining the property as affordable housing, a third strategy provides tenant protection vouchers to eligible residents at the time of expiration of the contract, to safeguard low-income residents from rent increases or displacement.

The Department's request will continue an approach that combines the resources and lessons learned from all three strategies while maintaining owners' options for preserving and streamlining projects onto a project-based platform. The funding request would allow the Department to continue to support the RAP contracts during the conversions and streamlining process, either via short-term contract extensions (less than 12 months), or via contract rent amendments. Contract extensions will only be provided to projects that will otherwise expire in 2019, and require additional time to plan for conversion via RAD.

Other Assisted Housing

**Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. This legislative change will allow for the transfer of funds remaining in the account at the end of FY 2020, to the Housing for the Elderly account to be used for capital advance contracts, service coordinators, and the continuation of existing congregate service grants for residents of assisted housing properties.

Other Assisted Housing

**HOUSING**  
**OTHER ASSISTED HOUSING**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Rent Supplement	4,000	6,136	10,136	902	4,000	8,136	12,136	1,000
Rental Housing Assistance (Sec 236)	10,000	69,843	79,843	5,116	10,000	94,241	104,241	2,000
Rental Assistance Demonstration (Transfer)	-	(10,500)	(10,500)	-	-	(9,003)	(9,003)	-
<b>Total</b>	<b>14,000</b>	<b>65,479</b>	<b>79,479</b>	<b>6,018</b>	<b>14,000</b>	<b>93,374</b>	<b>107,374</b>	<b>3,000</b>

**HOUSING**  
**OTHER ASSISTED HOUSING PROGRAMS**  
**Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1) in State-aided, noninsured rental housing projects, [\$5,000,000]\$3,000,000, to remain available until expended: Provided, That such amount, together with unobligated balances from recaptured amounts appropriated prior to fiscal year 2006 from terminated contracts under such sections of law, and any unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading after fiscal year 2005, shall also be available for extensions of up to one year for expiring contracts under such sections of law. Provided further, That the Secretary may transfer funds remaining from such amount made available prior to the first proviso to the "Housing for the Elderly" account to be used for capital advance contracts for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects. Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**MANUFACTURED HOUSING FEES TRUST FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	11,000	3,478 <sup>a</sup>	-	14,478	8,157	8,278
2019 Annualized CR	11,000	6,321	-	17,321	13,729	10,216
2020 Request	12,000	3,592	-	15,592	11,721	10,790
Change from 2019	1,000	(2,729)	-	(1,729)	(2,008)	574

a/ Reflects carryover of \$2.7 million and \$821.4 thousand in recoveries of prior year obligations.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget for the Manufactured Housing Program is \$12 million, which is \$1 million more than the 2019 Annualized CR. The requested funds will support updating the construction, safety, and installation standards; monitoring of third-party inspection agencies for compliance with construction and safety standards; compensating state-administrative agencies (SAAs) for addressing consumer complaints and other activities; ensuring compliance with installation standards; recertifying of installation programs run by the states; administering the federal dispute resolution program; and the recertifying the dispute resolution programs run by the states.

**2. Request**

The Manufactured Housing Program issues and enforces appropriate standards for the construction, design, performance, and installation of manufactured homes to assure their quality, durability, affordability, and safety. HUD’s construction and safety standards preempt state and local laws and apply to all manufactured homes produced after June 15, 1976. HUD may enforce these standards directly or through SAAs. HUD may inspect factories and retailer lots and review records to enforce such standards. If a

## Manufactured Housing Fees Trust Fund

manufactured home does not conform to federal standards, the manufacturer must take certain actions, including possibly notifying the consumer and correcting the problem.

While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and elderly households with fixed incomes. In 2017, the median household income of manufactured homeowners was \$30,000, making it a key component of affordable housing. In calendar year 2016, the average sales price of a manufactured home was \$70,600.<sup>1</sup>

The 2020 President's Budget supports the following activities:

### Payments to States - \$3.6 million

The request will cover payments made to SAAs to offset their costs for handling consumer complaints and overseeing notification and correction-related activities as outlined in federal manufactured home regulations.

### Contracts - \$8.4 million

The request will cover the contractual costs for monitoring and enforcement of the program to effectively carry out the multiple federally mandated and preemptive oversight and compliance aspects of the program.

## **3. Justification**

Before 1974, regulation of manufactured homes was left to the states and manufacturers were required to comply with numerous different building codes that created a burdensome and inefficient marketplace. This decentralized regulatory structure resulted in a patchwork of regulations with varying degrees of enforcement and compliance. These variations also hindered manufacturers' ability to ship their homes across state lines and impeded the productivity and efficiency of the industry. In response, Congress passed the National Manufactured Housing Construction and Safety Standards Act of 1974.

The Act established HUD's responsibility for manufactured home design, construction, and consumer protection to protect the quality, durability, safety, and affordability of manufactured homes. The Manufactured Home Improvement Act of 2000 (2000 Act) expanded those responsibilities, requiring HUD to provide installation standards and dispute resolution services where states did not have a HUD-approved program to offer those services. The 2000 Act also required HUD to approve and recertify state installation and

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<sup>1</sup> [Manufactured Housing Institute, 2018 Manufactured Housing Facts, Updated June 2018.](#)

## Manufactured Housing Fees Trust Fund

dispute resolution programs and establish and manage the Manufactured Housing Consensus Committee (see below). HUD's regulation of manufactured housing fulfills a statutory mandate in establishing federally preemptive standards (one national building code) for the industry and protecting consumers. To accomplish these goals and fulfill the requirements of the Act, the duties of HUD's Office of Manufactured Housing Programs (OMHP) include:

- **Establishment and updating of Manufactured Home Construction and Safety and Installation Standards for the construction, design, and performance of manufactured homes.** These standards are established to meet the goals of the 2000 Act and the needs of the public for the quality, durability, and safety of manufactured homes. HUD also establishes model standards for the installation of manufactured homes. These standards are updated by the OMHP following careful analysis of proposals from the industry and consumers, in close coordination with the Manufactured Housing Consensus Committee (MHCC), a 21-person Federal Advisory Committee composed of representatives from the manufacturing industry (producers/retailers), public officials/general interest, and users (consumer leaders, representatives of consumer organizations, and owners and residents of manufactured homes).
- **Monitoring the manufacturers' compliance with the Construction and Safety Standards.** HUD monitors third-party agencies who approve manufacturers' designs (Design Approval Primary Inspection Agencies - DAPIAs) and agencies who inspect construction and quality programs in the plants (In-plant Production Inspection Agencies - IPIAs). These agencies ensure that quality control programs are in place and that HUD standards are being met during home production in over 132 manufacturing plants nationwide. In addition, the HUD contractor monitors the performance of SAAs (see bullet below).
- **Addressing non-conformances with the Construction and Safety Standards by requiring manufacturers to notify consumers of a defect; or, in the event of a serious problem, require the manufacturer to repair or replace manufactured homes.** The OMHP partners with states—SAAs—through cooperative agreements to carry out consumer complaint activities on HUD's behalf. HUD is responsible for direct oversight in states without SAAs.
- **Establishment and Oversight of Model Installation Standards in all States.** The OMHP is responsible for installation oversight nationwide and the licensing and training of installers. OMHP has implemented a federally run program in 14 states that have no installation program of their own, and it oversees HUD-approved programs in 36 states.
- **Establish and Administer the Dispute Resolution Program to resolve disputes between manufacturers, retailers, and installers of manufactured homes.** OMHP administers a federally run program in 24 States that have no dispute resolution program of their own, and it oversees HUD-approved programs in 26 states.

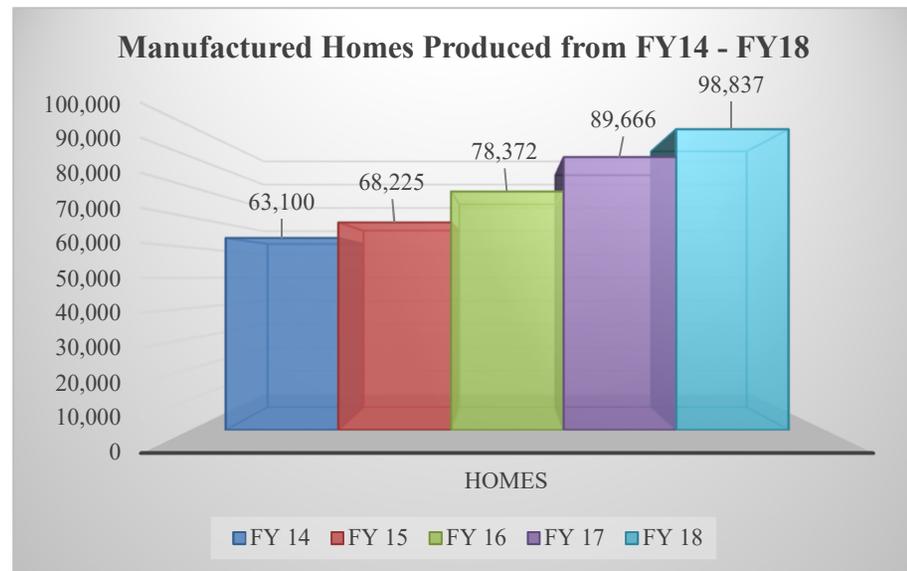
## Manufactured Housing Fees Trust Fund

- **Coordinate the Activities of the Manufactured Housing Consensus Committee through the use of an Administering Organization (AO).** The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the consensus process for the development of standards and regulations. The MHCC is responsible for providing recommendations to the Secretary on construction standards, installation standards, and enforcement regulations.
- **Meetings with Partners in the Federal Manufactured Housing Program.** These meetings are held with all parties that work with the federal program to ensure it operates in a consistent manner. These meetings bring together parties in the federal program including meetings of the MHCC, meetings with in-plant and design approval agencies, national and regional meetings with its state partners, as well as meetings with other federal agencies, manufacturers, installers, and homeowners.

The costs of these programmatic activities are rising steadily due to increases in the production of manufactured homes and the steady increase in the number of production facilities nationwide. The number of manufactured homes produced has increased by nearly 57 percent from 2014-2018. Also, the number of manufacturing plants has increased from 122 in 2013 to 132 in 2018. In addition, monitoring inspections are now being conducted as a result of full implementation of HUD's installation and dispute resolution programs.

Manufacturers pay a \$100 fee per transportable section of a manufactured home (a manufactured home typically has 1-2 transportable sections). In 2018, HUD collected approximately \$15.1 million in fees and projects \$16 million in fee collections during 2020.

In summary, since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved, and its affordability has been maintained. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD standards became effective. Manufactured homes produced under HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards. In a



## Manufactured Housing Fees Trust Fund

study conducted after Hurricane Charley, which made landfall in 2004, manufactured homes produced under HUD's 1994 wind standard requirements performed significantly better than pre-1994 units. Additionally, mobile homes produced prior to the HUD program's effective date in 1976 were more severely damaged overall than manufactured homes produced under HUD regulations. Moreover, financial organizations have been encouraged to offer home mortgages instead of chattel financing due to the increased lifetime and durability of manufactured homes produced under HUD's program.

Manufactured Housing Fees Trust Fund

**HOUSING**  
**MANUFACTURED HOUSING FEES TRUST FUND**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Payments to States	3,600	579	4,179	3,431	3,600	1,374	4,974	3,600
Contracts	7,400	2,899	10,299	4,726	7,400	4,947	12,347	8,400
<b>Total</b>	<b>11,000</b>	<b>3,478</b>	<b>14,478</b>	<b>8,157</b>	<b>11,000</b>	<b>6,321</b>	<b>17,321</b>	<b>12,000</b>

Manufactured Housing Fees Trust Fund

**HOUSING**  
**MANUFACTURED HOUSING FEES TRUST FUND**  
**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), up to \$12,000,000, to remain available until expended, of which \$12,000,000 is to be derived from the Manufactured Housing Fees Trust Fund: Provided, That not to exceed the total amount appropriated under this heading shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund pursuant to section 620 of such Act: Provided further, That the amount made available under this heading from the general fund shall be reduced as such collections are received during fiscal year 2020 so as to result in a final fiscal year 2020 appropriation from the general fund estimated at zero, and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year 2020 appropriation: Provided further, That for the dispute resolution and installation programs, the Secretary may assess and collect fees from any program participant: Provided further, That such collections shall be deposited into the Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620, for necessary expenses of such Act: Provided further, That, notwithstanding the requirements of section 620 of such Act, the Secretary may carry out responsibilities of the Secretary under such Act through the use of approved service providers that are paid directly by the recipients of their services.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**FHA-MUTUAL MORTGAGE INSURANCE FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	130,000	41,715 <sup>a</sup>	-	171,715	127,194	110,132
2019 Annualized CR	130,000	38,919 <sup>b</sup>	-	168,919	126,598	111,198
2020 Request	150,000 <sup>c</sup>	45,503 <sup>d</sup>	-	195,503	140,425	121,183
Change from 2019	20,000	6,584	-	26,584	13,827	9,985

a/ Includes \$4.8 million in recoveries of prior year obligations.

b/ Includes \$3.1 million in anticipated recoveries; but does not include \$8.8 million that expired at the end of 2018.

c/ The 2020 Budget proposes a Single-Family Housing (SFH) IT fee estimated to produce \$20 million in offsetting collections.

d/ Includes \$3.1 million in anticipated recoveries.

### **1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$150 million for the administrative expenses that support the Federal Housing Administration (FHA), which is \$20 million more than the 2019 Annualized Continuing Resolution (CR) level. The \$20 million increase is offset by the proposed single-family information technology fee to be assessed on lenders. The net request is equal to the 2019 annualized CR level. The budget also requests \$400 billion in loan guarantee commitment authority and \$1 million in direct loan commitment authority for the Mutual Mortgage Insurance (MMI) Fund.

The MMI Fund has insured over 47.5 million home mortgages since 1934. It provides mortgage insurance on single family mortgage loans made by FHA-approved lenders throughout the United States and its territories. Single Family Housing programs provide mortgage insurance for the purchase and refinance of homes with one to four units. The MMI Fund strives to meet the needs of many first-time and minority homebuyers who, without the FHA guarantee, may find mortgage credit to be unaffordable or simply unavailable.

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

### **2. Request**

#### Commitment Authority - Up to \$400 billion for New Loan Guarantees

The 2020 Budget requests \$400 billion in loan guarantee commitment limitation, which is to remain available until September 30, 2021. This limitation includes sufficient authority for insurance of single-family mortgages and mortgages under the Home Equity Conversion Mortgages (HECM) program. Total loan volume projected for all MMI programs for 2020 is \$218.6 billion. Of that total, \$205 billion is estimated for standard forward mortgages and \$13.6 billion is for HECM. The size of the request and two-year availability for this commitment authority reduces the likelihood of program disruption under a continuing resolution or greater than expected volume.

#### Negative Subsidy Receipts

The \$218.6 billion in loan volume projected for the entire MMI portfolio in 2020 is expected to generate \$4.6 billion in negative subsidy receipts, which are transferred to the MMI Capital Reserve account, where they are available to cover any unexpected cost increases for the MMI portfolio.

#### Commitment Authority - Up to \$1 million for Direct Loans

The loan authority requested would provide short-term purchase money mortgages for non-profit and governmental agencies. It would enable these entities to make HUD-acquired single-family properties available for resale to purchasers with household incomes at or below 115 percent of an area's median income. This program has been infrequently utilized in recent years due to the shortage of state and local government subsidies needed to offset participants' development costs associated with administering the program. Nonetheless, the program remains a valuable tool for HUD's support of affordable homeownership opportunities in distressed communities while responsibly managing its real estate owned (REO) inventory of properties.

#### Administrative Contract Expense - \$150 million

The \$150 million request for 2020 will provide funding for contracts necessary in the administration of FHA programs operating under MMI and General Insurance and Special Risk Insurance (GI/SRI). This request will fund activities including, but not limited to: Insurance endorsement of single-family mortgages, construction inspections on multifamily projects, the required annual FHA

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

independent actuarial review and financial audit, management and oversight of asset disposition, risk analysis, accounting support, and assistance with claims and premium refund processing.

The requested funding will be partially offset by a proposed IT fee assessed on lenders. The systems maintained by FHA and utilized by industry without cost are antiquated and far beyond their useful lives, and they have become prohibitively expensive to maintain. The higher requested appropriations facilitated by the fee will be used to modernize these systems and will result in significant savings to the taxpayer. Although the budget assumes a four-year IT fee, the enactment of \$20 million for IT development, modernization, and enhancement (DME) in the 2019 HUD Appropriations Act may facilitate a shorter duration for the IT fee (e.g., three years). The Department looks forward to working with Congress on possible adjustments to the IT fee proposal based on 2019 enacted IT funding and other factors.

The authority to collect a fee is being requested because FHA has not kept pace with the private market. In the private market, the technological advances in the housing finance industry have enhanced loan origination, servicing, and lender monitoring capabilities. Because funding has not been made available to update these systems, FHA is forced to use a patchwork approach to perform the functions of insurance endorsement, claims payments, and risk management. The systems in the origination component of FHA's Single-Family mortgage insurance operations are almost 20 years old, on average, with the age of one key system exceeding 40 years. Similarly, the systems supporting the servicing, default, claims, and REO areas have an average age of 14 years and are extremely inflexible in their capabilities. This outdated systems environment places the MMI Fund at significant risk and hampers FHA's ability to effectively partner with the industry.

FHA requires systems with the following capabilities:

- Ability to capture and effectively process the extensive volumes of data now in use;
- Enhanced storage and processing mechanisms to handle the migration from paper forms to digital ones; and
- The ability to analyze and manage insured loans comprehensively over the many phases of the mortgage life cycle in order to manage risk and allow FHA to make data-driven decisions.

Acquiring systems with these capabilities will allow FHA to more effectively manage risk to the MMI Fund and protect taxpayers. Prior to developing or purchasing any new systems, FHA will evaluate the efficacy of shared technology platforms among government entities to include USDA and VA, as well as those built by government-sponsored entities (GSEs).

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

### 3. Justification

Since 1934, FHA has insured over 47.5 million home mortgages, making financing available to individuals and families not adequately served by the conventional private mortgage market. Through the MMI Fund, the Department offers several types of single-family forward (traditional) mortgage insurance products and HECMs for seniors. Activity for the Cooperative Management Housing Insurance (CMHI) Fund—which insures mortgages for multifamily cooperatives—is also reported together with the MMI Fund. As of September 30, 2018, the MMI insurance portfolio included 8.4 million loans with an unpaid principal balance exceeding \$1.2 trillion.

FHA has served over 3.6 million families during the past three years with:

- Over 2.5 million forward purchase loans;
- Over 980 thousand refinances—resulting in reduced loan terms or monthly payments; and
- Over 152 thousand HECM loans, enabling seniors to stay in their homes.

Over the past three years, FHA endorsed purchase loans for 2.1 million first-time buyers, or 82 percent of its total purchase loan endorsements during this period. FHA has provided access to homeownership for people who otherwise may have faced difficulty obtaining a conventional mortgage.

FHA provides mortgage insurance on single-family mortgage loans made by FHA-approved lenders throughout the United States and its territories. FHA remains active and viable in all markets during times of economic disruption, playing an important counter-cyclical role until private capital returns to its normal levels. Throughout the housing crisis that began in 2007, for example, FHA provided key support for the national mortgage market and helped mitigate the foreclosure crisis and the overall economic downturn.

For budgetary purposes, the programs of the MMI Fund are broken into two risk categories (forward mortgages and HECMs); each is discussed below:

- Forward Mortgage Insurance and Guaranteed Loans. Single Family programs provide mortgage insurance for the purchase and refinance of homes with one to four units. Loan products under this category include single-family forward mortgages (Section 203(b)), condominiums, homes purchased on Indian and Hawaiian lands, and rehabilitation loans (Section 203(k)). Maximum mortgage amounts insured by FHA are calculated annually by HUD and are generally tied to 115 percent of the median house price in each county.

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

- **HECM.** FHA’s HECM program provides senior homeowners age 62 and older access to FHA-insured reverse mortgages, which enable seniors to access the equity in their homes to support their financial and housing needs as they age. The HECM program fills a special niche in the national mortgage market and offers critical opportunities for the nation’s seniors to utilize their own assets and resources to preserve their quality of life. The HECM program provides options for seniors to access their equity through monthly payments, draws from a line of credit, a combination of these options, or one-time draws at closing. Unlike a forward mortgage, the HECM borrower does not make payments on the loan and the loan does not become due and payable until the last remaining mortgagor no longer occupies the property or fails to comply with other requirements of the loan such as payment of property taxes and insurance.

### General Provisions

The 2020 Budget includes General Provisions related to MMI (Sec. 208, 216, and 223). These provisions are described further in “Fiscal Year 2020 General Provisions”.

### Other Legislative Proposals and Programmatic Improvements

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process.

- **HECM - Waiver of Counseling Requirement (Sec. 255 of the National Housing Act (12 U.S.C. 1715z-20)).** Provide HUD the authority for mandatory counseling for all HECM transactions. Currently, housing counseling is required for all HECMs except that the National Housing Act provides that Housing Counseling can be waived in a refinance transaction if less than five years have passed since the closing date of the current HECM and the application date of the new refinanced HECM loan. Counseling for HECMs provides seniors the tools to understand a complex financial transaction that affects them and their heirs. While working to stabilize the HECM program, HUD has made and continues to make programmatic changes to the HECM program. Counseling would be both beneficial to aiding seniors in understanding the impact of the HECM program on their finances and estate planning and has also been identified as a key factor in reducing the risk of tax and insurance defaults as seniors age in place.
- **Mortgagee Review Board (MRB) actions authorized-sanctions (12 U.S. Code § 1708—Federal Housing Administration Operations Section(c)(3)(C)).** The statutory change is requested because the current statute mandates that the MRB may suspend

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

a lender for a minimum of six months, not to exceed 12 months, and permits a one-time six-month extension. For many lenders, a minimum six-month suspension will result in the lender winding down its business because it cannot sustain itself for the six-month period. The removal of the six-month minimum would permit the MRB to use this sanction more effectively by permitting the imposition of a shorter suspension period which in turn would effectuate a change at the lender level and permit the lender to remain in business. This statutory change is being sought as part of the goal to bring enforcement of housing policy back to the Office of Housing. Currently the suspension sanction is rarely used because it has the same practical effect as a withdrawal of FHA authority. Giving the MRB the authority to sanction a lender for a shorter period of time than six months would strengthen it as an enforcement tool for the MRB.

- **Civil money penalties against mortgagees, lenders, and other participants in FHA program (12 U.S. Code § 1735f-14-(a)(2)).** The MRB’s civil money penalty (CMP) statute provides the MRB with a maximum CMP for each violation, with an annual cap. Currently, the maximum civil money penalty per violation is \$ 9,819 and the annual cap \$1,963,870. The maximum per violation dollar amount is adequate to meet the MRB’s enforcement needs but the annual cap is an impediment to effective enforcement.
- **Downpayment Assistance from Government Entities (Sec. 203(b)(9)(c) of the National Housing Act 12 USC 1709).** In response to the need to strike the appropriate balance between making FHA-insured mortgages available to qualified borrowers and reducing programmatic risk, FHA has recognized the need to provide insurance for mortgages where borrowers require assistance in providing the minimum required cash investment. While FHA sought, and Congress enacted, restrictions to prohibit the source of such assistance from entities that financially benefit from the transaction, FHA and industry participants continue to evaluate how such financial benefit should be interpreted when applied towards government entities that are providing such assistance. Furthermore, questions have arisen around the geographic and legal boundaries surrounding the ability of these entities to provide such assistance.
- **Cap on number of HECM loans (Sec. 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)).** This provision would permanently remove the limitation placed on the number of Home Equity Conversion Mortgages (HECMs) that can be insured by the FHA. Although this was proposed as a general provision in the 2019 Budget, the 2020 Budget seeks this change through the authorization process.
- **HECM spousal survival (Sec. 255 of the National Housing Act 12 U.S.C. 1715z-20).** This provision gives the Department discretion to make deferrals on HECM loans and provides program flexibility to exempt lenders who would otherwise be required to immediately foreclose upon a living spouse. Although this was proposed as a general provision in the 2019 Budget, the 2020 Budget seeks this change through the authorization process.

## Mortgage and Loan Insurance Programs—MMI/CMHI Account

- **HECM - Credit for Premiums Paid (Sec. 255 of the National Housing Act (12 U.S.C. 1715z-20)).** The current statutory language requires HUD to utilize an actuarial analysis conducted in 2001 to determine the adequacy of its HECM insurance premiums in reducing the initial mortgage insurance premium charged at the time a mortgage is being refinanced, in the establishment of a single national limit on the benefits of insurance in the HECM program and on the combined effect of reduced insurance premiums and a single national limitation on insurance authority. Due the passage of time, FHA does not believe that the 2001 study remains adequate for these purposes. In connection with changes in home prices and other market forces, HECM has increasingly become a challenge to maintaining a healthy Mutual Mortgage Insurance Fund (MMIF). Utilizing the most recent FHA Actuarial study, which provides in depth modeling of the MMIF, provides the best benchmark to set premiums in order to manage the impact to that Fund. Additionally, with the continued volatility in the HECM program, allowing the Commissioner the flexibility to utilize a study that is conducted at their discretion will allow FHA the maximum flexibility to address risk to the taxpayer.

Mortgage and Loan Insurance Programs—MMI/CMHI Account

**HOUSING**  
**FHA-MUTUAL MORTGAGE INSURANCE FUND**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Administrative Contract Expense	130,000	41,715	171,715	127,194	130,000	38,919	168,919	150,000
<b>Total</b>	<b>130,000</b>	<b>41,715</b>	<b>171,715</b>	<b>127,194</b>	<b>130,000</b>	<b>38,919</b>	<b>168,919</b>	<b>150,000</b>

**HOUSING**  
**FHA-MUTUAL MORTGAGE INSURANCE FUND**  
**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*New commitments to guarantee single family loans insured under the Mutual Mortgage Insurance Fund shall not exceed \$400,000,000,000, to remain available until September 30, 2021: Provided, That during fiscal year 2020, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed \$1,000,000: Provided further, That the foregoing amount in the previous proviso shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund: Provided further, That for administrative contract expenses of the Federal Housing Administration, \$150,000,000, to remain available until September 30, 2021, of which up to \$20,000,000 may be used for necessary single family information technology systems of the Federal Housing Administration, and shall be in addition to amounts otherwise provided under this title for such purposes: Provided further, That any amounts to be used for single family information technology purposes pursuant to the previous proviso shall be transferred to the "Information Technology Fund" account under this title for such purposes: Provided further, That receipts from administrative support fees collected pursuant to section 223 of this title shall be credited as offsetting collections to this account.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**GENERAL AND SPECIAL RISK INSURANCE FUND**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	-	1,582 <sup>a</sup>	-	1,582	8	-
2019 Annualized CR	-	1,574	-	1,574	-	-
2020 Request	-	-	-	-	-	-
Change from 2019	-	(1,574)	-	(1,574)	-	-

a/ 2018 Carryover includes \$805 thousand carryover from 2017 and \$777 thousand recoveries of prior year unpaid obligations.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests no subsidy budget authority for the Federal Housing Administration’s (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund, \$30 billion in loan guarantee commitment authority, and \$1 million in direct loan authority, which is equal to the 2019 President’s Budget. The Budget estimates \$602 million in offsetting negative credit subsidy receipts in 2020 from GI/SRI loan guarantees. GI/SRI’s mortgage insurance programs are designed to operate without the need for subsidy appropriations, with fees set higher than anticipated losses.

Credit programs under the FHA GI/SRI Fund include:

- Multifamily Rental Housing: Mortgage insurance for the construction, rehabilitation, preservation, and refinancing of multifamily rental housing;
- Healthcare Facilities: Mortgage insurance for the construction, rehabilitation, and refinancing of hospitals, nursing homes and other healthcare facilities; and
- Single Family: Mortgage insurance for Title I manufactured housing and property improvement loans.

## Mortgage and Loan Insurance Programs—GI/SRI Account

GI/SRI programs are a critical component of the Department's efforts to meet the nation's need for decent, safe, and affordable housing. They provide the necessary liquidity so that communities can:

- Continue to provide quality affordable housing and assisted living/nursing home opportunities;
- Improve access to quality healthcare, reduce the cost of that care, and support the needs of aging populations in communities nationwide;
- Strengthen local economies by playing a countercyclical role in the market;
- Improve the availability and maintenance of rental housing for low- and moderate-income families; and
- Enable private lenders to make loans for important projects in underserved markets that might otherwise not be possible.

### **2. Request**

At the requested level, GI/SRI is projected to issue more than \$20 billion in loan insurance commitments in 2020, including:

- Approximately \$16 billion in loan guarantees to support 1,000 housing apartment projects;
- Approximately \$5 billion in loan guarantees for 350 healthcare facilities, including skilled nursing homes, assisted living facilities, board and care homes, and hospitals; and
- Approximately \$63 million for 3,000 Title I manufactured housing and property improvement projects.

Projected activity by risk category is detailed in the "GI/SRI Risk Categories and Estimated Volume" table; please see the "Justification" section for descriptions of each loan category.

Mortgage and Loan Insurance Programs—GI/SRI Account

**GI/SRI Risk Categories and Estimated Volume:**

GI/SRI Programs (Dollars in Thousands)	Fiscal Year 2020		
	Commitment	Credit	Offsetting
	Volume (projected)	Subsidy Rate	Receipts (projected) <sup>a</sup>
<b>Direct Loans Levels</b>			
FFB Risk Sharing <sup>b</sup>	-	-12.42%	\$41,742
<b>Guaranteed Loan Levels</b>			
Apartments New Construction/Substantial Rehab(221d4)	\$4,943,380	-1.18%	\$40,493
Tax Credits	\$5,137,293	-2.25%	\$107,366
Apartment Refinances (223a7 & 223f)	\$5,111,613	-3.18%	\$171,942
Housing Finance Agency Risk Sharing (542c)	\$83,800	-1.83%	\$849
Qualified Participating Entity Risk Sharing (542b)	\$4,400	-0.26%	\$11
Other Rental (207MHP, 231 and 220)	\$235,472	-1.77%	\$4,048
<b>Subtotal - Multifamily Programs<sup>c</sup></b>	<b>\$15,515,959</b>	<b>-2.21%</b>	<b>\$324,709</b>
Residential Care Facilities (232_nc)	\$301,000	-5.20%	\$12,792
Residential Care Facility Refinances (232_refi)	\$3,672,000	-4.89%	\$182,805
Hospitals (242)	\$619,760	-5.56%	\$38,514
<b>Subtotal - Healthcare Programs<sup>c</sup></b>	<b>\$4,592,760</b>	<b>-5.00%</b>	<b>\$234,111</b>
Title 1 - Property Improvement	\$46,760	-1.42%	\$664
Title 1 - Manufactured Housing	\$16,293	-4.79%	\$780
<b>Total - Guaranteed Loan Levels<sup>c</sup></b>	<b>\$20,171,771</b>	<b>-2.84%</b>	<b>\$560,264</b>
<b>Total - GI/SRI Fund</b>	<b>\$20,171,771</b>	<b>-2.84%</b>	<b>\$602,006</b>

a/ Receipts are recognized as the underlying loans are disbursed; FY 2020 projected receipts include amounts for pre-2020 loan commitments.

b/ The FFB Risk Sharing program ceased accepting new applications after December 31, 2018. Existing obligations will be honored, but no new commitments are projected for 2020.

c/ The subsidy rate is a weighted average.

### 3. Justification

The 2020 Budget supports mortgage insurance programs that are essential in achieving the Department’s mission of providing decent, safe, and affordable housing as a safety net for those who need it the most.

- GI/SRI mortgage insurance encourages private lenders to make loans for important projects that might otherwise not be possible. Among the types of projects made possible are new workforce housing in high-demand markets, innovative energy technology renovations, nursing homes serving aging senior citizens, and acute care access hospitals. In addition to providing better access to credit for new developments, GI/SRI supports refinance lending to preserve financially healthy housing and healthcare projects by helping them reduce high current debt obligations. The major refinancing programs for housing and nursing home facilities offer long-term amortization periods and are a critical option for many conventionally financed projects facing large balloon payments. GI/SRI refinancing may also enable properties to undertake needed renovation and rehabilitation.
- FHA mortgage insurance enhances a borrower’s credit and provides banks with better access to capital markets, most notably through Ginnie Mae securities. In exchange for adherence to strict underwriting and application requirements established by HUD and the payment of annual insurance premiums, HUD-certified lenders can file claims with FHA when a borrower defaults. Mortgage insurance premiums and specific terms for claim payments vary by program. GI/SRI mortgage insurance works in part by helping private lenders access liquidity otherwise not available to borrowers developing or maintaining rental housing for low- and moderate-income families. The credit enhancement provided by an FHA loan guarantee enables borrowers to obtain long-term, fully amortizing financing (up to 40 years in the case of new construction/substantial rehabilitation), which can result in substantial cost savings.
- FHA mortgage insurance facilitates fixed-rate loans with long-term amortization not found with conventional lending sources. This mitigates interest rate risk for owners because they do not necessarily have to refinance to maintain the affordability of their payments. The long-term amortization period and guarantee of payment in the event of claim stabilize interest rates and can also allow monthly mortgage payments to be less than payments required under non-insured financing. These savings, in turn, can reduce the overall costs of developing and maintaining housing, stabilizing housing markets, and benefiting low- and moderate-income residents. Similarly, FHA financing of healthcare facilities contributes to lower healthcare costs for taxpayers and consumers.

## Mortgage and Loan Insurance Programs—GI/SRI Account

Multifamily and healthcare loans are large and complex. Prior to receiving a mortgage guarantee for any multifamily or healthcare loan, lenders and borrowers must complete a rigorous application process in which HUD staff review borrower credit worthiness, cash flow projections, property appraisals, architectural design, environmental impact, requested loan size, quality of the property management, and other information that establishes a loan as an acceptable credit risk to HUD. Large multifamily housing projects and all healthcare facility loans receive secondary review and approval by a national loan committee of senior HUD officials. Once insurance has been approved, progress on any new construction or renovation is closely monitored by HUD inspectors. HUD asset managers monitor project financial statements on an ongoing basis and periodic physical inspections are conducted by HUD's Real Estate Assessment Center. Loss mitigation measures, including partial payment of claims based on the policy approved in 2010, are undertaken before a default and full claim on the loan occurs. When a borrower does default and a claim is filed, HUD will take possession of the mortgage note or property and seek to recover losses.

With each mortgage it insures, FHA carefully considers the benefits to the community along with financial risks to the government. Cognizant of the risks associated with FHA's role in the housing market, the Department has launched several new initiatives aimed at appropriately managing the risk involved with multifamily loans. Risk mitigation procedures for Multifamily Housing originations include a tiered loan approval structure requiring increasing levels of Loan Committee review based on program and dollar amount of each loan. In addition, HUD staff conduct a thorough underwriting review of each transaction and the Office of Risk Management conducts sampling of post-commitment reviews. Loan origination and default data and trends are monitored by HUD, and lenders are required to obtain third-party quality control reviews on a sampling of loans and for all early claims within four years of final endorsement.

Healthcare facilities are major economic engines and community anchors that are pivotal for economic growth and quality of life within communities nationwide. The healthcare portfolio as of the end of 2018 included 3,636 insured residential care facilities (assisted living facilities, nursing homes, and board and care homes) in all 50 states as well as the District of Columbia, and 77 hospitals within 30 states and territories including Puerto Rico. Through proactive risk management, HUD has maintained extremely low claim rates of under two percent in both programs.

FHA's effectiveness is demonstrated by the tangible result of its programs. Quality housing and healthcare facilities are made possible and more affordable throughout the country due to the FHA mortgage guarantee. For example, over the last 10 years, GI/SRI insurance has supported over 1.5 million multifamily housing units and nearly 500,000 residential care facility beds.

## Mortgage and Loan Insurance Programs—GI/SRI Account

### **Multifamily Risk Categories:**

*Federal Financing Bank (FFB) Risk Share.* The FFB Risk Share Initiative was started in 2015 to stimulate affordable housing production in response to tightening bond markets and lack of private sector funding and liquidity that followed the financial crisis. This initiative ceased accepting new applications for commitments after December 31, 2018. HUD continues to evaluate how to best serve its HFA partners going forward.

*Section 221(d)(4) Mortgage Insurance for Rental and Cooperative Housing.* The Section 221(d)(4) program is FHA's largest for new-construction/substantial rehabilitation of multifamily housing. The program insures loans for up to between 83.3 and 90 percent of the project replacement cost (as limited by debt service coverage and per-unit cost requirements). The program covers long-term mortgages of up to 40 years and, like all FHA new construction loan programs, provides for both construction and permanent financing.

*Section 223(f) Mortgage Insurance for Refinancing or Purchase of Existing Multifamily Rental Housing.* Section 223(f) allows for long-term mortgages of up to 35 years for refinancing or purchase of existing multifamily rental housing. Refinances of current FHA-insured multifamily loans are also offered under Section 223(a)(7) but are grouped together with Section 223(f) for budgetary purposes.

*Section 241(a) Mortgage Insurance for Supplemental Loans for Multifamily Housing Projects.* Section 241(a) provides mortgage insurance for supplemental loans for multifamily housing projects already insured or held by HUD. This program is intended to keep projects competitive, extend their economic life, and finance the replacement of obsolete equipment. Section 241(a) mortgages finance repairs, additions, and other improvements. These loans take the second position to the primary mortgage.

*Section 542(b) Risk Sharing with Qualified Participating Entities (QPEs).* This is one of two multifamily programs under which FHA insures only a portion of the losses by sharing the risk with Fannie Mae, Freddie Mac, and other qualified federal, state, and local public financial and housing institutions. If a loan insured under Section 542(b) defaults, the QPE will pay all costs associated with loan disposition and will seek reimbursement from HUD for 50 percent of the losses.

*Section 542(c) Risk Sharing with Housing Finance Agencies (HFAs).* Section 542(c) provides mortgage insurance of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by state and local HFAs. FHA insurance enhances HFA bonds to investment grade and provides capital for affordable housing construction. HFAs may elect to share from 10 to

## Mortgage and Loan Insurance Programs—GI/SRI Account

90 percent of the loss on a loan with HUD. Section 542(c) insured projects often include low-income housing tax-credits, in which case they are reported under GI/SRI's risk category for Tax Credit Projects.

*Other Rental Programs.* This risk category includes several relatively low-volume programs that have been grouped together for budgetary purposes, including Section 220 loans in urban areas, Section 231 loans for elderly housing, and Section 207 loans for mobile home park development. Section 220 is a new-construction program, distinct from 221(d)(4) in that it insures loans for multifamily housing projects in urban renewal areas, code enforcement areas, and other areas where local governments have undertaken designated revitalization activities. The program offers special underwriting allowances for greater mixed-use development. Section 231 is also a new-construction/substantial rehabilitation program, but for projects specifically designed for senior citizens. For Section 231 projects with 90 percent or greater rental assistance, the maximum loan amount is 90 percent of the estimated replacement cost.

*Tax Credit Projects.* Projects assisted with Low-Income Housing Tax Credits (LIHTC) may be insured under several FHA multifamily programs, but are grouped together in a single budget risk category. These loans have a lower risk of default than similar projects without tax credits and require borrowers to pay lower FHA mortgage insurance premiums. Use of Section 221(d)(4) with LIHTC will likely be consistent with original estimates for 2014 given recent increased interest in FHA lending by state HFA's and other mission-driven lenders for new construction and substantial rehabilitation transactions. Use of Section 223(f) with LIHTC increased dramatically in 2014 and 2015 because of the Tax Credit Pilot introduced in spring 2012.

### **Healthcare Risk Categories:**

*Section 232 New Construction/Substantial Rehabilitation of Residential Care Facilities.* Section 232 programs are split into two budget risk categories, the first of which includes new-construction and substantial-renovation projects. The program enables access to capital that may not otherwise be available for many quality providers in underserved areas, thereby providing access to needed healthcare and residences for seniors. These loans are offered for terms of up to 40 years and provide both construction and permanent financing. This risk category also includes Section 241(a) supplemental loans made to projects with a primary FHA Section 232 mortgage.

*Section 232/223(f) Refinancing and Purchase of Existing Residential Care Facilities.* The Section 232/223(f) refinancing program, the second of the two budget risk categories of the section 232 program, has grown to be one of the highest volume insurance programs in GI/SRI, due in great part to mortgagors of existing facilities taking advantage of refinancing at low-interest rates. This program offers loan terms of up to 35 years. For a refinance, maximum mortgage amounts are up to 85 percent of the appraised value (90 percent if

## Mortgage and Loan Insurance Programs—GI/SRI Account

the borrower is a non-profit organization). For acquisitions, mortgages are insured up to 85 percent of the acquisition price plus transaction costs (90 percent of acquisition price if the borrower is a non-profit organization). Equity cash-out transactions are prohibited under this program. Section 223(a)(7) refinances of existing Section 232 loans are also reported under this risk category.

*Section 242 Hospitals.* The Section 242 program provides mortgage insurance for loans made to acute care hospitals. An FHA guarantee allows hospitals to lock in low-interest rates and reduce borrowing costs for major renovation, expansion, replacement, and refinancing projects that help improve healthcare access and quality. Loans are up to 25 years in length, plus a construction period, if applicable. The risk category also includes Section 241(a) supplemental loans, Section 223(a)(7) loans for refinancing current FHA-insured projects, and Section 223(e) loans for hospitals in older, economically declining urban areas.

### **Single Family Risk Categories:**

*Title I Property Improvement.* The Title I Property Improvement program insures loans for repairs and other improvements to residential and non-residential structures, as well as new construction of non-residential buildings.

*Title I, Manufactured Housing.* Under Title I, HUD provides mortgage insurance for individuals to finance manufactured homes and lots on which to set the homes.

### **General Provisions**

The 2020 Budget includes General Provisions related to GI/SRI (Sec. 209 and 216). These provisions are described further in “Fiscal Year 2020 General Provisions”.

Mortgage and Loan Insurance Programs—GI/SRI Account

**HOUSING**  
**GENERAL AND SPECIAL RISK INSURANCE FUND**  
**Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018<sup>a</sup></b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Positive Subsidy Appropriation	-	1,582	1,582	8	-	1,574	1,574	-
<b>Total</b>	-	1,582	1,582	8	-	1,574	1,574	-

a/ 2018 Carryover includes \$805 thousand carryover from 2017 and \$777 thousand recoveries of prior year unpaid obligations.

**HOUSING**  
**GENERAL AND SPECIAL RISK INSURANCE FUND**  
**Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*New commitments to guarantee loans insured under the General and Special Risk Insurance Funds, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z-3 and 1735c), shall not exceed \$30,000,000,000 in total loan principal, any part of which is to be guaranteed, to remain available until September 30, 2021: Provided, That during fiscal year 2020, gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238, and 519(a) of the National Housing Act, shall not exceed \$1,000,000, which shall be for loans to nonprofit and governmental entities in connection with the sale of single family real properties owned by the Secretary and formerly insured under such Act.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION  
MORTGAGE-BACKED SECURITIES PROGRAM  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	500,000,000	470,245,811	-	970,245,811	443,539,387	-
2019 Annualized CR	500,000,000	500,000,000	-	1,000,000,000	1,000,000,000	-
2020 Request	550,000,000	-	-	550,000,000	550,000,000	-
Change from 2019	50,000,000	(500,000,000)	-	(450,000,000)	(450,000,000)	-

**Administrative Expenses and Commitment and Multiclass Fees**

	<b>Carryover</b>	<b>Spending Authority from Offsetting Collections</b>	<b>Budget Authority</b>	<b>Precluded from Obligations</b>	<b>Obligations</b>	<b>Net Outlays</b>
2018 Appropriation	634,492	129,335	30,000 <sup>a</sup>	(733,827)	26,462	(101,915)
2019 Annualized CR	733,827	131,000	30,000 <sup>a</sup>	(834,827)	28,000	(98,000)
2020 Request	834,827	132,000	28,400	(938,427)	30,400	(103,600)
Change from 2019	101,000	1,000	(1,600)	(103,600)	2,400	(5,600)

a/ Budget Authority for 2018 and 2019 includes \$27 million of annual funds and \$3 million of no-year funds.

**1. Program Purpose and Budget Overview**

Ginnie Mae makes affordable housing a reality for millions of low- and moderate-income households across America by channeling global capital into the nation's housing markets. Specifically, the Ginnie Mae guarantee allows mortgage lenders to obtain a better price for their Mortgage Backed Securities (MBS) in the secondary mortgage market. The lenders can then use the proceeds of their

## Guarantees of Mortgage-Backed Securities

MBS sales to fund new mortgage loans. Without that liquidity, lenders would be forced to keep all loans in their own portfolio, meaning they would not have adequate capital to make new loans.

The 2020 President's Budget requests \$550 billion in commitment authority, \$50 billion above the 2019 Annualized CR level, allowing Ginnie Mae to remain the primary financing mechanism for all government-insured or government-guaranteed mortgage loans.

### **2. Request**

Ginnie Mae's 2020 Budget consists of two parts:

- (1) \$550 billion (non-cash) in limitation on new commitments of single class MBS; and
- (2) \$28.4 million to cover personnel compensation and benefits and non-personnel services expenses for 2020.

#### Commitment Authority

Ginnie Mae is requesting \$550 billion in commitment authority, to remain available until September 30, 2021, to issue guarantees of MBS to meet the credit access and housing needs of Americans across the single-family, multifamily, and healthcare segments of the market. This request provides sufficient authority given estimates of mortgage insurance and guarantee activity of the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), HUD's Office of Public and Indian Housing (PIH), and the U.S. Department of Agriculture (USDA).

#### Salaries and Expenses

The 2020 President's Budget requests \$28.4 million, which is \$1.4 million more than the 2019 Annualized CR level (excluding the \$3 million in no-year funds assumed in 2019). Ginnie Mae's salaries and expenses (S&E) request is offset by an estimated \$132 million in collections from multiclass and commitment fees for an expected net decrease to the deficit of \$103.6 million. Please see the Ginnie Mae S&E justification for more detail.

### **3. Justification**

Ginnie Mae, authorized by Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.), supports liquidity in the mortgage market by guaranteeing timely payment to investors on securities backed by federally guaranteed

## Guarantees of Mortgage-Backed Securities

mortgages, for which qualified mortgage issuers pay a fee (a guarantee fee). Issuers use that authority to pool their eligible government-insured loans into securities and issue Ginnie Mae guaranteed MBS. Section 306(g) of the National Housing Act authorizes Ginnie Mae to guarantee the timely payment of principal and interest to investors. The guarantee fee charged to issuers generates guarantee fee income for Ginnie Mae.

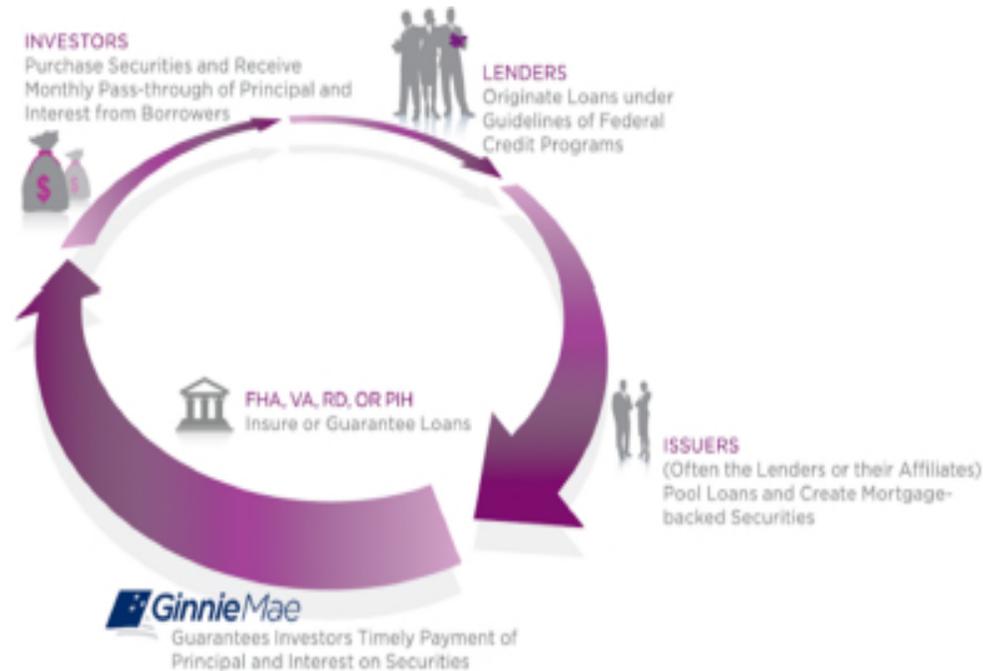
Altogether, the combination of the guarantee and an expected return generally exceeding that of U.S. Treasury securities make Ginnie Mae MBS highly liquid and attractive to domestic and foreign investors of all types. This liquidity is passed on to the issuers, who can use the proceeds from the securities issuances to make new mortgage loans at attractive interest rates to borrowers.

Ginnie Mae, designated by the federal government as a National Essential Function (NEF), benefits borrowers, issuers, and investors while helping to stabilize the U.S. housing and capital markets, including in the aftermath of a disaster, and ensuring public confidence in its financial system.

In 1970, Ginnie Mae created and issued the first MBS in the United States as a financial tool to help bring funds from worldwide investors into the U.S. mortgage market. Figure 1 below depicts the flow of this capital in the U.S. mortgage market. The net effect of this flow of capital helps to ensure mortgage financing remains available for affordable homeownership and rental properties and supports increased access to capital for housing finance across the single-family, multifamily, and healthcare housing markets. Moreover, because the Ginnie Mae-guaranteed MBS are backed by the full faith and credit of the U.S. Government, capital continues to flow even during recessionary periods and liquidity disruption in the private market and in times of substantial shifts in the mortgage market as has occurred since the 2008 housing crisis with the withdrawal of major banks from the government mortgage market.

## Guarantees of Mortgage-Backed Securities

**Figure 1: Capital Flow of Ginnie Mae Guaranteed Securities**



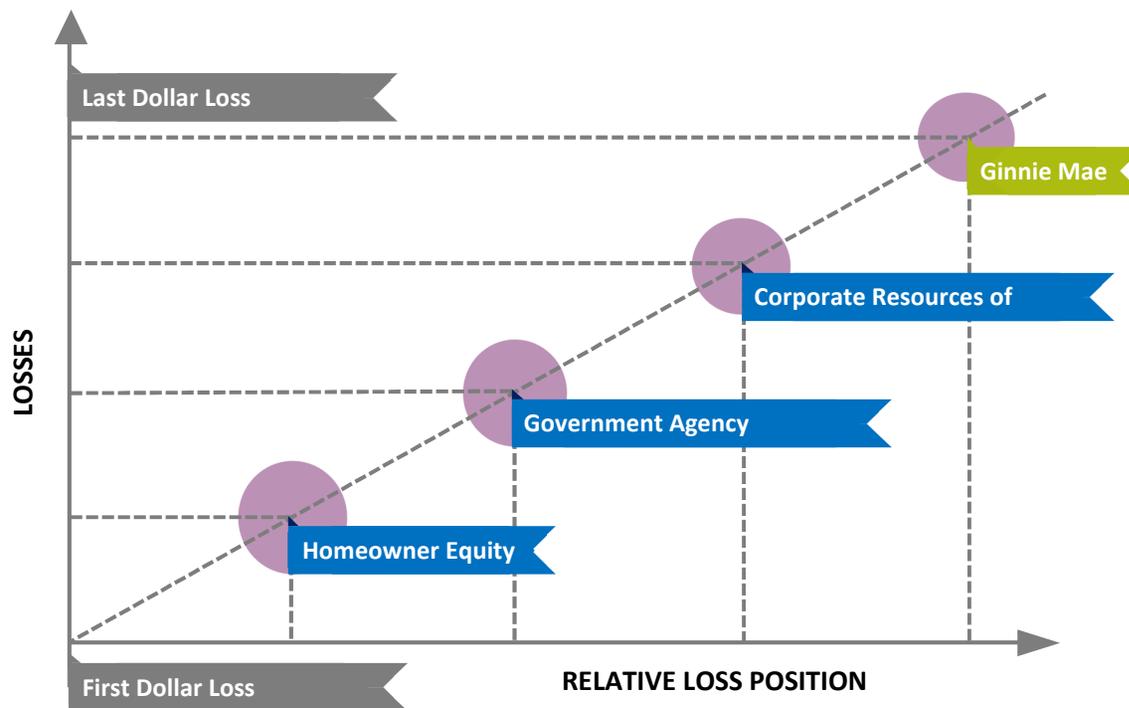
For over 50 years, Ginnie Mae has provided market stability and liquidity to America’s housing finance system, and it is a major outlet for providing global capital to the housing market, ensuring a steady source of funding for the vast majority of the government-insured or guaranteed loans offered. Ginnie Mae’s outstanding MBS portfolio has grown substantially since the 2008 housing crisis, increasing from less than \$445 billion at the start of the 2008 housing crisis to over \$2 trillion at the end of FY 2018.

Ginnie Mae’s primary risk is counterparty risk. This is the risk that an issuer fails to maintain the financial strength and liquidity necessary to advance principal and interest and absorb un-reimbursed losses on mortgage loans underlying their MBS issuances. Ultimately, Ginnie Mae is protected by the homeowner’s equity, government agency insurance/guarantee, and corporate resources of the issuer (see Figure 2).

## Guarantees of Mortgage-Backed Securities

As such, Ginnie Mae issuers must exhaust their corporate resources before Ginnie Mae will pay on its guarantee. This process is similar to the Federal Deposit Insurance Corporation (FDIC) closing a failed bank. Insuring only the performance of the issuer and requiring that issuers make principal and interest payments to investors until they can no longer do so significantly reduces taxpayer exposure to risk. Ginnie Mae manages its risk through active compliance monitoring and program enforcement of its issuers, in addition to the overall performance of its security.

**Figure 2: Protecting the Ginnie Mae Guarantee**



In FY 2018, Ginnie Mae guaranteed \$435 billion in MBS, supporting approximately 1.9 million units of housing for individuals and families, and generated \$1.7 billion in deficit-reducing offsets to the U.S. Treasury.

## Guarantees of Mortgage-Backed Securities

### Salaries and Expenses Justification

Ginnie Mae has experienced persistent challenges attracting and retaining candidates with the requisite expertise, having to consistently make compromises in its attempts to meet the environmental demands noted below. The proposed increase would allow Ginnie Mae to continue to add staff at a moderate pace, pilot a critical pay initiative, and prudently explore pay flexibilities for the Agency.

The environment in which Ginnie Mae operates is far more complex than that of earlier periods, and specialized expertise among its workforce is more necessary. Reasons for/examples of this include:

- A wider variety of issuers, a much greater percentage of which are non-banks with less diversified businesses and greater need for external capital;
- A much higher number of transactions (financing, servicing transfer, M&A) that need to be analyzed and approved or executed;
- Potential workout situations (issuer failure, bankruptcy, serious non-compliance) that are of significantly larger scale, and in many cases beyond the capacity of Ginnie Mae's historical resolution approaches; and
- More pressing need for continual enhancement of the MBS program platform, to keep up with technological changes and security needs.

### **General Provisions**

The 2020 Budget includes General Provisions related to Ginnie Mae (Sec. 204, 205, and 216). These provisions are described further in "Fiscal Year 2020 General Provisions".

### **Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process.

## Guarantees of Mortgage-Backed Securities

- **Guarantee Fee Flexibility and Revised/New Fee Structure**

Ginnie Mae's single-family guarantee fee of six basis points, and the restrictions upon it, are set in statute and date to 1987. This guarantee fee provides the funds from which losses would be paid if Ginnie Mae needed to step in, under its guarantee, to remit funds to security-holders as the result of an issuer's failure to do so. It is also the source of funds for payments relating to loans that were in pools seized in the past by Ginnie Mae in the case of issuer failures.

Ginnie Mae currently possesses a level of reserves it deems adequate to meet foreseeable needs to exercise and fulfill its guarantee. Thus, the agency is not at this time proposing an increase in the fee or a change in the way it is applied to individual issuers, though it is incumbent on Ginnie Mae to consider strategies that would assure its ability to act expeditiously to meet its guarantee obligations, no matter how extreme the situation.

For this reason, Ginnie Mae has concluded that it would be advantageous to have the authority to administratively adjust its guarantee fee.

Ginnie Mae is requesting that the permissible guarantee fee be established within a range. Once this statutory authority is provided, GNMA would establish an administrative process through which an adjustment could be made. Through fee setting, Ginnie Mae could better manage its risk to ensure reserves are in place to protect both the Agency and taxpayers, based on sound economic forecasting. Ginnie Mae is revising certain financial models to demonstrate a basis for identifying a reasonable range of guarantee fee changes. The model enhancements allow Ginnie Mae to compute a hypothetical "model guarantee fee" that varies depending on a number of input factors such as loan characteristics, creditworthiness of issuers, and economic forecasts. Ginnie Mae's proposed approach is to use the model to generate data showing how the model guarantee fee could change and can be thought to have been changing in recent times, thus providing quantitative support for fee-setting flexibility.

### **Appropriations Language Clarifying S&E Funding Source as Offsetting Collections**

Ginnie Mae requests a revision to the appropriations language that clarifies the source of Ginnie Mae's S&E as receipts from Commitment and Multiclass fees credited as offsetting collections in the program account. In April 2018, a concern was raised that the appropriations language could be interpreted in such a way that Ginnie Mae's annual S&E is funded through an appropriation instead of, as it was intended, from offsetting collections. The 2020 Budget explicitly provides for offsetting collections as the source of S&E funds.

Guarantees of Mortgage-Backed Securities

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION  
MORTGAGE-BACKED SECURITIES PROGRAM  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Commitment Limitation	500,000,000	470,245,811	970,245,811	443,539,386	500,000,000	500,000,000	1,000,000,000	550,000,000
Total	500,000,000	470,245,811	970,245,811	443,539,386	500,000,000	500,000,000	1,000,000,000	550,000,000

Guarantees of Mortgage-Backed Securities

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION  
MORTGAGE-BACKED SECURITIES PROGRAM  
Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*New commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed \$550,000,000,000, to remain available until September 30, 2021: Provided, That \$28,400,000 to be derived from fees credited as offsetting collections to this account, including balances of fees collected and credited in prior fiscal years, shall be available for necessary salaries and expenses of the Office of Government National Mortgage Association: Provided further, That receipts from Commitment and Multiclass fees collected pursuant to title III of the National Housing Act, as amended, shall be credited as offsetting collections to this account.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
SALARIES AND EXPENSES  
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$25,526</b>	<b>\$26,007</b>	<b>\$27,293</b>
<b>Non-Personnel Services</b>			
Training/Conferences	130	-	-
Supplies	33	-	-
<b>Non-Personnel Services Subtotal</b>	<b>\$164</b>	<b>-</b>	<b>-</b>
Working Capital Fund	774	993	1,057
<b>Grand Total</b>	<b>\$26,464</b>	<b>\$27,000</b>	<b>\$28,400</b>
<b>Associated FTEs</b>	<b>148</b>	<b>148</b>	<b>154</b>

**1. Program Purpose and Budget Overview**

The Government National Mortgage Association (Ginnie Mae) is a revenue generating government corporation originally chartered to conduct commercial operations for a public purpose. Its operations are integral to the viability of our Nation’s housing finance system and its mission is to bring domestic and global capital into that market. Ginnie Mae fulfills its mission by providing a mortgage backed securities (MBS) platform to lenders and attracting investors to the sale of the MBS, which provides the liquidity that keeps funds flowing to lenders, allowing them to continue to originate loans under the Federal Housing Authority (FHA), Veterans Affairs (VA), Rural Housing Services (RHS) and Public and Indian Housing (PIH) programs. At the heart of the demand for the Ginnie Mae MBS is the explicit government guaranty that effectively removes credit risk for investors, making Ginnie Mae MBS a valuable international commodity.

Ginnie Mae’s core activities surround its guarantee of timely payment on Ginnie Mae guaranteed-MBS securities. Activities include the key operational functions of approving and monitoring the mortgage lenders who can issue and service the Ginnie Mae MBS and maintaining the platform over which the MBS is issued, and investors receive payment. Ginnie Mae provides potential investors with

## Government National Mortgage Association – Salaries and Expenses

the U.S. government's guarantee that they will receive timely payments from said Issuer while they remain in good standing in the Ginnie Mae program. Due to its critical role in providing liquidity to lenders and the housing market, Ginnie Mae is designated by the federal government as a Nationally Essential Function (NEF) for protecting and stabilizing the Nation's economy and ensuring public confidence in its financial system. Ginnie Mae's ability to fulfill its NEF role effectively and seamlessly is a direct function of its ability to conduct timely and efficient business operations and transactions and oversee and manage complex program and Issuer risks.

Protecting the government guaranty, by insuring that only financially sound and operationally capable lenders (Issuers) can issue MBS and reliably make payments to investors, has been one of Ginnie Mae's two operational priorities. The other priority has been running the platform over which the MBS are issued, and investors receive payment. Without access to the Ginnie Mae program, lenders would be challenged to offer a 30-year fixed-rate mortgage at affordable interest rates. The 2020 Budget, along with use of Ginnie Mae's accumulated no-year funding, will allow it to meet these priorities while managing a growing and changing portfolio as well as increasing business complexity and risk.

The 2020 President's Budget of \$28.4 million, is \$1.4 million more than the 2019 Annualized Continuing Resolution (CR) level. Ginnie Mae's request would support 154 full-time equivalents (FTEs) in 2020, an increase of 6 FTEs from 2019 CR Annualized levels, and the implementation of a critical pay hiring strategy. The proposed 2020 staffing budget increase supports the continued hiring of key positions in Oversight, Risk Management/Compliance and Financial Accounting. These additions would allow Ginnie Mae to continue the evolution of enhanced risk management and monitoring to oversee various risk mitigating elements (such as our CorporateWatch modeling framework and Stress Testing of all issuers.) The request also provides \$1 million for Working Capital Fund fees for shared services and other investments as directed by the Secretary.

The enhanced accounting functionality is related to the operationalization of the sub-ledger data base that will be in its second year of implementation and audit remediation. This will allow Ginnie Mae to continue to transition work from the contract support it has relied on to build this loan-level capability. For more than three years Ginnie Mae has been balancing the need to execute a growing program while re-engineering operations to manage MBS growth, increased business complexity and risk related to changing market conditions.

Previously, hiring decisions were made primarily based on the following factors:

- Funding availability
- Readiness of the Position Description; and
- Criticality of the position

## Government National Mortgage Association – Salaries and Expenses

Ginnie Mae has since re-engineered its hiring strategy to incorporate:

- **Enterprise-wide collaboration:** Hiring decisions continue to be prioritized and acted upon at an enterprise level. All SVPs have equal participation in the hiring decisions of the organization and positions are prioritized based on a ranking from all senior executives at the agency.
- **Mission Critical:** Focus has been placed on identifying the key resources who oversee core business, financial, administrative, and technical functions that are critical to support Ginnie Mae’s day-to-day operations. “Mission-critical” activities are defined as critical business functions (CBFs) in Ginnie Mae’s Business Continuity Plan.
- **Oversight, Risk Management and Compliance:** While resources have been added in these areas, Ginnie Mae continues to prioritize hiring in the key functions that are necessary to address or comply with audit, regulatory, risk management and oversight or technology expiration/end-of-life mandates.

The budget and staffing request supports the 2020 President’s Budget Program Office policy goal of “Supporting homeownership through provision of Federal Housing Administration mortgage insurance programs.” Ginnie Mae plays an increasingly important role in the U.S. economy and MBS market upon which residential lenders and low and moderate-income homebuyers depend for access to liquidity and credit and is currently funding 1 in 3 new single-family mortgages securitized, with currently outstanding MBS of \$2 trillion supporting over 10 million households. If Ginnie Mae fails to meet either of its roles, liquidity to the housing mortgage market and homebuyer credit access will be insufficient or the taxpayer dollar will be at greater risk.

## 2. Key Operational Initiatives

### Critical Pay Flexibility

Ginnie Mae’s 2020 President’s Budget supports its Critical Pay Authority hiring strategy. The existing Critical Pay authority permits an agency to set a higher rate of basic pay than would otherwise be payable for a position that requires expertise of an extremely high level in a scientific, technical, professional, or administrative field and is critical to the successful accomplishment of an important mission. Ginnie Mae is pursuing the use of Critical Pay authority to attract and retain mission critical employees with specialized skills that understand the complex mortgage securitization market.

### Technical fix for S&E funding source as offsetting collections

Ginnie Mae is requesting revised appropriations language that clarifies Ginnie Mae’s annual salaries and expenses funding source as collections from Commitment and Multiclass fees credited as offsetting collections in the program account.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**POLICY DEVELOPMENT AND RESEARCH**  
**RESEARCH AND TECHNOLOGY**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental / Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	89,000	36,298	-	125,298	85,125	83,013
2019 Annualized CR	89,000	39,185	-	128,185	103,185	94,800
2020 Request	87,000	25,000	-	112,000	85,000	80,000
Change from 2019	(2,000)	(14,185)	-	(16,185)	(18,185)	(14,800)

**1. Program Purpose and 2020 Budget Overview**

The 2020 President’s Budget for Research and Technology (R&T) is \$87 million, which is \$2 million less than the 2019 Annualized CR level of \$89 million.

Through R&T, the Office of Policy Development and Research (PD&R) provides fundamental support for the mission of the Department of Housing and Urban Development (HUD) through policy analysis, research, surveys, and program evaluations, as authorized in Title V of the Housing and Urban Development Act of 1970 (as amended in 1973). R&T supports the research and evaluation function and increases its impact through data infrastructure development, information management, and technical assistance. PD&R’s work enables Congress, the Secretary, and other HUD principal staff to make informed decisions on budget and legislative proposals and strengthen housing and community development policy.

**2. Request**

The requested funding level for R&T supports three critical functions: 1) Core R&T supports the American Housing Survey and other national surveys, as well as knowledge management, research dissemination, and public-private research including building technology innovation; 2) Research, Evaluation, and Demonstrations supports experimental demonstrations of innovative program concepts, evaluations of current programs, and other policy-focused research; 3) Technical Assistance (TA) supports initiatives that

## Research and Technology

ensure HUD program partners and practitioners have access to research-informed guidance in effective practices, are able to apply such learning to help all of HUD's programs better serve customers and achieve program goals successfully and efficiently.

The three R&T functions serve a broad range of public and private stakeholders by providing reliable housing market data and independent evaluations showing which programs and policies function best, and by supporting implementation with research-informed guidance. Such information products are crucial for a vibrant housing market and accountability to taxpayers.

### 3. Justification

#### Core R&T - \$50 million

Data Infrastructure: The largest component of Core R&T supports the surveys that constitute the nation's housing data infrastructure. Reliable and well-structured housing datasets inform policymakers about homeowner and rental units, HUD-assisted and unassisted populations, and the nature of affordable housing problems. These data sources are used widely in the private sector and are essential for an efficient housing market--which in calendar year 2017 contributed \$2.5 trillion to the U.S. gross domestic product, accounting for 12 percent of the national economy.<sup>1</sup>

- The largest survey funded by R&T is the American Housing Survey (AHS). The 2020 request will support HUD's collaboration with the Census Bureau to plan for the 2021 AHS. The biennial AHS covers the nation's housing stock, housing finance, and characteristics of markets, neighborhoods, and occupants, and supports national, regional, and metropolitan area estimates. Dozens of research publications each year and innumerable housing policy decisions are based on AHS data. To ensure that such surveys are relevant for policy, in 2018 PD&R worked with external experts and the Census Bureau to include a research module in the 2019 AHS that will inform development of a validated index of housing insecurity for the 2021 AHS and other surveys.
- Other surveys funded under Core R&T provide important data necessary to monitor housing finance and local housing market conditions, including the Survey of Construction (SOC), Survey of Market Absorption of Apartments (SOMA), Manufactured Homes Survey (MHS), and Rental Housing Finance Survey (RHFS).
- Knowledge Management, Dissemination, and Outreach: The second component of Core R&T disseminates research to inform evidence-based policy as well as convene stakeholders for shared learning opportunities. Key beneficiaries of knowledge

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<sup>1</sup> See [https://www.bea.gov/system/files/2018-08/gdp2q18\\_adv\\_4.pdf](https://www.bea.gov/system/files/2018-08/gdp2q18_adv_4.pdf).

## Research and Technology

management activities include HUD grantees, program staff, external experts, international entities, and policy makers. Along with formal research reports and the Cityscape journal, shorter-format periodicals such as U.S. Housing Market Conditions, The Edge, and Evidence Matters help make data and research freely accessible to broad audiences. The Comprehensive Housing Market Analyses produced by PD&R economists provide an in-depth look at economic, demographic, and housing inventory trends of specific housing markets to guide builders, lenders, and others. During 2018, there were an average of 1.21 million downloads and over 670,000 visitors per month from the HUDUSER.gov research portal. As part of knowledge dissemination activities, PD&R will provide economic data, analysis, and policy input to an interagency effort on eliminating barriers to affordable housing development. This Federal effort will include representatives from multiple federal agencies, including HUD, Treasury, USDA, VA, as well as the Council of Economic Advisors and the White House Domestic Policy Council, and will convene events to solicit input from state, federal and tribal governments, the private sector and the general public.

- **Technical Expertise and Innovation:** The third component of Core R&T is the provision of technical, evidence-based guidance in the areas of building technologies, state and local land use practices, and disaster preparedness and mitigation. Stakeholders of such resources include HUD program offices, federal agencies, state and local policy makers, researchers and practitioners, and the housing industry. These stakeholders will be supported through HUDUSER and engaged through means such as ideation convenings. PD&R supports grants and in-house research on housing, construction and community development topics such as regulatory barriers to affordable housing and Opportunity Zone engagement. Drawing on a recently completed policy report on housing technology innovation, PD&R is developing a building technology learning agenda that features such domains as affordability and disaster resilience. Research opportunities will be explored and developed in collaboration with the National Science Foundation and the National Institute for Standards and Technology, along with a variety of housing organizations and universities.

### Research, Evaluation, and Demonstrations - \$10 million

PD&R's discretionary research and evaluation is guided by the HUD Research Roadmap, a learning agenda that PD&R develops through an iterative consulting process to ensure that the research function is forward-looking, systematic, and well-structured. During 2019, PD&R will again engage internal and external stakeholders to identify research questions that will be most important to housing and community development in the future, focusing on questions for which HUD has a comparative advantage. HUD anticipates that 2020 research, evaluations, and demonstrations will include the following priorities:

- Guiding the evaluation of the Moving to Work (MTW) program expansion. Authorized in 2016, the MTW expansion will allow an additional 100 Public Housing Authorities to flexibly use funding to better address the housing needs of their

## Research and Technology

community. Currently, 39 PHAs are designated MTW agencies, which allows them to deploy a range of innovative policies to better administer programs for their assisted tenants. PD&R is working with the MTW office to implement a multi-stage evaluation that will use the rollout of the expansion to test different aspects of the MTW policy. In 2019, HUD launched the first two cohorts, designed to gauge the impact of MTW's funding flexibility on smaller PHAs and test a suite of rent reform policies. PD&R will continue to work with the MTW office to design the next two cohorts, which will study the impact of work requirements and landlord incentive policies.

- Research on policies to improve self-sufficiency among work-able assisted residents, including EnVision Centers, and methods to track positive exits from assistance, including leveraging exit surveys conducted for ongoing demonstration evaluations to better understand motivations and subsequent outcomes of leavers, including housing instability outcomes.
- America's Affordable Communities Initiatives. HUD seeks to develop and implement strategies that incentivize State and local governments to reduce regulatory barriers to affordable housing. A regulatory barrier is a policy, rule, process or procedure that prohibits, discourages, or substantially increases the cost of new or existing housing without sound, compensating public benefits. The burden of complying with such requirements drives up the cost of housing, leaving many families unable to locate affordable housing near their work or communities. HUD is exploring a variety of options to incentivize and assist state and local governments to reduce regulatory burdens on affordable housing development. These options include improved dissemination of best practices and locally-driven solutions, using R&T funds for a prize competition, as well as offering bonus points for HUD-awarded competitive grants.
- Enhancing relationships with landlords. Building on lessons from the Landlord Acceptance Study and extensive listening sessions with private landlords around the country, PD&R anticipates deploying and testing a range of communication strategies, regulatory changes, and incentives designed to increase landlord participation in the HCV program. PD&R will draw on these local perspectives and policy insights as we develop the fourth cohort of the Moving to Work program expansion evaluation, which will rigorously test the effectiveness of a suite of landlord incentive strategies.
- Opportunity Zones. The tax-advantaged private investment funds that will flow into recently designated Opportunity Zones represent a significant tax expenditure and opportunity for low-income areas. As the regulatory framework is likely to provide broad flexibility in the use of investment funds, PD&R seeks to research how Opportunity Zones can be used to produce more affordable housing and development that better serves public purposes.

## Research and Technology

- Linking administrative data with survey data and other research datasets is an increasingly important and cost-effective way to address key research and policy questions for the assisted housing population. PD&R is partnering with federal agencies and using administrative linkages to leverage the value of public investments in survey data and program demonstrations. Important aspects of such work in 2020 will be leveraging our existing partnership with the Census Bureau's Center for Economic Studies, including several Joint Project Service Agreements involving data linkages, continuing to extend data linkages and advance tenant health research with the National Center for Health Statistics, and building new data matching relationships with the Internal Revenue Service to better evaluate the Low-Income Housing Tax Credit program. At minimal cost, several PD&R reports and peer-reviewed papers published in recent years have used such linked data to provide the first nationally representative evidence about health status, healthcare access, and healthcare utilization among HUD-assisted adults and children, as well as evidence about the prevalence of elevated blood lead levels of HUD-assisted children compared with other children.

### Technical Assistance - \$27 million

HUD's technical assistance program equips HUD's customers with the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and policies and provide effective administrative and managerial oversight of federal funding. Technical assistance takes the form of needs assessments, direct TA, tools and products, training, data analysis, and knowledge management.

Departmental TA in this Research and Technology account – along with Public Housing Administrative Receivership and Recovery TA funds, NAHASDA TA funds, and CDBG-DR TA funding received after the catastrophic hurricanes of 2017 – are awarded through the Community Compass NOFA. The cross-funding approach of Community Compass allows TA to address the needs of grantees and sub-grantees across multiple HUD programs and to address cross-agency issues. To administer the TA program, HUD issued a two-year Community Compass Notice of Funding Availability (NOFA) starting in 2018/2019 and intends to issue an additional two-year NOFA for 2020 and 2021 funds. By moving to the two-year funding model, HUD aims to significantly reduce administrative burden and ensure more prompt obligation of TA funds to applicants that have competed and demonstrated significant breadth of experience and expertise in assisting HUD grantees. The Department commits to issuing a new NOFA if it proves necessary to address significant changes to priorities.

In addition to addressing the regular technical assistance needs of HUD's partners, HUD anticipates that 2020 technical assistance funds will also support the following priorities:

## Research and Technology

- The Budget proposes to support technical assistance to support Opportunity Zones, an initiative led by the Department of Treasury. Through a provision of the 2017 Tax Cuts and Jobs Act, Opportunity Zones are designed to incentivize private sector investment in distressed communities around the country.
- The Budget would also support technical assistance for EnVision Centers, centralized hubs for supportive services intended to accelerate economic mobility of low-income households. The Centers are located in communities that include HUD-assisted housing and are supported by multi-sector collaborations. The initiative focuses on the four pillars of Economic Empowerment, Educational Advancement, Health and Wellness, and Character and Leadership.
- In 2020, one significant focus of Community Compass is likely to be addressing the recommendations of the HCV Landlord Task Force for enhancing TA and guidance to PHAs.
- To further and continuously improve the TA program, HUD is nearing completion of the phased implementation of an outcomes measurement framework that will allow the agency to systematically measure whether the technical assistance and training outcomes were achieved, identify the types of TA and training that are most effective, and collect feedback on HUD's investments in improving communities' capacity to implement HUD programs and policies. In addition, HUD is engaged in a three-year cooperative agreement to assess the scope and effectiveness of the TA program. The assessment will review the effectiveness of HUD's TA data systems for administering the program, examine HUD's processes for committing to and executing TA projects, and undertake in-depth evaluations of 3 to 4 targeted TA engagements. Work on this assessment will run from September 2017 to August 2020.

## General Provisions

The 2020 Budget includes a General Provision related to R&T (Sec. 217). This provision is described further in "Fiscal Year 2020 General Provisions".

Research and Technology

**POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Core R&T	50,000	2,334	52,334	48,090	50,000	4,274	54,274	50,000
Technical Assistance	28,000	25,000	53,000	23,983	25,000	28,000	53,000	27,000
Research, Evaluations, and Demonstrations	11,000	8,964	19,964	13,052	14,000	6,911	20,911	10,000
BJA Pay for Success	[1,500]	[1,500]	[1,500]	[1,496]	-	-	-	-
<b>Total</b>	<b>89,000</b>	<b>36,298</b>	<b>125,298</b>	<b>85,125</b>	<b>89,000</b>	<b>39,185</b>	<b>128,185</b>	<b>87,000</b>

**POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
Appropriations Language**

The President’s Budget includes the appropriation language listed below. HUD is proposing two changes to the appropriations language (1) to allow for research activities funded from other accounts, such as Lead Hazard Reduction, to also be funded from this account, and (2) add Native American Tribes to the list of eligible applicants for Research Partnership funding.

*For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems as authorized by title V of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1 et seq.), including carrying out the functions of the Secretary of Housing and Urban Development under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, and for technical assistance, \$87,000,000, to remain available until September 30, 2021: Provided, That the amounts made available under this heading may be used for the types of research and studies otherwise provided for and authorized elsewhere under this title: Provided further, That with respect to amounts made available under this heading, notwithstanding section 203 of this title, the Secretary may enter into cooperative agreements with philanthropic entities, other Federal agencies, State or local governments and their agencies, tribes and their agencies, Indian tribes, tribally designated housing entities, or colleges or universities for research projects: Provided further, That with respect to the previous proviso, not more than 50 percent of the cost of such projects may come from amounts made available under this heading.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**FAIR HOUSING AND EQUAL OPPORTUNITY**  
**FAIR HOUSING ACTIVITIES**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	65,300	32,307 <sup>a</sup>	-	97,607	47,014	61,603
2019 Annualized CR	65,300	47,999	-	113,299	77,099	63,647
2020 Request	62,300	36,200	-	98,500	66,600	63,855
Change from 2019	(3,000)	(11,799)	-	(14,799)	(10,499)	208

a/ This carryover number includes \$302,800 in funds recaptured in 2018.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$62.3 million for Fair Housing programs, which is \$3 million less than the 2019 Annualized Continuing Resolution (CR) level. The mission of HUD’s Office of Fair Housing and Equal Opportunity (FHEO) is “to eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the nation in the enforcement, administration, development, and public understanding of federal fair housing policies and laws.” FHEO’s cardinal duty, therefore, is to create equal housing and credit opportunities for all persons living in America. The Fair Housing Program funds four activities: (1) Fair Housing Initiatives Program (FHIP); (2) Fair Housing Assistance Program (FHAP); (3) Limited English Proficiency Initiative (LEPI); and (4) National Fair Housing Training Academy (NFHTA). Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to redress injuries to victims, prevent housing discrimination, and eliminate segregation.

## Fair Housing Activities

Fair Housing Programs	2018 Enacted	2019 Annualized CR	2020 President's Budget	Increase/ (Decrease)
Fair Housing Initiatives Program (FHIP)	\$39,600,000	\$39,600,000	\$36,200,000	(\$3,400,000)
Fair Housing Assistance Program (FHAP)	23,900,000	23,900,000	24,300,000	400,000
Limited English Proficiency	300,000	300,000	300,000	-
National Fair Housing Training Academy (NFHTA)	1,500,000	1,500,000	1,500,000	-
<b>Program Total</b>	<b>\$65,300,000</b>	<b>\$65,300,000</b>	<b>\$62,300,000</b>	<b>(\$3,000,000)</b>

## 2. Request

### Fair Housing Initiatives Program (FHIP)

The Fair Housing Initiatives Program (FHIP) supports critical fair housing enforcement work throughout the United States, as well as education and outreach to the general public about their rights and responsibilities under the Fair Housing Act. This is accomplished through the interplay of three major components: The Private Enforcement Initiatives (PEI), the Fair Housing Organization Initiatives (FHOI), and the Education Outreach Initiatives (EOI). PEI supports high quality, effective investigations and testing by private fair housing organizations in more than 120 communities. A second major initiative, FHOI, enhances the capacity of existing organizations to provide fair housing enforcement services. It also creates new organizations in areas of the country which are underserved or unserved or in areas where large concentrations of protected classes exist. Through EOI, FHIP grantees conduct education campaigns on the rights, responsibilities, remedies, and resources available under the Fair Housing Act. Each year, the Department awards local and regional grants that fund more than 31,000 local education and outreach efforts, working with people in the communities to provide information, referrals, education, and training on fair housing rights. In addition, the Department awards a national fair housing education and outreach grant to disseminate a broad national fair housing message. A separate education program, Fair Housing Accessibility FIRST educates builders, designers, architects, and planners on the Fair Housing Act's accessibility requirements.

The FHIP request supports critical fair housing enforcement work throughout the United States, as well as education and outreach to the public about their rights and responsibilities under the Fair Housing Act. The funding level for FHIP will support the same number of Private Enforcement Initiative grants. Fewer education and outreach grants will be supported in 2020, but as part of a strategic change to increase Partnership Activities funding in FHAP, the effect will be mitigated as Partnership Activities support FHAP

## Fair Housing Activities

activities in partnerships with community-based organizations, which are typically FHIP participants. FHIP PEI grantees may use a portion of their funding to support education and outreach activities. Educating individuals about their rights and responsibilities under the Act has been shown to have a direct relationship with the number of complaints filed. In addition, education and outreach provide valuable local engagement with housing industry officials.

The FHIP request of \$36.2 million will provide support for fair housing enforcement activities conducted by approximately 94 private fair housing organizations. These activities consist of:

- Investigating complaints, conducting testing, and supporting local compliance with the Fair Housing Act;
- A variety of education and outreach activities, including a national media campaign;
- Funding to multiyear PEI grantees who serves the nation’s largest metropolitan areas; and
- Continual operation of the Fair Housing Accessibility FIRST project, which trains industry professionals on the design and construction requirements of the Fair Housing Act. “FIRST” describes the services offered by the program: Fair Housing Information, Resources, Support, and Technical Guidance.

<b>Fair Housing Initiatives Program (FHIP)</b>	<b>2018 Enacted</b>	<b>2019 Annualized CR</b>	<b>2020 President's Budget</b>	<b>Increase/ (Decrease)</b>
Private Enforcement Initiatives (PEI)	\$30,750,000	\$30,750,000	\$30,350,000	(400,000)
Education Outreach Initiatives (EOI)	7,850,000	7,850,000	4,850,000	(3,000,000)
Fair Housing Organization Initiatives (FOI)	500,000	500,000	500,000	-
FIRST	500,000	500,000	500,000	-
<b>Program Total</b>	<b>\$39,600,000</b>	<b>\$39,600,000</b>	<b>\$36,200,000</b>	<b>(3,400,000)</b>

## Fair Housing Activities

### Fair Housing Assistance Program (FHAP)

The Fair Housing Assistance Program (FHAP) provides consistent and dependable funding to state and local civil rights enforcement agencies that provide rights, remedies, and procedures that are equivalent to the Fair Housing Act. FHAP agencies also conduct education on fair housing and fair lending at events throughout their communities. The 2020 Budget makes it possible to continue support to approximately 79 state and local government civil rights agencies to investigate and prosecute housing discrimination within their jurisdictions. FHAP agencies often serve as the principal civil rights enforcers and investigate most administrative fair housing complaints filed in the country. They plan the investigations, interview parties and witnesses, gather and analyze evidence, facilitate resolution, and render determinations. Further, these agencies ensure compliance with settlement agreements and, where necessary, litigate complaints to address violations.

The \$24.3 million request would maintain HUD's commitment to a coordinated intergovernmental partnership to protect the fair housing rights of individuals and families. This level of funding will:

- Provide for the investigation and remedy of complaints of discriminations;
- Deter willful violators by increasing the severity, immediacy, or probability of penalties; and
- Educate potential victims on how to assert their civil rights and seek remedies.

### Partnership Activities

FHEO has long desired to increase Partnership Activities in the FHAP program to meet demand with state and local program participants, but it has been constrained by the need to fund the core FHAP components (complaint processing, administrative costs, and training). In the past two years, however, the number of complaints received and processed has decreased, which allows FHAP to increase its funding for Partnership Activities while ensuring complaint processing is sufficiently funded to meet projections.

Partnership Activities funds enable FHAP agencies to partner with community-based, faith-based, and other organizations—including FHIP agencies—to conduct fair housing testing, community education and outreach, and a host of other enforcement-supporting activities. This increase will allow FHAP and FHIP to improve outreach, coordination, and enforcement.

## Fair Housing Activities

Fair Housing Assistance Program (FHAP)	2018 Enacted	2019 Annualized CR	2020 President's Budget	Increase/ (Decrease)
Complaint Processing	\$16,860,201	\$16,860,201	\$16,000,000	(860,201)
Administrative Costs	4,809,399	4,809,399	4,700,000	(109,399)
Training	2,030,400	2,030,400	2,000,000	(30,400)
Special Enforcement Effort	100,000	100,000	100,000	-
Partnership Activities	100,000	100,000	1,500,000	1,400,000
<b>Program Total</b>	<b>\$23,900,000</b>	<b>\$23,900,000</b>	<b>\$24,300,000</b>	<b>400,000</b>

### Limited English Proficiency Initiative

The Limited English Proficiency Initiative (LEPI) is a direct initiative to ensure HUD’s compliance with the federal mandate of Executive Order 13166. This federal mandate requires federal agencies to assess and address the needs of eligible persons seeking access to federally-conducted programs and activities who, due to limited English proficiency (LEP), cannot fully and equally participate in or benefit from those programs and activities. Specifically, EO 13166 requires federal agencies to develop and implement a system by which LEP persons can meaningfully access services that are consistent with the fundamental mission of HUD. The LEPI funding makes it possible for HUD to meet this directive. As such, the LEPI funding request of \$300,000 would provide:

- Department-wide language services contracts in support of HUD program offices fulfilling their mission-critical work. For example, through oral interpretation and written translation services, these funds help ensure communication between HUD staff and persons with limited English proficiency, as well as meaningful access to HUD programs and services by the LEP community during, for example, natural disasters.
- Support for the FHEO’s civil rights enforcement work (investigating housing discrimination complaints, conducting compliance reviews of HUD-funded recipients, and raising public awareness of fair housing laws through education and outreach materials). In addition, LEPI supports the Offices of the Secretary and Deputy Secretary, Administration, Field Policy & Management, Public Affairs, and the HUD Emergency Operations Center in their efforts to address the needs of the public regarding civil rights, housing opportunities, and disaster recovery.

Fair Housing Activities

Limited English Proficiency Initiative (LEPI)	2018 Enacted	2019 Annualized CR	2020 President's Budget	Increase/ (Decrease)
Limited English Proficiency Initiative (LEPI)	\$300,000	\$300,000	\$300,000	-

National Fair Housing Training Academy

The National Fair Housing Training Academy provides, through a managed training curriculum, consistent national training on fair housing and conciliation techniques for investigators at 79 state and local government agencies participating in FHAP, HUD, and other fair housing organizations. A key purpose of the Training Academy is to provide a continuation and enhancement of an important national fair housing education clearinghouse and provide needed support to help ensure that the performance of these investigators meets national standards and that training is provided and available at a single point of contact nationally. FHEO will make Training Academy funds available through HUD’s Community Compass Notice of Funding Availability (NOFA). HUD will enter into a cooperative agreement with a TA provider to administer the Academy.

The requested funding level of \$1.5 million will provide:

- At least six high-quality trainings per year with each session lasting 24-32 hours and training approximately 20-30 persons (a total of approximately 120 to 180 investigators, at a per-person cost of approximately \$8,333 to \$12,500). Training sessions may take place in-person or online.

National Fair Housing Training Academy (NFHTA)	2018 Enacted	2019 Annualized CR	2020 President's Budget	Increase/ (Decrease)
National Fair Housing Training Academy (NFHTA)	\$1,500,000	\$1,500,000	\$1,500,000	-

## Fair Housing Activities

### **3. Justification**

#### Performance and Evidence

Despite the persistence of discrimination, federally funded fair housing enforcement and education have complemented and reinforced social changes. There are four complementary mechanisms by which congressional appropriations for FHAP, FHIP, and NFHTA reduce housing discrimination:

1. Detection and remedy of discrimination;
2. Deterrence of willful violators through increased severity, immediacy, or probability of penalties;
3. Education of violators about their legal responsibilities; and
4. Education of potential victims both to assert their civil rights and to seek remedies.

The FHIP, the FHAP, and the NFHTA address housing discrimination and its long-term consequences and are the only funded programs in the federal government dedicated to assisting individuals get justice for housing discrimination. Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to redress injuries to victims, prevent housing discrimination, and eliminate segregation. HUD's fair housing programs each play a crucial and unique role in the Department's work to support fair housing enforcement and education and to strengthen the efforts of states, communities, and public housing authorities to prevent discrimination. Though Title VIII of the Civil Rights Act of 1968 outlawed housing discrimination more than 45 years ago, housing discrimination of all types continues in communities throughout the nation.

Grantees are required to have sound financial and management systems that accurately measure performance. FHIP measures success through: (1) sound financial management techniques; (2) development of activities that increase the quality and timeliness of deliverables; and (3) increases in enforcement actions initiated. In 2018, cases filed with HUD involving a FHIP agency were less likely to be dismissed than other cases. FHIP-assisted complaints resulted in higher conciliation rates (37 percent) than non-FHIP complaints (23 percent); also, the median relief obtained in FHIP-assisted complaints was about three times higher (\$925) than the median relief obtained in non-FHIP cases (\$300).

FHAP agencies investigate the majority (approximately 80 percent) of the administrative fair housing complaints filed in the country to ensure compliance with fair housing laws and, where necessary, litigate complaints to address violations. In 2018 (as of August 2018), FHAP agencies handled 5,251 fair housing complaints and obtained monetary relief totaling more than \$3.2 million, in addition

## Fair Housing Activities

to public interest relief such as adoption/revision of non-discrimination policies, education and outreach efforts, and fair housing training.

With respect to the Training Academy, HUD will evaluate its effectiveness through a variety of measures. In the short term, HUD will directly evaluate the quality of the training, which will include pre- and post-diagnostic tests. Over the long term, and more significantly, HUD will evaluate how the training enhances the quality of investigations conducted by FHAP agencies. HUD will seek overall improvement in investigative performance, greater consistency in performance among the 79 FHAP agencies, and demonstrated adherence to HUD policy guidance. HUD regularly reviews FHAP agency performance and applies standards for payment based on the quality of investigations. Finally, in accordance with requirements for Community Compass cooperative agreements, HUD will require the awardee of Training Academy funds to submit financial and program performance reports to HUD.

## Operational Improvements

FHIP continues to provide technological advances in its grant processes to assist stakeholders. FHIP uses technology to assist in its overall application review process, using outside experts to review applications, and it continues to work with other HUD programs to enhance the award processing function. Further, FHIP is currently reviewing a streamlined monitoring process that will enhance the monitoring process for the governmental technical representatives (GTRs) and the grantees.

In 2018, FHAP agencies in high-cost areas received a locality adjustment to their Administrative Cost fund award. The adjustment factors were developed by HUD's Office of Policy Development and Research (PD&R). This provides additional funds to agencies who operate in high-cost areas.

In 2018, HUD streamlined the Training Academy curriculum to focus on the fundamentals of case investigations and promote online services to increase the reach of the training.

## **General Provisions**

The 2020 Budget includes a General Provision related to Fair Housing programs (Sec. 202). This provision is described further in "Fiscal Year 2020 General Provisions".

Fair Housing Activities

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING ACTIVITIES  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Fair Housing Initiatives Program	39,600	24,981	64,581	24,208	39,600	39,600	79,200	36,200
Fair Housing Assistance Program	23,900	5,018	28,917	22,270	23,900	6,645	30,545	24,300
Fair Housing Limited English Proficiency Program	300	241	541	287	300	254	554	300
National Fair Housing Training Academy	1,500	2,067	3,567	249	1,500	1,500	3,000	1,500
<b>Total</b>	<b>65,300</b>	<b>32,307</b>	<b>97,606</b>	<b>47,014</b>	<b>65,300</b>	<b>47,999</b>	<b>113,299</b>	<b>62,300</b>

Note: The National Fair Housing Training Academy includes fees collected from program participants in FY 2017 carryover into FY 2018.

Fair Housing Activities

**FAIR HOUSING AND EQUAL OPPORTUNITY**  
**FAIR HOUSING ACTIVITIES**  
**Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, \$62,300,000, to remain available until September 30, 2021: Provided, That notwithstanding 31 U.S.C. 3302, the Secretary may assess and collect fees to cover the costs of the Fair Housing Training Academy, and may use such funds to provide such training: Provided further, That no funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant, or loan: Provided further, That of the funds made available under this heading, \$300,000 shall be available to the Secretary for the creation and promotion of translated materials and other programs that support the assistance of persons with limited English proficiency in utilizing the services provided by the Department of Housing and Urban Development.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**LEAD HAZARD CONTROL AND HEALTHY HOMES**  
**LEAD HAZARD REDUCTION**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	230,000	16,582	-	246,582	28,509	94,630
2019 Annualized CR	230,000	217,946	-	447,946	447,946	145,114
2020 Request	290,000	-	-	290,000	290,000	178,626
Change from 2019	60,000	(217,946)	-	(157,946)	(157,946)	33,512

**1. Program Purpose and Budget Overview**

The 2020 President Budget’s request for the Office of Lead Hazard Control and Healthy Homes (OLHCHH) program is \$290 million, which is \$60 million more than the 2019 Annualized Continuing Resolution (CR) level. The program protects low-income families, particularly those with children, from exposures to lead from house paint and the lead-contaminated dust and soil it creates, while concurrently addressing multiple health hazards in these homes that contribute to such conditions as asthma, cancer, and/or unintentional injuries. The Office of Lead Hazard Control and Healthy Homes (OLHCHH) also funds grants that develop cost-effective ways to reduce lead-based paint hazards, enforces lead-based paint regulations, provides outreach and technical assistance, and conducts technical studies to develop and evaluate methods to protect children and their families from health and safety hazards in the home.

**2. Request**

At the 2020 Budget level, the OLHCHH will make funds available to achieve results under the following programs:

- Lead Based Paint Hazard Reduction Grants and Demonstration:
  - \$145 million in Lead Hazard Control grants to make 12,100 unassisted low-income older homes free of lead-based paint hazards.

## Lead Hazard Reduction

- \$95 million in Lead Hazard Reduction Demonstration grants to make 8,181 unassisted low-income older homes free of lead-based paint hazards.
- Healthy Homes Grants and Support:
  - \$40 million in Healthy Homes Supplements to the Lead Hazard Control grant programs, above, to mitigate 13,000 homes having lead-based paint hazards being controlled of multiple health hazards to address conditions that contribute to asthma, cancer, and unintentional injuries.
  - \$5 million in grants and contracts to further the understanding of housing conditions and their connections to resident health, identify effective interventions and preventive practices, demonstrate health and economic benefits of interventions, and provide technical support and training, grant management and evaluation tools.
- Lead Technical Studies and Support: \$5 million to develop detection, evaluation, and control technologies regarding lead and other residential hazards, and provide the basis for the building, housing, scientific, and public health communities to address the hazards more efficiently and broadly. The technical studies and assistance activities are conducted through grants, cooperative agreements, and contracts, and include technical support and training, grant management and evaluation tools, and interagency collaboration projects.

### 3. Justification

OLHCHH's mission is to provide safe and healthy homes for at-risk families and children by promoting and funding the identification and repairs in at-risk housing to address conditions that threaten the health of residents. The OLHCHH coordinates disparate health and housing agendas, supports key research, targets enforcement efforts, and provides tools to build sustainable local programs that mitigate housing-related health hazards. The OLHCHH assists states and local governments in remedying unsafe housing conditions and addressing the acute shortage of decent and safe dwellings for low-income families. The OLHCHH collaborates with nonfederal partners, especially philanthropies, to create local, regional, and national partnerships in both the childhood lead safety and healthy homes arenas, and has strong collaborations with other federal agencies, e.g., HHS, EPA, and USDA, such as through its chairing the Healthy Homes Working Group and its participating in, e.g., the Children's Environmental Health Task Force, Asthma Disparities Working Group, and Federal Bedbug Working Group.

## Lead Hazard Reduction

### Lead Hazard Reduction and Control

Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America's children, with over 23 million homes (52 percent of the homes built before 1978) having significant lead-based paint hazards.<sup>1</sup> The OLHCHH's Lead Hazard Control program currently includes the Lead Based Paint Hazard Control (LBPHC) and Lead Hazard Reduction Demonstration (LHRD) grant programs. The two programs' overall lead-safe low-income housing goal is the same, with the LHRD grant program (begun in 2003), focusing on work in cities, counties/parishes, or other units of local government with the most pre-1940 rental housing and highest rates of childhood lead poisoning cases, and the original, LBPHC, program (begun in 1993), open to a broader range of states, Native American Tribes, and communities. Funding is projected to make the pre-1978 housing units enrolled in the grants lead-safe at an average of \$12,000 per unit.

HUD has rigorously evaluated the effectiveness of the programs, determining them effective in both the pure outcome measure (i.e., reducing children's blood lead levels),<sup>2</sup> and the long-term effectiveness of the hazard controls.<sup>3</sup> The programs offer high returns for children's reduced healthcare costs and later increased work productivity, i.e., \$17–\$221 per dollar controlling lead paint hazards.<sup>4</sup>

### Healthy Homes

The Healthy Homes program extends beyond just addressing lead-based paint hazards and covers other serious threats to residents' health and safety. While grantees can use Lead Hazard Control funds to remove or repair the lead paint in a residence, those grants cannot address mold clean up, smoke detector installation, lead-containing water supply component replacement, or other unsafe or unhealthy conditions present in those same houses. The major portion of the Healthy Homes funding is for Healthy Homes Supplements to the Lead Hazard Control grants, which allow grantees to address residential hazards other than the lead-based paint hazards for which the grants can use their Lead funds authorized by Title X, in the unassisted low-income older homes in which the grantees are controlling lead-based paint hazards. The Healthy Homes Supplement approach is efficient in that the outreach, recruitment, enrollment, and monitoring processes for getting work done in the home have already been developed and implemented for the lead hazard control work, so that smaller, incremental efforts are needed, primarily in assessing homes for the presence of

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<sup>1</sup> As determined by the OLHCHH's American Healthy Homes Survey I (Dewalt FG et al. Prevalence of Lead Hazards and Soil Arsenic in U.S. Housing. *J. Env. Health.* 78(5):22-29 (2015)).

<sup>2</sup> Clark S, et al. Effects of HUD-supported lead hazard control interventions in housing on children's blood lead. *Env. Research.* 111(2):301–311 (2011).

<sup>3</sup> Dixon SL, et al. Window replacement and residential lead paint hazard control 12 years later. *Env. Research.* 113(1):14-20 (2012).

<sup>4</sup> Gould E., Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control. *Env. Health Perspectives.* 117(7):1162-7 (2009).

## Lead Hazard Reduction

hazards other than lead-based paint and mitigating those the hazard. Funding for Healthy Homes Supplements is projected to make homes healthy at an average of \$3,000 per unit. Note that, with heightened national interest in lead in residential water, Healthy Homes Supplement funds may be used increasingly for lead service line and interior lead plumbing replacement (about \$2,000 - \$5,000 per housing unit); this may increase the average per-unit Supplement costs and decrease the number of housing units to which the Supplements are applied by those grantees using the funds in this way accordingly.

Healthy Homes programs yield high returns on investment, e.g., reducing household allergens, which contribute to asthma and allergies, yields \$5.30 - \$16.50 per dollar invested,<sup>5</sup> and installing battery-operated smoke alarms, \$18.<sup>6</sup>

Healthy homes program funds also support contracts for national surveys, training, and public education programs that help state, local, and nongovernmental agencies, housing industry stakeholders, and the public to understand the issues; and the Healthy Homes Technical Studies Grant Program (discussed below), which develops and evaluates effective interventions and preventive practices to reduce or eliminate health and safety hazards in homes.

## Technical Studies and Support

The funding will continue HUD's significant progress furthering the national understanding of housing conditions and their connections to resident health, which includes identifying effective interventions and preventive practices, and demonstrating health benefits of targeting interventions to reduce or eliminate health and safety hazards in homes.

The technical studies have helped develop detection, evaluation, and control technologies regarding lead and other residential hazards, and provided the basis for the building, housing, scientific, and public health communities to address the hazards more efficiently and broadly. The technical studies and assistance activities are conducted through grants, cooperative agreements, and contracts, and include technical support and training, grant management and evaluation tools, and interagency collaboration projects.

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<sup>5</sup> Nurmagambetov TA et al., 2011. Economic Value of Home-Based, Multi-Trigger, Multicomponent Interventions with an Environmental Focus for Reducing Asthma Morbidity: A Community Guide Systematic Review. *American Journal of Preventive Medicine*. 41(2S1): S33–S47. (2011).

<sup>6</sup> Children's Safety Network/Pacific Institute for Research and Evaluation. *Injury Prevention: What Works? A Summary of Cost-Outcome Analysis for Injury Prevention Programs* (2014 Update).

## Lead Hazard Reduction

### Account Language Changes

**Use a 3-year funds availability period for the OLHCHH's funds (versus the current 2-year period in account language).** The Department requests to change the period of availability in the appropriations language for this account from 2 to 3 years. This change would allow more time to apply grant administrative procedures (e.g., the sequence of providing technical assistance, issuing low-performance scores, issuing pre-high-risk letter, issuing high-risk letter with spending and operational constraints, issuing suspension letter) to induce poorly-performing lead hazard control grantees to perform satisfactorily, and, if any of them do not improve sufficiently, terminate their grants for cause and transfer the funds to be awarded to the next-highest-rated eligible applicant from the original NOFA, rather than terminate for cause and send the funds to Treasury, as is required at present because of the short funds availability period.

### Other Legislative Proposals and Programmatic Improvements

The 2020 Budget supports the following legislative changes that will result in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process.

**An increased threshold for lead abatement under the Lead Safe Housing statute (42 U.S.C. 4822(a)(1)) to reflect inflation since the enactment of that statute.** The lead abatement threshold is met when federal rehabilitation assistance is greater than the fixed amount of \$25,000 per unit (42 U.S.C. 4822(a)(1), enacted under Section 1012 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 ("Title X")). Inflation since the 1992 enactment of Title X (when the dollar threshold was established) means that a rehabilitation project of \$13,900 at the time of enactment would now cost over \$25,000. As a result, the abatement of units is required for projects with much less real-dollar rehabilitation assistance than Congress intended. This can induce local funding agencies to not rehabilitate many of the units they would have in previous years, leaving them to continue to expose young children to avoidable health risk. To restore the real-world meaning of the abatement threshold, adjusting the threshold for inflation is necessary. The proposed statutory amendment would authorize the Secretary to, annually, use a publicly available inflation index to determine the abatement threshold.

**Subpoena authority for enforcement of the Lead Disclosure Statute (42 U.S.C. 4852d).** Under current law, HUD and the Environmental Protection Agency (EPA) have joint authority for enforcing compliance with the Lead-Based Paint Disclosure Statute ("Disclosure Statute") in (almost all) pre-1978 housing being sold or leased (42 U.S.C. 4852d, enacted under Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 ("Title X")). However, while EPA has the authority to issue subpoenas for enforcing under a separate statute (15 U.S.C. § 2610(c), enacted under the Toxic Substances Control Act (TSCA)), HUD does not

## Lead Hazard Reduction

have Disclosure Statute subpoena authority under Section 1018 nor elsewhere in or outside of Title X. Currently, in cases where HUD is the primary or sole investigator, HUD must rely solely on EPA's availability and agreement to issue a subpoena. However, EPA lacks the staffing resources to accommodate HUD's requests for adding to its enforcement workload. This section will provide HUD with the subpoena authority. HUD will continue to request initially that a residential property owner and/or manager provide documents or permit entry to HUD staff in order to view and copy the documents, on a voluntary basis. HUD will use the subpoena authority provided by this section only when the owner and/or manager does not provide the documents. Nor will this section will affect the EPA's ability to exercise its existing authorities under TSCA or Section 1018.

Lead Hazard Reduction

**LEAD HAZARD CONTROL AND HEALTHY HOMES  
LEAD HAZARD REDUCTION  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Lead Based Paint Hazard Reduction Grants and Demonstration	180,000	2,612	182,612	5,200	180,000	177,412	357,412	240,000
Lead Technical Studies and Support	5,000	1,010	6,010	4,025	5,000	1,984	6,984	5,000
Healthy Homes Grants and Support	45,000	12,960	57,960	19,284	45,000	38,550	83,550	45,000
<b>Total</b>	<b>230,000</b>	<b>16,582</b>	<b>246,582</b>	<b>28,509</b>	<b>230,000</b>	<b>217,946</b>	<b>447,946</b>	<b>290,000</b>

## Lead Hazard Reduction

### **LEAD HAZARD CONTROL AND HEALTHY HOMES LEAD HAZARD REDUCTION Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For the Lead Hazard Reduction Program, as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, \$290,000,000, to remain available until September 30, 2022, of which up to \$45,000,000 shall be for the Healthy Homes Initiative, pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970 that shall include research, studies, testing, and demonstration efforts, including education and outreach concerning lead-based paint poisoning and other housing-related diseases and hazards: Provided, That for purposes of environmental review, pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other provisions of the law that further the purposes of such Act, a grant under the Healthy Homes Initiative, or the Lead Technical Studies program under this heading or under prior appropriations Acts for such purposes under this heading, shall be considered to be funds for a special project for purposes of section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994: Provided further, That of the total amount made available under this heading, an amount to be determined by the Secretary shall be made available on a competitive basis for areas with the highest lead paint abatement needs: Provided further, That each recipient of funds provided under the previous proviso shall contribute an amount not less than 25 percent of the total: Provided further, That each applicant shall certify adequate capacity that is acceptable to the Secretary to carry out the proposed use of funds pursuant to a notice of funding availability: Provided further, That amounts made available under this heading in this or prior appropriations Acts, and that still remain available, may be used for any purpose under this heading notwithstanding the purpose for which such amounts were appropriated if a program competition is undersubscribed and there are other program competitions under this heading that are oversubscribed.*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115–245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**SALARIES AND EXPENSES**

*(Dollars in Thousands)*

	FY 2018 Actuals					FY 2019 Annualized CR					FY 2020 President's Budget					FY 2019 to FY 2020	
	FTE	PS	NPS	WCF	Amount	FTE	PS	NPS	WCF	Amount	FTE	PS	NPS	WCF	Amount	FTE	Amount
<b>Executive Offices</b>	<b>69</b>	<b>\$11,165</b>	<b>\$987</b>	<b>\$782</b>	<b>\$12,934</b>	<b>79</b>	<b>\$12,395</b>	<b>\$1,515</b>	<b>\$798</b>	<b>\$14,708</b>	<b>88</b>	<b>\$13,999</b>	<b>\$1,577</b>	<b>\$424</b>	<b>\$16,000</b>	<b>9</b>	<b>\$1,292</b>
<b>Administrative Support Offices</b>																	
Assistant Secretary for Administration	-	-	-	-	-	-	-	-	-	-	519	86,586	178,200	3,714	268,500	519	268,500
Office of the Chief Financial Officer	169	33,447	19,321	3,443	56,211	194	38,411	10,459	3,330	52,200	211	41,508	29,241	3,251	74,000	17	21,800
Office of the General Counsel	542	89,092	4,328	1,403	94,823	527	89,430	4,660	1,310	95,400	551	94,367	4,000	1,633	100,000	24	4,600
Office of Administration	228	32,476	179,448	903	212,827	238	34,850	168,512	891	204,253	-	-	-	-	-	(238)	(204,253)
Office of the Chief Human Capital Officer	144	30,192	8,565	942	39,699	147	30,689	7,693	918	39,300	-	-	-	-	-	(147)	(39,300)
Office of Field Policy and Management	314	47,799	2,661	1,124	51,584	335	51,104	1,310	1,086	53,500	334	51,511	1,310	1,179	54,000	(1)	500
Office of the Chief Procurement Officer	108	16,197	1,599	1,095	18,891	114	17,353	1,075	1,072	19,500	-	-	-	-	-	(114)	(19,500)
Office of Departmental Equal Employment Opportunity	18	2,890	558	205	3,653	19	3,243	361	196	3,800	20	3,380	486	134	4,000	1	200
Office of Business and Transformation	31	4,382	45	232	4,659	26	4,238	492	219	4,949	-	-	-	-	-	(26)	(4,949)
Office of the Chief Information Officer	195	32,345	14,352	1,654	48,351	182	30,929	12,828	1,643	45,400	237	40,562	14,129	1,309	56,000	55	10,600
<b>Administrative Support Offices Subtotal</b>	<b>1,750</b>	<b>288,820</b>	<b>230,877</b>	<b>11,001</b>	<b>530,698</b>	<b>1,781</b>	<b>300,247</b>	<b>207,390</b>	<b>10,665</b>	<b>518,302</b>	<b>1,872</b>	<b>317,914</b>	<b>227,366</b>	<b>11,220</b>	<b>556,500</b>	<b>90</b>	<b>38,198</b>
<b>Program Offices</b>																	
Public and Indian Housing	1,286	191,266	12,563	8,559	212,388	1,291	196,674	11,668	8,291	216,633	1,157	177,937	5,460	22,603	206,000	(134)	(10,633)
Community Planning and Development	694	100,578	2,024	3,946	106,548	680	101,720	2,121	3,713	107,554	709	107,055	2,120	4,825	114,000	29	6,446
Housing	2,404	343,002	7,550	9,658	360,210	2,475	362,828	11,001	9,171	383,000	2,395	354,551	9,000	35,149	398,700	(80)	15,700
Policy Development and Research	136	21,242	1,282	1,074	23,598	136	21,683	1,339	1,043	24,065	150	23,425	1,454	1,121	26,000	14	1,935
Fair Housing and Equal Opportunity	479	66,329	1,308	1,706	69,343	471	66,461	1,765	1,582	69,808	488	69,629	1,768	1,803	73,200	18	3,392
Office of Lead Hazard Control and Healthy Homes	47	7,417	264	436	8,117	42	6,914	254	432	7,600	50	8,267	254	479	9,000	8	1,400
<b>Program Offices Subtotal</b>	<b>5,046</b>	<b>729,834</b>	<b>24,991</b>	<b>25,379</b>	<b>780,204</b>	<b>5,096</b>	<b>756,280</b>	<b>28,148</b>	<b>24,232</b>	<b>808,660</b>	<b>4,949</b>	<b>740,864</b>	<b>20,056</b>	<b>65,980</b>	<b>826,900</b>	<b>(147)</b>	<b>18,240</b>
Working Capital Fund (WCF)	-	-	-	[37,936]	-	-	-	-	[36,688]	-	158	-	-	[78,683]	-	158	-
<b>Grant Total</b>	<b>6,865</b>	<b>\$1,029,819</b>	<b>\$256,855</b>	<b>\$37,162</b>	<b>\$1,323,836</b>	<b>6,956</b>	<b>\$1,068,922</b>	<b>\$237,053</b>	<b>\$35,695</b>	<b>\$1,341,670</b>	<b>7,067</b>	<b>\$1,072,777</b>	<b>\$248,999</b>	<b>\$77,624</b>	<b>\$1,399,400</b>	<b>110</b>	<b>\$57,730</b>
Government National Mortgage Association	148	25,526	164	774	26,464	148	26,007	-	993	27,000	154	27,343	-	1,057	28,400	6	1,400
Office of Inspector General	559	98,136	29,659	-	127,795	573	100,037	28,045	-	128,082	573	100,780	28,620	-	129,400	0	1,318

## Housing and Urban Development – Salaries and Expenses Overview

### 1. Salaries and Expenses Overview

Consistent with the President’s Management Agenda (PMA), and to mitigate risk and improve operations, the 2020 President’s Budget strategically invests in critical areas of HUD’s operations for staffing and a five-year plan for Financial Transformation.

**Staffing:** HUD’s staffing levels have steadily declined over the last four decades from a high of almost 18,000 employees in 1977, to less than 6,900 employees at the end of 2018 (excluding OIG), while HUD’s budget authority has steadily increased from just under \$30 billion to more than \$50 billion. This trend has resulted in fewer staff to manage and monitor an increasing number of grants and public housing authorities for compliance. The decline in staffing poses challenges in providing the full scope of coverage in various areas that would be ideal and significantly limits the ability to address systemic and infrastructure issues inside the Department. Further, these limitations adversely impact long-term productivity improvements and innovation within HUD’s programs.

To mitigate these risks and reverse the decades-old trend of declining staff, HUD intends to allocate \$1.4 billion towards salaries and expenses (S&E), almost \$60 million above 2018 enacted levels. This funding level will provide HUD the resources to increase its staffing to slightly over 7,200 employees (excluding OIG). Using workforce succession strategies, the Department intends to execute this increase to ensure the right people are allocated to the right jobs, resulting in the biggest impact to achieving HUD’s priorities.

The 2020 Budget proposes the following account structures and realignments:

- The establishment of an Assistant Secretary of Administration (ASA) account which includes an immediate office of the Assistant Secretary for Administration account and consolidates funding for the following Administrative Support Offices:
  - Office of the Chief Human Capital Officer (OCHCO);
  - Office of the Chief Administrative Officer (OCAO); and
  - Office of the Chief Procurement Officer (OCPO).
- The Office of Business Transformation (formerly the Office of Strategic Planning and Management) is eliminated and resources are realigned into the Office of the Chief Financial Officer (OCFO) and the OCAO.

## Housing and Urban Development – Salaries and Expenses Overview

- In accordance with the President’s Executive Memorandum 13833, the Department realigns 49 Information Technology positions, GS-2210, into the Office of Chief Information Officer (OCIO) from the following offices:
  - Public and Indian Housing (PIH) (37);
  - Office of Housing (10);
  - OCAO (1); and
  - OCFO (1)
- The Appropriations Liaison Division which is currently located in OCFO is realigned to the Congressional Intergovernmental Relations (CIR) office.
- The Department incorporates Real Estate Assessment Center (REAC) financial and physical assessment services under the Working Capital Fund in 2020. This realignment will be the first in-house shared services effort for the WCF. As a result, WCF funding levels were adjusted in the PIH, Housing, and Community Planning and Development (CPD) to support these services.

**Financial Transformation:** To protect taxpayers, support data, accountability, and transparency, the Department has developed a five-year plan for Financial Transformation. This budget supports that plan by providing \$20 million for consulting services to assist with the Financial Transformation effort. This funding is critical to maintaining the viability of the agency, maintaining the trust of taxpayers, and mitigating risk and fraud. This transformation will provide the Financial Management Framework to mitigate nine material weaknesses and seven significant deficiencies. It will:

- Develop a financial management strategy that bridges policies, procedures, processes/controls, and related accounting standards to HUD’s mission and strategic goals;
- Advance streamlined and transparent planning, performance, and budgeting functions aligned to HUD’s mission;
- Align available resources of time, funds, assets, and people to a program and innovation portfolio that support broader strategic and financial goals;
- Enhance a control environment that enhances accountability and transparency while integrating HUD’s enterprise and fraud risk management strategies;
- Improve IT to make financial management, budget, and accounting processes more efficient, effective, and secure.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$11,165</b>	<b>\$12,396</b>	<b>\$13,999</b>
<b>Non-Personnel Services</b>			
Travel	270	501	529
Rent and Utilities	7	15	15
Printing	4	15	15
Other services/Contracts	665	844	879
Training	12	70	70
Supplies	29	69	69
<b>Non-Personnel Services Subtotal</b>	<b>\$987</b>	<b>\$1,514</b>	<b>\$1,577</b>
Working Capital Fund	\$782	\$798	\$424
<b>Grand Total</b>	<b>\$12,934</b>	<b>\$14,708</b>	<b>\$16,000</b>
<b>Associated FTEs</b>	<b>69</b>	<b>79</b>	<b>88</b>

**1. Program Purpose and Budget Overview**

The Executive Offices (EO) implement laws and policies and provide the overall direction and leadership for the Department. These offices are responsible for the overall development, implementation and management of the Department's programs. More specifically, they ensure the accomplishment of the Department's mission and strategic goals; address congressional relations activities; provide guidance and education on housing, community development and equal housing opportunity policies to the public and private interest groups; utilize media outreach to make sure the public is regularly informed about the Department's latest activities; conduct hearings to make determinations concerning formal complaints or opposing actions initiated by the Department;

## Executive Offices

ensure the Department's compliance with small business contracting regulations; and carry out White House directives by providing outreach, convening events, and information exchange with communities.

The 2020 President's Budget of \$16 million is \$1.3 million more than the 2019 Annualized Continuing Resolution (CR) level. The Executive Offices (EO) goals are to promote decent, safe, and affordable housing for Americans and provide access to homeownership opportunities. This budget reflects the President's commitment to fiscal responsibility while supporting critical functions that provide rental assistance to low-income and vulnerable households and help work-eligible families achieve self-sufficiency. The budget also recognizes a greater role for state and local governments and the private sector to address community and economic development needs.

**Personnel Services:** EO requests \$14 million, which is an increase of \$1.3 million and 9 full-time equivalents (FTEs) from the 2019 Annualized CR level. The additional FTEs includes 3 FTEs from the Appropriations Liaison Division (ALD), in OCFO-Budget, that the Department intends to realign into the Office of Congressional and Intergovernmental Relations (CIR).

**Non-Personnel Services:** EO requests \$1.6 million to primarily support contracts and travel; a slight increase of \$63 thousand above the 2019 Annualized CR level.

**Working Capital Fund (WCF):** EO requests \$424 thousand to support EO's use of Shared Services and other investments as determined by the Secretary via the WCF.

## 2. Key Operational Initiatives

- Provide program and policy guidance and operations management and oversight in administering all programs, functions and authorities of the Department;
- Educate and enforce federal Fair Housing law and advises the President concerning housing, community development, and equal housing opportunity;
- Develop recommendations for policy in the areas of housing and community development and homelessness;
- Serve as the nerve center for all HUD activities and steers the Department's mission to create strong, sustainable, and inclusive communities and quality affordable homes for all;
- Provides program and policy guidance, and operations management and oversight;

## Executive Offices

- Help the Department achieve its strategic goals by providing management and support to program offices working with human capital, financial management, procurement, and information technology;
- Coordinate Congressional and intergovernmental relations activities involving program offices to ensure the effective and accurate presentation of the Department's views;
- Coordinate the presentation of the Department's legislative matters to Congress, also responsible for ensuring that all testimony and responses to Congressional inquiries are consistent with the Secretary's and the Administration's views;
- Educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all;
- Pursue media outreach to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals;
- Conduct hearings and make determinations regarding formal complaints or adverse actions initiated by HUD, based upon alleged violations of federal statutes and implementing regulations;
- Provides small business program design and outreach to the business community in its efforts to assist small and disadvantaged business in providing services to the federal government and the American people;
- Building partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange and capacity building programs.

Executive Offices

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
OFFICE OF THE SECRETARY**

*(Dollars in Thousands)*

Office of the Secretary	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
<b>Personnel Services</b>	<b>\$2,790</b>	<b>\$3,054</b>	<b>\$3,381</b>
<b>Non-Personnel Services</b>			
Travel	65	168	170
Rent and Utilities	-	-	-
Printing	1	2	2
Other services/Contracts	342	525	540
Training	3	20	20
Supplies	17	20	20
Furniture	1	-	-
<b>Non-Personnel Services Subtotal</b>	<b>\$429</b>	<b>\$735</b>	<b>\$752</b>
Working Capital Fund (WCF)	\$782	\$798	\$424
<b>Grand Total</b>	<b>\$4,001</b>	<b>\$4,587</b>	<b>\$4,557</b>
<b>Associated FTEs</b>	<b>16</b>	<b>19</b>	<b>21</b>

## Executive Offices

### **Program Area Overview:**

The Immediate Office of the Secretary (OSEC) provides program and policy guidance and operations management and oversight in administering all programs, functions and authorities of the Department. OSEC educates and enforces Federal Fair Housing law and advises the President concerning housing, community development, and equal housing opportunity. OSEC also develops recommendations for policy in the areas of housing and community development and homelessness. OSEC serves as the nerve center for all HUD activities and steers the Department's mission to create strong, sustainable, and inclusive communities and quality affordable homes for all.

The 2020 President's Budget of \$4.6 million is \$30 thousand less than the 2019 Annualized CR level.

**Personnel Services (PS):** OSEC requests \$3.4 million for personnel services to support 21 FTEs. This reflects an increase of 2 FTEs over 2019. The additional FTEs will assist in providing leadership and direction in the construction and implementation of strategic policies, programs and systems to promote efficient and effective management, allowing the advancement of Secretarial priorities for the Department of Housing and Urban Development.

**Non-Personnel Services (NPS):** OSEC requests \$752 thousand for non-personnel services to primarily support contracts and travel.

**Working Capital Fund (WCF):** OSEC requests \$424 thousand to support the Executive Offices use of shared services and other investments as determined by the Secretary via the WCF.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
OFFICE OF THE DEPUTY SECRETARY**

*(Dollars in Thousands)*

Office of the Deputy Secretary	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
<b>Personnel Services</b>	<b>\$1,277</b>	<b>\$1,056</b>	<b>\$1,183</b>
<b>Non-Personnel Services</b>			
Travel	87	125	130
Printing	2	-	-
Training	1	10	10
Supplies	2	10	10
<b>Non-Personnel Services Subtotal</b>	<b>\$92</b>	<b>\$145</b>	<b>\$150</b>
<b>Grand Total</b>	<b>\$1,369</b>	<b>\$1,201</b>	<b>\$1,333</b>
<b>Associated FTEs</b>	<b>9</b>	<b>8</b>	<b>9</b>

**Program Area Overview:**

The Office of the Deputy Secretary (DEPSEC) provides program and policy guidance, and operations management and oversight under the direction of the Office of the Secretary. The DEPSEC helps the Department achieve its strategic goals by providing management and support to program offices working with human capital, financial management, procurement, and information technology.

The 2020 President’s Budget of \$1.3 million is \$132 thousand more than the 2019 Annualized CR level.

**Personnel Services (PS):** DEPSEC requests \$1.2 million for personnel services to support 9 FTEs. This reflects an increase of 1 FTE over 2019. The additional FTE will be used to perform Departmental liaison activities. Additional staff will help ensure the office is

## Executive Offices

able to fulfill two key functions encompassing disaster related issues and outreach to non-federal elected officials. The office of the Deputy Secretary strives to ensure that key HUD programs and administrative initiatives are effectively presented in order to ensure a smooth implementation of HUD policies or assist with determining funding recipients. The additional staff will also play an important role in necessary collaboration with our administration partner agencies.

**Non-Personnel Services (NPS):** DEPSEC requests \$150 thousand for non-personnel services to support contracts and travel. The funding will primarily support travel to disaster sites, along with increased regional and field visits by HUD leadership.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL RELATIONS**

*(Dollars in Thousands)*

<b>Office of Congressional and Intergovernmental Relations</b>	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$1,765</b>	<b>\$2,092</b>	<b>\$2,686</b>
<b>Non-Personnel Services</b>			
Travel	10	55	65
Printing	1	1	1
Other services/Contracts	-	35	55
Training	-	5	5
Supplies	-	4	4
<b>Non-Personnel Services Subtotal</b>	<b>\$11</b>	<b>\$100</b>	<b>\$130</b>
<b>Grand Total</b>	<b>\$1,776</b>	<b>\$2,192</b>	<b>\$2,816</b>
<b>Associated FTEs</b>	<b>12</b>	<b>15</b>	<b>19</b>

**Program Area Overview:**

The Office of Congressional and Intergovernmental Relations (CIR) is responsible for coordinating Congressional and intergovernmental relations activities involving program offices to ensure the effective and accurate presentation of the Department's views. The Office collaborates with the Office of General Counsel and program offices in developing the Department's position on relevant legislative matters. The Assistant Secretary for CIR is the principal advisor to the Secretary, Deputy Secretary and senior staff with respect to legislative affairs, Congressional relations, and policy matters affecting federal, state and local governments and public and private interest groups.

## Executive Offices

The Office is responsible for coordinating the presentation of the Department's legislative matters to Congress. It monitors and responds to the HUD-related activities of the Department's Congressional oversight and authorizing committees. It is also the principal Departmental advocate before Congress regarding HUD's legislative initiatives and other legislative matters. In this regard, the Office is responsible for ensuring that all testimony and responses to Congressional inquiries are consistent with the Secretary's and the Administration's views.

The Legislative Support function includes but is not limited to the following activities: explaining and supporting Departmental positions in connection with pending or future legislative initiatives or regulatory policies; meeting with Senators and Representatives and their staffs who serve on committees dealing with high priority HUD issues; advising the Department's key officials of the concerns of Members of Congress and recommending how these concerns can be met; and monitoring all Congressional initiatives and developments and advising the Department on the most appropriate response.

The Assistant Secretary also helps resolve differences with the Office of Management and Budget during the development of the Department's proposed budget and legislative proposals.

The Office is also responsible for maintaining liaison with State and Local government officials, focusing on Governors and Mayors and other public interest groups.

The Assistant Secretary for Congressional and Intergovernmental Relations is the principal advisor to the Secretary, Deputy Secretary and senior staff with respect to legislative affairs, Congressional relations, and policy matters affecting federal, state and local governments, and public and private interest groups.

The 2020 President's Budget of \$2.8 million is \$624 thousand more than the 2019 Annualized CR level.

**Personnel Services (PS)**: CIR requests \$2.7 million for personnel services to support 19 FTEs. This reflects an increase of 4 FTEs over 2019 which includes the realignment of 3 FTEs from the Appropriations Liaison Division (ALD) from OCFO-Budget.

**Non-Personnel Services (NPS)**: CIR requests \$130 thousand for non-personnel services to primarily support contracts and travel.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
OFFICE OF PUBLIC AFFAIRS**

*(Dollars in Thousands)*

Office of Public Affairs	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
<b>Personnel Services</b>	<b>\$2,681</b>	<b>\$3,483</b>	<b>\$4,065</b>
<b>Non-Personnel Services</b>			
Travel	54	59	64
Printing	-	1	1
Other services/Contracts	178	180	185
Training	-	10	10
Supplies	5	10	10
<b>Non-Personnel Services Subtotal</b>	<b>\$237</b>	<b>\$260</b>	<b>\$270</b>
<b>Grand Total</b>	<b>\$2,918</b>	<b>\$3,743</b>	<b>\$4,335</b>
<b>Associated FTEs</b>	<b>16</b>	<b>21</b>	<b>23</b>

**Program Area Overview:**

The Office of Public Affairs (OPA) strives to educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. By pursuing media outreach, OPA works to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals. Using communication tools such as press releases, press conferences, the Internet, media interviews, new media and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

## Executive Offices

OPA is responsible for managing the Department's web products and provides direction, policies, and guidance for all web products within the Department. OPA strives to educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. By pursuing media outreach, OPA works to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals. Using communications tools such as press releases, press conferences, the Internet, media interviews, New Media and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

One of the ways the Department accomplishes its goals is to provide information regarding HUD's policies, procedures, grants, programs, and new initiatives via its primary internet web site, [HUD.gov](http://HUD.gov). [HUD.gov](http://HUD.gov) acts as a clearinghouse of information and services for citizens, and serves as HUD's major communication tool for industry and business partners. It is the Department's official public-facing website and the primary vehicle for communicating HUD's mission to the public.

HUD@work impacts the entire Department, as program offices use HUD@work on a daily basis to either retrieve information or disseminate it, and it is the Department's primary vehicle for communicating with employees. It not only serves as a communication tool, but also as a launching source to HUD's internal systems, HUD@work reduces business risks to the Department. HUD@work is also the #1 way that Secretarial initiatives are communicated to HUD employees.

HUDClips is an online resource for forms, handbooks, policies, and other related information. GovDelivery, through the Office of Public Affairs, is the primary way by which the Department's electronic weekly newsletter, the Secretary's and Deputy Secretary's email messages are distributed to HUD employees.

Technological advancements are reshaping almost every aspect of communications and interaction. That includes the composition and skill sets of the staff members employed by the Office of Public Affairs. Nearly every Public Affairs Office today has a team that continually monitors and responds to social media. PA offices also include data analytics experts who can immediately ascertain what messaging is working and what's not working and why. Today, people spend more time browsing online than reading, and when they do read online, only 28 percent of the words are likely to be read. To optimize attention, the more condensed, concise the content, the better. For public affairs, the direction is now pointing towards visual content -- infographics, GIF content and short, shareable videos. In today's environment, public affairs efforts are approached with an emphasis on the programs helping to meet key objectives, whether it's driving website traffic or increasing engagement with targeted audience segments.

The 2020 President's Budget of \$4.3 million is \$592 thousand more than the 2019 Annualized CR level.

## Executive Offices

**Personnel Services (PS)**: OPA requests \$4.1 million for personnel services to support 23 FTEs. This reflects an increase of 2 FTEs over 2019. The additional FTEs will support community outreach via social media and provide data analytics support on HUD messaging effectiveness.

**Non-Personnel Services (NPS)**: OPA requests \$270 thousand for non-personnel services to support contracts and travel which is a slight increase over 2019 Annualized CR levels.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVES OFFICES  
OFFICE OF ADJUDICATORY SERVICES**

*(Dollars in Thousands)*

Office of Adjudicatory Services	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
<b>Personnel Services</b>	<b>\$1,343</b>	<b>\$1,282</b>	<b>\$1,295</b>
<b>Non-Personnel Services</b>			
Travel	16	30	35
Printing	-	-	-
Other services/Contracts	77	65	60
Training	3	5	5
Supplies	2	10	10
<b>Non-Personnel Services Subtotal</b>	<b>\$98</b>	<b>\$110</b>	<b>\$110</b>
<b>Grand Total</b>	<b>\$1,441</b>	<b>\$1,392</b>	<b>\$1,405</b>
<b>Associated FTEs</b>	<b>8</b>	<b>7</b>	<b>7</b>

**Program Area Overview:**

The Office of Adjudicatory Services (OAS) is an independent judicial office within the Office of the Secretary. The Office is headed by a Chief Administrative Law Judge, appointed by the Secretary, who supervises judges and administrative support staff. The OAS Administrative Judges (AJ) and Administrative Law Judges (ALJ) conduct hearings and make determinations regarding formal complaints or adverse actions initiated by HUD, based upon alleged violations of federal statutes and implementing regulations. OAS hearing procedures are governed by HUD regulations and are guided by the rules applicable to trials in federal court. In each case, the judge seeks to make a fair and impartial decision based upon the law and the facts established by the evidence.

The 2020 President’s Budget of \$1.4 million is \$13 thousand more than the 2019 Annualized CR level.

Executive Offices

**Personnel Services (PS)**: OAS requests \$1.3 million for personnel services to support 7 FTEs. This reflects no increase over 2019.

**Non-Personnel Services (NPS)**: OAS requests \$110 thousand to support non-personnel services.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION**

*(Dollars in Thousands)*

<b>Office of Small and Disadvantaged Business Utilization</b>	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$555</b>	<b>\$551</b>	<b>\$556</b>
<b>Non-Personnel Services</b>			
Travel	15	35	35
Rent and Utilities	5	5	5
Printing	-	1	1
Other services/Contracts	66	39	39
Training	5	15	15
Supplies	3	10	10
<b>Non-Personnel Services Subtotal</b>	<b>\$94</b>	<b>\$105</b>	<b>\$105</b>
<b>Grand Total</b>	<b>\$649</b>	<b>\$656</b>	<b>\$661</b>
<b>Associated FTEs</b>	<b>3</b>	<b>3</b>	<b>3</b>

**Program Area Overview:**

The Office of Small and Disadvantaged Business Utilization (OSDBU) provides small business program design and outreach to the business community in its efforts to assist small and disadvantaged business in providing services to the federal government and the American people. The OSDBU is responsible for ensuring that small businesses are treated fairly and that they have an opportunity to compete and be selected for a fair amount of the Agency's prime and sub-contracting opportunities. The OSDBU also serves as the Department's central referral point for small business regulatory compliance information as required by the Small Business Regulatory Enforcement Fairness Act of 1996.

## Executive Offices

The Secretary of Housing and Urban Development is committed to providing universal access to both small and large businesses. The Department recognizes that small businesses are of vital importance to job growth and the economic strength of the country successful and strong business community is an integral component of the Department's overall mission of job creation, community empowerment and economic revitalization.

The 2020 President's Budget of \$661 thousand is \$5 thousand more than the 2019 Annualized CR level.

**Personnel Services (PS)**: OSDBU requests \$556 thousand for personnel services to support 3 FTEs. This reflects no increase over 2019.

**Non-Personnel Services (NPS)**: OSDBU requests \$105 thousand to support non-personnel services.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
EXECUTIVE OFFICES  
CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS**

*(Dollars in Thousands)*

<b>Center for Faith-Based and Neighborhood Partnerships</b>	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$754</b>	<b>\$878</b>	<b>\$833</b>
<b>Non-Personnel Services</b>			
Travel	24	29	30
Rent and Utilities	2	10	10
Printing		10	10
Other services/Contracts	-	-	-
Training	-	5	5
Supplies	-	5	5
<b>Non-Personnel Services Subtotal</b>	<b>\$26</b>	<b>\$59</b>	<b>\$60</b>
<b>Grand Total</b>	<b>\$780</b>	<b>\$937</b>	<b>\$893</b>
<b>Associated FTEs</b>	<b>5</b>	<b>6</b>	<b>6</b>

**Program Area Overview:**

With Executive Order 13498, the Office of Faith-Based and Neighborhood Partnerships was established to address the needs of communities hardest hit by the economic and housing crisis. The faith-based “centers” at 13 federal agencies including the Center for Faith-Based and Community Initiatives (CFBI) at HUD, are tasked with building partnerships between faith-based and neighborhood organizations and the government to help meet these needs. HUD’s CFBI plays a vital role in actively supporting both the White House faith-based office and HUD’s overall mission and strategic objectives as it relates to providing discrimination-free affordable housing and building sustainable, inclusive Executive Offices 36-13 communities. It does so by building partnerships with faith-based

## Executive Offices

and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange and capacity building programs. Further, the CFBI has gained a national reputation for grant writing training and capacity building expertise. CFBI facilitates intra-departmental and inter-agency cooperation to reach nonprofits with two-way information sharing, technical assistance, and training opportunities; it encourages new partnerships to more effectively reach communities where HUD and the White House office of Faith-Based and Neighborhood Partnerships seek an impact.

The 2020 President's Budget of \$893 thousand is \$44 thousand less than the 2019 Annualized CR level.

**Personnel Services (PS)**: CFBI requests \$833 thousand for personnel services to support 6 FTEs. This reflects no increase from 2019.

**Non-Personnel Services (NPS)**: CFBI requests \$60 thousand to support non-personnel services.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
SALARIES AND EXPENSES**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$288,820</b>	<b>\$300,247</b>	<b>\$317,914</b>
<b>Non-Personnel Services</b>			
Travel	4,754	4,755	4,746
Transportation of Things	635	362	362
Rent, Communications, Utilities	127,553	122,985	122,985
Printing and Reproduction	1,101	1,117	1,033
Other Services	85,056	66,615	86,926
Training	4,068	3,832	3,837
Supplies	2,095	783	786
Furniture	4,988	6,172	6,172
Claims and Indemnities	627	769	519
<b>Non-Personnel Services Subtotal</b>	<b>\$230,877</b>	<b>\$207,390</b>	<b>\$227,366</b>
Working Capital Fund	11,001	10,665	11,220
<b>Grand Total</b>	<b>\$530,698</b>	<b>\$518,302</b>	<b>\$556,500</b>
<b>Associated FTE</b>	<b>1,750</b>	<b>1,781</b>	<b>1,872</b>

The Administrative Support Offices are the backbone of HUD’s operations. These offices support the Department’s core mission by providing: day-to-day operational support; strategic human capital management and workforce planning; management and operation of facilities, administrative services, correspondence and records management; sound financial management and stewardship of public resources; compliant acquisition and business solutions; strategic leadership, direction, and oversight across the Department to

## Administrative Support Offices - Overview

maximize agency performance; enforcement of federal laws relating to the elimination of all forms of discrimination in employment practices; legal opinions, advice, and services with respect to all programs and activities; and modern information technology that is secure, accessible and cost effective.

The Administrative Support Offices budget provides funding for six offices into one single appropriation account and with this account structure will continue to manage the offices separately, with the exception of the Office of the Assistant Secretary for Administration. The 2020 Budget consolidates the offices of Administration, Chief Human Capital Officer and Chief Procurement Officer under the Office of the Assistant Secretary for Administration to be managed as one office. The 2020 Budget also reorganizes the Office of Business Transformation resources into the Office of the Chief Financial Officer and the Office of the Assistant Secretary for Administration.

Administrative Support Offices include:

- Office of the Chief Financial Officer
- Office of the General Counsel
- Office of the Assistant Secretary for Administration
- Office of Field Policy and Management
- Office of Departmental Equal Employment Opportunity
- Office of the Chief Information Officer

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>			
Personnel Services	\$27,407	\$31,411	\$34,508
Common Distributable	6,040	7,000	7,000
<b>Personnel Services Subtotal</b>	<b>\$33,447</b>	<b>\$38,411</b>	<b>\$41,508</b>
<b>Non-Personnel Services</b>			
Travel	153	150	150
Printing	12	46	46
Other services/Contracts	18,921	10,023	28,805
Training	183	195	195
Supplies	52	45	45
<b>Non-Personnel Services Subtotal</b>	<b>\$19,321</b>	<b>\$10,459</b>	<b>\$29,241</b>
Working Capital Fund	3,443	3,330	3,251
<b>Grand Total</b>	<b>\$56,211</b>	<b>\$52,200</b>	<b>\$74,000</b>
<b>Associated FTEs</b>	<b>169</b>	<b>194</b>	<b>211</b>

**1. Program Purpose and Budget Overview**

The Office of the Chief Financial Officer (OCFO) provides HUD-wide leadership to support HUD's mission through sound financial management in programs and operations. OCFO leads HUD in practicing financial integrity, financial responsibility, accountability, and stewardship of public resources. While advising the Secretary and HUD leadership on all aspects of financial management and budget, OCFO works to ensure that HUD meets established financial management goals and complies with pertinent legislation and

## Administrative Support Offices – Office of the Chief Financial Officer

directives. In addition, OCFO analyzes budgetary implications of policy and legislative proposals and oversees budget activities throughout HUD.

The 2020 President’s Budget of \$74 million is \$21.8 million more than the 2019 Annualized Continuing Resolution (CR) level. OCFO’s 2020 Budget requests \$20 million to advance a Financial Transformation Initiative to remediate material weaknesses and significant deficiencies in the financial statements and improve the financial framework in order to support optimal outcomes for HUD’s mission. This will be accomplished through consistent, strong financial management and internal controls across HUD; transparent, accurate, and timely financial reporting; best shared practices; and continued focus on building and sustaining HUD’s core workforce in Budget, Accounting, Systems, and Financial Management. HUD’s operation has outgrown its infrastructure (e.g., people, process, and technology) to a point where the operations are now at risk. Resources provided in the 2020 Budget will help OCFO invest in people, process, and technology to mitigate such risk.

**Personnel Services (PS)**: OCFO requests \$34.5 million to support an estimate of 211 full-time equivalents (FTEs), an increase of \$3.1 million and 17 FTEs from the 2019 Annualized CR level. This increase supports the realignment of 21 FTEs from the Office of Business Transformation (OBT) to OCFO. It is offset by the realignment of 3 FTEs from OCFO’s Appropriations Liaison Division to the Congressional and Intergovernmental Relations Office as well as 1 FTE realigned to OCIO in support of Executive Order 13833.

**Common Distributable (CD)**: OCFO requests \$7 million to support its CD payments for professional liability insurance, workers’ compensation, and unemployment compensation, which is level with the 2019 Annualized CR.

**Non-Personnel Services (NPS)**: OCFO requests \$29.2 million to support funding requirements for Travel, Printing, Contracts/Other Services, and Training and Supplies. Of this amount, \$20 million will support CFO’s Financial Transformation. Funding for Travel, Printing, and Training and Supplies will remain level with 2019 Annualized CR funding.

**Working Capital Fund (WCF)**: OCFO requests \$3.3 million for its allocation toward the WCF for shared services, which is a slight decrease of \$79 thousand from the 2019 Annualized CR.

## 2. Key Operational Initiatives

- **Financial Transformation**: OCFO’s efforts will transform HUD’s current operating environment into a workplace where people work collaboratively with well-designed processes and technology to achieve financial reporting excellence. OCFO is working toward transforming its business operations to excellence through cultivating a work environment where people can excel in a

## Administrative Support Offices – Office of the Chief Financial Officer

collaborative environment; revamp and develop well-designed processes for delivery and accountability; and develop technology that delivers accurate data timely to achieve compliant financial reporting. In addition, it will strengthen HUD's financial management through: 1) Advancing financial operations by developing forward-leaning improvements, programs, and tools that resolve findings and weaknesses and achieve compliance; 2) Delivering effective financial integrity by developing Department-wide financial policies and procedures and an improper payment program; 3) Resolving audit findings and improving operations; and 4) Strengthening financial assurance by developing an effective financial audit resolution, internal control, and risk (including fraud) programs.

- Reorganization: OCFO is proposing to reshape its workforce to align with its evolving mission through a reorganization. The proposed reorganization is in the initial phase of obtaining relevant information. Through the proposed reorganization, OCFO will revise current function statements to encompass new and revised functions; streamline offices for efficiency and collaboration on closely related tasks; and develop a new organization to realign skill sets internal and external to OCFO.

In addition, OCFO will absorb the Office of Business Transformation's performance, strategic planning, and grants management functions. The performance and strategic planning functions will be incorporated into the Office of Budget. The grants management functions will be incorporated into CFO Systems. These realignments will better support the implementation and execution of the CFO's Financial Transformation Plan. In addition, in FY 2018, the Chief Risk Officer was moved back under the CFO's direction for oversight of HUD's Enterprise Risk Management.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF GENERAL COUNSEL**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$89,092</b>	<b>\$89,430</b>	<b>\$94,367</b>
<b>Non-Personnel Services</b>			
Travel	1,153	1,000	900
Transportation of Things	15	-	-
Printing	930	900	800
Other services/Contracts	1,140	1,260	1,100
Training	620	610	600
Supplies	288	290	250
Claims and Indemnities	182	600	350
<b>Non-Personnel Services Subtotal</b>	<b>\$4,328</b>	<b>\$4,660</b>	<b>\$4,000</b>
Working Capital Fund	1,403	1,310	1,633
<b>Grand Total</b>	<b>\$94,823</b>	<b>\$95,400</b>	<b>\$100,000</b>
<b>Associated FTEs</b>	<b>542</b>	<b>527</b>	<b>551</b>

**1. Program Purpose and Budget Overview**

The General Counsel is the chief legal officer of the Department and is the legal advisor to the Secretary and other principal staff in the Department. The General Counsel provides legal opinions, advice, and services with respect to all programs and Departmental activities. The General Counsel defends the Department and enforces the Fair Housing Act and HUD's program requirements. The General Counsel oversees the Departmental Enforcement Center (DEC), an organization of financial and enforcement analysts who enforce the Department's program requirements and protect the Department's assets.

## Administrative Support Offices – Office of General Counsel

The 2020 President’s Budget of \$100 million is \$4.6 million more than the 2019 Annualized Continuing Resolution (CR) level.

**Personnel Services (PS):** The \$94.4 million in personnel expenses supports 551 full-time equivalents (FTEs) an overall increase of 24 FTEs from the 2019 Annualized CR level. The additional FTEs will support the Secretarial direction that resources be made available to the DEC to increase oversight and monitoring of HUD-funded or HUD-insured assets to ensure the health, safety and fiscal soundness of HUD activities. In 2019, the DEC will hire 20 additional FTEs to conduct oversight and monitoring of HUD assets. Funding provided in this request will continue this level of effort by the DEC.

**Non-Personnel Services (NPS):** OGC’s 2020 President’s Budget request for non-personnel expenses is \$4 million, which is \$660 thousand less than the 2019 Annualized CR level. The 2020 NPS funding will support travel, relocation costs, printing, supplies, contracts, training, and claims and indemnifications (attorney’s fees for adverse parties prevailing in non-program related litigation). Printing funding supports the Department’s printing costs for the Federal Register and the Code of Federal Regulations. NPS funding also supports OGC’s access to online legal research and databases. These services include Lexis/RELX Inc., PACER, West LegalEdcenter, CyberFeds, and the Congressional Quarterly

**Working Capital Fund:** The 2020 President’s Budget request provides \$1.6 million to support shared services such as financial management, human resources, HR systems, and National Finance Center (NFC) payroll processes and other investments as determined by the Secretary.

### **President’s Management Agenda**

**Labor and Personnel.** HUD’s collective bargaining agreement with AFGE expired in 2018 and HUD has notified AFGE that it intends to renegotiate its labor agreement. OGC is providing legal support for this effort that will continue into 2020. OGC anticipates increased personnel law litigation and labor arbitrations in light of the President’s Executive Orders (EOs) issued on May 25, 2018 (Executive Order 13839, Promoting Accountability and Streamlining Removal Procedures, and Executive Order 13837, Taxpayer-Funded Union Time Use). Since the release of these EOs, the Department’s Collective Bargaining Agreement (CBA) with AFGE has expired, creating a conflict between OPM’s interpretation of EOs as “government-wide regulations” and Article 53.01 of the CBA which states that the current CBA remains in full force and effect until a new CBA is effective. In 2018, OGC defended the Department in 220 new personnel cases and handled 3,626 personnel and labor activities.

**Regulatory Reform.** In January and February 2017, the President issued two EOs directing deregulation and other regulatory reforms. OGC helps drive these reforms at HUD, provides legal advice to HUD’s Regulatory Task Force, and serves the Regulatory

## Administrative Support Offices – Office of General Counsel

Reform Officer. OGC facilitates and drafts the deregulatory actions as identified by HUD's Regulatory Reform Task Force. Deregulatory actions will need to be published in the Federal Register. OGC manages the Federal Register printing for the Department and the 2020 President's Budget provides \$800 thousand in printing to support departmental deregulatory efforts and other printing in the Federal Register and Code of Federal Regulations.

### **HUD/Agency Priority Goals**

OGC provides legal support to the key initiatives of the Secretary, including the Advancing Economic Opportunity Task Force and the Agency-Wide Integrity Task Force. This includes providing legal support for homeownership opportunities for borrowers while safeguarding the housing finance system; enhancing the rental assistance programs; reducing regulatory barriers to affordable housing development; developing Envision Centers; facilitating housing recovery and creating resilient housing and communities; enforcing Section 3; and bolstering Opportunity Zones.

**Priority 1: Rental Assistance Demonstration and PRAC 202 Conversions.** In 2018, OGC conducted legal reviews of 253 RAD transactions (26,977 units). In March 2018, Congress raised the statutory unit cap on the RAD program to 455,000 units from 225,000 units. Congress also authorized the conversion of the 202 PRAC portfolio (approximately 2,800 properties with 120,000 units). These conversions will begin after the publication of the implementing notice in 2019 and continue throughout 2020. The increase in the cap and the addition of the 202 PRAC portfolio will significantly increase OGC's legal review activity in 2020.

**Priority 2: Envision Centers.** OGC continues to provide legal support for the development and implementation of the Secretary's signature initiative, the Envision Centers. The Envision Centers are based on public-private partnerships that present complex legal questions involving governmentwide ethics standards, the HUD Reform Act, questions of administrative law and contractual issues.

**Priority 3: Affirmatively Furthering Fair Housing (AFFH).** In 2019, the Department anticipates streamlining its AFFH regulation, tools and related provisions. Implementation in 2020 will require legal guidance and actions to defend likely litigation challenging the changes.

### **OGC's Priority Goals**

**Priority 1: eDiscovery and FOIA.** OGC manages the Department's eDiscovery program. This includes not only handling eDiscovery for litigating attorneys and responses to Congressional oversight data requests, but also collections for the FOIA and OIG programs. Based on trends that include historical and 2018 data, in 2020 OGC forecasts requests to collect an average of 36

## Administrative Support Offices – Office of General Counsel

custodians per work day (3 requests per day times 12 custodians per request), or 720 custodians per month (36 custodians per day times 20 work days). This is a 350 percent increase in collection volume scope from 2018.

**Priority 2: Insured Loan Closings and Transfers of Physical Assets.** In addition to increasing the number of FTEs to handle the RAD and PRAC conversion workload increases, OGC must maintain and backfill attrition for the approximately 125 OGC FTEs who are dedicated to performing or supporting insured loan closings for multifamily housing, healthcare facilities, and hospitals. In 2018, OGC closed insured loans valued at over \$18.7 billion and performed legal reviews of 305 transfers of physical assets valued at over \$2.4 billion.

**Priority 3: Legal Honors and Succession Planning.** In 2020, 168 of OGC's current employees are eligible for full retirement. This represents over 30 percent of OGC's current workforce. The lynchpin of OGC's succession planning efforts is its Legal Honors Program. The Legal Honors program is over 50 years old. OGC backfills attorney attrition with Legal Honors at the GS -11 level and then invests in their training and professional development. The 2020 President's Budget funding will allow OGC to restart its Legal Honors program and bring a class of at least 15 Legal Honors to start in September 2019 and whose salaries will largely be paid in fiscal year 2020. Due to the uncertainty of personnel funding in 2018, OGC put a 1-year hold on its program and did not onboard a class in September 2018. This has hampered OGC's succession planning efforts and restarting and maintaining the program is a top priority. In 2020, OGC will hire a class of 15 Legal Honors to start in September 2020.

In 2020, OGC DEC will be in its 22<sup>nd</sup> year and most of the employees who started with the DEC when it was created will be retiring. Many have over 40 years of service. Resources will be dedicated to maintaining the additional 20 FTEs that will be hired in 2019 and backfilling attrition.

**Priority 4: Performance-Based Contract Administrator (PBCA) Litigation.** Contract administrators manage all aspects of the Office of Housing's Section 8 Project-Based Rental Assistance program. Historically, under this program, the contract administrators (PHAs) received renewal funding pursuant to an annual contributions contract. Pursuant to a court order, in the future, the Office of Housing will have to procure a contractor to assist in administering the program. The process of awarding new contracts has been surrounded by significant and ongoing litigation, and HUD anticipates that costs associated with that ongoing litigation will continue to be incurred through the Budget window.

## 2. Key Operational Initiatives

**Priority 1: Legal Support to the Department.** OGC continues to provide a full array of legal support to the Department, including defending the Department's programs against over \$800 million in claims; defending against \$40 million in tort claims; reviewing Ginnie Mae Multiclass Securities transactions valued at over \$387 billion; issuing charges of discrimination under the Fair Housing Act; handling bid protests and procurement claims at the Civilian Board of Contract Appeals; reviewing over \$5.1 billion of Departmental procurements; managing the Department's ethics program for over 2,500 financial disclosure filers; defending the Department in personnel and labor actions; processing regulatory waivers; drafting legislative amendments, reviewing draft interagency legislative documents; drafting Federal Register documents; reviewing and drafting sub-regulatory directives; drafting regulations; reviewing transfers of physical assets; reviewing interest rate reduction documents; representing the Department's interests in Multifamily foreclosures; and reviewing FOIA packages and handling FOIA appeals; collecting over \$4.8 million in debts owed to the Department; and handling over 11.7 thousand legal actions to protect the single-family inventory.

**Priority 2: Enforcement and Protection of HUD Assets.** OGC leads the Department's efforts to enforce HUD program requirements and protect HUD assets. In 2018, OGC's enforcement efforts returned over \$653.5 billion to the FHA Fund and returned almost \$25 million to PIH and CPD programs and activities. In 2018, the DEC suspended 75 irresponsible parties from participation in federal programs and debarred 201 irresponsible parties from participation in all federal programs. The DEC obtained over \$59 million in recoveries for the Multifamily Housing Program.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
Personnel Services	\$71,375	\$75,792	\$79,376
Common Distributable	7,490	7,100	7,210
<b>Personnel Services Subtotal</b>	<b>\$78,865</b>	<b>\$82,892</b>	<b>\$86,586</b>
<b>Non-Personnel Services</b>			
Travel	1,894	2,247	2,297
Transportation of Things	593	362	362
Rent and Utilities	127,553	122,985	122,985
Printing	144	163	183
Other services/Contracts	49,478	42,162	42,972
Training	2,890	2,649	2,659
Supplies	1,662	371	401
Furniture and Equipment	4,953	6,172	6,172
Claims and Indemnities	445	169	169
<b>Non-Personnel Services Subtotal</b>	<b>\$189,612</b>	<b>\$177,280</b>	<b>\$178,200</b>
Working Capital Fund	2,940	2,881	3,714
<b>Grand Total</b>	<b>\$271,417</b>	<b>\$263,053</b>	<b>\$268,500</b>
<b>Associated FTEs</b>	<b>481</b>	<b>499</b>	<b>519</b>

## Administrative Support Offices – Office of the Assistant Secretary for Administration

### 1. Program Purpose and Budget Overview

The 2020 President's Budget of \$268.5 million is \$5.4 million more than the 2019 Annualized Continuing Resolution (CR) level. The funding level supports the following offices: Immediate Office of the Assistant Secretary for Administration, the Office of the Chief Administrative Officer, the Office of the Chief Human Capital Officer, and the Office of the Chief Procurement Officer.

**Personnel Services (PS)**: The 2020 President's Budget provides \$79.4 million in personnel services to support an estimated 519 FTEs, 20 more FTEs from FY 2019 Annualized CR level.

**Common Distributable (CD)**: In addition to the above, the personnel services funding includes \$7.2 million in CD. This request represents an increase of \$110 thousand from the fiscal year 2019 Annualized CR. The CD account supports three program activities: 1) Transit Subsidy Benefits Program for the entire Department 2) Student Loan Repayment Program and 3) Flexible Spending.

**Non-Personnel Services (NPS)**: The 2020 President's Budget provides \$178.2 million in non-personnel service. This is \$920 thousand more than the Annualized 2019 CR level.

**Working Capital Fund (WCF)**: The 2020 President's Budget provides \$3.7 million to pay WCF fees for shared services, and other investments determined by the Secretary.

### 2. Key Operational Initiatives

**The Assistant Secretary for Administration (ASA) will focus on the following initiatives:**

- Reduce time to hire to 100 days or less.
- Improve recruiting strategy that includes improved onboard processing.
- Revamp/improve Human Resource Business Partner (HRBP) model to increase customer responsiveness and support.
- Prioritize procurement services by category and create a more customer focused environment.
- Continue focus on space management and possible consolidation within HQ to realize cost savings.
- Improve workforce planning and ensure HR policies are aligned with federal practices.
- Examine and improve shared services model and implement changes that are necessary.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	-	-	<b>\$1,510</b>
<b>Non-Personnel Services</b>			
Travel	-	-	50
Printing	-	-	20
Other services/Contracts	-	-	690
Training	-	-	10
Supplies	-	-	30
<b>Non-Personnel Services Subtotal</b>	-	-	<b>\$800</b>
Working Capital Fund	-	-	-
<b>Grand Total</b>			<b>\$2,310</b>
<b>Associated FTEs</b>	-	-	<b>10</b>

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget provides \$2.3 million for the Immediate Office of the Assistant Secretary for Administration.

**Personnel Services (PS):** The 2020 President’s Budget provides \$1.5 million in personnel services to support an estimated 10 FTEs.

**Non-Personnel Services (NPS):** The 2020 President’s Budget provides \$800 thousand in non-personnel services.

## **2. Key Operational Initiatives**

- Create clearer roles and responsibilities across the offices under the ASA, through creation of role charters, which are active, living documents that inspire organizational strategy and vision into the daily work and purpose of the organization.
- Drive rollout of strategic acquisition planning aligned with multiyear funding.
- Spearhead effort to improve organization effectiveness by supporting restructuring of the top levels of the three subordinate organizations (procurement, human resources, and administrative services).
- Reach a “target organization” with fewer layers, larger spans of control, and a more strategic distribution of grades through better position management and natural attrition.

Administrative Support Offices – Office of the Assistant Secretary for Administration

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$32,476</b>	<b>\$34,850</b>	<b>\$35,903</b>
<b>Non-Personnel Services</b>			
Travel	1,500	1,811	1,811
Transportation of Things	581	362	362
Rent and Utilities	127,553	122,985	122,985
Printing	129	163	163
Other services/Contracts	42,878	36,625	36,995
Training	90	231	231
Supplies	1,380	238	238
Furniture and Equipment	4,892	6,096	6,096
Claims and Indemnities	445	1	1
<b>Non-Personnel Services Subtotal</b>	<b>\$179,448</b>	<b>\$168,512</b>	<b>\$168,882</b>
Working Capital Fund	903	891	1,396
<b>Grand Total</b>	<b>\$212,827</b>	<b>\$204,253</b>	<b>\$206,181</b>
<b>Associated FTEs</b>	<b>228</b>	<b>238</b>	<b>242</b>

## 1. Program Purpose and Budget Overview

The 2020 President’s Budget of \$206.2 million is \$1.9 million more than the 2019 Annualized Continuing Resolution (CR) level. OCAO expects to obligate approximately \$123 million on rent and utilities, leaving approximately \$81.8 million after working capital fund expenses to support HUD’s mission of creating strong, sustainable, inclusive communities and quality affordable homes for all. The Office of the Chief Administrative Officer (OCAO) plays a critical role in supporting HUD by providing a wide-range of administrative services, including management and operation of buildings nationwide, providing administrative services to all field offices, processing Freedom of Information Act (FOIA) requests, managing information throughout its life cycle, overseeing HUD broadcasting, and coordinating responses to disasters and emergencies. OCAO seeks to maximize the value of every taxpayer dollar by continuously improving planning, processes, accountability, and transparency, as well as by developing and using customer service feedback mechanisms.

**Personnel Services (PS)**: The 2020 President’s Budget provides \$35.9 million in personnel services to support an estimated 242 FTEs. This represent a \$1.05 million increase from the Annualized 2019 CR level.

**Non-Personnel Services (NPS)**: The 2020 President’s Budget provides \$168.9 million in non-personnel services excluding the Working Capital Fund. This represents a \$370 thousand increase over the Annualized 2019 CR level. Funds will support:

- Maintenance and extraordinary repairs for the 50-year-old Robert E. Weaver Federal Building;
- Field Operations for space and facilities management, vehicle fleet, telecommunications services and supplies;
- HUD rent, telecommunications, and utilities costs

**Working Capital Fund (WCF)**: The 2020 President’s Budget provides \$1.4 million to pay working capital fund fees for shared services, and other investments determined by the Secretary.

### Key Operational Initiatives

- **Modernizing Headquarters.** Just as the nature of work has changed since 1968, so has space and technology requirements for employees. The Robert E. Weaver Federal Building, which was completed in 1968 and added to the National Register of Historic Places in 2008, has outlived its lifespan and is outdated. It no longer helps its occupants the same way it once did when it was first built. One of OCAO’s top priorities is to continue modernizing Headquarters – physically and mechanically – to accommodate staff in the National Capital Region. In particular, in fiscal year 2020, OCAO seeks to eliminate the satellite

## Administrative Support Offices – Office of the Assistant Secretary for Administration

leased space at the Washington Office Center by renovating the Weaver Building to accommodate staff and administrative law judges housed there. This will reduce the HUD footprint by 34,443 square feet and reduce annual rent by \$1.56 million per year. Most of HUD's deferred maintenance needs address systems well past their useful life that fall under HUD's responsibility per the GSA Delegation Agreement. HUD's top priority will be replacing the cooling towers and all Penthouse and Basement air handling units. In 2020, GSA will change the Delegation of Authority agreements and some work currently performed by GSA will revert to the tenant agency. The 2020 budget will support additional operating expenses anticipated to accommodate these new responsibilities.

- **Field Offices.** Providing administrative services to the 66 field offices, where two-thirds of HUD's personnel execute the mission, is an important function of OCAO. In fiscal year 2019, OCAO will dedicate approximately \$13.1 million of its non-rent and utilities budget for field support services, which are delivered through a consolidated approach and are funded centrally in OCAO. In fiscal year 2019, major space reductions and consolidations are planned for several field offices including the Atlanta and Seattle Regional Offices, with anticipated space savings of 245,217 square feet. In fiscal year 2020, major space reductions and consolidations are planned for the Boston and Philadelphia Regional Offices with anticipated significant space savings. This will enable HUD to leverage savings through economies of scale and increased efficiencies.
- **Freeze the Footprint.** OCAO continues its effort to meet the goals outlined in OMB Memorandum M-12-12, Section 3, "Freeze the Footprint." Between 2015 and 2018, HUD has realized an actual space reduction of 102,024 square feet. HUD has identified further space reduction opportunities of 212,524 square feet in 2019 and 74,256 square feet in 2020.
- **Customer Service.** OCAO continues to review and improve customer service activities, including gathering customer input early, obtaining ongoing feedback, providing more timely and accurate information, and working with customers to identify the most cost effective and efficient way to meet their needs. Plans also include assessing the customer service experience across multiple areas to improve service delivery.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF THE CHIEF HUMAN CAPITAL OFFICER**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
Personnel Services	\$22,702	\$23,589	\$24,008
Common Distributable	7,490	7,100	7,210
<b>Personnel Services Subtotal</b>	<b>\$30,192</b>	<b>\$30,689</b>	<b>\$31,218</b>
<b>Non-Personnel Services</b>			
Travel	233	336	336
Printing	15		
Other services/Contracts	5,449	4,787	4,787
Training	2,614	2,268	2,268
Supplies	193	58	58
Furniture and Equipment	61	76	76
Claims and Indemnities		168	168
<b>Non-Personnel Services Subtotal</b>	<b>\$8,565</b>	<b>\$7,693</b>	<b>\$7,693</b>
Working Capital Fund	942	918	1,128
<b>Grand Total</b>	<b>\$39,699</b>	<b>\$39,300</b>	<b>\$40,039</b>
<b>Associated FTEs</b>	<b>144</b>	<b>147</b>	<b>150</b>

**1. Program Purpose and Budget Overview**

The Office of the Chief Human Capital Officer (OCHCO) provides leadership and direction in the formulation and implementation of strategic human capital policies, programs, and systems to promote efficient and effective human capital management for the Department of Housing and Urban Development (HUD). OCHCO represents HUD on strategic human capital and human resources

## Administrative Support Offices – Office of the Assistant Secretary for Administration

matters and plays a critical role in maximizing its performance and assuring accountability with the Office of Personnel Management (OPM), Office of Management and Budget (OMB), other federal agencies, Congress, and the public.

The 2020 President’s Budget of \$40 million, is \$739 thousand more than the 2019 Annualized Continuing Resolution (CR) level. This request will enable The Office of the Chief Human Capital Officer (OCHCO) to continue to meet its obligation to establish and oversee policy for the Department’s personnel functions, pursue its strategic responsibilities, and strengthen our delivery to Department-wide personnel services.

**Personnel Services (PS):** The 2020 President’s Budget provides \$24 million to support 150 FTEs. This represents an increase of \$419 thousand and 3 FTE from the 2019 Annualized CR level.

**Common Distributable (CD):** In addition to the above, the personnel services account includes \$7.2 million in CD. This request represents an increase of \$110 thousand from the 2019 Annualized CR level. The CD account supports three (3) program activities: 1) Transit Subsidy Benefits Program for the entire Department 2) Student Loan Repayment Program and 3) Flexible Spending.

**Non-Personnel Services (NPS):** The 2020 President’s Budget provides \$7.7 million for NPS for continued support of existing recurring contracts, travel and training, in line with the 2019 Annualized CR level.

## 2. Key Operational Initiatives

The Department has identified hiring as a potential risk as our workforce ages and the demands to attract and hire continue to rise. OCHCO is addressing barriers to attracting and hiring highly-qualified talent at HUD through expansion of its Human Resources Business Partner model which provides strategic and consultative services to program offices regarding recruitment and staffing activities. Additionally, hiring process improvement initiatives to increase strategic touchpoints and integrate standardized workflows facilitated by technology began in 2017 resulting in a 25 percent reduction in time to hire in 2018 (150 days to 113 days). OCHCO will be implementing further process changes during 2019 and 2020 with a goal of an additional 12 percent reduction (113 days to 108 days). We will continue the efforts to build upon these initiatives with an increased focus on improving quality of applicants referred for consideration. OCHCO will continue partnering with HUD’s Program Offices and its shared service provider, the Bureau of the Fiscal Service (BFS), to deliver consultative and comprehensive talent management programs and services to ensure HUD maintains an agile, high-performing workforce.

## Administrative Support Offices – Office of the Assistant Secretary for Administration

With the outsourcing of transactional human resources work to BFS, OCHCO has focused on strengthening its capacity as a strategic partner to HUD’s program leaders. To facilitate this transition, resources have been allocated to develop and expand human capital data analytics capabilities across OCHCO functional lines.

Consistent with HUD’s implementation of OMB Memo 17-22, *Comprehensive Plan for Reforming the Federal Government*, in 2018, OCHCO aligned its resources to improve strategic planning, consultative capacity, and compliance oversight. As a result, it incorporates strategies to increase operational efficiencies, such as integrating similar human capital functions, establishing internal pipelines for competency development and advancement, eliminating process redundancies, optimizing supervisory ratios, and strategically offering Voluntary Early Retirement Authorization and Voluntary Separation Incentive Payment (VERA/VSIP) as appropriate while leveraging attrition.

The OCHCO, through its Learning, Enrichment, And Resource Network (LEARN), champions the evolution of learning in the Department through the development and implementation of strategies and goals that build the capacity of the workforce through learning and development. LEARN utilizes an enterprise-wide learning and development approach, called the Employee Development Strategy (EDS); which standardizes how learning is implemented across the Department. LEARN promotes a one HUD “LEARNing” environment which supports the establishment of a customer centered, technically credible and results-driven Departmental learning organization. LEARN creates developmental opportunities to engage the workforce, improve employees’ well-being, close skills gaps and increase performance.

As the retirement eligibility of the Department’s workforce continues to increase from 54 percent in 2019 to 63 percent in 2022, LEARN is focused on providing relevant developmental opportunities to build bench strength and promote succession management. In this way, it is providing employees with the skills needed to meet HUD’s mission.

Additional operational initiatives in 2020 will be:

- Improve human capital functions and the quality of hires and reduce average time-to-hire to ensure that HUD maintains an agile, high-performing workforce.
- Improve the quality of services provided by HUD’s shared service provider (BFS/ARC) by increasing its accountability for delivery of human capital services.
- Develop talent management strategies to support workforce reshaping initiatives, and knowledge transfer via succession planning.

## Administrative Support Offices – Office of the Assistant Secretary for Administration

- Leverage human capital analytics to drive decision-making and strategic planning.
- Further develop organizational design and position management competencies within OCHCO to enhance consultation on HUD's ongoing improvement projects.
- Finalize implementation and maintain personnel security case management system. The new system will enhance transparency to HR operations, provide better communication regarding case status, reduce opportunities for delay and ensure accountability.
- Conduct a Leadership Assessment of the Department's supervisory and managerial workforce.
- Create career paths for 100 percent of the HUD workforce.
- Develop and make available to the HUD workforce, customized 360° assessment tools (that we own) for competency development and career planning.
- Offer courses facilitated and delivered by certified LEARN professionals.
- Utilize a technology tool, Training Evaluation Measurement for Performance Optimization (TEMPO) to capture the Agency-wide training evaluation data.
- Improve employee accountability through effective performance management and related managerial training.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF THE CHIEF PROCUREMENT OFFICER**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$16,197</b>	<b>\$17,353</b>	<b>\$17,955</b>
<b>Non-Personnel Services</b>			
Travel	161	100	100
Transportation of Things	12		
Other services/Contracts	1,151	750	500
Training	186	150	150
Supplies	89	75	75
<b>Non-Personnel Services Subtotal</b>	<b>\$1,599</b>	<b>\$1,075</b>	<b>\$825</b>
Working Capital Fund	1,095	1,072	1,190
<b>Grand Total</b>	<b>\$18,891</b>	<b>\$19,500</b>	<b>\$19,970</b>
<b>Associated FTEs</b>	<b>108</b>	<b>114</b>	<b>117</b>

**1. Program Purpose and Budget Overview**

The Office of the Chief Procurement Officer (OCPO) provides quality, timely, innovative, and compliant acquisition and business solutions to support the creation of strong, sustainable, inclusive communities and quality, affordable homes for all. OCPO is responsible for all matters related to the Department’s acquisition-related needs and activities, including managing the acquisition workforce, in addition to conducting procurement activities. Procurement activities are conducted in Washington DC; Atlanta, GA; Ft Worth, TX; Denver, CO; Chicago, IL; and Philadelphia, PA in support of all HUD program offices.

The 2020 President’s Budget of \$19.97 million, is \$470 thousand more than the 2019 Annualized Continuing Resolution (CR) level.

## Administrative Support Offices – Office of the Assistant Secretary for Administration

**Personnel Services (PS)**: The 2020 President’s Budget provides \$18 million to support 117 FTEs, an increase of \$602,000 and 3 FTEs from the 2019 Annualized CR level. OCPO is steadily increasing FTE in order to bring work back that had been outsourced to other agencies.

**Non-Personnel Services (NPS)**: The 2020 President’s Budget provides \$825 thousand for non-personnel services which reflects a reduction of \$250 thousand from the 2019 Annualized CR funding level. The decrease in NPS is a result of a reduction of contractor support services no longer required. OCPO expects that the need for contract closeout support services will be eliminated by 2020 as a result of strong emphasis on closing out old contracts and de-obligating excess funds, while also repurposing existing lower graded staff to assist in these services at less cost than the contractor support. This amount will continue to provide training to address significant deficiencies in knowledge and skills in the Contracting Officer Representative (COR) and Program/Project Management (P/PM) components of the acquisition workforce.

**Working Capital Fund (WCF)**: The 2020 President’s Budget for working capital fund services is an increase of \$118,000 from the 2019 CR for shared services.

A primary goal of the Department is to improve operational support services. OCPO has been transforming the business of acquisition in the Department for several years and is engaged in continual process improvement. OCPO updates our strategic plan annually to ensure the focus on transformational improvements continues in the right places. The activities in the plan work to: 1) improve the efficiency, timeliness and quality of services provided; 2) improve organizational decision making and reduce duplication of contracting actions supporting multiple offices; 3) align the organizational structure within OCPO to more effectively support the agency rather than by program office silos; and 4) eliminate unnecessary management and administrative support while rightsizing the organization to meet the agency demands.

## 2. Key Operational Initiatives

- OCPO has been working for several years to increase accountability across the Department in the acquisition program. These efforts include the implementation of procurement dashboards in 2018 to provide transparency and improve accountability on critical acquisition metrics throughout the lifecycle of a requirement. Metrics implemented to measure acquisition productivity include:
  - Target Requisition Release Date (TRRD), to measure the ability of program offices to submit actionable requisition packages in a timely manner by the date planned in the procurement plan.
    - A rate of 48 percent on time submission was reported for 2018.

## Administrative Support Offices – Office of the Assistant Secretary for Administration

- Target Award Date (TAD), to measure the ability to award planned actions by the date forecasted.
  - A rate of 77 percent on time awards for actions released timely was reported for 2018.
- Procurement Acquisition Lead Time (PALT), to measure the average time it takes to award procurement actions, planned and unplanned, against established standards.
  - A rate of 84.3 percent on time awards for all procurement actions was reported for 2018.
  - These scorecards have finally provided the visibility to where acquisition problem areas are and have already resulted in improved focus on timely release of requisition packages. Additional scorecards include planned for 2019 include focus on sole source bridge awards, small business program accomplishments, and results of new customer surveys being implemented.
- OCPO is in the midst of a multiyear effort to right size the organization to improve retention and reduce turnover in order to improve the quality of services provided overall. These efforts include:
  - Raising the full performance level of the mission critical occupation (MCO) of 1102 contract specialist workforce to GS 13 to better compete with other agencies and our own program offices that have higher-graded Contracting Officer Representatives (COR).
  - Hiring more staff into career ladders to bring them in at lower grades (usually GS-9), train them, and retain them. This requires full funding of dedicated training resources to ensure employees receive timely quality training to move to their next level.
  - Flattening the organization by not hiring some supervisor positions and hiring newly created senior contract specialists who can serve as team leaders, thereby moving closer to a 10-1 supervisor to employee ration.
  - Improving grade and position parity between field and HQ for people performing the same work.
  - Hiring more staff in field offices to improve services being provided.
  - Eliminating positions no longer needed as we move to a more technology-driven way of doing business, to permit filling new positions that are needed to get the job done, including creating a lower-graded workforce of non-1102 staff who are able to perform closeouts of expired contracts that don't require seasoned 1102s to perform and to create a unit of full time CORs to provide better contract oversight for small program offices that don't need a full time COR.

OCPO has a major new acquisition program to procure Multifamily Housing Assistance Program support services, formerly known as the Performance Based Contract Administrators (PBCA). This is the newest and largest procurement program in HUD and has substantial interest and oversight from multiple venues due to legal implications and opportunities for substantial financial savings.

## Administrative Support Offices – Office of the Assistant Secretary for Administration

Due to prior staffing shortages, OCPO has strategically utilized other agencies to obtain assisted acquisition services. In 2017, the fees charged to program offices for performing those services amounted to over \$6,000,000, the equivalent of about 40 FTEs, far more than what it would cost to provide staff to OCPO to perform the services. Increased staffing levels has allowed OCPO to begin taking the work back and avoid non-value added costs to the program offices.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF FIELD POLICY AND MANAGEMENT**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$47,799</b>	<b>\$51,104</b>	<b>\$51,511</b>
<b>Non-Personnel Services</b>			
Travel	1,301	1,100	1,100
Transportation of Things	27	-	-
Printing	8	-	-
Other services/Contracts	1,119	100	100
Training	165	100	100
Supplies	6	10	10
Furniture and Equipment	35	-	-
<b>Non-Personnel Services Subtotal</b>	<b>\$2,661</b>	<b>\$1,310</b>	<b>\$1,310</b>
Working Capital Fund	1,124	1,086	1,179
<b>Grand Total</b>	<b>\$51,584</b>	<b>\$53,500</b>	<b>\$54,000</b>
<b>Associated FTEs</b>	<b>314</b>	<b>335</b>	<b>334</b>

**1. Program Purpose and Budget Overview**

The Office of Field Policy and Management (FPM), an essential arm of the Secretary and Deputy Secretary's Offices, executes locally driven strategies developed by community stakeholders, with resources and support from federal partners (internal and external to HUD), to produce outcomes for communities. The Office of FPM has a robust field organization of 65 offices and over 300 staff that are familiar with the Department's programs and activities and have the relationships with community leaders across the nation that can increase the successful execution of HUD priorities.

## Administrative Support Offices – Field Policy and Management

The 2020 President’s Budget of \$54 million is \$500 thousand more than the 2019 Annualized Continuing Resolution (CR) level. This budget request promotes a “One-HUD” approach to overall program delivery at the local level, including oversight of Section 3 of the Housing and Urban Development Act of 1968. As an essential arm of the Secretary and Deputy Secretary’s Offices, the Office of FPM’s 2020 Budget also directly supports the President’s Management Agenda (PMA) to:

- Create a lean, accountable, efficient HUD;
- focus on effective and efficient program delivery in the field;
- facilitate alignment of the workforce for the needs of today and tomorrow, and
- remove barriers that hinder front-line employees from delivering results.

The Office of FPM will play an instrumental part in helping the Department mitigate risk by spearheading cross-program internal field reviews and facilitating continual process improvements across the field. In addition, the Office of FPM will help HUD achieve President Management Agenda (PMA) goals by creating a platform for change that assists the Department to deliver mission outcomes with the use of enhanced technology, data analysis, improved customer service, and more efficient, streamlined processes.

**Personnel Services (PS):** The Office of FPM is requesting \$51.5 million to support 334 FTEs, consistent with the estimated 2019 Annualized CR level. Resources will support ongoing community engagement, monitoring and technical assistance pertaining to Section 3, compliance with the Davis-Bacon and Related Acts, enhancement of the overall customer experience and disaster recovery responsiveness at the state and local levels for clients and customers.

**Non-Personnel Services (NPS):** The Office of FPM is requesting \$1.3 million in NPS, consistent with the estimated 2019 Annualized CR level, which will support overall operational activities.

**Travel:** The Office of FPM staff oversee and support key Departmental priorities that require travel and coordination to include Disaster Recovery and Relief efforts, decreasing homelessness initiatives, Field Quality and Management Reviews (FQMR), reducing lead hazards in housing, EnVision Center expansion initiatives (improve access to supportive services to American families through public-private partnerships), Opportunity Zones and empowering Section 3 (provision of the Housing and Urban Development Act of 1968 which ensures that preference for employment, training and contracting opportunities generated from the expenditure of certain HUD funds is directed to local low and very low-income persons). Support includes, but is not limited to, outreach, on-site field reviews, on-site technical assistance, convening and facilitating roundtables and trainings, ongoing capacity building and community engagement efforts. Wherever possible, FPM encourages the use of audio and video technology to help reduce travel cost.

## Administrative Support Offices – Field Policy and Management

**Contracts:** The requested level will provide support for community engagement initiatives, the overall customer experience, and other FPM core mission activities.

**Training:** Consistent with OPM’s Federal Workforce Priorities, training and professional development is a high priority for the Office of FPM. In preparing for the future, FPM is planning several major investments in training and workforce development. FPM’s training plan consist of training opportunities that incorporate customer service, change management, HUD 101/Programs of HUD training, position-specific technical training and leadership development. Per Departmental Priorities, FPM has also invested significantly in hiring Presidential Management Fellows who come with a program requirement for 80+ hours of training per year. These program requirements will still be in place in 2020.

**Working Capital Fund (WCF):** FPM also requests \$1.2 million for WCF shared services expenses and other investments as determined by the Secretary, \$93 thousand more than the estimated 2019 Annualized CR level.

## 2. Key Operational Initiatives

The Office of FPM is striving to gain efficiencies and improvements within FPM and Department-wide through the following initiatives:

- Advance economic opportunities through increased involvement in several strategic initiatives: Section 3, EnVision Centers, Opportunity Zones and Promise Zones;
- Support the modernization of information technology to transform how HUD operates through the HUD/GSA IT Modernization Centers of Excellence initiative;
- Continue to support Department-wide coordination and implementation of disaster preparedness, response and recovery efforts for Presidentially-declared disaster locations;
- Continue to manage and support cross-programmatic initiatives for local communities, including partnering with non-profit, faith-based and philanthropic organizations; and
- Continue to convene roundtables for international partners to share best practices and discuss issues facing local governments and communities.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF DEPARTMENTAL EQUAL EMPLOYMENT OPPORTUNITY**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$2,890</b>	<b>\$3,243</b>	<b>\$3,380</b>
<b>Non-Personnel Services</b>			
Travel	24	25	25
Printing	1	1	2
Other services/Contracts	493	304	428
Training	27	25	25
Supplies	13	6	6
<b>Non-Personnel Services Subtotal</b>	<b>\$558</b>	<b>\$361</b>	<b>\$486</b>
Working Capital Fund	\$205	\$196	\$134
<b>Grand Total</b>	<b>\$3,653</b>	<b>\$3,800</b>	<b>\$4,000</b>
<b>Associated FTEs</b>	<b>18</b>	<b>19</b>	<b>20</b>

**1. Program Purpose and Budget Overview**

The Office of Departmental Equal Employment Opportunity (ODEEO) is responsible for ensuring compliance consistent with federal regulations and statutes, including Title VII of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Age Discrimination in Employment Act, the Equal Pay Act, the Genetic Information Nondiscrimination Act, and the Notification and Federal Employee Anti-discrimination and Retaliation (No FEAR) Act of 2002, as well as executive orders and HUD policies.

It is the responsibility of ODEEO to enforce the laws preventing discrimination and harassment of employees and applicants for employment based on race, color, sex, religion, national origin, age (40 and over), disability, protected genetic information, protected EEO activity, sexual orientation, and gender identity, and to ensure that the Department recruits, hires, trains, develops, promotes, rewards, and disciplines employees in a fair and consistent manner, solely based on merit. ODEEO has nationwide

## Administrative Support Offices – Office of Departmental Equal Employment Opportunity

responsibility for EEO programs and neutrally administers the process by which current and former employees and applicants for employment may file an EEO complaint. ODEEO is responsible for planning, executing, and implementing the Department's EEO/Affirmative Employment (EEO/AE) Activities pursuant to the federal regulation at 29 C.F.R. §1614 and other management directives. ODEEO works to proactively prevent discrimination and promote diversity and inclusion within the Department's workforce.

The 2020 President's Budget of \$4 million is \$200 thousand more than the 2019 Annualized Continuing Resolution (CR) level. ODEEO continues to utilize technology to enhance services to our customers in processing EEO complaints and the EEO complaints tracking database.

**Personnel Services (PS)**: ODEEO requests \$3.4 million, an increase of \$137 thousand to support one additional full-time equivalent (FTE) in 2020. This funding level allows ODEEO to maintain and backfill critical positions and to acquire needed skillsets to increase ODEEO's efficiency in processing EEO complaints.

**Non-Personnel Services (NPS)**: ODEEO requests \$486 thousand, an increase of \$125 thousand. This funding allows ODEEO to process EEO complaint cases, provide mandatory training for EEO staff, and support EEO staff to travel in order to train the HUD workforce on senior management initiatives.

**Working Capital Fund (WCF)**: The Budget includes \$134 thousand to pay WCF fees for shared services and other investments determined by the Secretary.

### 2. Key Operational Initiatives

- A primary objective of ODEEO will be to continue to reduce formal complaints and increase responsiveness through proactively offering greater training and support to HUD staff, and increasing use of alternative dispute resolution mechanisms, thereby lowering the financial and human capital cost to HUD of the Department's Equal Employment Opportunity (EEO) issues.
- Travel will continue to be restrained, where possible, by maximizing the use of VTC capabilities as a cost savings measure.

Administrative Support Offices – Office of Departmental Equal Employment Opportunity

- ODEEO's budget proposal is driven by the Secretary's priorities for the Department, especially reimagining the way HUD works and building a culture of respect and harmony.
- ODEEO's focus will continue to be on ensuring the enforcement of federal laws relating to the elimination of discrimination in all the Department's employment practices, proactively preventing discrimination, and resolving disputes early and at the lowest possible level.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT OFFICES  
OFFICE OF BUSINESS TRANSFORMATION**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services Subtotal</b>	<b>\$4,382</b>	<b>\$4,238</b>	-
<b>Non-Personnel Services</b>			
Travel	8	10	-
Printing	5	5	-
Other services/Contracts	29	447	-
Training	-	25	-
Supplies	3	5	-
<b>Non-Personnel Services Subtotal</b>	<b>\$45</b>	<b>\$492</b>	-
Working Capital Fund	232	219	-
<b>Grand Total</b>	<b>\$4,659</b>	<b>\$4,949</b>	-
<b>Associated FTEs</b>	<b>31</b>	<b>26</b>	-

In 2020, to better align functions, workload and operational missions the Department intends to abolish the Office of Business Transformation and realign its components within the Office of Chief Financial Officer and the Office of the Assistant Secretary for Administration as follows:

- Twenty-one full-time equivalents (FTEs) are realigned to the Office of the Chief Financial Officer to:
  - Establish a Performance and Project Management Division within the ACFO for Budget
  - Realign the Grants Management and Oversight Division to the ACFO for Systems.
- Five FTEs are realigned to the Office of the Assistant Secretary for Administration to provide Mission Support, Policy Development and Acquisition Liaison.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ADMINISTRATIVE SUPPORT SERVICES  
OFFICE OF THE CHIEF INFORMATION OFFICER**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$32,345</b>	<b>\$30,929</b>	<b>\$40,562</b>
<b>Non-Personnel Services</b>			
Travel	221	223	274
Printing	1	2	2
Other services/Contracts	13,876	12,319	13,521
Training	183	228	258
Supplies	71	56	74
<b>Non-Personnel Services Subtotal</b>	<b>\$14,352</b>	<b>\$12,828</b>	<b>\$14,129</b>
Working Capital Fund	1,654	1,643	1,309
<b>Grand Total</b>	<b>\$48,351</b>	<b>\$45,400</b>	<b>\$56,000</b>
<b>Associated FTEs</b>	<b>195</b>	<b>182</b>	<b>237</b>

**1. Program Purpose and Budget Overview**

The mission of the Office of the Chief Information Officer (OCIO) is to enable delivery of the Department of Housing and Urban Development (HUD) programs, services, and management processes by providing high-quality information technology (IT) solutions and services to its stakeholders. The OCIO is committed to modernizing IT and transforming HUD IT to become a model for other federal agencies. The OCIO is focused on the accomplishment of our programmatic goals to:

- Enhance service delivery, assess the IT workforce and processes to align with HUD and OCIO mission;
- Create repeatable processes that streamline and improve OCIO through performance and innovation; and
- Strengthen customer collaboration to deliver customer focused outcomes.

## Administrative Support Offices – Office of the Chief Information Officer

The 2020 President’s budget of \$56 million is \$10.6 million more than the 2019 Annualized Continuing Resolution (CR) level. The 2020 President’s budget incorporates the salaries and expenses needs to support OCIO’s compliance with the Federal Information Technology Acquisition Reform Act (FITARA), President’s Management Agenda (PMA) and Executive Order 13833. Additionally, the Office of Administration will be migrating the management of telephones and multifunctional devices to OCIO and additional resources are required to support this function. The President’s Budget will enable OCIO to accomplish the programmatic goals outlined above.

**Personnel Services (PS):** OCIO requests \$40.6 million to support 237 Full-Time Equivalent (FTEs), which reflects an overall increase of 55 FTEs from fiscal year 2019 Annualized CR level. This increase is due to a realignment into OCIO of 49 FTEs to support Executive Order 13833, which mandates consolidation of IT under the OCIO. The OCIO will reorganize to fully utilize the additional resources while improving service delivery in support of HUD’s mission. Also, in support of HUD’s workforce reform efforts, OCIO plans to pursue Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) Authority from the Office of Personnel Management (OPM) in 2019.

**Non-Personnel Services (NPS):** OCIO requests \$14.1 million to support its NPS requirements, an increase of \$1.3 million above the fiscal year 2019 Annualized CR level. The increase is primarily due to the need for contractual support for the migration and management of the Department’s telephones and multifunctional devices from the Office of Administration to the OCIO.

**Working Capital Fund (WCF):** OCIO requests \$1.3 million to support WCF fees for its use of shared services and other investments as directed by the Secretary.

## 2. Key Operational Initiatives

- In line with an overarching vision of the Secretary, HUD OCIO will develop the strategy and corresponding implementation plan for a “ONE HUD” System Strategy to consolidate systems across the Department and centrally manage IT operations across all program areas. This initiative is in alignment with FITARA guidance and will create pathways for overall Department transformation in areas that will improve/correct overall Office of Management and Budget (OMB), Office of the Inspector General (OIG), and Federal Information Security Management Act (FISMA) compliance.

## Administrative Support Offices – Office of the Chief Information Officer

- In support of the Executive Order to reform the federal workforce, the HUD OCIO will pursue VERA and VSIP authority from the Office of Personnel Management (OPM). This will allow the HUD OCIO, which will be reorganizing, streamlining functions and consolidating IT under the OCIO, to offer early outs. Subsequently, based on the newly streamlined functions and technology training in the colleges and universities, staff with necessary skillsets can be hired at entry level positions.
- HUD OCIO is actively pursuing initiatives to improve FISMA/National Institute of Science and Technology (NIST) compliance. HUD OCIO will begin to increase its participation with the U.S. Department of Homeland Security cybersecurity programs and services to improve its overall security posture. In addition, the OCIO is exploring new cybersecurity Proof of Concepts to proactively understand measures and actions that need to be taken to further secure the Department's digital assets and corresponding Personally Identifiable Information (PII).
- HUD OCIO is in the process of integrating Technology Business Management (TBM) best practices into IT management processes to provide technology leaders within the organization with standardized and validated IT cost information to communicate the value of IT investments to the program areas we serve. TBM process execution will allow HUD OCIO to make more effective and informed decisions in a faster, more efficient, and integrated manner. This will allow OCIO to run IT like a business, enabling a framework for making decisions on trade-offs of the cost, quality, and value of the services provided to program areas.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICES  
SALARIES AND EXPENSES**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$729,834</b>	<b>\$756,280</b>	<b>\$740,864</b>
<b>Non-Personnel Services</b>			
Travel	8,879	11,223	8,224
Transportation of Things	18	20	10
Rent, Communications, Utilities	25	17	14
Printing and Reproduction	188	209	212
Other Services	11,912	12,576	8,233
Training	2,769	3,515	2,920
Supplies	307	323	248
Furniture	72	50	35
Claims and Indemnities	821	215	160
<b>Non-Personnel Services Subtotal</b>	<b>\$24,991</b>	<b>\$28,148</b>	<b>\$20,056</b>
Working Capital Fund	25,379	24,232	65,980
<b>Grand Total</b>	<b>\$780,204</b>	<b>\$808,660</b>	<b>\$826,900</b>
<b>Associated FTEs</b>	<b>5,046</b>	<b>5,096</b>	<b>4,949</b>

Program offices execute HUD’s mission to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from

## Program Offices - Overview

discrimination; and transform the way HUD does business. The 2020 President's Budget provides funding for six offices into one single appropriation account. Within this account structure, HUD will continue to manage these offices separately.

The program offices include:

- Office of Public and Indian Housing
- Office of Community Planning and Development
- Office of Housing
- Office of Policy Development and Research
- Office of Fair Housing and Equal Opportunity
- Office of Lead Hazard Control and Healthy Homes

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICES SALARIES AND EXPENSES  
OFFICE OF PUBLIC AND INDIAN HOUSING**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$191,266</b>	<b>\$196,674</b>	<b>\$177,937</b>
<b>Non-Personnel Services</b>			
Travel	3,609	3,600	1,600
Transportation of Things	-	20	10
Rent and Utilities	23	12	10
Printing	31	50	30
Other services/Contracts	7,154	6,312	2,880
Training	1,443	1,479	820
Supplies	80	45	30
Furniture and Equipment	58	50	35
Claims and Indemnities	165	100	45
<b>Non-Personnel Services Subtotal</b>	<b>\$12,563</b>	<b>\$11,668</b>	<b>\$5,460</b>
Working Capital Fund	8,559	8,291	22,603
<b>Grand Total</b>	<b>\$212,388</b>	<b>\$216,633</b>	<b>\$206,000</b>
<b>Associated FTEs</b>	<b>1,286</b>	<b>1,291</b>	<b>1,157</b>

**1. Program Purpose and Budget Overview**

The central mission of the Public and Indian Housing (PIH) is to provide nearly 3.3 million of the country's most vulnerable households to a safe, decent and affordable place to call home, while simultaneously supporting the President's priorities of rental assistance reform, right-sizing the federal role in rental assistance, deregulation, and providing much needed flexibilities to state/local Public Housing Authorities (PHAs).

## Program Office Salaries and Expenses – Office of Public and Indian Housing

PIH currently partners with more than 3,700 PHAs, and Tribally Designated Housing Entities (TDHEs) serving 592 tribes, to increase capacity; administer, operate, and modernize their housing inventories; effectively manage their physical assets and financial resources; and facilitate programs that provide supportive services to improve tenant outcomes and create strong, sustainable, inclusive communities, and quality affordable homes for all.

In 2020, PIH will have approximately 1,307 full-time equivalents (FTEs)<sup>1</sup> stationed in one Headquarters office, 46 field offices and 6 Native American program area offices. This workforce supports PIH’s mission to deliver assistance to low-income families through three core areas:

- Public Housing (grants that can be used for operations, capital improvements and self-sufficiency)
- Tenant-Based Rental Assistance (TBRA) – Housing Choice Voucher (HCV) program
- Native American programs

The 2020 President’s Budget of \$206 million is \$10.6 million less than the 2019 Annualized Continuing Resolution (CR) Level. The reduced funding level is a result of two significant realignments in the 2020 Budget. First, in accordance with the President’s Executive Order 18333, which directs the consolidation of GS-2210 positions, 37 GS-2210s will be realigned to the Office of the Chief Information Officer (OCIO). Secondly, the Real Estate Assessment Center (REAC) Financial and Physical Assessment services, which includes funding to support 150 FTEs, will be transferred to the Working Capital Fund (WCF).

**Personnel Services (PS)**: The President’s Budget provides \$177.9 million to support 1,157 FTEs. The decrease of 134 FTEs is a result of the realignment of 37 GS-2210 positions to OCIO and the funding of 150 REAC positions via the WCF. As a result, PIH is realizing a net gain of 53 FTEs compared to 2019 Annualized CR levels when the GS-2210 and REAC positions are removed.

The additional 53 FTEs funded through this Budget will support PIH’s core mission and essential functions to include specific areas such as:

- Moving to Work expansion, rent reform, and implementing Cash Management provisions
- Monitor leasing and operations for Mainstream vouchers for disabled persons which received funding for over 50,000 new vouchers

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<sup>1</sup> The total represents 1,157 FTEs funded by PIH and the 150 FTEs funded by WCF due to the transfer of REAC assessments to WCF.

## Program Office Salaries and Expenses – Office of Public and Indian Housing

- Modernization of Section 8 Management and Assessment Program (SEMAP) and Public Housing Assessment systems (PHAS)
- Support Section 184 Indian Home Loan guarantee Program for Professionals
- Transition Public Housing units onto a more stable platform for long-term affordable housing preservation;
- Create financial strategies/plans designed to put PHAs on a solid financial footing
- Address PHAs in receivership, troubled PHAs, and those trending downward
- Work with PHA partners and landlords to attract more landlords to the HCV program
- Operate the HUD Veterans Support Housing program in Tribal Territory throughout the nation
- Oversee HUD’s Lead Safe Housing Rule
- Implement HOTMA and the Economic Growth Act
- Implement new physical inspection protocols
- Modernization of Section 8 Management and Assessment Program (SEMAP) and Public Housing Assessment System (PHAS)
- Modernize the PIH Information Center- Next Generation system
- Update existing databases and systems for Tribal programs to reduce paper processes that pose heavy burdens for citizens and inefficiencies in government operations
- Address audit findings, compliance issues, and internal controls
- Create PIH training programs
- Establish DAS for Operations

**Non-Personnel Services (NPS):** The Budget provides \$5.5 million for NPS to support travel, training, and contractual services requirements, a decrease of \$6.2 million as a result of not funding REAC contracts.

**Working Capital Fund (WCF):** The Budget provides \$22.6 million to support WCF fees. The increase over 2019 CR Annualized supports PIH’s portion of REAC Financial and Physical Assessments to the WCF.

## 2. Key Operational Initiatives

In 2020 PIH’s priorities, which continue to align with the following Departmental priorities:

- Engage and Invest in Our Employees;
- Increase Program Flexibility & Guidance Clarity;

Program Office Salaries and Expenses – Office of Public and Indian Housing

- Improve Performance through Effective Partnerships & Oversight; Reposition Public Housing;
- Accurate & Transparent Financial Management; and
- Enhance Business Processes & IT Systems.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICE SALARIES AND EXPENSES  
COMMUNITY PLANNING AND DEVELOPMENT**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$100,578</b>	<b>\$101,720</b>	<b>\$107,055</b>
<b>Non-Personnel Services</b>			
Travel	973	1,070	1,070
Transportation of Things	-	-	-
Rent and Utilities	-	-	-
Printing	13	13	13
Other services/Contracts	927	927	927
Training	84	84	84
Supplies	27	27	26
Furniture and Equipment	-	-	-
Claims and Indemnities	-	-	-
<b>Non-Personnel Services Subtotal</b>	<b>\$2,024</b>	<b>\$2,121</b>	<b>\$2,120</b>
Working Capital Fund	3,946	3,713	4,825
<b>Grand Total</b>	<b>\$106,548</b>	<b>\$107,554</b>	<b>\$114,000</b>
<b>Associated FTE</b>	<b>694</b>	<b>680</b>	<b>709</b>

**1. Program Purpose and Budget Overview**

The Office of Community Planning and Development (CPD) manages a wide range of community development, affordable housing, homeless, special needs, disaster recovery, and economic stimulus and mobility programs that support communities, low-income households, and others requiring assistance.

## Program Office Salaries and Expenses – Community Planning and Development

CPD's staff workload is driven by the fiduciary and oversight responsibilities with which we are charged and include among others, the following activities:

- Grant administration;
- Audit resolution;
- Risk assessment and monitoring to ensure program compliance;
- Environmental review and mediation;
- Technical assistance and customer support; and
- Disaster Response and Recovery.

To oversee compliance and program performance, CPD uses the "cross program", place-based specialist approach. Staff are assigned responsibility for overseeing a range of programs—both formula and competitive—in designated geographical areas. Grantees are issued a single point of contact, which enables CPD to manage the broad mix of projects found in a typical grantee portfolio.

Under the "cross-program" place-based specialist approach, individual CPD field staff perform grant administration, risk assessment and monitoring, audit resolution, consolidated plan review and approval, and technical assistance. The most significant drivers and important factors when determining salary and expense (S&E) needs, are the number of active grants (and projects) in CPD's portfolio, and the ongoing oversight responsibilities of completed projects.

The 2020 President's Budget of \$114 million is \$6.4 million more than the 2019 Annualized Continuing Resolution (CR) level. The request includes \$4.8 million for Working Capital Fund (WCF), which is \$1.1 million more than the 2019 Annualized Continuing Resolution (CR) level, and supports the inclusion of Real Estate Assessment Center services under WCF. The 2020 President's Budget will assist in meeting programmatic goals, including reducing homelessness and disaster management.

### **Personnel Services:**

The 2020 President's Budget for personnel services of \$107.1 million which supports 709 full-time equivalents (FTEs) is an increase of \$5.3 million and 29 FTEs when compared to the 2019 Annualized CR level. CPD FTEs will support core areas relating to Special Needs Assistance Programs, Grant Management, and Field Operations, in addition to Presidential Management Agenda and HUD's Agency Priority Goals. Beyond CPD's core workload, FTEs will support the following:

## Program Office Salaries and Expenses – Community Planning and Development

- Manage supplemental grants and appropriations relating to disasters,
- Train and provide customer support to grantees on important HUD initiatives,
- Reduce significant backlog and workload relating to audit resolution and grant closeouts, and
- Manage the cross-cutting program functions of Environment, Relocation, and Technical Assistance for the Department.

The additional FTE resources of 29 FTEs above the 2019 Annualized CR level will be placed in the following offices:

Office of Special Needs Assistance Programs (SNAPS): CPD will allocate 3 FTEs to support the Office of Special Needs Assistance Programs in headquarters. CPD's programs are the keys to addressing the homelessness crisis nationwide. SNAP's programs allow HUD to serve vulnerable individuals and families who are homeless or at-risk of homelessness through a wide variety of service and housing interventions such as homelessness prevention, emergency shelter, rapid- re-housing, transitional housing, and permanent supporting housing.

Operations, Field Management: CPD will allocate 14 FTEs to support cross-cutting program workload in CPD field offices. CPD field staff work on a myriad of CPD programs. They are required to perform functions relating to disaster management, mandated audit resolution, grant closeout, monitoring, review of consolidated plans, action plans and annual performance plans of grantees, grant administration, oversight and management of the homeless programs, including the management of the two proposed new homeless programs, and more. Additional FTEs will ensure that CPD has resources for grant administration and improved program delivery, while guarding against waste, fraud, and abuse.

Office of Block Grant Assistance (OBGA), Disaster Recovery and Special Issues Division (DRSI): CPD will allocate 6 FTEs to support Disaster Recovery efforts. CPD would like to hire permanent staff to address CPD's current and likely growing workload relating to disaster recovery and special issues. In fiscal year 2018 alone, CPD responded to Hurricane Harvey, Hurricane Irma, Hurricane Maria, Western Wildfires, and flooding and tornadoes in Georgia and Missouri, coupled with the on-going workload from previous disasters. In 2018, CDBG-DR received the largest disaster appropriation to date which requires adequate FTE resources to ensure that the appropriated funds are serving the intended recipients, while minimizing misuse and fraud associated with the funds.

Office of Grants Program (OBGA): CPD will allocate 4 FTEs to manage the Departmental-wide core and disaster-related environmental and relocation review workload. The environmental review process is required for all HUD-assisted projects.

Operations, Technical Assistance Division (TAD): CPD will allocate 1 FTE to support its technical assistance workload. CPD manages the technical assistance cooperative agreements for the entire Department. TAD oversees 1,000 current active workplans and

## Program Office Salaries and Expenses – Community Planning and Development

the number of workplans continue to grow. TAD reviews every tasking, workplan scope, and invoice draw request in detail. The entire program is treated as high risk, which creates an intensive workload to ensure eligibility and compliance of every awardee for every engagement Department-wide.

Operations, System Evaluation and Development Division (SDED): CPD will allocate 1 FTE to the Office of System Evaluation and Development Division, which performs critical data, IT budgeting, IT operations and project management, IT contract management, system security, and grant allocation functions for CPD. The additional FTE will help SDED coordinate CPD efforts to modernize IT systems, improve data quality and access, including the rollout of the financial dashboard which will enhance CPD's ability to administer its programs and mitigate risk.

**Non-Personnel Services:** The 2020 President's Budget for Non-Personnel Services is \$2.1 million which is in line with the 2019 Annualized CR funding level. CPD will maintain a steady state of funding, with no changes in travel, printing, other services/contracts, and training funding levels.

Travel: \$1.1 million will support travel relating to monitoring and technical assistance of grantees.

Other Services/Contracts: \$927 thousand for contracts that support delivery of CPD programs, including Homelessness/Special Needs Assistance Programs.

Training: \$84 thousand to support CPD's training needs relating to grant administration, program delivery, monitoring, audit resolution, grant closeout, and disaster recovery to increase the capacity of CPD's staff, improve program delivery, and modernize the workforce.

**Working Capital Fund (WCF):** The 2020 President's Budget for WCF fees is \$4.8 million to support its use of shared services and other investments determined by the Secretary. The increase of \$1.1 million from 2019 to 2020, is primarily attributed to \$566 thousand for REAC Financial Assessment costs, this is new for CPD in 2020, \$211 thousand for WCF support services, and the remaining increase is due to improved usage data and reporting. Therefore, allowing for better allocation of services for all WCF customers' fair share of services.

**Key Factors Driving CPD's Workforce:**

Reducing Homelessness: CPD is leading the efforts of reducing homelessness nationwide by providing a variety of service and housing interventions, including homelessness prevention, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing.

Disaster Relief and Recovery: CPD plays a critical role in providing disaster relief and recovery to cities, counties, parishes, and states that are in presidentially declared disaster areas. CPD's Community Development Block Grant Disaster Recovery (CDBG-DR) Assistance provides flexible grants to rebuild the affected areas and bring crucial funding to stimulate recovery and renewal.

Housing Opportunities for Persons With AIDS: CPD is also leading the efforts to provide permanent supportive housing, transitional/short-term housing, and supportive services and case management to persons with AIDS.

Monitoring: CPD currently monitors approximately 21 percent of the grantees in its portfolio each year. CPD leverages its resources for grant compliance by providing technical assistance and training to grantees, as well as pursuing opportunities to streamline the risk-based monitoring process and utilize remote monitoring and technology.

Audits: CPD has a significant backlog of open audit recommendations and grant closeouts. CPD has more than 140 open audits with nearly 650 recommendations and more than 300 overdue recommendations. Disaster Recovery has 23 open audits and nearly 100 open recommendations. Additionally, CPD has 44,000 grants to closeout.

Technical Assistance (TA): CPD administers and monitors the TA cooperative agreements for the Department, including disaster related assistance.

Program Funding: In 2018, CPD's program appropriation was \$7.7 billion dollars and was supported by nearly 700 staff with a salary and expense appropriation of \$107.6 million. In 2018, CPD received an additional \$35 billion to support disaster impacted areas, which was several times CPD's annual appropriation. Although, CPD received \$20 million for administrative support with the disaster appropriation, CPD will still need to dedicate significant staffing resources to help manage and monitor the disaster funds to ensure successful program delivery and to guard against waste, fraud, and abuse.

Within the Office of the Deputy Assistance Secretary for Grants Programs, no new funding was requested in the 2020 President's Budget to support Community Development Block Grants (CDBG), Community Development Loan Guarantee (Section 108), and the

## Program Office Salaries and Expenses – Community Planning and Development

Homeownership Investment Partnerships Programs (HOME). Nevertheless, significant workload remains that requires dedicated on-going FTE resources.

- Community Development Block Grants (CDBG) 2018 funding will require oversight and monitoring that will not be fully expended until fiscal year 2025;
- Community Development Loan Guarantees (Section 108) and existing loan guarantee commitments could extend up to 25 years in the future. CPD must continue to ensure timely repayment of these loan on a quarterly basis as well as continue to provide regulatory and programmatic oversight;
- HOME Investment Partnerships (HOME) 2018 funding will not expire until 2027 and units must be monitored for affordability and physical condition for 20 years;
- Supplemental disaster appropriations (CDBG-DR) will have outlays and expenditures for the foreseeable future;
- As a consequence of a lack of new program funding as proposed in the 2020 President's Budget, grantees will not receive program administrative funds to support their current staff, resulting in decreased capacity of CPD's grantees. Therefore, CPD employees will see their workload increase to fill the gap as grantee capacity decreases.

### **CPD Priority Goals**

CPD has taken several steps to implement the President's Management Agenda by modernizing information technology, providing tools to expand data access, accountability, and transparency, and creating a modern workforce equipped to address evolving mission needs.

- CPD is developing a prototype and will build a Financial Dashboard to display summary-level grant data for all CPD programs (awarded, drawn, balance).
  - Powerful analytic capability provides talking points for CPD's site visits or discussions with grantees, elected leaders, or local communities.
  - Helpful for identifying slow spenders, analyzing trends, and tracking progress across programs.
  - Assists in identifying and mitigating potential risk.
- CPD is enhancing the Disaster Recovery Grants Reporting system (DRGR) to improve disaster grant management.
  - Streamlines monitoring and action plan processes, improves system performance, and enhances data capabilities and access for grantees, HUD staff, and the public.
  - Reduces administrative burden to save staff time.

## Program Office Salaries and Expenses – Community Planning and Development

- \$10 million was earmarked for this purpose in HUD’s 2018 funding.
- CPD is re-platforming and modernizing the Electronic Special Needs Assistance Programs System (e-snaps).
  - The e-snaps system is used to process, review, award 8,000 applications online annually; however current platform is antiquated and unstable.
  - Will stabilize and ensure performance of the Continuum of Care homeless assistance program.
- CPD is expanding access to training opportunities and employee professional development.
  - CPD works to provide internal training certification to employees to increase staff capacity.
  - CPD initiated the Management Development Program (MDP) to develop the next generation of civil servant leaders. Participants receive training on the Office of Personnel Management’s (OPM) Executive Core Qualifications (ECQ), participate in team building exercises, perform case studies, participate in job shadowing, conduct leadership interviews, provide peer to peer training, engage in developmental assignments and rotations, and more.

### **HUD Agency Priority Goals**

CPD programs align with HUD’s Agency Priority goals, particularly the Office of Special Needs and Assistance Programs. The requested personnel services and non-personnel services funding levels will position the Office of Special Needs and Assistance Programs, the Office of Grant Programs Disaster Recovery and Special Initiatives, and Field staff to improve program delivery and meet HUD Agency Priority Goals.

- **Promote economic opportunity for HUD-assisted residents and reduce the average length of homelessness**

CPD’s homeless programs aim to assist persons experiencing homelessness, with special focus on vulnerable individuals and families who are homeless or at-risk of homelessness, through a variety of service and housing interventions. Between 2010 and 2017, as a direct result of CPD’s programs, chronic homelessness among individuals have declined by 27 percent, veteran homelessness is down by 46 percent, and family homeless has been reduced by 24 percent. The personnel and non-personnel resources requested in the 2020 President's Budget will help CPD continue its efforts to further reduce homelessness.

## 2. Key Operational Initiatives

CPD is in the forefront of several innovative initiatives that jointly supports the Department’s Strategic Goal of Reimagining the Way HUD Works, in addition to, the President’s Management Agenda.

- Initiating the Continuum of Care (CoC) Re-Imagining: The Goal of the CoC Re-Imagining Process is making the CoC Program competition less time-consuming for CoC recipients, allowing HUD to distribute funds more quickly and both HUD and communities can spend more time focusing on ending homelessness.
- The Community Compass Technical Assistance is transitioning from a 1 year to a 2-year Notice of Funding Availability (NOFA) model which will result in time savings for HUD employees and TA providers.
- CPD is actively streamlining the Consolidated Planning process by incorporating more automation, improving the consistency of reviews, eliminating unnecessary steps in the process, identifying higher risk plans sooner, and expediting processing. The new process is being piloted with a sample of consolidated plans submitted with the current award cycle and is targeted for roll-out in 2019.
- CPD has partnered with Public and Indian Housing (PIH) Real Estate Assessment Center to review its current risk analysis process. The proposed process will include more automation, reduce subjectivity, and develop quicker results, thereby allowing CPD to load-level the monitoring workload across the year.
- CPD is working to revise key portions of environmental regulations and related guidance to reduce costs, reduce burden, and speed project execution across all CPD programs.
- In addition to planned reimagining initiatives, CPD has a successful track record of recent accomplishments that aligns with HUD’s Strategic Goal. Recent examples include: CPD has shortened the SNAPS competition by up to 65 days, eliminated seven percent of 2017 project reviews by streamlining efforts such as providing recipients the option to submit renewals without changes, and established a uniform procedure for field offices to send executed agreements to HUD’s Ft. Worth Accounting Center, which eliminated inconsistencies and saved time.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICE SALARIES AND EXPENSES  
OFFICE OF HOUSING**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$343,002</b>	<b>\$362,828</b>	<b>\$354,551</b>
<b>Non-Personnel Services</b>			
Travel	2,999	5,171	4,117
Transportation of Things	18	-	-
Rent and Utilities	1	3	2
Printing	6	15	18
Other services/Contracts	2,985	4,148	3,251
Training	746	1,364	1,366
Supplies	153	200	146
Furniture and Equipment	-	-	-
Claims and Indemnities	642	100	100
<b>Non-Personnel Services Subtotal</b>	<b>\$7,550</b>	<b>\$11,001</b>	<b>\$9,000</b>
Working Capital Fund	9,658	9,171	35,149
<b>Grand Total</b>	<b>\$360,210</b>	<b>\$383,000</b>	<b>\$398,700</b>
<b>Associated FTEs</b>	<b>2,404</b>	<b>2,475</b>	<b>2,395</b>

**1. Program Purpose and Budget Overview**

The 2020 President's Budget for the Office of Housing's Salaries and Expenses account is of \$398.7 million, which is \$15.7 million above the 2019 Annualized Continuing Resolution (CR) level. The request includes an increase of \$26 million for the Working

## Program Office Salaries and Expenses – Office of Housing

Capital Fund (WCF) to support Real Estate Assessment Center (REAC) services. When factoring out WCF funding, the 2020 Budget represents a net decrease of \$10.3 million to support personnel and non-personnel services from the 2019 Annualized CR level.

**Personnel Services (PS):** The Office of Housing is requesting \$354.5 million to support 2,395 full-time equivalents (FTEs) which will provide vital public services through nationally administered Housing Programs. This request represents a decrease of \$8.3 million and 80 FTEs from the 2019 Annualized CR level. Of the 80 FTEs, 10 FTEs are a result of transferring Information Technology positions to OCIO in support of Executive Order 13833. The remaining 70 FTEs will be absorbed through attrition.

**Non-Personnel Services (NPS):** The Office of Housing is requesting \$9 million for Non-Personnel Services. This request primarily supports travel, contracts, and training and represents a decrease of \$2 million from the 2019 Annualized CR level.

**Working Capital Fund (WCF):** The Office of Housing requests \$35.1 million to support WCF fees for its use of shared services and to adopt the Real Estate Assessment Center (REAC) services as a new business line in the WCF. This is a \$26 million increase from the 2019 Annualized CR level.

The Office of Housing facilitates the Department of Housing and Urban Development (HUD) efforts to provide vital public services through its nationally administered programs. It oversees the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing industry business. The Office of Housing, through its insurance programs, plays a countercyclical role in the market, as evidenced by the last housing crisis, and operates as a Partner in Opportunity with its stakeholders.

The missions of the Office of Housing are to:

- Contribute to building and preserving healthy neighborhoods and communities;
- Maintain and expand homeownership, rental housing, and healthcare opportunities;
- Stabilize credit markets in times of economic disruption;
- Operate with a high degree of public and fiscal accountability; and
- Recognize and value its customers, staff, constituents and partners.

In addition to executive direction and supporting offices that work on finance, budget and operations, there are five program offices within the Office of Housing. These consist of the Office of Multifamily Housing Programs, the Office of Healthcare Programs, the Office of Risk Management and Regulatory Affairs, the Office of Single Family Housing Programs and the Office of Housing Counseling.

## Program Office Salaries and Expenses – Office of Housing

The 2020 Budget reflects the current structure for Housing:

**Office of Multifamily Housing Programs:** HUD’s Office of Multifamily Housing’s programs serve the nation’s renters with a focus on underserved communities and market segments. The Office of Multifamily Housing Programs provides mortgage insurance and administers Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811), Project-Based Rental Assistance (Section 8), and Rental Assistance Demonstration (RAD) programs.

**Office of Healthcare Programs:** HUD's Healthcare programs provide mortgage insurance on loans that finance the construction, renovation, acquisition, or refinancing of healthcare facilities such as hospitals and residential care facilities. Healthcare Asset Management includes all activities associated with monitoring, loan servicing, claim prevention and (if a claim occurs) asset recovery in the insured hospital and residential care facility loan portfolio. Healthcare Production and Processing activities are associated with pre-application and full review of applications for mortgage insurance for hospitals and residential care facilities.

**Office of Risk Management and Regulatory Affairs:** The major objectives of the Office of Risk Management and Regulatory Affairs are to conduct analysis and recommend actions to reduce risk exposure to FHA insurance funds while meeting FHA’s housing mission, ensure that FHA operates in compliance with statutory capital requirements, and promote a well-controlled operational infrastructure. The scope of the risk management staff encompasses Program Area (Single Family, Multifamily and Healthcare) activities conducted at headquarters and the field offices. The office also administers the Manufactured Housing Program, which the Department proposes to fund exclusively from fees for Program operations.

**Office of Single Family Housing Programs:** HUD's Single-Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, and reverse mortgages under the Home Equity Conversion Mortgage (HECM) program. Single Family Housing monitors credit risk and various operational risks to 1) ensure the Mutual Mortgage Insurance Fund maintains its statutorily mandated capital reserve ratio and 2) to ensure FHA supports sustainable homeownership. To mitigate risks, Single Family Housing is focused on improving credit risk management, operational efficiency, enhancing loan level quality assurance, and improving Real Estate Owned (REO) recoveries through a variety of actions, including:

- Continue to monitor risk factors that could impact the MMI Fund;
- Maximize Single Family FHA recovery rates for foreclosed properties by implementing alternative asset disposition options and continual monitoring of asset manager contractor performance;
- Continue loss mitigation efforts to prevent foreclosures;

## Program Office Salaries and Expenses – Office of Housing

- Replace or significantly enhance antiquated systems with improved information technology, to meet industry standards and reduce operational vulnerability;
- Evaluate policy regarding servicing and issuing appropriate Mortgagee Letters on any revisions necessary to revise FHA guidance; and
- Review quality assurance framework to provide clarity and transparency in FHA’s policies for mortgagees.

**Office of Housing Counseling:** HUD’s Housing Counseling program provides counseling through intermediaries to consumers on seeking, financing, maintaining, renting, or owning a home. HUD’s Housing Counseling program provides support to a nationwide network of Housing Counseling Agencies (HCAs) and counselors. HCAs are trained and approved to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs considering their financial situations.

**Office of Finance and Budget:** The Office of Finance and Budget provides critical financial and budgetary oversight for the Office of Housing. The office is responsible for all Housing-FHA accounting records; the preparation of the annual audit and Housing’s budget formulation and execution activities; timely and accurate financial management reports prepared in conformity with generally accepted accounting principles; the sale and disposition of FHA mortgage notes; and managing Housing’s IT investment portfolio. The office serves in an advisory role on all issues involving financial management, budgetary, and accounting policy.

The office serves as the principal advisor to the FHA Commissioner on fiscal and budgetary matters and has primary leadership responsibilities for the financial integrity of the Office of Housing-FHA programs. Finance and Budget staff are responsible for the integrity of transactional data and internal controls within Housing programs. In collaboration with the Office of the Chief Financial Officer, this office works closely with Congressional Appropriations Committees on Housing’s budgetary matters and assists the program offices with reviewing and interpreting program legislation language and policies for human capital and other resource needs.

**Office of Operations:** The Office of Housing Operations provides resources and services that are essential for Housing’s program offices relating to: Human Resources (includes personnel, Employee Labor Relations, workforce plans, and training), Procurement, Strategic Management, business process re-engineering and Web Administration, correspondence, Continuity of Operations Plan (COOP), and Environmental support.

## Program Office Salaries and Expenses – Office of Housing

### **2. Key Operational Initiatives**

- The Office of Housing is undertaking a comprehensive review, Vision 2020, of its program offices, structure and core missions to determine optimal organizational structure, reporting lines, staffing, and grades, consistent with the President’s Executive Order.
- As part of its succession planning, the Office of Housing is considering implementing “Phased Retirement” by encouraging the most experienced and skilled employees to forego full retirement. Employees who participate can transition from full-time work to part-time (50 percent) while drawing part of their retirement annuity.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICES SALARIES AND EXPENSES  
OFFICE OF POLICY DEVELOPMENT AND RESEARCH**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annual CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$21,242</b>	<b>\$21,683</b>	<b>\$23,425</b>
<b>Non-Personnel Services</b>			
Travel	329	277	329
Printing	94	100	120
Other services/Contracts	554	689	675
Training	267	238	300
Supplies	20	20	15
Furniture and Equipment	4	-	-
Claims and Indemnities	14	15	15
<b>Non-Personnel Services Subtotal</b>	<b>\$1,282</b>	<b>\$1,339</b>	<b>\$1,454</b>
Working Capital Fund	1,074	1,043	1,121
<b>Grand Total</b>	<b>\$23,598</b>	<b>\$24,065</b>	<b>\$26,000</b>
<b>Associated FTEs</b>	<b>136</b>	<b>136</b>	<b>150</b>

**1. Program Purpose and Budget Overview**

The Office of Policy Development and Research (PD&R) supports the Department of Housing and Urban Development's (HUD's) efforts to help create cohesive, economically healthy communities. PD&R is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. PD&R's research, surveys and policy analyses inform all aspects of HUD programs, providing a comprehensive, historical, evidence-based understanding of past program performance as well as objective data for policymakers and stakeholders to

## Program Office Salaries and Expenses - Office of Policy Development and Research

make informed decisions. PD&R provides economic information, research, and analyses and policy recommendations to the Secretary, Deputy Secretary, Assistant Secretaries, and principal staff.

In addition to the Office of the Assistant Secretary and supporting divisions of budget/procurement planning and administration, there are four program offices within PD&R. There is extensive cross collaboration between these four offices:

- The Office of Economic Affairs (OEA) analyzes the economic impact of HUD and other federal regulatory and legislative proposals, directs the program of surveys of national housing conditions, analyzes private sector data on mortgage markets, supports Federal Housing Administration (FHA) operations, develops program operating parameters for HUD rental assistance programs and government programs, and provides data on the socioeconomic and housing market conditions of cities, counties, and states.
- The Office of Research Evaluation and Monitoring (OREM) staff designs and oversees HUD funded research, evaluation, and monitoring efforts for a wide variety of HUD programs and activities, including critical research that shows what programs do and do not help work-able families to achieve self-sufficiency, whether changes in service delivery can prevent or delay institutionalization of tenants who are elderly or have disabilities, what homelessness prevention programs are most cost-effective, and how to economically increase the energy efficiency of public and assisted housing. Staff in OREM also conducts in-house research, programming, and geospatial analysis. The office develops and maintains administrative data spanning more than 20 years across all of HUD's programs and uses the data to provide situational awareness for immediate policy issues and to facilitate more extensive studies. Such studies often involve data linkages with survey data and administrative data from other agencies to provide cross-cutting, in-depth knowledge on whom HUD serves and how well HUD serves them. This capability is critical for understanding the most efficient and effective path to maintain services for low-income and vulnerable households in a resource constrained environment. It also informs and supports the tracking of HUD's efforts to promote healthy and lead-safe housing.
- The Office of Policy Development (OPD) engages in policy analysis, policy development, research and data analysis, and dissemination of policy and research findings. In addition, OPD analyzes legislative proposals, develops legislative initiatives, interprets statutory guidance, prepares regulatory guidance, and coordinates HUD-wide Technical Assistance. In 2019, the Office of International and Philanthropic Innovation (OIPI) was realigned under OPD to create the International and Philanthropic Engagement Division (IPED).

## Program Office Salaries and Expenses - Office of Policy Development and Research

- PD&R proposed implementation of the Office of Innovation (OI) in 2019. The office will focus on testing and validating solutions to state, local, and federal housing and community development problems and will comprise three main components:
  - The Building Technology Component will address the need for more resilient housing in disaster prone areas and more affordable housing nationwide by identifying, evaluating and incentivizing the adoption of resilient and affordable housing construction methods and materials.
  - The Internal Innovation Component will facilitate innovation workshops for small teams to improve the way their program or office works and will implement internal suggestion and incentive programs.
  - The Open Innovation Component will engage the expertise, methods and tools of the private sector such as open data, crowdsourcing, challenges and prizes and entrepreneurs in residence.

The 2020 President's Budget of \$26 million is \$1.9 million more than the 2019 Annualized Continuing Resolution (CR) level. The Office of Policy Development and Research (PD&R) supports the Department of Housing and Urban Development's (HUD's) efforts to help create cohesive, economically healthy communities.

- a. **Personnel Services:** PD&R requests \$23.4 million to support 150 full-time equivalents (FTEs), which is an increase of \$1.7 million and 14 FTEs over the 2019 Annualized CR level. The increase in funding and FTEs supports the following:
- Disaster response and recovery work that has become increasingly important for the department;
  - Staff capacity to accommodate the increase in program funding for research, program evaluations, demonstrations, as well as data matching requirements;
  - Succession planning/backfilling of critical positions.

**Non-Personnel Services:** PD&R requests \$1.3 million, a slight decrease of \$9 thousand from the 2019 Annualized CR level. A breakdown of PD&R's Non-Personnel Services is as follows:

- Travel increased by \$52 thousand over the 2019 Annualized CR level. The additional 14 FTEs will require travel resources; however, the requested funding level of \$329 thousand allows PD&R research staff to continue conducting site visits and provides field economists resources to travel to cities in their region for completion of comprehensive market analyses.
- Printing increased by \$20 thousand over the 2019 Annualized CR level due to an increase in the number of published research and market analysis reports.

## Program Office Salaries and Expenses - Office of Policy Development and Research

- Other Services/Contracts decreased by \$14 thousand from the 2019 Annualized CR level and reflects the decrease in costs associated with the FY 2019 implementation of the Office of Innovation.
- Training increased by \$62 thousand from the 2019 Annualized CR level. The additional 14 FTEs will require training resources and the requested funding level of \$300 thousand will maintain the same level of professional career development coaching costs.

**Working Capital Fund (WCF):** PD&R requests \$1.1 million for its allocation towards the Working Capital Fund for Shared Services, which is \$78 thousand more than the 2019 Annualized CR level.

### b. HUD Departmental and Program Office Policy Goals

#### **President's Management Agenda:**

PD&R is a leader in using modern information technology to inform and improve HUD's program operations and public accountability. PD&R staff supports and uses HUD's data analytics and business intelligence software (SAS/BI) server as a centralized data resource by adding datasets, facilitating independent research, and fulfilling ad-hoc requests for administrative data analysis. PD&R recognizes that keeping sensitive data secure is critical to maintaining the public trust and has appointed an Information System Security Officer (ISSO) in cooperation with HUD's Office of Information Technology Security. The ISSO protects information systems, implements security controls and helps ensure compliance with the Federal Information Security Management Act.

PD&R is committed to providing data, tools, and data products in support of evidence-based policy, transparency, and public interest. Staff resources support performance management of HUD's agency priority goals, and development of performance metrics. PD&R provides open access to numerous datasets including administrative data and survey data on the HUDUSER.gov and Census Bureau websites, offers data licenses for restricted-use data, and links administrative data with survey data to enable analysis of cross-cutting policy questions affecting HUD housing programs. PD&R also has arranged to provide experimental datasets from program demonstrations with extensive data linkage capabilities to qualified researchers through the Census Bureau.

PD&R is striving to build a modern workforce and high-performing management in support of HUD's evolving mission needs. Improving succession planning is central to this objective. PD&R supplements generalized training offered by HUD with custom training in the technical skills needed by analytic staff. PD&R supports staff-led knowledge collaboratives that focus on specific policy areas to share knowledge and undertake research initiatives. PD&R also is grooming the next generation of leaders by offering management rotations to give mid-level staff hands-on experience in supervision and management.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICE SALARIES AND EXPENSES  
FAIR HOUSING AND EQUAL OPPORTUNITY**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$66,329</b>	<b>\$66,461</b>	<b>\$69,629</b>
<b>Non-Personnel Services</b>			
Travel	804	935	938
Rent and Utilities	1	2	2
Printing	6	5	5
Other services/Contracts	302	500	500
Training	180	300	300
Supplies	15	23	23
<b>Non-Personnel Services Subtotal</b>	<b>\$1,308</b>	<b>\$1,765</b>	<b>\$1,768</b>
Working Capital Fund	1,706	1,582	1,803
<b>Grand Total</b>	<b>\$69,343</b>	<b>\$69,808</b>	<b>\$73,200</b>
<b>Associated FTEs</b>	<b>479</b>	<b>471</b>	<b>488</b>

**1. Program Purpose and Budget Overview**

The Office of Fair Housing and Equal Opportunity’s (FHEO) mission is “To eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the nation in the enforcement, administration, development, and public understanding of federal fair housing policies and laws.” FHEO’s cardinal duty, therefore, is to create equal housing and credit opportunities for all persons living in America, which it does by administering laws that prohibit housing discrimination on the basis of race, color, religion, sex, national origin, age, disability, and familial status.

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

FHEO is statutorily obligated to investigate, conciliate, and when appropriate, administratively enforce several Federal Civil Rights Statutes, including inter alia, Title VI of the Civil Rights Act of 1964 (Title VI); Title VIII of the Civil Rights Act of 1968, as amended in 1988 (Title VIII); and Section 504 of the Rehabilitation Act of 1973. In addition to FHEO processing over 1,000 complaints per year, the Office also oversees 5,251 complaint investigations conducted annually by approximately 79 state and local government Fair Housing Act enforcement agencies which are funded through the Fair Housing Assistance Program (FHAP). FHEO also administers and oversees the Fair Housing Initiatives Program (FHIP) funding more than 94 private fair housing groups and non-profits nationally which provide direct assistance to individuals who feel they have been discriminated against while attempting to purchase or rent housing. By funding entities through FHAP and FHIP, the Department not only ensures enforcement of several federal Statutes, but also promotes State and local control in concerns relating to their communities.

Authorized by Congress under the 2012 HUD Appropriations Act, the Rental Assistance Demonstration (RAD) allows public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that otherwise may be lost due to disrepair and/or other factors. RAD provides greater funding certainty for potential lenders and increased operational flexibility and local decision-making for PHAs and owners to serve their communities. FHEO plays a critical role in this increasingly important Departmental priority. FHEO's civil rights reviews of RAD conversions consists of performing a range of activities throughout the conversion process; this includes site and neighborhood, PHA Plan, threshold, accessibility and relocation reviews, as well as Affirmative Fair Housing Marketing Plan (AFHMP) reviews, requirements necessary prior to any RAD deal being approved. As the RAD demonstration's success and size grows, this activity continues to represent an expanding FHEO function as well.

FHEO also enforces Section 3 of the Housing and Urban Development Act of 1968 and provides oversight and technical assistance to local housing authorities and community development agencies to ensure that HUD investments result in economic opportunities for the low-income individuals, public housing residents, and the businesses that employ them.

The 2020 President's Budget of \$73.2 million, is \$3.4 million more than the 2019 Annualized Continuing Resolution (CR) level.

**Personnel Services (PS):** FHEO requests \$69.6 million and 488 full-time equivalents (FTE) in 2020, an increase of 17 FTEs from 2019. FHEO will prioritize the hiring of additional FTEs in field offices to support RAD, Compliance, and Enforcement activities.

**Non-Personnel Services (NPS):** FHEO requests \$1.8 million, a slight increase of \$3 thousand over the 2019 Annualized CR funding level. These funds will provide travel for litigating cases, fair housing investigations, compliance reviews, and education and outreach

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

efforts. Of this amount, approximately \$500 thousand is for the continuation of the following contracts: Data Analysis, GSE Reviews, Westlaw, and Inter-Agency Agreement (IAA) with the Department of Health and Human Services.

**Working Capital Fund (WCF):** FHEO requests \$1.8 million to pay fees for use of shared services and other investments as determined by the Secretary.

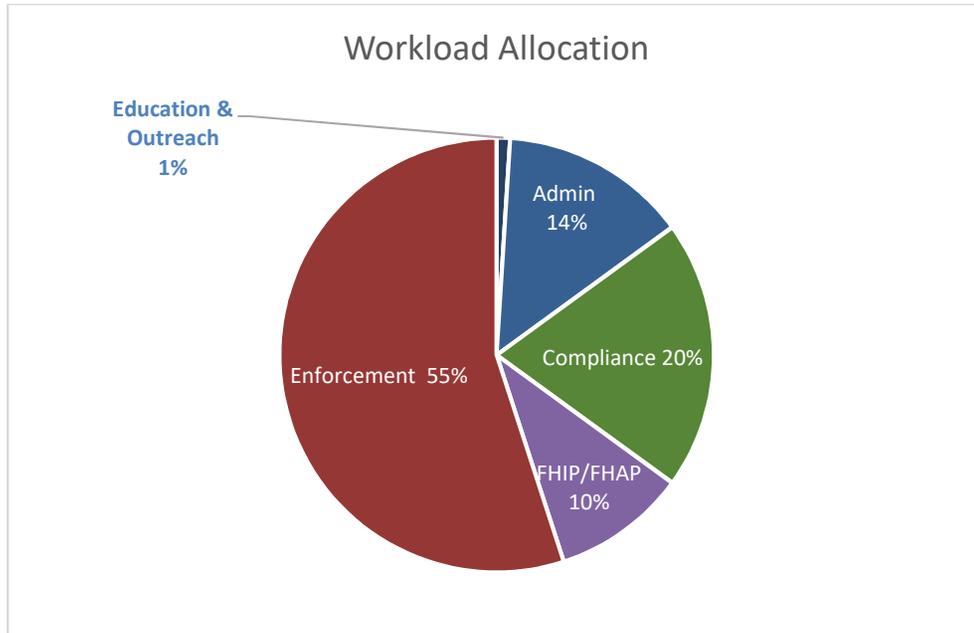
## **2. Support for President’s Management Agenda and HUD’s Agency Priority Goals**

### **President’s Management Agenda:**

#### **Modern Workforce:**

FHEO has sustained significant staff reductions over several years, while the scope and scale of the workload has increased. In 2010, FHEO had 622 on-board staff, whereas today it has approximately 449. FHEO has lost 173 people in eight years, a 27 percent reduction in force. In both 2017 and 2018, FHEO’s leadership reprioritized workload to allow regional offices to realign the appropriate number of staff to case investigations and processing. Through robust discussions and risk analysis, FHEO developed the below workload allocation of field resources by activity and will continue to conform its staffing and workload to those priorities.

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity



**Compliance:**

**Rental Assistance Demonstration (RAD):** FHEO’s civil rights reviews of RAD projects cover a range of activities including, as applicable to the type of conversion: (1) site and neighborhood standards; (2) transfers of assistance; (3) substantial alterations affecting accessibility; (4) changes in unit configuration; (5) changes in occupancy; and (6) Affirmative Fair Housing Marketing Plans. In November 2016, HUD published the RAD Fair Housing, Civil Rights, and Relocation Notice (Notice H-2016-17 and PIH 2016-17) to ensure that Public Housing Authorities (PHA) converting inventory to a RAD structure comply with the Fair Housing Act and other civil rights statutes. RAD projects must meet the civil rights review requirements, or the financing of the housing and infrastructure re-development cannot go to closing. FHEO is in the process of implementing the RAD civil rights reviews nationally. Once fully implemented, field staff will be required to provide technical assistance to PHAs, and civil rights reviews of RAD conversions. Headquarters staff will conduct second level reviews of field work to ensure national consistency and accuracy. Depending on the type of review and the completeness of

the information submitted for review, the staff time commitment to complete the work will range between 4 to 80 hours as applicable to the type of RAD conversion.

In order to support HUD CPD and PIH program participants in developing successful, locally-driven plans to achieve fair housing outcomes in their communities, HUD staff and technical assistance (TA) providers will conduct training nationally and provide jurisdiction-specific direct TA. These activities provide program participants with the data, resources, information, and support needed to assist program participants in fulfilling their duty to affirmatively further fair housing. Additionally, FHEO, in 2020, will continue to work towards modifications and streamlining of the tools offered to assist program participants in fulfillment of their civil right obligations.

Through Consolidated Plans, Annual Action Plans, and PHA Plans, program participants will submit strategies and actions for achieving goals related to reducing governmental barriers to affordable housing and access to all communities. FHEO will continue to proactively review these plans, in coordination with other program offices, to ensure civil rights compliance.

**Enforcement:**

FHEO provides timely and complete investigations of complaints filed under the Fair Housing Act, Title VI, Section 504 and the Americans with Disabilities Act.

In 2020, FHEO seeks to further reduce its aged case inventory and achieve high impact outcomes where housing discrimination has occurred. Over the past several years, FHEO has seen steady increases in the number of cases open over 300 days. The implementation of rigorous agency-wide performance objectives in FY 2015 began a modest reversal in this trend. The Title VIII aged case inventory carried into FY 2016 remained level over the previous year, while aged cases under FHEO's other civil rights authorities decreased by 30 percent during the same period. During FY 2017, FHEO made enormous progress towards addressing the backlog of cases that have been with the Department for 600 or more days. The number of cases at or approaching 600 days old was reduced from 602 to approximately 150, roughly a 75 percent reduction in one year. This progress was the result of a series of recent innovations: nationalizing our productivity standards for frontline staff, leveraging existing technology, and cross-regional collaboration.

While the reduction of aged cases has been an important priority, FHEO has continued to achieve impactful enforcement outcomes. Despite the agency-wide focus on reducing the backlog, FHEO has continued to enhance its ability to settle or resolve cases in a manner acceptable to all parties. In FY 2017, HUD resolved more than 34 percent of all its cases through the

HUD administered conciliation/settlement process. The 2020 Budget would allow FHEO to more effectively reduce aged cases by expediting the completion of newly filed cases and aggressively addressing the backlog, while still achieving impactful case outcomes that deliver full and just remedy to victims of housing discrimination.

**Fair Housing Assistance Program (FHAP):**

FHEO annually distributes approximately \$24 million to 79 state and local government civil rights organizations through the FHAP. Our state and local government partners process and resolve approximately 80 percent of the fair housing complaint workload, more than 6,000 cases each year are accepted by our FHAP partners. HUD staff provides Program Oversight, including reviewing state/local laws, Policy Development, Budget/Funding Control, Technical Assistance to HUD FHAP Monitors, Recertification, and respond to public inquiries.

**Fair Housing Initiatives Program (FHIP):**

FHEO distributes annually approximately \$38 million to local nonprofit fair housing organizations through the FHIP. There are approximately 150 grants to more than 94 organizations. HUD staff provides oversight including: Managing the FHIP Grant Award Process, Managing the FHIP Grant Award Process, Responding to Freedom of Information Act (FOIA), Congressional and Public Inquiries.

**Modernize Information Technology (IT):**

HUD Enforcement Management System (HEMS)

HEMS is an automated enforcement management system that tracks housing discrimination cases throughout the investigation processes, generate management reports, enables FHEO Intake Analyst, FHEO Investigators, Fair Housing Assistance Program (FHAP) agencies to assist in the production of documents for cases filed under Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Act of 1988, and other processes. HEMS also tracks complaints and compliance for the Title VI, Title IX, Age Discrimination of 1975, and American with Disabilities authorities. State and local agencies certified by HUD to investigate and adjudicate Title VIII housing discrimination complaints also use HEMS to record investigation information.

FHEO Section 3 Performance Evaluation and Registry System (SPEARS):

The objectives of Section 3 are (1) to use HUD program funds to provide a springboard for residents to become economically empowered through direct participation in construction and other activities designed to physically improve and revitalize their neighborhoods; and (2) to leverage HUD funds to strengthen local economies, promote self-sufficiency, and reduce dependency on federal housing subsidies. HUD utilizes SPEARS to capture data on the number of Section 3 residents hired and number of contracts awarded to Section 3 businesses to ensure compliance with regulatory requirements.

There are about 5,000 covered grantees, who receive funds that are subject to Section 3, and are required to submit Form 60002 to HUD. There are also about approximately 1,000 businesses who have self-certified that they meet one of the definitions of a Section 3 business. The system enhancements to SPEARS will save grantees and businesses time and effort and will promote consistency in compliance with the revised regulatory requirements.

**HUD Agency Priority Goals:**

FHEO is the lead enforcement office for ensuring that the Department and recipients of HUD funding comply with the Fair Housing Act, which affects nearly every program in the Department. FHEO recognizes the greater role of state and local government in addressing their community needs. FHEO is currently providing extensive technical assistance to many local governments and public housing authorities as they assess fair housing issues in their jurisdictions and develop local plans to address disparities in access to economic opportunity, healthy environments, educational access, and affordable housing; all of which increase families' opportunities to become self-sufficient, a priority goal of the Department.

**3. Key Operational Initiatives**

- FHEO has begun implementation of a robust Enterprise Risk Management (ERM) framework for managing risk, including an integrated governance structure to improve mission delivery, and to focus and align key operational initiatives, resources, staff efforts, and corrective actions toward key risks and opportunities which are most impactful in meeting Departmental goals and that of the President's Budget. Goals include creation of a SharePoint-based Consolidated Risk Register with user views for identification and update to risks, issues, strategies and action plans; organizational change management to include training materials and events; risk assessment at operational and management work-unit levels,

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

with intent for strategic, management planning, funding, IT and performance goals for 2020 to be reflective of FHEO's risk profile, appetite and priorities.

- FHEO has implemented process improvements to expedite Fair Housing Act investigations. Foremost, in November 2016, FHEO issued guidance significantly streamlining the administrative decisions it issues. Additionally, FHEO implemented a number of less tangible efficiencies: automated phone trees for each region (modernizing FHEO's process of manually answering all calls); nationalized bi-weekly training on investigations; development of an automated computerized web-based intake process; and increased staff in the Office of Systemic Investigations, located in headquarters, to tackle complex civil rights cases, thus freeing up regional staff time to manage the sheer volume of FHEO's workload.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
PROGRAM OFFICE SALARIES AND EXPENSES  
OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$7,417</b>	<b>\$6,914</b>	<b>\$8,267</b>
<b>Non-Personnel Services</b>			
Travel	165	170	170
Printing	38	26	26
Training	49	50	50
Supplies	12	8	8
<b>Non-Personnel Services Subtotal</b>	<b>\$264</b>	<b>\$254</b>	<b>\$254</b>
Working Capital Fund	436	432	479
<b>Grand Total</b>	<b>\$8,117</b>	<b>\$7,600</b>	<b>\$9,000</b>
<b>Associated FTEs</b>	<b>47</b>	<b>42</b>	<b>50</b>

**1. Program Purpose and Budget Overview**

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) has primary responsibility for the lead-based paint and healthy homes activities of HUD and is directly responsible for the administration of the Lead-Based Paint Hazard Reduction program authorized by Title X of the Housing and Community Development Act of 1992.

The mission of the OLHCHH is to provide safe and healthy homes for at-risk families and children by promoting and funding housing repairs to address conditions that threaten the health of residents. As part of this mission, the OLHCHH is involved in coordinating disparate health and housing agendas, supporting key research, targeting enforcement efforts, and providing tools to build sustainable

Program Office Salaries and Expenses – Office of Lead Hazard Control and Healthy Homes

local programs that mitigate housing-related health hazards. The OLHCHH assists states and local governments in remedying unsafe housing conditions and addressing the acute shortage of decent and safe dwellings for low-income families.

The 2020 President’s Budget of \$9 million is \$1.4 million more than FY 2019 Annualized Continuing Resolution (CR) level. This increase in funding reflects the prioritization by the Secretary to reduce lead hazards in homes and will support increased staffing to administer \$290 million of Lead Hazard Control and Healthy Homes Grant Programs in FY 2020—a programmatic increase of \$60 million over 2019 annualized CR program funding levels.

**Personnel Services (PS)**: The OLHCHH is requesting \$8.3 million to support 50 (full-time equivalents) FTEs, an increase of 8 FTEs over 2019 CR Annualized levels. The increased staffing will allow OLHCHH to adequately provide technical assistance and program oversight to the expected increase in grants to communities for the control of lead-based paint hazards and other health and safety hazards in housing.

**Non-Personnel Services (NPS)**: The OLHCHH is requesting to remain constant with FY 2019 NPS funding, while Working Capital Fund (WCF) expenses will increase by \$47 thousand for FY 2020.

**The OLHCHH specific policy goals in the 2020 President’s Budget are identified below:**

- **Priority 1**: Expansion of the Lead Hazard Control Grant Programs. This function, which covers both lead hazard control work and the work done through the healthy homes supplements, is performed by the Lead and Healthy Homes Programs Division and Grants Services Divisions. Approximately 60 percent of the NPS travel budget is for the Lead and Healthy Homes Programs Division for grantee monitoring visits.
- **Priority 2**: Expanded enforcement of HUD’s Lead Safe Housing Rule. This function is performed by the Program and Regulatory Support Division. Approximately 10 percent of the NPS travel budget is for the Program and Regulatory Support Divisions on-site monitoring visits.
- **Priority 3**: Technical support and outreach on the Elevated Blood Lead Level Amendment to the Lead Safe Housing Rule. This function is performed by the Program and Regulatory Support Division. Approximately 10 percent of the NPS travel budget is for the Program and Regulatory Support Divisions on-site monitoring visits.

## Program Office Salaries and Expenses – Office of Lead Hazard Control and Healthy Homes

- **Priority 4:** National Lead Safe Housing Campaign. This function is used to educate key audiences (e.g., housing ownership, maintenance and renovation industries, state and local governments, community development corporations, philanthropies, and the public), about methods and resources available to prevent lead poisoning from housing; it is performed by the immediate Office of Lead Hazard Control and Healthy Homes.

### 2. Key Operational Initiatives

With the deployment of a new OLHCHH grants management cloud computing system, staff and grantees alike have access to tools for planning, reporting, and evaluation. The use of cloud services for the OLHCHH grants program has reduced the use of HUD servers, increased the stability of the system, and has made it more accessible to grantees. Enhancements to the system are expected to enable improved programmatic evaluation to determine the Return on Investment for grantees' activities in terms of costs for outreach, assessment, intervention, and evaluation relative to the cost-savings associated with reduced medical costs, lost work days, and/or lost school days for an individual or household served by the programs.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF THE CHIEF INFORMATION OFFICER  
INFORMATION TECHNOLOGY FUND  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	267,000	98,333 <sup>a</sup>	-	365,333	217,768	254,607
2019 Annualized CR	267,000	157,559	-	424,559	279,000	314,200
2020 Request	280,000	152,665	-	432,665	279,000	385,200
Change from 2019	13,000	(4,894)	-	8,106	-	71,000

a/ Includes \$5 million transfer from Technology Modernization Fund

## **1. Program Purpose and Budget Overview**

The Information Technology (IT) Fund provides for the infrastructure, systems, and services that support all Department of Housing and Urban Development (HUD) programs, which include all of HUD's mortgage insurance liabilities, rental subsidies, and formula and competitive grants. It also provides services for all administrative and mission support programs. The 2020 request of \$280 million, along with funds that will be carried over from fiscal year 2019, supports Operations and Maintenance (O&M) activities (sustaining current systems and applications) and Development, Modernization, and Enhancement (DME) initiatives.

## **2. Request**

The requested budget provides for the operation of current IT systems and applications that support HUD's business, administrative functions, and the IT infrastructure (such as computer hardware, network and communications, support services, enterprise software licenses, and cybersecurity). The budget will also provide for critical new investments in technology to support the President's Management Agenda (PMA) and HUD strategic plan. These will improve delivery of services to citizens, and promote the effective stewardship of taxpayer dollars. Smart IT investment is critical to realizing efficiencies and improving customer access to HUD

## Information Technology Fund

services. The Office of the Chief Information Officer (OCIO) is pursuing development and modernization initiatives that leverage enterprise technology to promote decent, safe, and affordable housing for Americans, provide access to homeownership opportunities, create healthier home environments, and reduce homelessness.

The planned investments will lead to improved program performance and lower technology costs by achieving economies of scale through integration and consolidation of IT systems, and greater use of enterprise capabilities. In accordance with Federal Information Technology Acquisition Reform Act (FITARA) and Executive Order 13833, the CIO is expanding oversight and management of IT spending. Furthermore, the CIO is working with program offices to define their technology needs, digitize manual processes, and improve end-user experiences. The request will also strengthen cybersecurity with full implementation of continuous monitoring for security threats and other enhancements, consistent with Executive Order 13800. It will support the maintenance and expansion of valuable enterprise capabilities, such as architecture design and implementation and the continuous integration and delivery of new products into current operations, thus reducing duplicative data entry and inefficient processes.

### **3. Justification**

At the \$280 million requested level, HUD will accelerate the scope and pace of its ambitious modernization plans. OCIO is investing in modernization, security upgrades, and leveraging the cloud and emerging technology across its programs to replace standalone capabilities within each mission area. The agency is continuing the transition to an enterprise approach for common functionality (such as case and workflow management, records and data management, and reporting/business intelligence) and expanding its cybersecurity program. Applications and infrastructure are being moved to the cloud and capacity expanded in architecture design and implementation, in-house solution engineering, and continuous integration and delivery of new products into operations. These will expand the capacity to deliver timely and cost-effective new projects.

The 2020 budget request builds upon the critical modernization of IT systems that will begin in 2019. HUD is collaborating with the GSA Centers of Excellence to conduct current state assessments and requirements for development to begin implementing these recommendations in 2020. These efforts will accelerate modernization to maximize impact to the public and return on investment to taxpayers. OCIO is also prioritizing new investment initiatives across the entire IT portfolio, and these new capabilities and technologies will strengthen and modernize mission programs and enterprise support functions. The result will be a mix of direct mission and support proposals to consolidate systems, provide enterprise capabilities, and reduce customer burden through improved program operating efficiencies. By using an agile approach, HUD will deliver new functionality incrementally, while maximizing flexibility and minimizing risk. OCIO will identify common areas of functionality required by the HUD enterprise and provide IT solutions aligned to each specific function (or closely grouped functional bundles) that any program office or line of business can use.

## Information Technology Fund

Current and planned modernization investments include the following:

Cloud Migration: HUD received \$20 million from the government-wide Technology Modernization Fund and will migrate five of HUD's most critical business systems from a Unisys/COBOL mainframe to a modern Cloud platform. These systems control the disbursement of billions of dollars. Modernizing the database technology platform will tighten security with the latest encryption mechanism, authentication, and authorization techniques. Transitioning from an on-premise physical hardware environment to a cloud virtual machine environment is a significant improvement in consolidating and modernizing the infrastructure. The project will also substantially reduce costs for licenses, operation and maintenance, and end user support. This funding complements the FHA and financial management improvements described below.

FHA Systems Modernization: This multi-year investment will modernize FHA's antiquated systems, which have not kept up with technology improvements in the industry. FHA is the world's largest mortgage insurer with a single-family mortgage portfolio in excess of \$1 trillion to low-income, first-time, and other targeted home owners. The following investments will modernize or build systems to support Mortgage Insurance origination: electronic (eCase) Binder, Automated Underwriting and Endorsement system, Counterparty and Case Management, Appraisal Scoring, and Data Analysis. This will result in systems to better capture and process extensive volumes of data, enhanced storage and processing capabilities to handle the migration from paper forms to a digital environment, and the ability to analyze and manage insured loans comprehensively across all phases of the mortgage insurance life cycle. FHA will also transform the business processes to align with HUD's new systems and platforms.

Enterprise Subsidies Management Program (eSM): The eSM has been established to modernize HUD's subsidies programs to include business process, financial management, and technology to better serve families in need of decent and affordable housing. This will transform and ultimately optimize the utilization of \$35 billion in housing subsidies, which include both Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA). In the current environment, programmatic functions are performed using manual processes, and outdated systems including Public & Indian Housing (PIH) Information Center - Inventory Management System (PIC-IMS), Tenant Rental Assistance Certification System (TRACS), Automated Renewal & Amendment Management Subsystem (ARAMS), and Voucher Management System (VMS). Financial management and disbursements also use legacy systems that will be ultimately replaced. OCIO initiated the electronic Voucher Management System (eVMS) to automate the accurate calculation of \$22 billion in HUD payments to Public Housing Agencies (PHAs) and will eventually perform subsidy calculations for other programs.

## Information Technology Fund

Enterprise Data Management (EDM): This EDM program is based on three key pillars: data consolidation, increased governance, and Cloud based big data technology platform. HUD has many disparate systems across multiple program areas that collect a vast amount of data. These silos result in significant data challenges, that impede the ability to holistically analyze information to make well informed decisions and increase costs. The EDM program provides data across systems and applications and supports the rapid creation of new applications/functionality. It will enable the collection of all of HUD's data into a consolidated environment for enhanced analytics and data integration. This is a multi-year initiative that involves migrating numerous systems of varying complexity in line with the target architecture. HUD will continue to onboard these systems and support future data requirements by enhancing the "data lake" and analytic capabilities. This will improve data security and enforce more consistent management and utilization of critical HUD data, while reducing administrative overhead through standardization of processes.

Grants Management: HUD is improving the grants making process by streamlining, modernizing, and consolidating the systems for HUD's eight separate grant programs. This includes the systems used for the management, evaluation, and financial aspects of eight separate grants programs. This work will address problems with manual and duplicative processes and grants documents across the agency; lack of accountability; high operating costs; and lack of connectivity to its core financial systems.

OCIO is also reviewing all of its current systems contract requirements and continues to consolidate and reduce contract scope, duplications, and excessive service levels to realize savings that may be reinvested in modernization and security upgrades. OCIO continues to assess and streamline the current operating environment by executing a prioritized set of enhancements to the IT infrastructure, which will modernize and consolidate the existing outdated legacy platforms. This will reduce the security vulnerabilities of IT applications and will reduce long-term IT costs.

The planned improvements will gradually lower costs by achieving economies of scale and streamlined technology, driven by integration and consolidation of IT systems and greater use of enterprise shared services. In 2020, HUD will complete reforming its IT infrastructure to a more agile, modern, mobile-friendly environment, utilizing a federal shared service provider. This initiative is known as the HUD Enterprise and Architecture Transformation (HEAT) and includes transitioning to enterprise software agreements and FedRamp cloud solutions, implementing GSA strategic sourcing contracts, migrating all computer hardware into two multi-tenant shared data centers, and moving enterprise applications to the Cloud. The result will be increased efficiency, enhanced internal monitoring and management capabilities, and optimized IT Infrastructure services.

## Information Technology Fund

HUD continues to increase spending in all five functions of the Cybersecurity Framework (CSF) to strengthen its cybersecurity capability to further reduce enterprise exposure to vulnerabilities and reduce the overall risks to the Department. Increased spending supports data loss prevention (DLP), continuous diagnostic and mitigation (CDM), forensic capabilities, and the continued implementation of the Cybersecurity Framework and Security Operations Center (SOC). It also expands the Detect function with a new Cybersecurity Incident Response and Vulnerability Management contract that will include a Cyber Hunt capability to increase the Department's ability to Detect, Respond, and Recover and expand upon SPLUNK capabilities which provides HUD with Security Information and Event Management. HUD has also bolstered its Detect and Identify functions with the establishment of the Enterprise Wide Cybersecurity Independent Verification and Validation (IV&V) contract that provides Penetration Testing and validation of the implementation of the CSF Strategic Plan. Finally, HUD has made a major investment in a phased transition of the Re-Authorization of HUD's General Support Systems and Major Applications to Continuous Authorization/Ongoing Authorization to provide risk determinations and risk acceptance decisions more frequently to keep pace with mission/business requirements and organizational risk tolerance.

HUD is committed to using technology to the fullest, to better serve citizens, retire obsolete and inefficient IT systems, and reduce the cost and complexity of its applications. OCIO's goal is to "build systems once and use them many times," reforming HUD's IT infrastructure through consolidation, utilizing enterprise capabilities, and improving the effectiveness and efficiency of programs and operations. As HUD begins to incorporate its infrastructure improvements and new capabilities into its operations, it will pursue contractual and operational adjustments to maximize efficiencies. Going forward, carryover will be maintained at minimum levels for unanticipated needs.

### **IT Resource Statement**

In accordance with OMB Circular A-11, Section 51.3, the Department of Housing and Urban Development (HUD) provides the following statements:

- (a) The Chief Information Officer (CIO) has reviewed, and had significant input in approving all IT Investments included in this budget request.
  
- (b) The Chief Financial Officer (CFO) and CIO state that the CIO had a significant role in reviewing planned IT support for major programs and for significant increases and decreases in IT resources reflected in this budget.

## Information Technology Fund

(c) The FITARA common baseline rating for Element D, that the CIO reviews and approves major IT Investment portion of budget request, is at Level 3 (Fully Implemented). HUD has developed and implemented a plan to ensure that all common baseline FITARA responsibilities are in place.

(d) The CIO certifies the use of incremental development practices for current and proposed new IT investments in all programs throughout HUD.

### **General Provisions**

The 2020 Budget includes a General Provision related to the IT Fund (Sec. 229). This provision is described further in “Fiscal Year 2020 General Provisions”.

Information Technology Fund

**OFFICE OF THE CHIEF INFORMATION OFFICER  
INFORMATION TECHNOLOGY FUND  
Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Operations, Maintenance, Development, Modernization and Enhancements	267,000	98,333 <sup>a</sup>	365,333	217,768	267,000	157,559	424,559	280,000
<b>Total</b>	<b>267,000</b>	<b>98,333</b>	<b>365,333</b>	<b>217,768</b>	<b>267,000</b>	<b>157,559</b>	<b>424,559</b>	<b>280,000</b>

a/ Includes \$5 million transfer from Technology Modernization Fund

Information Technology Fund

**OFFICE OF THE CHIEF INFORMATION OFFICER  
INFORMATION TECHNOLOGY FUND  
Appropriations Language**

The 2020 President's Budget includes the appropriation language listed below:

*For the development, modernization, and enhancement of, modifications to, and infrastructure for Department-wide and program-specific information technology systems, for the continuing operation and maintenance of both Department-wide and program-specific information systems, and for program-related maintenance activities, \$280,000,000, shall remain available until September 30, 2021: Provided, That any amounts transferred to this Fund under this Act shall remain available until expended: Provided further, That any amounts transferred to this Fund from amounts appropriated by previously enacted appropriations Acts may be used for the purposes specified under this Fund, in addition to any other information technology purposes for which such amounts were appropriated.*

*Note.—A full-year 2019 Annualized CR for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division D of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
WORKING CAPITAL FUND  
2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	39,077	15,243	-	54,320	37,936	38,948
2019 Annualized CR	36,688	3,077	-	39,765	36,333	36,333
2020 Request	78,683	3,077	-	81,760	78,683	78,683
Program Improvements/Offsets	41,995	-	-	41,995	42,350	42,350

**1. WCF Purpose and Budget Overview**

The Working Capital Fund (WCF) anticipates a total operations level of \$78.7 million for 2020, which is \$42.3 million more than the 2019 Annualized Continuing Resolution (CR). The WCF serves as a mechanism for the Department of Housing and Urban Development (HUD) to finance enterprise goods and services. These funds are requested across HUD’s Salaries and Expenses (S&E) accounts and reflected in the WCF as reimbursable authority from offsetting collections. The budget does not request a direct appropriation for the WCF.

**2. Request and Anticipated Revenue**

The 2020 President's Budget provides for each HUD office to pay for its use of WCF goods and services through payments to the WCF for its estimated share. The requested level will support the activities in **Table 1**.

Working Capital Fund

**TABLE 1**

<b>Working Capital Fund Service Costs</b>	<b>2018 Actual</b>	<b>2019 Annualized CR</b>	<b>2020 President's Budget</b>
Financial Management, Procurement, & Travel Services	22,147	21,281	21,281
Human Resources Processing	12,274	11,078	12,274
Human Resources Systems	3,363	3,077	3,131
Payroll Processing	1,293	1,252	1,293
Financial and Physical Assessments	-	-	38,643
Working Capital Fund Operations	-	-	2,061
<b>Total Operating Budget</b>	<b>\$39,077</b>	<b>\$36,688</b>	<b>\$78,683</b>

Current Activities:

- Financial management, procurement, and travel services
- Human resources processing services
- Human resources platforms
- National Finance Center (NFC) payroll processing

New Activities proposed for 2020:

- Working Capital Fund Operations to fully recover WCF Division costs
- Real Estate Assessment Center (REAC) Physical Assessment (PA) Services
- REAC Financial Assessment (FA) Services

**3. Justification**

The Working Capital Fund Division (WCFD) formulates and executes the financial operations of the WCF. Business-line owners, such as the Office of the Chief Financial Officer and the Office of the Chief Human Capital Officer, are responsible for the management and delivery of WCF goods and services. The Consolidated Appropriations Act of 2016 established the WCF as a mechanism for the Department to provide enterprise-level services to HUD offices in an efficient, effective, and transparent manner. Throughout 2016 and 2017, HUD established WCF governance and financial management protocols per best government practices outlined by the Office of Management and Budget and the Government Accountability Office. HUD established WCF governance committees, transparent WCF budgeting practices, customer billing

## Working Capital Fund

practices, and service-usage reporting during this period. In 2017, the WCF collected reimbursement for shared services from all HUD customer organizations. In 2018, the WCFD refined and streamlined WCF operations and business processes, including building capacity to move to a full cost-recovery model, while increasing institutional capacity for onboarding future business lines into the WCF. The request to move to full cost-recovery operations, where WCF Division costs are recovered through collections from HUD customers, was included in the 2019 President's Budget and in the 2020 Budget as "Working Capital Fund Operations." The 2020 Budget begins to expand service offerings with the inclusion of REAC physical and financial assessments.

### Key Assumptions

- No substantial changes in costs are expected for current shared services with ARC, Treasury, and NFC.
- Working Capital Fund Operations costs include an additional three full-time equivalents (FTEs) to accommodate growth in the fund, including cash management and execution analysis. This increase in personnel will be offset by a decrease in contractor support as federal employees onboard.
- REAC PA and FA business lines include 156 FTEs to provide these services.
- REAC PA and FA funding is a budget neutral realignment from multiple accounts into the S&E accounts for PIH, Office of Housing, and CPD.

### **Working Capital Fund Outcomes**

- Provide efficient and effective delivery of enterprise goods and services
- Incorporate incentives for program offices to efficiently utilize WCF services by aligning costs to usage
- Reduce overlap and duplication of efforts by providing a joint platform for common administrative needs across offices
- Increase transparency into the costs, operation, and management of HUD common services

### **Current Shared Services**

The Department of the Treasury provides shared services for HUD financial management, procurement, and travel for which the OCFO is the business-function lead. These shared services include a full range of accounting and procurement services, such as budget and financial transaction processing, purchase and fleet card services, financial reporting, and travel and relocation services. The Department of the Treasury and the National Finance Center (NFC), with the Office of the Chief Human Capital Officer (OCHCO) acting as the servicing business lead,

## Working Capital Fund

provide human capital services to HUD. These services include human resources transaction processing, human resources systems, and payroll processing.

### **New Services Requested in 2020**

**Full Cost Recovery:** The full cost recovery proposal, “WCF Division Operations,” was requested in the 2019 President’s Budget as well as in the 2020 Budget. While the WCF manages cost allocation, ordering, billing, and usage reporting for internal HUD customers of externally-provided shared services, the full cost of service delivery (including WCF S&E) is not currently charged to customers. Under full cost recovery, WCF Division costs will be budgeted as part of customer WCF allocations across S&E accounts. Throughout 2018, the WCF designed and implemented organizational, business process, and technology changes required to achieve full cost recovery in 2019. Implementing full cost recovery aligns with the vision that the WCF communicated to Congress and OMB for the continued development and maturity as a fund, and will:

- **Align with the Administration’s priorities to realize efficiencies through business-like practices:** Converting services from a conventional administrative framework with direct funding and centralized management to a WCF changes the way decisions are made, vesting more decision-making in HUD customers<sup>1</sup>.
- **Facilitate the pricing and provision of internally provided administrative shared services within the Department:** The WCF will expand the scope of services managed through the fund to include internally provided administrative services. Cost accounting processes and technology will allow the WCF and business line owners to determine the full costs of these services and the charges required to equitably and fully recover costs.
- **Achieve further compliance with GAO’s key operating principles for working capital funds<sup>2</sup>:** Three of GAO’s four key operating principles for WCFs require full cost recovery capabilities:
  1. Ensure Self Sufficiency by Recovering Actual Costs: Cost accounting processes and technologies determine the pricing and rates required to meet revenue goals and recover the full costs of delivery
  2. Measure Performance: Cost accounting processes and technologies determine the pricing and rates required to meet revenue goals and recover the full costs of delivery
  3. Maintain Flexibility to Obtain Customer Input and Meet Customer Needs: Demand forecasting and scenario analysis will allow the WCF to make data-driven decisions on what service to deliver and how demand impacts pricing

<sup>1</sup> U.S. Department of Energy, Guidebook for Creating and Managing a Working Capital Fund Business, 2003

<sup>2</sup> GAO Report: Intragovernmental Revolving Funds: Commerce Departmental and Census Working Capital Funds Should Better Reflect Key Operating Principles, Nov 2011  
<http://www.gao.gov/assets/590/586402.pdf>

## Working Capital Fund

**REAC Physical Assessment and Financial Assessment Services:** The 2020 Budget supports the movement of REAC PA and FA services to be funded through the WCF. To ensure these properties are maintained in accordance with federal law and regulations, REAC provides its customers independent assessments of each properties' financial and physical condition.

REAC's FA business line budgets \$12.6 million and 51 FTEs to conduct financial statement assurance reviews and advanced financial assessments for its customers. In 2020, REAC will generate more than 28,000 FAs for the Office of Housing and about 7,000 FAs for the Office of Public and Indian Housing. Advanced financial assessments work to mitigate issues before they become problems for the Department or determine the root cause of irregularities and identify options for resolving. REAC will conduct approximately 55 engagements in 2020.

REAC's PA business line budgets \$26 million and 98 FTEs to generate about 15,000 PAs in 2020. federal law and regulations require HUD-supported housing to be decent, safe, and sanitary. REAC conducts an inspection of each property to generate an overall assessment to inform and support HUD's field offices in carrying out their oversight responsibilities. Each PA provides an independent assessment of a property, highlighting health and safety risks to the residents, an owner's overall care of the property, and supports the proper use of federal funds.

Under the full cost recovery model, the cost of shared resources is allocated within the PA and FA business lines to the unit prices of each service. REAC budgets 7 FTEs to provide administrative, budgetary, and technical assistance services. For example, REAC's Technical Assistance Center receives and resolves 100,000 inquires per year to both business lines. Customer ordering, fulfillment, and engagement services are managed by these FTEs.

### Efficiency, Strategic, and Operational Improvements

- Governance – REAC and their stakeholders identified opportunities to transform the way it provides information and services to its customers. REAC will utilize the WCF governance structure to target investments and transition operations to the customer-driven model that aligns incentives to deliver higher quality services at lower long-term cost.
- Administrative – REAC will combine auctions from multiple HUD programs and streamline inspection procurement. REAC will identify opportunities to rebalance which functions are performed internally, automated, or outsourced.
- Operational Efficiencies – REAC will reduce overlap and duplication of efforts by using insights gleaned from internal cost accounting reviews to inform management on where operations and processed can be optimized.
- Accountability – REAC will incorporate incentives for program offices to utilize WCF services efficiently by aligning costs to usage. Transparency enables customers to make data-driven decisions regarding volume of services.

## Working Capital Fund

- PA Business Line Reexamination – in 2020 REAC will implement changes from its ongoing wholesale reexamination of how it conducts inspections. REAC will continue running a regional demonstration to validate a new inspection model.

### Stakeholders

- Increase stakeholder engagement through increased transparency and service level accountability. Since REAC customers will be paying for the services used, REAC will develop increased responsiveness to customer requests and requirements.
- Encourage greater competition among private sector contract inspectors while increasing inspection quality. The ability to schedule larger numbers of inspection blocks by geographic area will increase the number of interested parties for a given contract block.
- Internal HUD WCF Customers are engaged in this proposal to move PA and FA services into the WCF. All WCF customers were included as a reviewing body for the REAC business case to move PA and FA services into the WCF.

### Funding Impact

Moving REAC assessments into the WCF is a budget-neutral realignment of funds within the Department. The budget realigns budget authority from PIH, Housing, CPD, and IT Fund accounts to the WCF amounts within the PIH, Housing, and CPD S&E accounts (see Table 2 below). Annually, REAC performs or oversees approximately 12,000 PAs and performs or reviews approximately 35,000 FAs. Under the WCF model, REAC will continue at these current levels. The shift to the WCF will allow customers to easily scale up or down their service usage based on operational requirements and assessment needs and collaborate with the service provider on making needed updates to the assessment models.

Working Capital Fund

**TABLE 2- REAC Budget Neutral Realignment**  
*Dollars in Thousands*

<b>Customer</b>	<b>FY20 Base Funding</b>	<b>% of REAC Funds</b>	<b>FY20 Allocation</b>	<b>New % of REAC Funds</b>	<b>Realignment</b>
CPD	-	0%	566	2%	566
PIH	32,202	83%	13,793	36%	(18,409)
Housing	3,305	9%	24,284	63%	20,979
IT Fund	3,136	8%	-	0%	(3,136)
<b>Total</b>	<b>38,643</b>	<b>100%</b>	<b>38,643</b>	<b>100%</b>	<b>-</b>

**Capital Investments and Operational Improvements:** In 2019 and 2020, the WCF will establish a Capital Investment Plan (CIP). The CIP builds capability for reinvestment in the infrastructure of WCF business lines to improve product and service quality and timeliness, reduce costs, and foster state-of-the-art business operations. The CIP will provide the framework for planning, coordinating, and utilizing WCF resources and expenditures to obtain capital assets. Included in the CIP are equipment and software, whether internally or externally developed. CIP investments will be financed out of the existing WCF Corpus and are not anticipated to impact resource requirements for WCF Customers in 2020. Investments funded from the WCF may be depreciated and recapitalized via WCF customer collections in future years.

In 2019, the WCF will pursue obtaining a cost and profitability management software package to improve management of cost allocation, ordering, billing, and usage reporting for HUD customers. This system will increase the transparency and accuracy of shared services pricing, support full cost recovery, reduce the likelihood of manual errors in data processing, create the capability to conduct what-if analyses, and significantly reduce the level of effort required for cost modeling and maintenance.

In 2020, the WCF CIP will include investments toward better leveraging technology and improving underlying business processes, and toward streamlining mission-support functions. To reduce manual data entry and transaction processing, the WCF will explore opportunities within the WCF Division operations to utilize technologies such as Robotics Processing and Automation (RPA). This allows WCFD staff to focus on higher value activities, such as service quality, customer service and outreach, and data analysis.

Working Capital Fund

2020 WCF Capital Investment Plan			
<i>Dollars in Thousands</i>			
	FY 2018	FY 2019	FY 2020
Equipment	-	-	-
Software	-	300	400
Total	-	300	400

Working Capital Fund

**OFFICE OF THE CHIEF FINANCIAL OFFICER  
WORKING CAPITAL FUND  
Appropriations Language  
(INCLUDING TRANSFER OF FUNDS)**

The 2020 President's Budget includes the appropriation language listed below:

*For the working capital fund for the Department of Housing and Urban Development (referred to in this paragraph as the "Fund"), pursuant, in part, to section 7(f) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(f)), amounts transferred, including reimbursements pursuant to section 7(f), to the Fund under this heading shall be available for Federal shared services used by offices and agencies of the Department, and for such portion of any office or agency's printing, records management, space renovation, furniture, supply services, real estate physical inspections and financial assessments and related information technology, or other shared services as the Secretary determines shall be derived from centralized sources made available by the Department to all offices and agencies and funded through the Fund: Provided, That of the amounts made available in this title for salaries and expenses under the headings "Executive Offices", "Administrative Support Offices", "Program Offices" and "Government National Mortgage Association", the Secretary shall transfer to the Fund such amounts, to remain available until expended, as are necessary to fund services specified in the matter preceding the first proviso, for which the appropriation would otherwise have been available, and may transfer not to exceed an additional \$5,000,000, in aggregate, from all such appropriations, to be merged with the Fund and to remain available until expended for any purpose under this heading: Provided further, That amounts in the Fund shall be the only amounts available to each office or agency of the Department for the services, or portion of services, specified in the matter preceding the first proviso: Provided further, That with respect to the Fund, the authorities and conditions under this heading shall supplement the authorities and conditions provided under such section 7(f).*

*Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115- 245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF INSPECTOR GENERAL**

*(Dollars in Thousands)*

	<b>FY 2018 Actuals</b>	<b>FY 2019 Annualized CR</b>	<b>FY 2020 President's Budget</b>
<b>Personnel Services</b>	<b>\$98,136</b>	<b>\$100,037</b>	<b>\$100,780</b>
<b>Non-Personnel Services</b>			
Travel	3,454	3,489	3,639
Rent and Utilities	6,821	6,665	6,715
Printing	1	1	1
Other services/Contracts	17,784	16,593	16,946
Training	361	368	376
Supplies	296	275	280
Furniture and Equipment	382	348	355
Claims and Indemnities	278	50	50
Financial Transfers (CIGIE)	282	256	258
<b>Non-Personnel Services Subtotal</b>	<b>\$29,659</b>	<b>\$28,045</b>	<b>\$28,620</b>
Working Capital Fund	-	-	-
<b>Grand Total</b>	<b>\$127,795</b>	<b>\$128,082</b>	<b>\$129,400</b>
<b>Associated FTEs</b>	<b>559</b>	<b>573</b>	<b>573</b>

## **1. Program Purpose and Budget Overview**

The mission of the Office of Inspector General is not only to prevent and detect fraud, waste, and abuse in the programs and operations of the Department of Housing and Urban Development (HUD) but also to promote economy, efficiency and effectiveness. The OIG does this by conducting independent investigations, audits, and evaluations. The work performed by investigators, auditors, and evaluators, provides the means to keep the Secretary and the Congress fully and currently informed about the Department's challenges while also identifying best practices. After identifying weaknesses, the OIG makes recommendations to improve operations and monitors departmental progress on corrective actions. Stewardship of taxpayer resources is one of the Inspector General's highest priorities, ensuring funding is appropriately utilized, properly managed, and achieving the outcomes stakeholders require.

The 2020 President's Budget of \$129.4 million is \$1.3 million more than the 2019 Annualized Continuing Resolution (CR) level. The 2020 Budget provides the necessary resources to support congressionally mandated activities including the HUD consolidated financial statement audit, information security audits and evaluations related to FISCAM and FISMA legislation, DATA act compliance audits, and other legislatively required audits and evaluations. In addition, these resources will ensure the OIG can adequately address the top management challenges within HUD, including the prevention of fraud and corruption in public and multi-family housing, HUD grant management oversight, ensuring HUD is taking the proper steps to guarantee safe and lead free housing for families and children, and evaluating HUD IT modernization efforts to ensure cybersecurity compliance.

The OIG will be able to support a base of 573 full-time equivalents in 2020, this staffing level represents no change compared with 2019 but allows for strategic backfilling to ensure mission critical personnel is maintained. The personnel services funding increase of \$743 thousand is necessary to manage increased payroll expenditures related to standard benefit cost inflation. The OIG will utilize the non-personnel related increase of \$575 thousand to increase the scope and scale of OIG high priority initiatives. This includes increased travel requirements, contractual services, and IT infrastructure investment that support OIG operations.

Addressing the presence of mold, lead, and other hazardous materials in public housing is one of the highest priorities for the OIG in combination with improving HUD programs responsible for inspecting and remediating these serious systemic risks to the nation's public housing stock. The dangers posed to HUD programs by inadequately responding to this looming risk of unsanitary and unsafe housing are incalculable. Ensuring HUD is conducting adequate inspections and implementing best practices into programs effected by possible safe housing risks is a top concern for all HUD stakeholders. OIG oversight and increased engagement on this issue could mitigate the long-term costs associated with inadequate action from the Department. One statistic that perfectly encapsulates the risk to HUD housing programs is approximately 17,000 HUD properties are located within one mile of an EPA Superfund site. This metric alone speaks to the magnitude of inadequately responding to this enterprise risk. Increasing the effectiveness of HUD inspections is a challenge the OIG is working to address through all means possible including program evaluations, audits, and investigations. The

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first surge in this effort came in 2019 with the deployment of the Joint-Housing Authority Review Team (JHART) initiative. In November of 2019, the OIG created a cross-component team to review the operation of housing authorities designated as “troubled” by HUD PIH. Teams deployed to assess the physical condition of public housing units as well as the fiscal and managerial operations of these troubled housing authorities. The goal of these reviews was to identify and address emergency abatement situations, understand systemic problems facing PHAs, and determine whether full criminal investigation or programmatic reviews are necessary. The operations undertaken this fiscal year represent the beginning of this new approach to assessing and addressing substantial risks to public housing. The OIG foresees the continued and increased deployment of agents, auditors, and evaluators all with the common mission of preventing failures like Alexander County, East St. Louis, or NYCHA from happening in the future. This type of joint task force approach to combating the problem of unsafe housing requires the deployment of numerous OIG staff and assets, the increased funding requested would provide the resources to support personnel in the field while also allowing for an increased OIG presence overseeing program augmentations from the Department. The 2020 Budget provides for the mission critical resources to further the effectiveness of this OIG initiative.

The OIG is beginning to leverage emerging technologies to be more proactive and efficient in executing our oversight mission. The resources provided in the 2020 Budget will allow the OIG to make investments in hardware, software, and training necessary to conduct forensic examinations in support of our criminal investigations. As this investigative capacity develops, retention of experts in this field will be necessary to retain and build knowledge, as well as to apply these new tools in ways that become a force multiplier for the OIG. In a similar fashion, the OIG plans to grow its eDiscovery and digital investigation capabilities by providing technology to each program function to collect, review, and analyze large amounts of data. The use of such technology improves the precision and speed of oversight efforts, particularly investigations. To support these added systems as well as the nationwide digital infrastructure the OIG anticipates implementing a cloud-based solution that will decrease long-term data center costs while also ensuring the OIG wide area network is robust enough to handle current and future mission needs. This investment will provide connectivity, communications, and access to information from any location. The 2020 Budget supports the staff necessary to lead this effort and the funding necessary to make long-term investments in new digitally based tools that will proliferate the reach and capabilities of the OIG.

In the wake of the 2008 financial crisis the OIG has become increasingly concerned with monitoring and acting on HUD programs that carry inflated systemic risk to the Federal Housing Administration (FHA) and Mutual Mortgage Insurance (MMI) fund. The OIG believes there are serious structural issues with the Home Equity Conversion Mortgage (HECM) program that raise questions as to whether the program is self-sustaining or actually functions as a subsidy program as it is defined. HUD has taken several steps to fix problems in the HECM program but some concerns seems to be intractable and a failure of the HECM program model. For the past several years, HECM program expenses have far outstripped revenues at a staggering pace. The OIG calculates that the HECM program has required approximately \$14.7 billion in subsidies from the forward loan program since 2009. Because the HECM

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program moved into the MMI fund in 2008, the revenues of the single-family forward program have offset these losses. Moreover, the budget formulation process hides the HECM program losses. Each year HUD estimates that the HECM program will have a “negative subsidy” meaning the true cost of the program remains hidden in the appropriation process. In executing the program HUD has consistently re-estimated the HECM loan portfolio to have a “positive subsidy”, or put a different way, the program is running at a deficit. The OIG plans increasing and extensive oversight work in this important and systemically vulnerable area. The 2020 budget supports the OIG’s work in this area and allows for retention of staff with the necessary skill set to address these risks to HUD, FHA, and the health of the MMI fund.

The 2020 Budget will support an expanding focus on oversight of counterparty risk and non-bank lending which pose significant institutional risk for Ginnie Mae and FHA. As the Department navigates the risk posed by the shift to nonbank lending and servicing, OIG will look to initiate work in the high-risk areas of the various portfolios within Ginnie Mae and FHA. Both entities are undertaking efforts to modernize its mortgage origination, servicing, and secondary-market platforms to account for technological innovations like digital mortgages and blockchain, which will require OIG to develop expertise and remain current in these areas to provide quality oversight.

The HUD consolidated financial statement audit remains an increasingly resource-intensive undertaking for the OIG in both staff hours and operational costs associated with the audit. HUD is one of two Cabinet level Departments that have failed to achieve a clean financial statement audit opinion; this situation creates a sense of urgency for the Department to address outstanding weaknesses and for the OIG to evaluate the corrective actions taken. Remediation undertaken by HUD CFO to resolve previous audit findings creates the need to review and evaluate solutions to ensure they are addressing material weaknesses. This increase in financial audit workload will require resources and staffing to adequately carryout the financial statement audit. The OIG recognizes the immense importance of delivering a comprehensive and unquestionable assessment of HUD, FHA, and Ginnie Mae’s financial health; these increased resources will provide the capacity to achieve this objective. The OIG plans to evaluate the best strategy for conducting the financial statement audit by examining internal resources and assets against the demand presented by the Department’s complex financial position and systems.

## 2. Key Operational Initiatives

- In 2018 the OIG released an updated five-year strategic plan spanning the period from 2018 – 2022. The first of five strategic goals is to further HUD’s mission success, with specific objectives aimed at helping the OIG assist HUD in developing an effective and efficient means of meeting its housing and community development goals and ensuring the integrity and accountability of program funds and operations. In service of this goal, the OIG has begun to reexamine its effectiveness and relationship with HUD. With new insights, the OIG is reinventing its oversight work planning process and rejuvenating the process for developing an annual report on the top management and performance challenges facing HUD. In addition, the OIG launched an Enterprise Risk Management (ERM) program to evaluate HUD’s risks, which includes identifying emerging issues and large systemic risks. Improving these processes and refocusing the OIG’s oversight work on HUD’s top management risks creates more rigor in ensuring the focus of the OIG’s work is examining HUD’s longstanding issues from different perspectives and identifying new and more efficient solutions given resource and staffing constraints. By identifying emerging threats to HUD operations as they develop the OIG can act quickly to prevent fraud and programmatic waste before such risks grow in magnitude. Addressing threats to HUD in their infancy will also benefit the OIG by reducing the staffing and non-personnel resources required to contain and eliminate potentially significant incidents of waste, fraud, and abuse.
- As part of this organizational strategic revitalization, the OIG will assess the economy, efficiency, and effectiveness of current mission support processes, which include human capital management, information technology, financial management, acquisition, administrative support, and communications. Where necessary the organization will take steps to modernize each process to ensure that it works optimally with a focus on cost effectiveness. An example of this process in action is the steps taken to reduce data center hosting costs, by migrating OIG servers to an in-house facility that is both more secure and is producing cost savings of approximately \$600 thousand annually. The OIG has also realized cost savings and containment by taking an aggressive approach to space footprint reduction. Where possible the OIG has reduced space or renovated existing space to create efficiencies such as desk sharing and hoteling. This focus on cost containment has yielded a roughly nine percent reduction in GSA rent costs from 2016 to 2019.
- The OIG is continually looking for new and innovative ways to improve internal controls and increase transparency in acquisition and financial decision-making. The best example of this is the Acquisition Steering Committee (ASC), which provides an internal check on all procurement decisions to ensure contractual obligations meet strict requirements to deliver a substantial benefit to the agency. A core tenet of the ASC’s charge is to find opportunities to leverage economies of scale for fiscal gain. Where possible the OIG is trying to find enterprise-wide solutions that address an array of organizational needs. By optimizing the commonality of solutions, the OIG can optimize savings for the organization during the procurement process. Using this approach to long term planning the OIG has undertaken projects that will reduce future outlays. An example of this

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is the current effort to refresh applications related to the OIG's evidence tracking and evidence discovery systems. When this project is complete, the OIG will have a more robust and efficient platform that produces cost savings over multiple systems currently utilized.

## Fiscal Year 2020 General Provisions

This document summarizes the General Provisions (GPs) in the FY 2020 Budget relative to the FY 2018 Enacted GPs.

**[Signifies removed text]**

*Signifies inserted text*

**SEC. 201. SECTION 8 SAVINGS.**— Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) shall be **[rescinded]** *cancelled* or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

**Explanation of this Section:** This section governs the sharing of savings that result from refunding the existing bonds for certain Section 8 contracts. Section 1012 of the McKinney Act requires HUD to split the savings evenly between Treasury and State Housing Finance Agencies. These savings typically take the form of a cash rebate from the bond trustee to the U.S. Treasury. Trustee sweeps continue for the term of the contract. HAP contracts were originally for 30 years with some 40-year contracts set to expire in 2024. The savings provided to State Housing Finance Agencies can be used for social services, professional services essential to carry out McKinney-funded activities, project facilities or mechanical systems, and office systems.

**Proposed Action:** The President’s Budget proposes retaining this section with technical modification.

**SEC. 202. FAIR HOUSING ACT INVESTIGATIONS AND PROSECUTIONS.**—None of the amounts made available under this Act may be used during fiscal year **[2018]** *2020* to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in

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solely for the purpose of achieving or preventing action by a Government official or entity, or a court of competent jurisdiction.

**Explanation of this Section:** This section makes clear that the Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity.

**Proposed Action:** The President's Budget proposes retaining this provision for fiscal year 2020.

**SEC. 203. *COMPETITION IN ACCORDANCE WITH HUD REFORM ACT.***—Except as explicitly provided in law, any grant, cooperative agreement or other assistance made pursuant to title II of this Act shall be made on a competitive basis and in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545).

**Explanation of this Section:** This provision requires that HUD funds be subject to competition unless specified otherwise in statute.

**Proposed Action:** The President's Budget proposes retaining this section.

**Sec. 204. *GNMA LEGAL SERVICES.***—Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811–1).

**Explanation of this Section:** This provision makes limitations on administrative expenses inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills do not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

**Proposed Action:** The President's Budget proposes retaining this section.

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**SEC. [206] 205. HUD CORPORATIONS EXPENDITURES.**—Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of such Act as may be necessary in carrying out the programs set forth in the budget for [2018] 2020 for such corporation or agency except as hereinafter provided: *Provided*, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

**Explanation of this Section:** This provision is an authorization by which Congress implements its responsibilities under section 104 of the Government Corporations Control Act (31 U.S.C. 9104). After consideration of Ginnie Mae’s budget program, as submitted by the President, Congress, through this section, ratifies such budget program and authorizes expenditures of funds, both provided in the appropriations act (for salaries and expenses) and by the permanent indefinite appropriation in Section 1 of the National Housing Act, necessary to carry out the programs set forth in Ginnie Mae’s program budget for the coming year.

**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020.

**SEC. [210] 206. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.**

(a) **AUTHORITY.**—Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years [2018] 2020 and [2019] 2021, the Secretary of Housing and Urban Development may authorize the transfer of some or all project-based assistance, debt held or insured by the Secretary and statutorily required low-income and very low-income use restrictions if any, associated with one or more multifamily housing project or projects to another multifamily housing project or projects.

(b) **PHASED TRANSFERS.**—Transfers of project-based assistance under this section may be done in phases to accommodate the financing and other requirements related to rehabilitating or constructing the project or projects to which the assistance is transferred, to ensure that such project or projects meet the standards under subsection (c).

(c) **CONDITIONS.**—The transfer authorized in subsection (a) is subject to the following conditions:

(1) **NUMBER AND BEDROOM SIZE OF UNITS.**—

(A) For occupied units in the transferring project: The number of low-income and very low-income units and the configuration (i.e., bedroom size) provided by the transferring project shall be no less than when transferred to the

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receiving project or projects and the net dollar amount of Federal assistance provided to the transferring project shall remain the same in the receiving project or projects.

(B) For unoccupied units in the transferring project: The Secretary may authorize a reduction in the number of dwelling units in the receiving project or projects to allow for a reconfiguration of bedroom sizes to meet current market demands, as determined by the Secretary and provided there is no increase in the project-based assistance budget authority.

(2) The transferring project shall, as determined by the Secretary, be either physically obsolete or economically nonviable.

(3) The receiving project or projects shall meet or exceed applicable physical standards established by the Secretary.

(4) The owner or mortgagor of the transferring project shall notify and consult with the tenants residing in the transferring project and provide a certification of approval by all appropriate local governmental officials.

(5) The tenants of the transferring project who remain eligible for assistance to be provided by the receiving project or projects shall not be required to vacate their units in the transferring project or projects until new units in the receiving project are available for occupancy.

(6) The Secretary determines that this transfer is in the best interest of the tenants.

(7) If either the transferring project or the receiving project or projects meets the condition specified in subsection (d)(2)(A), any lien on the receiving project resulting from additional financing obtained by the owner shall be subordinate to any FHA-insured mortgage lien transferred to, or placed on, such project by the Secretary, except that the Secretary may waive this requirement upon determination that such a waiver is necessary to facilitate the financing of acquisition, construction, and/or rehabilitation of the receiving project or projects.

(8) If the transferring project meets the requirements of subsection (d)(2), the owner or mortgagor of the receiving project or projects shall execute and record either a continuation of the existing use agreement or a new use agreement for the project where, in either case, any use restrictions in such agreement are of no lesser duration than the existing use restrictions.

(9) The transfer does not increase the cost (as defined in section 502 of the Congressional Budget Act of 1974[, **as amended**] *(2 U.S.C. 661a)*) of any FHA-insured mortgage, except to the extent that appropriations are provided in advance for the amount of any such increased cost.

(d) DEFINITIONS.—For purposes of this section—

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- (1) the terms “low-income” and “very low-income” shall have the meanings provided by the statute and/or regulations governing the program under which the project is insured or assisted;
- (2) the term “multifamily housing project” means housing that meets one of the following conditions—
  - (A) housing that is subject to a mortgage insured under the National Housing Act;
  - (B) housing that has project-based assistance attached to the structure including projects undergoing mark to market debt restructuring under the Multifamily Assisted Housing Reform and Affordability Housing Act;
  - (C) housing that is assisted under section 202 of the Housing Act of 1959[, **as amended by section 801 of the Cranston-Gonzales National Affordable Housing Act**] (12 U.S.C. 1701q);
  - (D) housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), as such section existed before the enactment of the Cranston-Gonzales National Affordable Housing Act;
  - (E) housing that is assisted under section 811 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 8013); or
  - (F) housing or vacant land that is subject to a use agreement;
- (3) the term “project-based assistance” means—
  - (A) assistance provided under section 8(b) of the United States Housing Act of 1937 (42 U.S.C. 1437f(b));
  - (B) assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of such Act (as such section existed immediately before October 1, 1983);
  - (C) rent supplement payments under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);
  - (D) interest reduction payments under section 236 and/or additional assistance payments under section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1);
  - (E) assistance payments made under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)); and
  - (F) assistance payments made under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2));
- (4) the term “receiving project or projects” means the multifamily housing project or projects to which some or all of the project-based assistance, debt, and statutorily required low-income and very low-income use restrictions are to be transferred;
- (5) the term “transferring project” means the multifamily housing project which is transferring some or all of the project-based assistance, debt, and the statutorily required low-income and very low-income use restrictions to the receiving project or projects; and
- (6) the term “Secretary” means the Secretary of Housing and Urban Development.

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(e) RESEARCH REPORT.—The Secretary shall conduct an evaluation of the transfer authority under this section, including the effect of such transfers on the operational efficiency, contract rents, physical and financial conditions, and long-term preservation of the affected properties.

**Explanation of this Section:** This provision allows the transfer of subsidy, debt, and use restrictions from an obsolete multifamily project to a viable multifamily project under a variety of specified conditions.

**Proposed Action:** The President’s Budget proposes retaining this section with technical modifications.

**SEC. [211] 207. *VOUCHER ASSISTANCE FOR STUDENTS AT INSTITUTIONS OF HIGHER EDUCATION.***— (a) No assistance shall be provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) to any individual who—(1) is enrolled as a student at an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002));

(2) is under 24 years of age;

(3) is not a veteran;

(4) is unmarried;

(5) does not have a dependent child;

(6) is not a person with disabilities, as such term is defined in section 3(b)(3)(E) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(E)) and was not receiving assistance under such section 8 as of November 30, 2005;

(7) is not a youth who left foster care at age 14 or older and is at risk of becoming homeless; and

(8) is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible, to receive assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(b) For purposes of determining the eligibility of a person to receive assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), any financial assistance (in excess of amounts received for tuition and any other required fees and charges) that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under *section 102 of* the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except for a person over the age of 23 with dependent children.

**Explanation of this Section:** This provision clarifies the eligibility for assistance under section 8 of the United States Housing Act of 1937.

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**Proposed Action:** The President’s Budget proposes retaining this section with a technical modification.

**SEC. [213] 208. *HECM LOAN CAP.***—Notwithstanding the limitation in the first sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z–20(g)), the Secretary of Housing and Urban Development may, until September 30, [2018] 2020, insure and enter into commitments to insure mortgages under such section 255.

**Explanation of this Section:** This section waives, through the end of 2020, the limitation placed on Home Equity Conversion Mortgages (HECMs) that can be insured by the FHA.

**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020.

**SEC. [214] 209. *MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY HOUSING PROJECTS.***—Notwithstanding any other provision of law, in fiscal year [2018] 2020, in managing and disposing of any multifamily property that is owned or has a mortgage held by the Secretary of Housing and Urban Development, and during the process of foreclosure on any property with a contract for rental assistance payments under section 8 of the United States Housing Act of 1937 (*42 U.S.C. 1437f*) or other Federal programs, the Secretary shall maintain any rental assistance payments under section 8 of the United States Housing Act of 1937 and other programs that are attached to any dwelling units in the property. To the extent the Secretary determines, in consultation with the tenants and the local government, that such a multifamily property owned or held by the Secretary is not feasible for continued rental assistance payments under such section 8 or other programs, based on consideration of (1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (“MAHRAA”) (*42 U.S.C. 1437f note*) and (2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may, in consultation with the tenants of that property, contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance. The Secretary shall also take appropriate steps to ensure that project-based contracts remain in effect prior to foreclosure, subject to the exercise of contractual abatement remedies to assist relocation of tenants for imminent major threats to health and safety after written notice to and informed consent of the affected tenants and use of other available remedies, such as partial abatements or receivership. After disposition of any multifamily property described under this section, the contract and allowable rent levels on such properties shall be subject to the requirements under section 524 of MAHRAA.

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**Explanation of this Section:** This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020 and with technical modifications.

**SEC. [218] 210. DESIGNATED ALLOTMENT HOLDERS.**— No official or employee of the Department of Housing and Urban Development shall be designated as an allotment holder unless the Office of the Chief Financial Officer has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives. The Chief Financial Officer shall ensure that there is a trained allotment holder for each HUD [sub-office] *appropriation* under the accounts “Executive Offices”, [and] “Administrative Support Offices”, [as well as each account receiving appropriations for] “Program Offices [Salaries and Expenses]”, *and* “Government National Mortgage Association—Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account” [, and “Office of Inspector General”] within the Department of Housing and Urban Development.

**Explanation of this Section:** This provision requires the OCFO to make sure that an adequate funds control system is in place and training on funds control procedures and directives has occurred for an official or employee before such official or employee is designated an allotment holder. It also requires the CFO to ensure that each office in the S&E accounts has a trained allotment holder.

**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020 and with technical modifications.

**SEC. [219] 211. NOFA PUBLICATION.**—The Secretary of the Department of Housing and Urban Development shall, for fiscal year [2018] 2020, notify the public through the Federal Register and other means, as determined appropriate, of the issuance of a notice of the availability of assistance or notice of funding availability (NOFA) for any program or discretionary fund administered by the Secretary that is to be competitively awarded. Notwithstanding any other provision of law, for fiscal year [2018] 2020, the Secretary may make the NOFA available only on the Internet at the appropriate Government web site or through other electronic media, as determined by the Secretary.

**Explanation of this Section:** This provision requires the Department to publish notices of availability of assistance or funding availability for any program that is competitively awarded. The notices may be published on the Internet.

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**Proposed Action:** The President's Budget proposes retaining this provision for fiscal year 2020.

**SEC. [221] 212. TRANSFER OF FUNDS.**—The Secretary is authorized to transfer up to [10] 20 percent or \$[5] 6,000,000, whichever is less, of funds appropriated for any office under the headings “Administrative Support Offices” or “*Program Offices*” [for any account under the general heading “Program Office Salaries and Expenses”] to any other such office [or account]: *Provided, That the Secretary shall provide notification to the House and Senate Committees on Appropriations three business days in advance of any such transfers; Provided further, That no appropriation for any such office [or account] shall be increased or decreased by more than [10] 20 percent or \$[5] 6,000,000, whichever is less, [without prior written approval of the House and Senate Committees on Appropriations] unless such Committees are notified in writing ten business days in advance of such transfer: [Provided further, That the Secretary shall provide notification to such Committees three business days in advance of any such transfers under this section up to 10 percent or \$5,000,000, whichever is less.]*

**Explanation of this Section:** This provision gives the Secretary the authority to transfer a limited amount of funds, as needed, between accounts that provide for personnel and non-personnel expenses.

**Proposed Action:** The Department proposes retaining this provision with modifications. The increased transfer authority will provide the Department additional flexibility to efficiently make strategic realignments that support Administration priorities and emerging issues.

**SEC. [222] 213. PHYSICAL CONDITIONS REQUIREMENTS.**—

(a)(1) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions in good repair, as determined by the Secretary of Housing and Urban Development (in this section referred to as the "Secretary"), and comply with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical condition of any property covered under a housing assistance payment contract.

(2) The requirements in this section shall apply to insured and noninsured projects with assistance attached to the units under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), but do not apply to such units assisted under section 8(o)(13) (42 U.S.C. 1437f(o)(13)) of such Act or to public housing units assisted with capital or operating funds under section 9 (42 U.S.C. 1437g) of such Act.

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(b) The Secretary may take action under subsection (c) when a multifamily housing project with a section 8 contract or contract for similar project-based assistance:

(1) receives a Uniform Physical Condition Standards (UPCS) score of 59 or less;

(2) fails to certify in writing to the Secretary within 3 business days that all Exigent Health and Safety deficiencies identified by the inspector at the project have been corrected; or

(3) fails to meet UPCS or local code requirements that establish standards for decent, safe, and sanitary housing.

(c)(1) If the Secretary decides to take action based on a deficiency listed in subsection (b), the Secretary must provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary must also provide a copy of the Notice of Default to the local government, any mortgagees, and any contract administrator. If the owner's appeal results in a UPCS score of 60 or above, the Secretary may withdraw the Notice of Default.

(2) At the end of the time period for correcting all deficiencies specified in the Notice of Default, if the owner has failed to fully correct such deficiencies, the Secretary may—

(A) require immediate replacement of project management with a management agent approved by the Secretary;

(B) impose civil money penalties;

(C) abate or suspend payment on the section 8 contract, including partial abatement or suspension, as determined by the Secretary;

(D) pursue transfer of the project to an owner, approved by the Secretary under established procedures, which will be obligated to promptly make all required repairs and to accept renewal of the assistance contract as long as such renewal is offered;

(E) transfer the existing section 8 contract to another project or projects and owner or owners, as determined by the Secretary under established procedures, which will be obligated to promptly make all required repairs and to accept renewal of the assistance contract as long as such renewal is offered;

(F) pursue exclusionary sanctions, including suspensions or debarments from Federal programs;

(G) seek judicial appointment of a receiver to manage the property and cure all project deficiencies or seek a judicial order of specific performance requiring the owner to cure all project deficiencies;

(H) work with the owner, lender, or other related party to stabilize the property in an attempt to preserve the property through compliance, transfer of ownership, or an infusion of capital provided by a third-party that requires time to effectuate; or

(I) take any other regulatory or contractual remedies available, including abatement, suspension, or termination of the section 8 contract, as deemed necessary and appropriate by the Secretary.

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(d)(1) Any Notice of Default issued pursuant to subsection (c)(1) shall include a requirement that the owner provide a copy of the Notice of Default to each tenant.

(2) The Secretary shall ensure that the owner or its agents provide tenants an opportunity to comment on the physical condition and management of the property, and any needed repairs. The Secretary may provide the substance of these communications to the project owner to assist in its corrective opportunity.

(3) If the Secretary terminates the section 8 contract pursuant to subsection (c)(2), the Secretary shall provide tenants with a copy of any notice to the owner to that effect.

(e) The Secretary shall report quarterly on all properties covered by this section that are assessed through the Real Estate Assessment Center and have UPCS physical inspection scores of less than 60 or have received an unsatisfactory management and occupancy review within the past 36 months. The report shall include—

(1) the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identify properties that have such conditions multiple times; and

(2) actions that the Secretary is taking to protect tenants of such identified properties.

**Explanation of this Section:** This general provision enhances HUD's ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It makes minor edits and additions to increase the options available to the Secretary and clarify his role and responsibilities.

**Proposed Action:** The President's Budget proposes retaining this provision for fiscal year 2020.

**SEC. [223] 214 PHA EXECUTIVE COMPENSATION.**—None of the funds made available by this Act, or any other Act, for purposes authorized under section 8 (only with respect to the tenant-based rental assistance program) and section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), may be used by any public housing agency for any amount of salary, including bonuses, for the chief executive officer of which, or any other official or employee of which, that exceeds the annual rate of basic pay payable for a position at level IV of the Executive Schedule at any time during any public housing agency fiscal year [2018] 2020.

**Explanation of this Section:** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

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**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020.

**SEC. [226] 215. *PHYSICAL NEEDS ASSESSMENTS.***—None of the funds made available by this Act may be used to require or enforce the Physical Needs Assessment (PNA).

**Explanation of this Section:** Prohibits funds from being used to require or enforce the physical needs assessment (PNA).

**Proposed Action:** The President’s Budget proposes retaining this provision.

**SEC. [227] 216. *EMINENT DOMAIN RESTRICTIONS.***— None of the funds made available in this Act shall be used by the Federal Housing Administration, the Government National Mortgage Administration, or the Department of Housing and Urban Development to insure, securitize, or establish a Federal guarantee of any mortgage or mortgage backed security that refinances or otherwise replaces a mortgage that has been subject to eminent domain condemnation or seizure, by a State, municipality, or any other political subdivision of a State.

**Explanation of this Section:** Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

**Proposed Action:** The President’s Budget proposes retaining this provision.

**SEC. [229] 217. *UNOBLIGATED RESEARCH FUNDS.***—Amounts made available under this Act which are either appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research in the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and which are unexpended at the time of completion of a contract, grant, or cooperative agreement, may be deobligated and shall immediately become available and may be reobligated in that fiscal year or the subsequent fiscal year for the research, evaluation, or statistical purposes for which the amounts are made available to that Office [**subject to reprogramming requirements in section 405 of this Act**].

**Explanation of this Section:** This provision allows funding for research, evaluation and statistical purposes that is unexpended at the completion of a contract, grant or cooperative agreement to be deobligated and reobligated for additional research, evaluation or statistical purposes.

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**Proposed Action:** The President’s Budget proposes retaining this provision with a technical modification.

**SEC. [230] 218. PROHIBITION OF AWARDS.**—Employees of the Department of Housing and Urban Development who are subject to administrative discipline in fiscal year [2019] 2020, including suspension from work, shall not receive awards (including performance, special act, or spot) for the remainder of fiscal year [2019] 2020 after the effective date of the disciplinary action.

**Explanation of this Section:** This provision prohibits the Department from issuing performance awards to employees subject to administrative discipline.

**Proposed Action:** The President’s Budget proposes retaining this provision for fiscal year 2020.

**SEC. [237] 219. RAD AMENDMENTS.**—The language under the heading “Rental Assistance Demonstration” in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as amended [by Public Law 113–76, Public Law 113–235, Public Law 114–113, and Public Law 115–31], is *further* amended—

*(1) in the second proviso, by striking “until September 30, 2024” and inserting “for fiscal year 2012 and thereafter”; and*  
*(2) by striking the fourth and final provisos. [(1) in the second proviso, by striking “September 30, 2020” and inserting*

**“September 30, 2024”;**

**(2) in the matter preceding the first proviso, by inserting the following before the colon: “(herein the ‘First Component’)”;**

**(3) in the fourth proviso, by striking “225,000” and inserting “455,000”;**

**(4) in the fourteenth proviso, by—**

**(A) inserting “or nonprofit” before “entity, then a capable entity,”; and**

**(B) striking “preserves its interest” and inserting “or a nonprofit entity preserves an interest”;**

**(5) in the eighteenth proviso, by—**

**(A) inserting “or with a project rental assistance contract under section 202(c)(2) of the Housing Act of 1959,” after “section 8(o) of the Act,”;**

**(B) inserting “the subordination, restructuring, or both, of any capital advance documentation, including any note, mortgage, use agreement or other agreements, evidencing or securing a capital advance previously provided by the Secretary under section 202(c)(1) of the Housing Act of 1959 as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly persons, and,” following “including but not limited to”;**

**(C) inserting “or assistance contracts” after “for such vouchers”;**

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- (D) striking “of Housing and Urban Development” after “Secretary”; and
- (E) inserting the following before the colon: “(herein the ‘Second Component’)”;
- (6) by inserting the following provisos after the eighteenth proviso:

**“Provided further, That contracts provided to properties converting assistance from section 101 of the Housing and Urban Development Act of 1965 or section 236(f)(2) of the National Housing Act located in high-cost areas shall have initial rents set at comparable market rents for the market area: Provided further, That conversions of assistance under the Second Component may not be the basis for re-screening or termination of assistance or eviction of any tenant family in a property participating in the demonstration and such a family shall not be considered a new admission for any purpose, including compliance with income targeting:”;**

**(7) in the twenty-first proviso, as reordered above, by striking “the previous proviso” and all that follows through the end of the proviso and inserting “the Second Component, except for conversion of section 202 project rental assistance contracts, shall be available for project-based subsidy contracts entered into pursuant to the Second Component:”;**

**(8) in the twenty-second proviso, as reordered above, by striking “the previous two provisos” and inserting “the Second Component, except for conversion of section 202 project rental assistance contracts,”;**

**(9) in the twenty-third proviso, as reordered above, by striking “the three previous provisos” and inserting “the Second Component, except for conversion of section 202 project rental assistance contracts,”; and**

- (10) by inserting the following proviso before the final proviso:

**“Provided further, That the Secretary may transfer amounts made available under the heading ‘Housing for the Elderly’ to the accounts under the headings ‘Project Based Rental Assistance’ or ‘Tenant-Based Rental Assistance’ to facilitate any section 202 project rental assistance contract conversions under the Second Component, and any increase in cost for ‘Project-Based Rental Assistance’ or ‘Tenant-Based Rental Assistance’ associated with such conversion shall be equal to amounts so transferred:”.]**

**Explanation of this Section:** This provision makes changes to the Rental Assistance Demonstration (RAD) Program.

**Proposed Action:** The President’s Budget proposes RAD amendments that will remove RAD deadlines and eliminate the RAD unit cap.

**Sec. [231] 220. *PERFORMANCE PARTNERSHIP PILOTS.***—Funds made available in this title under the heading “Homeless Assistance Grants” may be used by the Secretary to participate in Performance Partnership Pilots authorized under section 526 of division H of Public Law 113–76, section 524 of division G of Public Law 113–235, section 525 of division H of Public Law 114–113, *section 525 of*

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*division H of Public Law 115-31, section 525 of Division H of Public Law 115-141*, and such authorities as are enacted for Performance Partnership Pilots in an appropriations Act for fiscal years **[2018] 2019 or 2020. [Provided, That such participation shall be limited to no more than 10 continuums of care and housing activities to improve outcomes for disconnected youth.]**

**Explanation of this Section:** This provision includes Homeless Assistance Grants to the list of programs authorized to participate in the Performance Partnership Pilots for Disconnected Youth.

**Proposed Action:** The President's Budget proposes this provision with modifications.

**Sec. [232] 221. *MATCHING REQUIREMENTS.***—With respect to grant amounts awarded under the heading “Homeless Assistance Grants” for fiscal year[s] 2015 **[,2016, 2017, and 2018]** *and subsequent fiscal years* for the **[c]**Continuum of **[c]**Care (CoC) program as authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act, costs paid by program income of grant recipients may count toward meeting the recipient's matching requirements, provided the costs are eligible CoC costs that supplement the recipient's CoC program.

**Explanation of this Section:** This provision allows Homeless Assistance Grant recipients to count program income as an eligible match for CoC program funds.

**Proposed Action:** The President's Budget proposes retaining this provision with modifications.

**Sec. [233] 222. *CONTINUUM OF CARE TRANSITION GRANTS.*** (a) From amounts made available under this title under the heading “Homeless Assistance Grants”, the Secretary may award 1-year transition grants to recipients of funds for activities under subtitle C of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) to transition from one Continuum of Care program component to another.

**(b) [No more than 50 percent of each transition grant may be used for costs of eligible activities of the program component originally funded.]**

**(c) Transition grants made under this section are eligible for renewal in subsequent fiscal years for the eligible activities of the new program component.**

**(d)]** In order to be eligible to receive a transition grant, the funding recipient must have the consent of the Continuum of Care and meet standards determined by the Secretary.

## General Provisions

**Explanation of this Section:** This provision allows CoC grantees to receive one-year transition grants to transition from one CoC program component to another.

**Proposed Action:** The President's Budget proposes retaining this provision with modifications to allow for additional flexibility.

**SEC. 223. INFORMATION TECHNOLOGY FEE.—(a) FEE.—***For a period of four years, as established by the Secretary in subsection (c), notwithstanding any provision of law, and in addition to any other fees charged in connection with the provision of insurance under title II the National Housing Act (hereafter referred to as “the Act”) (12 U.S.C. 1707 et seq.), the Secretary may charge and collect from each mortgagee a fee not to exceed \$25 per mortgage endorsed or submitted for insurance endorsement under title II of the Act (12 U.S.C. 1707 et seq.), except mortgages insured under section 255 of such title (12 U.S.C. 1715z-20).*

*(b) PURPOSE OF FEE.—Such fee collected shall offset part of the administrative contract expenses funding and information technology expenses funding provided under the Mutual Mortgage Insurance Program Account under title II of the National Housing Act (12 U.S.C. 1707 et seq.), for the purpose of modernizing single-family technology systems and supporting the implementation of new practices for interaction with mortgagees.*

*(c) IMPLEMENTATION.—The Secretary shall establish the amount of such fee through Mortgagee Letter or other administrative issuance after providing for public comment.*

**Explanation of this Section:** This provision provides the authority to charge lenders a fee that will be used to enhance information technology systems within Single Family. This fee will allow FHA to upgrade its IT infrastructure and better serve lenders and borrowers.

**Proposed Action:** The President's Budget proposes this provision in 2020.

**SEC. 224. RENT ADJUSTMENTS.—***For this fiscal year, the Secretary may elect through a Federal Register notice not to provide rent adjustments for properties receiving assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s), section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1(f)(2)), or section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) other than the voucher program under section 8(o) and the moderate rehabilitation program under section 8(e)(2) (including the single room occupancy program authorized by title IV of the McKinney-Vento Homeless Assistance Act).*

## General Provisions

**Explanation of this Section:** The Department provides project-based rental subsidies through programs such as Sections 8, 202, 811, and 236 to approximately 20,000 private and not-for-profit multifamily owners, containing approximately 1.4 million units. The majority of these contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act (MAHRA), which requires the Department to provide annual rent adjustments. This provision would enable to Department to suspend this requirement for FY 2020.

**Proposed Action:** The President's Budget proposes adding this new provision.

**SEC. 225. PUBLIC HOUSING FLEXIBILITIES.—***For funds made available in this or prior acts under the accounts "Public Housing Capital Fund" and "Public Housing Operating Fund", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutory or regulatory provisions related to public housing agency (PHA) annual plan requirements, energy audits, and community service requirements, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative requirements are necessary to reduce costs or for the effective delivery and administration of such funds.*

**Explanation of this Section:** This proposal provides HUD with the authority to waive or specify alternative requirements for annual plan requirements, energy audits, and community service requirements to reduce costs or provide for the more effective administration of the Public Housing program. This authority will provide PHAs with a number of options for temporary administrative relief that may be tailored to reflect the specific needs of the individual PHA.

**Proposed Action:** The President's Budget proposes adding this new provision.

**SEC. 226 . TENANT-BASED RENTAL ASSISTANCE FLEXIBILITIES.—***For funds made available in this or prior acts under the account "Tenant-Based Rental Assistance", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutory or regulatory provisions related to PHAs establishing payment standards below the basic range of 90 percent but not less than 80 percent of the Fair Market Rent and for the suspension of certain PHA Section Eight Management Assistance Program (SEMAP) indicators, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative requirements are necessary to reduce costs or for the effective delivery and administration of such funds.*

## General Provisions

**Explanation of this Section:** This provision would allow specific indicators of SEMAP, which will be further defined in a Federal Register notice, to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration.

**Proposed Action:** The President's Budget proposes adding this new provision.

**SEC. 227. CAPITAL AND OPERATING FUND FLEXIBILITY.**—*A public housing agency may use operating reserve funds or any amounts allocated to the agency from funds appropriated under the heading "Public Housing Operating Fund" in fiscal year 2020 or prior fiscal years, except for any set-asides listed under such headings, for any eligible activities under subsections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)). For funds appropriated under the heading "Public Housing Capital Fund" in prior fiscal years, except for any set-asides listed under such headings, a public housing agency may use any amounts allocated to the agency for any eligible activities under sections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)).*

**Explanation of this Section:** This provision permits public housing agencies to use FY 2020 and prior Public Housing Operating funds, and prior Public Housing Capital funds for any eligible public housing purpose, regardless of the fund from which the amounts were allocated and provided.

**Proposed Action:** The President's Budget proposes adding this new provision.

**SEC. 228. MEETING EXPENSES.**—*Amounts made available in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108-7, approved February 20, 2003) under the heading "Indian Housing Loan Guarantee Fund Program Account" for necessary expenses of the Land Title Report Commission may be used by the Secretary of Housing and Urban Development, notwithstanding the purposes for which such funds originally were appropriated, in addition to other amounts made available to the Secretary, for necessary expenses including support of meetings, hearings, or other collaborations with the Bureau of Indian Affairs of the Department of the Interior to improve the process or system for maintaining land ownership records and title documents and issuing certified title status reports relating to Indian trust lands.*

## General Provisions

**Explanation of this Section:** This provision allows HUD to use funds previously appropriated for the Land Title Commission to be used more broadly to support the same goal of improving processes and systems related to maintaining land records in Indian Country.

**Proposed Action:** The President's Budget proposes adding this new provision.

**SEC. 229. TRANSFER TO INFORMATION TECHNOLOGY FUND.—***Of the amounts made available for salaries and expenses under all accounts under this title (except for the Office of Inspector General account), a total of up to \$10,000,000 may be transferred to and merged with amounts made available in the “Information Technology Fund” account under this title.*

**Explanation of this Section:** This provision allows for the transfer of up to \$10 million from salaries and expenses to the Information Technology Fund.

**Proposed Action:** The President's Budget proposes adding this new provision.