



# 2023 CONGRESSIONAL JUSTIFICATIONS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
2023 CONGRESSIONAL JUSTIFICATIONS  
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# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CONGRESSIONAL JUSTIFICATIONS

## INTRODUCTION

The following table summarizes the Department's funding and staffing requests for fiscal years 2021 through 2023:

### **BUDGET AUTHORITY**

Discretionary (Gross)	60,345	65,357	71,904
Offsetting Receipts	<u>(16,124)</u>	<u>(13,097)</u>	<u>(11,106)</u>
Discretionary (Net)	44,221	52,260	60,798
Mandatory (Net)	<u>25,159</u>	<u>8,872</u>	<u>16,995</u>
Total Budget Authority	69,380	61,132	77,793

### **BUDGET OUTLAYS**

Discretionary	45,404	57,470	64,609
Mandatory	<u>(10,323)</u>	<u>(24,042)</u>	<u>1,148</u>
Total Budget Outlays	35,081	33,428	65,757

### **FULL-TIME EQUIVALENTS**

FTE Staff (includes S&E, OIG, GNMA)	7,822	8,083	8,861
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#### NOTES:

Detail may not add to totals due to rounding. The first part begins with a set of summary tables outlining the Department's budget authority, outlays, and staffing levels. The tabular material is followed by discussions of the Department's programs.

Throughout the Justifications, all references to years refer to fiscal years (beginning October 1 and ending September 30) unless otherwise noted.



**BUDGET AUTHORITY BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
**(Dollars in Millions)**

	2021 <u>ACTUAL</u>	2022 <u>ANNUALIZED CR</u>	2023 <u>REQUEST</u>
<b>DISCRETIONARY PROGRAMS</b>			
<b>PUBLIC AND INDIAN HOUSING</b>			
<b>Tenant-Based Rental Assistance (TBRA)</b>			
Section 8 Contract Renewals.....	\$22,385	\$23,080	\$26,234
Administrative Fees.....	2,159	2,159	3,014
Section 8 Rental Assistance (Tenant Protection Vouchers).....	116	116	220
Advanced Appropriation for FY 2021.....	[4,000]	[...]	[...]
Advanced Appropriation for FY 2022.....	[(4,000)]	[4,000]	[...]
Advanced Appropriation for FY 2023.....	[...]	[(4,000)]	[4,000]
Advanced Appropriation for FY 2024.....	[...]	[...]	[(4,000)]
Veterans Affairs Supportive Housing.....	40	40	...
Homeless Vouchers - Domestic Violence.....	43	43	...
Tribal HUD VASH.....	[5]	[5]	[5]
Mainstream Voucher Renewals.....	314	314	667
Rental Assistance Demonstration (transfer - PHF).....	[63]	[52]	[46]
Rental Assistance Demonstration (transfer - Sec 202).....	...	[3]	[2]
Family Unification Program.....	25	25	...
Mobility Related Social Services.....	...	...	445
Incremental New Vouchers for the Homeless.....	...	...	1,550
Contract Renewals (American Rescue Plan).....	[4,177]	...	...
Administrative Fees (American Rescue Plan).....	[603]	...	...
Allocation Adjustments for CY 2021 (American Rescue Plan).....	[200]	...	...
<b>Total, TBRA.....</b>	<b>25,082</b> <sup>al</sup>	<b>25,777</b>	<b>32,130</b>
<b>Self-Sufficiency Program Coordinators</b>			
Family Self-Sufficiency Program.....	105	105	120
Resident Opportunity and Self-Sufficiency (ROSS).....	35	35	35
Jobs Plus Initiative.....	15	15	20
<b>Total Self-Sufficiency Program Coordinators.....</b>	<b>155</b>	<b>155</b>	<b>175</b>
<b>Public Housing Fund</b>			
Operating Subsidy.....	4,839	4,839	5,035
Operating Shortfalls.....	25	25	25
Capital Formual Grants .....	2,765	2,765	3,200
Energy Efficiency and Climate Resiliency Grants.....	...	...	276
Emergency Disaster Reserve.....	20	20	20
Safety and Security.....	10	10	20
Emergency/Disaster - Receiverships and Monitors .....	45	45	...
Financial and Physical Assessments.....	23	23	50
Administrative and Judicial Receiverships.....	15	15	45
Utilities Benchmarking .....	...	...	24
Lead-Based Hazards.....	25	25	25
Radon Mitigation.....	4	4	...
Healthy Homes.....	35	35	60
Information Technology Fund (transfer).....	...	...	[(9)]
Rental Assistance Demonstration (transfer).....	[(119)]	[(85)]	[(86)]
<b>Total, Public Housing Fund.....</b>	<b>7,806</b>	<b>7,806</b>	<b>8,780</b>
<b>Choice Neighborhoods</b>			
Choice Neighborhoods Grants.....	200	200	240
Choice Neighborhoods Climate Grants.....	...	[50]	...
RECLAIM.....	...	...	10
<b>Total Choice Neighborhoods.....</b>	<b>200</b>	<b>200</b>	<b>250</b>
<b>Native American Programs</b>			
Formula Grants.....	647	647	772
Technical Assistance.....	5	5	7
National or Regional Organization (NAHC).....	2	2	...

**BUDGET AUTHORITY BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
**(Dollars in Millions)**

	2021 <u>ACTUAL</u>	2022 <u>ANNUALIZED CR</u>	2023 <u>REQUEST</u>
Competitive Grants.....	\$100	\$100	\$150
Indian Community Development Block Grants.....	70	70	70
Native American Housing Block Grants (ARP ACT).....	[450]	[450]	...
Indian Community Development Block Grants (ARP ACT).....	[280]	[280]	...
Training and Technical Assistance (ARP Act).....	[10]	[10]	...
Title VI Federal Guarantees for Tribal Housing Activities			
Program Account.....	1	1	1
Loan Guarantee Limitation.....	[18]	[18]	[18]
<b>Total, Native American Programs.....</b>	<b>825</b>	<b>825</b>	<b>1,000</b>
<b>Indian Housing Loan Guarantee Fund</b>			
Program Account.....	2	2	6
Loan Guarantee Contracts.....	1	1	...
Limitation Level.....	[1,190]	[1,190]	...
<b>Total, Indian Housing Loan Guarantee.....</b>	<b>2</b>	<b>2</b>	<b>6</b>
<b>Native Hawaiian Loan Guarantee Fund</b>			
Credit Subsidy.....	...	...	(6)
Limitation Level.....	[16]	[...]	[...]
<b>Native Hawaiian Housing Block Grants.....</b>	<b>2</b>	<b>2</b>	<b>10</b>
<b>Subtotal, Public and Indian Housing.....</b>	<b>34,767</b>	<b>34,767</b>	<b>42,345</b>
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>			
<b>Community Development Fund</b>			
Entitlement/Non-entitlement.....	3,443	3,443	3,543
Insular Area CDBG.....	7	7	7
Recovery Housing (SUPPORT).....	25	25	25
Disaster Assistance.....	...	4,995	...
Communities Act (PL 115-271).....	...	...	195
<b>Total, Community Development Fund.....</b>	<b>3,475</b>	<b>8,470</b>	<b>3,770</b>
<b>HOME Investment Partnerships Program</b>			
Formula Grants.....	1,347	1,347	1,946
Insular Areas.....	3	3	4
<b>Total, HOME.....</b>	<b>1,350</b>	<b>1,350</b>	<b>1,950</b>
<b>Community Development Loan guarantees (Section 108)</b>			
Loan Guarantee Limitation.....	[300]	[300]	[300]
<b>Self-Help and Assisted Homeownership (SHOP)</b>			
SHOP.....	10	10	10
Section 4 Capacity Building.....	41	41	41
Capacity Building for Rural Housing.....	5	5	5
SHOP for Veterans.....	4	4	4
<b>Total, SHOP.....</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Homeless Assistance Grants</b>			
Competitive Grant Renewals (Shelter Plus Care and Supportive Hous	2,569	2,569	3,197
Emergency Solutions Grants.....	290	290	290
National Homeless Data Analysis Project.....	7	7	7
Youth Demonstration.....	72	72	72
Youth Technical Assistance.....	10	10	10
Technical Assistance.....	...	...	...
Rapid Rehousing for Victims of Domestic Violence	52	52	[52]
<b>Total, Homeless.....</b>	<b>3,000</b>	<b>3,000</b>	<b>3,576</b>
<b>Housing Opportunities for Persons with AIDS (HOPWA)</b>			
Formula Grants.....	387	387	410
Competitive Grants.....	43	43	46
<b>Total, HOPWA.....</b>	<b>430</b>	<b>430</b>	<b>455</b>
<b>Subtotal, Community Planning and Development.....</b>	<b>8,315</b>	<b>13,310</b>	<b>9,811</b>

**BUDGET AUTHORITY BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
**(Dollars in Millions)**

	2021 <u>ACTUAL</u>	2022 <u>ANNUALIZED CR</u>	2023 <u>REQUEST</u>
<b>HOUSING PROGRAMS</b>			
<b>Project-Based Rental Assistance</b>			
Section 8 Contract Renewals.....	\$12,879	\$12,879	\$14,065
Rental Assistance Demonstration Conversion Subsidies.....	...	...	60
M2M Increases.....	...	...	275
BBRI Service Coordinators.....	...	...	31
Contract Administrators.....	350	350	375
Advanced Appropriation for FY 2021.....	[400]	...	...
Advanced Appropriation for FY 2022.....	[(400)]	[400]	...
Advanced Appropriation for FY 2023.....	[...]	[(400)]	[400]
Advanced Appropriation for FY 2024.....	[...]	[...]	[(400)]
Tenant Education and Outreach.....	6	6	...
Mod Rehab and SRO.....	230	230	194
Rental Assistance Demonstration (transfer).....	[56]	[48]	[57]
<b>Total, Project-Based Rental Assistance.....</b>	<b>13,465</b>	<b>13,465</b>	<b>15,000</b>
<b>Housing Counseling Assistance</b>			
Housing Counseling Assistance.....	53	53	61
Training Grants.....	[3]	[3]	[3]
Administrative Contract Services.....	5	5	5
Legal Assistance Grants.....	20	20	...
<b>Total, Housing Counseling Assistance.....</b>	<b>78</b>	<b>78</b>	<b>66</b>
<b>Supportive Housing for the Elderly (Section 202)</b>			
Capital Advance (Expansion).....	35	35	100
Capital Advance Amendments and Other Expenses.....	3	3	4
Elderly PRAC/SPRAC Renewals/Amendments.....	673	673	742
Service Coordinators/Congregate Services.....	125	125	120
Intergenerational Dwelling Units.....	5	5	...
Supportive Services/IWISH Demonstration.....	14	14	...
Rental Assistance Demonstration (RAD).....	...	[(18)]	[(19)]
<b>Total, Supportive Housing for the Elderly Housing.....</b>	<b>855</b>	<b>855</b>	<b>966</b>
<b>Housing for Persons with Disabilities (Section 811)</b>			
Capital Advance and PRA (Expansion).....	54	54	80
Capital Advance Amendments and Other Expenses.....	2	2	3
Disabled PRAC/PAC Renewal/Amendment.....	171	171	205
Disabled PRAC/PAC Renewal/Amendment (CARES Act).....	...	...	[288]
<b>Total, Disabled Housing.....</b>	<b>227</b>	<b>227</b>	<b>288</b>
<b>FHA Funds</b>			
<b>Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds</b>			
Management Housing Insurance (CMHI)			
Administrative Expenses.....	130	130	150
Good Neighbor Next Door.....	-	...	15
Direct Loan Limitation.....	[1]	[1]	[1]
Loan Guarantee Limitation Level.....	[400,000]	[400,000]	[400,000]
Total, MMI/CMHI.....	130	130	165
<b>General Insurance and Special Risk Insurance Funds</b>			
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>165</b>
<b>Manufactured Housing Standards Program</b>			
Payments to States.....	5	5	5
Contracts.....	9	9	10
<b>Total, Manufactured Housing Standards Program.....</b>	<b>13</b>	<b>13</b>	<b>14</b>
<b>Other Assisted Housing.....</b>	<b>(14)</b>	<b>...</b>	<b>...</b>
<b>Green and Resilient Retrofit Program.....</b>	<b>...</b>	<b>...</b>	<b>245</b>
<b>Subtotal, Housing Programs.....</b>	<b>14,754</b>	<b>14,768</b>	<b>16,744</b>

**BUDGET AUTHORITY BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
**(Dollars in Millions)**

	<u>2021</u> <u>ACTUAL</u>	<u>2022</u> <u>ANNUALIZED CR</u>	<u>2023</u> <u>REQUEST</u>
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>			
<b>Guarantees of Mortgage-Backed Securities</b>			
GNMA - Salaries and Expenses.....	\$37	\$37	\$42
MBS Guarantee Limitation.....	[500,000]	[500,000]	[550,000]
<b>POLICY DEVELOPMENT AND RESEARCH</b>			
Research and Technology.....	<b>108</b>	<b>105</b>	<b>145</b>
<b>FAIR HOUSING &amp; EQUAL OPPORTUNITY</b>			
Fair Housing Initiative Program.....	46	46	56
Fair Housing Assistance Program.....	24	24	26
Fair Housing Limited English Proficiency Program.....	0	0	1
National Fair Housing Training Academy.....	2	2	3
Fair Housing Initiatives American Rescue Plan .....	[19]	...	...
<b>Total, Fair Housing Activities.....</b>	<b>73</b>	<b>73</b>	<b>86</b>
<b>OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES</b>			
<b>Lead-Based Paint Hazard Reduction</b>			
Lead Hazard Control Grants.....	190	190	200
Lead Technical Studies and Support .....	5	5	5
Healthy Homes Grants and Support.....	60	60	90
Lead Hazard Reduction Demonstration.....	95	95	105
Aging in Place Modification Grants.....	10	10	[10]
<b>Total, OLHCHH.....</b>	<b>360</b>	<b>360</b>	<b>400</b>
<b>MANAGEMENT AND ADMINISTRATION</b>			
Salaries and Expenses, HUD.....	1,499	1,505	1,796
Salaries and Expenses, OIG.....	137	137	149
Information Technology Fund.....	300	300	396
<b>Subtotal, Management and Administration.....</b>	<b>1,936</b>	<b>1,942</b>	<b>2,341</b>
<b>Subtotal, HUD Discretionary Budget Authority (Gross)....</b>	<b>60,349</b>	<b>65,361</b>	<b>71,913</b>
<b>Offsetting Receipts</b>			
MMI Capital Reserve.....	(11,991)	(9,376)	(7,970)
GNMA Receipts.....	(272)	(222)	(241)
GNMA Capital Reserve.....	(2,893)	(2,699)	(2,090)
GI/SRI Negative Subsidy.....	(951)	(784)	(789)
Manufactured Housing Fees Trust.....	(17)	(16)	(16)
<b>Total receipts.....</b>	<b>(16,124)</b>	<b>(13,097)</b>	<b>(11,106)</b>
<b>Total, HUD Discretionary Budget Authority (Net).....</b>	<b>44,225</b>	<b>52,264</b>	<b>60,807</b>

**BUDGET AUTHORITY BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
**(Dollars in Millions)**

	<u>2021</u> <u>ACTUAL</u>	<u>2022</u> <u>ANNUALIZED CR</u>	<u>2023</u> <u>REQUEST</u>
<b>MANDATORY PROGRAMS</b>			
Indian Housing Loan Guarantee.....	\$20	...	...
Native Hawaiian Housing Block Grants.....	5	...	...
Tenant-Based Rental Assistance.....	4,980	...	...
Native Hawaiian Housing Loan Guarantee.....	1	...	...
Native American Programs.....	740	...	...
HOME Investment Partnership Program.....	4,950	...	...
Community Development Loan Guarantee Program Account.....	2	...	...
Housing Trust Fund.....	689	739	413
FHA General and Special Risk Program Account.....	1,997	639	...
FHA General and Special Risk Liquidating Account.....	25	25	25
FHA Mutual Mortgage Insurance Capital Reserve Account.....	11,991	9,376	7,970
Housing for the Elderly or Handicapped Fund Liquidating Account.....	...	(112)	(93)
Housing Supply	...	...	7,000
Guarantees of Mortgage-backed Securities Capital Reserve.....	2,893	2,699	2,090
Fair Housing Activities.....	19	...	...
Program Office Salaries and Expenses.....	76	...	...
<b>Subtotal, Gross Mandatory Budget Authority.....</b>	<b>28,388</b>	<b>13,366</b>	<b>17,405</b>
Mandatory Receipts.....	(3,229)	(4,494)	(410)
Total, Net Mandatory Budget Authority.....	25,159	8,872	16,995
Total, Net HUD Budget Authority.....	69,384	61,136	77,802

a/ 2021 Appropriation includes \$695 million designated as an emergency pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**BUDGET OUTLAYS BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
(Dollars in Millions)

	<u>2021</u> <u>ACTUAL</u>	<u>2022</u> <u>ANNUALIZED CR</u>	<u>2023</u> <u>REQUEST</u>
<b>DISCRETIONARY PROGRAMS</b>			
<b>PUBLIC AND INDIAN HOUSING</b>			
Tenant-Based Rental Assistance.....	\$25,022	\$25,951	\$31,042
Housing Certificate Fund.....	21	25	20
Public Housing Fund.....	3,573	5,743	6,902
Public Housing Capital Fund.....	2,085	1,822	942
Public Housing Operating Fund.....	1,620	207	3
Choice Neighborhoods.....	72	144	155
Revitalization of the Severely Distressed.....	1	5	5
Self-Sufficiency Programs.....	81	144	160
Native American Programs.....	822	877	971
Native Hawaiian Housing Block Grants.....	4	5	5
Indian Housing Loan Guarantee Fund.....	2	4	4
<b>Subtotal, Public and Indian Housing.....</b>	<b>33,303</b>	<b>34,927</b>	<b>40,210</b>
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>			
Housing Opportunities for Persons with AIDS (HOPWA).....	375	457	427
Community Development Fund.....	6,759	10,768	10,942
HOME Investment Partnerships Program.....	863	1,323	1,438
Self-Help Homeownership Opportunity/Habitat.....	46	59	50
Homeless Assistance Grants.....	3,215	5,460	3,319
Permanent Supportive Housing.....	...	5	...
Brownfields Redevelopment.....	...	1	1
<b>Subtotal, Community Planning and Development.....</b>	<b>11,258</b>	<b>18,073</b>	<b>16,177</b>
<b>HOUSING PROGRAMS</b>			
Project-Based Rental Assistance.....	13,542	13,589	14,517
Housing for the Elderly (Section 202).....	783	858	1,048
Housing for Persons with Disabilities (Section 811).....	211	295	372
Housing Counseling Assistance.....	45	53	101
Other Assisted Housing.....	64	60	55
<b>FHA Funds:</b>			
Mutual Mortgage Ins. and Coop. Management Housing Ins. Funds:			
Program Account.....	126	116	130
General Insurance and Special Risk Insurance Funds:			
Program Account.....	...	...	...
<b>Subtotal, FHA Funds.....</b>	<b>126</b>	<b>116</b>	<b>130</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**BUDGET OUTLAYS BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
(Dollars in Millions)

	<u>2021</u> <u>ACTUAL</u>	<u>2022</u> <u>ANNUALIZED CR</u>	<u>2023</u> <u>REQUEST</u>
Manufactured Housing Standards Program.....	\$10	\$12	\$14
Flexible Subsidy.....	(24)	(31)	(37)
Green and Resilient Retrofit Program.....	...	...	112
<b>Subtotal, Housing Programs.....</b>	<b>14,757</b>	<b>14,952</b>	<b>16,312</b>
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>			
Mortgage-Backed Securities Program Account.....	<b>\$33</b>	<b>\$44</b>	<b>\$45</b>
<b>POLICY DEVELOPMENT AND RESEARCH</b>			
Research and Technology.....	<b>73</b>	<b>98</b>	<b>127</b>
<b>FAIR HOUSING &amp; EQUAL OPPORTUNITY</b>			
Fair Housing Activities.....	<b>66</b>	<b>85</b>	<b>77</b>
<b>LEAD HAZARD CONTROL</b>			
Lead Hazard Reduction.....	<b>90</b>	<b>279</b>	<b>347</b>
<b>MANAGEMENT AND ADMINISTRATION</b>			
Salaries and Expenses, HUD.....	1,458	1,631	1,901
Salaries and Expenses, OIG.....	140	142	147
Information Technology Fund.....	344	335	377
Working Capital Fund.....	5	1	(5)
<b>Subtotal, Management and Administration.....</b>	<b>1,947</b>	<b>2,109</b>	<b>2,420</b>
<b>HUD Transformation Initiatives.....</b>	<b>1</b>	<b>...</b>	<b>...</b>
<b>Subtotal, HUD Discretionary Outlays (Gross).....</b>	<b>61,528</b>	<b>70,567</b>	<b>75,715</b>
Deductions for Offsetting Receipts (Discretionary).....	(968)	(800)	(805)
Reclassification of MMI Receipts.....	(11,991)	(9,376)	(7,970)
GNMA Program Account.....	(272)	(222)	(241)
GNMA Receipts.....	(2,893)	(2,699)	(2,090)
<b>Total, Offsetting Receipts.....</b>	<b>(16,124)</b>	<b>(13,097)</b>	<b>(11,106)</b>
<b>Total, HUD Discretionary Outlays (Net).....</b>	<b>45,404</b>	<b>57,470</b>	<b>64,609</b>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**BUDGET OUTLAYS BY PROGRAM**  
**COMPARATIVE SUMMARY, FISCAL YEARS 2021-2023**  
(Dollars in Millions)

	<b>2021</b> <b><u>ACTUAL</u></b>	<b>2022</b> <b><u>ANNUALIZED CR</u></b>	<b>2023</b> <b><u>REQUEST</u></b>
<b>MANDATORY PROGRAMS</b>			
Indian Housing Loan Guarantee Fund.....	\$20	...	...
Native Hawaiian Housing Block Grants.....	4	1	...
Tenant-Based Rental Assistance.....	368	692	577
Native American Housing Programs.....	8	481	148
Native Hawaiian Housing Loan Guarantee.....	1	...	...
HOME Investment Partnership Program.....	0	644	1337
Community Development Loan Guarantee.....	2	0	0
Neighborhood Stabilization Program.....	15	17	16
Housing Trust Fund.....	213	244	361
FHA MMI Program Account.....	2,969	1,130	...
FHA GI/SRI Liquidating.....	(139)	(30)	(8)
FHA GI/SRI Program.....	1,997	639	...
FHA MMI Capital Reserve Account.....	(14,160)	(22,446)	(1,043)
FHA MMI Liquidating.....	...	12	11
Rental Housing Assistance Fund.....	(1)	(1)	(1)
Housing for the Elderly or Handicapped Fund Liquidating Account.....	(135)	(111)	(92)
Guarantees of Mortgage-Backed Securities.....	1,902	400	450
Guarantees of Mortgage-Backed Securities Liquidating Account.....	...	1	1
Guarantees of Mortgage-Backed Securities Capital Reserve Account.....	(155)	(1,245)	(222)
Guarantees of Mortgage-Backed Securities Pass Through Account.....	(3)	...	...
Fair Housing Activities.....	...	...	8
Program Office Salaries and Expenses.....	...	24	15
<b>Subtotal, HUD Mandatory Outlays (Gross).....</b>	<b>(7,094)</b>	<b>(19,548)</b>	<b>1,558</b>
 <b>Deductions for Offsetting Receipts (Mandatory).....</b>	 <b>(3,229)</b>	 <b>(4,494)</b>	 <b>(410)</b>
 <b>Total, HUD Mandatory Outlays (Net).....</b>	 <b>(10,323)</b>	 <b>(24,042)</b>	 <b>1,148</b>
 <b>Total, HUD Outlays.....</b>	 <b>35,081</b>	 <b>33,428</b>	 <b>65,757</b>



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

	2021	2022			2023		
	Actuals	Carryover	Annualized CR	Total	Carryover	President's Budget	Total
<b>Salaries and Expenses .....</b>	<b>7,152</b>	<b>286</b>	<b>7,073</b>	<b>7,359</b>	<b>149</b>	<b>7,958</b>	<b>8,107.00</b>
<b>Other Funds:</b>							
Working Capital Fund.....	11	-	13	13	-	21	21
GNMA.....	154	28	163	191	-	198	198
Office of Inspector General.....	505	-	520	520	-	535	535
<b>Subtotal.....</b>	<b>670</b>	<b>28</b>	<b>696</b>	<b>724</b>	<b>-</b>	<b>754</b>	<b>754</b>
							-
<b>Total, HUD FTEs.....</b>	<b>7,822</b>	<b>314</b>	<b>7,769</b>	<b>8,083</b>	<b>149</b>	<b>8,712</b>	<b>8,861</b>

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Overview of Rental Assistance Programs

In 2021, 79 percent of HUD's non-emergency discretionary appropriations were provided for rental assistance.<sup>1</sup> While rental assistance is a major part of HUD's work, it is not funded at levels that make it universally available to everyone who is eligible. HUD rental assistance only reaches approximately 1 in 5 eligible families. The 2023 Budget requests \$49.9 billion for rental assistance programs across HUD, or 82 percent of the total Budget, and will serve nearly 4.8 million families.

Program	Families Served in 2021	Percent of Rental Assistance
Project-Based Rental Assistance	1,217,108	27%
Public Housing Fund	843,749	18%
Housing for the Elderly (Sec. 202)	121,562	3%
Housing for Persons with Disabilities (Sec. 811)	31,325	1%
Tenant-Based Rental Assistance	2,348,043	51%
<b>Total, Families Served by Rental Assistance Programs in 2021</b>	<b>4,561,787</b>	<b>100%</b>

### VOUCHER EXPANSION PROPOSAL

HUD recognizes that rent and other housing related costs have increased rapidly over the past year. It is estimated that rent costs increased by approximately 15 percent between January 2021 and January 2022.<sup>2</sup> To address this problem, the Budget proposes \$32.1 billion for the Housing Choice Voucher program, which includes an expansion of the number of vouchers available to those who currently qualify for rental assistance by approximately 200,000 units. HUD requests \$1.6 billion for these new incremental vouchers. The 200,000 new vouchers will increase access to affordable housing for very low-income families and individuals that are experiencing or at-risk of homelessness. This includes families and individuals fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking. Through the \$5 billion Emergency Housing Voucher program funded in the American Rescue Plan, public housing agencies (PHAs) and service providers in the homelessness system have improved their ability to work together to end homelessness for thousands of people.

### PRESERVING AND GREENING AFFORDABLE HOUSING

#### Public Housing

The President's Budget requests \$8.8 billion for the Public Housing program, which is \$974 million more than the 2022 Annualized CR Level. This request will enable PHAs to operate, maintain and make capital improvements, which includes strategies like the Rental Assistance Demonstration, to approximately 935,000 affordable public housing units in 2023, serving nearly 1.7 million residents. These improvements include making housing more accessible for people with disabilities and seniors. Reinvigorating public housing is also a critical component of reversing racial inequities

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<sup>1</sup> Rental Assistance, as defined by HUD, includes Tenant-Based Rental Assistance, the Public Housing Fund, Project-Based Rental Assistance, Housing for the Elderly, and Housing for Persons with Disabilities.

<sup>2</sup> <https://www.redfin.com/news/redfin-rental-report-january-2022/>

because approximately 70 percent of people living in public housing, too much of which is deteriorating, are people of color.

Improving the environmental conditions and safety of public housing are central to achieving the Administration's environmental justice priorities. To this end, the Budget includes \$276 million for energy efficiency and climate resiliency improvements in public housing developments and \$24 million to advance utility benchmarking within the portfolio, for a total investment of \$300 million.

The Budget includes \$60 million for Public Housing to specifically address safety deficiencies via Housing Health Hazard Grants. These grants would remediate hazards such as mold, carbon monoxide, pest infestation, radon, and other housing hazards. The Department intends to prioritize funding requests to enhance fire safety, including the funding of fire suppression systems such as fire sprinkler systems for multifamily buildings.

The Budget proposes \$50 million for Financial and Physical Assessments, which includes the financial reviews and physical inspections of public housing necessary to identify performance risk and to issue Public Housing Assessment System (PHAS) scores. Assessing housing health risks is critical to additional actions aimed at health equity and environmental justice for public housing residents, including hundreds of thousands of children.

### **Multifamily Housing**

The 2023 Budget includes \$16.3 billion in funding for HUD-assisted multifamily properties: Project-Based Rental Assistance, Housing for the Elderly, and Housing for Persons with Disabilities. These properties serve 1.4 million families, many of whom are families of color, and are crucial to the affordable housing stock in America. The Budget includes up to \$250 million for budget-based rent increases at post-Mark-to-Market properties at risk of distress, and at least \$25 million for budget-based rent increases at other PBRA properties with health and safety deficiencies.

The Budget also includes \$250 million for a new Green and Resilient Retrofit program for existing multifamily assisted properties. Along with improving utility data collection and systems, this new program would help property owners access grants or direct loan subsidies to make energy- and water-efficient and climate-resilient improvements in the properties. This funding could reach as many as 10,000 units. The Budget also includes \$110 million for the Rental Assistance Demonstration within the Tenant-Based and Project-Based Rental Assistance program accounts to holistically address critical property needs, accessibility, environmental hazards, energy inefficiencies, and increase housing choice for residents.

### **Choice Neighborhoods**

The Budget includes \$250 million for the Choice Neighborhoods program, a \$50 million increase from the 2022 Annualized CR Level. This program is a vital piece of the Administration's strategy to improve public and assisted housing properties and the surrounding neighborhoods. The Choice Neighborhoods program celebrated its 10-year anniversary in 2021, and over that decade it has proven to help people access jobs, increase family incomes, improve access to health care, and strengthen the overall economic conditions for residents. These improved outcomes for families are in addition to creating a pipeline of redeveloping over 12,000 distressed properties and more than 27,700 new units of affordable housing.

Please see the "Climate Initiative" justification for more details.

## **STRENGTHENING SERVICES AND EXPANDING HOUSING CHOICE**

In addition to preserving and creating more affordable housing options, HUD supports important services designed to help renters find housing, increase their incomes, and access communities with better schools, jobs, and social supports.

### **Self-Sufficiency Programs**

The Budget includes \$175 million for the Family Self Sufficiency (FSS), Jobs Plus Initiative, and Resident Opportunity and Self-Sufficiency (ROSS) programs, a \$20 million increase over the 2022 Annualized CR Level. This increase will allow FSS funds to be expanded to reach residents in multifamily properties. These programs help families access job training opportunities and financial education in order to build income and savings. Families that graduate from these programs often no longer need HUD assistance, typically have built savings for the future, and some become homeowners.

### **Mobility-Related Services**

The Budget includes \$445 million to help public housing agencies provide approximately 148,000 families with children evidence-based Mobility-Related Services such as housing search, payment of security deposits, payment of first and last month's rent, landlord recruitment in neighborhoods with better jobs, schools, and community supports, and general case management to help families access services and supports in new neighborhoods. Families receiving housing choice vouchers often find it difficult to explore housing options outside of neighborhoods in which disinvestment has historically occurred, resulting in poor performing social supports such as schools and limited access to jobs. Mobility services increase housing choices for families so they can live in communities that can better meet their needs.

### **Other HUD Services Programs for Renters**

Housing Counseling Services: The Office of Housing Counseling (OHC), through the Comprehensive Housing Counseling Grant program and network of approximately 1,600 housing counseling agencies, provides services to over one million consumers annually across the nation. Services include eviction prevention, financial empowerment, credit counseling, homelessness prevention, disaster relief, and pre-home purchase counseling.

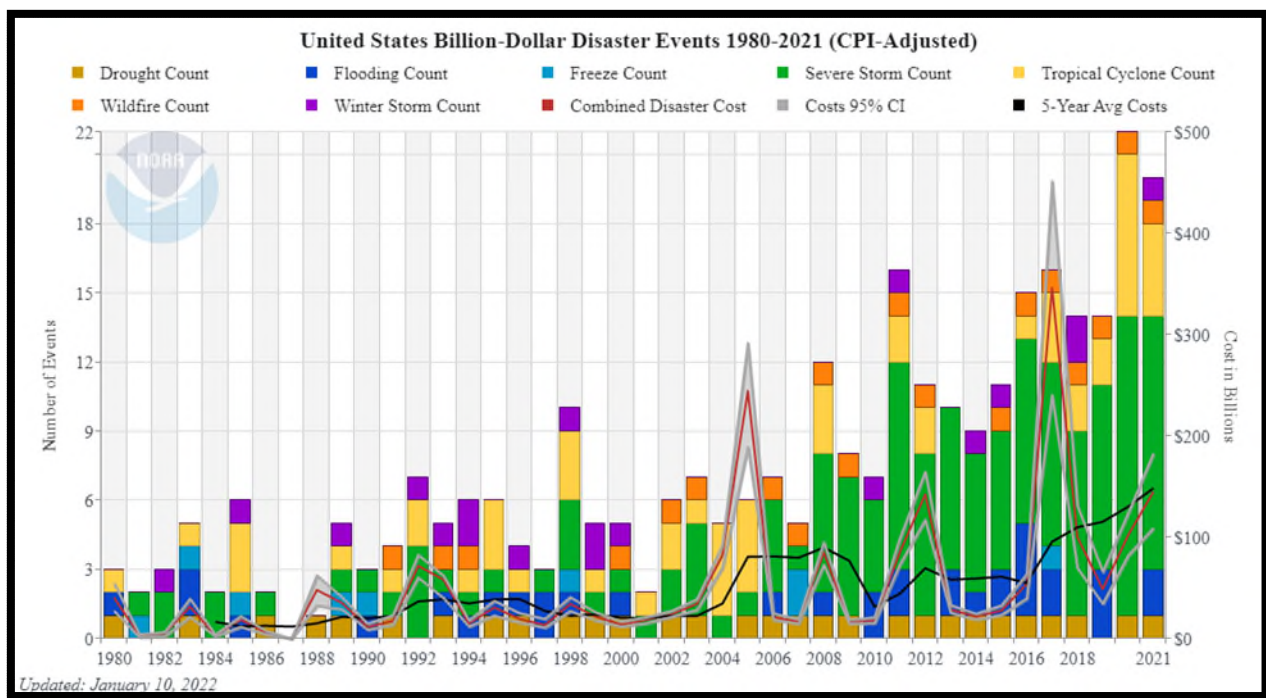
Service Coordinators for Seniors: This Budget includes \$31 million to support Budget Based Rent Increases (BBRIs) at PBRA properties serving the elderly to cover the cost-of-service coordinators to help elderly residents stay healthy and age in place. The Budget also includes renewal funding for 1,600 existing Service Coordinator/Congregate Housing Services grants plus any new grants awarded using 2022 funds. These programs use proven strategies to support seniors living in their homes for as long as possible and advance the Administrations priority to ensure seniors are able to age-in-place.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Climate Initiative

### Overview

The increasing frequency, intensity, and duration of natural disasters and severe weather events due to climate change present a growing risk to the health and safety of HUD-assisted households, as well as the physical assets financed or subsidized by HUD through a wide range of formula and competitive grants, rental assistance, and mortgage insurance programs.<sup>1</sup> The year 2021 came in second place for the most disasters behind the record set in 2020, standing out, however, for the sheer diversity of disasters experienced.<sup>2</sup> Calendar Year 2021 saw 20 weather and climate disasters of 8 different types with losses exceeding \$1 billion. These events, indicated in the table below, resulted in the deaths of 688 people as well as serious economic losses.<sup>3</sup>



Communities served by HUD programs, which often have a significant share of low- to moderate-income households and people of color, are often more vulnerable to climate change due to their locations, aging infrastructure, and historic disinvestment. HUD's 2023 President's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. This work is aligned with HUD's comprehensive Climate Action Plan, released in November 2021.<sup>4</sup>

<sup>1</sup> See HUD's recently published *Climate Resilience Toolkit*, <https://www.hudexchange.info/news/resource-available-hud-community-resilience-toolkit/>

<sup>2</sup> NOAA, *2021 U.S. billion-dollar Weather and Climate Disasters*, Adam B. Smith, January 2022. <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>

<sup>3</sup> NOAA National Centers for Environmental Information (NCEI)(2022). *U.S. Billion-Dollar Weather and Climate Disasters*. <https://www.ncdc.noaa.gov/billions/time-series>

<sup>4</sup> HUD's Climate Action Plan, <https://www.hud.gov/climate>.

## 2023 Budget

This Budget requests \$1.065 billion for targeted investments to improve the quality of housing through climate resilience and energy and water efficiency. As part of the Administration's whole-of-government approach to the climate crisis, the Department is committed to expanding efficient and resilient housing options in public and other HUD-assisted housing. Funds will support a new program, the Green and Resilient Retrofit Program within Multifamily Housing, and fund initiatives within existing programs, such as the Rental Assistance Demonstration, Public Housing, Native American Housing, and Choice Neighborhoods. HUD will continue with a robust set of measures to strengthen minimum codes and standards, incentivize investments in energy-efficient, high-performance buildings, and provide technical assistance to HUD partners to implement proven measures such as utility benchmarking to lower energy use and resulting carbon emissions in their properties.

Of the \$1.065 billion in climate related requests, \$55.5 million is requested for furthering utility benchmarking at public and multifamily assisted housing properties. HUD is working across the Department to increase the number of properties successfully engaged in utility benchmarking and to implement cohesive agency-wide systems designed to effectively manage and monitor utility usage, including seeing year-over-year trends, verifying utility expenditures, managing utility cost reduction incentives, understanding building performance, and tracking progress toward utility consumption and climate goals.

Climate investments are proposed in the following program areas:

Program Office	Budget Activity	2023 President's Budget Request for Climate Initiatives
Public and Indian Housing	Public Housing Fund	\$300 million
Public and Indian Housing	Native American Programs	\$150 million
Public and Indian Housing	Choice Neighborhoods	\$250 million
Housing (Multifamily)	Green and Resilient Retrofit	\$250 million
Housing (Multifamily)	Rental Assistance Demonstration	\$110 million
PD&R	Climate-related research	\$5 million
<b>Total</b>		<b>\$1,065 million</b>

### Public and Indian Housing:

- Public Housing Fund:** \$300 million is for climate initiatives. Of this, \$276 million is intended for the Public Housing Rapid Return Utility Conservation and Climate Resilience Program to be awarded through competitive grants to pay for efficiency upgrades and climate resilience in public housing. The remaining \$24 million is intended to promote and implement utility consumption benchmarking across the public housing portfolio via research, evaluation, technical assistance, and contracts, as well as the collection and analysis of data.
- Native American Programs:** The Budget requests \$150 million for the Indian Housing Block Grant (IHBG) competitive program, which focuses on projects that spur construction

and rehabilitation of housing units. The funds requested would give priority to projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period.

- **Choice Neighborhoods:** \$250 million will be available for the Choice Neighborhoods program, which helps communities develop and implement locally driven comprehensive neighborhood plans to transform underserved neighborhoods. The program advances climate resilience and environmental justice by redeveloping and replacing distressed public and multifamily housing and neighborhood amenities with resilient and energy-efficient structures. Up to \$10 million will be used to support revitalization in communities in proximity to Superfund sites through a pilot of the Revitalization and Empowerment of Communities near Contaminated Lands through Assistance, Investment, and Mitigation (RECLAIM) program.

#### Multifamily Housing:

- **Green and Resilient Retrofit Program:** \$250 million to provide funding to owners of assisted multifamily properties to rehabilitate these properties to be more energy efficient, healthier, and more resilient to natural disasters and extreme weather events. This increased investment will improve the stock of affordable housing available to many low- and extremely low-income families, reduce the likelihood of catastrophic damage from future disasters, yield cost savings by reducing energy and water consumption, and also improve indoor air quality by following industry best practices for multifamily properties.

Funding for this initiative will be as follows: \$207.5 million for grants and loans for energy retrofits, green investments, and climate resilience improvements for approximately 3,500 to 10,000 units at assisted multifamily properties nationwide; \$31.5 million for utility benchmarking data collection and systems, including \$5 million for IT investments; and \$11 million for administrative contract costs.

- **Rental Assistance Demonstration (RAD) Program:** \$110 million to transition approximately 30,000 public housing units and 3,000 202 Project Rental Assistance Contract units to a more sustainable platform – \$60 million under the Project Based Rental Assistance Program (PBRA) and \$50 million under the Tenant Based Rental Assistance Program (TBRA). As part of the conversion to either PBRA or TBRA, properties undergo an extensive review and mitigation/improvement process. This conversion process preserves and improves the properties and will enable public housing authorities and multifamily owners to holistically address critical property needs, environmental hazards, and energy inefficiencies, and increase housing choice for residents.
- **Policy Development and Research:** \$5 million to fund research in housing, climate adaptation, and resilience, to be administered by the Office of Policy Development and Research. This could include studying opportunities to mitigate the climate-related risk to HUD properties and HUD-assisted households, evaluating existing programs supporting recovery from and resilience to environmental threats, and researching energy efficiency and environmental justice issues in the nation's housing stock.

#### **Lowering Carbon Emissions and Energy Costs**

As noted above, HUD released a comprehensive Climate Action Plan in November 2021. That plan can be accessed at <https://hud.gov/climate>.

HUD has a portfolio of approximately 4.5 million existing public and assisted housing units and plays a key role in the development and preservation of affordable housing through a wide range of



programs. HUD's annual outlays on utilities (energy and water) in this housing stock consume as much as 14 percent of the agency's total budget and, according to an internal HUD analysis, produce an estimated 13.6 million metric tons of carbon emissions.<sup>5</sup> Improving the energy performance of HUD assets will play a significant role in reducing these outlays – allowing for more funds to be spent on housing rather than utilities – and simultaneously lowering carbon emissions across HUD's public and assisted housing portfolio.

**Key Initiatives.** Current and previous energy and water conservation initiatives demonstrate the potential for achieving energy savings and carbon reduction with the right mix of incentives, direct financial support, and/or technical assistance. The Multifamily Green Retrofit Program funded by the American Recovery and Reinvestment Act of 2009, for example, invested \$250 million to retrofit 227 HUD-assisted multifamily properties, resulting in cost-effective interventions that produced average energy and water savings of 18 percent and 26 percent respectively.<sup>6</sup> Current activities include:

- Energy Performance Contracts (EPCs) in public housing have benefitted about 250,000 units (about a quarter of the current public housing stock) through approximately 315 EPCs approved since the 1980s. In 2016-2017, 28 EPCs were approved covering 64,000 units of public housing, with an estimated savings of \$400 million by PHAs expected over the life of those contracts, which can be up to 20 years.<sup>7</sup>
- The Green Mortgage Insurance Premium (Green MIP) provides a strong incentive for FHA multifamily borrowers to adopt one of several approved green building standards. A total of \$46.6 billion in multifamily mortgage insurance for green projects has been endorsed for 1,742 developments with approximately 341,000 units of multifamily housing since the Green MIP was introduced in 2016 (Table 3).<sup>8</sup> Green MIP borrowers must also commit to benchmarking utilities and achieve a minimum 75 Energy Star score in the Environmental Protection Agency's (EPA) Portfolio Manager for the life of the loan.

**Table 3: Multifamily Green MIP Initial Endorsements, by Year**

<b>GREEN MIP BY YEAR</b>	<b>Endorsements</b>	<b>Volume (\$)</b>	<b>Units</b>
Year			
2016	33	\$1,161,773,800	7,690
2017	153	\$4,571,474,900	33,090
2018	247	\$7,007,507,500	49,989
2019	222	\$5,991,850,500	43,426
2020	430	\$10,964,163,300	82,705
2021	657	\$16,903,852,440	124,703
<b>Grand Total</b>	<b>1,742</b>	<b>\$46,600,622,440</b>	<b>341,603</b>

<sup>5</sup> Preliminary internal HUD estimate of carbon emissions, March 2021. Assisted multifamily and Housing Choice Voucher unit counts from *Characteristics of HUD-Assisted Renters and Their Units in 2017* (2020) and public housing unit counts from PIC database were used to estimate total BTU consumption for each subsidy type by Census Region, using per-household annual BTU consumption rates from the Residential Energy Consumption Survey (RECS).

<sup>6</sup> BrightPower and SAHF, *Energy and Water Savings in Multifamily Retrofits: Results from the U.S. Department of Housing and Urban Development's Green Retrofit Program and the Energy Savers Program in Illinois*, June 2014. <https://www.brightpower.com/wp-content/uploads/2016/09/Energy-and-Water-Savings-in-Multifamily-Retrofits.pdf>

<sup>7</sup> HUD Report to Congress, *Achieving Utility Savings in HUD-Assisted Housing*, September 2019.

<sup>8</sup> HUD Office of Multifamily Housing, *Multifamily and Healthcare Fiscal Year Production*, Through 2021. [https://www.hud.gov/program\\_offices/housing/mfh/mfdata/mfproduction](https://www.hud.gov/program_offices/housing/mfh/mfdata/mfproduction)



- The Multifamily Better Buildings Challenge is a partnership with the Department of Energy (DOE) that supports multifamily housing organizations who voluntarily commit to reducing their energy consumption by 20 percent over 10 years, includes approximately 517,000 units of public and assisted housing (accounting for one-fifth of those programs' units), and has facilitated about \$40 of energy savings for every \$1 in Community Compass cross-cutting technical assistance contributed by HUD.
- The Better Climate Challenge is another partnership with DOE that builds upon the Multifamily Better Buildings Challenge to include voluntary, ambitious commitments to reduce carbon pollution. Participating partners must commit to portfolio-wide reductions in carbon emissions of 50 percent over the next 10 years. This initiative was launched on February 28, 2022, and will likely be supported by HUD's Community Compass Technical Assistance (TA) going forward.
- Some HUD programs, including Choice Neighborhoods and Community Development Block Grant-Disaster Recovery (CDBG-DR) have set minimum above-code Energy Star New Home or green building standards for new construction. Other programs, such as the Rental Assistance Demonstration (RAD), encourage adoption of these above-code green building standards. HUD will take steps to strengthen these green building standards and also update minimum International Energy Conservation Code (IECC) and ASHRAE 90.1 standards as required by statute.<sup>9</sup>

In addition to HUD's 2023 Budget request for \$1.065 billion for energy efficient and climate resilient investments, HUD will initiate a robust set of measures as described in the Climate Action Plan to strengthen minimum codes and standards, incentivize investments in energy-efficient, high-performance building, pilot or demonstrate advanced building electrification or decarbonization, and provide technical assistance to HUD partners to implement proven measures such as utility benchmarking to lower energy use and carbon emissions in their properties.

### **Increasing Community Resilience to Climate Change**

Low- and moderate-income communities served by HUD's formula grant and rental assistance programs are especially and increasingly vulnerable to climate-related threats, including but not limited to extreme weather events, extreme heat, coastal flooding, wildfires, and diminished air quality. Several HUD programs play a critical role in helping communities rebuild and implement long-term recovery plans after Presidentially-declared natural disasters. Investments in these areas will bolster the resilience of HUD's inventory of public and assisted housing against these increasingly likely severe natural disasters.

#### **HUD Disaster Programs**

- HUD works with communities to respond to or prepare for natural disasters through the CDBG-DR program. Since 1993, Congress has appropriated a total of \$95.4 billion in emergency supplemental funding for CDBG-DR. Funding has been made available, for example, to support rebuilding after: Hurricane Sandy in New York, New Jersey, and Connecticut; Hurricane Katrina on the Gulf Coast; more recently, Hurricane Harvey in Texas, and Hurricanes Irma and Maria in Florida, Puerto Rico, and the U.S. Virgin Islands; and many smaller but significant additional disasters. Funds can be used for a wide variety of purposes.<sup>10</sup> In 2018, Congress appropriated over \$12 billion specifically for mitigation activities in states and local communities that experienced qualifying disasters in 2015, 2016, and 2017, primarily in the south and southeastern U.S. (these funds were

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<sup>9</sup> Section 109, Cranston-Gonzalez National Affordable Housing Act of 1990 (42 U.S.C. 12709) as amended by Section 481 of the Energy Independence and Security Act of 2007.

<sup>10</sup> HUD Exchange, Congressional Appropriations By Year, <https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#congressional-appropriations-by-year>

supplemented for a total of \$15.9 billion awarded for mitigation).<sup>11</sup> This funding is a significant opportunity for grant recipients to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses in areas impacted by recent disasters.

- In the past, HUD has also supported capital-intensive infrastructure investments through competition, notably the Rebuild By Design and National Disaster Resilience Competitions. Launched in June 2013 in response to the devastation caused by Hurricane Sandy, Rebuild by Design established a new participatory model for designing for resilience that yielded seven groundbreaking designs to enhance resilience throughout the Northeast region. The subsequent National Disaster Resilience Competition (NDRC), a collaboration with the Rockefeller Foundation, awarded nearly \$1 billion to eligible communities in a two-phase process to aid communities recovering from prior disasters and improve their ability to withstand and recover more quickly from future natural disasters.<sup>12</sup>

Continuing Risks and Vulnerabilities. As a result of these programs, HUD has been able to work with local communities to make significant strides toward addressing these threats. However, the escalating nature of climate risk means that essential but reactive measures are insufficient to address the scale of the problem. The households and communities HUD supports throughout its programs continue to be vulnerable to impacts from the full range of climate threats.

- Recent analysis and mapping by Climate Central projects that the number of affordable housing units at risk from flooding in coastal areas will triple by 2050.<sup>13</sup> By 2050, virtually every coastal state is expected to have at least some affordable housing exposed to more than one coastal flood risk event per year—up from about half of coastal states in the year 2000. Projections for New York City, Atlantic City, and Boston show that each city could have thousands of units exposed to chronic coastal flooding by 2050.<sup>14</sup>
- A report from the Denali Commission found that 144 Native Alaskan Villages (43 percent of all Alaskan communities) experienced infrastructure damage from erosion, flooding, and permafrost thaw;<sup>15</sup> the Alaska Native Tribal Health Consortium cites “limited progress” has been made in supporting protection-in-place, managed retreat, or community relocation efforts in these places.<sup>16</sup>
- Year-long power outages in Puerto Rico following Hurricane Maria show the need for both hardening the electric grid and developing resilient, clean power options at the building and community scales to enable local residents to better weather power outages.

Focus on Resilience. Since 2008, Congress has appropriated almost \$16 billion to HUD specifically for mitigation efforts that help reduce the risk from future climate events.<sup>17</sup> These types of

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<sup>11</sup> Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018, Pub. L. 115–123, February 9, 2018. See Federal Register Notice FR–6109–N–02. <https://www.govinfo.gov/content/pkg/FR-2019-08-30/pdf/2019-18607.pdf>

<sup>12</sup> HUD Exchange, *CDBG-DR Overview*, <https://files.hudexchange.info/resources/documents/CDBG-Disaster-Recovery-Overview.pdf>

<sup>13</sup> Climate Central, *Coastal Flood Risk to Affordable Housing Projected to Triple by 2050*, <https://www.climatecentral.org/>

<sup>14</sup> Maya K Buchanan, Scott Kulp, Lara Cushing, Rachel Morello-Frosch, Todd Nedwick, and Benjamin Strauss, *Sea level rise and coastal flooding threaten affordable housing*, December 2020. <https://iopscience.iop.org/article/10.1088/1748-9326/abb266>

<sup>15</sup> Denali Commission, *Statewide Threat Assessment: Identification of Threats from Erosion, Flooding, and Thawing Permafrost in Remote Alaska Communities*, November 2019. <https://www.denali.gov/wp-content/uploads/2019/11/Statewide-Threat-Assessment-Final-Report-20-November-2019.pdf>

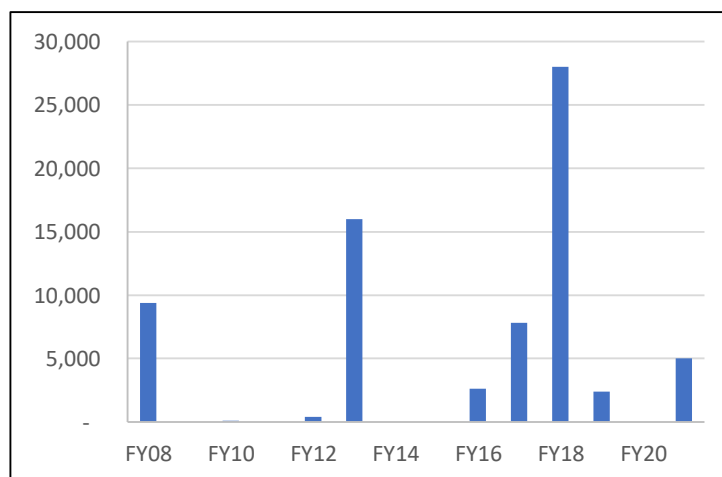
<sup>16</sup> Alaska Native Tribal Health Consortium, State of Alaska, Alaska Center for Climate Assessment and Policy, *Unmet Needs of Environmentally Threatened Alaska Native Villages: Assessment and Recommendations*, 2021.

<sup>17</sup> HUD Exchange, *Congressional Appropriations By Year*, <https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#congressional-appropriations-by-year>

anticipatory investments pay for themselves many times over: the National Institute of Building Sciences (NIBS) estimates \$6 in savings for every \$1 spent through federal mitigation grants funded and a benefit-cost ratio (BCR) of 4:1 for investments in model building codes.<sup>18</sup> In addition, effective adaptation can also enhance social and economic well-being, including improving economic opportunity and job creation, health, equity, security, education, social connectivity, and sense of place, as well as safeguarding cultural resources and environmental quality.

Due to their experience delivering effective carbon mitigation programs, the HUD Offices of Public and Indian Housing (PIH) and Housing are positioned to scale decarbonization and resilience efforts with additional funds proposed in this Budget. In addition, the Department will continue to support strong partnerships with DOE, such as the Better Buildings Challenge and Better Climate Challenge, as well as better integration of HUD healthy housing and rehabilitation funds with DOE weatherization funding.

**Figure 2: CDBG-DR Appropriations Since 2008**  
(\$ Millions)



### Coordination and Collaboration

HUD's Climate Action Plan contains over 100 concrete actions related to climate adaptation and resilience, energy efficiency and greenhouse gas reduction, and environmental justice. The Climate Action Plan serves as a mechanism for coordinating and tracking continued progress toward administration climate priorities.

HUD's concurrent investments and dedicated coordination efforts across programs will allow for mitigation and adaptation actions to be implemented simultaneously at the project, community, and regional levels, achieving important synergies, and minimizing disruption. HUD has launched a Department-wide Climate and Environmental Justice Council chaired by Secretary Fudge to manage the comprehensive Climate Action Plan and focus and coordinate HUD's work internally across program offices in 2023. Closer collaboration with the Federal Emergency Management Agency (FEMA), DOE, EPA, and other agencies supporting this work will help ensure that individuals, buildings, communities, and regions are both more prepared and better able to recover when disasters hit.

<sup>18</sup> National Institute of Building Sciences, *Natural Hazard Mitigation Saves*, Interim Report, 2017. [https://www.fema.gov/sites/default/files/2020-07/fema\\_ms2\\_interim\\_report\\_2017.pdf](https://www.fema.gov/sites/default/files/2020-07/fema_ms2_interim_report_2017.pdf)

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Housing Supply Fund (Mandatory Request)

#### HOUSING SUPPLY FUND

(Dollars in Millions)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-2032
Budget Authority	---	7,000	7,000	7,000	7,000	7,000	---	---	---	---	---	35,000
Outlays	---	700	2,800	4,900	6,300	7,000	6,300	4,200	2,100	700	---	35,000

### PROGRAM PURPOSE

Housing production has lagged compared to population growth for decades, largely due to regulatory barriers and lack of affordable financing options. The estimated shortage of 3.8 million homes has resulted in rental units and homeownership being unaffordable, and often unattainable, for millions of Americans. Housing costs have increased sharply over the last year; the price of single-family homes and the cost of renting a home both increased by double digits in 2021. Lack of housing supply, especially housing affordable to families with low- to moderate- incomes, is a major contributor to high housing costs. Demand for housing has increased without an adequate supply to meet people's needs.

To address the critical shortage of affordable housing in communities across the Nation, the Budget proposes \$50 billion in mandatory funding and additional Low-Income Housing Tax Credits to address market gaps, increase housing supply, and help to stabilize housing prices over the long term. This proposal will provide \$35 billion for a Housing Supply Fund at HUD for State and local housing finance agencies and their partners to provide grants, revolving loan funds and other streamlined financing tools, as well as grants to advance State and local jurisdictions' efforts to remove barriers to affordable housing development. The Department of the Treasury will administer approximately \$10 billion in additional investments of Low-Income Housing Tax Credits and \$5 billion for Community Development Financial Institutions to finance new construction or substantial rehabilitation that results in a net increase in available high-quality of both rental and single-family housing.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$35 billion in mandatory funding over 10 years for a Housing Supply Fund to increase housing development. This is a new program for 2023, and would have two components:

- Grants for Affordable Housing Production – \$25 billion
- Grants to Reduce Affordable Housing Barriers – \$10 billion

**Grants for Affordable Housing Production.** These flexible formula grants will be distributed to State and local housing finance agencies and their partners, territories, and Tribes, to produce streamlined financing tools for multifamily and single-family housing units of modest density (up to 100 units per site). These resources will be used to support housing for renters and homebuyers with low to moderate incomes, including families with up to 150 percent of AMI in high-cost areas as determined by HUD.

**Grants to Reduce Affordable Housing Barriers.** These grants will support states and local jurisdictions that have adopted housing-forward policies and practices to remove barriers to the development of affordable housing. The grants will provide additional funding to incentivize and increase the production of affordable units and housing-related infrastructure to support increased housing development, such as environmental planning and mitigation, road infrastructure, and water/sewer infrastructure. This program will also be used to provide resources for jurisdictions to take active steps towards becoming a housing-forward community, such as meeting housing production goals.

To address housing supply needs on Tribal lands, a portion of the funds will be set aside for HUD to design programs that can be directly accessed by Tribal governments and Tribal Designated Housing Entities (TDHEs).

The proposal will allow a portion of the funds to be used for additional HUD staff, new and upgraded information technology systems, research, and technical assistance to effectively administer and advance implementation of this program.

## JUSTIFICATION

While the pace of housing development is growing, the estimated shortage of roughly 3.8 million homes has resulted in rental units and homeownership being unaffordable, and often unattainable, for millions of Americans.<sup>1</sup> Too often, new development, especially income-restricted housing development, is slow because developers must secure multiple sources of financing to build the housing. This results in higher transaction costs that may make it financially infeasible to build smaller developments. Over time, the average number of units in properties developed through federal Low-Income Housing Tax Credits has increased.<sup>2</sup> Many rural and midsize jurisdictions need a path for development that includes smaller building footprints to better integrate with existing communities and meet the demand for affordable rental housing. This program will create a streamlined source of local and state housing financing to enable these smaller projects to more easily get funding. Similarly, affordable development for homeownership faces substantial financing gaps when it comes to the production of starter homes, duplexes or small multi-unit buildings, accessory dwelling units, or modular construction. Given the changing fabric of communities after the pandemic, funding to build or rehabilitate single and multi-unit housing will not only generate housing stability, but also reduce vacancies and encourage thriving communities.

Local regulations, zoning policies, and insufficient infrastructure are also barriers to increased housing supply. This proposal would encourage and support communities that improve (or want to improve) their local regulations and zoning policies designed to allow for increased housing supply. This funding can also be used to finance housing-related infrastructure investments so that housing development projects can move forward. These may include street improvements, traffic control measures, and higher capacity or extended water and sewer lines.

The types of housing constructed or rehabilitated will be driven by housing gaps determined by local demographic need. HUD will encourage grantees to develop housing that directly meets identified local needs, especially housing that is not currently incentivized by the market such as intergenerational housing and investments that place vacant or underutilized properties back into productive use. Recognizing the varied needs of communities, these funds can be used to support a

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<sup>1</sup> Freddie Mac Research Note; “Housing Supply: a Growing Deficit. May 2021.  
<https://www.freddiemac.com/research/insight/20210507-housing-supply>

<sup>2</sup> [LIHTC 2019 Tables.xlsx \(huduser.gov\)](#)

#### HOUSING SUPPLY FUND

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range of housing types, including accessory dwelling units and small- to moderately-sized multifamily development.

This program will be designed to streamline financing tools in order to reduce transactional costs and increase housing supply. States and localities will have flexibility to design their programs as loan products, grants or other financial tools to meet local needs. As appropriate to the grantee, these programs could support:

- Development, rehabilitation of one or multi-unit housing up to 100 units;
- Reconstruction, adaptive reuse, or conversion of vacant residential or commercial properties, or development of vacant lots; and
- Novel and non-traditional development techniques for one or multi-unit housing, including but not limited to accessory dwelling units and modular, panelized, or advanced manufactured housing factories, providers or developers.

Direct recipients of Grants for Affordable Housing Production will include State and local housing finance agencies, or their partners. In order to more directly address local housing needs, funds may be further distributed to subrecipients to include Community Development Block Grant (CDBG) entitlement grantees, non-profits, Community Development Financial Institutions (CDFIs), and other eligible entities. A portion of funds will be reserved for research, technical assistance, and program administration for grantees. Finally, a portion will be set-aside for direct access by Tribes and Tribally Designated Housing Entities.

Direct recipients of Grants to Reduce Affordable Housing Barriers will include State and local jurisdictions, territories, and Tribes.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Community Development Block Grant-Disaster Recovery Authorization

The President's 2023 Budget supports authorizing the Community Development Block Grant-Disaster Recovery (CDBG-DR) program, consistent with the enclosed principles.

For more than twenty years, Congress has appropriated supplemental emergency funding for CDBG-DR on an ad hoc basis in response to major disasters to address the unmet long term disaster recovery needs of States, territories, local governments, and Tribes. Congress has generally directed grantees to use CDBG-DR funds for disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas resulting from a qualifying major disaster.

The U.S. Government Accountability Office, HUD's Office of the Inspector General, many CDBG-DR grantees, and other organizations that work with communities to help them recover, have all noted the benefits of creating a permanently authorized CDBG-DR program.<sup>1</sup> Permanent authorization of CDBG-DR would improve the transparency and predictability of CDBG-DR funds made available to impacted communities. Permanent authorization would also require HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds.

The following guiding principles should inform the permanent authorization of CDBG-DR:

**Advance Equity.** Federal investments should address the disproportionate health, environmental, and economic impacts on disadvantaged communities from natural disasters that are increasing in frequency and intensity due to climate change. CDBG-DR is uniquely positioned to advance equity and prioritize disadvantaged communities, turning disaster-impacted neighborhoods that have historically faced underinvestment into resilient, healthy, sustainable, thriving communities.

**Prioritize and Integrate Resilience.** People of color and low-income people are more likely to live in areas most vulnerable to flooding and other climate change-related weather events. CDBG-DR's role in long-term housing recovery and related needs should prioritize and integrate resilient investments that mitigate the effects of future natural disasters, which would significantly reduce future fiscal and social costs.

**Efficacy, Efficiency, Transparency.** There must be a coordinated, whole-of-government approach to disaster recovery that effectively and efficiently leverages each Federal agency's core expertise. Given HUD's mission, CDBG-DR would focus on addressing long-term housing recovery and related needs, particularly serving the most vulnerable communities. Codifying the CDBG-DR program would improve transparency and help communities make more informed decisions and plan for and initiate long-term recovery efforts.

**Build Capacity.** Balancing Federal, State, territorial, Tribal, and local disaster responsibilities and resources is key to ensuring a holistic approach to disaster recovery. CDBG-DR should help increase State, territorial, Tribal, and local capacity, especially in disadvantaged communities, to empower local communities around the U.S. to maximize their resilience to natural disasters. HUD would use CDBG-DR funds to facilitate robust and inclusive community recovery planning and engagement.

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<sup>1</sup> U.S. Government Accountability Office, Disaster Block Grants: Factors to Consider in Authorizing a Permanent Program, May 19, 2021 (GAO-21-569-T)



# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Tenant-Based Rental Assistance

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	25,777,439	942,560	4,980,000	31,699,999	27,100,622	25,391,173
2022 Annualized CR	25,777,439	4,654,374	-	30,431,813	26,879,000	26,643,000
2023 President's Budget	32,130,000	3,600,000	-	35,730,000	32,899,000	31,619,000
Change from 2022	6,352,561	(1,054,374)	-	5,298,187	6,020,000	4,976,000

a/ 2021 Appropriation includes \$695 million designated as an emergency pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

b/ 2021 Carryover includes \$6.7 million in recaptured prior year unpaid obligations and \$63 million transferred from the Public Housing Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

c/ 2021 Supplemental/Rescission includes \$4.98 billion in supplemental American Rescue Plan (ARP) mandatory funding.

d/ 2022 Carryover includes \$4.5 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated \$52 million transferred from the Public Housing Fund and an estimated \$4 million transferred from the Housing for the Elderly account for the purpose of Rental Assistance Demonstration (RAD) conversions.

e/ 2023 Carryover includes \$3.5 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated \$46 million transferred from the Public Housing Fund and an estimated \$2 million transferred from the Housing for the Elderly account for the purpose of Rental Assistance Demonstration (RAD) conversions.

#### PROGRAM PURPOSE

The Housing Choice Voucher (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 2,100 public housing agencies (PHAs) that currently serve approximately 2.3 million families. Tenant-Based Rental Assistance (TBRA), commonly known as 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 reverse the effects of residential segregation in the pursuit of racial equity.

#### BUDGET OVERVIEW

The 2023 President's Budget for Tenant-Based Rental Assistance (TBRA) is \$32.1 billion, which is \$6.4 billion more than the 2022 annualized CR level. The Budget simultaneously supports the Administration's strategic goals to strengthen and broaden Federal housing assistance for people in need and advance housing equity by improving housing choices and access to economic opportunity. The Budget aligns with the Administration's efforts to build a bridge toward economic recovery and stabilized communities.

The HCV program is the Federal Government's largest program targeted to assist very low-income families, the elderly, and persons with disabilities in renting affordable, decent, safe, and sanitary housing in the private market. The program serves the most economically vulnerable individuals and families in the country, including seniors, people with disabilities, domestic violence survivors, people experiencing homelessness, including veterans experiencing homelessness, at-risk youth aging out of foster care, and families with children, by providing Federal voucher assistance payments to help them meet their rental housing needs.

The 2023 Budget includes funding for the following activities:



- \$26.2 billion for Contract Renewals (HAP), which is an increase of \$3.2 billion from the 2022 annualized CR level;
- \$3 billion in Administrative Fees, which is an increase of \$855 million from the 2022 annualized CR level;
- \$220 million for Tenant Protection Vouchers (TPV), which is an increase of \$104 million from the 2022 annualized CR level;
- \$667 million for Section 8 Mainstream Renewals, which is an increase of \$353 million from the 2022 annualized CR level;
- \$445 million for Mobility Demonstration/Services, which would not be included in a 2022 annualized CR; and
- \$1.6 billion for Incremental Vouchers, which would not be included in a 2022 annualized CR.

## JUSTIFICATION

The HCV program is an essential component of the Federal housing safety net for people in need. The availability of housing choice vouchers represents the opportunity for low- and extremely low-income families to improve their housing options and pursue greater economic opportunities. Support for the HCV program increases access to affordable housing, and the option to project base vouchers helps preserve deeply affordable units available to families in need. The Administration supports a strategy that recognizes the HCV program as an essential resource to prevent homelessness, promote racial equity, and ensure families pay an affordable share of their income for rent.

The HCV program partners with local PHAs and landlords to provide housing to our nation's neediest families. Of the families currently receiving HCV assistance:

- 78 percent are extremely low-income, earning below 30 percent of the area median income;
- 75 percent of program participants identify as part of a minority population; 53 percent of those being Black, non-Hispanic;
- 25 percent of households served have an elderly head of household;
- 25 percent have a non-elderly disabled head of household; and
- 35 percent of families served have a female head of household with children.

Without rental assistance, these families would likely face a great risk of transitory housing instability or even homelessness, or be forced to forgo other life necessities, such as food, clothing, and medicine.

HUD's *Worst Case Housing Needs: 2021 Report to Congress* reveals that among very low-income renter households that lacked assistance, 7.77 million had worst case housing needs resulting from severe rent burdens (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units.<sup>1</sup> 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.

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

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<sup>1</sup> HUD's Worst Case Housing Needs Report, 2021 Report to Congress  
(<https://www.huduser.gov/portal/sites/default/files/pdf/worst-case-housing-needs-2021.pdf>)

program. The PHA pays a monthly housing assistance payment directly to the owner on behalf of the family. That payment helps cover the affordability 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 provide affordable housing opportunities effectively and efficiently in the local community, instead of depending on direct government intervention to build more affordable housing.

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
- 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. Two landmark studies conducted in the past 20 years attest to the effectiveness of housing vouchers in increasing housing stability and reducing homelessness. For example, the 2006 report “Effects of Housing Vouchers on Welfare Families” found that receiving a housing voucher helped families move to neighborhoods with lower poverty rates, higher employment rates, and lower rates of public benefit receipt.<sup>2</sup> Receiving a housing voucher also substantially decreased the likelihood that a household would experience homelessness due to economic hardship. The 2016 report “Family Options Study: Short-term Impacts of Housing Services Interventions for Homeless Families” by HUD’s Office of Policy Development and Research 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.<sup>3</sup> 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. In 2022, HUD’s Family Options Study will re-survey study families to evaluate which of the impacts detected at three years after random assignment persist.

The 2023 Budget includes several assumptions. It assumes that PHAs will fully utilize their 2022 funding renewal allocations, as they consistently did prior to the COVID pandemic. HUD also applied the 2022 and 2023 inflation factors and adjusted the renewal need estimate for first time renewals for new vouchers, such as TPVs and Special Purpose Vouchers (SPVs) awarded in 2021 and 2022. Consistent with HUD’s 2022-2026 Strategic Plan objective to improve rental assistance, the Budget assumes an increase in leasing of 32,000 new households in 2022 through the provision of comprehensive technical assistance designed to encourage PHA expenditure of available program reserves. HUD also expects additional leasing in calendar year 2022 to materialize from the 2022 HAP set aside category that makes funds available to PHAs with lower-than-average leasing levels for the purpose of increasing their leasing.

Based on the assumptions provided, the amounts in this budget will fund TBRA and Mainstream Housing Assistance Payments (HAP) to PHAs at 100 percent proration in 2023, which will maintain

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<sup>2</sup> Effects of Housing Vouchers on Welfare Families

(<https://www.huduser.gov/portal/publications/commdev/hsgvouchers.html>)

<sup>3</sup> Family Options Study: Short-term Impacts of Housing Services Interventions for Homeless Families

([https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudy\\_final.pdf](https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudy_final.pdf))

current services for approximately 2.3 million participants and expand housing assistance to additional families, which is in alignment with HUD's 2022-23 priority goal to increase the utilization of housing choice vouchers, including vouchers for special populations. The Administrative Fee proration will be at 100 percent, which is critical for PHAs to continue sound operations and program compliance. This will strengthen PHAs' capacity to recruit and retain experienced personnel responsible for fundamental program activities such as admitting households, conducting housing quality inspections, and completing tenant income certifications, as well as to pay salaries and overhead costs incurred in managing the program.

HUD continues to take steps to improve the operations of the voucher program, enhance systems, and streamline requirements to reduce burden on PHAs. The continued implementation of the Economic Growth Act of 2018 and the Housing Opportunities Through Modernization Act of 2016 will provide PHAs with new flexibilities that will enable them to reduce administrative burden and redirect those resources to improving performance and services. Through the development and eventual deployment of Public Housing Information Center – New Generation (PIC-NG) and National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection standards, HUD will modernize key systems and improve operation of the voucher program. Through the implementation of the recommendations of the Landlord Task Force, HUD plans to enhance its working relationship with private landlords, a key program stakeholder. HUD is also creating the Enterprise Voucher Management System (eVMS), which will automate the workflow process for fund allocation management, calculate the HAP funding requirement for each PHA, and improve data stewardship. Improving these key business processes to create efficiencies will enable staff to focus on HCV policy and finance issues and the expanding portfolio, which includes over 200,000 of Project-Based Voucher units and 200,000 Special Purpose Vouchers units.

The 2023 Budget supports the Administration's priority of increasing access to affordable housing and providing greater opportunities for economic independence to America's neediest families through the provision of vouchers. This includes increasing the voucher utilization rate by addressing the barriers families face when trying to find rental housing, such as source of income discrimination, landlord participation, and rising rent costs. The 2023 Budget funding level will advance housing equity and broaden the Federal housing safety net for people in need.

The 2023 requested funding levels and description for the major components of the HCV program to achieve the above priorities are described below.

### **Contract Renewals - \$26.2 billion**

The 2023 President's Budget provides funding to renew expiring HCV program HAP contracts on a calendar year basis. The requested funding level of \$26.2 billion for contract renewals in the TBRA account will cover the costs incurred from expected leasing increases in 2022. Of this amount, more than \$750 million will be used to renew more than 80,000 HUD-VASH vouchers for veterans, and up to \$5 million will be necessary to maintain current services for 360 Tribal HUD-VASH participants. Since 2008, HUD has awarded \$885 million in incremental funding to create more than 111,000 new HUD-VASH vouchers to reduce veterans' homelessness and billions of dollars to renew these vouchers over the same period. Contract renewals also include funding to renew TPVs and \$292 million to renew more than 21,000 FUP special purpose vouchers (SPVs) issued to families in prior years, which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals. In addition, the 2023 Budget includes new authority for HUD to offset PHAs' contract renewal allocations and allocate the resulting budget authority to other PHAs with the capacity to serve additional families.

**Rental Assistance Demonstration Conversion Subsidy - \$50 million**

HUD requests \$50 million in the TBRA account, from within the \$26.2 billion for Contract Renewals, to support the cost-effective conversion of public housing properties that are unable to convert to Section 8 using only the funds provided through existing appropriations. This request would permit PHAs who want to participate in the Rental Assistance Demonstration (RAD) to convert approximately 30,000 units and, in the process, holistically address critical property needs, environmental hazards, energy inefficiencies, and increase housing choice for residents. Combined with the \$50 million requested in the PBRA account, this request would permit PHAs to generate an estimated \$1.8 billion in financing to re-invest in impacted communities or to bring deep rental assistance into neighborhoods of opportunity.

The RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 195,000 affordable homes thus far (157,400 in public housing and 37,600 in other HUD rental programs). In addition, through RAD, PHAs and private owners have moved assisted housing to lower-poverty neighborhoods, allowed residents to use tenant-based assistance if they want to find new housing, and produced more energy efficient and climate resilient housing free of environmental hazards. The outcomes associated within the converted public housing units are particularly noteworthy:

- The PHAs' development teams have generated over \$14 billion, or over \$60,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured \$14.83 for every \$1 of appropriated public housing funds contributed to project budgets.
- Over 21,000 of the most distressed public housing apartments have been demolished and replaced with newly constructed homes, all meeting international standards for energy efficiency.
- Over 9,000 homes have been moved away from detrimental environmental conditions, floodplains, and opportunity deserts and into neighborhoods with greater access to jobs, schools, and transportation.
- All properties have undergone an environmental review as a condition of conversion, including evaluating, and where necessary mitigating, the presence of radon, lead, asbestos, carbon monoxide, and mold.
- All properties have been evaluated for their energy and water efficiency and have implemented cost-effective improvements to decrease their carbon footprint and operating rental assistance properties carry financing issued by FHA.
- Over 250,000 jobs have been created, directly or indirectly, through RAD construction activities, including many jobs for low-income persons through HUD's Section 3 requirements.

There remain many public housing properties that are unable to leverage the public and private capital needed for property improvements with subsidy levels based only on available appropriated funds. The public housing capital backlog, together with additional modernization needs, require a cost-effective, leveraged strategy to achieve a comprehensive modernization and these requests advance those efforts. The funding request supports the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. Several of the general provisions requested (shown in the "Project-Based Rental Assistance" justification) protect residents' access to services, provide an affordable housing preservation strategy for additional portfolios of at-risk properties, provide technical capacity to support small owners, and assure permanent affordability of converted properties blending RAD and Section 18 strategies.

In addition, the Budget proposes ensuring continued availability of services for residents following a RAD conversion to PBRA or PBV. This will guarantee that resident services funding awarded to public housing properties prior to conversion may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term. Additionally, this will also permit the full implementation of the Jobs Plus Initiative program design following conversion of properties benefiting from Jobs Plus program grants.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget requests \$1.065 billion to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income and disadvantaged communities, the very communities and households served by HUD programs. HUD's Budget addresses climate change on two fronts: both in tracking and lowering the carbon footprint and energy consumption of the 4.5 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

#### **Administrative Fees - \$3 billion**

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for all assisted families. HUD requests \$3 billion in administrative fees for the HCV program, which would provide PHAs with 100 percent of the funds for which they are eligible, compared to the roughly 80 percent that they have received in recent years. HUD believes higher fees are necessary to support additional leasing and to advance the administration's strategic goal of increasing access to affordable housing. These fees allow PHAs to perform fundamental program responsibilities, such as admitting households, conducting housing quality inspections, completing tenant income certifications, and paying salaries and over-costs incurred in managing the HCV program.

#### **Tenant Protection Vouchers - \$220 million**

Tenant Protection Vouchers are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition, disposition, or conversions, including RAD conversions. They are also made available when private owners of multifamily developments choose to leave the project-based rental assistance program or pre-pay their multifamily mortgages, including USDA section 514 and 515 mortgages (see more information about this new proposal in the Legislative Proposal section below), and to replace Moderate Rehabilitation contracts. Tenant Protection Vouchers are a critical component to revitalizing public housing units. The estimated number of TPV actions in 2023 is approximately 46,360 units. The requested funding level of \$220 million combined with 2022 carryover funds is sufficient to meet the estimated need.

#### **Section 811 Mainstream Renewals - \$667 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 \$667 million will support over 64,000 Mainstream voucher holders. The requested funding also includes administrative fees for the renewed vouchers. This amount does not include funding for new incremental vouchers in calendar year 2023. The requested funding is in

alignment with the Administration’s strategic goal of developing policy that aggressively enforces the civil rights of people with disabilities, while expanding their access to accessible, integrated, and affordable housing.

### **Mobility-Related Services - \$445 million**

Mobility-Related Services expand families’ housing choices and improve their access to communities with high-performing schools, better jobs, and higher-quality housing options. Children and parents reap substantial benefits from living in resource-rich communities — for instance, the rigorous Moving to Opportunity Demonstration found that such children are more likely to attend college. Yet discrimination and other barriers have long hindered low-income families, particularly Black and other families of color, from moving to such areas. The Budget requests \$445 million to enable PHAs to provide approximately 148,000 families with children with evidence-based Mobility-Related Services, including robust housing search and security deposit assistance, help connecting with schools, health services, and childcare, as well as to offer modest incentive payments to encourage landlords to rent units to families with vouchers.

### **Incremental Vouchers - \$1.6 billion**

The Budget requests \$1.6 billion for approximately 200,000 new “incremental” vouchers to expand affordable housing and provide greater access to areas of opportunity. The new incremental vouchers could target individuals and families that are experiencing or at-risk of homelessness and individuals and families fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, or stalking.

The Continuums of Care (CoCs) report through the Point-in-Time (PIT) count of sheltered and unsheltered homeless persons found that the number of people experiencing homelessness nationwide increased by two percent between 2019 and 2020, marking the fourth consecutive year that total homelessness has increased in the United States. The total number of people experiencing homelessness on a single night in January 2020 is 580,466 and is largely driven by the increase in the unsheltered homeless population. The 2020 Continuum of Care Homeless Assistance Programs Homeless Populations Report also identified 26,464 survivors of domestic violence in emergency shelter, 6,231 in transitional housing, and an additional 15,837 unsheltered.<sup>4</sup> The last year in which a full count was completed was 2020, due to the COVID-19 pandemic. The requested funding is in alignment with the Administration’s proposed goal to expand the safety net for homeless persons and survivors of domestic violence, including access to affordable housing.

The demographics of the families participating in the HCV program demonstrate how essential this program is to serve those most in need. The HCV program currently serves approximately 2.3 million families; seventy-six percent of program participants are people of color. The average household size is 2.3 persons with an average household income of approximately \$15,466. Extremely low-income families (families earning less than thirty percent of an area’s median income) make up approximately seventy-eight percent of households served. More than half of households are headed by seniors and people with disabilities, and forty percent include children. Twenty-nine percent of households earn wages as their primary source of income, and the average household monthly contribution towards rent (Total Tenant Payment) is \$397. The chart below provides additional insight into the demographics of the households that are currently supported by the program.

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<sup>4</sup> HUD 2020 Continuum of Care Homeless Assistance Program Homeless Populations and Subpopulations Report ([https://files.hudexchange.info/reports/published/CoC\\_PopSub\\_NatlTerrDC\\_2020.pdf](https://files.hudexchange.info/reports/published/CoC_PopSub_NatlTerrDC_2020.pdf))

HUD continues to make progress towards modernizing its Information Technology (IT) systems to improve the administration of TBRA programs. In coordination with the Office of the Chief Information Officer and as part of the approved 2021 PIH IT Performance Plan, PIH is developing a new system, the Enterprise Voucher Management System (EVMS). EVMS will automate the calculation of funding and disbursements for most TBRA programs and associated Administrative Fees using household level data, which will enable HUD to tie voucher payments directly to household-level need calculations. EVMS will also enable HUD to auto-reconcile housing assistance payment needs in near real time (within 2-3 days) for each PHA based on household-level changes (e.g., rent changes, move-ins, move-outs, portability) consistent with cash management requirements to calculate funding based on established need. Additionally, EVMS will provide substantial insight into voucher utilization, which will enhance HUD's ability to promote leasing.

Q4 2021 Housing Choice Voucher Tenant Characteristics																									
<p>How many households and people are served?</p> <p>5.2 million people</p> <p>2.3 million households</p>	<p>What are the racial characteristics of the tenants?</p> <p>This program serves a demographically diverse population. 75% of residents are in a minority group.</p> <table><tr><th>Asian/ P.I.</th><th>Black, non- Hispanic</th><th>Hispanic</th><th>Native American</th><th>White</th><th>Unknown</th></tr><tr><td>3%</td><td>53%</td><td>19%</td><td>1%</td><td>24%</td><td>1%</td></tr></table>		Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown	3%	53%	19%	1%	24%	1%	<p>What are the characteristics of the heads of household?</p> <table><tr><td>Female headed families with children</td><td>35%</td></tr><tr><td>Elderly</td><td>25%</td></tr><tr><td>Non-elderly disabled</td><td>25%</td></tr></table>	Female headed families with children	35%	Elderly	25%	Non-elderly disabled	25%				
Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown																				
3%	53%	19%	1%	24%	1%																				
Female headed families with children	35%																								
Elderly	25%																								
Non-elderly disabled	25%																								
<p>How big are the households?</p> <table><tr><th>Household Size</th><th>Percentage</th></tr><tr><td>1 Person</td><td>47%</td></tr><tr><td>2 People</td><td>20%</td></tr><tr><td>3 People</td><td>14%</td></tr><tr><td>4+ People</td><td>19%</td></tr></table>	Household Size	Percentage	1 Person	47%	2 People	20%	3 People	14%	4+ People	19%	<p>How old are the heads of household?</p> <table><tr><th>Age Group</th><th>Percentage</th></tr><tr><td>24 Years or Less</td><td>2%</td></tr><tr><td>25 to 50 Years</td><td>46%</td></tr><tr><td>51 to 60 Years</td><td>22%</td></tr><tr><td>62 Years or More</td><td>30%</td></tr><tr><td>85 Years or More</td><td>2%</td></tr></table>		Age Group	Percentage	24 Years or Less	2%	25 to 50 Years	46%	51 to 60 Years	22%	62 Years or More	30%	85 Years or More	2%	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution \$39</p> <p>Average HUD contribution \$81</p>
Household Size	Percentage																								
1 Person	47%																								
2 People	20%																								
3 People	14%																								
4+ People	19%																								
Age Group	Percentage																								
24 Years or Less	2%																								
25 to 50 Years	46%																								
51 to 60 Years	22%																								
62 Years or More	30%																								
85 Years or More	2%																								
<p>What are the income levels of assisted households?</p> <p>Tenants make an average gross income of \$15,466.</p> <p>76% of households earn \$20,000 or less per year</p>	<p>How do household incomes compare to the local area median income?</p> <table><tr><td>Extremely low income (less than 30% AMI)</td><td>78%</td></tr><tr><td>Very low income (30% to 50% AMI)</td><td>17%</td></tr><tr><td>Low Income (50% to 80% AMI)</td><td>4%</td></tr></table>			Extremely low income (less than 30% AMI)	78%	Very low income (30% to 50% AMI)	17%	Low Income (50% to 80% AMI)	4%																
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Some percentage totals not equal to 100 due to rounding.  
Source: HUD PIC and TRACS databases. December 2021 extract.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Contract Renewals	22,385,000	122,128	22,507,128	22,239,323	23,080,000	262,804	23,342,804	26,234,000
Contract Renewals (CARES Act)	-	157,337	157,337	157,337	-	-	-	-
Administrative Fees	2,159,000	140,917	2,299,917	2,103,375	2,159,000	196,542	2,355,542	3,014,000
Administrative Fees (CARES Act)	-	-	-	-	-	-	-	-
Contract Renewals- Emergency	695,000	-	695,000	695,000	-	-	-	-
Section 8 Rental Assistance	116,000	67,865	183,865	143,315	116,000	40,550	156,550	220,000
Veterans Affairs Supportive Housing (HUD-VASH) Program	40,000	55,236	95,236	46,825	40,000	48,412	88,412	-
Tribal HUD-VASH	-	6,986	6,986	4,292	-	7,693	7,693	-
Section 811 Mainstream Renewals	314,000	247,218	561,218	427,869	314,000	133,349	447,349	667,000
Rental Assistance Demonstration	-	74,231	74,231	60,458	-	68,772	68,772	-
Family Unification Program (FUP)	25,000	20,616	45,616	18,105	25,000	27,511	52,511	-
Mobility Demonstration	-	50,000	50,000	45,730	-	4,269	4,269	-
Mobility Services	-	-	-	-	-	-	-	445,000
Homelessness and Domestic Violence Vouchers	43,439	-	43,439	-	43,439	43,439	86,878	-
Incremental Vouchers	-	-	-	-	-	-	-	1,550,000
FSS Coordinator	-	26	26	-	-	26	26	-
Emergency Housing Vouchers (ARP Act)	4,177,000	-	4,177,000	786,451	-	3,390,549	3,390,549	-
Administrative Fees (ARP Act)	603,000	-	603,000	356,911	-	246,089	246,089	-
Allocation Adjustments for CY 2022 (ARP Act)	200,000	-	200,000	15,631	-	184,369	184,369	-
<b>Total</b>	<b>30,757,439</b>	<b>942,560</b>	<b>31,699,999</b>	<b>27,100,622</b>	<b>25,777,439</b>	<b>4,654,374</b>	<b>30,431,813</b>	<b>32,130,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2023 President's Budget includes the following:

Tenant-Based Rental Assistance accommodates Jobs Plus rent incentive: The costs associated with any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative shall be renewed.

Provide capacity support for small properties and owners converting through RAD: Owners of small properties, including those assisted under Section 202 PRAC and Section 8 Mod Rehab, sometimes



struggle with the cost and complexity of certain underwriting requirements that HUD has established to ensure that the property will be physically sound and free of environmental hazards. This proposal would authorize the use of Participating Administrative Entities (PAEs), originally used in the Mark-to-Market program, to conduct the property level due diligence, including Capital Needs Assessments and environmental reports, that are required of all RAD conversions. They would provide significant relief for owners of small properties, where the cost of such due diligence is often prohibitive to taking the necessary steps to improve the property for residents. These small properties are often in underserved communities and this authority will assist in long-term preservation and affordable housing opportunities.

**Funding Reallocation to Improve Leasing:** HUD requests authority to offset the renewal funding allocations for PHAs with excess reserves and reallocate the resulting budget authority to PHAs that have capacity to lease up additional vouchers. HUD also requests authority to reallocate authorized units (UMAs) from PHAs that have a demonstrated history of under-leasing to high-capacity PHAs leasing at or close to authorized levels. In reallocating funds and units, neighboring PHAs with additional capacity would receive priority to receive additional funds/units, and HUD would also give preference to PHAs with previous renewal funding offset due to excessive reserves, that have demonstrated increased capacity through improved voucher utilization following the offset.

**Family Unification Program (FUP), Foster Youth Initiative (FYI), and Mainstream Administrative Flexibilities:** HUD requests language that would provide statutory flexibilities for FUP, FYI, and Mainstream programs such as separate waiting lists, time necessary for lease up, reduced screening criteria, and direct referrals from supportive service agencies. HUD further requests language that would provide statutory flexibilities for PHAs to allow FUP, FYI, and Mainstream programs the flexibility to adopt a 90- to 120-day referral timeline. It is difficult for youths and disabled families and individuals to find units that are available for lease within the current 90-day timeframe, which increases the risk that such persons would experience homelessness. Thus, this extended referral timeline would allow more people more time to enter these programs.

**Tenant Protection Voucher Assistance:** The 2023 President's Budget for the U.S. Department of Agriculture (USDA) requests language that would decouple USDA section 521 rental assistance from existing USDA section 514 or 515 multifamily loans on assisted properties, allowing some properties to continue to receive section 521 project-based assistance after their loan is paid off. However, not all properties may qualify for such assistance, so the Budget assumes HUD, rather than USDA's Rural Development Voucher (RDV) program, will issue vouchers for units that USDA is unable to preserve. Therefore, HUD requests authority to use up to \$20 million to provide replacement Tenant Protection Vouchers (TPV) to low-income tenants referred by the Secretary of USDA when Section 521 assistance is no longer available to protect the tenants due to maturity, prepayment, or foreclosure of a loan made under Section 514 or 515 covering the USDA development. This request will cover approximately 1,800 units currently supported by USDA. Families currently assisted by USDA through the RDV program would not be eligible for these TPVs.

## **General Provisions**

**Mod Rehab Properties to Project Based Voucher (PBV) Conversion:** HUD requests a general provision that would apply a limited timeframe to an owner's statutory right to renew their Mod Rehab contract under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) to encourage the owner to convert to PBV or PBRA assistance under existing Rental Assistance Demonstration (RAD) authority. Encouraging owners to convert to PBV or PBRA assistance under existing RAD authority will help HUD phase out the Mod Rehab program, which was repealed by the Cranston-Gonzalez National Affordable Housing Act in 1991 (2023 President's Budget, Sec. 236).

## Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes to the HCV program through the authorization process:

Repair Timeframe Flexibility for Housing Choice Voucher (HCV): HUD requests language that would provide HUD the authority to adjust timelines for non-life-threatening repairs under the HCV program and align inspection requirements across HUD programs, as is intended by the National Standards for the Physical Condition of Real Estate (NSPIRE).

Pre-Qualifying Unit Inspections: HUD requests language to allow PHAs with high HCV utilization rates to conduct pre-qualifying inspections or “pre-inspections” for units not actively linked to a specific HCV family.

Triennial Recertification to Promote Family Wealth Building: HUD requests language that would provide the Department with the discretion to allow PHAs to implement triennial recertification of income, such as is currently available to PHAs for fixed-income families, instead of annual or biennial. Triennial recertifications of income would promote family wealth building.

## APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes proposed changes in 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.) (in this title "the Act"), not otherwise provided for \$28,130,000,000, to remain available until expended, which shall be available on October 1, 2022 (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, 2022), and \$4,000,000,000, to remain available until expended, which shall be available on October 1, 2023: Provided, That the amounts made available under this heading are provided as follows:*

*(1) \$26,234,000,000 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 2023 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 costs associated with any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative as described under the heading "Self-Sufficiency Programs" shall be renewed: 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: Provided further, That the Secretary may extend the notification period with the prior written notification to the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the MTW demonstration shall be funded in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, 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 2023 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 2022 that is verifiable and complete), as determined by the Secretary: Provided further, That public housing agencies participating in the MTW demonstration shall also be subject to the offset, as determined by the Secretary, from the agencies' calendar year 2023 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, to avoid or reduce the proration of renewal funding allocations, and to enable public housing agencies operating their existing housing choice voucher programs with high utilization rates and a demonstrated capacity to serve additional families, as determined by the Secretary, to assist more families: Provided further, That the Secretary may also reallocate authorized units from public housing agencies with a history of significant under-leasing and utilization to public housing agencies that meet the requirements of the previous proviso to receive funds to assist more families and that have under lease all, or nearly all, of their authorized units: Provided further, That such reallocations shall be made in accordance with terms and conditions established by the Secretary by notice: Provided further, That the Secretary may utilize unobligated balances, including recaptures and carryover, remaining from prior year appropriations (excluding special purpose vouchers), notwithstanding the purposes for which such amounts were appropriated, to avoid or reduce the proration of renewal funding allocations: 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, or an adjustment for a funding obligation not yet expended in the previous calendar year for a MTW eligible activity to develop affordable housing for an agency added to the MTW demonstration under the expansion authority provided in section 239 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (division L of Public Law 114–113); (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; (5) for adjustments for withheld payments for months in the previous calendar year that were subsequently paid by the public housing agency after the agency's actual costs were validated; and (6) 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: Provided further, That of the total amount provided under this paragraph, up to \$50,000,000 shall be available to supplement funds transferred from the heading "Public Housing Fund" to fund contracts for properties converting from assistance under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) under the heading "Rental Assistance Demonstration" in title II of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2012 (division C of Public Law 112–55) to*

*further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such properties; Provided further, That the amounts under the previous proviso may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) to provide direct support, including carrying out due diligence and underwriting functions for owners and for technical assistance activities, on conditions established by the Secretary for small properties and owners entering into any conversion contract under the First Component;*

*(2) \$220,000,000 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 (including victims of violent crimes) 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, Choice Neighborhood vouchers, mandatory and voluntary conversions, 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 up to \$20,000,000 of the amounts made available under this paragraph may be to provide replacement tenant protection assistance to low-income tenants assisted under section 521 of title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), upon the determination and referral by the Secretary of the Department of Agriculture that section 521 assistance is no longer available to protect such tenants due to maturity, prepayment, or foreclosure of loans under section 514 or section 515 of such Act (42 U.S.C. 1484 and 1485): Provided further, 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 provide section 8 rental assistance from amounts made available under this paragraph for units assisted under a project-based subsidy contract funded under the "Project-Based Rental Assistance" heading under this title where the owner has received a Notice of Default and the units pose an imminent health and safety risk to residents: Provided further, That to the extent that the Secretary determines that such units are not feasible for continued rental assistance payments or transfer of the subsidy contract associated with such units to another project or projects and owner or owners, any remaining amounts associated with such units under such contract shall be recaptured and such recaptured amounts, in an amount equal to the cost of rental assistance provided pursuant to the previous proviso, up to the total amounts recaptured, shall be transferred to and merged with amounts under this paragraph: Provided further, That of the amounts made available under this paragraph, no less than \$5,000,000 may be available to provide tenant protection assistance, not otherwise provided under this paragraph, to residents residing in low vacancy areas and who may have to pay rents greater than 30 percent of household income, as the result of: (A) the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (B) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (C) the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary: Provided further, That such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the Act: 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: 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;*

*(3) \$3,014,000,000 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 \$10,000,000 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 \$3,004,000,000 of the amount provided in this paragraph shall be allocated to public housing agencies for the calendar year 2023 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 carryover, remaining from funds appropriated to the Department of Housing and Urban Development under this heading from prior fiscal years, excluding special purpose vouchers, notwithstanding the purposes for which such amounts were appropriated: Provided further, That all public housing agencies participating in the MTW demonstration shall be funded in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any, 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) \$667,000,000 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 up to \$10,000,000 shall be available only (1) for adjustments in the allocation for public housing agencies, after applications for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in Mainstream renewal costs resulting from unforeseen circumstances, and (2) for public housing agencies that despite taking reasonable cost saving measures, as determined by the Secretary, would otherwise be required to terminate the rental assistance for Mainstream families as a result of insufficient funding: Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary: Provided further, That upon turnover, section 811 special purpose vouchers funded under this heading in this or prior Acts, or under any other heading in prior Acts, shall be provided to non-elderly persons with disabilities;*

*(5) Of the amounts provided under paragraph (1) up to \$5,000,000 shall be for rental assistance and associated administrative fees for 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 recipients that received assistance under prior Acts under the Tribal HUD-VASH program: Provided further, That the Secretary shall be authorized to specify criteria for renewal grants, including data on the utilization of assistance reported by grant recipients: Provided further, That such assistance shall be administered in*

*accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996 and modeled after the HUD-VASH program: Provided further, That the Secretary shall be authorized to 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 for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are 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: Provided further, That the Secretary may reallocate, as determined by the Secretary, amounts returned or recaptured from awards under the Tribal HUD-VASH program under prior Acts to existing recipients under the Tribal HUD-VASH program;*

*(6) \$1,550,000,000 shall be made available for new incremental voucher assistance under section 8(o) of the Act, to be allocated pursuant to a method, as determined by the Secretary, which may include a formula that may include such factors as severe cost burden, overcrowding, substandard housing for very low-income renters, homelessness, and administrative capacity, where such allocation method shall include both rural and urban areas: Provided, That the Secretary may specify additional terms and conditions to ensure that public housing agencies provide vouchers for use by survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking, or individuals and families who are homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)), or at risk of homelessness, as defined in section 401(1) of such Act (42 U.S.C. 11360(1));*

*(7) \$445,000,000 shall be for mobility-related services, as defined by the Secretary, for voucher families with children modeled after services provided in connection with the mobility demonstration authorized under section 235 of division G of the Consolidated Appropriations Act, 2019 (42 U.S.C. 1437f note; Public Law 116–6): Provided, That the Secretary shall make funding available to public housing agencies on a competitive basis and shall give preference to public housing agencies with higher concentrations of voucher families with children residing in high-poverty neighborhoods: Provided further, That the Secretary may recapture from the public housing agencies unused balances based on utilization of such awards and reallocate such amounts to any other public housing agency or agencies based on need for such mobility-related services as identified under such competition; and*

*(8) the Secretary shall separately track all special purpose vouchers funded under this heading: Provided, That the Secretary 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 for new incremental voucher assistance or renewals for the Mainstream program, the HUD-VASH program (in consultation with the Secretary of the Department of Veterans Affairs), and the family unification program (including the Foster Youth to Independence program) in this and prior Acts (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of voucher assistance in such respective programs.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Public Housing Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	7,806,000	(119,000)	-	7,687,000	7,150,545	3,573,000
2022 Annualized CR	7,806,000	451,065	-	8,257,065	7,721,000	5,743,000
2023 President's Budget	8,780,000	441,000	-	9,221,000	8,694,000	6,902,000
Change from 2022	974,000	(10,065)	-	963,935	973,000	1,159,000

a/ Carryover into 2021 is shown net \$119 million transferred for subsidy payments for units converting under the Rental Assistance Demonstration (RAD)

b/ Carryover for 2022 is shown net of \$85 million estimated to be transferred for RAD.

c/ Carryover for 2023 includes an estimated \$536 million of unobligated balances and the estimated projected transfers of \$86 million for RAD and \$9 million for the IT Fund.

#### PROGRAM PURPOSE

The Public Housing Fund supports the Public Housing program by providing Federal grants necessary for Public Housing Agencies (PHAs) to operate, maintain, and make capital improvements to approximately 935,000 affordable public housing units which house over 1.7 million residents. The public housing stock serves an important role in the Nation's housing market by providing housing for some of the most vulnerable families. Local administration of Federal grant funds allows communities the flexibility to tailor public housing to suit local needs, including establishing admission preferences for the elderly, disabled, and homeless persons, as well as the working poor.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$8.8 billion for the Public Housing Fund, which is \$974 million more than the 2022 annualized CR level. The Budget supports the following activities:

- \$8.2 billion for Public Housing Fund grants, of which \$5.0 billion is distributed based on the Public Housing Operating Fund formula and \$3.2 billion is distributed based on the Public Housing Capital Fund formula;
- \$60 million for Housing Health Hazards;
- \$25 million for Lead-Based Paint Hazards;
- \$20 million for Emergency and Disaster grants;
- \$20 million for Safety and Security grants;
- \$45 million for Receivership, Troubled and High-Risk PHAs;
- \$25 million for Operating Shortfall Prevention;
- \$50 million for Financial and Physical Assessment Support; and
- \$300 million for energy efficiency and climate resilience, of which \$276 million is intended for the Public Housing Rapid Return Utility Conservation and Climate Resilience Program and \$24 million to promote and implement utilities benchmarking across the public housing portfolio.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes \$1.065 million to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has

shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. The Budget addresses climate change on two fronts: lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation), and helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These investments are crucial to help communities mitigate and prepare for the worst effects of climate change. Please see the “Climate Overview” justification for more details.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD’s department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department’s customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## **JUSTIFICATION**

The Public Housing Fund provides payments to nearly 3,000 PHAs for the operation, management, maintenance, and capital needs of publicly owned affordable rental housing throughout the United States and its territories. The Public Housing Fund is allocated as grants to support operations awarded pursuant to Section 9(e) of the United States Housing Act of 1937 and grants to support capital needs awarded pursuant to Section 9(d) of the Act.

The Public Housing program is a vital part of the Nation’s critical infrastructure. Operating housing and investing in modernization are demonstrated economic generators. Additionally, through investments in energy conservation and climate resilience measures – both through regular modernization activities and through energy incentives, like energy performance contracts and rate reduction incentives – the program supports the goal of reducing the Nation’s reliance on fossil fuels and serves to reduce HUD’s carbon footprint. Investing in public housing is also crucial to reversing the negative impacts of racism and discrimination in access to quality, affordable housing. Black, Latino, Native American, and Asian families make up over two-thirds of people living in public housing. Eliminating health hazards like lead and mold, improving heating and cooling systems, and upgrading building amenities like elevators and broadband access are essential to giving households a stronger foundation for their health, education, and employment success. Finally, through regular capital investments, ongoing maintenance efforts, and strategic funding available through targeted set-asides, the Public Housing program serves to ensure that HUD and PHAs are meeting the important goal of providing a healthy and safe living environment to the families living in public housing.

The Public Housing program has long been vital to the Federal housing safety net, and it has been especially important as the COVID-19 pandemic exacerbated the lack of stable affordable rental housing. The Public Housing Fund enables the preservation of housing for low- and extremely low-income families who cannot afford housing on the private rental market. For these families, public housing offers an affordable, stable platform to access other resources and supports to improve economic and social mobility.

### **Grants Awarded for Operations**

Public Housing grants are the only dedicated Federal resource available to PHAs to operate and maintain the Nation’s public housing stock. PHA eligibility for an operating grant is based on the Operating Fund formula established through negotiated rulemaking in 2007 and codified at 24 CFR



PUBLIC HOUSING FUND

990. This funding covers day-to-day operational expenses associated with public housing and program implementation expenses that PHAs are required to undertake under Section 9(e) of the U.S. Housing Act of 1937 and existing program regulations.

These expenses include, but are not limited to:

Public Housing Operation:

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

Public Housing Program 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;
- Planning for the long-term capital needs to maintain the viability of PHA properties; and
- Debt service incurred to finance unit rehabilitation and development.

The Budget proposes operating grants in the amount of \$5.0 billion. Funding at this level is projected to be sufficient to cover 100 percent of public housing operating expenses.

2023 OPERATING FUND ELIGIBILITY (Dollars in Thousands)			
Description	Actual FY 2021	Estimate FY 2022	Estimate FY 2023
1 Non-Utility Expense Level (PEL)	\$5,230,829	\$5,326,705	\$5,331,665
2 Utilities	\$1,484,643	\$1,523,778	\$1,510,462
3 Less: Tenant Income	-\$2,830,858	-\$2,874,417	-\$2,884,724
4 Public Housing Operating Fund Base (line 1-3)	\$3,884,613	\$3,976,066	\$3,957,403
5 MTW Alternative Formula Grant, PHA's not in Base	\$519,631	\$531,172	\$542,969
6 Public Housing Add-ons	0	0	0
7 Elderly/Disabled Coordinators	\$15,520	\$15,991	\$16,388
8 Resident Participation	\$21,516	\$21,262	\$20,766
9 Energy-Add On for Loan Amortization	\$40,903	\$42,147	\$43,192
10 Payments in Lieu of Taxes	\$166,956	\$172,032	\$176,298
11 Cost of Independent Audit	\$24,641	\$25,390	\$26,019
12 Asset Management Fee	\$32,487	\$32,104	\$31,356
13 Information Technology Fee	\$22,139	\$21,877	\$21,368
14 Asset Repositioning Fee	\$64,230	\$66,183	\$67,824
15 Mutual Help and Turnkey Units	\$7	\$7	\$7

## PUBLIC HOUSING FUND

16	Estimated Appeals	\$10,000	\$10,000	\$10,000
17	Stop Loss	\$125,755	\$124,270	\$121,376
18	<b>Subtotal: Operating Fund Base (line 4-19)</b>	<b>\$4,928,397</b>	<b>\$5,038,500</b>	<b>\$5,034,967</b>

### Information Technology – Operating Fund Portal

HUD continues to make progress towards modernizing its Information Technology (IT) systems to improve the administration of Public Housing programs. In coordination with the Office of the Chief Information Officer (OCIO), PIH is continuing to develop new functionality within the Operating Fund Portal (OpFund Portal), which will help reduce the administrative burden on PHAs when requesting Operating Funds and HUD processing of these requests and calculation of Operating Fund grants. Specifically, PIH IT modernization funding provided in the Consolidated Appropriations Act, 2021 (the 2021 Appropriations Act) for the OpFund Portal will enable the automation of the pre-population of Operating Fund requests and the submission and review of these requests, ultimately replacing approximately 14,000 manual Operating Fund forms each year. The Operating Fund Portal also substantially automates many other aspects of the funding process for both PHAs and HUD.

### Grants Awarded for Capital Needs

Public Housing grants are the primary source of funding for public housing rehabilitation and development. The Budget provides \$3.2 billion for grants to be awarded pursuant to the Capital Fund Formula enumerated at 24 CFR 905.400. This proposed amount represents a 16 percent increase above the 2022 annualized CR level and approaches the estimated level (as of 2010) required to satisfy the annual accrual amount.

Eligible uses of capital grants include, but are not limited to:

- Addressing deferred maintenance needs;
- Development, financing, and rehabilitation activities;
- Vacancy reduction;
- Resident relocation;
- Programs supporting economic self-sufficiency of public housing residents;
- Resident security and safety activities;
- Homeownership activities;
- Integrated utility management and energy saving measures; and
- Debt service.

The most recent portfolio-wide Capital Needs Assessment (CNA), completed in 2010, estimated the backlog of unmet public housing capital need at approximately \$26 billion. The projected annual accrual of needs across the inventory was estimated to be at least \$3.4 billion per year on average at that time. Since the 2010 study, the Public Housing Capital Fund grant program has not been funded at the annual accrual need estimated in 2010, much less the increased need caused by inflation in construction and modernization costs over time. Although the public housing inventory has been reduced and many units have been rehabilitated since 2010, the financial impact of inflation and deferred capital investment in the public housing inventory are substantially greater than any decrease in need associated with the units that have left the inventory or have since been revitalized. HUD is currently engaging with a contractor on a portfolio-wide study that assesses (1) the usefulness of underlying capital needs data available to HUD and PHAs; (2) how PHAs estimate capital needs and best practices employed in doing so; and (3) estimates the nationwide capital needs of public housing, while recommending future estimation methods.

Public Housing grants remain essential to achieving HUD's goals related to improving the quality of public housing, increasing occupancy in public housing, decreasing energy costs, and maximizing Federal resources.

- Improving the quality of Public Housing. More than half of the Nation's public housing stock was constructed prior to 1970, some as early as 1936. As a result, these units require significant rehabilitation work to bring them into a condition that is safe, decent, and sustainable.
- Increasing occupancy in Public Housing. The occupancy of public housing units has decreased to 94 percent, and HUD's goal is to improve upon that occupancy rate to 96 percent by the end of 2022. HUD is focused on the challenge of preserving the availability of quality affordable rental housing in order to provide necessary housing for low-income families to improve their lives, preventing homelessness and reducing worst-case housing needs.
- Investing in Public Housing. Investing in public housing addresses racial inequities, as over two-thirds of public housing residents are people of color. The Budget proposes historic investments that will reduce carbon emissions and increase the climate resilience of the public housing stock, while improving indoor air quality and creating healthier and safer homes for the families that live there.
- Decreasing utility consumption and costs. As part of the Administration's whole-of-government approach to address the climate crisis, the Department is improving utility conservation options through targeted set-asides to support investments in energy conservation measures and utilities benchmarking activities. Public Housing grants provide PHAs with the necessary resources to increase utility conservation as they modernize their inventory.
- Addressing Capital Needs. Given the current Federal fiscal environment, PHAs must leverage outside investment, since they cannot meet their needs by using only Federal funds. The Rental Assistance Demonstration (RAD) and the Capital Fund Financing Program (CFFP) help achieve this goal. Since its inception in 2012, the RAD program has converted approximately 157,000 public housing units while generating over \$14 billion in resources to meet modernization needs for the converted units. HUD has approved approximately 196 transactions involving 253 PHAs through the CFFP. The total amount of loan and bond financing approved to date is approximately \$4.7 billion since the CFFP program's inception in 1999. The CFFP has evolved such that PHAs are further leveraging their Capital Fund dollars by utilizing the CFFP to obtain Low-Income Housing Tax Credits. Approximately \$2.5 billion worth of tax credits have been leveraged using CFFP funds.

The Department will continue to use its statutory authority under the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55) to transfer amounts from the 2023 Operating and Capital Fund appropriations to the Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA) accounts to fund renewal costs for public housing units converting under RAD in calendar year 2022.

### **Public Housing Grants for Housing Health Hazards**

The Budget proposes \$60 million in funding to PHAs for competitive grants to help PHAs identify and eliminate housing-related hazards in public housing, such as mold, carbon monoxide, pest infestation, radon, and other housing hazards. The Department intends to prioritize funding requests to enhance fire safety, including the funding of fire suppression systems such as fire sprinkler systems for multifamily buildings. Improving the environmental conditions and safety of public housing are environmental justice priorities as they improve residents' health and safety. While many of these deficiencies are identified by the Real Estate Assessment Center (REAC) in physical needs assessments, PHAs would benefit from dedicated funds for evaluation and mitigation. Evaluations will include comprehensive assessments of fire hazards, moisture intrusion, ventilation,

and other structural defects that can contribute to unhealthy or unsafe conditions. These repairs can help reduce allergies and asthma exacerbation in residents, especially children, and help prevent injury and death.

### **Public Housing Grants for Lead-Based Paint Hazards**

The Budget includes \$25 million to support competitive grant funding to address health hazards from lead-based paint in public housing units. Funding for the determination and remediation of health hazards related to lead-based paint remains a critical need. Most public housing units were constructed prior to 1978 and have extensive potential for lead-based painted surfaces. These grants are a successful tool to advance the health and welfare of public housing residents nationwide, particularly for children under the age of six who are most at risk of suffering the devastating effects of lead poisoning.

### **Public Housing Grants for Emergencies and Natural Disasters**

The Budget includes up to \$20 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 Presidentially-declared natural disasters are eligible to receive funding from the Federal Emergency Management Agency, or FEMA, under the Robert T. Stafford Relief Act.) Examples of capital needs funded under grants for non-Presidentially-declared disasters and other emergencies include plumbing replacement, sewer line replacement, foundation stabilization, heating, ventilation, and air conditioning (HVAC) replacement, fire alarm replacement, flood abatement, mold removal/repairs, boiler pipe replacement, and emergency window replacement.

### **Public Housing Grants for Safety and Security Needs**

The Budget proposes \$20 million for grants to PHAs to address crime and drug-related activity to provide for the safety of public housing residents. The grants for emergency safety and security needs are used to install, repair, or replace capital needs items, including security systems, surveillance cameras, fencing, lighting systems, emergency alarm systems, window bars, deadbolt locks, and doors. The purchase and installation of carbon monoxide detectors may, also, continue to be an eligible activity, depending on determination of outstanding need.

### **Prevention, Recovery and Transformation of High Risk PHAs**

The Budget proposes \$45 million to support high-risk PHAs, specifically including PHAs in receivership or under the control of a Federal monitor, through the following:

- Activities related to recovery from and prevention of receivership. This includes costs associated with recapitalization, transformation, and preservation of affordable housing assets for troubled and high-risk PHAs, including any PHA under control of a Federal monitor. Funding will be used to address deteriorated physical conditions, which can help preserve affordable housing and prevent high risk and troubled PHAs from being placed into receiverships.
- Activities related to technical assistance and administrative costs that enable HUD and PHAs to build capacity, conduct assessments, and develop recapitalization strategies for PHAs whose deep capital needs pose financial and operational risks to the Agency.

During any given year, performance scoring under the Public Housing Assessment System (PHAS) identifies over 500 troubled and substandard PHAs. Further, as evidenced by REAC financial and physical data, there are approximately 207,000 units across 658 developments in poor physical

condition where the PHA does not have resources to address physical needs. The data, also, identifies 123,000 units across 663 developments with a limited remaining useful life with failing or trending to failing physical scores.

To address the collective needs of these agencies, HUD has undertaken a concerted effort to work with PHAs to evaluate the on-the-ground challenges, provide technical assistance to PHAs to focus capital investments, and address operational inefficiencies since 2019.

### **Public Housing Operating Shortfall Funding**

The Budget proposes \$25 million for Public Housing Operating Shortfall funding. Funding awarded for operational shortfalls enables HUD to provide targeted assistance to agencies with short-term operational challenges. HUD requires PHAs receiving these funds to take corrective actions to remedy the causes of PHA shortfalls and to address such causes on a case-by-case basis. Through this process, HUD can evaluate whether additional long-term policy changes are necessary for the PHA.

Some PHAs have been found to have financial management challenges and face insolvency. These PHAs were assisted by a \$25 million insolvency/shortfall program in both 2020 and 2021. The program provides PHAs with funding to support improvements in financial management and solvency. In 2020, 219 PHAs were eligible with \$112 million in eligibility, and the funding assisted 138 PHAs. In 2021, 167 PHAs were eligible with \$143 million in eligibility, and the funding assisted 129 PHAs.

Since the program's inception, the Department has seen improvement in the financial health and stability of the PHAs participating in the Shortfall program. For the 2020 and 2021 Shortfall programs, PHAs were required to achieve and maintain an operating reserve balance of one month of expenses or better on their subsequent financial statements to access funds. As of January 2022 reporting, approximately half of the PHAs that received Shortfall funding in 2020 have met this goal. Furthermore, these PHAs have collectively improved their financial position by increasing their operating reserves by 50 percent since entering the program.

In 2022, HUD plans to implement improved oversight and support for PHAs receiving Shortfall funding. As part of this effort, PHAs will be required to submit formal corrective action plans and approved annual budgets. The corrective action plans will require PHAs to identify areas for improvement and commit to certain timeframes. HUD will provide necessary technical support to PHAs to increase the likelihood of success in meeting those goals.

### **Financial and Physical Assessment**

The Budget proposes \$50 million for Financial and Physical Assessments, which includes the financial reviews and physical inspections of public housing necessary to identify performance risk and to issue Public Housing Assessment System (PHAS) scores. Assessing housing health risks is critical to additional actions aimed at health equity and environmental justice for public housing residents, including hundreds of thousands of children. If these risks are not assessed, our most vulnerable populations will remain at critical, and unknown, risk of acute illness, long-term disability, or even death. This funding level reflects the increase in the number of physical inspections performed on public housing properties during REAC's transition from legacy to new standards; from the Uniform Physical Condition Standards (UPCS) for legacy PHAS scoring to National Standards for the Physical Inspection of Real Estate program (NSPIRE).

As the Department transitions to the new NSPIRE standards in 2023, this funding together with PIH IT modernization funds provided in the Consolidated Appropriations Act, 2021 supports the

NSPIRE Information Technology solution. It provides the necessary collection and improved technology capabilities required to receive, process, analyze, and manage a larger volume of data and information from all types of inspections (e.g., REAC-conducted inspections, self-inspections) and resident surveys. It includes the development of a substantially improved inspection program, including all operations at a more enhanced scale than possible under the legacy operating model. Implementing NSPIRE by the end of 2023 is one of HUD's strategic plan priorities to improve rental assistance, and this funding will be instrumental in achieving this goal. This funding, also, includes new specialized assessments and the continuation of an operational pilot for the collection of information about environmental hazards in public housing, such as lead, mold, pest infestation, and radon (in coordination with the Office of Lead Hazard Control and Healthy Homes) at approximately 1,000 properties.

As required by the 21st Century Integrated Digital Experience Act and the recent Executive Order 14058 on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government, and in furtherance of HUD's goal of advancing sustainable communities, this funding level allows for continued development of a new set of performance and risk indicators for public housing based in sound evidentiary principles. These indicators are also aligned with our voucher program inspections. A revised assessment program will help to improve the way HUD works by using digital and human-centered design principles to transform business processes and the supporting technology infrastructure REAC utilizes to perform and deliver assessments. The following IT efforts comprise the Department's multi-pronged enhancement strategy to achieve these goals:

- NSPIRE: Using 2021 PIH IT Modernization funds approved in HUD's 2021 PIH IT Performance Plan, PIH and its partner, OCIO, are developing a new system, the NSPIRE IT solution, which will automate the entire inspection lifecycle, including the prioritization, scheduling, inspection data collection (e.g., recording of deficiencies), remediation tracking and accountability, enforcement, and reporting among other functions. During December 2021, PIH has already deployed the first component of the NSPIRE IT solution to successfully perform NSPIRE Demonstration inspections in approximately 60 days after development started, in fact achieving the inspection collection capability as planned.
- IMS-PIC Modernization: IMS-PIC is the bedrock system for all PIH programs, including Tenant-Based Rental Assistance, Public Housing Operating Fund grants, and Public Housing Capital Fund grants, as it includes the baseline information for all families participating in PIH programs (household data) and all public housing assets (inventory data). IMS-PIC inventory data is also used for HUD's physical inspection program and Public Housing assessments. Following the deployment of the Enterprise Voucher Management System, all PIH rental assistance programs will use IMS-PIC household data for the calculation of annual funding. Like many PIH systems, IMS-PIC was built a little over 3 decades ago and uses outdated technology that is costly to maintain and vulnerable to performance and security risks. Like many PIH systems, IMS-PIC was built over three decades ago and uses outdated technology that is costly to maintain and vulnerable to performance and security risks. PIH and OCIO have been developing a replacement for IMS-PIC, approved as part of the 2021 PIH IT Performance Plan, that will replace all aspects of IMS-PIC and add several new functions supporting PIH programs, including data collection for Moving to Work (MTW) Expansion and HOTMA implementation; and functionality to support ONAP's Tribal HUD VASH program.
- PIH Data Warehouse Modernization: The PIH Data Warehouse is the repository and data architecture for all PIH programs and has substantially exceeded its useful life, requiring substantial operations and maintenance and regular hardware/performance enhancements to maintain its ability to operate. In order to support its rental assistance programs and grants moving forward, PIH and OCIO are developing a new PIH Data Warehouse to support its

programmatic data needs, including analytics, risk analysis and reporting. The new PIH Data Warehouse is essential for supporting its other PIH IT modernization efforts that require a new data architecture to effectively manage and organize PIH data to evaluate the efficacy of how these programs support several million households and approximately 7,000 assets.

- **PHAS Modernization:** OCIO requested funding in its 2022 Budget to modernize the technology supporting PIH's Public Housing Assessment System (PHAS). This technology would specifically enable an enhanced view of public housing performance and complementary data analytics to forecast/predict performance trends that could be used to prevent and respond to troubled housing and provide greater insight and transparency in the overall performance and risk of the public housing portfolio.

### **Public Housing Energy and Water Conservation**

PHAs use operating grants to pay for ongoing utilities costs, including energy and water incentive programs, and are authorized/encouraged to use capital grants to make investments in energy conservations measures. HUD spends about \$2 billion in utilities through utilities subsidies and energy and water conservation incentive programs, such as the decades-old Energy Performance Contract (EPC) program, the Rate Reduction Incentive, and the newly implemented Small Rural Frozen Rolling Base (SRFRB) program focused the small, rural PHAs. The incentive programs provide financial inducements for PHAs to implement energy and water conservation measures that reduce utility costs, improve infrastructure, reduce carbon emissions, conserve water, and bolster other climate resilience initiatives. In 2021, 80 percent of these incentives supported implementation of energy and water conservation measures, such as efficient lighting, water fixtures, and solar energy. These programs have been used by a limited number of PHAs, and various market factors and available resources have created barriers to usage by more PHAs. The remaining 20 percent promoted PHA utility rate reduction efforts, which lower utility costs that contribute to the \$2 billion cost of Public Housing utilities. A part of that \$2 billion utility cost, in addition to the \$1.5 billion in utility subsidy, is \$500 million in resident utility allowances. This budget requests resources to reduce public housing utilities usage and costs, and to support more informed decision-making by PHAs when investing in their portfolios.

### **Climate Resilience and Energy Efficiency**

As part of the Administration's whole-of-government approach to the climate crisis, the Department is committed to cost-effective, energy efficient, green, and healthy retrofits of HUD-supported affordable housing. The Budget includes a total of \$300 million in the Public Housing Fund that will be used to achieve these goals through targeted investments for public housing to further support energy efficient housing construction and environmentally sensitive and resilient design. Further, a portion of this funding will be used for pursuing energy benchmarking across the Public Housing portfolio. The table below illustrates the breakout:

Climate Resilience and Energy Efficiency	
	Million
Public Housing Rapid Return Utility Conservation Program	\$176
Climate Resilience	100
Public Housing Utilities Benchmarking	24
	<u>\$300</u>

#### Public Housing Rapid Return Utility Conservation Program

The budget includes \$176 million for energy efficiency capital improvements. The competitive selection criteria would include the period it would take for the conservation measure to pay for itself with investments that have a more rapid return on the investment receiving a priority for funding. The Secretary would be authorized to establish additional selection criteria. Grantees would be required to report on the performance of the utility conservation measures. While many PHAs have sporadically implemented utility conservation measures, the Department believes that extensive opportunities remain for PHAs to implement utility conservation measures that will pay for themselves in just a few years. Based on consumption data, at least 200,000 public housing units would be able to install low flow water fixtures that would substantially reduce water consumption. There are also opportunities for rapid paybacks that reduce energy consumption. PHAs that install improved weatherization measures, smart thermostats, or shift from using fluorescent bulbs to Light Emitting Diode (LED) bulbs can achieve a one-year payback. This investment in the public housing program may achieve an estimated \$100 million per year in savings on utility costs, save more than 7 billion gallons of water, and conserve more than 85 billion BTUs.

#### Climate Resilience

The budget includes \$100 million in competitive grants to fund capital investments to increase the climate resilience of public housing. These would prioritize cost-effective investments that protect the largest number of units possible. The selection criteria would include a per-unit cost ratio that would provide a higher score to proposals that would make a higher number of units climate resilient for a lower cost. PHAs would have to provide evidence that the proposed intervention would ameliorate the climate threat sufficiently to ensure the long-term viability of the property. The Secretary would be permitted to establish an eligible list of climate threats that are eligible to receive funding, as well as to permit PHAs to propose climate threats for consideration. The Secretary would be authorized to establish additional selection criteria, as well as maximum grant limits.

In order to maximize the effectiveness of the climate management component of the Public Housing Fund, the legislative language has been written such that the Secretary has the ability to shift funds from utility conservation measures to climate resilience measures, if demand for one or the other is insufficient to consume the funds initially made available.

#### Public Housing Utilities Benchmarking

Rising utility costs, aging property infrastructure, and increasingly frequent and intense weather events all threaten the affordability, financial viability, and habitability of assisted housing. By retrofitting properties to be more energy efficient, healthier, and more resilient, HUD can ensure the safety, affordability, and availability of housing. Despite spending nearly \$7 billion annually on utilities across its programs, HUD does not currently have complete, actionable data on how assisted



properties in the portfolio perform relative to industry norms for utility consumption. HUD's ability to target technical assistance, resources, and programs to improve the worst performing properties in our portfolios, to reward the highest performers and improvers, and to set performance standards and targets for our properties, will depend upon having a reliable, baseline snapshot of how properties currently perform relative to industry standards. Further, because the utility consumption data collected through utilities benchmarking is the same data upon which HUD utility allowances are sized, utilities benchmarking should also result in more accurate utility allowances giving each property the correct energy subsidy.

HUD believes strongly that implementing utilities benchmarking across its assisted housing portfolio will serve to inform PHAs, owners, and the Department of the performance of its portfolio to support informed decision making. The 2023 Budget seeks to increase utilities benchmarking across the entire HUD housing portfolio, while providing each program flexibility to implement based on the specific needs and current program requirements. Utilities benchmarking is a tool that supports data-driven utility management. Utilities benchmarking allows PHAs to electronically track utility consumption, cost data, and respective building characteristic data for capital improvements planning. PHAs can support and measure improvements in the program and measure carbon reductions.

Chronic underfunding of the Public Housing program has left a significant portion of the public housing portfolio in need of capital investment to modernize systems to reduce energy and water consumption. PHAs have useful, but limited, incentive programs built into the Operating Fund Formula that reward PHAs that invest in energy conservation measures by allowing them to keep a portion of the savings (a portion is shared with HUD). Pursuing utilities benchmarking will help PHAs and those supporting housing authorities to identify inefficiencies and prioritize the investment of limited grant or financing resources.

HUD plans to require mandated utilities benchmarking across the portfolio when systems are operational. For public housing, HUD plans to require utilities benchmarking after completing the regulatory requirements related to a feasibility study and public process. These efforts include analysis of comprehensive data, systems, and processes to identify a viable approach to implementing utilities benchmarking for public housing.

The Budget proposes \$24 million to advance Public Housing utilities benchmarking in 2023 to provide robust technical assistance to support agencies that would voluntarily participate in a pilot utilities benchmarking effort in 2023, as well as enable HUD to meet its regulatory obligations to complete a feasibility study and conduct a public process with appropriate stakeholders. Further, depending on the outcome of the activities related to the feasibility study and public process, up to \$9 million of this funding could be used to support IT systems upgrades to support longer-term changes to HUD or EPA systems to implement utilities benchmarking across the public housing portfolio, to support integration with the Operating Fund process, and to make other systems upgrades to support integration between HUD and EPA systems.

In addition, HUD expects to use up to \$10 million of the utilities benchmarking funding for technical assistance to support agencies to voluntarily participate in utilities benchmarking in 2023. With \$10 million in funding to support a utilities benchmarking pilot, HUD could provide TA to approximately 280 PHAs, or 10 percent of the public housing portfolio. This would provide PHAs technical assistance in their effort to report into Portfolio Manager and equip PHAs to use the utilities benchmarking data to improve their energy and water efficiency. Depending upon the size of the PHAs participating, we would expect this to impact approximately 90,000 units, or 10 percent of the Public Housing portfolio.

Unlike utilities benchmarking in other HUD programs, the Public Housing program is required to conduct a feasibility study and complete a Federal Advisory Committee Act (FACA) process as part of its utilities benchmarking effort. HUD will then advance the recommendations of the study, as well as feedback from stakeholders at the FACA, to identify policies, system requirements, and develop a utilities benchmarking system that leverages existing technology and systems.

### **Public Housing Resident Characteristics**

Currently, the Public Housing program serves families with an average household income of approximately \$15,574, less than a quarter of the 2020 U.S. median household income of \$67,521. Extremely low-income families (families earning less than 30 percent of an area's median income) make up approximately 60 percent of public housing households. More than a quarter of public housing households earn wages as their primary source of income, with approximately 65 percent of wage earners earning between \$5,000 and \$25,000. Over half of households live on fixed incomes. The elderly and persons with disabilities head 56 percent of households. Close to 40 percent of all households served include children. The average household contributes more than \$334 a month toward rent and utilities.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Public Housing Formula Grants (Capital Expenses)	2,765,000	-	2,765,000	2,710,162	2,765,000	11,204	2,776,204	3,200,000
Public Housing Formula Grants (Operating Expenses)	4,839,000	-	4,839,000	4,320,550	4,839,000	442,694	5,281,694	5,035,000
Public Housing Shortfall Prevention	25,000	-	25,000	25,000	25,000	-	25,000	25,000
Emergency Disaster Grants	20,000	-	20,000	18,940	20,000	1,060	21,060	20,000
Safety and Security Grants	10,000	-	10,000	10,000	10,000	-	10,000	20,000
Receivership and Monitorship Emergency Grants	45,000	-	45,000	45,000	45,000	-	45,000	-
Financial and Physical Assessment	23,000	-	23,000	1,266	23,000	21,734	44,734	50,000
Receivership, Troubled, High Risk PHAs	15,000	-	15,000	14	15,000	14,986	29,986	45,000
Public Housing Rapid Return Utility Conservation Program and Climate Resiliency	-	-	-	-	-	-	-	276,000
Utilities Benchmarking	-	-	-	-	-	-	-	24,000
Lead Paint Determination and Abatement	25,000	-	25,000	19,613	25,000	5,387	30,387	25,000
Housing Health Hazards	35,000	-	35,000	-	35,000	35,000	70,000	60,000
Radon Testing	4,000	-	4,000	-	4,000	4,000	8,000	-
Information Technology Fund (transfer)	-	-	-	-	-	-	-	(9,000)
Rental Assistance Demonstration (transfer)	-	(119,000)	(119,000)	-	-	(85,000)	(85,000)	(86,000)
<b>Total</b>	<b>7,806,000</b>	<b>(119,000)</b>	<b>7,687,000</b>	<b>7,150,545</b>	<b>7,806,000</b>	<b>451,065</b>	<b>8,257,065</b>	<b>8,685,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2023 President's Budget includes the following:

- **Operating Fund accommodates Jobs Plus rent incentive.** The amount of any foregone tenant rent payments due to the implementation of rent incentives from the Jobs-Plus initiative should be factored into the PHA's general operating fund eligibility instead of coming out of the PHA's Jobs Plus grant. This will allow PHAs to use their Jobs Plus grants to encourage self-sufficiency, not cover rent payments.

- **Capital and Operating Fund Flexibility.** Under current law, Public Housing appropriations are designated as "Operating" or "Capital," each of which has a separate list of eligible uses in statute. Small PHAs (i.e., operating <250 units) have full flexibility between Operating and Capital Funds, but non-small PHAs are only able to use 20 percent flexibly. HUD proposes to grant full flexibility to all PHAs.

### General Provisions

The 2023 President's Budget proposes the following new general provision(s):

- **Capital and Operating Fund Formula Grant Corrections.** HUD requests authority to correct formula errors for any HUD formula program on a prospective basis by offsetting amounts from any previously overpaid grantee(s)' award(s) in the current fiscal year and distributing those funds to grantees in the current fiscal year that previously received less formula funding than they would have as a result of the error in the prior fiscal year. (2023 President's Budget, Section 235)
- **Moving to Work (MTW) Implementation.** The provision provides HUD an extra three years to implement the MTW expansion because of delays attributable to the COVID-19 pandemic. (2023 President's Budget, Section 229)

The 2023 President's Budget re-proposes the following general provision(s) that were enacted in the 2021 appropriations bill:

- **PHA Executive Compensation.** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale. (2023 President's Budget, Section 216)
- **PHA Grant Funding Eligibility.** This provision prohibits funds from being used to make certain eligibility limitations as part of a notice of funding availability for competitive grant awards under the Public Housing Fund. (2023 President's Budget, Section 225)
- **Asset Management Exemption for Small PHAs.** Public housing agencies that own and operate 400 or fewer public housing units may elect to be exempt from any asset management requirement imposed by the Secretary in connection with the operating fund rule. (2023 President's Budget, Section 210)
- **Use of Capital Funds.** Ensures that agencies that are utilizing asset management are permitted to transfer capital funds for operations in compliance with the U.S. Housing Act of 1937. (2023 President's Budget, Section 211)
- **Expansion MTW Reserves Flexibility.** The provision allows Expansion MTW PHAs the ability to use previously appropriated funds flexibly permanently. (2023 President's Budget, Section 224)

### Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

- **Transfer of Reserves at Closing to Encourage Repositioning.** HUD requests authority to permit PHAs to retain a portion or the entire balance of Operating Funds, rental, and non-rental income reserves and use them to provide HCV assistance or capitalize the reserves of properties converted to PBVs through Section 22 or Section 18.
- **Community Service and Self-Sufficiency Requirement.** Current law requires non-working, non-elderly, non-disabled residents of Public Housing to participate in eight hours per month of either community service or economic self-sufficiency activities. HUD proposes to remove this requirement.
- **Biannual Selection of Flat or Income-based Rent for Families Experiencing Temporary Fluctuations in Income.** Under current law, PHAs must make available to tenants a "flat rent," generally at 80 percent FMR; however, tenants can only make the choice between a flat rent and an income-based rent once per year. HUD proposes to allow families to make this choice up to twice per year.
- **Triennial Recertifications of Income.** To promote family wealth building, HUD requests language that would provide the Department with the discretion to allow PHAs to, instead of annual or biennial income examinations, implement triennial recertification of income, like what is currently available to PHAs for fixed income families.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For 2023 payments to public housing agencies 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)) (the "Act"), and to carry out capital and management activities for public housing agencies, as authorized under section 9(d) of the Act (42 U.S.C. 1437g(d)), \$8,780,000,000, to remain available until September 30, 2026: Provided, That the amounts made available under this heading are provided as follows:*

*(1) \$5,035,000,000 shall be available to the Secretary to allocate pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations, for 2023 payments: Provided, That the amount of any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative as described under the heading "Self-Sufficiency Programs" shall be factored into the PHA's general operating fund eligibility pursuant to such formula;*

*(2) \$25,000,000 shall be available to the Secretary to allocate pursuant to a need-based application process notwithstanding section 203 of this title and not subject to such Operating Fund formula to public housing agencies that experience, or are at risk of, financial shortfalls, as determined by the Secretary: Provided, That after all such shortfall needs are met, the Secretary may distribute any remaining funds to all public housing agencies on a pro-rata basis pursuant to such Operating Fund formula;*

*(3) \$3,200,000,000 shall be available to the Secretary to allocate pursuant to the Capital Fund formula at section 905.400 of title 24, Code of Federal Regulations: Provided, That from the funds made available under this paragraph, the Secretary shall provide bonus awards in fiscal year 2023 to public housing agencies that are designated high performers;*

*(4) \$40,000,000 shall be available for the Secretary to make grants, notwithstanding section 203 of this title, to public housing agencies for emergency capital needs, including safety and security*

*measures necessary to address crime and drug-related activity, as well as 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 2023: Provided, That of the amount made available under this paragraph, not less than \$20,000,000 shall be for safety and security measures: Provided further, That in addition to the amount in the previous proviso for such safety and security measures, any amounts that remain available, after all applications received on or before September 30, 2024, for emergency capital needs have been processed, shall be allocated to public housing agencies for such safety and security measures;*

*(5) \$25,000,000 shall be for competitive grants to public housing agencies to evaluate and reduce lead-based paint hazards in public housing by carrying out the activities of risk assessments, abatement, and interim controls (as those terms are defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851b)): Provided, That for purposes of environmental review, a grant under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section;*

*(6) \$60,000,000 shall be available for competitive grants to public housing agencies to evaluate and reduce housing-related hazards including carbon monoxide, radon and mold in public housing: Provided, That for purposes of environmental review, grants under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section: Provided further, That amounts made available under this paragraph shall be combined with any amounts remaining from amounts made available under this paragraph for Healthy Homes Initiative grants in prior Acts and shall be used in accordance with the purposes and requirements under this paragraph;*

*(7) \$45,000,000 shall be 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, in addition to other amounts for that purpose provided under any heading under this title;*

*(8) \$50,000,000 shall be to support ongoing public housing financial and physical assessment activities;*

*(9) \$300,000,000 shall be available to improve the energy or water efficiency or climate resilience of public housing, including for competitive grants to public housing agencies for capital improvements to achieve such purposes: Provided, That for purposes of environmental review, grants under this paragraph shall be considered funds for projects or activities under title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) for purposes of section 26 of such Act (42 U.S.C. 1437x) and shall be subject to the regulations implementing such section: Provided further, That of the amounts made available under this paragraph, up to \$24,000,000 shall be available for utility benchmarking, including research and evaluations, technical assistance, and contracts, of which up to \$9,000,000 may be transferred to and merged with the heading "Information Technology Fund" to develop systems and tools necessary to collect and analyze PHA utility benchmarking data, to remain available until September 30, 2026;*

*Provided further, That notwithstanding any other provision of law or regulation, during fiscal year 2023, the Secretary of Housing and Urban Development may not delegate to any Department official other than the Deputy Secretary and the Assistant Secretary for Public and Indian Housing any authority under paragraph (2) of section 9(j) of the Act regarding the extension of the time periods under such section: Provided further, That for purposes of such section 9(j), the term "obligate" means,*

PUBLIC HOUSING FUND

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*with respect to amounts, that the amounts are subject to a binding agreement that will result in outlays, immediately or in the future: Provided further, That a public housing agency may use operating reserve funds or any amounts allocated to such agency pursuant to the Operating or Capital Fund formulas from amounts made available in this and prior Acts 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)).*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Office of Public and Indian Housing**

**Housing Certificate Fund**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	-	81,656	-	81,656	6,228	20,892
2022 Annualized CR	-	77,427	-	77,427	25,088	25,000
2023 President's Budget	-	54,000	-	54,000	20,000	20,000
Change from 2022	-	(23,427)	-	(23,427)	(5,088)	(5,000)

a/ Refer to the table below for a description of the source of the funds.

b/ Table may not reflect complete resources as compared to the 2023 Budget Appendix due to rounding.

**PROGRAM PURPOSE**

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 PBRA contracts that were funded in advance (i.e., long-term, up to 40 years). These funds continue to pay for contract expenses as they come due.
- 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.

**BUDGET OVERVIEW**

The 2023 President’s Budget requests no funding for the Housing Certificate Fund. The Budget request for HCF reflects the use of anticipated carryover and recaptures from previous years. 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.



## HOUSING CERTIFICATE FUND

### SOURCE OF FUNDS

	Carryover <sup>a/</sup>	Recaptures	Rescind <sup>b/</sup>	Appropriations <sup>c/</sup>	Total Resources	Obligations
2021	72,334,524	124,617,838	(16,186,964)	13,046,395	81,655,738	6,228,190
2022	75,427,547	10,000,000	(23,000,000)	15,000,000	77,427,547	25,087,848
2023	52,000,000	10,000,000	(23,000,000)	15,000,000	54,000,000	20,000,000

a/ 2021 carryover is net of SF-133 adjustment.

b/ Rescissions include all recaptured funds appropriated prior to 1987.

c/ An equivalent amount of the rescinded funds from 1974 to 1987 are then re-appropriated to HUD.

HUD anticipates using available residual funding from the HCF account to supplement appropriations in the PBRA account. Currently, HUD estimates this need at \$20 million but may use more based on actual operational need. The recaptures in 2023, along with funds remaining from prior year HCF recoveries, are anticipated to support Performance Based Contract Administrators (and/or successor contracts) and contract renewals in the PBRA program, providing an offset to new appropriations needed in the PBRA account.

### JUSTIFICATION

For more detailed information, please see the "Project-Based Rental Assistance (PBRA)" justification.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Contract Administrators	-	81,656	81,656	6,228	-	77,427	77,427	-
Renewal of Expiring Section 8 Contract	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>81,656</b>	<b>81,656</b>	<b>6,228</b>	<b>-</b>	<b>77,427</b>	<b>77,427</b>	<b>-</b>

a/ Table may not reflect complete resources as compared to the 2023 Budget Appendix due to rounding.

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None

### APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed 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 2023 and prior years may be used for renewal of or amendments to section 8 project-based contracts and for performance-based contract administrators, notwithstanding the purposes for which*

## HOUSING CERTIFICATE FUND

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*such funds were appropriated: Provided, That any obligated balances of contract authority from fiscal year 1974 and prior fiscal years 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 2022 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, 2022 (Division A of P.L. 117-43, as amended).*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Choice Neighborhoods

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	200,000	188,744	-	388,744	164,998	72,378
2022 Annualized CR	200,000	223,746	-	423,746	200,000	143,397
2023 President's Budget	250,000	224,000	-	474,000	250,000	155,000
Change from 2022	50,000	254	-	50,254	50,000	11,603

#### PROGRAM PURPOSE

Choice Neighborhoods is a place-based grant program which helps communities develop and implement locally driven comprehensive neighborhood plans to transform underserved neighborhoods into thriving communities with greater economic opportunity for all residents. The Choice Neighborhoods program focuses on three key elements: 1) Housing – redevelop severely distressed public housing and/or HUD multifamily housing; 2) Neighborhood – invest in and catalyze economic development-related improvements meant to revitalize the surrounding neighborhood; and 3) People – improve the lives of housing residents through education, employment, and health care. The ultimate outcome of the program is to achieve social and racial equity, where a person's neighborhood does not determine their socioeconomic outcomes and the neighborhood provides the living conditions, amenities, services and supports they need to thrive. By redeveloping and modernizing distressed housing and neighborhood amenities, the program advances energy-efficiency, climate resilience, and environmental justice.

HUD provides two types of Choice Neighborhoods grants: 1) Planning Grants, which support development of comprehensive neighborhood transformation plans to guide revitalization of targeted underserved neighborhoods; and 2) Implementation Grants, which allow communities to implement their plans for neighborhood transformation. While HUD is a key partner in both grants, the program stresses the creation of local, city-wide, State, and Federal partnerships and supports extensive outreach to and meaningful participation of residents.

As of January 2022, there were 30 active Planning Grants and 31 active Implementation Grants.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$250 million for the Choice Neighborhoods program, which is \$50 million more than the 2022 annualized CR level. Choice Neighborhoods grants are competitively awarded each year. Of that amount, HUD will allocate up to \$5 million for Planning Grants to fund 10-12 new grants, which will allow those communities the funding necessary to develop meaningful neighborhood transformation plans ready for implementation. Approximately \$235 million will enable HUD to award 5 to 7 additional Implementation Grants, which will provide those communities the funds necessary to implement their neighborhood transformation plans, including: redeveloping the targeted severely distressed HUD public housing or HUD multifamily project; improving the lives of housing residents through the provision of intensive case management, service coordination, and housing choice; and completing critical economic development projects in the surrounding

neighborhood. Additionally, up to \$10 million will be used to fund planning and implementation grants specifically targeted to communities in proximity to Superfund sites through a pilot of the Revitalization and Empowerment of Communities near Contaminated Lands through Assistance, Investment, and Mitigation (RECLAIM) program.

## JUSTIFICATION

The Choice Neighborhoods program targets disadvantaged neighborhoods where at least 20 percent of residents are estimated to live in poverty. In most targeted neighborhoods, over 90 percent of residents are people of color. These neighborhoods must include a distressed HUD-assisted housing project, either public housing or multifamily. Many of these neighborhoods were once thriving but over time fell behind, leaving them with poor housing choices and a lack of amenities (compared to other higher income communities), thus limiting opportunities for residents. In addition, many of these neighborhoods are located on or near areas of environmental contamination, impacting resident health and well-being.

Concentration of poverty remains a serious challenge for low-income families and children in accessing opportunities and moving up the economic ladder. Where a family lives dramatically affects their life opportunities. For example, concentrated poverty often exacerbates the imbalance between housing and jobs, whereby residents of low-income neighborhoods are isolated from opportunities for employment and advancement because of distance from the location of jobs and limited access to transportation. Income also impacts the types of services or amenities found in a neighborhood, such as access to healthy foods or health care, and may also impact the quality of basic services such as education and transportation. In addition, public housing and multifamily projects are often severely distressed and a blight on their neighborhoods, as well as an unsafe living environment for residents. While this housing is obviously in need of major renovation or reconstruction, there is a significant backlog of capital needs.

In line with the Administration's priority to provide affordable housing choices, Choice Neighborhoods grants provide direct support for the redevelopment of distressed public or multifamily housing projects into modern mixed-income communities. The program's 1:1 replacement requirement for demolished units assures that every former resident can live in a new or substantially renovated affordable home. Each new housing development must be healthy, free of toxins, sustainable, and energy efficient; this includes conforming to the standards of a nationally recognized Green rating program. In addition, housing construction generates jobs, which residents may be eligible for, in line with HUD's Section 3 requirements. Thus, Choice Neighborhoods grants also contribute to the Administration's goals on economic mobility, environmental justice, and climate resilience by serving as an economic engine in the communities awarded the grants and significantly improving the environmental health and energy efficiency of the housing stock in the communities.

The Choice Neighborhoods program addresses the issue of social and racial equity by directly funding and catalyzing investments in economic development and critical neighborhood improvements. The Program addresses indicators of distress, such as vacant land, poor schools, lack of transportation, high crime rate, lack of retail services, dilapidated structures, lack of healthy food options, poor health care, lack of jobs, distressed infrastructure, low homeownership, etc.—all of which can limit choices of residents and their ability to access economic opportunities. In addition, the Choice Neighborhoods program directly serves residents of HUD-assisted housing by funding intensive case management and social service coordination to improve access to jobs, education, and health care for both adults and children.

## **Climate**

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget requests \$1.065 billion to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income and disadvantaged communities, the very communities and households served by HUD programs. HUD's Budget addresses climate change on two fronts: both in tracking and lowering the carbon footprint and energy consumption of the 4.5 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the Climate Initiative Justification for more details.

## **Revitalization and Empowerment of Communities near Contaminated Lands through Assistance, Investment, and Mitigation (RECLAIM)**

Many low-income, underserved communities are also disproportionately impacted by severe environmental contamination, given the historic siting of low-income housing near manufacturing sites, railroads, utilities, highways, mining, and other hazards. To further support the goal of the Choice Neighborhoods program to address issues of environmental justice, HUD will initiate a pilot program which focuses on distressed neighborhoods that contain public and/or HUD-assisted housing and are located in neighborhoods in proximity to hazardous waste sites designated by the Environmental Protection Agency as Superfund sites. The President's request includes up to \$10 million to fund this pilot program, called RECLAIM. The program leverages a coordinated interagency effort with EPA and the Department of Health and Human Services to identify, cleanup, and improve these sites by concentrating Federal resources. RECLAIM grants will allow designated communities that have been impacted through the years by the presence of major contamination to prepare comprehensive Transformation Plans and utilize funds for catalytic investments to attract private and other public investment into these long-neglected communities. Consistent with the larger Choice Neighborhoods program, RECLAIM focuses on housing, people, and neighborhoods, including developing and implementing strategic economic development initiatives in the community, creating affordable housing, and assessing the needs of and providing social services for housing residents.

## **Data**

The Choice Neighborhoods program has a specifically designed data system called Inform, which is used to collect data on all Implementation Grants. Metrics cover key indicators in housing production; resident self-sufficiency; and neighborhood development. Information is collected quarterly throughout the 6-year grant period.

## **Program Improvements**

Residents' options and outcomes are improving in Choice Neighborhoods through service coordination and case management, as more than 14,000 residents are now receiving personalized case management. Over 80 percent of grantees with available data have shown an increase in the percentage of residents who are employed. Likewise, 90 percent of grantees have shown an increase in residents' average household income. Four grantees saw average household income almost double, increasing by 75 percent or more. Moreover, HUD's Office of Policy Development and Research estimates that for every \$100,000 of Choice Neighborhoods funds spent on development, two

## CHOICE NEIGHBORHOODS

construction jobs are created. The benefits have shown to extend beyond improved economic conditions for residents as well. First, over 90 percent of grantees have shown an increase in the percentage of children engaged in positive youth development activities. Second, over 85 percent of grantees have shown an increase in the percentage of residents with a medical home, or regular place for treatment or medical care that is not an emergency room; and between 83 and 95 percent of residents in the first cohort of grantees have medical coverage.

Neighborhood and housing conditions are improving in Choice Neighborhoods. Many Choice Neighborhoods are plagued with dilapidated housing, vacant or abandoned properties, lack of retail services, poor transportation, environmental and public safety concerns, poor food choices, and lack of jobs. Through Choice Neighborhoods, more than 12,000 distressed and obsolete HUD-assisted housing units are scheduled to be replaced, including public housing units that are being repositioned to the Section 8 platform, with more than 27,700 total housing units to be created by current grantees. To date, Implementation Grantees have completed construction of 4,500 HUD replacement housing units, plus an additional 4,600 affordable and market rate units.

Further, grantees have developed public safety strategies that are making a difference. For grantees that have two or more years of crime data, 85 percent of target neighborhoods have shown a decrease in violent crimes at higher rates relative to the surrounding city, and 60 percent have shown a decrease in violent crimes at twice the rate of the city. New retail development has been attracted, including grocery stores and food related business incubators, which are supported by Choice Neighborhoods funding. Funds have also been used to demolish abandoned structures and repurpose vacant land. Placemaking activities have been funded to “brand” neighborhoods to attract private investment. Residential and commercial façade programs have been implemented by grantees with Choice Neighborhoods funding to assist homeowners and small businesses with maintenance of their homes and businesses. Loan pools have been established to assist small business growth. New parks and recreational facilities that promote healthy living have been built in many Choice Neighborhoods communities. All these housing and neighborhood investments help to advance social and racial equity by improving disadvantaged neighborhoods and providing low-income residents with choices found in other more affluent communities across their cities.

Choice Neighborhoods projects have attracted nearly \$7 of leverage for every \$1 of Choice Neighborhoods grant funds spent. These investments support a wide variety of projects which bring much needed amenities, services, and jobs to underserved neighborhoods, such as City funds to build new infrastructure, parks and recreation, philanthropic funding for business incubators and day care, and private investment in retail and commercial development.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Choice Neighborhood Grants	200,000	188,744	388,744	164,998	200,000	223,746	423,746	240,000
RECLAIM Pilot	-	-	-	-	-	-	-	10,000
<b>Total</b>	<b>200,000</b>	<b>188,744</b>	<b>388,744</b>	<b>164,998</b>	<b>200,000</b>	<b>223,746</b>	<b>423,746</b>	<b>250,000</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language

The 2023 President's Budget includes the following:

- Flexibility in Affordability Requirements for Homeownership Units Developed with Choice Neighborhoods Funding: HUD requests language to allow flexibility in applying homeownership affordability requirements – such as reducing the 20-year term of affordability and allowing for equity sharing models such as recapture authorities in the HOME Investment Partnerships Program – with the objective of making the development of homeownership units a more realistic option for grantees. This flexibility would not pertain to the affordability term for any rental housing units (replacement and other affordable) developed with grant funds.
- Extension of the Period of Availability (POA): HUD requests language to extend the POA to obligate funds by an additional year for Choice Neighborhoods appropriations in 2023 and subsequent years, from three years to four years. Thus, the POA for 2023 Choice Neighborhoods appropriations would extend through September 30, 2026. This will provide additional time for grantees to expend funds prior to the expenditure deadline.

### General Provisions

The 2023 President's Budget re-proposes with edits the following general provision:

Provide One-Year Extension for previously appropriated Choice Neighborhoods funding: This provision would provide a one-year extension to expenditure deadline for previously appropriated Choice Neighborhoods funding. Grantees must currently expend all grant funding within 5 years after the period of availability for obligation by HUD ends. In light of ongoing complications caused by the COVID-19 pandemic, this extension of grant periods is needed to allow grantees additional time to fully complete all phases of their housing redevelopment and fully expend their Choice Neighborhoods grant funds. HUD is requesting to extend the grant period for the fiscal year 2015 through fiscal year 2021 Choice Neighborhoods grants by one year to allow them to fully complete their housing plans. (2023 President's Budget, Sec. 228).

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For competitive grants under the Choice Neighborhoods Initiative (subject to section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) unless otherwise specified under this heading), for transformation, rehabilitation, and replacement housing needs of both public and HUD-assisted housing and to transform neighborhoods of poverty into functioning, sustainable mixed income neighborhoods with appropriate services, schools, public assets, transportation and access to jobs, \$250,000,000, to remain available until September 30, 2026: Provided, That grant funds may be used for resident and community services, community development, and affordable housing needs in the community, and for conversion of vacant or foreclosed properties to affordable housing: Provided further, That the use of funds made available under this heading shall not be deemed to be for public housing notwithstanding section 3(b)(1) of such Act: Provided further, That grantees shall commit to an additional period of affordability determined by the Secretary of not fewer than 20 years: Provided further, That the Secretary may specify a period of affordability that is less than 20 years with respect*

*to homeownership units developed with grants from amounts made available under this heading: Provided further, That grantees shall provide a match in State, local, other Federal or private funds: Provided further, That grantees may include local governments, Tribal entities, public housing agencies, and nonprofit organizations: Provided further, That for-profit developers may apply jointly with a public entity: Provided further, That for purposes of environmental review, a grantee shall be treated as a public housing agency under section 26 of the United States Housing Act of 1937 (42 U.S.C. 1437x), and grants made with amounts available under this heading shall be subject to the regulations issued by the Secretary to implement such section: Provided further, That of the amount provided under this heading, not less than \$100,000,000 shall be awarded to public housing agencies: Provided further, That such grantees shall create partnerships with other local organizations, including assisted housing owners, service agencies, and resident organizations: Provided further, That the Secretary shall consult with the Secretaries of Education, Labor, Transportation, Health and Human Services, Agriculture, and Commerce, the Attorney General, and the Administrator of the Environmental Protection Agency to coordinate and leverage other appropriate Federal resources: Provided further, That not more than \$5,000,000 of funds made available under this heading may be provided as grants to undertake comprehensive local planning with input from residents and the community: Provided further, That not more than \$10,000,000 of the funds made available under this heading shall be available, in addition to amounts otherwise available for such purposes, for planning and implementation grants, notwithstanding section 203 of this title, to support the revitalization of communities with public or HUD-assisted housing in close proximity to Superfund sites, notwithstanding the limitation on planning under the previous proviso: Provided further, That communities selected under this program shall not be ineligible for participation in the Choice Neighborhoods Initiative due to their selection under this program: Provided further, That the Secretary shall define eligible activities for such grant assistance, which may include permitting grantees to provide assistance to businesses and nonprofit organizations to carry out economic development and job creation or job retention activities: Provided further, That the Secretary shall be authorized to waive, or specify alternative requirements for any provision of such section 24 that the Secretary administers in connection with the use of funds for this program (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such assistance: Provided further, That unobligated balances, including recaptures, remaining from funds appropriated under the heading "Revitalization of Severely Distressed Public Housing (HOPE VI)" in fiscal year 2011 and prior fiscal years may be used for purposes under this heading, notwithstanding the purposes for which such amounts were appropriated: Provided further, That notwithstanding section 24(o) of the United States Housing Act of 1937 (42 U.S.C. 1437v(o)), the Secretary may, until September 30, 2023, obligate any available unobligated balances made available under this heading in this or any prior Act.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*



# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Self-Sufficiency Programs

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	155,000	129,912	-	284,912	141,797	81,056
2022 Annualized CR	155,000	143,715	-	298,715	155,000	144,000
2023 President's Budget	175,000	161,451	-	336,451	175,000	160,000
Change from 2022	20,000	17,736	-	37,736	20,000	16,000

#### PROGRAM PURPOSE

The programs included in this justification promote economic opportunity for HUD-assisted residents by encouraging self-sufficiency and financial stability. This allows families to benefit from supportive services that are essential, especially now facing challenges posed by the COVID-19 pandemic. These efforts are facilitated through the Family Self-Sufficiency program (FSS), the Jobs Plus Initiative (JPI or Jobs Plus) program, and the Resident Opportunity and Self-Sufficiency program (ROSS). This suite of programs focuses on employment, financial stability, and economic empowerment of HUD-assisted residents; and results in their contributing to the overall economic health of the communities served.

These programs are especially vital to very-low and low-income families of color. In 2019, it was reported that over 75 percent of FSS participants were non-white, which mirrors the overall population of those living in HUD-assisted housing.<sup>1</sup> Additionally, developments eligible for the Jobs Plus program are often located in communities of color. For example, the largest Jobs Plus grant award was given to Nickerson Gardens in Watts, California, a development that is over 99 percent African American and Latino. Additionally, the ROSS program has the unique ability to fund service coordinators at Native American Housing Assistance and Self-Determination Act (NAHASDA)-assisted units. In recent years, over 30 Tribal entities have been awarded grants under this program. The participation in these programs generally mirrors the population of those receiving housing assistance.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$175 million for Self-Sufficiency Programs, which is \$20 million more than the 2022 annualized CR level. Of that amount, \$120 million is for the FSS program, \$20 million is for JPI, and \$35 million for ROSS. With funding at the requested level, FSS will be able to fund approximately 1,450 FSS coordinators to support 67,000 families in public housing, voucher housing, and Multifamily housing. Jobs Plus funding will allow HUD to fund up to 10 new grantees, and ROSS will fund 150 ROSS coordinators to support over 65,000 households in public housing and NAHASDA-assisted units.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's Department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

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<sup>1</sup> Public Housing Information Center (PIC) HUD-50058 Family Reports.  
[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/systems/pic](https://www.hud.gov/program_offices/public_indian_housing/systems/pic)

## JUSTIFICATION

The three Self-Sufficiency Programs' goals are to promote economic stability through self-sufficiency and financial stability:

### **Family Self-Sufficiency**

Family Self-Sufficiency provides funds for FSS coordinators' salaries. These funds leverage an array of services provided by other national, State, and local programs for training, education, financial empowerment, and other supportive services that expand employment opportunities for the purpose of increasing economic self-sufficiency.

The requested funding level will provide one-year renewal funding for the salaries of approximately 1,300 existing (from 2021) FSS Program Coordinators and approximately 150 additional coordinators added as the result of new awards. This would continue service levels previously requested, which provides funding for these approximately 1,450 coordinators who could support an estimated 7,500 additional families. In 2022, HUD seeks to prioritize the expansion of FSS to multifamily properties, as residents in these properties are often unsupported in their efforts to become self-sufficient. The baseline funding level is critical to support those new programs as they provide service coordination through each participant's five-year Contract of Participation.

FSS grants are for one year and renewable in subsequent years. Grants fund only the coordinator's salary, while all supportive services are provided by community partners. FSS coordinators connect participants with supportive services to help participants achieve their employment goals, increase their earnings, and accumulate assets. 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 often include childcare, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial empowerment, asset-building programs, and homeownership counseling.

The overarching goals of the FSS program include:

- Increased educational and employment attainment leading to increased earnings;
- Engagement in financial empowerment activities leading to debt reduction, improvement in credit scores, and increased savings; and
- Decreased or eliminated need for Temporary Assistance to Needy Families (TANF) assistance and rental assistance.

The success of the FSS program in promoting the economic security and self-sufficiency of Public Housing and HCV participants is demonstrated by local communities achieving the following outcomes for 2021 (data exclude participant outcomes in Moving to Work public housing agencies):

- Over 60,000 households actively participated in the program; 3,838 families successfully completed their FSS contracts and graduated; 100 percent of graduating families did not require temporary cash assistance (TANF/welfare); and 25 percent of graduates had escrow savings at graduation. Those with escrow had an average of approximately \$9,495, and 57 percent of participants earned escrow while in the program. Many participants who accumulated escrow chose to use some of or all their escrow while in the program toward reaching their self-sufficiency goals;
- 1,048 FSS program graduates (27 percent of graduates) no longer needed rental assistance within one year of leaving the FSS program;
- 451 FSS program graduates (11 percent of graduates) ultimately purchased homes; and

- Program expansion to approximately 130 Project Based Rental Assistance (PBRA) properties via Rental Assistance Demonstration or unfunded programs.

In support of this effort to study the effectiveness of the program, HUD commissioned a national impact evaluation of FSS by MDRC. The timeframe of the evaluation was designed to cover the full five years of a standard FSS contract of participation with a final report likely to be published in late 2022. Findings for the first 36 months indicated a higher uptake of services in the FSS group. Participants were more engaged in financial empowerment programs and shifted from part-time to full-time work, each resulting in more stable employment and potential for earned income over the longer term. The study does not indicate a statistically significant change in earned income for FSS participants compared to the control group.<sup>2</sup>

The program anticipates implementing a performance measurement system in Spring 2022 that provides an analysis of each Public Housing Agency's (PHA's) FSS program by examining three factors: earnings performance, graduation rate, and participation rate. The scores combine to determine a "performance score." No new reporting is required to implement the performance score; HUD analyzes data already collected through the Public Housing Information Center (PIC). HUD will use the performance score to prioritize monitoring and oversight of FSS programs, targeting the lowest performers for the first reviews. If the Congress removes the prohibition on using the performance measurement system in funding decisions, HUD may use it to prioritize additional funding to higher-performing grantees – especially when considering expansion of existing programs.

The 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 on track to publish the Final Rule implementing this new statute in Spring 2022. Updated tools and guidance will also be made available.

### **Jobs Plus Initiative**

The Jobs Plus Initiative provides an evidence- and place-based strategy for increasing the employment opportunities and earnings of HUD-assisted residents. It accomplishes this through a three-pronged program of employment services, rent-based work incentives, and community support for work. Jobs Plus awards four 5-year grants to PHAs to address poverty among residents by incentivizing and enabling employment through a financial rent incentive (earned income disregard) for working residents and a set of services designed to support work including employer linkages, job placement and counseling, educational advancement, and financial counseling. Residents in Job-Plus developments can evaluate educational, training, and work opportunities in their community to determine a pathway towards long term economic security. Through Jobs Plus, residents can address barriers that may prevent them from seeking and retaining employment. These services are particularly critical during the COVID-19 pandemic—access to readily available resources helped some Jobs Plus sites maintain or regain employment levels despite the increase in local unemployment. The Budget requests \$20 million for the Jobs Plus Initiative.

The Jobs Plus model depends on a "saturation" strategy, supporting entire developments and promoting work throughout the community, rather than assisting individual households. This facet of Jobs Plus is particularly important in communities of color that have historically lacked access to resources and information related to work opportunities. Saturation ensures that everyone in the development has equitable access to work readiness resources.

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<sup>2</sup> HUD Family Self-Sufficiency Program Evaluation Report. <https://www.huduser.gov/portal/publications/FSS-Midpoint-2021.html>

Since the inception of Jobs Plus, PHA residents have been able to stabilize families through increased income, asset building, barrier reduction, and wrap around supports. Among the key accomplishments for the Jobs Plus Initiative from 2014 through June 30, 2021:

- Of the participants who have completed assessments, over 89 percent have received post-assessment services or supports;
- Jobs Plus sites report 5,762 part-time and/or full-time jobs placements;
- Approximately 1,777 individuals have been continuously employed for at least 180 days after placement; and
- Through the Jobs Plus Earned Income Disregard, PHA residents have saved over \$31.4 million in rent payments.

Jobs Plus has evolved over time; the program launched as a demonstration in 1998 and was replicated through the Social Innovation Fund (SIF) in 2011. HUD commissioned two studies of the Federal implementation, one focusing on implementation of Jobs Plus and one focusing on the impact of the program. The interim implementation report found that the nine grantees in the first cohort implemented the model more quickly and fully than the original demonstration and the SIF replication sites. The final implementation study report (released December 2019) described how PHAs implement this ambitious program and describes challenges sites faced and how they were addressed.<sup>3</sup> The study of program impacts is currently underway, and results are expected later in 2022.<sup>4</sup>

One of the main components of the Jobs Plus program is the Jobs Plus earned income disregard (JPEID). If participants in JPEID experience an increase in earned income, instead of seeing their contribution to rent increase, they are allowed to keep that extra money. Current program structure requires that this difference in rent be covered by the Jobs Plus grant—so, if a program is successful in having participants earn more income, their grant can become too small to continue to support the program. The Budget contains language in the Tenant-Based Rental Assistance, Public Housing Fund, and Project-Based Rental Assistance accounts that shift the cost of the disregard to those “source” accounts, allowing the Jobs-Plus grants to focus on funding services. Also, shifting the disregard to the source accounts will significantly minimize administrative burden for both HUD and grantees.

### **Resident Opportunity and Self-Sufficiency (ROSS)**

The Resident Opportunity and Self Sufficiency (ROSS) Service Coordinator program provides funding to hire and maintain Service Coordinators, who assess the needs of residents of public or Indian housing and coordinate available resources in the community to meet those needs. ROSS leverages public and private resources for supportive services and resident empowerment activities.

The Budget requests \$35 million to fund 150 existing ROSS service coordinators who provide vital services to over 65,000 public housing and NAHASDA-assisted residents. ROSS is designed to assist not just workable families but also elderly/disabled residents. In 2021, ROSS added digital inclusion as a focus area of need in the Notice of Funding Opportunity (NOFO), increased salary maximums, and for the first time since 2008, the NOFO allowing the use of grant funding for direct services. In addition to funding PHAs, ROSS has the unique ability to provide grant funding to Tribes, non-profits, and Residents Associations.

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<sup>3</sup> 3 HUD’s Jobs Plus Pilot Program for Public Housing Residents: Ongoing Implementation Experiences.

<https://www.huduser.gov/portal/publications/JobsPlusReport.html>

<sup>4</sup> More information on evaluation findings can be found at <https://www.mdrc.org/project/jobs-plus-communityrevitalization-initiative-public-housing-families#overview>

## SELF-SUFFICIENCY PROGRAMS

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A 2019 evaluation of the ROSS program found that ROSS was often the sole source of funds for service coordination among grantees in lower-resourced areas, and therefore, a vital lifeline which allowed residents to access critical services and supports.<sup>5</sup> Through ROSS, residents receive services in a range of areas, including health and wellness, education, financial literacy, employment training, and substance abuse programs.

Key findings and accomplishments for the ROSS program from 2017 through 2020:

- More than three-quarters (76 percent) of all participants received at least one service after the initial assessment. Of those who received services, most participants (70 percent) received two or more services;
- ROSS Service Coordinators provided case management services to 85 percent of elders and people with disabilities and to 67 percent of work-able adults, including comprehensive needs assessments and links to other services;
- 65 percent of elderly participants and people with disabilities gained or maintained access to health care, with 51 percent having a primary care physician; and
- 3,364 participants enrolled in an education or vocational program (4 percent), and 1,207 increased their level of education (2 percent).

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Family Self-Sufficiency Program	105,000	79,912	184,912	79,309	105,000	105,602	210,602	120,000
Resident Opportunity and Self-Sufficiency (ROSS)	35,000	35,000	70,000	34,208	35,000	35,792	70,792	35,000
Jobs Plus Initiative	15,000	15,000	30,000	28,280	15,000	1,720	16,720	20,000
<b>Total</b>	<b>155,000</b>	<b>129,912</b>	<b>284,912</b>	<b>141,797</b>	<b>155,000</b>	<b>143,114</b>	<b>298,114</b>	<b>175,000</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President's Budget includes the following changes:

- Jobs Plus Expansion beyond Public Housing: HUD requests account language authorizing the expansion of Jobs Plus eligibility to fund place-based communities within not only Public Housing, but also Project Based Rental Assistance (PBRA) developments and Project Based Voucher (PBV) developments.
- Jobs Plus Reduction of Grant Cost Burden: HUD requests a provision to allow the Jobs Plus financial and rent incentive to be paid from the housing assistance source account rather than the Jobs Plus grant. Corresponding language is included in the TBRA, PBRA, and Public Housing Fund accounts.

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<sup>5</sup> Project SOAR Closeout Site Visit Summary. <https://www.huduser.gov/portal/publications/ROSS-SOARCloseout-Rept.html>

### General Provisions:

The 2023 President's Budget proposes the following new general provision(s):

- Eligibility of Rental Assistance Demonstration (RAD) Converted Properties for Resident Opportunities and Self Sufficiency (ROSS) Program: PHAs that have received grant funding under the Resident Opportunities and Self-Sufficiency (ROSS) program for public housing properties that have undergone RAD conversions to Project Based Rental Assistance or Project Based Voucher assistance remain eligible for future ROSS funding for those assisted housing developments (2023 President's Budget, Sec. 232).

The 2023 President's Budget requests the deletion of the following general provision that was enacted in the 2021 appropriations bill:

- Use of performance measures: HUD is requesting the removal of the provision that prevents HUD from using Family Self-Sufficiency performance measures to determine funding awards. In 2019, HUD released a Final Notice explaining the methodology behind a performance measurement tool for FSS programs that HUD intended to use as part of future funding decisions. Even after public comment, there remained stakeholder concerns about this tool. HUD, including the Secretary, has carefully listened to these concerns and made revisions to the performance measure and how it will be used. HUD seeks to begin using this revised measure and looks forward to continuing discussions with the appropriations staff on the best ways to ensure that FSS funds are being used effectively.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For activities and assistance related to Self-Sufficiency Programs, to remain available until September 30, 2026, \$175,000,000: Provided, That the amounts made available under this heading are provided as follows:*

*(1) \$120,000,000 shall be for the Family Self-Sufficiency program to support family self-sufficiency coordinators under section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u), to promote the development of local strategies to coordinate the use of assistance under sections 8 and 9 of such Act with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency: 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 such Act, as determined by the Secretary: Provided further, That owners or sponsors of a multifamily property receiving project-based rental assistance under section 8 of such Act 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) of such Act and shall allow owners to use funding from residual receipt accounts to hire coordinators for their own Family Self-Sufficiency program;*

*(2) \$35,000,000 shall be for the Resident Opportunity and Self-Sufficiency program to provide for supportive services, service coordinators, and congregate services as authorized by section 34 of the United States Housing Act of 1937 (42 U.S.C. 1437z-6) and the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.); and*

## SELF-SUFFICIENCY PROGRAMS

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*(3) \$20,000,000 shall be for a Jobs-Plus initiative, modeled after the Jobs-Plus demonstration: Provided, That funding provided under this paragraph shall be available for competitive grants to public housing authorities or owners or sponsors of multifamily properties receiving project-based rental assistance under section 8, that, in partnership with 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 provide support to help public housing residents, or tenants residing in units assisted under a project-based section 8 contract (including section 8(o)(13) of the United States Housing Act of 1937), obtain employment or increase earnings, or both: Provided further, That applicants must demonstrate the ability to provide services to such residents or tenants, partner with workforce investment boards, and leverage service dollars: Provided further, That the Secretary may allow public housing agencies 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, 1437d), as necessary to implement the Jobs-Plus program, on such terms and conditions as the Secretary may approve upon a finding by the Secretary that any such waivers 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 proviso no later than 10 days before the effective date of such notice: Provided further, That the costs of any rent incentives as authorized pursuant to such waivers or alternative requirements shall not be charged against the competitive grant amounts made available under this paragraph.*

*Note.--A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Native American Programs

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	825,000	127,370	740,000	1,692,370	988,455	829,767
2022 Annualized CR	825,000	703,898	-	1,528,898	1,512,000	1,358,000
2023 President's Budget	1,000,000	16,000	-	1,016,000	1,006,000	1,119,000
Change from 2022	175,000	(687,898)	-	(512,898)	(506,000)	(239,000)

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

b/ Includes supplemental funds under the American Rescue Plan Act of 2021 (ARP Act)

c/ 2020 into 2021 carryover includes \$144K from recaptures.

#### PROGRAM PURPOSE

The Native American Programs account is the single largest source of funding for Indian housing assistance. The programs funded under this account are the Indian Housing Block Grant (IHBG) program, the Federal Guarantees for Financing Tribal Housing Activities program (also known as the Title VI Loan Guarantee program), and the Indian Community Development Block Grant (ICDBG) program. The IHBG program provides grants to Tribes and Tribally Designated Housing Entities (TDHEs) to finance affordable housing construction and related community development. The ICDBG program provides competitive 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 families.

The various programs funded under this account provide critical resources to tribal communities and ensure that Native Americans have equitable access to safe, sustainable, and affordable housing and essential services.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$1 billion for Native American Programs, which is \$175 million more than the 2022 annualized CR level. The request includes funding for the following activities:

- \$772 million for IHBG formula grants
- \$150 million for IHBG competitive grants
- \$70 million for the ICDBG program
- \$7 million for training and technical assistance
- \$1 million for the Title VI Loan Guarantee program

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and



mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## JUSTIFICATION

### **Housing Needs of American Indians and Alaska Natives in Tribal Areas**

Federal investment in Native American Programs 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 that was based on the results of the most comprehensive, national study of housing needs in Indian Country conducted since the enactment of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).<sup>1</sup> 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.” This means they are 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 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. However, the 2017 study also found that years of level funding for the IHBG formula has led to the reduced construction of new units and expanded the number of rehabilitated units in order to reach a larger share of the families in need.

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; provide new homeowners with the skills to maintain their homes; 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 improve housing conditions in Indian Country.

### **Indian Housing Block Grant Program – Formula Grants**

The Budget requests \$772 million for the IHBG formula program, which is \$125 million more than the 2022 annualized CR level. The IHBG program is the primary means by which the Federal Government fulfills its trust responsibilities to provide housing to Native Americans. Eligible IHBG recipients are federally recognized Indian Tribes, TDHEs, and a limited number of State-recognized Indian Tribes.

The IHBG program is the single largest source of funding for housing in Indian Country, where safe, decent, and affordable housing is desperately needed. The flexibility of this self-determination program enables Indian Tribes to design, develop, and operate their own affordable housing

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<sup>1</sup> Housing Needs of American Indians and Alaska Natives in Tribal Areas, (<https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>)

programs based on local needs and customs. IHBG funds can be leveraged to attract additional financial resources, stabilize communities when families are able to live near their friends and families, and spur economic development when funds can be spent in the local community. 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 where most of the reservations are located. During the past fiscal year, individual grants have ranged in size from about \$74,000 to about \$72 million, with a median grant of about \$260,780.

In 2021, IHBG funds were used to build or acquire almost 350 affordable housing units and substantially rehabilitate over 3,300 units. Since the inception of the IHBG program, IHBG funds have been used to build or acquire almost 41,500 affordable housing units and rehabilitated more than 105,000 units.

The IHBG formula allocation, developed in consultation with 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 NAHASDA was enacted). Each Tribe's 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.

Since IHBG's inception 25 years ago, funding for the IHBG formula program has been largely level funded and has not been able to keep up with general inflation and the increased costs of construction materials and labor. Over this same period, funding for other housing programs administered by the Federal Government have grown – in part to address these increases. Rising costs require Tribes to use more funding to operate and maintain existing units, including the 38,000 units originally developed under the U.S. Housing Act of 1937. This, in combination with past flat funding, severely limits the buying power of the IHBG program and its ability to make new housing units available.

### **Indian Housing Block Grant Program – Competitive Grant**

The Budget requests \$150 million for the IHBG competitive program, which is \$50 million more than the 2022 annualized CR level. This competition will focus on projects that spur construction and rehabilitation of housing units. It would give priority to projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period.

Since December 2019, HUD has awarded a total of \$300 million to 76 Indian Tribes and TDHEs to construct approximately 1,550 new housing units and encourage economic opportunities in distressed communities.

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget requests \$1.065 billion (including this IHBG Competitive request) to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. These investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

### **Indian Community Development Block Grant Program**

The Budget requests \$70 million for the ICDBG program, which is equal to the 2022 annualized CR level. This includes \$66 million for single-purpose grants and up to \$4 million for imminent threat grants. The ICDBG program funds housing-related projects in Indian Country, such as the construction of community buildings and the infrastructure necessary for housing developments.

Single purpose grants are awarded on a competitive basis and imminent threat funds are allocated on a first-come, first-served basis for qualifying disasters and other emergencies.

In 2021, ICDBG funds were used to: construct an electrical distribution system; build a community center; build a nursing center; extend powerlines in communities; build a water tower; and much more. These activities have improved the physical environment where low- and moderate-income Native American families live.

The ICDBG program provides much-needed funding for tribal infrastructure. The lack of basic infrastructure, including running water and sewer systems, in some tribal communities left many Native Americans particularly vulnerable during the COVID-19 pandemic. The effects have been particularly devastating for many Native American communities, which have experienced disproportionately higher rates of infection and death than the general population. This funding will help Tribes to recover from COVID-19, as well as meet other community needs.

### **Training and Technical Assistance**

The Budget requests \$7 million for training and technical assistance, which is equal to the 2022 annualized CR level. These funds are used to help promote best practices that support development in Indian Country and encourage innovative methods of construction, management, and finance (e.g., the advantages of leveraging NAHASDA funds with other homeownership programs). Additionally, these funds are used to help residents of low-income housing to meet their needs and achieve their financial goals.

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

The Budget requests \$1 million for the Title VI Loan Guarantee program, which is equal to the 2022 annualized CR level. The program encourages private lenders to finance tribal housing development activities. A Tribe or TDHE pledges a share of its IHBG grant as security to leverage critical private financing to fund large-scale housing projects. Historically, private lenders have been hesitant to provide much needed capital on tribal lands. Programs like the Title VI Loan Guarantee program allow Tribes and TDHEs to overcome these lending barriers by using their IHBG funds as collateral to leverage private capital.

As of September 30, 2021, a cumulative total of 111 loans worth over \$279 million have been guaranteed to fund affordable housing and housing-related community development projects. Throughout the history of the program, the average Title VI loan guarantee has been \$2.4 million. Between 2018 and 2021, annual loan guarantee firm commitments have averaged about \$10 million. The Title VI program has never experienced a default in its history.

### **Information Technology – Grants Evaluation and Management System**

HUD continues to modernize its Information Technology (IT) systems to improve the administration of tribal housing programs. In coordination with the Office of the Chief Information Officer, ONAP is developing a new system, the Grants Evaluation and Management System (GEMS), to reduce the administrative burden on grant recipients and PIH staff. The GEMS system was deployed on February 19, 2022, and ONAP is in the process of migrating data from previous systems and onboarding pilot grantees. The data migration and pilot grantee onboarding process in the live system is expected to be completed in 2022.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Formula Grants	647,000	5,283	652,283	647,830	647,000	4,453	651,453	772,000
Loan Guarantee- Title VI (Credit Subsidy)	1,000	5,703	6,703	1,208	1,000	5,495	6,495	1,000
Technical Assistance	5,000	7,333	12,333	7,000	5,000	5,316	10,316	7,000
National or Regional Organization NAIHC	2,000	2,000	4,000	-	2,000	4,000	6,000	-
Competitive Grants	100,000	91,013	191,013	96,013	100,000	95,000	195,000	150,000
Indian Community Development Block Grants	70,000	10,555	80,555	3,706	70,000	76,849	146,849	70,000
Indian Housing Block Grant - CARES ACT	-	2,957	2,957	916	-	2,041	2,041	-
Indian Community Development Block Grant - CARES ACT	-	2,526	2,526	2,400	-	126	126	-
Indian Housing Block Grant (ARP Act)	450,000	-	450,000	219,382	-	230,618	230,618	-
Indian Community Development Block Grant (ARP Act)	280,000	-	280,000	-	-	280,000	280,000	-
Training and Technical (ARP Act)	10,000	-	10,000	10,000	-	-	-	-
ONAP Climate Initiative	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,565,000</b>	<b>127,370</b>	<b>1,692,370</b>	<b>988,455</b>	<b>825,000</b>	<b>703,898</b>	<b>1,528,898</b>	<b>1,000,000</b>

a/ 2020 into 2021 carryover includes \$144K from recaptures

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Legislative Proposal**

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

Flexibility for New Housing Construction by Indian Tribes in the ICDBG Program:

- Under current law, ICDBG funds cannot be used for new housing construction unless the new housing construction is carried out by a community-based development organization (CBDO). HUD proposes to eliminate the CBDO requirement for Tribes administering ICDBG grants.
- The CBDO requirement is a holdover requirement from the broader CDBG program and is not particularly compatible with the ICDBG program. Though a “CBDO” is defined broadly in the ICDBG regulations to cover many types of organizations with a connection to housing or community development, these types of organizations tend to be more prevalent in urban settings. In many tribal communities, the only entities carrying out housing and community development work are the tribal ICDBG grantees themselves. To receive a CBDO designation under current policy, a Tribe, TDHE, or other tribal organization must spend time and resources demonstrating to HUD that they should be regarded as CBDOs before they can be authorized to carry out new housing construction using ICDBG funds.
- This provision is burdensome to tribal grantees and HUD, and it can serve as a major hurdle to funding new housing construction in tribal communities at a time when there is a major shortage of affordable housing in tribal communities.

## APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes the appropriation language listed below.

### **Native American Programs**

#### *(INCLUDING CANCELLATIONS)*

*For activities and assistance authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), title I of the Housing and Community Development Act of 1974 with respect to Indian tribes (42 U.S.C. 5306(a)(1)), and related training and technical assistance, \$1,000,000,000, to remain available until September 30, 2027: Provided, That the amounts made available under this heading are provided as follows:*

*(1)\$772,000,000 shall be available for the Native American Housing Block Grants program, as authorized under title I of NAHASDA: 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 NAHASDA 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;*

*(2) \$150,000,000 shall be available for competitive grants under the Native American Housing Block Grants program, as authorized under title I of NAHASDA: Provided, That the Secretary shall obligate such amount for competitive grants to eligible recipients authorized under NAHASDA that apply for funds: Provided further, That in awarding such amount, the Secretary shall consider need and administrative capacity, shall give priority to projects that will spur construction and rehabilitation of housing, and may give priority to projects that improve water or energy efficiency or increase climate or disaster resilience for housing units owned, operated, or assisted by eligible recipients authorized under NAHASDA: Provided further, That any funds transferred for the necessary costs of administering and overseeing the obligation and expenditure of such amounts in prior Acts may also be used for the necessary costs of administering and overseeing such amounts;*

(3) \$1,000,000 shall be for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: Provided, That such costs, including the cost 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 funds made available in this and prior Acts for the cost of such guaranteed notes and other obligations, that are unobligated, including recaptures and carryover, 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 \$50,000,000, to remain available until September 30, 2024: Provided further, That any remaining loan guarantee limitation authorized for this program in fiscal year 2020 or prior fiscal years is hereby permanently cancelled;

(4) \$70,000,000 shall be available for grants to Indian tribes for carrying out the Indian Community Development Block Grant program under title I of the Housing and Community Development Act of 1974, notwithstanding section 106(a)(1) of such Act, of which, notwithstanding any other provision of law (including section 203 of this Act), up to \$4,000,000 may be used for emergencies that constitute imminent threats to health and safety: Provided, That not to exceed 20 percent of any grant made with funds appropriated under this paragraph shall be expended for planning and management development and administration; and

(5) \$7,000,000, in addition to amounts otherwise available for such purpose, shall be available for providing training and technical assistance to Indian tribes, Indian housing authorities, and tribally designated housing entities, to support the inspection of Indian housing units, contract expertise, and for training and technical assistance related to funding provided under this heading and other headings under this Act for the needs of Native American families and Indian country: Provided, That of the funds made available under this paragraph, not less than \$2,000,000 shall be available for a national organization as authorized under section 703 of NAHASDA (25 U.S.C. 4212): Provided further, That amounts made available under this paragraph may be used, contracted, or competed as determined by the Secretary: Provided further, That notwithstanding the provisions of the Federal Grant and Cooperative Agreements Act of 1977 (31 U.S.C. 6301–6308), the amounts made available under this paragraph may be used by the Secretary to enter into cooperative agreements with public and private organizations, agencies, institutions, and other technical assistance providers to support the administration of negotiated rulemaking under section 106 of NAHASDA (25 U.S.C. 4116), the administration of the allocation formula under section 302 of NAHASDA (25 U.S.C. 4152), and the administration of performance tracking and reporting under section 407 of NAHASDA (25 U.S.C. 4167).

*Note.*—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Indian Housing Loan Guarantee Fund (Section 184)

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	2,000	8,548	-	10,548	2,818	1,537
2022 Annualized CR	2,000	7,740	-	9,740	3,716	2,900
2023 President's Budget	5,521	6,024	(2,400)	9,145	6,021	4,800
Change from 2022	3,521	(1,716)	(2,400)	(595)	2,305	1,900

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

#### PROGRAM PURPOSE

The Indian Housing Loan Guarantee Fund (also known as the Section 184 program) is a loan guarantee program that facilitates homeownership and increases access to capital for American Indian and Alaska Native families, Indian Tribes, and Tribally Designated Housing Entities (TDHEs). The Section 184 program 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. In January 2017, HUD published *Housing Needs of American Indians and Alaska Natives in Tribal Areas*.<sup>1</sup> According to the study, overcrowding and a lack of available housing are major challenges for many Tribal communities. By providing the loan guarantee, the Section 184 program helps increase the supply of housing, which in turn helps relieve overcrowding in Indian Country.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$5.5 million for the Section 184 program, which is \$3.5 million more than the 2022 annualized CR level. It includes \$5.5 million for credit subsidy. It does not include funding for administrative contract expenses, which has sufficient carryover funding to support 2023 activities. The credit subsidy will support up to \$1.1 billion in new loan commitment authority to remain available until September 2024 at a subsidy rate of 0.5 percent, which includes a projected volume increase associated with a legislative proposal to expand program eligibility (see the Legislative Proposal section below for more information). HUD requests \$1.4 billion in overall commitment authority in the event that actual volume is higher than projected; this additional increment could be funded by using unobligated credit subsidy balances from prior years.

The request for a two-year appropriation intends to: 1) mitigate disruption in operations during the transition from one year to the next; 2) reduce operational challenges in the event of a short-term continuing resolution; and 3) allow the new loan origination system, *Native Advantage*, which released its first module in 2022, to continue automated processes during the transition from one year to the next. This change will minimize the potential disruption to Native American families trying to become homeowners.

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<sup>1</sup> Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs  
(<https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>)

The administrative contract expenses will support data integrity efforts to resolve outstanding Office of Inspector General findings, costs associated with data management for subsidy rate analysis, contractual needs for legal information services, and interim data dashboards for management analysis.

## JUSTIFICATION

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

The Section 184 program maximizes a relatively minimal Federal investment by insuring thousands of loans each year and by expanding markets for lenders. In a typical year, demand ranges between 3,000 and 4,000 loans. Lenders get the guarantee by making mortgage loans to purchase, construct, refinance, and rehabilitate single-family housing on trust or restricted land, in Tribal areas of operation, as well as on fee simple land in Indian Country.

In January 2017, HUD published *Mortgage Lending on Tribal Land*.<sup>2</sup> The report showed 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 U.S. 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 2021, program demand remained steady. Lenders requested slightly more than 4,800 case numbers, which resulted in 3,652 firm commitments (or "loan approvals"). These firm commitments, in turn, resulted in 3,133 loan guarantees in 2021. Between October 1, 2021, and March 1, 2022, HUD has issued 1,764 loan guarantees and anticipates demand to continue to be high for the remainder of the fiscal year.

Since the inception of the Section 184 program in 1992, HUD has obligated funds to guarantee approximately 49,000 loans with a loan level over \$8.0 billion. By encouraging lenders to serve Native communities, the Section 184 program helps increase the marketability and value of Native assets, strengthens the financial standing of a traditionally underserved population, and helps ensure housing equity for Native American homebuyers.

HUD continues to make progress towards modernizing the Section 184 program. Under the Office of the Chief Information Officer's leadership, the Office of Public and Indian Housing (PIH) is developing *Native Advantage*, which is a multi-year information technology modernization initiative.

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<sup>2</sup> Mortgage Lending on Tribal Land: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs  
(<https://www.huduser.gov/portal/publications/NAHSC-Lending.html>)



When fully deployed, it will cover all loan functions, from origination to claims and loan closeout. The Claims Module, which was released in December 2021, allows lenders, servicers, and Office of Native American Programs (ONAP) staff to submit, edit, and track claims. The Loan Origination Module, which will be released later in 2022, will enable lenders to submit loan guarantee documents electronically.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Loan Guarantee Credit Subsidy	1,500	4,315	5,815	2,498	1,500	3,326	4,826	5,521
Skilled Workers Loan Credit Subsidy	-	1,727	1,727	-	-	1,727	1,727	-
Administrative Contract Expenses	500	2,506	3,006	321	500	2,687	3,187	-
<b>Total</b>	<b>2,000</b>	<b>8,548</b>	<b>10,548</b>	<b>2,818</b>	<b>2,000</b>	<b>7,740</b>	<b>9,740</b>	<b>5,521</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language

The 2023 President's Budget includes the following:

As HUD plans to align the Indian Housing Loan Guarantee Program (184) authority with other HUD credit programs, HUD requests loan limitation for a two-year period. The remaining balances of no-year subsidy budget authority and loan limitation are proposed to be cancelled. The proposal to cancel prior-year subsidy budget authority and associated loan limitation will in no way impact the volume of loans the Department can guarantee or its continued ability to meet program demand.

### Legislative Proposals

The 2023 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Service Area Expansion.** This proposal would amend the Section 184 authorizing statute to permit HUD to expand the program service area to all Tribal members, regardless of where they purchase a home. While the original program served only Tribal members on reservation/trust lands, an expansion initiated in the early 2000s to include HUD-designated "Indian areas" resulted in a service area covering approximately 75 percent of the total Native American population. This patchwork approach has led to sometimes arbitrary geographic disparities in eligibility; for example, an eligible family would be able to use the Section 184 program for a home located in Michigan, but not a comparable home located just over the border in Ohio. To reduce these disparities, HUD proposes to remove these geographic restrictions, which would allow the remaining 25 percent of Native Americans in the country to use a Section 184 loan to purchase or refinance their home. The credit subsidy funding for the service area expansion is incorporated into the 2023 Budget request.

- 40-Year Mortgages. This proposal would authorize HUD to guarantee mortgages up to 40 years in length, when seeking to modify a loan to avoid foreclosure. The proposal will permit Section 184 loss mitigation options to align with those offered by the Federal Housing Administration.
- Indemnification Authority. A planned rulemaking will permit lenders in the Section 184 program to underwrite loans for closing without prior HUD review (in other words, “direct endorsement” of the loans). HUD seeks indemnification authority to require the lender to accept the loss (rather than HUD) when the lender closes noncompliant loans. HUD anticipates this will improve performance and accountability of the program.

## APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes the appropriation language listed below.

### INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

(INCLUDING CANCELLATIONS)

*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), \$5,521,000, 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 funds made available in this and prior Acts 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), that are unobligated, including recaptures and carryover, are available to subsidize total loan principal, any part of which is to be guaranteed, up to \$1,400,000,000, to remain available until September 30, 2024: Provided further, That any remaining loan guarantee limitation authorized under this heading in fiscal year 2020 or prior fiscal years is hereby permanently cancelled: Provided further, That any amounts determined by the Secretary to be unavailable are hereby returned to the General Fund of the Treasury of the United States.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Public and Indian Housing

### Native Hawaiian Housing Block Grant

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	2,000	85	5,000	7,085	7,000	7,917
2022 Annualized CR	2,000	502	-	2,502	2,251	6,000
2023 President's Budget	10,000	251	-	10,251	10,251	5,000
Change from 2022	8,000	(251)	-	7,749	8,000	(1,000)

a/ 2021 Supplemental funds are from the American Rescue Plan Act of 2021 (ARP Act).

#### PROGRAM PURPOSE

The Native Hawaiian Housing Block Grant (NHHBG) program funds a wide range of affordable housing activities on Native Hawaiian home lands. Eligible activities include new construction, rehabilitation, acquisition, infrastructure, and various support services. In addition, funds can be used to provide rental assistance to eligible Native Hawaiians residing on or off Hawaiian home lands. The sole recipient is the State of Hawaii's Department of Hawaiian Home Lands (DHHL).

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$10 million for the NHHBG program, which is \$8 million more than the 2022 annualized CR level. This investment will help increase the production of and access to affordable housing for Native Hawaiian families, as well as address the needs identified in the 2017 *Housing Needs of Native Hawaiians* Report.<sup>1</sup>

#### JUSTIFICATION

In May 2017, HUD published *Housing Needs of Native Hawaiians*. According to the report, Native Hawaiians, and other Pacific Islanders account for 39 percent of the State's overall homeless population despite only representing 10 percent of the State's population. In addition, Native Hawaiians have lower incomes, higher poverty rates, and lower educational attainment rates than other residents of Hawaii.

Since the inception of the program, funds have been primarily for housing development activities (e.g., infrastructure to support new homeownership units). Now, DHHL is using more of their funds on individual homeowner financing (e.g., for new home construction and homeowner rehabilitation), rental housing assistance, and housing counseling. The development activities support HUD priorities of assisting underserved communities and increasing the production of affordable housing.

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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 (<https://www.huduser.gov/portal/publications/housing-needs-native-hawaiians.html>)

In 2019, the Governor of Hawaii approved new administrative rules for DHHL that allow multifamily complexes and rental housing units to be built on the Hawaiian home lands. In response, DHHL has also shifted its focus to increasing future rental housing opportunities for Native Hawaiian families.

Between 2002 and 2021, DHHL used NHHBG funds to help build, acquire, and rehabilitate 748 affordable homes and develop infrastructure improvements to approximately 693 lots to construct affordable homes. Funds have also been used to rehabilitate community centers, provide housing counseling, financial literacy training, and self-help home repair training to over 2,900 families.

#### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Grants	2,000	-	2,000	2,000	2,000	-	2,000	10,000
Technical Assistance	-	85	85	-	-	502	502	-
Grants (ARP Act)	5,000	-	5,000	5,000	-	-	-	-
<b>Total</b>	<b>7,000</b>	<b>85</b>	<b>7,085</b>	<b>7,000</b>	<b>2,000</b>	<b>502</b>	<b>2,502</b>	<b>10,000</b>

a/ Includes supplemental funds under the American Rescue Plan Act of 2022 (ARP Act).

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For the Native Hawaiian Housing Block Grant program, as authorized under title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4221 et seq.), \$10,000,000, to remain available until September 30, 2027: Provided, That notwithstanding section 812(b) of such Act, the Department of Hawaiian Home Lands may not invest grant amounts made available under this heading in investment securities and other obligations: Provided further, That amounts made available under this heading in this and prior fiscal years may be used to provide rental assistance to eligible Native Hawaiian families both on and off the Hawaiian Home Lands, notwithstanding any other provision of law.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Office of Public and Indian Housing

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

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	-	5,926	-	5,926	-	-
2022 Annualized CR	-	5,926	-	5,926	-	-
2023 President's Budget	-	5,926	(5,926)	-	-	-
Change from 2022	-	-	(5,926)	(5,926)	-	-

#### PROGRAM PURPOSE

The Native Hawaiian Housing Loan Guarantee Fund (also known as 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 for Native Hawaiians.

#### BUDGET OVERVIEW

The 2023 President's Budget requests no funding for credit subsidy budget authority and rescinds \$5.9 million in previously appropriated credit subsidy for the Native Hawaiian Housing Loan Guarantee Fund (the Section 184A program). The Section 184A program continues to guarantee loans on a negative subsidy basis, which is a function of the historically low default and high recovery rates. In addition, it proposes to align the Section 184A program with other credit programs by clearly specifying a loan limitation level every year based on estimated demand.

In 2023, the Section 184A program is requesting \$28.0 million in loan guarantee commitment authority, including authority to guarantee refinance loans. In the Appropriations Acts for 2012 through 2015, the Congress provided HUD with the authority to guarantee refinance loans under the Section 184A program. While the program has been operating under a negative subsidy rate since 2017 and has not needed additional appropriations, HUD projects that refinance loan guarantee commitment authority will be exhausted by the second quarter of 2023 given current program activity and estimates. Without this specific authority, HUD will no longer be able to guarantee refinance loans under the Section 184A program.

#### JUSTIFICATION

The Section 184A program expands the market for lenders and ensures access to private-market mortgages for a traditionally underserved population, supporting the Departmental priority of promoting homeownership. 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, the Department of Hawaiian Home Lands (DHHL), the Office of Hawaiian Affairs, and 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 provided by the U.S. Department of the Interior. The Congress established a homesteading program in 1921 to support the self-sufficiency and well-being of Native Hawaiians. This program strengthens and broadens the Federal housing safety net for people in need, improves housing choices and greater economic opportunity and promotes climate resilience, environmental justice, and energy efficiency across the housing sector. These public trust lands are meant to be leased to eligible Native Hawaiian beneficiaries 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 is inalienable and 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.

When the program switched to negative subsidy, the \$5.9 million of subsidy remaining as no-year carryover was no longer needed to issue new loans. As HUD plans to align the Native Hawaiian Loan Guarantee Program (184A) authority with other HUD credit programs, HUD requests loan limitation for a two-year period. The remaining balances of no-year subsidy budget authority and loan limitation are proposed to be cancelled. The proposal to cancel prior-year subsidy budget authority and associated loan limitation will in no way impact the volume of loans the Department can guarantee or its continued ability to meet program demand.

Since 2005 (when program activity began), HUD has guaranteed approximately 809 loans worth \$206.0 million. Of this amount, 55 loans worth approximately \$16 million were guaranteed in 2021. Based on the current economic climate, HUD anticipates guaranteeing loans worth approximately \$17 million in both 2022 and 2023.

#### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Loan Guarantee								
Credit Subsidy	-	5,926	5,926	-	-	5,926	5,926	(5,926)
<b>Total</b>	<b>-</b>	<b>5,926</b>	<b>5,926</b>	<b>-</b>	<b>-</b>	<b>5,926</b>	<b>5,926</b>	<b>(5,926)</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Legislative Proposals

The 2023 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **40-Year Mortgages:** HUD proposes authority to guarantee mortgages up to 40 years in length, when seeking to modify a loan to avoid foreclosure. The proposal will permit Section 184A loss mitigation options to align with those offered by the Federal Housing Administration.
- **Indemnification Authority:** A planned rulemaking will permit lenders in the Section 184A program to underwrite loans for closing without prior HUD review (in other words, “direct

endorsement” of the loans). HUD seeks indemnification authority to require the lender to accept the loss (rather than HUD) when the lender closes noncompliant loans.

## **APPROPRIATIONS LANGUAGE**

The 2023 President’s Budget includes the appropriation language listed below.

### **NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT (INCLUDING CANCELLATIONS)**

*New commitments to guarantee loans, as authorized by section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13b), any part of which is to be guaranteed, shall not exceed \$28,000,000 in total loan principal, to remain available until September 30, 2024: Provided, That the Secretary may enter into commitments to guarantee loans used for refinancing: Provided further, That any unobligated balances, including recaptures and carryover, remaining from amounts made available under this heading in prior Acts and any remaining loan guarantee limitation associated with such amounts in such prior Acts are hereby permanently cancelled.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**Housing Opportunities for Persons With AIDS (HOPWA)**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	430,000	239,901	-	669,901	521,552	375,229
2022 Annualized CR	430,000	148,349	-	578,349	403,387	456,809
2023 President's Budget	455,000	174,962	-	629,962	533,374	426,688
Change from 2022	25,000	26,613	-	51,613	129,987	(30,121)

**PROGRAM PURPOSE**

The Housing Opportunities for Persons With AIDS (HOPWA) program provides stable and permanent housing assistance and supportive services to one of the most vulnerable populations – low-income people living with Human Immunodeficiency Virus (HIV). This population often faces housing instability as well as other life and medical challenges, including mental health and substance abuse issues as well as discrimination and stigma that create barriers to needed services (authorized per the AIDS Housing Opportunity Act (42 U.S.C. 12901-12912)).

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$455 million for HOPWA, which is \$25 million more than the 2022 annualized CR level. Ninety percent of the funding is distributed by formula to qualifying States and metropolitan areas, and the remaining funds will be distributed by competitive selection of innovative model projects that address special issues or populations through the award of Special Projects of National Significance. To encourage innovation in addressing emerging needs and to ensure competitive grants can be made available to States and local governments and private non-profit entities with a fair process for projects to serve areas that do not qualify for a formula allocation, the Budget eliminates a provision that requires priority renewal of competitive grants funded in 2010 or prior years.

**JUSTIFICATION**

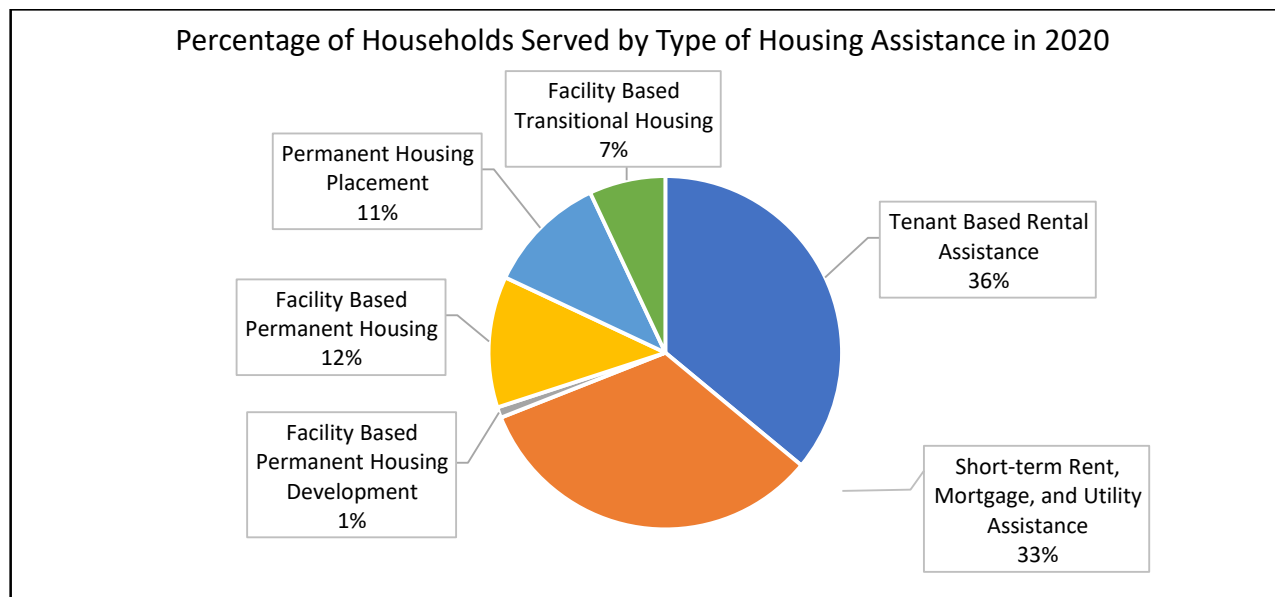
The HOPWA program exists to strengthen and broaden the Federal housing safety net and provide support for underserved communities, focusing Federal resources on saving lives by meeting the housing needs of low-income people living with HIV who are without stable housing arrangements. HOPWA's targeted funding request advances equity by ensuring the appropriate needs-based distribution of funds, helps address negative impacts resulting from COVID-19, and bolsters efforts to end the HIV epidemic in the United States by 2030.

HOPWA assistance covers households experiencing homelessness or those at risk of homelessness, by providing permanent or temporary housing assistance; short-term rent, mortgage, and utility (STRMU) payments; and the operation of housing facilities. These housing efforts ensure access to affordable housing so that beneficiaries achieve housing stability, which helps reduce their risk for homelessness, support their access to treatment and other healthcare, and reduce HIV transmission – a significant consideration for Federal HIV prevention efforts.



HOPWA-assisted households vary by community, depending on the types of assistance provided, funding levels, attrition levels, and grantee program design. At \$455 million, HUD estimates that communities will be able to provide access to affordable housing for approximately 45,640 economically vulnerable households living with HIV.<sup>1</sup> In addition to affordable housing, an estimated 62,430 households will receive supportive services and 236,531 households will receive housing information services to ensure housing stability.

Housing Assistance and Housing Development: The below chart shows the percentage of HOPWA households receiving different types of housing assistance:



- Tenant-Based Rental Assistance: Ongoing long-term rental assistance.
- Facility-based housing: Both Transitional and Permanent facility housing to assist individuals and households with significant health and life challenges that impede their ability to live independently.
- Facility-based housing development: Expected development of facility-based housing, reported in the year it becomes operational.
- Short-term Rent, Mortgage, and Utility Assistance: Homeless prevention services providing short-term assistance to address an immediate crisis and prevent households from becoming homeless by maintaining occupation in their current residence.
- Permanent Housing Placement: One-time support for first month rent and deposits to secure permanent housing.

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<sup>1</sup>The method used in calculating the projected household numbers is as follows: Three years of national (formula and competitive) HOPWA performance data is averaged to create a baseline for performance. The most recent cost per unit from the performance profile (2020) is inflated based on internal projections from the Office of Policy Development and Research and applied to the baseline across multiple funding scenarios and housing activities. Household estimates reflect past HOPWA performance across eligible activities, projected appropriation scenarios, and rising costs per unit in upcoming fiscal years.

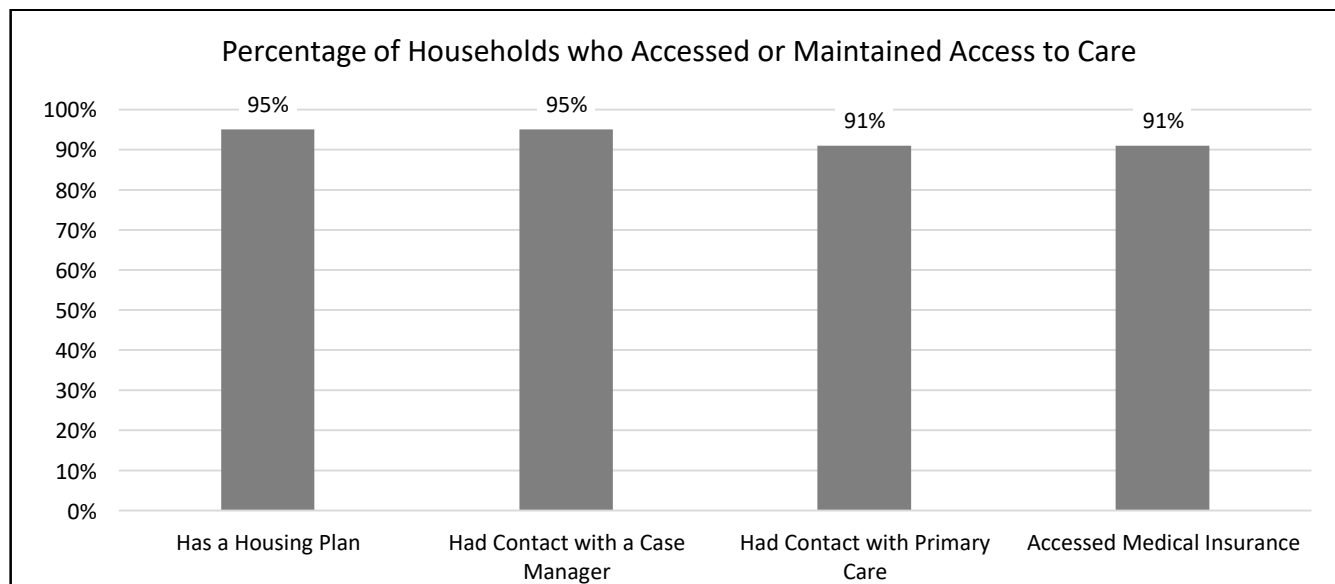
**Supportive Services and Housing Information Services:** In addition to housing assistance, grantees can use HOPWA funding for supportive services and housing information services; these activities focus on improving housing access and stability for HOPWA-assisted households. The delivery of supportive housing often requires partnerships between HOPWA grantees and project sponsors consisting of local networks of non-profit, faith-based, and housing and homeless assistance organizations. Eligible supportive services include housing case management, transportation, mental health services, substance abuse treatment, and employment training. These critical supportive services help sustain housing stability, promote better health outcomes, and increase beneficiaries' quality of life. This includes beneficiaries who transition to the unsubsidized private housing market or other affordable housing which does not provide supportive services, such as placement in the Housing Choice Voucher program. HOPWA-funded housing information services often include housing search support staff and development of housing search websites and tools to assist households in finding appropriate, affordable units.

### Evidence-Based Outcomes

HOPWA grants increase housing stability for beneficiaries, which leads to improved access to care and support and better health outcomes. HUD works with any poor performers to address barriers in program design or implementation issues preventing the achievement of HOPWA performance standards. According to HOPWA grantee reports, in 2021:

- 98 percent of clients receiving tenant-based rental assistance achieved housing stability.
- 97 percent of clients placed in a permanent housing facility achieved housing stability.
- 68 percent of clients receiving transitional or short-term housing facilities assistance achieved housing stability.

**Access to Care:** HOPWA data shows high levels of connection to care. The infographic below shows 2021 HOPWA grantee reporting data.



Multiple studies have found that lack of stable housing is one of the most significant factors limiting the use of antiretroviral medications regardless of insurance, substance abuse, and other factors. Ryan White HIV/AIDS Program data show that clients in unstable housing situations are less likely to be virally suppressed. In 2020, 76.8 percent of unstably housed clients were virally suppressed,

compared to 89.4 percent of all Ryan White clients.<sup>2</sup> Housing interventions improve stability and connection to care, providing the essential foundation for participating in antiretroviral treatment and achieving a suppressed or undetectable viral load. Research shows that when people living with HIV attain and maintain an undetectable viral load, they have effectively no risk of sexually transmitting HIV.<sup>3</sup>

Moreover, HOPWA assistance safeguards the national investment in HIV care. The HUD-CDC joint Housing and Health study – a peer-reviewed, multi-site randomized trial undertaken to examine the health, housing, and economic impacts of providing HOPWA assistance to homeless and unstably housed people living with HIV – found that HOPWA housing assistance efficiently and effectively helped to improve the health outcomes of people living with HIV and their families. This study of HOPWA and other supportive housing programs for people living with HIV 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>4</sup>

Stable housing leads to cost savings by reducing transmission rates and thus driving down overall costs attributable to the U.S. HIV epidemic. Estimates indicate the annual direct costs of HIV medications are between \$22,000 and \$54,000 per person per year, depending on the severity of an individual's infection.<sup>5</sup> Lifetime treatment costs per person are estimated to have a present value of \$420,285.<sup>6</sup>

In a recent population-based study in San Francisco, people experiencing homelessness with HIV had 27 times higher odds of death compared to those with housing.<sup>7</sup> In addition, homeless or unstably housed people living with HIV 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 those who are stably housed. Research conducted in Chicago showed that homeless people living with HIV had significantly improved medication adherence, health outcomes, and viral loads when provided HOPWA housing assistance, as compared to those who remained homeless or unstably housed. Moreover, substantial cost savings were achieved by reducing emergency care and nursing services for this population.<sup>8</sup>

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<sup>2</sup> Health Resources and Services Administration. Ryan White HIV/AIDS Program Annual Client-Level Data Report 2020. [www.hab.hrsa.gov/data/data-reports](http://www.hab.hrsa.gov/data/data-reports). Published December 2021.

<sup>3</sup> Rodger AJ, Cambiano V, Bruun T, et al. (2019) PARTNER Study Group. Risk of HIV transmission through condomless sex in serodifferent gay couples with the HIV-positive partner taking suppressive antiretroviral therapy (PARTNER): final results of a multicentre, prospective, observational study. *Lancet* 393(10189): 2428-2438.

<sup>4</sup> Kidder, Daniel. (2009). The Housing and Health Study: Background, Methods, and Outcomes. Presentation at National AIDS Housing Coalition Conference.

<sup>5</sup> Schackman, B.R., Fleishman, J.A., Su, A.E., Berkowitz, B.K., Moore, R.D., Walensky, R.P., Becker, J.E., Voss, C., Paltiel, A.D., Weinstein, M.C., Freedberg, K.A., Gebo, K.A., Losina, E. (2015). The lifetime medical cost savings from preventing HIV in the United States. *Medical care*, 53(4), 293–301.

<sup>6</sup> Bingham, A., Shrestha, R.K., Khurana, N., Jacobson, E.U., Farnham, P.G. (2021). Estimated Lifetime HIV-Related Medical Costs in the United States. *Sexually Transmitted Diseases*, 48, 299-304, updated to 2019 dollars.

<sup>7</sup> Spinelli, M. A., Hessol, N. A., Schwarcz, S., Hsu, L., Parisi, M. K., Pipkin, S., Scheer, S., Havlir, D., & Buchbinder, S. P. (2019). Homelessness at diagnosis is associated with death among people with HIV in a population-based study of a US city. *AIDS (London, England)*, 33(11), 1789–1794.

<sup>8</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.

## Impact of COVID-19

The COVID-19 pandemic has had a negative effect on HIV testing, linkage to care, and treatment access. In the space of weeks during February and March 2020, the HIV care system changed from one that linked and retained patients into care to one that paused or limited in-person clinical visits for patients with chronic diseases. Although the HIV care system began reopening by May 2021 for most patients with chronic illness, the impact of this paradigm shift for HIV testing, prevention and care is anticipated to set back HIV epidemic control efforts for some time.<sup>9</sup> National experts suggest that the disruption of these and other HIV-related healthcare services has likely resulted in increased HIV incidence, morbidity, and mortality. As a result of these health system disruptions, the COVID-19 pandemic could result in a 10 percent increase in HIV-related deaths over the next five years.<sup>10</sup>

HOPWA-funded housing assistance and supportive services are critical for lessening the impacts of these disruptions and ensuring low-income people living with HIV remain stably housed and connected to care and other needed services. Unstable housing and higher rates of congregate living situations among people living with HIV have been linked to increased susceptibility to COVID-19.<sup>11</sup> As unstable housing negatively impacts health and treatment for people living with HIV, an eviction crisis can significantly increase COVID infections for people living with HIV and exacerbate co-occurring health and social morbidities.<sup>12</sup> Furthermore, counties with high rates of COVID-19 infections are also areas with high rates of new HIV infections.<sup>13</sup> The 2023 Budget will help alleviate the additional burdens associated with unstable housing for people living with HIV during the ongoing COVID-19 pandemic.

## Advancing Equity

The demographics of the HIV epidemic in the US continue to trend toward a more disproportionate impact, as evidenced by the rate of new HIV diagnoses for Black/African American and Hispanic/Latino communities. The modernized HOPWA formula helps address this disproportionate impact (i.e., advance equity in the program) by ensuring the appropriate, need-based distribution of funds for an HIV epidemic that has migrated disproportionately into communities with higher levels of poverty. To stay ahead of this trend and to ensure race, gender, and sexual orientation equity across HOPWA programs, HUD established a team in 2021 to review equity of the HOPWA program, including equity implications of the shifting formula resources. HUD introduced a phased Technical Assistance (TA) Initiative for HOPWA Race, Gender, and LGBTQ+ Equity to ensure all low-income people living with HIV have equitable, unfettered access to HOPWA housing and services. This TA initiative will assist HOPWA grantee communities in assessing their HOPWA

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<sup>9</sup> Brown, L. B., Spinelli, M. A., & Gandhi, M. (2021). The interplay between HIV and COVID-19: summary of the data and responses to date. *Current opinion in HIV and AIDS*, 16(1), 63–73. <https://doi.org/10.1097/COH.0000000000000659>

<sup>10</sup> Eisinger, R. W., Lerner, A. M., & Fauci, A. S. (2021). HIV/AIDS in the Era of COVID-19: A Juxtaposition of Two Pandemics. *The Journal of infectious diseases*, jiab114. Advance online publication. <https://doi.org/10.1093/infdis/jiab114>

<sup>11</sup> Sachdev, D., Mara, E., Hsu, L., Scheer, S., Rutherford, G., Enanoria, W., & Gandhi, M. (2021). COVID-19 Susceptibility and Outcomes Among People Living With HIV in San Francisco. *Journal of acquired immune deficiency syndromes*, 86(1), 19–21. <https://doi.org/10.1097/QAI.0000000000002531>

<sup>12</sup> Déry, M., Barr, M., Feldman, B. (2020) COVID-19, HIV, and Housing Instability. [PowerPoint slides] AETC National Coordinating Resource Center. <https://aidsetc.org/resource/covid-19-hiv-and-housing-instability>

<sup>13</sup> Luan, H., Song, I., Fiellin, D. A., & Ransome, Y. (2021). HIV Infection Prevalence Significantly Intersects With COVID-19 Infection At the Area Level: A US County-Level Analysis. *Journal of acquired immune deficiency syndromes*, 88(2), 125–131. <https://doi.org/10.1097/QAI.0000000000002758>

program's ability to measure and address equity and will provide tools for grantee communities to improve their systems. In addition, the 2020 HOPWA Notice of Funding Opportunity (NOFO) and the 2021 HOPWA Renewal/Replacement Notice were both published in 2021 with rating criteria that required applicants to be responsive to racial equity in their applications and planned projects that will operate through at least 2024. The planned 2023 NOFO will also include rating criteria related to racial and LGBTQ+ equity.

### **Addressing Risk**

The 2023 Budget helps address several operational, staffing, and information technology challenges that pose risks to carrying out the HOPWA mission. For example:

- Current law account language requires expiring competitive permanent housing grants to be renewed. The inability of non-competitive renewal communities to implement new projects means that there is limited opportunity for funding new grants in communities which are now more severely impacted by the epidemic than the current renewal grants. Please see the Legislative Proposals and General Provisions section of the HOPWA program justification for more details.
- Amended priority renewal provision in 2021, which allowed for competitive grantees to apply for a "replacement" option, increased workload and grant management responsibilities without fully addressing the programmatic mission concern of ensuring best practices in communities experiencing HIV epidemics. Please see the Community Planning and Development Salary and Expenses section of the 2023 President's Budget for more details.
- Current HOPWA grantee reporting is paper-based and carries risks for HUD's ability to monitor and report on program effectiveness, higher likelihood of reporting error, and overall lower quality data for the program. To respond to this need in the short term, HUD is utilizing an interim solution for HOPWA grantees using widely accessible software. Please see the Community Planning and Development Salary and Expenses (Office of Special Needs, data contract) section of the 2023 President's Budget for more details.

### **National HIV Strategy**

The National HIV/AIDS Strategy (2022-2025), released in December 2021, is a roadmap for ending the HIV epidemic in the United States by 2030. By 2025, the Strategy aims to reduce new HIV infections by 75 percent and reduce homelessness among people living with HIV by 50 percent. HUD staff from the Office of HIV/AIDS Housing and other HUD offices continue to work on the development of agency action items to meet these ambitious goals. These action items have involved a coordinated, cross-department approach that focuses on improving housing stability and health outcomes for people living with HIV and those at risk for HIV. Closely aligned and complementary to it is the Ending the HIV Epidemic Initiative, which is currently focused on leveraging the powerful data and tools now available to reduce HIV infections in jurisdictions hardest hit by HIV/AIDS. The Office of HIV/AIDS Housing has engaged in planning and data sharing discussions with HHS and the 57 targeted States and counties to ensure HOPWA data and resources are accessible and available to strengthen the Federal housing safety net for people in need and support this initiative.

### **Information Technology**

The Office of HIV/AIDS Housing continues to work collaboratively on operational improvement initiatives across all Community Planning and Development program offices with a goal of streamlining processes including grantee risk analysis, monitoring, grant making, and tracking. In addition, the program office continues efforts on a HOPWA data strategy to streamline the flow of quality data between systems and processes from planning, through the drawing of grant funds,

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

accomplishment reporting, and close out. This effort includes continuing to work with the systems contractors to identify improvements to the current data collection functionality to enhance the quality of data received from grantees.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Formula Grants	387,000	182,273	569,273	478,293	387,000	90,980	477,980	409,500
Competitive Grants	43,000	41,048	84,048	27,069	43,000	56,979	99,979	45,500
Technical Assistance	-	7	7	-	-	7	7	-
CARES Act Formula Grants	-	16,190	16,190	16,190	-	-	-	-
CARES Act Competitive Grants	-	383	383	-	-	383	383	-
<b>Total</b>	<b>430,000</b>	<b>239,901</b>	<b>669,901</b>	<b>521,552</b>	<b>430,000</b>	<b>148,349</b>	<b>578,349</b>	<b>455,000</b>

Note. 2020 Carryover Into 2021 column includes \$14 thousand of recaptured competitive grants funds in 2021.

**Distribution of Funds by Grantee**

The distribution of HOPWA funds for 2021, 2022 and 2023 (requested) appropriations are shown below.

<b>Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)</b>				
State	HOPWA Formula Grantee	2021 Actual	2022 Annualized CR	2023 Pres. Budget
AL	Alabama	\$2,823	\$3,689	\$3,904
AL	Birmingham	\$1,541	\$1,513	\$1,601
AR	Arkansas	\$1,031	\$1,202	\$1,271
AR	Little Rock	\$627	\$890	\$942
AZ	Arizona	\$442	\$524	\$555
AZ	Phoenix	\$3,399	\$4,568	\$4,834
AZ	Tucson	\$842	\$884	\$935
CA	Anaheim	\$2,841	\$3,113	\$3,294
CA	Bakersfield	\$709	\$890	\$942
CA	California	\$4,467	\$4,306	\$4,556
CA	Fresno	\$714	\$837	\$886
CA	Los Angeles	\$20,734	\$20,826	\$22,036
CA	Oakland	\$3,234	\$3,241	\$3,430
CA	Riverside	\$3,607	\$3,832	\$4,055
CA	Sacramento	\$1,627	\$1,667	\$1,764
CA	San Diego	\$5,253	\$5,370	\$5,682
CA	San Francisco	\$7,041	\$6,707	\$7,097
CA	San Jose	\$1,553	\$1,579	\$1,671
CA	Santa Rosa	\$455	\$460	\$486
CO	Colorado	\$811	\$1,052	\$1,113
CO	Denver	\$2,882	\$3,522	\$3,727
CT	Bridgeport	\$975	\$984	\$1,041

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

<b>Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)</b>				
State	HOPWA Formula Grantee	2021 Actual	2022 Annualized CR	2023 Pres. Budget
CT	Connecticut	\$272	\$271	\$286
CT	Hartford	\$1,217	\$1,201	\$1,271
CT	New Haven	\$1,133	\$1,133	\$1,199
DC	District of Columbia	\$11,174	\$11,235	\$11,888
DE	Delaware	\$336	\$343	\$362
DE	Wilmington	\$824	\$830	\$878
FL	Cape Coral	\$672	\$681	\$720
FL	Deltona	\$612	\$632	\$669
FL	Florida	\$4,473	\$4,523	\$4,786
FL	Ft Lauderdale	\$7,088	\$6,890	\$7,290
FL	Jacksonville	\$2,601	\$2,600	\$2,751
FL	Lakeland	\$754	\$772	\$817
FL	Miami	\$11,925	\$12,143	\$12,848
FL	North Port	\$644	\$657	\$696
FL	Orlando	\$4,587	\$4,729	\$5,004
FL	Palm Bay	\$487	\$500	\$529
FL	Port St Lucie	\$723	\$717	\$759
FL	Tampa	\$4,378	\$4,487	\$4,747
FL	West Palm Beach	\$3,203	\$3,100	\$3,280
GA	Atlanta	\$22,712	\$12,420	\$13,142
GA	Augusta-Richmond County	\$1,042	\$870	\$921
GA	Georgia	\$4,344	\$5,553	\$5,876
HI	Hawaii	\$270	\$270	\$286
HI	Honolulu	\$664	\$660	\$699
IA	Iowa	\$800	\$831	\$880
IL	Chicago	\$10,915	\$10,919	\$11,554
IL	Illinois	\$2,157	\$2,201	\$2,329
IN	Indiana	\$1,737	\$1,854	\$1,962
IN	Indianapolis	\$1,792	\$2,012	\$2,129
KS	Kansas	\$642	\$661	\$700
KY	Kentucky	\$1,001	\$1,189	\$1,258
KY	Louisville	\$1,083	\$1,332	\$1,409
LA	Baton Rouge	\$2,534	\$1,921	\$2,033
LA	Louisiana	\$2,491	\$2,999	\$3,173
LA	New Orleans	\$3,826	\$3,401	\$3,599
MA	Boston	\$3,248	\$3,231	\$3,419
MA	Lowell	\$2,024	\$2,118	\$2,241
MA	Massachusetts	\$366	\$345	\$365
MA	Springfield	\$727	\$738	\$780
MA	Worcester	\$694	\$700	\$741
MD	Baltimore	\$8,275	\$6,334	\$6,703
MD	Frederick	\$1,688	\$1,625	\$1,719
MD	Maryland	\$547	\$528	\$559
MI	Detroit	\$3,053	\$3,096	\$3,276
MI	Michigan	\$2,013	\$2,151	\$2,276
MI	Warren	\$977	\$1,175	\$1,243
MN	Minneapolis	\$1,946	\$2,608	\$2,759

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

<b>Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)</b>				
State	HOPWA Formula Grantee	2021 Actual	2022 Annualized CR	2023 Pres. Budget
MN	Minnesota	\$284	\$369	\$391
MO	Kansas City	\$1,829	\$1,872	\$1,981
MO	Missouri	\$984	\$1,014	\$1,073
MO	St Louis	\$2,607	\$2,713	\$2,871
MS	Jackson	\$1,429	\$1,411	\$1,493
MS	Mississippi	\$1,877	\$2,306	\$2,440
NC	Charlotte	\$3,030	\$3,115	\$3,297
NC	Durham	\$543	\$923	\$976
NC	Fayetteville	--	\$724	\$766
NC	Greensboro	\$600	\$1,071	\$1,133
NC	North Carolina	\$4,053	\$3,512	\$3,716
NC	Wake County	\$1,024	\$1,403	\$1,485
NC	Winston-Salem	\$710	\$713	\$754
NE	Nebraska	\$683	\$720	\$762
NJ	Camden	\$1,138	\$1,141	\$1,207
NJ	Jersey City	\$2,381	\$2,218	\$2,346
NJ	Lakewood Township	--	\$1,934	\$2,046
NJ	New Jersey	\$1,670	\$1,661	\$1,757
NJ	Newark	\$5,768	\$5,083	\$5,379
NJ	Paterson	\$1,804	\$1,808	\$1,913
NM	Albuquerque	\$556	\$569	\$602
NM	New Mexico	\$535	\$603	\$639
NV	Las Vegas	\$2,166	\$2,968	\$3,140
NV	Nevada	\$445	\$467	\$494
NY	Albany	\$717	\$716	\$757
NY	Brookhaven Town	\$2,266	\$2,271	\$2,403
NY	Buffalo	\$856	\$881	\$933
NY	New York	\$2,701	\$2,914	\$3,084
NY	New York City	\$43,482	\$39,920	\$42,241
NY	Rochester	\$1,003	\$983	\$1,040
NY	Syracuse	\$413	\$418	\$443
OH	Cincinnati	\$1,281	\$1,621	\$1,716
OH	Cleveland	\$1,774	\$2,025	\$2,143
OH	Columbus	\$1,585	\$2,174	\$2,300
OH	Dayton	\$542	\$625	\$661
OH	Ohio	\$1,832	\$1,908	\$2,019
OK	Oklahoma	\$463	\$482	\$510
OK	Oklahoma City	\$1,004	\$1,129	\$1,195
OK	Tulsa	\$667	\$686	\$726
OR	Oregon	\$611	\$628	\$665
OR	Portland	\$1,797	\$1,807	\$1,912
PA	Allentown	\$531	\$540	\$571
PA	Bensalem Township	\$853	\$864	\$914
PA	Harrisburg	\$494	\$499	\$528
PA	Pennsylvania	\$2,170	\$2,160	\$2,285
PA	Philadelphia	\$7,474	\$7,479	\$7,914
PA	Pittsburgh	\$1,202	\$1,219	\$1,290



<b>Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)</b>				
State	HOPWA Formula Grantee	2021 Actual	2022 Annualized CR	2023 Pres. Budget
PR	Puerto Rico	\$2,284	\$2,264	\$2,396
PR	San Juan Municipio	\$6,130	\$5,532	\$5,853
RI	Providence	\$1,275	\$1,300	\$1,376
SC	Charleston	\$917	\$1,018	\$1,078
SC	Columbia	\$1,593	\$1,618	\$1,712
SC	Greenville	\$680	\$732	\$775
SC	South Carolina	\$2,529	\$2,577	\$2,726
TN	Memphis	\$3,488	\$3,013	\$3,188
TN	Nashville-Davidson	\$1,737	\$2,069	\$2,190
TN	Tennessee	\$1,776	\$1,894	\$2,004
TX	Austin	\$2,099	\$2,254	\$2,385
TX	Dallas	\$7,944	\$8,093	\$8,563
TX	El Paso	\$704	\$926	\$980
TX	Fort Worth	\$1,904	\$2,133	\$2,258
TX	Houston	\$10,885	\$11,150	\$11,798
TX	San Antonio	\$2,295	\$2,594	\$2,745
TX	Texas	\$5,593	\$6,470	\$6,847
UT	Salt Lake City	\$675	\$803	\$850
UT	Utah	\$273	\$293	\$310
VA	Richmond	\$1,500	\$1,715	\$1,814
VA	Virginia	\$1,375	\$1,512	\$1,600
VA	Virginia Beach	\$2,178	\$2,558	\$2,707
WA	Seattle	\$3,150	\$3,208	\$3,394
WA	Washington	\$1,301	\$1,337	\$1,414
WI	Milwaukee	\$1,099	\$1,239	\$1,311
WI	Wisconsin	\$877	\$921	\$974
WV	West Virginia	\$623	\$667	\$706
Total Formula		\$387,000	\$387,000	\$409,500
Total Competitive		\$43,000	\$43,000	\$45,500
Total Appropriation		\$430,000	\$430,000	\$455,000

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Change

The 2023 President's Budget includes the following:

Remove the Priority Renewal Provision: The Department proposes deleting the priority renewal provision for permanent housing competitive grants. Removal of this mandate will ensure the 10 percent of HOPWA funding designated by statute as "Competitive" is used for its intended purposes of developing new and innovative models to address disease trends and ensuring States that do not meet population or demographic requirements for formula allocations still receive fair access to HOPWA funds. This change is necessary because most HOPWA competitive funds are used to fund the same 82 projects and same organizations that were first awarded those grants in the 1990s and early 2000s. Currently these 82 HOPWA competitive grants receive priority for renewal and non-renewal communities and stakeholders have few opportunities for new projects. Of the 82 renewal grants, 31 are anticipated to be eligible for renewal in 2023 at approximately \$35.8 million. Renewal

grants based on outdated models are limited in demonstrating effectiveness to meet current need, and replacement grants to the same grantees in the same locations limit HOPWA dollars from reaching potentially higher-need, higher-capacity grantee areas (i.e., those communities more severely impacted by the epidemic than current grantees).

The Department requested the removal of the priority renewal language as part of the 2020-2022 President's Budgets.

- The 2020 House Appropriations Committee report directed the Department to work with communities to prepare to implement this change in the future. The Office of HIV/AIDS Housing followed that directive and met in person with AIDS housing advocates, community stakeholders, and more than a dozen competitive renewal grantees to address this possible change in the competitive grant process. HUD has received and analyzed community and grantee feedback based on the Committee directive; this feedback will inform the implementation of the competitive grant changes.
- The appropriations account language was revised in 2021 to include an option for renewal-eligible grantees (only) to "replace" their grant with other grant activities. Of the 24 renewal applications received, three elected to request replacement activities and were funded for those new activities.
- Stakeholder and Congressional concerns are limited to the 82 grantee communities subject to losing current guaranteed priority renewal. Specific concerns will be addressed in the competitive Notice of Funding Opportunity (NOFO) process including ensuring fair but competitive funding for States and territories that do not receive HOPWA formula funds, consideration for development projects where HOPWA renewal funds have been committed for longer terms, provision of technical assistance, and ensuring local formula grantees collaborate with renewal projects transitioning to a competitive process.

### **Legislative Proposal**

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

HUD proposes a change to allow HOPWA grantees flexibility in providing short-term housing payment assistance to (a) people who are currently experiencing homelessness instead of the statutory requirement that this activity only prevent homelessness and (b) people assessed to require rent or utilities payments up to 24 months instead of the statutory requirement limiting the activity to 21 weeks in a 52-week period. These flexibilities will give communities the ability to address housing needs for those living with HIV who are currently homeless, especially when combined with other HOPWA activities and non-HOPWA resources and will also ensure people are able to receive assistance for longer durations when needed to achieve housing stability and prevent homelessness.

The Department requested the expansion of HOPWA short-term housing assistance terms in its 2019-2022 President's Budgets.

- Stakeholder support is very high for this provision and is, in fact, in direct response to HOPWA grantee requests. Grantees have reported that 21 weeks is often too limited for establishing housing stability for high-risk households living with HIV, and that people who are currently experiencing homelessness cannot receive short-term rent and utilities assistance through HOPWA even when coupled with permanent housing placement from HOPWA or another source.

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act includes a provision that allows HOPWA grantees flexibility of providing assisted households with up to 24 months of rent, mortgage, and utility payments. Stakeholder response has been overwhelmingly positive to this flexibility, as it has worked to ensure housing stability for eligible households during the COVID-19 health and economic crises. The provision of short-term payment assistance represents the most-utilized HOPWA CARES Act activity during the first year of implementation.

## APPROPRIATIONS LANGUAGE

The 2023 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.), \$455,000,000, to remain available until September 30, 2024, except that amounts allocated pursuant to section 854(c)(5) of such Act shall remain available until September 30, 2025.*

*Note.--A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**Community Development Fund**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	3,475,000	30,935,468	-	34,410,468	30,658,647	6,758,558
2022 Annualized CR	3,475,000	3,750,891	4,994,500	12,220,391	8,622,708	10,768,000
2023 President's Budget	3,770,000	3,597,683	-	7,367,683	7,301,482	10,942,000
Change from 2022	295,000	(153,208)	(4,994,500)	(4,852,708)	(1,321,226)	174,000

a/ Carryover into 2021 includes \$26 billion of Disaster Assistance, \$3 billion of CARES Act, and \$808 thousand in recaptured funds.

b/ 2022 Supplemental includes \$5 billion of disaster funding enacted in the 2022 Continuing Resolution (P.L. 117-43), net a transfer of \$5.5 million to Salaries and Expenses.

**PROGRAM PURPOSE**

The Community Development Fund (CDF) is the broadest domestic development assistance program in the U.S. Government portfolio. Its largest program, the Community Development Block Grant (CDBG) program, develops viable urban and rural communities by expanding economic opportunities and improving quality of life principally for low- and moderate-income persons. The program provides annual grants to more than 1,200 recipients, including large cities, urban counties, States, Puerto Rico, and the U.S. Territories. All cities and towns in the United States can potentially receive CDBG funding, either from HUD directly or through their respective State.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$3.77 billion for the Community Development Fund, which is \$295 million above the 2022 annualized CR level. The Budget for the CDF includes funding for the following sub-components:

- CDBG Entitlement Program (\$2.5 billion – increase of \$70 million)
- CDBG Non-Entitlement Program (\$1.1 billion – increase of \$30 million)
- CDBG Insular Program (no change)
- Section 8071 Recovery Housing Program (no change)
- Historically Underserved Communities initiative (new initiative – increase of \$195 million)

The Budget will further the Administration's priority of advancing community development in an equitable manner. The Budget requests \$195 million in targeted CDBG funding to be directed toward removing barriers to affordable housing and community development in underserved communities. This funding will forward the Administration's commitment to advancing racial equity and supporting underserved communities through affordable housing, economic recovery, and environmental justice.

**JUSTIFICATION**

Communities use CDBG funds for projects initiated and developed at the local level based on local needs, priorities, and benefits. There are 26 statutory eligible activities that include public facilities,

infrastructure, housing, economic development, and planning. Each activity must also meet a National Objective of either: 1) benefitting low- and moderate-income persons; 2) eliminating slums or blight; or 3) addressing urgent needs for community health and safety.

CDBG funding is often used in association with other HUD grants for projects that further the Administration's policy priorities of strengthening and broadening the Federal housing safety net for people in need, advancing housing equity by improving housing choices and greater economic opportunity, supporting underserved communities, and advancing sustainable communities by promoting climate resiliency and energy efficiency across the housing sector. In 2021, the program provided funding for:

- Housing-related activities that served nearly 53,000 families, including direct homeownership assistance and rehabilitation of homes;
- More than 20,000 individuals to find permanent employment or to keep the full-time jobs they were at risk of losing;
- Improvements to homeless facilities serving more than 10,000 people; and,
- Public services, including senior services, operating costs of homeless and AIDS patients programs, food banks, services for the disabled, transportation services, and general health or mental health services, nearly 1.4 million people.

The Budget will advance the equity goal of the Administration by helping sustain the continued recovery from the coronavirus pandemic and ensuring that the recovery is equitable across geographic, racial, and socioeconomic demographics. As grantees deplete their supplemental CDBG coronavirus response (CDBG-CV) funds appropriated through the CARES Act, additional CDBG funds will allow grantees to address community needs that existed prior to the pandemic and those vulnerabilities exposed or exacerbated by the pandemic's economic effects. Support for the CDF will enable CDBG grantees to address the broadest risk, as identified in Executive Orders, of failing to adequately support economic recovery from the impacts of the coronavirus and doing so in an equitable manner. An inequitable and incomplete recovery would leave communities without enough resources to serve their residents and make them less resilient in responding to future economic shocks.

Communities predominantly expend CDBG funds for housing-related activities and public improvements. In addition to families served through the housing activities highlighted above, public improvements such as streets, sidewalks, parks, and water and sewer systems served more than 36 million people in 2021. Under the CDBG formula, 70 percent of funding goes to the urban entitlement program, and 30 percent goes to the State program. In the rural and suburban communities in the State CDBG program, the main expenditure is for public improvements. In addition to the State and Entitlement programs, pursuant to the Housing and Community Development Act of 1974, the CDF contains \$7 million for the Insular Areas.

## COMMUNITY DEVELOPMENT FUND

FY2021 Expenditures by Activity Category by Entitlements and States						
Entitlements			States			
6%	<div></div>	\$148,618,432	Acquisition of Real Property	\$28,544,701	<div></div>	3%
16%	<div></div>	\$388,722,838	Administration and Planning	\$80,964,582	<div></div>	8%
4%	<div></div>	\$107,757,302	Economic Development	\$85,738,451	<div></div>	9%
29%	<div></div>	\$706,524,172	Housing	\$130,269,957	<div></div>	13%
25%	<div></div>	\$617,319,619	Public Improvements	\$625,247,245	<div></div>	63%
18%	<div></div>	\$443,788,094	Public Services	\$39,205,408	<div></div>	4%
0%	<div></div>	\$6,637,740	Other	\$5,263,421	<div></div>	1%
2%	<div></div>	\$56,575,426	Repayments of Section 108 Loans	\$1,932,549	<div></div>	0%
		\$2,475,943,622	<b>Total FY2021 Expenditures</b>		\$997,166,312	
		<b>\$3,473,109,935</b>				
expenditures include program income *numbers may not total exactly due to rounding						

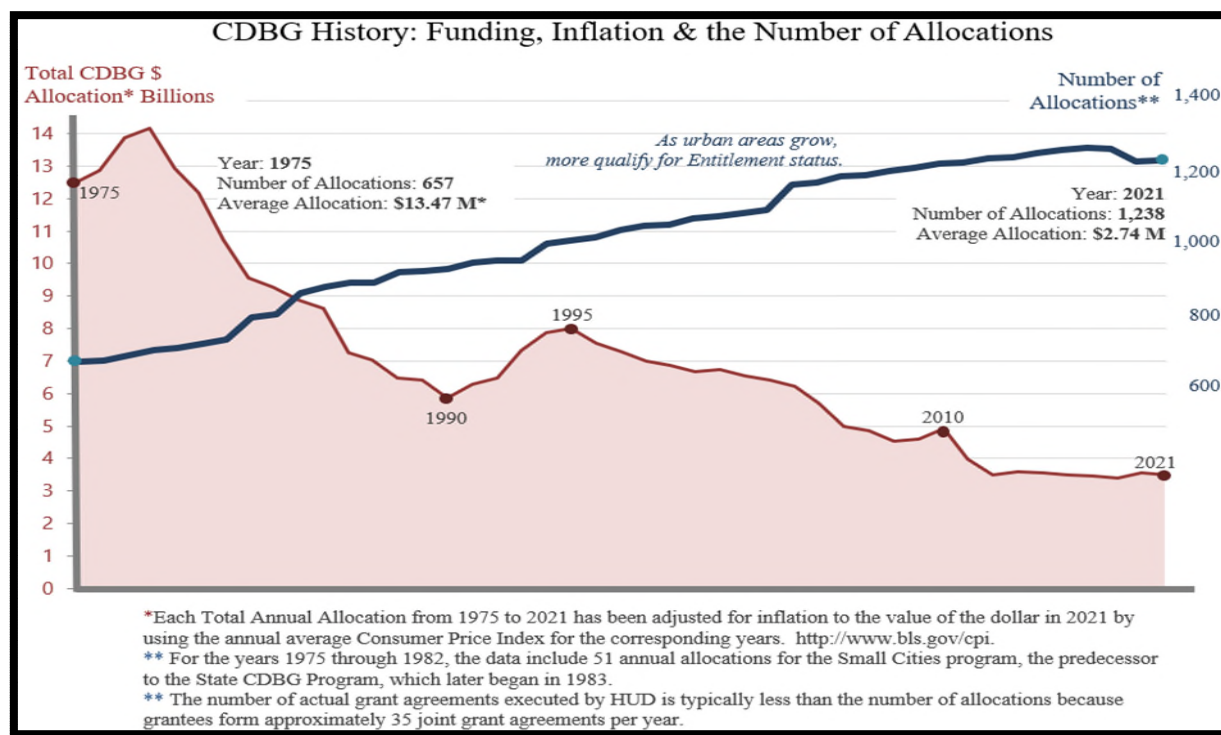
These investments in community development are frequently made in conjunction with other funding. CDBG is often used for gap financing to add the final necessary funds for a project to be successful. HUD requests that grantees report on leveraged funds, as well as public-private partnerships, to demonstrate local investment. CDBG investments reported leveraging an average of \$3.64 for every \$1 of grant funding during 2020, amplifying the CDBG program's return on investment with \$3.41 billion in other resources.

To encourage local leverage of CDBG funds, pending proposed rulemaking will enhance grantees' ability to use CDBG funds, particularly for economic development. The proposed rule would establish mandatory financial underwriting requirements for economic development and housing loan activities, expand the regulatory definition of slum and blight to allow grantees greater flexibility in undertaking economic development projects, incorporate several eligibility changes not currently codified in HUD's CDBG regulations, and modernize various provisions regarding grantee public citizen participation requirements. The rule also proposes to allow funds to be used for targeting emerging markets, revise the criteria for national objectives in mixed-used developments, and modernize and simplify the public benefit standards for economic development activities. The updated regulations seek to strengthen timeliness measures while finding ways to incentivize high performing and entrepreneurial grantees. Lastly, the proposed rule would update definitions and streamline reporting requirements.

The effectiveness of CDBG funding is evident in the accomplishments of the program. The table below demonstrates those accomplishments from 2005 through 2021. In addition, the relative cost of activities and the impacts of funding changes are expressed by the number of beneficiaries served for every \$100 million of CDBG investment in each category.

<b>Outcomes Associated with CDBG Funding, Fiscal Years 2005 through 2021</b>			
<b>Economic Development</b>			
	Permanent Jobs directly Created or Retained	475,269	Jobs
	Annual Funding Change Impact:		
	For every \$100 million of CDBG funding	11,184	Jobs
<b>Public Improvements</b>			
	Persons Benefitted by these Facilities	574,793,263	Persons
	Annual Funding Change Impact:		
	For every \$100 million of CDBG funding	2,899,176	Persons
<b>Public Services</b>			
	Persons Benefitting from these services	943,660,909	Persons
	Annual Funding Change Impact:		
	For every \$100 million of CDBG funding	21,154,687	Persons
<b>Housing</b>			
	Households Assisted (excluding housing counseling)	1,638,194	Households
	Annual Funding Change Impact:		
	For every \$100 million of CDBG funding	11,295	Households

During its 45-year history, the impact of the CDBG program has been strained by increasing numbers of qualifying entitlement grantees and the declining value of CDBG appropriations in real dollars (see graphic below). For example, the 2021 enacted appropriation of \$3.45 billion represents approximately one quarter of the funding level in 1975 when adjusted for inflation, while the number of grantees has doubled.



### CDBG Funds for Historically Underserved Communities

The Budget requests \$195 million to target resources to spur equitable development and the removal of barriers to revitalization in up to 100 of the most historically underserved communities in the United States. The Historically Underserved Communities initiative will provide additional grants to CDBG grantees to target these neighborhoods and to identify and address regulatory, structural, and capacity barriers to revitalization. These barriers include deteriorating infrastructure, economic disinvestment, limited or lack of neighborhood amenities, exclusionary zoning, harmful land use policies, outdated building codes, complicated permitting processes, and insufficient capacity for implementation of Federal funding and community development. Such barriers are historically linked to racial segregation, limited labor mobility, disproportionate climate change and environmental contamination effects on communities of color, economic disparities, and the racial wealth gap. Underserved communities often have disproportionate housing needs, deteriorating infrastructure, and fewer neighborhood amenities.

HUD would award grants of equal size to 100 CDBG grantees based on formula criteria that identify eligible neighborhoods within those jurisdictions. In developing the formula, HUD would consider factors such as persons in poverty, persons in poverty in areas with concentrated poverty or concentrated vacancy, and/or evidence of residential displacement of low-income tenants. Grantees would use place-based solutions to address the barriers to revitalization in the identified neighborhoods.

As part of a HUD grantee's comprehensive community development strategy, jurisdictions are required to submit Consolidated Plans, which must include an assessment of housing needs and explain whether there are regulatory or public policy barriers to developing, maintaining, or improving affordable housing. This initiative would help CDBG grantees with underserved communities focus on and create model approaches for removing those barriers at the neighborhood level.



The criteria for the formula would be based on the goals of the initiative, including: identifying barriers to affordable housing and equitable community development, such as exclusionary zoning, harmful land use policies, and unnecessarily complicated permitting practices; increasing affordable housing supply and neighborhood amenities in underserved communities; reducing residential and commercial vacancy and blight through innovative housing and community development solutions including adaptive reuse, rehabilitation, mixed use development, and conversion to affordable multifamily homeownership units; and improving infrastructure, community resilience, and economic revitalization, to foster thriving communities while retaining and increasing the affordable housing supply. The initiative would not only encourage grantees to address existing barriers but also seed future revitalization and elevate improved models of CDBG-funded community development.

Grantees could use awards for eligible CDBG activities that further the initiative's goals, including real property acquisition, public infrastructure improvements, and environmental remediation. HUD would structure the program to provide incentives for grantees that chose to undertake additional planning activities related to policies and approaches to eliminating barriers that inhibit affordable, fair housing and prevent housing supply production and equitable community development. The incentives would allow those grantees to develop approaches to improve their housing and community development strategies and to incorporate flexibilities into their local regulations and practices to promote equitable development and innovative housing solutions (such as planning to streamline complicated permitting processes). This strategic community-development approach would also prevent displacement from market forces and lead to increased community-led investment in disinvested communities.

### **Section 8071 Recovery Housing Program**

The Pilot Program to Help Individuals In Recovery From a Substance Use Disorder Become Stably Housed (Recovery Housing Program), was authorized under Section 8071 of the Support for Patients and Communities (SUPPORT) Act. The Recovery Housing Program (RHP) allows States and the District of Columbia to provide stable, transitional housing for individuals in recovery from a substance-use disorder. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. The Further Consolidated Appropriations Act of 2020 (Public Law 116-94), under the Title II Community Development Fund, allocated \$25 million for the RHP. The Consolidated Appropriations Act, 2021 (Public Law 116-260), under the Title II Community Development Fund, allocated an additional \$25 million for the RHP. The program has allocated funds to 28 grantees whose age-adjusted rate of drug overdose deaths was above the national rate in 2016 (2020 grantees) or 2018 (2021 grantees). The 28 grantees, some of which have received two allocations, include 27 States and the District of Columbia. The President's 2022 Budget requested a third appropriation of \$25 million.

### **Non-Community Development Funds Roles of the Office of Block Grant Assistance**

CDBG also provides a statutory and regulatory structure that can be used by the Federal Government to quickly allocate funds to local communities for a wide range of community development initiatives. For example, Congress has frequently used the existing CDBG infrastructure to respond to long-term disaster recovery needs. Community Planning and Development (CPD) administers the following programs that uses the existing CDBG framework:

- CDBG-CV funds (\$5 billion) to prevent, prepare for, and respond to coronavirus, made available through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act);

COMMUNITY DEVELOPMENT FUND

- Supplemental appropriations of CDBG funds (\$47.5 billion during the past five years) for long term recovery to affected communities of major natural disasters that occur within the United States, as CDBG-Disaster Recovery (CDBG-DR) funds; and,
- Emergency assistance of approximately \$7 billion to stabilize communities with high rates of abandoned and foreclosed homes due to the 2008 financial crisis, through the Neighborhood Stabilization Program (NSP).

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Entitlement/Non-Entitlement	3,443,000	1,337,144	4,780,144	4,170,439	3,443,000	604,349	4,047,349	3,543,000
Insular Area CDBG Program	7,000	7,000	14,000	5,018	7,000	8,982	15,982	7,000
Indian Tribes	-	930	930	-	-	-	-	-
Special Purpose (Section 107) Grants	-	41	41	-	-	41	41	-
Economic Development Initiative Grants	-	379	379	-	-	379	379	-
Disaster Assistance	-	26,328,237	26,328,237	23,283,510	4,994,500	3,050,083	8,044,583	-
Section 805 Economic Development Training	-	360	360	11	-	349	349	-
Recovery Housing (SUPPORT)	25,000	24,500	49,500	7,592	25,000	41,908	66,908	25,000
Historically Underserved Communities	-	-	-	-	-	-	-	195,000
CARES Act Program	-	3,231,877	3,231,877	3,187,077	-	44,800	44,800	-
CARES Act Technical Assistance	-	5,000	5,000	5,000	-	-	-	-
<b>Total</b>	<b>3,475,000</b>	<b>30,935,468</b>	<b>34,410,468</b>	<b>30,658,647</b>	<b>8,469,500</b>	<b>3,750,891</b>	<b>12,220,391</b>	<b>3,770,000</b>

a/ Carryover into 2021 includes \$808 thousand in recaptured funds.

b/ 2022 Supplemental includes \$5 billion of disaster funding enacted in the 2022 Continuing Resolution (P.L. 117-43), net a transfer of \$5.5 million to Salaries and Expenses.

c/ 2021 Carryover into 2022 excludes \$903 thousand in expired funds

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President's Budget includes the following:

The 2023 Budget proposes a targeted increase for the CDBG program of \$195 million for up to 100 grants to States and local governments for additional activities to identify and remove barriers to revitalization faced by underserved communities in deteriorating or deteriorated neighborhoods. The neighborhoods and places to receive allocations will be established in accordance with a formula based on factors that may include persons in poverty, persons in poverty in areas with concentrated poverty or concentrated vacancy, and other factors. HUD would structure the program to provide incentives for grantees that chose to undertake additional planning activities and would not be subject to the 20 percent limitation for planning and management development and administration. The language requested in the Budget is intentionally broad to allow for flexibility in program design.

### General Provisions

The 2023 President's Budget proposes the following new general provision(s):

- **Formula Grant Corrections:** HUD requests authority to correct formula errors for any HUD formula program on a prospective basis by offsetting amounts from any previously overpaid grantee(s)' award(s) in the current fiscal year and distributing those funds to grantees in the current fiscal year that previously received less formula funding than they would have as a result of the error in the prior fiscal year. (2023 President's Budget, Section 235)

The 2023 President's Budget re-proposes the following general provision that was enacted in the 2021 appropriations bill:

- Preventing the termination of a metropolitan city's entitlement community status. (2023 President's Budget, Section 218)

### Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

- HUD supports a permanent, reliable framework for disaster recovery and authorizing of CDBG-DR. The Department looks forward to discussing CDBG-DR in 2023 with the Congress. Please see the CDBG-DR CJ for more details.
- HUD also proposes to require a State to create compliance standards for its review and audits of recipient units of general local government to ensure that the local government is spending funds in accordance with the State's community development plan, has satisfied its performance criteria, and is carrying out activities in a timely manner. This proposal would also remove a superseded requirement for a unit of general local government to comply with a housing assistance plan.
- HUD proposes to amend section 104 of the Housing and Community Development Act of 1974 (HCD Act) so that if a metropolitan city or urban county does not have capacity to

administer its grant, HUD may permit the State to administer the grant on behalf of the metropolitan city or urban county. This tool would provide an option for a low-capacity entitlement that is not within an urban county to remain in the entitlement program while working to increase its capacity.

- Paired with the proposal on State compliance authority, HUD proposes to amend section 106 to raise the State grantee administration fee cap from 3 percent to 6 percent to provide resources to support greater accountability and technical assistance for non-entitled local governments. This section retains the State matching requirement for the administration of funds. The purpose of this proposed amendment is to support States with maintaining capacity to operate the program and to track local revolving funds and other program income over time. This is an identified area of weakness in the CDBG program, evidenced by major monitoring findings with multimillion-dollar resolutions in several States.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For carrying out the community development block grant program under title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.) (in this heading "the Act"), \$3,770,000,000, to remain available until September 30, 2025, unless otherwise specified: Provided, That unless explicitly provided for under this heading, not to exceed 20 percent of any grant made with funds made available under this heading shall be expended for planning and management development and administration: Provided further, That a metropolitan city, urban county, unit of general local government, or insular area that directly or indirectly receives funds under this heading may not sell, trade, or otherwise transfer all or any portion of such funds to another such entity in exchange for any other funds, credits, or non-Federal considerations, but shall use such funds for activities eligible under title I of the Act: Provided further, That notwithstanding section 105(e)(1) of the Act, no funds made available under this heading may be provided to a for-profit entity for an economic development project under section 105(a)(17) unless such project has been evaluated and selected in accordance with guidelines required under subsection (e)(2) of section 105: Provided further, That of the amount provided under this heading, \$195,000,000 shall be for up to 100 grants to state and local governments for additional activities under such title I for the identification and removal of barriers to revitalization faced by underserved communities in deteriorating or deteriorated neighborhoods with the greatest need, as determined by the Secretary: Provided further, That the Secretary shall establish by notice a formula identifying the neighborhoods eligible for such additional assistance, based on factors that may include the number or relative share of persons in poverty, the number or relative share of persons in poverty in areas with concentrated poverty or concentrated vacancy, and other factors: Provided further, That a state or local government responsible for carrying out title I activities within the eligible neighborhood shall be given the opportunity to apply for such assistance: Provided further, That such funds shall not be subject to the 20 percent limitation for planning and management development and administration: Provided further, That in administering such amounts the Secretary may waive or specify alternative requirements to sections 105 and 106 of the Act (42 U.S.C. 5305 and 5306) except for requirements related to fair housing, nondiscrimination, labor standards, the environment, and requirements that activities benefit persons of low- and moderate-income, upon a finding that such a waiver is necessary to expedite or facilitate the use of such amount: Provided further, That of the amount provided under this heading, \$25,000,000 shall be for activities authorized under section 8071 of the SUPPORT for Patients and Communities Act (Public Law 115–271): Provided further, That the funds allocated pursuant to the preceding proviso shall not adversely affect the amount of any formula assistance received by a State under this heading: Provided further, That the Secretary shall allocate the funds*

*for such activities based on the notice establishing the funding formula published in 84 FR 16027 (April 17, 2019).*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**Community Development Loan Guarantee**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	-	-	-	-	-	-
2022 Annualized CR	-	-	-	-	-	-
2023 President's Budget	-	-	-	-	-	-
Change from 2022	-	-	-	-	-	-

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

**PROGRAM PURPOSE**

The Community Development Loan Guarantee Program, also known as the Section 108 Loan Guarantee Program, provides Federal guarantees to private lenders to assist communities in undertaking large community or economic development projects.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$300 million in loan guarantee authority for the Community Development Loan Guarantee program, which is equal to the 2022 annualized CR level. With the implementation of the congressionally approved fee structure for the Section 108 program, HUD is again requesting zero credit subsidy in 2023 to support this program. Instead of requesting a credit subsidy, HUD will support loans in 2023 through the imposition of a fee assessed on borrowers, continuing the policy which started with the 2015 Consolidated and Further Continuing Appropriations Act (Pub. L, 113-235).

**JUSTIFICATION**

Section 108 of the Housing and Community Development Act enables communities to leverage their Community Development Block Grant (CDBG) funds into Federally guaranteed loans large enough to pursue substantial physical and economic revitalization projects. These projects allow communities to provide critical affordable housing to low- and moderate-income families, expand economic opportunities, and renew entire neighborhoods through new or rehabilitated infrastructure. Section 108-assisted projects approved between 2011 and 2022 are projected to create more than 29,000 jobs based on \$1.4 billion in loan guarantees. The Section 108 Program's utility as a job generating tool is magnified because many of these economically distressed localities lack alternative sources of financing for community and economic development projects.

Under the requested funding level in 2023, the Section 108 Program would continue to fulfill its role as a highly valuable financing tool for the large-scale community and economic development activities being carried out by local governments that are vital to expanding opportunities for their residents. The requested funding level would ensure the expanded availability of low-cost, flexible financing for community and economic development projects for CDBG entitlement communities, non-entitlement local governments participating through the State CDBG program, and Insular Areas, as local governments nationwide continue to struggle with financing development needs.

To assist governments with the fee-based financing mechanism, HUD allows Section 108 borrowers to include the fee in the guaranteed loan amount, as is permitted under other Federal guarantee programs (e.g., the Small Business Administration 504 program).

Outcomes Associated with 2023 Section 108 Requested Commitment Authority:

- The Section 108 program would finance job-creating projects that could be expected to create or retain 2,500 jobs resulting from economic development investments financed by loans guarantees.
- Based on historical data, Section 108 financing for economic development purposes would leverage approximately \$4.62 of additional funds for every \$1 of Section 108 loan funds.
- The program would be expected to provide \$105.0 million in financing for rehabilitation and construction of public facilities and infrastructure, \$104.0 million for housing rehabilitation, and \$90 million in assistance for economic development activities.

States and local governments face challenges in addressing their community and economic development needs. Often, the annual CDBG allocation alone is not sufficient to complete crucial large-scale community and economic development projects that communities desperately need. As a result, communities across the country turn to the Section 108 loan guarantee as a source of funds for these crucial projects. Currently, the Section 108 program is supporting more than 351 outstanding loans in communities across the country, with a total loan balance of approximately \$843.9 million. With leverage, a grantee can carry out a larger project with the Section 108 financing than it could otherwise. Grantees can finance revenue generating activities (e.g., economic development) with a guaranteed loan and applying the future revenue to repayment of the debt.

The Section 108 program guarantees loans that offer variable and fixed-rate financing for up to 20 years to finance certain CDBG eligible activities, including economic development activities, public facilities and improvements, housing rehabilitation, land acquisition, and related activities. Although some CDBG-eligible activities cannot be financed under Section 108 (such as program administration and public services), the CDBG activity types that can be financed through Section 108 account for approximately 70 to 75 percent of the total CDBG expenditures. Enhanced economic development data for consolidated planning, made possible through recent Consolidated Plan improvements, will help grantees understand how they most efficiently use this financing.

Entitlement communities are eligible to apply for Section 108 loan guarantees equal to five times their most recent CDBG award. Communities in non-entitlement areas may receive loan guarantees, in the aggregate, equal to five times the State's grant under the CDBG program. As permitted in recent appropriations, several States have applied directly for Section 108 funding to be distributed to communities in non-entitlement areas to create a loan portfolio of economic development and public facilities projects.

Since 1977, HUD has issued 2,007 commitments totaling approximately \$9.8 billion. When HUD guarantees a Section 108 loan, it provides a full faith and credit guarantee to the lender. This, in turn, ensures timely payment of principal and interest to the lender and favorable interest rates. HUD has never paid a claim from a holder of a guaranteed obligation as a result of a default, due in part to the availability of CDBG funds for repayment if planned repayment sources are insufficient.

The loans guaranteed under Section 108 are privately financed. HUD has developed a productive partnership with financial institutions who implement a flexible financing structure while providing States and local governments with low-cost financing.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Loan Guarantee Subsidy	-	-	-	-	-	-	-	-
Loan Commitment	300,000	-	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>300,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

None.

**APPROPRIATIONS LANGUAGE**

The 2023 President's Budget includes the appropriation language listed below.

**COMMUNITY DEVELOPMENT LOAN GUARANTEES PROGRAM ACCOUNT**

*Subject to section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a), during fiscal year 2023, commitments to guarantee loans under section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308), any part of which is guaranteed, shall not exceed a total principal amount of \$300,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in subsection (k) of such section 108: Provided, That the Secretary shall collect fees from borrowers, notwithstanding subsection (m) of such section 108, to result in a credit subsidy cost of zero for guaranteeing such loans, and any such fees shall be collected in accordance with section 502(7) of the Congressional Budget Act of 1974: Provided further, That such commitment authority funded by fees may be used to guarantee, or make commitments to guarantee, notes or other obligations issued by any State on behalf of non-entitlement communities in the State in accordance with the requirements of such section 108: Provided further, That any State receiving such a guarantee or commitment under the preceding proviso shall distribute all funds subject to such guarantee to the units of general local government in no entitlement areas that received the commitment.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**HOME Investment Partnerships Program**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	1,350,000	460,220	4,950,000	6,760,220	6,507,652	863,358
2022 Annualized CR	1,350,000	249,095	-	1,599,095	1,262,031	1,967,054
2023 President's Budget	1,950,000	337,064	-	2,287,064	1,800,441	2,775,379
Change from 2022	600,000	87,969	-	687,969	538,410	808,325

a/ 2020 Carryover into 2021 column includes \$2.114 million of funds recaptured in 2021.

b/ 2021 supplemental includes \$4.95 billion in American Rescue Plan funds, pursuant to Public Law Number 117-2.

**PROGRAM PURPOSE**

HOME is the primary Federal tool of States and local governments for the production of affordable rental and owner-occupied housing for low-income to extremely low-income families, including mixed-income housing and housing for homeless and persons with HIV/AIDS. It is an anchor of this nation's affordable housing finance system and can be an important factor for community revitalization. For many States and local governments, HOME is the only reliable stream of affordable housing development funds available to them.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$1.95 billion for the HOME Investment Partnerships Program, which is \$600 million more than the 2022 CR annualized level. The Budget includes a \$100 million set-aside for a FirstHOME Downpayment Assistance initiative to States and insular areas to better ensure sustainable homeownership. The increase to HOME reflects the Administration's recognition of the need to increase the production of and access to affordable housing.

**JUSTIFICATION**

An appropriation of HOME funds at the requested funding level will strengthen and broaden the Federal housing safety net for people in need by providing safe, decent, and affordable housing to low-income households. Specifically, HOME funds at the requested level will increase the production of and access to affordable housing through the acquisition, new construction, and rehabilitation of affordable housing units for sale or rent. Further, many participating jurisdictions provide tenant-based rental assistance to extremely low-income households and special needs populations with their annual HOME allocations to serve the most vulnerable populations in their communities.

**Funding Impact**

An investment of HOME funds at the requested level will result in the following over time:

- 17,909 units of affordable housing for new homebuyers;
- 15,169 units of newly constructed and rehabilitated affordable rental units;
- 8,547 units of owner-occupied rehabilitated housing for low-income homeowners; and

- 15,244 low-income households assisted with HOME tenant-based rental assistance.

Funding at the requested level would require HOME participating jurisdictions to provide \$487.5 million in matching contributions and, based on historical activity, would leverage a total of approximately \$8.9 billion in public and private funds.

### **FirstHOME Downpayment Assistance**

The FirstHOME Downpayment Assistance initiative is a proposed set-aside within the HOME account that aims to support sustainable homeownership among first-generation, first-time homebuyers while piloting programmatic flexibilities and innovations in subsidy delivery.<sup>1</sup> HUD is requesting broad appropriations language with waiver authority to maintain flexibility in program design, but anticipates that this additional downpayment assistance funding would:

- Help participating borrowers achieve 10 percent equity in their homes at the time of closing (including the assistance of other downpayment sources and sweat equity or personal resources, if necessary).
- Encourage participating jurisdictions to partner with community development financial institutions and other community lenders to match homebuyers with additional sources of downpayment assistance, leveraging Federal investments.
- Allow low- and moderate-income borrowers, who also experience homebuying challenges due to generational wealth disparities, to be better able to reach the ten percent equity, even in high-cost markets.

HUD proposes this initiative because homeownership is a proven method of building wealth, but obtaining the resources to meet required downpayment and closing costs is the most significant obstacle to homeownership for potential first-time homebuyers who could otherwise afford the monthly costs of owning a home. The funds enable jurisdictions to increase homeownership opportunities, especially among households of color, who generally have lower rates of homeownership compared to the national average. The home equity established at the time of purchase through downpayment creates housing stability from the start, as evidence suggests that equity of 10 percent or greater reduces the likelihood of default and foreclosure.

### **Need for HOME Funds**

HOME funds are critically needed, as documented by HUD's survey results in the *Worst Case Housing Needs: 2021 Report to Congress*, which states that in 2019, 7.7 million households had worst case needs.<sup>2</sup> Most of these households had extremely low incomes (74 percent or 5.7 million) and 97.5 percent had severe housing cost burdens. These are households that do not receive government housing assistance and pay more than one-half of their incomes toward rent, and/or those that live in severely inadequate conditions.

The ratio of affordable and available units to very low-income renters followed a downward path from 2009 to 2017. After 2017, there was some improvement, with the ratio increasing from 59 units per 100 renter households in 2017 to 62 units per 100 renter households in 2019. For extremely low-income households, the ratio of affordable and available units did not change: there were only

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<sup>1</sup> Though not a requirement for participation, the FirstHOME DPA program is designed to pair with a new Home Equity Accelerator Loan pilot product in FHA, designed to lower barriers for first-time buyers and furthering the aim of sustainable homeownership.

<sup>2</sup> <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>.

40 affordable and available units for every 100 extremely low-income renter households in both 2017 and 2019.

HOME funds frequently provide the critical gap financing that make rental housing funded with Low-Income Housing Tax Credits (LIHTC) or other Federal, State, or local housing projects feasible. For example, approximately 56 percent of 63,487 completed HOME-assisted rental units were part of LIHTC projects from 2016-2021.

### **HUD Strategic Goals Supported by HOME**

1. **Support Underserved Communities:** HOME funds support low-income families, which directly correlates to supporting the communities in which they reside. HOME funds must be used to benefit families and individuals who qualify as low-income (i.e., households with incomes at or below 80 percent of Area Median Income (AMI)). Historically, however, 83 percent of HOME rental units have beneficiaries with very low incomes at or below 50 percent AMI. The investment of HOME funds in rental projects increases the affordability for families at the very lowest income levels by requiring long-term income targeting and affordable rents. Nearly 44 percent of those assisted with HOME funds for rental housing were extremely low-income families (i.e., income at or below 30 percent of AMI.) When HOME funds are spent in communities, by building and rehabilitating homes, it creates or preserves local jobs. The requested HOME funding can create or preserve an estimated 34,847 jobs in the communities where HOME funds are expended. This also creates opportunities for area residents to gain economic stability and build wealth in, and spur economic growth within their local communities. HOME funds were the catalyst that resulted in the leveraging of \$164.5 billion of other funds for affordable housing, with \$4.61 of private or other public dollars for each HOME dollar invested in rental and homebuyer projects since the beginning of the program.
2. **Ensure Access to and Increase the Production of Affordable Housing:** The HOME program allows its key stakeholders, States and local governments, the discretion to determine the type of housing product they will invest in, the location of the affordable housing, and the segment of their low-income population to be served through these housing investments. This allows the stakeholders to help stabilize individuals, families, and their communities by providing decent, safe, sanitary, and affordable housing. As a result, using HOME funds, participating jurisdictions have completed 1,347,147 affordable units in the past 30 years, of which 551,805 were for new homebuyers, 258,137 were for owner-occupied rehabilitated housing, and 537,205 were new and rehabilitated rental units. The HOME program has helped ensure access to affordable housing by providing 362,662 low-income families in the past 30 years with tenant-based rental assistance, of which 96.4 percent were very low-income (i.e., income at or below 50 percent of AMI.)
3. **Promote Homeownership:** The HOME program has longstanding success in promoting homeownership. In the past 30 years, participating jurisdictions used HOME funds to create 551,805 units for new, low-income homebuyers, and rehabilitate 258,137 units for low-income homeowners.

### **Equity**

Public policies and disparities in law have contributed to a lack of equal opportunity, health, and prosperity for many Americans and their communities. HUD is part of the Administration's effort to strive for racial equity and provide support to underserved communities. The HOME program, in particular, is a proven Federal tool that advances equity because of its flexibility for State and local governments to target community needs.

### Risk and Evaluating the Effectiveness of the Program

Each year HUD field offices conduct a risk assessment of all formula and competitive grantees based on several factors, including size of formula grant, complexity of activities undertaken, management capacity, and length of time since last monitoring visit. Based on the risk assessment results, field offices target staff resources to monitor grantees that pose the greatest risk of fraud, waste, abuse and mismanagement. This monitoring includes a HUD assessment of the grantee's policies and procedures governing sub-recipient management, financial management, eligible activities, allowable costs, written agreements, match requirements, and beneficiary data. It also includes a review of specific project files and on-site inspection of selected sample projects.

HUD has developed a range of innovative tools and system improvements over the years to improve HOME oversight and to assist grantees to better manage their programs. These tools help to track program funds, to rate and rank grantee performance, and to identify and lower risk in the HOME program – most are publicly available on HOME's website. For example, the Open Activities Report, which identifies, at the State and local level, the progress of individual HOME projects until the projects are completed.

HOME Investment Partnerships Program Allocations by State for 2021 Enacted, 2022 Annualized Budget Authority and the				
2023 Budget Request				
(Dollars in Thousands)				
STATE or TERRITORY	ARP Actual FY 2021	Actual FY 2021	Annualized FY 2022	Estimate FY 2023
Alabama.....	64,746	17,558	17,282	24,321
Alaska.....	7,697	3,743	3,699	2,891
Arizona.....	83,258	22,709	22,763	31,275
Arkansas.....	43,745	11,824	12,087	16,432
California.....	667,163	182,064	179,856	250,610
Colorado.....	67,023	18,251	18,196	25,176
Connecticut.....	57,768	15,670	15,976	21,700
Delaware.....	11,095	4,581	4,633	4,168
District of Columbia.....	19,315	5,574	5,535	7,255
Florida.....	251,669	68,621	69,047	94,536
Georgia.....	140,400	38,083	38,239	52,739
Hawaii.....	17,534	6,045	5,980	6,586
Idaho.....	22,397	6,052	6,122	8,413
Illinois.....	203,978	55,601	55,059	76,621
Indiana.....	96,992	26,335	26,061	36,434
Iowa.....	42,538	11,529	11,822	15,979
Kansas.....	39,319	10,672	10,775	14,770
Kentucky.....	71,060	19,244	19,268	26,693
Louisiana.....	70,124	19,041	19,282	26,341
HOME Investment Partnerships Program Allocations by State, Continued				

## HOME INVESTMENT PARTNERSHIPS PROGRAM

STATE or TERRITORY	ARP Actual FY 2021	Actual FY 2021	Annualized FY 2022	Estimate FY 2023
Maine.....	20,981	5,681	5,599	7,881
Maryland.....	68,182	18,572	18,664	25,612
Massachusetts.....	124,950	34,066	34,054	46,935
Michigan.....	150,643	40,989	40,833	56,587
Minnesota.....	66,762	18,153	17,979	25,078
Mississippi.....	44,130	11,927	11,876	16,577
Missouri.....	88,420	24,026	24,214	33,214
Montana.....	15,021	4,067	4,047	5,642
Nebraska.....	27,375	7,434	7,445	10,283
Nevada.....	37,098	11,394	11,582	13,935
New Hampshire.....	18,033	4,881	4,898	6,774
New Jersey.....	130,875	35,760	36,271	49,161
New Mexico.....	28,767	7,797	7,829	10,806
New York.....	464,682	126,865	126,140	174,551
North Carolina.....	137,414	37,358	37,403	51,617
North Dakota.....	9,466	3,465	3,468	3,556
Ohio.....	200,721	54,592	54,856	75,398
Oklahoma.....	53,996	14,654	14,771	20,283
Oregon.....	66,707	18,131	17,982	25,057
Pennsylvania.....	206,462	56,237	57,067	77,554
Rhode Island.....	23,129	6,278	22,081	30,660
South Carolina.....	62,466	16,995	6,110	8,688
South Dakota.....	11,133	3,504	16,993	23,464
Tennessee.....	93,423	25,363	3,503	4,182
Texas.....	343,538	93,527	25,275	35,093
Utah.....	29,523	8,031	94,631	129,045
Vermont.....	11,065	3,411	7,956	11,090
Virginia.....	96,983	26,394	3,414	4,156
Washington.....	98,113	26,771	26,527	36,430
West Virginia.....	28,291	7,668	7,730	10,627
Wisconsin.....	89,966	24,463	26,764	36,854
Wyoming.....	7,391	3,500	3,500	2,776
Puerto Rico.....	81,623	22,149	24,156	33,794
Subtotal Formula Grants.....	4,915,150	1,347,300	1,347,300	1,846,300
Insular Areas.....	9,850	2,700	2,700	3,700
Downpayment Assistance.....	0	0	0	99,250
Downpayment Insular Areas.....	0	0	0	750
American Rescue Plan TA.....	25,000	0	0	0
<b>TOTALS .....</b>	<b>4,950,000</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,950,000</b>

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Formula Grants	1,347,300	457,332	1,804,632	1,570,864	1,347,300	230,476	1,577,776	1,945,550
Insular Areas	2,700	2,700	5,400	1,788	2,700	3,612	6,312	4,450
Management Information Systems	-	3	3	-	-	3	3	-
Housing Counseling	-	4	4	-	-	4	4	-
Homeless Assistance and Supportive Services (ARP)	4,925,000	-	4,925,000	4,925,000	-	-	-	-
Homeless Assistance and Supportive Services (ARP) TA	25,000	-	25,000	10,000	-	15,000	15,000	-
Technical Assistance	-	181	181	-	-	-	-	-
<b>Total</b>	<b>6,300,000</b>	<b>460,220</b>	<b>6,760,220</b>	<b>6,507,652</b>	<b>1,350,000</b>	<b>249,095</b>	<b>1,599,095</b>	<b>1,950,000</b>

a/ 2020 Carryover into 2021 column includes \$2.114 million of funds recaptured in 2021, of which \$181 thousand was technical assistance.

b/ 2021 Carryover into 2022 column excludes \$3.4 million in expired funds.

c/ 2023 President's Budget column includes \$100 million for a FirstHOME Downpayment Assistance initiative, of which \$99.250 million is included in the Formula Grants row and \$750 thousand is included in the Insular Areas row.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2023 President's Budget includes the following:

- Inserts a set-aside for a FirstHOME Downpayment initiative to States and insular areas to better ensure sustainable homeownership.
- Deletes statutory provisions that apply when the appropriation is below \$1.5 billion.
- Inserts a provision to allow all remaining no-year Community Housing Development Organization funds to be allocated via the HOME formula rather than via competition.
- Extends the suspension of the 24-month commitment period for HOME funds for another year so that the funds remain with the jurisdiction. A suspension of this requirement has been included in the HOME appropriation law since 2017 and has had a favorable response from participating jurisdictions.
- Extends the suspension of the provision that requires Community Housing Development Organization funds to be recaptured if they remain uncommitted after 24 months and allows the funds to remain with participating jurisdiction and convert to HOME formula funds for an additional year. This suspension has been in the HOME appropriation law since 2019 and has had a favorable response from participating jurisdictions.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For the HOME Investment Partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (42 U.S.C. 12721 et seq.), \$1,950,000,000, to remain available until September 30, 2026: Provided, That of the amount made available under this heading, up to \$100,000,000 shall be for awards to States and insular areas for assistance to homebuyers as authorized under section 212(a)(1) of such Act (42 U.S.C. 12742(a)(1)), in addition to amounts otherwise available for such purpose: Provided further, That amounts made available under the preceding proviso shall be allocated in the same manner as amounts under this heading, except that amounts that would have been reserved and allocated to units of general local government within the State pursuant to section 217 of such Act (42 U.S.C. 12747) shall be provided to the State: Provided further, That the Secretary may waive or specify alternative requirements for any provision of such Act in connection with the use of amounts made available under the previous two provisos (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment) upon a finding that any such waivers or alternative requirements are necessary to expedite or facilitate the use of amounts awarded pursuant to the preceding provisos: Provided further, That notwithstanding section 231(b) of such Act (42 U.S.C. 12771(b)), all unobligated balances remaining from amounts recaptured pursuant to such section that remain available until expended shall be combined with amounts made available under this heading and allocated in accordance with the formula under section 217(b)(1)(A) of such Act (42 U.S.C. 12747(b)(1)(A)): Provided further, That section 218(g) of such Act (42 U.S.C. 12748(g)) shall not apply with respect to the right of a jurisdiction to draw funds from its HOME Investment Trust Fund that otherwise expired or would expire in 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, or 2026 under that section: Provided further, That section 231(b) of such Act (42 U.S.C. 12771(b)) shall not apply to any uninvested funds that otherwise were deducted or would be deducted from the line of credit in the participating jurisdiction's HOME Investment Trust Fund in 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, or 2026 under that section.*

*Note.--A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**Self-Help Homeownership Opportunity Program (SHOP)**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	60,000	65,445	-	125,445	59,999	45,635
2022 Annualized CR	60,000	65,446	-	125,446	61,000	58,930
2023 President's Budget	60,000	64,446	-	124,446	60,000	50,196
Change from 2022	-	(1,000)	-	(1,000)	(1,000)	(8,734)

**PROGRAM PURPOSE**

The SHOP account combines several programs designed to assist low- and moderate-income populations:

- The **Self-Help Homeownership Opportunities Program (SHOP)** awards grant funds to eligible non-profit organizations and consortia to purchase home sites and develop or improve the infrastructure to set the stage for sweat equity and volunteer-based homeownership programs for low-income individuals and families. SHOP is authorized by the Housing Opportunity Program Extension Act of 1996, Section 11.
- The **Capacity Building for Affordable Housing and Community Development (Capacity Building) 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.
- The **Rural Capacity Building (RCB) Program** awards funds to national organizations to enhance the capacity 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.
- The **Veterans Housing Rehabilitation and Modification Pilot (VHRMP) Program** awards grants to nonprofit organizations that provide Nationwide or Statewide programs to rehabilitate and modify the primary residence of disabled or low-income veterans. VHRMP is authorized in accordance with section 1079 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. 113-291, enacted December 19, 2014).

**BUDGET OVERVIEW**

The 2023 President Budget's requests \$60 million for the Self-Help Homeownership Opportunity Program, which is equal to the 2022 annualized CR level. This includes:

- \$10 million for the SHOP;
- \$41 million for the Capacity Building program;
- \$5 million for RCB; and
- \$4 million VHRMP.



## JUSTIFICATION

### Self-Help Homeownership Opportunity Program

Through SHOP, HUD awards grants to eligible nonprofit organizations and consortia to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership programs for low-income persons or families. Through a Notice of Funding Opportunity (NOFO), \$10 million will be awarded to grantees to be used for eligible expenses to develop decent, safe, and sanitary dwellings.

Land acquisition, infrastructure improvements, and reasonable and necessary planning and administration costs are the only eligible uses for SHOP grant funds. The SHOP expenditure for the combined cost of land acquisition and infrastructure improvements cannot exceed \$15,000 per unit. Grantees must leverage other public and private funds to pay for the construction or rehabilitation costs of each SHOP unit and for any other program costs that are not assisted with SHOP grant funds.

SHOP will address the Administration's priorities as published in recent Executive Orders and, specifically, by the following three themes:

1) Support underserved communities: Currently, 50 percent of SHOP individuals and families live in rural and underserved communities. The SHOP units must be sold to homebuyers at prices below the prevailing market price. Homebuyers must be low-income and must contribute a significant amount of sweat equity towards the development of the SHOP units. Reasonable accommodations must be permitted for individuals with disabilities in order for such individuals to meet hourly sweat equity requirements.

2) Ensure access to and increase the production of affordable housing by conveying new or rehabilitated housing units: Based on a \$10 million budget, approximately 538 units will be conveyed by SHOP grantees. Over the course of the program's history beginning in 1996, total appropriations of \$467.7 million have led to more than 32,500 SHOP units conveyed to homeowners, and the program has leveraged approximately \$3.3 billion in public and private funds.

A homebuyer's sweat equity contribution cannot be mortgaged or otherwise restricted upon future sale of the SHOP unit. Volunteer labor is also required. SHOP grantees may award SHOP grant funds to local non-profit affiliate organizations to carry out the grantee's SHOP program. These affiliate organizations must be located within the grantee's service area of the housing projects. The sweat equity model of SHOP is associated with neighborhood-strengthening spillover benefits, including greater collective efficacy and improved neighboring and civic engagement.<sup>1</sup>

The long-standing racial disparities in homeownership rates increased between 2016 and 2019, as the increase in Black homeownership by 0.6 percentage points was less than half the 1.4-point increase among White households. Factors contributing to this disparity include the lack of a strong credit history, lack of a down payment large enough to reduce the monthly mortgage, and limited savings for home maintenance, as well as segregation and systemic factors that affect credit access and sustainable homeownership.<sup>2</sup>

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<sup>1</sup> Bowers, Rachel M. 2019. "Home is the Key: A Study of the Social Impact of Habitat for Humanity in South Carolina." [https://tigerprints.clemson.edu/all\\_dissertations/2454/](https://tigerprints.clemson.edu/all_dissertations/2454/)

<sup>2</sup> Joint Center for Housing Studies. *State of the Nation's Housing 2020*. Cambridge, MA: Harvard U. <https://www.jchs.harvard.edu/state-nations-housing-2020>

3) **Strengthen internal capacity:** The Office of Community Planning and Development (CPD), working with the Office of Policy Development and Research (PD&R), will explore what evidence-based quantifiable output and outcome indicators could be used to measure performance of the SHOP program. In addition, CPD will work with the Office of the Chief Financial Officer (OCFO) regarding SHOP's risk assessment to strengthen internal controls through oversight and monitoring of grantees.

### **Capacity Building for Community Development and Affordable Housing (Section 4) and Rural Capacity Building (RCB) Programs**

The Capacity Building and RCB programs provide grant awards to national non-profits to deliver capacity building support to local organizations. This capacity building support provides local organizations with the knowledge and resources to initiate, improve, or expand implementation of community development, housing, and economic development activities. Capacity Building program and RCB grantees provide capacity building support through two primary methods: direct engagement and financial assistance. Examples of direct engagement include technical assistance, training, peer-to-peer learning, curriculum development, and organizational assessments. Examples of financial assistance include grants, loans, and training scholarships or stipends. Financial assistance is primarily delivered through sub-grant awards that provide local organizations salary offset to hire new staff or expand the role of existing staff. Some grantees offer capacity building loans, which help to pay for pre-development expenses that are not covered by other funding sources in the local organization's development financing package. Capacity Building program and RCB grantees coordinate Federal financial assistance investments with direct beneficiary engagement, to ensure that the Federal funds provided support the projected outcomes; and the local organizations experience sustainable capacity building change.

The capacity building programs, through the Capacity Building program and RCB grantees, advance equity by filling the capital gap created by decades of systemic racism; strengthening CDCs and CDHOs through advisory services and other support and creating new career pathways to diversify leadership in real estate.

The Capacity Building program is further advancing equity by integrating a new focus on equitable community development, helping communities align and access resources from multiple federal partners as well as external sources.

The program will work with community leaders and grassroots stakeholders in urban, rural, tribal, and underserved communities to maximize HUD programs and other federal resources in keeping with the Administration's priorities; to address COVID economic recovery, racial equity, reduce public health disparities, and improve climate resilience. This effort will also seek to remove barriers to expenditure and increase the rate of spending on Community Development Block Grant CARES (CDBG-CV) and other funding streams.

The focus on equitable community development will support areas where HUD already has investments to help these communities better strategize how to spend their funding resources in an impactful manner, and create change on the ground. This could include creation of technical assistance to support in development of economic recovery strategies, place-based interventions, as well as best practices communities can support small businesses and dislocated workers. This may also involve strategies like fiscal mapping around alignment of Federal resources for project implementation.

Building on previous place-based models, such as Strong Cities Strong Communities and Promise Zones, the Capacity Building program will include technical assistance, convening, support for

coordinated neighborhood-based and regional planning, project development, and financial support to realize the roadmap.

The Capacity Building program competitively awards grant funds to the following eligible grantees: Enterprise Community Partners, Habitat for Humanity International, Inc., and Local Initiatives Support Corporation to provide capacity building support to Community Development Corporations and Community Housing Development Organizations. The Capacity Building grant funds primarily go to urban and suburban communities; however, past appropriations have required that at least \$5 million be dedicated to rural communities. In implementing grant award funding received from 2016 – 2020 Capacity Building appropriations, the three Capacity Building program grantees have so far achieved the following outputs:

**Section 4 Program Outputs**  
(Cumulative output totals from 2016-2020 funding)

<b>Output</b>	<b>Total</b>
<b>Eligible Organizations Served</b>	<b>5,505</b>
<b>Trainings Provided</b>	<b>555</b>
<b>New Housing Units Constructed</b>	<b>15,018</b>
<b>Housing Units Rehabbed, Sustained, or Reconstructed</b>	<b>20,649</b>
<b>Housing Units Put in the Development Process</b>	<b>44,564</b>
<b>Sub-Grants Awarded (count/dollars)</b>	<b>1,484/\$108,688,575</b>
<b>Loans Awarded (count/dollars)</b>	<b>7/\$9,078,500</b>

The RCB program competitively awards grant funds to national non-profit organizations to provide capacity building support in rural communities to the following five types of eligible organizations: Community Development Corporations, Community Housing Development Organizations, Rural Housing Development Organizations (RHDOs), Local Governments, and Indian Tribes. In implementing grant award funding received from 2016 –2020 RCB appropriations, the RCB grantees have so far achieved the following outputs:

**RCB Program Outputs**  
(Cumulative output totals from 2016-2020 funding)

<b>Output</b>	<b>Total</b>
Eligible Organizations Served	2,513
Trainings provided	157
New Housing Units Constructed	664
Housing Units Rehabbed, Sustained, or Reconstructed	906
Housing Units Put in the Development Process	2,936
Sub-Grants Awarded (count/dollars)	27/\$459,511
Loans Awarded (count/dollars)	4/\$489,916

The local organizations served through the Capacity Building and RCB grant programs are critical stakeholders in addressing community needs in urban and rural environments, and for ensuring that assistance reaches underserved populations.

The requested levels of funding for Capacity Building and RCB programs will ensure that local organizations continue to get access to a broad range of capacity building, to help improve or expand

their ability to serve their communities, and will help to achieve the following Administration priorities:

- 1) Support underserved communities: Capacity building provided through the Capacity Building and RCB grant programs provides local organizations with the knowledge and resources to create new homeowner housing for critical populations, bridging the gap in housing equity and enhancing economic opportunity for underserved communities.
- 2) Ensure access to, and increase the production of, affordable housing: Capacity building provided through the Capacity Building and RCB grant programs leads to affordable housing production and rehabilitation, as indicated in the program outputs shared above.
- 3) Promote homeownership: The accomplishments in the Capacity Building and the RCB programs demonstrate that funding these capacity building programs leads to affordable housing development and rehabilitation. Specifically, the direct engagement and financial assistance provide local organizations with the knowledge and resources to implement affordable housing projects.
- 4) Advance sustainable communities: The capacity building provided through Capacity Building and RCB grant programs creates more equitable, inclusive, and sustainable communities. These programs provide financial and human capital to build the capacity of partners and improve neighborhoods.
- 5) Strengthen internal capacity: The Office of Policy Development and Coordination (OPDC) within CPD administers the Capacity Building and RCB grant programs. OPDC worked in partnership with PD&R to create a rural mapping tool to allow grantees to verify a beneficiary's rural eligibility for the Capacity Building and RCB programs. OPDC will continue this partnership with PD&R to update the mapping tool as new Census data becomes available. OPDC has also collaborated with HUD CPD's Office of Technical Assistance Management (OTAM) to share monitoring approaches and discuss common areas of program participant non-compliance, as the programs share several awardee organizations.

### **Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP)**

The purpose of the VHRMP is to award grants to nonprofit organizations to rehabilitate and modify the primary residence of veterans who are low-income and living with disabilities.

HUD has awarded \$19.2 million to nonprofit organizations that provide nationwide or statewide programs that primarily service veterans or low-income individuals. Through the Notice of Funding Opportunity process, grants are competitively awarded up to \$1 million each to selected applicants. To date, HUD has made 20 awards that will result in the rehabilitation and modification of 1,433 veterans' homes.

VHRMP will address the Administration's priorities as articulated in recent Executive Orders and, specifically, on the following three themes:

- 1) Support underserved communities: VHRMP grantees rehabilitation and/or modification projects are constructed in urban, rural and underserved communities. An estimated 13 percent of American households in 2019 use a mobility device (wheelchair, walker, cane, etc.).<sup>3</sup> However, a 2015 HUD study found that only 0.15 percent of all housing units in the nation are wheelchair accessible, and 3.8 percent are livable for people with moderate mobility difficulties. Another 33.3 percent of homes

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<sup>3</sup> U.S. Census Bureau, American Housing Survey.

## SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

have some essential structure features for accessibility but would not be accessible without further modifications.<sup>4</sup> The VHRMP program focuses on disabled veterans – a population that faces mobility challenges – and provides them the ability to upgrade their homes to make them more accessible.

2) Ensure access to, and increase the production of, affordable housing through the rehabilitation and/or modification of housing units: According to the Current Population Survey, 26 percent of all veterans have a service-related disability.<sup>5</sup> This high prevalence among veterans with service-related disabilities tied together with a lack of affordable, accessible housing units indicates a substantial need for targeted home modifications.<sup>6</sup>

In 2018, 27.9 percent of non-institutionalized civilian veterans aged 21 to 64 years reported having a disability connected with their service.<sup>7</sup> Many veterans who are low-income and have disabilities are in need of adaptive housing to help them regain or maintain their independence, but are unable to finance significant home repairs. In partnership with the U.S. Department of Veterans Affairs, HUD designed the VHRMP to test a new approach to address these challenges in accordance with section 1079 of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 (Pubic Law 113-291, enacted December 19, 2014 "Program Statute").

3) Strengthen internal capacity: CPD, working with PD&R, will explore what evidence-based, quantifiable output and outcome indicators could be used to measure program performance for VHRMP. In addition, CPD will work with OCFO regarding the SHOP’s risk assessment to strengthen internal controls through oversight and monitoring of grantees.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Self-Help Homeownership Opportunity Program	10,000	10,000	20,000	10,000	10,000	10,000	20,000	10,000
Capacity Building	41,000	36,000	77,000	36,000	41,000	41,000	82,000	41,000
Capacity Building for Rural Housing	5,000	10,000	15,000	10,000	5,000	5,000	10,000	5,000
Veterans Home Rehabilitation and Modification Pilot Program	4,000	9,445	13,445	3,999	4,000	9,446	13,446	4,000
<b>Total</b>	<b>60,000</b>	<b>65,445</b>	<b>125,445</b>	<b>59,999</b>	<b>60,000</b>	<b>65,446</b>	<b>125,446</b>	<b>60,000</b>

<sup>4</sup> HUD. 2015. *Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey (AHS)*. <https://www.huduser.gov/portal/publications/mdrt/accessibility-america-housingStock.html>

<sup>5</sup> Bureau of Labor Statistics (Ed.). (2021, March 18). EMPLOYMENT SITUATION OF VETERANS — 2020. Retrieved from <https://www.bls.gov/news.release/pdf/vet.pdf>

<sup>6</sup> Stineman, Margaret G., et al. 2011. “Activity of Daily Living Staging, Chronic Health Conditions, and Perceived Lack of Home Accessibility Features for Elderly People Living in the Community.” *J Am Geriatr Soc*. 2011 March; 59(3): 454–462. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3073492/>

<sup>7</sup> Cornell University. “Disability Statistics.” <https://www.disabilitystatistics.org/reports/acs.cfm?statistic=10>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

No legislative proposals.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriations language listed below.

*For the Self-Help and Assisted Homeownership Opportunity Program, as authorized under section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note), and for related activities and assistance, \$60,000,000, to remain available until September 30, 2025: Provided, That of the total amount made available under this heading, \$10,000,000 shall be for the Self-Help Homeownership Opportunity Program as authorized under such section 11: Provided further, That of the total amount made available under this heading, \$41,000,000 shall be for the second, third, and fourth capacity building entities specified in section 4(a) of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note), of which not less than \$5,000,000 shall be for rural capacity building activities: Provided further, That for purposes of awarding grants from amounts provided in the previous proviso, the Secretary may enter into multiyear agreements, as appropriate, subject to the availability of annual appropriations: Provided further, That of the total amount made available under this heading, \$5,000,000 shall be for capacity building by national rural housing organizations having experience assessing national rural conditions and providing financing, training, technical assistance, information, and research to local nonprofit organizations, local governments, and Indian Tribes serving high need rural communities: Provided further, That of the total amount provided under this heading, \$4,000,000, shall be made available for a program to rehabilitate and modify the homes of disabled or low-income veterans, as authorized under section 1079 of Public Law 113–291.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Office of Community Planning and Development**

**Homeless Assistance Grants**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	3,000,000	5,680,198	-	8,680,198	5,279,358	3,214,502
2022 Annualized CR	3,000,000	3,545,000	-	6,545,000	2,997,000	5,460,000
2023 President's Budget	3,576,000	3,699,000	-	7,275,000	3,247,000	3,319,000
Change from 2022	576,000	154,000	-	730,000	250,000	(2,141,000)

a/ 2021 Carryover, per Sec. 231 of Public Law 116-94, carryover includes Rental Assistance recaptures of \$398 million.

b/ 2022 Carryover, per Sec. 231 of Public Law 116-94, carryover includes estimated Rental Assistance recaptures of \$151 million.

c/ 2023 Carryover, per Sec. 231 of Public Law 116-94, carryover includes estimated Rental Assistance recaptures of \$150 million.

**PROGRAM PURPOSE**

Homeless Assistance Grants (HAG) are key to addressing homelessness nationwide, which has declined by 9 percent between 2010 and 2020.<sup>1</sup> HAG funds 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, including homelessness prevention, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$3.576 billion for HAG, which is \$576 million more than the 2022 annualized CR level.

- \$3.197 billion for Continuum of Care:
  - \$3.125 billion for renewal need for the Continuum of Care (CoC) Program will allow HUD to continue to serve over 750,000 people experiencing homelessness each year,
  - Not less than \$52 million for rapid re-housing for persons fleeing domestic violence, and
  - \$20 million for CoC planning to provide CoCs additional support as they improve coordination with mainstream housing and healthcare partners. This funding is critical to providing the capacity and support to communities as they work to promote equity and coordinate an effective, trauma-informed homeless response system.
- \$290 million for Emergency Solutions Grants (ESG), which supports over 350,000 persons in emergency shelter each year.
- \$7 million for Homeless Management Information System (HMIS), data analysis, and technical assistance through the National Homeless Data Analysis Project.

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<sup>1</sup> Department of Housing and Urban Development. The 2020 Annual Homeless Assessment Report to Congress, Part 1. Due to the national emergency related to the COVID-19 pandemic, the 2021 AHAR does not include an estimate of the national unsheltered homelessness population. The 2020 AHAR contains the most recent estimates.

- Not less than \$82 million for additional Youth Homelessness Demonstration Program (YHDP) projects through a separate competition, including up to \$10 million of this amount for technical assistance to improve system responses to youth homelessness, and collection, analysis, use and reporting of data and performance measures under the comprehensive approaches to serve homeless youth, and to coordinate with other technical assistance funds.

## JUSTIFICATION

The number of people experiencing unsheltered homelessness is rising in cities across the country. The increase is a result of the rising cost of housing and the lack of assistance provided to segments of the homeless population. For veterans and families experiencing homelessness, investments in permanent supportive housing and rapid re-housing have helped reduce homelessness, even as housing costs in most of the country for low-income people have risen dramatically. In partnership, HUD and VA have invested significant resources, including HUD-Veterans Affairs Supportive Housing (HUD-VASH), to reduce veteran homelessness, which has led to a decline of veteran's homelessness by half since 2011. A similar decline (32 percent) has occurred for families with children experiencing homelessness. On average, much less assistance is provided to individuals who are not veterans or accompanied by children. As a result, rising numbers are experiencing homelessness and particularly unsheltered homelessness.

### Homelessness Data

Homelessness affects over 580,000 adults and children on any given day. To track progress and continue learning about individuals and families experiencing homelessness, HUD uses data from local HMIS, Point-in-Time Count (PIT), and Housing Inventory Count (HIC) data reported in the Annual Homeless Assessment Report to Congress (AHAR).<sup>2</sup> The longitudinal data is collected both as a "snapshot" of the number and characteristics of persons who are homeless on a given night and persons being served in emergency shelter, transitional housing, safe havens, and permanent housing. HUD also relies on system performance data that shows the progress of communities in ending homelessness, including reducing the average length of time homeless, reducing the rate people return to homelessness, increasing the exits to and retention of permanent housing, and increasing employment and other income.

The 2020 AHAR shows that homelessness increased slightly between January 2019 and January 2020. The number of people experiencing homelessness nationwide increased by two percent (12,751 people). This increase was driven by a seven percent (14,787 persons) increase in unsheltered persons overall. Between 2007 and 2020, the number of people experiencing homelessness on a single night in January has decreased by 10 percent (66,792 people). Unsheltered homelessness declined by 12 percent (29,777 fewer people) over the same period. The number of veterans experiencing homelessness increased by less than one percent between 2019 and 2020 and has dropped by almost 50 percent since 2009. We continue to see over-representation of people of color in the homeless population. People identifying as Black or African American accounted for 39 percent of all people experiencing homelessness but are 12 percent of the total U.S. population.

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<sup>2</sup> Part 1 of the 2020 AHAR can be accessed online at <https://www.huduser.gov/portal/datasets/ahar/2020-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>. Part 1 of the 2021 AHAR, which includes only partial data on unsheltered homelessness, can be accessed online at <https://www.huduser.gov/portal/datasets/ahar/2021-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>. Part 2 of the 2018 AHAR can be accessed online at <https://www.huduser.gov/portal/datasets/ahar/2018-ahar-part-2-pit-estimates-of-homelessness-in-the-us.html>.



**Continuum of Care Program (\$3.279 billion that includes renewals, \$20 million to increase CoC planning capacity, and \$134 million for new projects)**

The CoC program is HUD's largest program targeted to adults and children experiencing homelessness. Funds are awarded to over 6,500 projects through a national competition. In the 2019 CoC program competition, over 92 percent of those projects were renewals.

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.

The CoC Program is a key driver of the multiyear progress in ending homelessness. 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.

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 enacted through 2021.

<b>Fiscal Year</b>	<b>Estimated Renewal Need (in millions)</b>
2022	\$2,637 - \$2,745
2023	\$2,829 - \$2,974
2024	\$2,873 - \$3,051
2025	\$2,932 - \$3,114
2026	\$2,993 - \$3,178
2027	\$3,055 - \$3,244

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 2020, HUD allocated over \$1.71 billion – 70 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 Budget also includes an additional \$20 million in CoC planning to expand CoCs' capacity, in order to meet the growing demands on their homeless response systems. COVID-19 has highlighted the support CoCs need to run an effective homeless response system. These CoC Planning funds have been crucial to many communities, allowing them to create more effective and coordinated

approaches to the challenges of homelessness specific to their communities, there are still many other communities that receive small amounts of \$10,000 or less, which does not give them the resources to engage in the comprehensive planning processes important for success. The additional \$20 million, along with the proposed legislative changes to update the planning limit from 3 percent to the higher of 5 percent or \$50,000, will allow CoCs to coordinate with public health, health care, education, employment, and other stakeholders.

The proposal would also include \$134 million for new projects. At least \$52 million within CoC is for new rapid re-housing projects and other assistance to serve people fleeing domestic violence and other gender-based violence, including human trafficking. For the past several years, HUD has made a significant investment in housing and service solutions for survivors of domestic violence. Providing this funding will allow more communities to build the necessary housing and service options to protect survivors of domestic violence and help them achieve independence and housing stability.

At least \$82 million for new YHDP grants that would allow more communities the funding necessary to build partnerships and provide solutions tailored to the unique needs of youth experiencing homelessness. YHDP funding is an important resource for bringing together stakeholders from diverse organizations, particularly youth with lived experience of homelessness, to align and expand services and housing resources for youth experiencing homelessness. YHDP communities have developed innovative models for serving youth, including peer navigators, who can help youth in crisis housing and employment services; joint transitional housing and rapid re-housing, which provides initial intensive supports which decrease as the youth stabilize and are able to establish more independence; and problem-solving project to help youth reunify with family, where safe, or identify other resources that can help stabilize the youth.

### **Emergency Solutions Grants Program (\$290 million)**

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

- Emergency shelter for 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.

### **National Homeless Data Analysis Project (\$7 million)**

The National Homeless Data Analysis Project provides critical resources to communities to improve data collection and reporting. It works to integrate data collection efforts in HMIS with other Federal funding streams, using software as a service for data integration. This enhances HUD and communities' ability to report and analyze data about persons experiencing homelessness, produce standards and specifications for data entry and reporting for all HMIS-generated reports. In addition, it analyzes point-in-time and longitudinal data to produce the AHAR and provide direct technical assistance to CoCs on HMIS implementation.

### **Key Partners and Stakeholders**

Throughout the COVID-19 pandemic, HUD has closely partnered with the Centers for Disease Control and Prevention (CDC) and other Federal agencies and national stakeholders to address the health risks of serving people experiencing homelessness during a global pandemic. This has

resulted in coordinated messaging and efforts to work together to find solutions as we address COVID-19 and prepare to better address potential health risks in the future.

HUD continues to prioritize key partnerships with local, State, and Federal stakeholders to prevent and end homelessness. HUD and the Department of Veterans Affairs (VA) remain 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 190,000 veterans being housed since 2008, and continue to improve the efficacy of the program. HUD, VA, and the United States 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. This partnership has been critical in reducing homelessness by nearly 50 percent since 2009.

HUD, Department of Education (ED), and the Department of Health and Human Services (HHS) share the joint goal of ending homelessness among children, families, and youth. Through HUD's YHDP process, HUD, HHS, ED, and USICH have worked closely to use data and better understand performance as well as what interventions and partnerships are necessary to end youth homelessness.

HUD, HHS, and the Department of Justice (DOJ) jointly fund the Federal Domestic Violence and Housing Technical Assistance Consortium (the Consortium) – an innovative, collaborative approach to providing training, technical assistance, and resource development at the critical intersection of domestic and sexual violence, homelessness, and housing. HUD is also working with the Department of Labor to help communities better connect people experiencing homelessness to employment opportunities.

### **Research-based Evidence of Effectiveness**

HUD recently released a series of case studies that highlight how communities across the country are addressing homelessness.<sup>3</sup> These studies reinforce the importance of partnerships and the need to have dedicated teams focused on providing housing and support to successfully address homelessness.

With the rise of unsheltered homelessness over the past few years, it is critical that HUD focus on solutions that are appropriate for this population. A report published by the California Policy Lab analyzed the characteristics of the people experiencing unsheltered homelessness.<sup>4</sup> The researchers found that physical health, behavioral health, and trauma are significant contributing factors to loss of housing, particularly for unsheltered women. Unsheltered people continue to experience major and worsening health conditions while homeless. People with the longest experiences of homelessness, most significant health conditions, and greatest vulnerabilities are not being served

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<sup>3</sup>U.S. Department of Housing and Urban Development. 2021. "Seattle, Washington: Service-Rich Housing Helps Combat Chronic Homelessness." <https://www.huduser.gov/portal/casestudies/study-031821.html>. U.S. Department of Housing and Urban Development. 2021. "Long Beach, California: Anchor Place Adds Housing for Veterans and Others Experiencing Homelessness to the Century Villages at Cabrillo." [https://www.huduser.gov/portal/casestudies/study\\_012621.html](https://www.huduser.gov/portal/casestudies/study_012621.html). U.S. Department of Housing and Urban Development. 2020. "Bringing People Together to Fight Homelessness in Los Angeles." [https://www.huduser.gov/portal/casestudies/study\\_110920.html](https://www.huduser.gov/portal/casestudies/study_110920.html).

<sup>4</sup> Roundtree, Janey, Nathan Hess, and Austin Lyke. 2019. "Health Conditions among Unsheltered Adults in the U.S." <https://www.capolicylab.org/health-conditions-among-unsheltered-adults-in-the-u-s/>.

by emergency shelters. HUD's Annual Performance Report (APR) data for CoC Program-funded projects indicates that HUD's permanent housing programs admit roughly 30 percent of persons they serve directly from unsheltered situations. This is higher than HUD's transitional housing program which admits roughly 21 percent of persons directly from unsheltered situations.

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>5</sup> There is a rich body of research demonstrating that serving people who are the hardest to serve results in improving their lives and saving money for the public.<sup>6</sup>

The unsheltered and chronic homelessness research supports a need for healthcare providers and homeless assistance systems to closely collaborate. This is especially true of the aging homeless population that present with unique health challenges. In a multi-site study in Boston, New York City, and Los Angeles County, researchers found that the aged homeless population is growing rapidly and will double or triple (depending on the location) in the next decade.<sup>7</sup> With this growth in the aged population there will be an increase in service use and costs, including for hospital and nursing home stays.

HUD continues to research the effectiveness of existing funding efforts. The Understanding Rapid Re-housing study, evaluates the current rapid re-housing models being used and the perspectives of people being served in those programs.<sup>8</sup> Additionally, evaluation of the HUD Youth Homelessness Demonstration Program shows the level of coordination involved with successfully implementing these grants and the evaluation will provide further explore the impacts of this targeted funding.<sup>9</sup>

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<sup>5</sup> Ability Housing. 2017. "Solutions that Save." <https://abilityhousing.org/the-solution-that-saves/>.

<sup>6</sup> See 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; 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; 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; 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.

<sup>7</sup> Culhane, Dennis, Thomas Byrne, Stephen Metraux, Randall Kuhn, Kelly Doran, Eileen Johns, and Maryanne Schretzman. 2019. "The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded by Avoidance of Excess Shelter, Hospital, and Nursing Home Costs?" <https://www.aisp.upenn.edu/wp-content/uploads/2019/01/Emerging-Crisis-of-Aged-Homelessness-1.pdf>.

<sup>8</sup> U.S. Department of Housing and Urban Development. 2020. "Understanding Rapid Re-housing study." <https://www.huduser.gov/portal/Understanding-rapid-re-housing-study.html>.

<sup>9</sup> Henderson, Kathryn, Debra Rog, Bernadette Blanchfield, Clara Wagner, Eleanor Kerr, Harihar Bhattarai. 2020. "Evaluation of the HUD Youth Homelessness Demonstration Program: Early Implementation Report." <https://www.huduser.gov/portal/publications/EvalYHDP-InterimRpt.html>.

### **Promoting Equity within underserved communities**

HUD's Homeless Assistance Grants support communities' efforts to promote equity in the homeless response system. HUD provides resources to assist communities to evaluate equity in their homeless response system, and HUD's proposal to increase funding for CoC Planning will help build communities' capacity to promote equity. HUD integrated equity into its competitive process to ensure that communities working towards equity in their system are more competitive and to encourage other communities to make it a part of their system. Through the COVID-19 response, HUD has centered equity in the crisis response and will continue to do so.

### **Technical Assistance**

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

- 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, analysis, and reporting to HUD;
- Increase the overall capacity of grantees to understand their own markets and manage their portfolios successfully; and
- Develop and provide guidance to communities on critical compliance issues.

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 as a whole.

### **Information Technology**

Within the Information Technology Fund, the Budget requests \$3 million to modernize the electronic Special Needs Assistance Program System (e-snaps).

#### Program Pain Point

HUD continues to use the e-snaps data system to automate the \$2.5 billion Continuum of Care (CoC) Program Competition. The e-snaps system provides an online data portal for all CoC applicants to prepare and submit to HUD a detailed project application for funding. However, the system is brittle and unstable, approaching 14 years old, which is far beyond the original technical limits of the platform. Basic system changes and updates are costly and each change risks the stability of the system. HUD staff constantly employ manual interventions to overcome functional gaps in the system. The CoC Program depends completely on e-snaps performance. System failure, or a significant drop in performance, will be catastrophic, public-facing, and detrimental to local communities and homeless assistance providers.

#### Mission Benefits

A more modern and stable platform would speed up and streamline the CoC application and grant processes for grantees and HUD staff. This reduces risk and uncertainty to grantees who provide direct homeless assistance, which should improve staffing consistency and improve outcomes. Replacing e-snaps would also make it easier for HUD to quickly implement special initiatives like the Youth Homelessness Demonstration Program. A new solution may also provide better integration with HUD financial systems, improved credentialing and authentication of users, and better data integration and standardization with other HUD grant systems.

## HOMELESS ASSISTANCE GRANTS

### Target Functionality

- Improved system performance and stability; reduction in current risks related to long term availability and support for acute technical problems.
- Improved efficiency for grants management activities, including reduced administrative burden for HUD staff and grantees, reduced time to award, and improved business automation such as data analytics and financial system interface.

### Projected Cost Savings

A modernized e-snaps should reduce costs of:

- Annual Operations and Maintenance of the system by streamlining the annual configurations required to meet the NOFO and other programmatic efforts, allowing further investment into new capabilities and free staff time towards program oversight or analytics.
- Annual licensing for the CSDC/Grantium COTS platform.
- Manual interventions performed by HUD staff, Technical Assistance providers, HUD infrastructure staff, and grantees required due to functional or process gaps in the system, performance issues requiring troubleshooting, repetitive reporting in more than one system, or the manipulations performed to aggregate data originating from multiple systems (SAGE, HDX, e-snaps, LOCCS, etc.).

### Remaining implementation Costs in out-years

N/A

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Continuum of Care	2,569,000	2,970,353	5,539,353	2,530,740	2,569,000	3,158,140	5,727,140	3,145,000
Emergency Solutions Grants	290,000	109,459	399,459	355,496	290,000	43,963	333,963	290,000
National Homeless Data Analysis Project	7,000	10,000	17,000	1,253	7,000	14,000	21,000	7,000
Youth Demonstration	72,000	216,852	288,852	72,156	72,000	214,013	286,013	72,000
Youth TA	10,000	10,000	20,000	6,616	10,000	13,384	23,384	10,000
Rapid Rehousing for Victims of Domestic Violence	52,000	73,952	125,952	23,515	52,000	102,000	154,000	52,000
CARES Act ESG	-	2,270,984	2,270,984	2,270,984	-	-	-	-
CARES Act TA	-	17,500	17,500	17,500	-	-	-	-
Housing Needs for Victims of Human Trafficking	-	1,098	1,098	1,098	-	-	-	-
<b>Total</b>	<b>3,000,000</b>	<b>5,680,198</b>	<b>8,680,198</b>	<b>5,279,358</b>	<b>3,000,000</b>	<b>3,545,500</b>	<b>6,545,500</b>	<b>3,576,000</b>

a/ 2021 Carryover, per Sec. 231 of Public Law 116-94, includes Rental Assistance recaptures of \$398 million.

b/ 2022 Carryover, per Sec. 231 of Public Law 116-94, includes estimated Rental Assistance recaptures of \$151 million.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2023 President's Budget includes the following:

- **Increase the CoC Planning Limit:** This provision will allow HUD to increase the CoC planning grant limit from 3 percent of the total funds available in the geographic area, as established in the McKinney-Vento Homeless Assistance Act, as amended, to the higher of 5 percent or \$50,000. Increasing this limit will allow many smaller CoCs whose award is not sufficient to hire full time staff to have funding for dedicated staff to coordinate assistance across the CoC. The impacts of COVID-19 have reinforced the need to better support CoCs in their effort to coordinate and effectively administer the homeless response system.

### General Provisions

The 2023 President's Budget proposes the following new general provision(s):

- **Additional flexibility for Tribes to Participate in the CoC Program:** This provision will eliminate barriers to tribes to participate in the CoC Program as recipients and CoCs. Tribes were historically prohibited from directly participating in the CoC Program as tribal entities. Recent changes to the CoC Program removed that restriction but tribes and communities will need added flexibility to include tribes in the CoC process and to find solutions uniquely tailored to the needs of Native Americans. These changes are focused on statutory flexibilities and do not include changes to the budget. (2023 President's Budget, Sec. 237)

The 2023 President's Budget re-proposes the following general provisions that were enacted in the 2022 appropriation bill:

- **Allow Continuum of Care grants to count program income towards matching requirements:** This provision allows Homeless Assistance Grant recipients to count program income as an eligible match for CoC program funds. (2023 President's Budget, Sec. 221)
- **Continuum of Care Transition Grants:** This provision allows CoC recipients to receive one-year transition grants to transition from one CoC program component to another. (2023 President's Budget, Sec. 222)

### Legislative Proposals

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

- **Allowing two-year CoC Program NOFO:** This proposal would allow HUD to award CoC Program funds every other year instead of every year. Responding to an annual NOFO requires CoCs to spend many hours implementing a local competition process and additional time to complete the application. Many of our CoCs have limited capacity to fulfill the many requirements of addressing homelessness, which has recently been stretched to their limits through the COVID-19 response. A two-year NOFO process would allow CoCs to focus more on strategic planning and performance evaluation to better prevent and end homelessness in their communities. This request does not impact the budget request.

**APPROPRIATIONS LANGUAGE**

The 2023 President's Budget includes the appropriations language listed below.

*For assistance under title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360 et seq.), \$3,576,000,000, to remain available until September 30, 2025: Provided, That of the amounts made available under this heading—(1) not less than \$290,000,000 shall be for the Emergency Solutions Grants program authorized under subtitle B of such title IV (42 U.S.C. 11371 et seq.); (2) up to \$3,197,000,000 shall be for the Continuum of Care program authorized under subtitle C of such title IV (42 U.S.C. 11381 et seq.) and the Rural Housing Stability Assistance programs authorized under subtitle D of such title IV (42 U.S.C. 11408): Provided, 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 the Secretary shall provide incentives to create projects that coordinate with housing providers and healthcare organizations to provide permanent supportive housing and rapid rehousing services: Provided further, That the Secretary may establish by notice an alternative maximum amount for administrative costs related to the requirements described in sections 402(f)(1) and 402(f)(2) of subtitle A of such title IV of no more than 5 percent or \$50,000, whichever is greater, notwithstanding the 3 percent limitation in section 423(a)(10) of such subtitle C: Provided further, That of the amounts made available for the Continuum of Care program under this paragraph, not less than \$52,000,000 shall be for grants for new rapid re-housing projects and supportive service projects providing coordinated entry, and for eligible activities that the Secretary determines to be critical in order to assist survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking: Provided further, That amounts made available for the Continuum of Care program under this heading in this Act and any remaining unobligated balances from prior Acts may be used to competitively or non-competitively renew or replace grants for youth homeless demonstration projects under the Continuum of Care program, notwithstanding any conflict with the requirements of the Continuum of Care program; (3) up to \$7,000,000 shall be for the national homeless data analysis project: Provided [further], That notwithstanding the provisions of the Federal Grant and Cooperative Agreements Act of 1977 (31 U.S.C. 6301–6308), the amounts made available under this paragraph and any remaining unobligated balances under this heading for such purposes in prior Acts may be used by the Secretary to enter into cooperative agreements with such entities as may be determined by the Secretary, including public and private organizations, agencies, and institutions; and (4) not less than \$82,000,000 shall be to implement projects to demonstrate how a comprehensive approach to serving homeless youth, age 24 and under, in up to 25 communities with a priority for communities with substantial rural populations in up to eight locations, can dramatically reduce youth homelessness: Provided, That of the amount made available under this paragraph, up to \$10,000,000 shall be to provide technical assistance on improving system responses to youth homelessness, and collection, analysis, use, and reporting of data and performance measures under the comprehensive approaches to serve homeless youth, in addition to and in coordination with other technical assistance funds provided under this title: Provided further, That the Secretary may use up to 10 percent of the amount made available under the previous proviso to build the capacity of current technical assistance providers or to train new technical assistance providers with verifiable prior experience with systems and programs for youth experiencing homelessness: 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 subsection (a) or (b) of section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302) 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: Provided further, That persons eligible under section 103(a)(5) of the McKinney-Vento Homeless Assistance Act may be served by any project funded under this heading to provide both transitional housing and rapid re-housing:*



## HOMELESS ASSISTANCE GRANTS

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*Provided , That for all matching funds requirements applicable to funds made available under this heading for this fiscal year and prior fiscal 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 made available 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 any unobligated amounts remaining from funds made available 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 unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading in fiscal year 2019 or prior years, except for rental assistance amounts that were recaptured and made available until expended, shall be available for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Community Planning and Development**  
**Housing Trust Fund**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	710,818	113,882	(21,253)	803,447	697,595	213,006
2022 Annualized CR	739,808	105,852	(1,653)	844,007	634,579	244,496
2023 President's Budget	393,000	209,428	19,768	622,196	510,809	360,994
Change from 2022	(346,808)	103,576	21,421	(221,811)	(123,770)	116,498

a/ 2021 Total Resources include sequestered funds (5.7% of budget authority, or \$40.516 million) made temporarily unavailable per the *OMB Report to the Joint Congress on the Joint Reductions for Fiscal Year 2021*, partially offset by \$19.263 million sequestered in 2020 that became available in 2021.

b/ 2022 Total Resources include sequestered funds (5.7% of budget authority, or \$42.169 million) made temporarily unavailable per the *OMB Report to the Joint Congress on the Joint Reductions for Fiscal Year 2022*, partially offset by \$40.516 million sequestered in 2021 that became available in 2022.

c/ 2023 Total Resources include \$42.169 million previously sequestered in 2022, partially offset by \$22.401 million (or 5.7% of estimated 2023 budget authority).

**PROGRAM PURPOSE**

The Housing Trust Fund (HTF) is a mandatory program authorized by the Housing and Economic Recovery Act of 2008. This Act directed the account to be funded from assessments from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). This account is a formula-based program for the States and U.S. Territories that finances the development, rehabilitation, and preservation of affordable housing for extremely low-income and very low-income families.

**BUDGET OVERVIEW**

The 2023 President's Budget estimates that \$393 million will be provided to this account from assessments from Fannie Mae and Freddie Mac. It also supports legislative proposals that would authorize an environmental review process for Housing Trust Fund projects, align the program with Davis Bacon wage requirements required in other programs, and eliminate the two-year statutory commitment requirement.

**JUSTIFICATION**

Housing Trust Fund program funding of \$393 million will leverage approximately \$3.6 billion of other private and public funds needed to pay for the production of an estimated 3,593 units of affordable rental housing for extremely low-income households over time. It would also preserve or create approximately 7,000 jobs.

The Housing Trust Fund program is critically needed funding for affordable housing as documented by HUD's survey results in the *Worst Case Housing Needs: 2021 Report to Congress*, which states that in 2019, 7.7 million households had worst case needs.<sup>1</sup> Most of these households had extremely low incomes (74 percent or 5.7 million) and 97.5 percent had severe housing cost burdens. These are households that do not receive government housing assistance and pay more than one-half of their incomes toward rent, and/or those that live in severely inadequate conditions.

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<sup>1</sup> <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>.

The ratio of affordable and available units to very low-income renters followed a downward path from 2009 to 2017. After 2017, there was some improvement, with the ratio increasing from 59 units per 100 renter households in 2017 to 62 units per 100 renter households in 2019. For extremely low-income households – the target population of this program – the ratio of affordable and available units did not change: there were only 40 affordable and available units for every 100 extremely low-income renter households in both 2017 and 2019.

The Housing Trust Fund program addresses Administration priorities through its support of underserved communities and by ensuring access to and increasing production of affordable housing through grantee discretion to determine the type and location of affordable housing to fill the need of the most vulnerable populations within their communities. Key features of the program are:

- **Income Targeting:** At least 75 percent of the funds must be used for extremely low-income families, or families with incomes at or below the poverty line (whichever is greater), unless the amount available for allocation is below \$1 billion, at which point 100 percent of the funds must be used for extremely low-income families.
- **Period of Affordability:** Housing Trust Fund projects have a 30-year period of affordability.
- **Eligible and Prohibited Activities:** Eligible activities include: production, preservation, and rehabilitation of affordable rental housing and affordable housing for homeownership through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, financing costs, relocation expenses, operating costs of program-assisted rental housing, and reasonable administrative and planning costs.

### **Equity**

Public policies and disparities in application of laws have contributed to inequality in opportunities, healthcare, and prosperity for many Americans and their communities.

The recent economic effects of the COVID-19 pandemic are not evenly distributed across the population. Households that were already experiencing housing affordability or stability issues are more likely than other households to hold jobs affected by public health and social distancing measures. The pandemic exacerbated these affordability and stability issues for these households. Federal, State, and local eviction moratoria and appropriation of substantial resources for rental assistance has lessened the pandemic's impact on existing affordability and stability issues. In the intermediate and long-term, however, the Nation must prioritize expansion of the quality housing stock available and affordable for households with worst-case housing needs. Through its deep income targeting and 30-year minimum affordability requirements, this program is an effective vehicle for delivering that investment.

The Housing Trust Fund helps to strengthen and broaden the Federal housing safety net for people in need by increasing production of, and access to, affordable housing for the nation's most vulnerable populations. At the estimated 2023 funding level, 100 percent of funds must be used for extremely low-income families. This targeting ensures the priority of this program is helping those with the greatest needs.

### **Evaluating the effectiveness of the program**

Since the program started in 2016, the Housing Trust Fund program has:

- Completed 2,164 units of affordable housing, with an average cost per assisted unit of \$98,444; and
- Leveraged \$1.97 billion of other funds for affordable housing with a leveraging ratio of \$9.25:1 (i.e., \$9.25 of private or other public dollars for each Housing Trust Fund dollar invested in rental projects).

HUD has developed a range of tools to provide oversight and to assist grantees to better manage their programs. These tools help to track program funds, track program deadlines, and to identify and lower risk in the program. Most of these tools are publicly available on the program website. For example, the Open Activities Report identifies the development progress of individual Housing Trust Fund projects until the projects are completed.<sup>2</sup>

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Formula Grants	710,818	113,882	803,447	697,595	739,808	105,852	844,007	393,000
<b>Total</b>	<b>710,818</b>	<b>113,882</b>	<b>803,447</b>	<b>697,595</b>	<b>739,808</b>	<b>105,852</b>	<b>844,007</b>	<b>393,000</b>

a/ 2020 Carryover Into 2021 includes \$5.699 million of funds recaptured in 2021.

b/ 2021 and 2022 Total Resources reflect net sequestration activity.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2023 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Authorize an environmental review process for HTF projects:** Under current law, HTF-funded projects cannot satisfy Federal environmental requirements through the environmental review process in 24 CFR Part 58. HUD proposes to authorize a Part 58 review process for HTF.

The inability to employ environmental mitigation measures through the Part 58 process has caused many potential HTF project sites to be excluded from the program and some projects to be deemed ineligible after HTF grantees have already expended funds on the project.

This legislative proposal would align this program with other HUD grant programs by authorizing the Part 58 process for HTF projects, permitting HTF units to be included in projects being developed with other HUD funding sources and increasing the number of sites that can be considered for development with HTF funds.

- **Align HTF with Davis-Bacon wage requirements required in other HUD programs:** Under current law, Davis-Bacon wage rate requirements do not apply to HTF-assisted development projects. HUD is proposing an amendment to apply Davis Bacon requirements to HTF, which will align with program requirements of other HUD programs including the HOME Investment Partnerships Program. This amendment will result in workers of HTF-assisted development projects receiving a fair wage for their labor.

<sup>2</sup> For example, see [HTF Open Activities Reports - HUD Exchange](#). Note that HUD considers these reports to be estimates since grantees are not required to report until completion.

- **Eliminate the two-year commitment requirement:** A statutory provision and program regulation require funds to be used or committed to a project within two years of grant execution. To date, several grantees have missed the deadlines, resulting in the required deobligation of these funds from these grantees. The HOME Investment Partnerships Program has similar commitment requirements that have been suspended by the Congress in annual appropriations laws beginning in 2017 and the Department is requesting similar treatment with HTF. The HOME suspension resulted in funds being committed to projects that are ready to move forward instead of projects that were just trying to meet a commitment requirement deadline, which over time has led to fewer failed projects requiring repayment because the grantee is able to perform due diligence to ensure the project will move forward before committing HOME funds. The funds remain with the grantee for use on viable projects. HUD anticipates that eliminating the HTF two-year commitment requirement deadline will produce similar results and the stakeholders will be receptive to this proposal.

## APPROPRIATIONS LANGUAGE

None.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Project-Based Rental Assistance

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	13,465,000	480,398	-	13,945,398	13,574,246	13,541,747
2022 Annualized CR	13,465,000	477,000	-	13,942,000	13,738,000	13,589,000
2023 President's Budget	15,000,000	317,000	-	15,317,000	15,054,000	14,517,000
Change from 2022	1,535,000	(160,000)	-	1,375,000	1,316,000	928,000

a/ FY 2021 Resources includes unobligated balances of \$369 million, recaptures realized in 2021 of \$55 million, and \$56 million transferred from the Public Housing Fund.

b/ FY 2022 Resources includes an estimated \$371 million of unobligated balances, an estimated \$56 million from recaptures, an estimated \$33 million from transfers from the Public Housing Fund, and an estimated \$17 million from Housing for the Elderly for RAD conversions.

c/ FY 2023 Resources includes an estimated \$204 million of unobligated balances, an estimated \$56 million from recaptures, an estimated \$40 million from transfers from the Public Housing Fund, and an estimated \$17 million from Housing for the Elderly for RAD conversions.

#### PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides over 1.2 million low-income and very low-income families with decent, safe, and affordable housing. Without this assistance, many currently affordable properties would either convert to market rates or would be unable to generate enough rental income to be maintained in adequate living conditions.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$15 billion for the PBRA program, which is \$1.535 billion more than the 2022 Annualized CR. This includes:

- \$14.065 billion for contract renewals and amendments, including public housing properties that converted to PBRA via the Rental Assistance Demonstration (RAD);
- \$50 million for RAD conversion subsidy for public housing projects converting to PBRA;
- \$10 million for RAD conversion subsidy for the Section 202 Project Rental Assistance Contracts (PRACs) converting to PBRA;
- \$275 million for Budget-Based Rent Increases (BBRI) for certain at-risk post-Mark-to-Market (M2M) properties and other PBRA properties with health and safety deficiencies;
- \$31 million for BBRI for PBRA properties serving the elderly to cover the cost of a service coordinator;
- \$194 million for Moderate Rehabilitation and Single Room Occupancy renewal programs; and
- \$375 million for Performance-Based Contract Administration (PBCA).

This Budget also requests modifications to the RAD statute to expand and improve the efficacy of RAD conversions to both PBRA and Project-Based Vouchers (PBV), including:

- The elimination of the cap on public housing units that may convert under RAD and the sunset date by which applications must be received.
- Avoiding disincentives to conversion to RAD for Second Component conversions by excluding existing service coordinator and service costs from the 120 percent of Fair Market Rent

(FMR) rent cap for new Section 8 contracts so that properties serving the elderly can effectively be preserved without losing access to critical services.

- Ensuring continued availability of services for residents following a RAD conversion to PBRA or PBV under the first component. This will guarantee that resident services funding under the Jobs Plus, Resident Opportunities for Self-Sufficiency (ROSS), and Congregate Housing Services Program (CHSP) programs awarded to public housing properties prior to conversion may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term. Additionally, this will also permit the full implementation of the Jobs Plus Initiative program design following conversion of properties benefiting from Jobs Plus program grants.
- Permitting the conversion and integration of the budget authority associated with Tenant Protection Vouchers (TPV) authorized following a Section 18 approval into RAD PBRA or PBV contracts, and permitting previously converted properties that have both a PBV and a PBRA contract to combine those contracts into one platform (i.e. either PBRA or PBV).
- Authorizing the use of Participating Administrative Entities (PAEs) to reduce the administrative burden on small properties converting under RAD.
- Authorizing the budget-neutral conversion of Section 811 PRAC properties under RAD.
- Authorizing the budget-neutral conversion for properties assisted under Senior Preservation Rental Assistance Contracts (SPRACs) under RAD.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## JUSTIFICATION

### **Contract Renewals and Amendments - \$14.065 billion**

The Budget fully funds the renewal or amendment of approximately 17,240 rental assistance contracts, providing safe, stable, and affordable housing to approximately 1.2 million low-income and very low-income households. The PBRA program serves some of the Nation's most vulnerable populations including seniors, families with children, and persons with disabilities; it also serves many people of color (demographic detail below in chart). This includes funds for renewal of Section 8 contracts already within the Office of Housing PBRA portfolio, as well as properties that are projected to convert to PBRA during 2021 and 2022 via the Rental Assistance Demonstration program and require PBRA budget authority for the first time in 2023. This also includes \$20 million for Section 8 Original Term contract amendments, which were used to amend long-term project-based Section 8 contracts executed primarily in the 1970s and 1980s. The PBRA contract renewal and amendment amounts assume that PBRA annual gross current services needs will be fully funded in 2022.

Increases in gross needs for PBRA renewals and amendments are driven by several factors, most notably annual rent increases and the addition of units formerly funded in other programs (e.g., Public Housing) entering the PBRA renewal portfolio for the first time. For 2023, HUD estimates PBRA subsidy inflation at approximately 4.0 percent, resulting from Operating Cost Adjustment

Factors (OCAF) and other rent adjustments, coupled with no significant increases in tenant contributions, relative to 2022 enacted levels.

PBRA contracts are public-private partnerships working with for-profit and non-profit entities in local communities and providing a crucial Federal investment in the nation's stock of deeply affordable housing. In places of disinvestment, PBRA improves housing quality and safety through higher management and occupancy standards than are generally required under State and local law. In places with high housing costs, PBRA provides access to affordable housing not otherwise available for many households.

The program maintains and protects the long-term Federal investment in these assets. Nationally, only 37 affordable units are available per 100 extremely low-income renters.<sup>1</sup> Without rental assistance, many of these households would not be able to access housing at local market rates or would have very high housing costs. Households burdened with high housing costs often sacrifice spending on other critical expenses such as food, healthcare, and transportation to stay housed, potentially impacting their health outcomes and access to job and educational opportunities.<sup>2</sup> PBRA funding directly reduces worst-case housing needs by providing affordable housing to populations likely to be in this situation, including families with children, senior citizens, and persons with disabilities, who might otherwise be at risk of experiencing homelessness. Approximately 45 percent of assisted households are headed by elderly persons, 16 percent by persons with disabilities, and 33 percent are families with children.<sup>3</sup>

The PBRA program is a crucial component of the Federal housing safety net for people in need. Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to greater local economic opportunity by providing employment, increasing the buying power of assisted tenants in support of local businesses, and increasing local tax bases. The PBRA program directly contributes to job creation and retention in the fields of property management, maintenance, general construction, and contract work such as landscaping, pest control, security, snow removal, equipment servicing, legal representation, and property insurance. Because PBRA contracts are a place-based investment, they provide opportunities for the Department to engage with communities where they are located and foster connections between initiatives and programs at the local level. Without ongoing rental income, some properties may be unable to continue payments on existing debt, including mortgages insured by FHA or backed by bonds issued by State housing finance agencies. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements. Refinancing and capital improvements create opportunities for increasing the energy efficiency of PBRA properties. HUD incentivizes energy efficiency at FHA-insured PBRA properties undergoing refinance through the FHA Green Mortgage Insurance Premium (MIP) program. Of 16,800 total PBRA properties, more than 5,100 PBRA properties carry financing issued by FHA.

The Budget also funds the Real Estate Assessment Center's (REAC) efforts to eliminate the backlog of overdue physical inspections accrued largely during the COVID-19 pandemic, consistent with HUD Strategic Objective 2B – Improve Rental Assistance. The funds requested will enable REAC to eliminate the multifamily housing inspection backlog and maintain on schedule inspections and re-inspections consistent with multifamily program regulations through the end of 2023. Funds

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<sup>1</sup> National Low Income Housing Coalition (2021). The Gap: A Shortage of Affordable Rental Homes March 2021. Analysis based on tabulations of 2019 American Community Survey Public Use Microdata Sample data.

Available at: <https://reports.nlihc.org/gap>

<sup>2</sup> Joint Center for Housing Studies of Harvard University (2020). The State of the Nation's Housing 2020.

Available at: <https://www.jchs.harvard.edu/state-nations-housing-2020>

<sup>3</sup> HUD Administrative Data. 12 Month Tenant Characteristics Report - Ending December 31, 2020. Available at: [https://www.hud.gov/sites/dfiles/Housing/documents/Tenant\\_Characteristics\\_Rpt.pdf](https://www.hud.gov/sites/dfiles/Housing/documents/Tenant_Characteristics_Rpt.pdf)



requested also support inspections-related contracts facilitating analysis of inspection data, performance reporting, and the improvement of HUD's inspection program through the National Standards for the Physical Inspection of Real Estate (NSPIRE) contract.

Q4 2021 Project-Based Section 8 Tenant Characteristics						
How many households and people are served?  2.1 million people  1.2 million households	What are the racial characteristics of the tenants?  This program serves a relatively demographically diverse population. 64% of residents are in a minority group.					What are the characteristics of the heads of household?
	Asian/ P.I.	Black, non- Hispanic	Hispa nic	Native American	Whit e	Unkno wn
	5%	39%	19%	1%	31%	5%
						Female headed families with children 23%
						Elderly 51%
						Non-elderly disabled 16%
How big are the households?  	How old are the heads of household?  					What is the share of rent paid by the tenant and HUD?
						Average household contribution \$315
						Average HUD Contribution \$910
How do household incomes compare to the local area median income?						What are the income levels of assisted households?
Extremely low income (less than 30% AMI)					79%	Tenants make an average gross income of \$13,519. 83% of households earn \$20,000 or less per year
Very low income (30% to 50% AMI)					17%	
Low Income (50% to 80% AMI)					3%	
Head of Household characteristics and age categories are not mutually exclusive and may not total 100 percent. Some percentages totals not equal to 100 due to rounding. Source: HUD PIC and TRACS databases, December 2020 extract.						

### Rental Assistance Demonstration Activities - \$60 million

The Budget includes a total of \$60 million for RAD activities: \$50 million in RAD conversion subsidy in the PBRA account to support the cost-effective conversion of 30,000 public housing properties that are unable to convert using only the funds provided through existing appropriations, and \$10 million in RAD conversion subsidy to support the cost-effective conversion of 3,000 Section 202 PRAC properties that could not otherwise participate in a RAD conversion to support a more sustainable long-term operation. These funds would also be available to utilize PAEs to provide direct support to small owners and properties for the administrative costs of the RAD conversions under both components of RAD.

### Budget-Based Rent Increases (BBRI) for certain at-risk post-Mark-to-Market properties and other PBRA properties with health and safety deficiencies - \$275 million

The Budget includes up to \$250 million to allow budget-based rent adjustments for certain at-risk post-Mark-to-Market (M2M) Section 8 properties to prevent distress and facilitate rehabilitation,

consistent with program requirements that the property rents remain at or below comparable market rents. M2M contract rents are initially set at market levels and may currently only be adjusted by OCAF. Of the approximately 1,800 post-M2M Section 8 properties, approximately 830 have rents currently below Fair Market Rents for their locality. This Budget would allow a BBRI adjustment for those properties at risk of becoming distressed. The Budget also includes at least \$25 million for BBRI adjustments for other PBRA properties that have health and safety deficiencies, to set rents at or below market rent, based on a current rent comparability assessment. This funding would stabilize operating budgets of the affected properties and, where needed, provide for rehabilitation and/or transfer of ownership. This will ensure quality management of the properties, achieve greater sustainability, and increase the availability of affordable housing units by preserving these investments farther into the future while preventing default on FHA-insured mortgages and Section 8 contracts.

#### **Budget-Based Rent Increases to fund service coordinators for the elderly - \$31 million**

This Budget includes \$31 million to support BBRI at PBRA properties serving the elderly to cover the cost of a service coordinator to help elderly residents stay healthy and age in place. Elderly service coordination is recognized as a cost-effective means to support seniors aging-in-place and prevent premature institutionalization in nursing homes. These rent increases would be limited to circumstances where budget-based rent adjustments are allowed by statutory program authorizations but have been constrained in recent years by HUD policies designed to slow program cost growth. HUD would modify its rent adjustment procedures to reflect availability of the requested funds.

#### **Moderate Rehabilitation and Single Room Occupancy renewal programs - \$194 million**

The requested funding provides \$194 million for renewals in Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs).

#### **Contract Administration - \$375 million**

The Budget includes \$375 million to maintain the Contract Administration program in 2023. This level of funding will ensure critical contract administration services continue without interruption. The extension of existing PBCA agreements is estimated to cost up to \$395 million in 2023, which HUD would fund from new appropriations and supplement with \$20 million in Housing Certificate Fund recaptures. Estimates provide for continuation of Management and Occupancy Reviews, incorporate projected transfers of existing non-PBCA administered contracts into the PBCA portfolio, and include projected increases in Fair Market Rents, upon which fees are based. This assumes the extension of current agreements, though HUD may complete pending procurements to replace the current agreements by 2023.

#### **Rental Assistance Demonstration (RAD)**

The RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 195,000 affordable homes thus far (157,400 in public housing and 37,600 in other HUD rental programs). In addition, through RAD, PHAs and private owners have moved assisted housing to lower-poverty neighborhoods, allowed residents to use tenant-based assistance if they want to find new housing, and produced more energy-efficient and climate-resilient housing free of environmental hazards. The outcomes associated with the converted public housing units are particularly noteworthy:

- The PHAs' development teams have generated over \$14 billion, or over \$60,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured \$14.83 for every \$1 of appropriated public housing funds contributed to project budgets.
- Over 21,000 of the most-distressed public housing apartments have been demolished and replaced with newly constructed homes, all meeting international standards for energy efficiency.
- Over 9,000 homes have been moved away from detrimental environmental conditions, floodplains, and opportunity deserts and into neighborhoods with greater access to jobs, schools, and transportation.
- All properties have undergone an environmental review as a condition of conversion, including evaluating, and where necessary mitigating, the presence of radon, lead, asbestos, carbon monoxide, and mold.
- All properties have been evaluated for their energy- and water-efficiency and have implemented cost-effective improvements to decrease their carbon footprint.
- Over 250,000 jobs have been created, directly or indirectly, through RAD construction activities, including many jobs for low-income persons through HUD's Section 3 requirements.

There remain many public housing properties that are unable to leverage the public and private capital needed for property improvements with subsidy levels based only on available appropriated funds. The public housing capital backlog, together with additional modernization needs, require a cost-effective, leveraged strategy to achieve a comprehensive modernization; this Budget advances those efforts. The funding supports the cost-effective conversion of public housing properties that are unable to convert using only the funds provided through existing appropriations. Several of the general provisions requested below protect residents' access to services, provide an affordable housing preservation strategy for additional portfolios of at-risk properties, provide technical capacity to support small owners, and assure permanent affordability of converted properties blending RAD and Section 18 strategies.

The \$60 million requested in PBRA for RAD subsidy conversion is part of the Administration's whole-of-government approach to the climate crisis. In total, HUD's budget requests \$1.065 billion in investments across several programs to assist communities reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income and disadvantaged communities, the very communities and households served by HUD programs. HUD's Budget addresses climate change on two fronts: both in tracking and lowering the carbon footprint and energy consumption of the 4.5 million units of public and assisted housing, and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters. These investments are crucial to assist communities throughout the country mitigate and prepare for the worst effects of climate change.

Please see the "Climate Initiative" justification for more details.

### **IT Modernization**

Within the Information Technology (IT) Fund, the Budget requests \$5 million for integrated Real Estate Management System (iREMS) and \$1.5 million for Tenant Complaint Customer Relationship Management (CRM). These two projects will directly support HUD's PBRA program in providing over 1.2 million low-income and very low-income families with decent, safe, and affordable housing:

- **iREMS Modernization:**

**Program Pain Point**

The integrated Real Estate Management System (iREMS) is the primary system for the oversight and asset management of insured and assisted properties in the portfolio of HUD's Office of Multifamily Housing Programs. GSA, GAO, and Multifamily leadership have found that iREMS is vulnerable to unacceptably high risk of data errors from manual input processes, having to use ad hoc tools such as MS Access for reporting, and not interfacing with other systems in real time.

Congressional mandates and Executive Orders that require Multifamily Housing action, such as security, privacy, and records management regulation, energy efficiency programs, FHA pilot programs, and the Rental Assistance Demonstration, are all hampered by an inability to integrate them fully into the Multifamily Housing asset management process in iREMS. Reporting from Asset Management field staff is often inaccurate because of inconsistencies between HEREMS, the underlying source database, and iREMS. Poor quality Housing data continues to increase the risk of HUD failing to meet its monitoring requirements of troubled properties within its portfolio.

**Mission Benefits**

The success of MFH and HUD's mission is deeply tied to the decision-making done from HEREMS to iREMS data processing. Therefore, ensuring the accuracy, completeness, reliability, and timeliness of this data has broad cross-program implications. An improved HEREMS to iREMS database model will serve as the central data repository for all Multifamily Housing, collecting data from more than 20 systems and integrating data across systems. Improved data and reporting in iREMS will provide essential support to HUD's efforts to provide decent, safe, and sanitary housing for tenants and to ensure program compliance.

**Target Functionality**

- Increase regulatory compliance on currently non-compliant mandates from privacy, cybersecurity, and records management.
- Increase flexibility in responding to the fast-evolving business requirements of MFH by providing more tools to adapt to the forecasted increase in MFH loan applications.
- Enhance decision-making, ensuring the accuracy, completeness, reliability, and timeliness of iREMS/HEREMS data has broad cross-program benefits.

**Projected Cost Savings**

The existing HEREMS/iREMS data model is outdated, expensive, difficult to maintain, and it is currently failing to meet system requirements. IREMS has an estimated \$2 million backlog in development priorities that continues to grow. Improvements in the system would result in a cost benefit as it would support efficiencies in HUD's asset management and oversight functions.

- **Tenant Complaint CRM:**

**Program Pain Point**

Multifamily (MFH) Asset Management staff, Performance-Based Contract Administrators (PBCAs), the Multifamily Clearinghouse call center, and Field Program Management (FPM) staff are unable to conduct unified intake, tracking and resolution of tenant feedback related to unsafe and unsanitary property conditions or concerns about exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with disparate rudimentary and uncoordinated logging and tracking of information, which is not conducive to ensuring the issues identified by tenants are addressed swiftly and satisfactorily.

As a result, MFH is substantially limited in its ability to understand, track, and address such complaints without a centralized tracking/response system. The current practice of various entities within HUD and contractors logging and acting on feedback independently restricts HUD's ability to manage its property portfolio in a coordinated manner.

#### Mission Benefits

An integrated tenant complaint logging and tracking system would allow HUD to effectively assess and act upon a wide variety of complaints regarding properties in its portfolio and take a coordinated approach regardless of the point of intake and allow all entities to track and update progress toward resolution in real time. This would allow HUD to both be more responsive to tenants by ensuring the appropriate party follows up and more efficient by avoiding duplicative work on the same issue.

This integrated tenant feedback tracking system will also enable HUD to better understand the overall volume and nature of complaints both at individual properties and across different portions of our portfolio, such as by city, program, or management agent, resulting in increased awareness of conditions and potential issues within the MFH property portfolio.

#### Target Functionality

- Full integration as a single system for intake and tracking of tenant complaints by (MFH) Asset Management staff, PBCAs, the Multifamily Clearinghouse call center, and FPM.
- Ability of staff to have real time feedback and reporting on status of tenant complaints and ongoing action tracking and reporting.
- Ability to aggregate instances of tenant feedback within a particular property and across portfolio on an ongoing basis.

#### Projected Cost Savings

PBCAs and other contractors would not need to invest in standalone system(s). An integrated platform would also reduce duplication of effort across all responsible parties.

#### Remaining implementation Costs in Outyears

N/A

For additional information regarding HUD's IT investments, please see the Information Technology Fund justification.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Contract Renewals/Ame ndments	12,879,000	178,393	13,057,393	12,926,138	12,879,000	88,725	12,967,725	14,065,000
Rental Assistance Demonstration Conversion Subsidies	-	63,910	63,910	56,061	-	113,849	113,849	60,000
M2M BBRIs and Health and Safety BBRIs	-	-	-	-	-	-	-	275,000
BBRI Service Coordinators	-	-	-	-	-	-	-	31,000
Mod Rehab and SRO Renewals	230,000	56,861	286,861	223,226	230,000	105,779	335,779	194,000
Contract Administrators	350,000	-	350,000	350,000	350,000	-	350,000	375,000
Tenant Education and Outreach	6,000	3,800	9,800	-	6,000	9,800	15,800	-
Contract Renewals CARES Act	-	177,434	177,434	18,822	-	158,725	158,725	-
<b>Total</b>	<b>13,465,000</b>	<b>480,398</b>	<b>13,945,398</b>	<b>13,574,247</b>	<b>13,465,000</b>	<b>476,878</b>	<b>13,941,878</b>	<b>15,000,000</b>

a/ 2021 Resources include unobligated prior-year balances of \$369 million, \$55 million from recaptures of prior-year obligations realized in 2021, and \$56 million transferred from the Public Housing Fund for Rental Assistance Demonstration Conversions (RAD).

b/ 2022 Resources include an estimated \$371 million of prior-year unobligated balances, an estimated \$56 million from recaptures of prior year obligations, an estimated \$33 million of transfers from the Public Housing Fund for Rental Assistance Demonstration Conversions, an estimated \$15 million from Housing for the Elderly Appropriated funds and \$2 million from Housing for the Elderly unobligated funds for RAD conversions. PIH/MOD Rehab and CPD/SRO carryover into 2022 includes \$42 million from unapportioned/unobligated recaptures.

c/ 2023 carryover includes an estimated \$204 million of unobligated prior-year balances, an estimated \$56 million from recaptures of prior-year obligations, an estimated \$40 million of transfers from Public Housing Fund for Rental Assistance Demonstration Conversions, and an estimated \$17 million transferred from Housing for the Elderly for RAD conversions.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2023 President's Budget includes the following:

Provide capacity support for small properties and owners converting through RAD: Owners of small properties, including those assisted under Section 202 PRAC and Section 8 Mod Rehab, sometimes struggle with the cost and complexity of certain underwriting requirements that HUD has established to ensure that the property will be physically sound and free of environmental hazards. This proposal would authorize the use of Participating Administrative Entities (PAEs), originally used in the Mark-to-Market program, to conduct the property level due diligence, including Capital Needs Assessments and environmental reports, that are required of all RAD conversions. They would provide significant relief for owners of small properties, where the cost of such due diligence is often prohibitive to taking the necessary steps to improve the property for residents. These small

properties are often in underserved communities, and this authority will assist in long-term preservation and affordable housing opportunities.

## **General Provisions**

The 2023 President's Budget proposes the following general provision(s):

### **Rental Assistance Demonstration (RAD)**

Preservation of assisted properties is part of reinvesting in communities that have been underserved, neglected, or excluded from economic and housing opportunity in the past, often in continuation of racial segregation. Preservation is also a way to ensure affordable housing options in places of high or rising housing costs to reduce past patterns of exclusion. RAD conversions have proven to be a versatile and effective preservation tool that also promotes sustainable communities through energy efficiency improvements, eliminates environmental hazards, and creates the opportunity to place and secure deep rental assistance in racially integrated neighborhoods (2023 President's Budget, Sec 232).

This Budget includes several proposals to improve and expand the Rental Assistance Demonstration.

#### **First Component – Conversion of Public Housing Properties**

- **Eliminate the sunset date for participation in RAD:** HUD is currently authorized to receive applications from PHAs to convert public housing properties through RAD until September 30, 2024. RAD conversions are a proven and desired tool for repositioning and recapitalizing public housing. The sunset date constrains the ability of PHAs to plan portfolio transformations that may require more time to implement, reduces PHAs' ability to utilize leverage for improving properties, and introduces uncertainty for plans to improve public housing developments.
- **Eliminate the cap on the number of public housing units allowed to convert under RAD:** HUD is currently authorized to convert 455,000 public housing units through RAD. RAD is a proven strategy which public housing authorities (PHAs) can use to generate capital, improve properties, and improve conditions for residents. RAD has produced sustainable affordable housing opportunities and preserved them for the long-term. The cap constrains the number of cost-effective conversions allowable under the program. Elimination of the cap makes this tool available to all PHAs wishing to participate in the program.
- **RAD for Section 18 Preservation Activities:** PHAs routinely blend the use of RAD and Section 18 disposition towards the preservation and recapitalization of public housing assets. However, the units approved through Section 18 can only result in a separate PBV contract that does not contain long-term affordability protections as exist in RAD. This authority would permit the units leaving public housing through Section 18 to be folded into the RAD PBV or RAD PBRA contract to guarantee the long-term affordability of the assisted units and to simplify program administration for owners and PHAs. This authority would also permit properties that currently have some units assisted under a RAD PBRA contract and some units assisted under a PBV contract to place their property on a single Section 8 platform. The 2023 budget modestly expands the 2022 proposal to allow conversion of properties onto a single Section 8 platform (PBV or PBRA) regardless of each property's current assistance profile.
- **Jobs Plus, ROSS, and CHSP Continuation:** This proposal would expand the Jobs Plus program to allow PBV and PBRA properties to be eligible for the program. Jobs Plus is currently only available to public housing residents. The program has a demonstrated impact

on employment outcomes. This proposal would ensure that resident services funding awarded to public housing properties prior to conversion may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term.

- Jobs Plus. Allow a property with a Jobs Plus grant that converts under RAD to continue to enroll participants in the Jobs Plus rent incentive for the duration of grant's period of performance.
- ROSS. Allow properties with an existing ROSS grant prior to RAD conversion to not only complete the grant term, but also apply for renewal of the grant.
- CHSP. Allow grantees receiving renewal CHSP grants for elderly properties prior to conversion to remain eligible for such renewal grants after conversion.

## **2nd Component - Conversion of Multifamily Housing Properties**

- RAD for Section 811: Authorize the budget-neutral conversion of Section 811 PRAC properties under RAD. Much like the Section 202 PRACs, the 30,000 units assisted through Section 811 PRACs are an aging stock with growing capital needs, but with limited access to private and public financing. These properties also experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements, which may require distinct authorizing language to make best use of the deep rental assistance, and which will be recognized in the planned conversion process. These changes will ultimately improve properties and benefit disabled tenants.
- RAD for SPRAC: Authorize the budget-neutral conversion for properties assisted under SPRACs under RAD. SPRACs were authorized in 2010 as a preservation solution for affordable senior properties that were refinancing their pre-1974 Section 202 Direct Loans. However, with limited funding from Congress and alternative preservation solutions identified by HUD, the stock is unlikely to grow much beyond the 1,450 units supported by SPRACs today. The proposed change will consolidate the SPRACs, which, by statute, already operate very similarly to PBRA, onto the Section 8 platform.
- Avoid Disincentives to Conversion and exclude existing service coordinator and service costs from the 120 percent of Fair Market Rent (FMR) rent cap for new Section 8 contracts under RAD: As Section 202 PRAC and, as proposed, SPRAC contracts convert under RAD, they are subject to Section 8 initial contract rent caps, which restrict initial contract rents to 120 percent of FMR. However, for some properties, this represents a reduction from their current rent levels. For example, Section 202 PRAC and SPRAC rents include the cost of a service coordinator and services, which are not accounted for in HUD's calculation of FMRs since service coordinators and these services are typically not provided in market rate housing. To avoid disincentives to conversion and to ensure properties can continue providing service coordination and services following a conversion through RAD, HUD requests authority to waive the 120 percent of FMR limitation for PRAC and SPRAC contracts converting under RAD. This proposal would have no cost since affected properties already receive funding above 120 percent of FMR.

## **Mark-to-Market (2023 President's Budget, Sec 234)**

- Fund rent adjustments for at-risk post-M2M properties and for other PBRA properties with health and safety deficiencies. This would grant the Secretary authority to provide budget-based rent increases (BBRIs), consistent with program requirements that the property rents remain at or below comparable market rents, to post-M2M properties that are at risk of becoming or already are physically or operationally distressed or to other PBRA properties with health and safety concerns. This budget would allow a BBRI adjustment for those properties to set rents at or below market, based on a current rent comparability assessment.



This funding would stabilize operating budgets of the affected properties and, where needed, provide for rehabilitation and/or transfer of ownership. This will ensure quality management of the properties, achieve greater sustainability, and increase the availability of affordable rental homes by preserving these affordable housing investments for the future and preventing default on FHA-insured mortgages and Section 8 contracts.

- Extend the Mark-to-Market program through September 30, 2027. The authority to run the M2M program under Section 579 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) (“MAHRA”) expires September 30, 2022; and this provision would extend that authority through September 30, 2027. A property enters the M2M program when the project’s rents have been determined to be above market levels and must consequently be decreased. Without the M2M program to restructure a project’s debt, there is a risk of default on the FHA-insured Section 8 properties if, because of reduced Section 8 rents, owners of these properties can no longer pay for property maintenance and mortgage payments. Further, an extension of the M2M program is needed to continue to execute post-M2M debt assignment or forgiveness in Qualified Non-Profit preservation transactions and to ensure authority for asset management of post-M2M debt. Historically, Congress has extended the M2M program each time it has reached expiration.

### **Sunset the Section 8 Moderate Rehabilitation and McKinney-Vento Single Room Occupancy programs**

The PBRA account continues to renew approximately 25,000 affordable units through the Mod Rehab and SRO programs on year-to-year contracts. Through RAD, these properties have a path to enter long-term Section 8 contracts. Alternatively, an owner may choose to opt out of their contract and secure tenant protection vouchers to issue to residents. The budget proposes a sunset of the Mod Rehab and SRO programs in five years to give owners time to develop plans for transition to one of the two alternative platforms (i.e. PBRA or PBV). This proposal would protect residents, produce and secure long-term affordable housing opportunities, streamline HUD and PHA administration, and result in improved properties within HUD’s portfolio. (2023 President’s Budget, Sec 236)

### **Resolve Interest Reduction Payments (IRPs) Deficiency**

HUD will transfer \$1.3 million of previously appropriated amounts in order to liquidate obligations incurred in 2018 in connection with the provision of IRPs authorized under section 236(a) of the National Housing Act (12 U.S.C 1715z-1(a)). (2023 President’s Budget, Sec 238)

### **Legislative Proposals**

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

Triennial recertification to promote family wealth building: Under current law, a tenant's income must be verified, and their tenant rent contribution calculated annually, unless they are elderly or disabled on fixed income, in which case it is every three years. HUD proposes to extend every-three-year recertification to all families.

## APPROPRIATIONS LANGUAGE

The 2023 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, \$14,600,000,000, to remain available until expended, shall be available on October 1, 2022 (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, 2022), and \$400,000,000, to remain available until expended, shall be available on October 1, 2023: 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 heading: Provided further, That the amount of any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative as described under the heading "Self-Sufficiency Programs" shall be factored into housing assistance payments under project-based subsidy contracts: Provided further, That of the total amounts provided under this heading, not to exceed \$375,000,000 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 Assistance Payments contract that authorizes the Department 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 of the total amount provided under this heading, up to \$50,000,000 shall be available to supplement funds transferred from the heading "Public Housing Fund" to fund contracts for properties converting from assistance under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112-55) to further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such*

*properties: Provided further, That the amounts under the previous proviso may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) (MAHRAA) to provide direct support, including carrying out due diligence and underwriting functions for owners and for technical assistance activities, on conditions established by the Secretary for small properties and owners entering into any conversion contract under the First Component: Provided further, That of the total amount provided under this heading, up to \$10,000,000 shall be available to supplement funds transferred from the heading "Housing for the Elderly" to fund contracts for properties converting from assistance under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)) under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112–55) to further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such properties: Provided further, That the amounts under the previous proviso may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of MAHRAA to provide direct support, including carrying out due diligence and underwriting functions for owners and for technical assistance activities, on conditions established by the Secretary for small properties and owners entering into any conversion contract under the Second Component: Provided further, That of the total amounts provided under this heading, not to exceed \$275,000,000 shall be available for rent adjustments as added by section 234 of this Act, of which no less than \$25,000,000 of such amounts shall be available for adjustments added by section 234(b) necessary to address health and safety deficiencies: Provided further, That up to 2 percent of the total amount made available in the previous proviso shall be for administrative contract costs, including for carrying out due diligence and underwriting functions for evaluating owners' requests and for technical assistance activities: Provided further, That of the total amounts provided under this heading, not to exceed \$31,000,000 shall be available for budget-based adjustments for service coordinators for the elderly: Provided further, That any additional amounts for rent adjustments or supplemental contract funding authorized under the seven previous provisos shall be combined with other amounts obligated to such contracts and the combined total amount shall be available for all purposes under such contracts.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Green and Resilient Retrofit

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	-	-	-	-	-	-
2022 Annualized CR	-	-	-	-	-	-
2023 President's Budget	250,000	-	-	250,000	245,000	112,000
Change from 2022	250,000	-	-	250,000	245,000	112,000

a/ 2023 Total Resources include \$5 million that will be transferred to the Information Technology (IT) Fund.

#### PROGRAM PURPOSE

The Green and Resilient Retrofit Program will provide funding to the owners of multifamily-assisted properties to rehabilitate these properties to be more energy and water efficient, healthier, and more resilient to natural hazard events. With the increasing prevalence of natural disasters, it is critical for HUD to strengthen the HUD-assisted multifamily portfolio so that it is better prepared to protect tenants, reduce property damage, and mitigate the impact of these events on the low- and extremely low-income residents living in HUD-assisted housing. In addition, the program will yield additional savings by reducing energy and water consumption within HUD's assisted portfolio through both grant and loan program assistance, as well as through utility benchmarking of assisted properties.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$250 million for the Green and Resilient Retrofit program, which is \$250 million more than the 2022 annualized CR level. This includes:

- \$207.5 million, for grants and direct loan subsidy which will provide for green retrofits and climate resilience improvements for approximately 5,000 to 10,000 units at assisted multifamily properties nationwide.
- \$31.5 million for utility benchmarking data collection and systems, including up to \$5 million for IT investments. This will improve future investments in green retrofits.
- \$11 million for administrative contract costs.

#### JUSTIFICATION

As part of the Administration's whole-of-government approach to the climate crisis, HUD's Budget includes \$1.065 billion in targeted investments across programs to assist communities to reduce carbon pollution, increase resilience to the impact of climate change, and deliver environmental justice. The National Climate Assessment has shown that climate change disproportionately impacts low-income communities, the very communities served by HUD programs. HUD's Budget addresses climate change on two fronts: both in lowering the carbon footprint of the 4.5 million units of public and assisted housing (mitigation), and at the same time helping the communities served by HUD programs to better withstand and increase their resilience to future disasters (adaptation). These

investments are crucial to assist communities throughout the country to mitigate and prepare for the worst effects of climate change.

Please see the “Climate Initiative” justification for more details.

### **Green and Climate Resilient Retrofits – \$207.5 million**

The Green and Resilient Retrofit Program (GRRP) builds upon the American Recovery and Reinvestment Act of 2009 (ARRA) Green Retrofit Program (GRP), which successfully rehabilitated nearly 20,000 units in over 200 properties (HUD-assisted properties under Section 202, Section 811, and Section 8 Project-Based Rental Assistance). While ARRA’s GRP focused exclusively on greening and efficiency improvements to these properties, GRRP grants and loans will also fund retrofits that increase properties’ resilience to natural hazard events and retrofits that utilize new, innovative greening strategies. Considering the program’s expanded purpose, GRRP is expected to invest in deep energy and resilience retrofits, having a significant impact at a smaller cohort of properties.

The Budget provides a combination of direct loan subsidy and grants to support improvement projects for approximately 5,000 to 10,000 affordable housing units at assisted properties nationwide. Considering that this program will be the first HUD-administered program to examine resiliency needs in multifamily housing, the number of units to be assisted through the program will depend on the extent to which selected properties require a significant level of improvements. Properties receiving assistance under Section 8 Project Based Rental Assistance (PBRA), Section 202, and Section 811 programs are eligible for participation, as well as properties converting to Section 8 PBRA through the Rental Assistance Demonstration (RAD). This funding will support an estimated \$67.5 million in direct loan subsidy as well as an estimated \$140 million in grants.

As with ARRA’s GRP, HUD expects these GRRP investments to be leveraged with private financing to increase program impact. The investment in green updates at these properties will preserve affordability while reducing energy and water costs, improving indoor air quality, and supporting community well-being through capital investment across assisted properties. In addition to improving and preserving affordable housing for many low- and extremely low-income families, the program’s targeted focus on resilience will help reduce these families’ exposure to imminent hazards, property destruction, power outages, and the need for short or long-term relocation following disaster events.

Additionally, in the decade since the implementation of the GRP, energy and water efficient products have become the industry standard. Therefore, this program also provides a renewed opportunity to leverage public investment to drive innovative strategies for increasing resilience, reducing carbon emissions, and increasing renewable energy generation in multifamily housing, potentially spurring owner and industry implementation beyond GRRP.

### **Utility Benchmarking – \$31.5 million**

Rising utility costs, aging property infrastructure, and increasingly frequent and intense natural hazard events all threaten the affordability, financial viability, and habitability of assisted housing. By retrofitting properties to be more energy and water efficient, healthier, and more resilient, HUD can ensure the safety, affordability, and availability of housing. HUD does not currently have complete, actionable data on how assisted properties in the multifamily portfolio perform relative to industry norms for utility consumption. HUD’s ability to target technical assistance, resources, and programs, to improve the worst performing properties in our portfolios, reward the highest performers and improvers, and set performance standards and targets, will depend upon having a reliable baseline of how properties currently perform relative to industry standards. Further, HUD

can use the utility consumption data collected through benchmarking to better size utility allowances for HUD-assisted properties.

Of the total \$31.5 million for benchmarking activities, \$26.5 million will fund contracts with one or more energy assessment firms to support the development of ongoing utility-consumption reporting and the establishment of utility baseline data for approximately 480,000 of the approximately 1.4 million multifamily units assisted under Sections 8 (project-based), 202, and 811. This funding would allow HUD to benchmark about 33 percent of the units in its multifamily assisted portfolio. This data will inform HUD's efforts to improve the overall energy performance of the multifamily assisted housing portfolio. Relying on the methodology used for EPA's Portfolio Manager (the industry standard benchmarking tool), the requested funding will help establish utility benchmarking nationally. Together with the 17 percent of the portfolio that already collects and reports this data, this would ensure that at least half of the multifamily assisted portfolio would have undertaken benchmarking efforts. With this data, HUD will be able to improve policies and procedures to further optimize the energy and water efficiency of the nation's assisted housing stock.

The remaining \$5 million will be used to support upgrades to HUD's information technology (IT) systems to ensure comprehensive and consistent tracking of utility benchmarking across all pertinent HUD programs. The multifamily utility benchmarking effort will inform HUD efforts to reduce utility consumption across the portfolio and to better corroborate mechanisms for determining utility allowances. Building upon this effort, the IT funds are necessary to develop a system or compatible systems for seeing year-over-year trends in utility costs and consumption, verifying utility expenditures, managing utility cost reduction incentives, tallying carbon emissions, understanding building performance on an aggregate and granular level, identifying physical and operational improvement needs, tracking progress toward utility consumption goals, and generating reports with statistics and visualizations across all of HUD's multifamily programs.

#### **Administrative Costs – \$11 million**

HUD is requesting administrative costs in order to support this new grant and direct loan program as well as to develop program infrastructure for this extensive utility benchmarking effort. In particular, GRRP will require dedicated resources for the creation of a resilience assessment tool for multifamily housing nationwide. Additionally, this request for administrative costs includes funding for HUD to enter into cooperative agreements with Participating Administrative Entities (PAEs), that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) ("MAHRAA"), to provide direct support and technical assistance to owners participating in the grant and loan program. These PAEs will commission capital needs, resilience, and renewable energy assessments and environmental reviews on behalf of owners.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Grants	-	-	-	-	-	-	-	140,000
Direct Loans	-	-	-	-	-	-	-	67,500
Utility Consumption Benchmarking	-	-	-	-	-	-	-	26,500
Demonstration Program - Administrative Costs	-	-	-	-	-	-	-	11,000
Transfer to IT Fund	-	-	-	-	-	-	-	5,000
<b>Total</b>	-	-	-	-	-	-	-	<b>250,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

None.

**APPROPRIATIONS LANGUAGE**

The 2023 President's Budget includes the appropriations language listed below.

*For a demonstration program to improve the energy or water efficiency or climate resilience of multifamily properties modeled after the Green Retrofit Program for Multifamily Housing, \$250,000,000, to remain available until September 30, 2026: Provided, That such demonstration program amounts shall be for grants or for the cost of direct loans to properties receiving project-based assistance pursuant to 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 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) (excluding section 8(o)(13) of such Act), or properties converting to a project-based subsidy contract under section 8 of the United States Housing Act of 1937 (excluding section 8(o)(13) of such Act) through the Rental Assistance Demonstration: Provided further, That the costs of such loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That the Secretary may subsidize gross obligations for the principal amount of direct loans not to exceed \$400,000,000, to remain available until September 30, 2026: Provided further, That up to \$31,500,000 of the amount made available under this heading shall be for data collection and utility consumption benchmarking of properties eligible for grants or direct loans under this demonstration program, of which \$5,000,000 may be transferred to and merged with amounts made available under the heading "Information Technology Fund" for information technology systems and tools necessary for the collection and analysis of such utility benchmarking data: Provided further, That up to \$11,000,000 of the amount made available under this heading shall be for administrative contract costs for the demonstration program and benchmarking, including for carrying out property and energy or water assessment, due diligence, and underwriting functions for such demonstration program: Provided further, That such amounts may also be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) ("MAHRAA") to provide direct support and technical assistance for owners on*

*conditions established by the Secretary for any grant or loan authorized under this heading: Provided further, That grants or loans authorized under this heading may be provided through the policies, procedures, contracts, and transactional infrastructure of the authorized programs administered by the Office of Multifamily Housing Programs, Office of Housing, of the Department of Housing and Urban Development: Provided further, That the Secretary may waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the use of the amounts made available under this heading for the demonstration (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*



# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Housing for the Elderly (Section 202)

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	855,000	339,442	-	1,194,442	965,876	783,034
2022 Annualized CR	855,000	207,477	-	1,062,477	994,100	858,000
2023 President's Budget	966,000	50,377	-	1,016,377	991,000	1,048,000
Change from 2022	111,000	(157,100)	-	(46,100)	(3,100)	190,000

a/ 2021 Carryover amount includes \$330 million in carryover, \$6 million in recoveries, and \$3 million in collections.

b/ 2022 Carryover amount includes an estimated \$227.4 million in carryover and \$1 million in recoveries. It is net \$21 million in transfers to PBRA and TBRA for RAD Conversions.

c/ 2023 Carryover amount includes an estimated \$68 million in carryover and \$1 million in recoveries. It is net \$19 million in transfers to PBRA and TBRA for RAD Conversions.

#### PROGRAM PURPOSE

The Housing for the Elderly (Section 202) program expands the supply of affordable housing with supportive services for the elderly through capital advances and Project Rental Assistance Contracts (PRACs). The Section 202 program supports nonprofit entities in building and operating affordable housing for very low-income elderly tenants. Housing through the Section 202 program provides seniors with options that allow them to live independently and in an environment that provides connection to supportive services such as cleaning, cooking, and transportation.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$966 million for Housing for the Elderly, which is \$111 million more than the 2022 annualized CR level. This request includes:

- \$742 million to fund renewals and amendments of Project Rental Assistance Contracts (PRACs) and Senior Preservation Rental Assistance Contracts (SPRACs).
- \$100 million for new Capital Advances to increase the supply of affordable housing for seniors by approximately 1,100 units.
- \$120 million to fund the renewal of approximately 1,600 existing Service Coordinator and Congregate Housing Services grants plus any new awards that will be determined based on the results of the 2022 Notice of Funding Opportunity (NOFO).
- \$4 million for property inspections and related administrative costs.

In addition, to support HUD's focus on climate resilience, property owners who seek to improve their properties may be eligible to receive grants or loans under the Green and Resilient Retrofit (GRRP) program.

This budget level assumes that adverse impacts of the current COVID-19 pandemic will gradually begin to subside, and an economic recovery will be well underway by the start of 2023.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based

training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## **JUSTIFICATION**

### **PRAC/SPRAC Renewals and Amendments - \$742 million**

The requested funding provides \$742 million for Section 202 PRAC/SPRAC renewals and amendments. The proposed amount will fully fund approximately 117,000 units covered by the 2,800 contracts requiring renewal or amendment through mid-November 2023.

Increases for Section 202 PRAC/SPRAC renewals and amendments are driven mainly by increased project operating costs and other inflationary factors, and by funding needed to support units under contracts that are renewing or need amendment funding for the first time. For 2023, HUD estimates Section 202 program subsidy inflation at approximately 4.4 percent. During 2023, about 2,600 existing PRAC units will renew or require amendment funds for the first time.

The funding for PRAC/SPRAC renewal and amendment assumes that current services renewal needs will be fully funded in 2022 through regular appropriations. This assumes an offset of \$4 million as approximately 16 Section 202 properties with approximately 625 units convert to Project Based Rental Assistance (PBRA) or Project Based Vouchers (PBV) through the Rental Assistance Demonstration (RAD) program.

### **Service Coordinator/Congregate Housing Services - \$120 million**

The requested funding renews approximately 1,600 existing Service Coordinator/Congregate Housing Services grants plus any new grants awarded as part of the 2022 NOFO. These grants support independent living and guard against premature transitions to nursing home care at properties that do not have a current service coordinator grant or funds allocated in their operating budgets for this purpose. Older adults living in HUD-assisted housing are more likely on average to have multiple chronic conditions than other older adults<sup>1</sup>. Service coordination promotes housing equity by connecting residents to the supportive services that they need to continue living independently and age in the community.

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 increases in the size of annual extension requests for established grants.

The Congregate Housing Services Program (CHSP) is a legacy program that now only funds renewals for 31 remaining grants. CHSP subsidizes the cost of supportive services that are provided on-site and in participants' homes, which may include, but are not limited to, congregate meals, housekeeping, personal assistance, transportation, and case management.

### **Capital Advance Expansion - \$100 million**

The requested funding would increase the affordable housing supply for vulnerable seniors with worst-case housing needs. These funds will provide construction funding and operating assistance for approximately 1,100 new units of Section 202 housing. The Section 202 program is currently the only Federally funded program that expressly addresses the need for affordable elderly housing. Its

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<sup>1</sup> U.S. Department of Health and Human Services (2014). *Picture of Housing and Health: Medicare and Medicaid Use Among Older Adults in HUD-Assisted Housing*. Available at: [https://aspe.hhs.gov/sites/default/files/migrated\\_legacy\\_files/44236/HUDpic.pdf](https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/44236/HUDpic.pdf)

impact is amplified through the leverage of other housing resources such as Low-Income Housing Tax Credits (LIHTC).

The average annual household income for Section 202 PRAC tenants is approximately \$14,000. 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 the Baby Boom generation continues to age into retirement. In addition to demand outpacing investments in elderly housing, the number of older Americans with worst-case housing needs is increasing. HUD's Worst Case Housing Needs: 2021 Report to Congress found that 2.24 million households headed by an elderly person had worst-case housing needs.<sup>2</sup> The proportion of elderly, very low-income renters with worst-case needs was 40.3 percent in 2019. Low-income elderly households that rely on fixed incomes may be less likely than households with wage income to benefit from positive economic trends, but elderly households are affected by rising market rents, nonetheless. The Section 202 program helps to reduce the number of vulnerable seniors experiencing worst-case housing needs or homelessness. 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, age in the community, and avoid more expensive institutional settings.

As Section 202 properties age, these properties create an upward pressure on this account because of the reliance on funding through the rental assistance contract to make repairs and replacements. As HUD reviews the potential increases to subsidy levels, energy efficient, and cost-effective improvements to the properties are typically required to decrease their carbon footprint and operating costs.

#### **Capital Advance Amendments and Other Expenses - \$4 million**

The requested funding provides \$4 million for inspections and other administrative costs, including funding needed to address the backlog and increasing cost of REAC inspections delayed due to the COVID-19 National Emergency.

HUD's 2023 Budget also includes funds for the Real Estate Assessment Center's (REAC) efforts to eliminate the backlog of overdue physical inspections accrued largely during the COVID-19 pandemic, consistent with HUD Strategic Objective 2B – Improve Rental Assistance. The funds requested will enable REAC to eliminate the Multifamily Housing inspection backlog and maintain on-schedule inspections and re-inspections consistent with Multifamily program regulations through the end of fiscal year 2023. Funds requested also support inspections-related contracts that facilitate analysis of inspection data, performance reporting, and the improvement of HUD's inspection program through the National Standards for the Physical Inspection of Real Estate (NSPIRE) contract. Please see the Public Housing Fund justification for more details.

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<sup>2</sup> <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>.

**Q4 2021 Section 202 Tenant Characteristics****How many households and people are served?****132 thousand people****123 thousand households****What are the racial characteristics of the tenants?**

This program serves a relatively demographically diverse population. **51%** of residents are in a minority group.

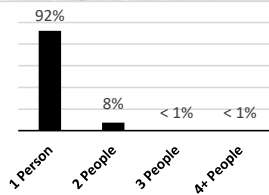
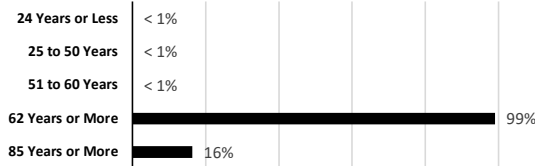
<i>Asian/ P.I.</i>	<i>Black, non- Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White</i>	<i>Unknown</i>
11%	22%	16%	1%	44%	5%

**What are the characteristics of the heads of household?**

Female headed families with children &lt; 1%

Elderly 99%

Non-elderly disabled &lt; 1%

**How big are the households?****How old are the heads of household?****What is the share of rent paid by the tenant and HUD?**

Average household contribution **\$324**  
 Average HUD contribution **\$472**

**What are the income levels of assisted households?**

Tenants make an average gross income of **\$14,249**.  
**85%** of households earn \$20,000 or less per year

**How do household incomes compare to the local area median income?**

Extremely low income (less than 30% AMI) **75%**  
 Very low income (30% to 50% AMI) **23%**  
 Low Income (50% to 80% AMI) **1%**

Some percentage totals not equal to 100 due to rounding.

Source: HUD PIC and TRACS databases, December 2021 extract.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Capital Advance (Expansion)	35,000	152,097	187,097	136,713	35,000	50,384	85,384	100,000
Capital Advance Amendments and Other Expenses	3,000	9,027	12,027	9,439	3,000	2,264	5,264	4,000
Elderly PRAC/SPRAC Renewals/Amendments	673,000	108,466	781,466	692,164	673,000	90,302	763,302	742,000
Service Coordinators/Congregate Services	125,000	17,459	142,459	97,912	125,000	43,782	168,782	120,000
Senior Preservation Rental Assistance Contracts (Expansion)	-	1,500	1,500	-	-	1,500	1,500	-
Aging in Place Home Modification Grants	-	20,000	20,000	20,000	-	-	-	-
Elderly PRAC/SPRAC Renewals/Amendments (CARES Act)	-	20,893	20,893	5,287	-	15,606	15,606	-
Service Coordinators/Congregate Services (CARES Act)	-	10,000	10,000	4,361	-	5,639	5,639	-
Intergenerational Dwelling Units	5,000	-	5,000	-	5,000	5,000	10,000	-
Supportive Services/IWISH Demonstration	14,000	-	14,000	-	14,000	14,000	28,000	-
Rental Assistance Demonstration (RAD)	-	-	-	-	-	(21,000)	(21,000)	-
<b>Total</b>	<b>855,000</b>	<b>339,442</b>	<b>1,194,442</b>	<b>965,876</b>	<b>855,000</b>	<b>207,477</b>	<b>1,062,477</b>	<b>966,000</b>

a/ 2021 Budget Authority reflects reallocation between Capital Advance and PRAC Renewals as reflected in the 2021 Operating Plan.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2023 President's Budget includes the following:

Renewal of Section 811 PRAC and 202 PAC Contracts for Terms of Up to Five Years: This proposal would allow HUD to renew expiring Section 811 PRACs and Section 202 PACs for up to five-year terms. This mirrors a provision enacted in 2021 that allows 5-year terms for Section 202 PRAC renewals.

Authorize use of Section 8 Contracts for Properties Developed Through Capital Advance Funds: Under current law, HUD is authorized to award Section 202 capital advance awards and to enter into project rental assistance contracts (PRACs). This proposal would allow HUD to enter into Section 8 PBRA Housing Assistance Payments (HAP) contracts in lieu of PRACs.

**General Provisions**

The 2023 President's Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

Transfers of Assistance, Debt, and Use Restrictions: This provision allows the Secretary to 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 obsolete multifamily housing project(s) to a viable multifamily housing project. (2023 President's Budget Sec. 206)

## Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

Authorize use of Section 8 Contracts for Properties Developed Through Capital Advance Funds:

Under current law, HUD is authorized to award Section 202 capital advance awards and to enter into project rental assistance contracts (PRACs). This proposal would allow HUD to enter into Section 8 Housing Assistance Payments (HAP) contracts in lieu of PRACs.

Modification to Rent Increase procedures for Section 202 and 811 Capital Advance projects:

Currently, contract rents for properties with Section 202 and Section 811 project rental assistance contracts (PRACs) are set through annual budget-based rent increases. This proposal would allow for the use of an operating cost adjustment factor (OCAF) for annual contract adjustments, with budget-based rent increases every 5 years. This would streamline the rent adjustment process for Section 202 and Section 811 PRACs and reduce administrative burden on property owners and HUD program staff. The use of annual OCAF would eliminate the need for over 4,000 budget reviews of properties in the PRAC portfolio annually, saving an estimated 25,000 staff hours by allowing sponsors of these properties to use interim OCAF adjustments rather than preparing annual budget submissions, and an estimated 20,000 staff hours for HUD in reviewing and responding to these submissions. These scarce staffing resources could be better used running properties and supporting residents, and on the HUD side could be dedicated to other portfolio management tasks, including property oversight.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

### HOUSING FOR THE ELDERLY (INCLUDING TRANSFER OF FUNDS)

*For capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), 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 5-year term, for senior preservation rental assistance contracts, including renewals, as authorized by section 811(e) of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), and for supportive services associated with the housing, \$966,000,000, to remain available until September 30, 2026: Provided, That of the amount made available under this heading, up to \$120,000,000 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 enter into new project-based subsidy contracts, which shall be renewable under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, using the resources made available under the heading "Project-Based Rental Assistance" to support projects awarded new capital advance awards: Provided further, That, from amounts made available under this heading for project rental assistance contracts, the Secretary shall transfer to and merge with amounts available under the heading "Project-Based Rental Assistance" an amount equal to the total cost of the new incremental project-based subsidy contracts executed under the authority of the previous proviso: Provided further, That amounts made available under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 202 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 remain available until September 30, 2026: 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: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be available for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Housing for Persons with Disabilities (Section 811)

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	227,000	237,016	-	464,016	315,763	210,997
2022 Annualized CR	227,000	152,253	-	379,253	341,000	295,000
2023 President's Budget	287,700	39,253	-	326,953	310,000	372,000
Change from 2022	60,700	(113,000)	-	(52,300)	(31,000)	77,000

a/ 2021 Carryover amount includes \$232 million in carryover, \$2 million in recoveries, and \$3 million in collections.

b/ 2022 Carryover amount includes an estimated \$148 million in carryover, \$1 million in recoveries, and \$3 million in collections.

c/ 2023 Carryover amount includes an estimated \$38 million in carryover and \$1 million in recoveries.

#### PROGRAM PURPOSE

The Housing for Persons with Disabilities Program (Section 811) provides project-based rental assistance to very low- and extremely low-income persons with disabilities to live independently in integrated housing settings with community-based support and services. The program targets vulnerable persons with disabilities who need affordable housing to effectively access community-based support and services, such as case management, housekeeping, and daily living assistance to successfully live independently in the community. Section 811 provides project-based rental assistance that covers the difference between HUD-approved operating costs of the project and the tenants' contributions toward rent, as well as direct funding for construction through Capital Advances.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$287.7 million for the Section 811 program, which is \$60.7 million more than the 2022 Annualized CR level. This includes:

- \$205 million for Project Rental Assistance Contracts (PRAC), Project Assistance Contracts (PAC), and State Project Rental Assistance (State PRA) renewals and amendments.
- \$80 million for Capital Advance and Project Rental Assistance to increase the supply of affordable, community-based housing for persons with disabilities.
- \$2.7 million for inspections and related administrative costs.

In addition, to support HUD's focus on climate, property owners who seek to improve their properties may be eligible to receive grants or loans under the proposed Green and Resilient Retrofit program.

This Budget level assumes that adverse impacts of the current COVID-19 pandemic will gradually begin to subside, and an economic recovery will be well underway by the start of 2023.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.



## JUSTIFICATION

### **PRAC/PAC/State PRA Renewals and Amendments - \$205 million**

The 2023 Budget provides \$205 million for PRAC, Project Assistance Contract (PAC), and State PRA renewals and amendments to support affordable rental homes for very low-income persons with disabilities. The requested amount will fully fund the approximately 31,600 units, under the 2,760 contracts requiring renewal or amendment from January through December 2023.

Increases in gross needs for Section 811 PRAC/PAC/PRA renewals and amendments are driven mainly by increased project operating costs and other inflationary factors, and by funding needed to support units under contracts that are renewing or need amendment funding for the first time. For 2023, HUD estimates Section 811 program subsidy inflation at approximately four percent. During 2023, about 850 existing PRAC units will renew or require amendment funds for the first time.

The funding for PRAC/PAC/PRA renewal and amendment amounts assumes that current services renewal needs will be fully funded in 2022 through regular appropriations.

This funding promotes health equity through the integration of healthcare and housing and will advance policies that recognize housing's role as essential to the residents' health and well-being. The Section 811 program provides the funding to connect housing and supportive services for persons with disabilities to live independently in an integrated community-based housing setting.

Providing deeply affordable housing promotes the economic stability of persons with disabilities by giving them the opportunity to use their financial resources that otherwise would have gone towards market rent for other purposes, such as education, nutrition, healthcare, transportation, and savings.

Section 811 PRA promotes vital collaboration between stakeholders to promote connections between housing and services for persons with disabilities. Section 811 PRA requires cooperation between State Housing Finance Agencies (HFAs) and State Medicaid Agencies to build institutional capacity in participating States so States can provide integrated housing in communities.

### **Capital Advance and State Project Rental Assistance - \$80 million**

The requested funding will support approximately 900 new Section 811 units to expand the supply of affordable housing for very low- and extremely low-income persons with disabilities to live independently in the community with connections to critical supportive services, as an alternative to costly institutional care. The awards will provide construction funding through Capital Advances with operating assistance to not-for-profit owners and new Project Rental Assistance (PRA) awards to State HFAs, as well as other eligible entities.

The Section 811 Program addresses the unmet housing needs of very low- and extremely low-income renters with disabilities who may experience severe housing problems. HUD's *Worst Case Housing Needs: 2021 Report to Congress* showed that 1.045 million renter households with worst case needs included one or more non-elderly people with disabilities.<sup>1</sup> People with disabilities often require accessible housing in addition to supportive services to live independently and avoid institutionalization. Finding housing that accommodates these needs is very challenging.

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<sup>1</sup> HUD (2021). *Worst Case Housing Needs: 2021 Report to Congress*. Available at: <https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs-2021.html>

### Capital Advance Amendments and Other Expenses - \$2.7 million

The Budget provides up to \$2.7 million for physical inspections and related costs, including funding needed to address the backlog and increasing cost of REAC inspections delayed due to the COVID-19 National Emergency.

HUD's 2023 Budget request also includes funds for the Real Estate Assessment Center's (REAC) efforts to eliminate the backlog of overdue physical inspections accrued largely during the COVID-19 pandemic, consistent with HUD Strategic Objective 2B – Improve Rental Assistance. The funds requested will enable REAC to eliminate the Multifamily Housing inspection backlog and maintain on-schedule inspections and re-inspections consistent with Multifamily program regulations through the end of 2023. Funds requested also support inspections-related contracts that facilitate analysis of inspection data, performance reporting, and the improvement of HUD's inspection program through the National Standards for the Physical Inspection of Real Estate (NSPIRE) contract. Please see the Public Housing Fund justification for more details.

Owners of Section 811 properties may be able to receive a grant or loan to improve the climate resilience and energy efficiency of the units through HUD's new Green and Resilient Retrofit program.

Q4 2021 Section 811 Tenant Characteristics														
<p>How many households and people are served?</p> <p>36 thousand people</p> <p>33 thousand households</p>	<p>What are the racial characteristics of the tenants?</p> <p>This program serves a somewhat diverse population. 38% of residents are in a minority group.</p> <table><tr><td>Asian/ P.I.</td><td>Black, non- Hispanic</td><td>Hispanic</td><td>Native American</td><td>White</td><td>Unknown</td></tr><tr><td>2%</td><td>27%</td><td>8%</td><td>1%</td><td>54%</td><td>7%</td></tr></table>	Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown	2%	27%	8%	1%	54%	7%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 3%</p> <p>Elderly 26%</p> <p>Non-elderly disabled 73%</p>
Asian/ P.I.	Black, non- Hispanic	Hispanic	Native American	White	Unknown									
2%	27%	8%	1%	54%	7%									
<p>How big are the households?</p>	<p>How old are the heads of household?</p>	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution \$286</p> <p>Average HUD contribution \$517</p>												
<p>What are the income levels of assisted households?</p> <p>Tenants make an average gross income of \$12,007.</p> <p>92% of households earn \$20,000 or less per year</p>	<p>How do household incomes compare to the local area median income?</p> <p>Extremely low income (less than 30% AMI) 86%</p> <p>Very low income (30% to 50% AMI) 13%</p> <p>Low Income (50% to 80% AMI) 1%</p>													

Some percentage totals not equal to 100 due to rounding.

Source: HUD PIC and TRACS databases, December 2021 extract.

Some percentage totals not equal to 100 due to rounding.

Source: HUD PIC and TRACS databases, December 2021 extract.

The *Genworth 2021 Cost of Care Survey* estimates the national average cost of a semi-private room in a nursing home is \$94,896 per year.<sup>2</sup> Evaluations of the Department of Health and Human Services (HHS) Money Follows the Person (MFP) program have found that lack of available affordable housing is a major barrier to transitioning persons with disabilities to independent living.<sup>3</sup> The two most commonly reported challenges in a 2016 report were a dearth of affordable and accessible housing and an insufficient supply of rental vouchers. 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 the HHS Centers for Medicare and Medicaid Services. They find limited success in achieving this mandate, despite effective Medicaid waiver programs, because the target population cannot afford the cost of market rent in their community. Smart investments in Section 811 supportive housing align with, and complement, State efforts to provide home and community-based services for persons with disabilities in independent housing settings, minimizing the need to institutionalize this population.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Capital Advance Amendments and PRA (Expansion)	54,000	164,198	218,198	124,186	54,000	94,012	148,012	80,000
Capital Advance Amendments and Other Expenses	2,000	14,072	16,072	7,008	2,000	9,064	11,064	2,700
Disabled PRAC/PAC Renewal/Amendment	171,000	48,916	219,916	183,598	171,000	40,318	211,318	205,000
Disabled PRAC/PAC Renewal/Amendment (CARES Act)	-	9,830	9,830	971	-	8,859	8,859	-
<b>Total</b>	<b>227,000</b>	<b>237,016</b>	<b>464,016</b>	<b>315,763</b>	<b>227,000</b>	<b>152,253</b>	<b>379,253</b>	<b>287,700</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President's Budget includes the following:

Renewal of Section 811 PRAC and 202 PAC Contracts for Terms of Up to Five Years. This proposal would allow HUD to renew expiring Section 811 PRACs and Section 202 PACs for up to five-year

<sup>2</sup> Genworth (2021). *Genworth Cost of Care Survey 2021*. Available at: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

<sup>3</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.

terms. This mirrors a provision enacted in 2021 that allows 5-year terms for Section 202 PRAC renewals.

### **General Provisions**

The 2023 President's Budget proposes the following new general provisions:

**RAD for Section 811.** (See *PBRA Account*) Authorize the budget-neutral conversion of Section 811 PRAC properties under RAD. Much like the Section 202 PRACs, the 30,000 units assisted through Section 811 PRACs are an aging stock with growing capital needs, but with limited access to private and public financing. These properties also experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements, which may require distinct authorizing language to make best use of the deep rental assistance, and which will be recognized in the planned conversion process. These changes will ultimately improve properties and benefit tenants with disabilities. (2023 President's Budget, Sec. 232)

The 2023 President's Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

**Transfers of Assistance, Debt, and Use Restrictions.** This provision allows the Secretary to 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 obsolete multifamily housing project(s) to a viable multifamily housing project. (2023 President's Budget, Sec. 206)

## Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

Modification to Rent Increase procedures for Section 202 and 811 PRAC projects. Currently, contract rents for properties with Section 202 and Section 811 project rental assistance contracts (PRACs) are set through annual budget-based rent increases. This proposal would allow for the use of an operating cost adjustment factor (OCAF) for annual contract adjustments, with budget-based rent increases every 5 years. This would streamline the rent adjustment process for Section 202 and Section 811 PRACs and reduce administrative burden on property owners and HUD program staff. The use of annual OCAF would eliminate the need for over 4,000 budget reviews of properties in the PRAC portfolio annually, saving an estimated 25,000 staff hours by allowing sponsors of these properties to use interim OCAF adjustments rather than preparing annual budget submissions, and an estimated 20,000 staff hours for HUD in reviewing and responding to these submissions. These scarce staffing resources could be better used running properties and supporting residents, and on the HUD side could be dedicated to other portfolio management tasks, including property oversight.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For capital advances, including 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), for project rental assistance for supportive housing for persons with disabilities under section 811(d)(2) of such Act, for project assistance contracts pursuant to subsection (h) of section 202 of the Housing Act of 1959, as added by section 205(a) of the Housing and Community Development Amendments of 1978 (Public Law 95-557: 92 Stat. 2090), including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 5-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 Affordable Housing Act, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, \$287,700,000, to remain available until September 30, 2026: Provided, That amounts made available under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 811 projects: Provided further, 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 remain available until September 30, 2026: 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: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be used for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Housing Counseling Assistance

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	77,500	3,096	-	80,596	3,928	45,078
2022 Annualized CR	77,500	76,822	-	154,322	133,000	53,000
2023 President's Budget	65,900	21,322	-	87,222	66,000	101,000
Change from 2022	(11,600)	(55,500)	-	(67,100)	(67,000)	48,000

#### PROGRAM PURPOSE

The mission of HUD's Office of Housing Counseling is to provide individuals and families with the knowledge they need to obtain, sustain, and improve their housing stability and financial health. This mission is accomplished by supporting a strong national network of HUD-approved housing counseling agencies and counselors. The mission also includes supporting the Administration's goals of increasing racial equity in homeownership, recovering from COVID-19, building generational equity and wealth through responsible and sustainable homeownership, supporting eviction prevention efforts, supporting senior citizens, and assisting consumers impacted by national emergencies or disasters.

#### BUDGET OVERVIEW

The 2023 President Budget's requests \$65.9 million for the Office of Housing Counseling (OHC), which is \$11.6 million less than the 2022 annualized CR level. This funding level will support families and consumers, seniors, disaster impacted families, delinquent homeowners and renters. Funding at this level will allow approximately 4,000 HUD-certified Housing Counselors, including 367 Home Equity Conversion Mortgage (HECM) certified Housing Counselors to assist consumers with professional, quality education, advice, and support to make informed decisions.<sup>1</sup> Assistance provided by HUD-certified counselors—who are trained in homeownership, loss mitigation, disaster preparedness and disaster loss mitigation, homebuying, rental eviction prevention and homelessness prevention, scam and fraud avoidance, and credit counseling—assures that each homeowner, resident, or consumer seeking help optimizes their housing situation and financial success.

The requested level of funding will permit HUD, through its network of approximately 1,600 housing counseling agencies, to support over 1 million consumers at a cost of approximately \$251.59 per

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<sup>1</sup> HUD administers two separate exams: one for individuals seeking certification as a general Housing Counselor, and one for individuals seeking certification as a HECM-specific Housing Counselor.

client, based on analysis of agency 2021 reported data.<sup>2, 3, 4</sup> Analysis indicates that because of COVID-19, agencies continue to adjust their business operations to offer more telephonic and internet counseling services. Many of the clients are traditionally from rural and historically underserved communities that have been most adversely impacted by COVID-19. The Budget includes \$3.5 million that will continue to increase the participation of Historically Black Colleges and Universities (HBCUs) and Minority Serving Institution (MSIs) in HUD's Housing Counseling program.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## JUSTIFICATION

### Housing Counseling Grants--\$61.0 million

Grants to Housing Counseling Agencies, Foreclosure Prevention Counseling, Homeownership Counseling, Fraud/Scam Awareness/Prevention (\$50 million): Funding at this level will support assistance to approximately 1,600 HUD-approved agencies for housing counseling services, as well as training for counselors. In 2021, 177 agencies received funding directly from HUD, and around 944 affiliate agencies received funding from HUD-approved intermediaries. The Budget is projected to serve just over 1 million consumers.<sup>5</sup>

HUD-approved housing counseling agencies provide quality counseling in the following areas: homeownership, financial budgeting, Home Equity Conversion Mortgages, transitioning from homelessness to housing, rental counseling, wire fraud and scam prevention, and fair housing counseling to renters and home buyers who experience discrimination. The funding allows agencies to deliver a holistic range of housing counseling and education services appropriate to national and local market conditions and individual consumer needs.

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<sup>2</sup> This represents a decrease from the number of Housing Counseling agencies present when the 2022 Congressional Justification was submitted (approximately 1,750). After the implementation of the Housing Counselor Certification requirement, some programs were terminated if they did not have a Housing Counselor who is HUD-certified (however, agencies who dropped out due to certification issues only reflect 0.063 percent of annual client sessions, and many other agencies have expanded their counseling capacity over the past year). In addition, some agencies and intermediaries closed branches in order to have a more virtual presence due to the COVID-19 pandemic.

<sup>3</sup> This number includes consumers who will be directly served by HUD funding as well as additional consumers served by HUD housing counseling agencies from other funding sources. We estimate the combined number of consumers served because HUD-approved Housing Counseling agencies leverage their HUD funding and approval status to obtain additional funding.

<sup>4</sup> The projection methodology involves analyzing previous years' actual counseled clients charged to the HUD grants versus the actual grant funds awarded to see how well it would have predicted client volume. The percentage difference between actual and projected clients are calculated, and the variance is applied to the current fiscal year to project total grant clients served. The current projection methodology uses data from 2019 to present.

<sup>5</sup> Projections may fluctuate due to variables that include the cost of providing services and changes in the level of funding agencies receive from other sources.

Grant funding to expand HUD Partnerships with HBCUs and MSIs (\$3.5 million): HUD supports agencies that partner with HBCUs and other MSIs to help them expand sustainable housing opportunities and build generational wealth in their communities. This housing counseling activity facilitates homeownership education for underserved communities of color by bridging the information gap through local agencies focused on community counseling service delivery.

In 2021, 19 HBCUs/MSIs applied for Comprehensive grant funding. Of that number, 16 were eligible for funding. The 16 who applied requested over \$6 million in support. Based on agency interest, HUD expects an even larger number of applications this fiscal year. HUD plans to use some of the requested increase in Housing Counseling to expand program participation by these institutions, which, in turn, are opportunities for closing the racial equity gap and building generational wealth in these communities.

Expand Services to Historically Underserved Communities with Culturally Sensitive and Linguistically Appropriate Counseling (\$5.0 million): The Budget includes \$5 million for expanded outreach to diverse markets and augmented counseling services to communities including Asian-Pacific, Latino(s), Black, Native Alaskan, Tribal, and rural communities. This will be a separate funding program specifically designed to realize HUD's goal of bridging the homeownership gap. Funds will be distributed via a new fixed-fee grant competition that will also collect augmented data for all mortgages originated.<sup>6</sup> Based on the \$5 million budget amount, HUD expects to fund over 5,000 program sessions that realize homeownership.<sup>7</sup>

Compared to OHC's main grant program, this initiative will also use a more in-depth counseling and coaching methodology to serve hard-to-reach underserved communities. Outreach activities included in the statement of work will focus in on the needs of Black, Latino(s), Asian-Pacific, and other diverse markets served by participating housing counseling agencies. Using culturally sensitive and linguistically appropriate service delivery, materials, and group education, the OHC will implement capacity building initiatives in conjunction with HUD-approved housing counseling agencies across the country which will directly improve access to HUD-certified housing counselors.<sup>8</sup>

Training Grants for Housing Counseling Continuing Education (\$2.5 million): HUD is committed to assuring consumers receive quality counseling services. This will be achieved through Counselor training and professional development provided by HUD training grantees. In 2021, HUD's five training grantees provided 818 virtual training sessions for a total of more than 33,600 housing counselors attending, aggregately. The Budget would fund approximately 850 virtual trainings in sustainable, responsible homeownership, building generational wealth and equity, foreclosure/loss mitigation, scam and fraud detection and avoidance, and disaster preparedness and disaster loss mitigation.

### **Administrative Contract Services – Up to \$ 4.9 million**

The Budget will support outreach and awareness efforts, improved data collection and reporting to the Office of Management and Budget and other stakeholders and a reduction in administrative burden on counseling agencies and HUD. In addition, funding will enhance agency oversight, ensure program compliance, support the Housing Counseling Federal Advisory Committee, fund HECM tools for housing counselors, increase educational activities, improve online certification

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<sup>6</sup> With a fixed-fee grant program, counseling agencies receive a set amount of funding for each client served. Fixed-fee funding models are a growing trend in the broader housing counseling industry and many counseling agencies, including NeighborWorks America, already receive fixed-fee reimbursement from other funders.

<sup>7</sup> Assuming a fixed-fee reimbursement rate of \$850 for each client that successfully realizes homeownership.

<sup>8</sup> Capacity building includes a variety of technical, administrative, and programmatic assistance that HUD/OHC provides to agencies including financial assistance and training on best practices in the housing counseling field.



examinations, and facilitate the development of study guides. Further, HUD has requested a higher amount for Administrative Contract Services in part to fund the development of a new impact methodology that will use more sophisticated data, predictive analysis, and trend forecasting to better document the value that consumers receive from HUD's Housing Counseling program. This improved data management will enhance HUD's ability to strategically target the provision of resources and funding towards areas that can benefit most from the services that OHC provides.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Housing Counseling Assistance	53,000	350	53,350	1,887	53,000	53,000	106,000	61,000
Training Grants	-	-	-	-	-	-	-	-
Certification Grants	-	-	-	-	-	-	-	-
Administrative Contract Services	4,500	2,746	7,246	2,041	4,500	3,822	8,322	4,900
Legal Assistance Grants	20,000	-	20,000	-	20,000	20,000	40,000	-
<b>Total</b>	<b>77,500</b>	<b>3,096</b>	<b>80,596</b>	<b>3,928</b>	<b>77,500</b>	<b>76,822</b>	<b>154,322</b>	<b>65,900</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Legislative Proposals

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

Change the terms of the Housing Counseling Federal Advisory Committee: This proposal would provide greater flexibility to establish staggered terms for appointees to the Housing Counseling Federal Advisory Committee to promote continuity as committee member terms expire.

## APPROPRIATIONS LANGUAGE

The 2023 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, \$65,900,000, to remain available until September 30, 2024, including up to \$4,900,000 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 or 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 awarding 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 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Manufactured Housing Fees Trust Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	13,000	7,275	-	20,275	11,219	10,271
2022 Annualized CR	13,000	9,474	-	22,474	13,000	12,000
2023 President's Budget	14,000	9,474	-	23,474	14,000	14,000
Change from 2022	1,000	-	-	1,000	1,000	2,000

#### PROGRAM PURPOSE

Manufactured housing is a key segment of the affordable housing industry, and manufactured homes provided approximately 9 percent of the Nation's single-family housing starts in 2021.<sup>1</sup> Additionally, manufactured homes constitute a major source of housing in rural America, where one in seven homes is a manufactured home.<sup>2</sup> The primary purposes of the Manufactured Home Construction and Safety Standards Act of 1974 as amended by the Manufactured Housing Improvement Act of 2000 is "to protect the quality, durability, safety, and affordability of manufactured homes" and, "to facilitate the availability and affordability of manufactured homes and to increase homeownership for all Americans" (42 USC Section 5401(b)). Therefore, HUD's Office of Manufactured Housing Programs (OMHP) is critical for ensuring access to affordable homeownership, increasing the supply of affordable housing throughout the United States, and coordinating proper compliance with construction safety standards. The OMHP serves a key role in supporting the Administration's goal of increasing the supply of affordable and equitable access to affordable housing across the Nation.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$14 million for OMHP, which is \$1 million more than the 2022 annualized CR level. Funding for this program is solely supported from the receipt of HUD's certification label fee of \$100 for each transportable section. In 2021, HUD collected approximately \$16.7 million in fees. HUD projects an estimated \$16 million in fee collections during 2022 and 2023. The Administration prioritizes manufactured housing as a critical tool in increasing the affordable housing supply, especially for underserved Americans. HUD is actively participating in the White House Council on Environmental Quality's Manufactured Housing Task Force and the White House Housing Supply and Prices Interagency Policy Committee. Both of these White House-level initiatives are taking administrative actions to boost supply and support affordability for manufactured housing.

The requested funds will support the Department's implementation and oversight responsibilities for the nationwide building regulatory program including updating the construction, safety, and installation standards of manufactured homes. The request would also provide funding for HUD to conduct technical support meetings with State partners to increase State engagement and build

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<sup>1</sup> HUD Policy Development and Research, National Housing Market Survey, 2020 Supply Data

<sup>2</sup> Housing Assistance Council, Rural Research Brief, July 2020.

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## MANUFACTURED HOUSING FEES TRUST FUND

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consensus in funding State inspection programs, incentivize State partnerships, increase State collaboration with OMHP, and fully support Manufactured Housing Consensus Committee (MHCC) activities that contribute to the rulemaking process.

Program Operation Area	2023 Request (Dollars in Thousands)
Payments to States	4,600
Contract for Monitoring Primary Inspection Agencies and States	4,600
Contract for Monitoring Design Approval Agencies	1,600
Contract for Installation Inspection and Enforcement	1,200
Contract for Consumer Information and Dispute Resolution	650
Contract for Consensus Committee Administering Organization and Support Services	425
Contract for Manufactured Housing Programs Meeting Support Services	925
<b>Total</b>	<b>14,000</b>

Note: The table provides estimates by contract type and are not individual programs, projects or activities for reprogramming purposes. Please see "Summary of Resources by Program" table at the end of the justification.

## JUSTIFICATION

### Funding Impact

HUD's construction and safety standards preempt State and local laws and apply to all manufactured homes produced after June 15, 1976. While manufactured housing serves all demographics, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, rural households, and elderly households with fixed incomes. Therefore, manufactured housing is an important component of the Administration's goal of equitably providing safe, affordable, and durable homes to those consumers most in need. About 17.5 million people live in manufactured homes.<sup>3</sup> In 2019, the median household income of manufactured homeowners was \$34,800, and the mean household income was \$43,900, making manufactured housing a key component of affordable housing. In 2021, the average sales price of a manufactured home was \$102,175.<sup>4</sup>

Payments to States: \$4.6 million of the Budget will address instances of non-conformance with the Construction and Safety Standards for homes manufactured or located in States with a State Administrative Agency (SAA). SAAs work with manufacturers to ensure consumers are notified of any defect, or, in the event of a serious problem, the SAAs may require the manufacturers to repair or replace manufactured homes. There are currently 33 SAAs in the program. HUD is responsible for direct oversight in the 17 States without SAAs and performs these functions with assistance from the contractor for Monitoring Primary Inspection Agencies and States.

Contracted Assistance for Program Implementation: \$9.4 million of the Budget will cover the contractual costs for monitoring program compliance and enforcing program regulations, specifically:

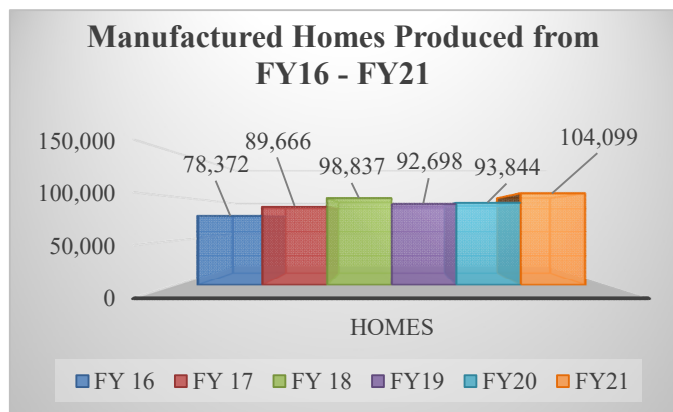
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<sup>3</sup> U.S. Census Bureau, American Community Survey, 2019

<sup>4</sup> U.S. Census Bureau, [Manufactured Housing Survey Data, October 2021](#).

- Enable HUD to continue to monitor the manufacturer's compliance with the Construction and Safety Standards (\$4.6 million IPIAs/SAAAs + \$1.6 million DAPIAs). HUD oversees 18 third-party agencies who approve manufacturers' designs (6 Design Approval Primary Inspection Agencies (DAPIAs)) and inspect construction and quality programs in the plants (12 Production Inspection Primary Inspection Agencies (IPIAs)). These agencies ensure compliance with HUD's standards from approximately 139-manufacturing plants nationwide. In addition, HUD's contractor also performs record reviews in the 17 non-SAA states and monitors the performance of and supports 33 SAA partnerships including joint monitoring teams consisting of contractor and SAA staff.
- Continue oversight of the Model Installation Standards in all States (\$1.2 million). OMHP is responsible for installation oversight nationwide and the licensing and training of installers in many States. OMHP has implemented a Federally administered program in 14 States that have no installation programs and oversees State-administered programs in 36 States that are HUD-approved.
- Continue administration of the Dispute Resolution Program (\$650,000) to resolve disputes between manufacturers, retailers, and installers of manufactured homes. OMHP manages a Federally-administered program in 24 States without dispute resolution programs and oversees State-administered programs in 26 States. The contract will also work to expand the resources, information, and data available to prospective and current homeowners.
- Facilitate coordination of activities of the Manufactured Housing Consensus Committee (\$425,000) through an Administering Organization (AO). The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the Federal Advisory Committee process. The AO supports 22 MHCC members comprised of 21 MHCC voting members and one HUD member that serves as a non-voting Designated Federal Official. The MHCC provides recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in a Proposed Rule format with an economic analysis. The contractor also provides technical support by compiling cost and benefit data and providing analysis that will be useful in required impact analyses. This is a decrease from the 2022 request due to lower estimated contracting costs for economic analysis assistance.
- Increase collaboration and cooperation of all stakeholders (\$925,000) through up to four meetings with individual States or small group meetings in a fiscal year with partners in the Federal Manufactured Housing Program. These meetings are held with stakeholders to ensure that the program operates in a consistent and collaborative manner. These meetings bring stakeholders together, including meetings of the MHCC, meetings with in-plant and design approval agencies, and meetings at a national and regional level with State partners, as well as meetings with other Federal agencies.

**Key Assumptions:** The costs of these programmatic activities are rising steadily due to inflation, increases in the production of manufactured homes, and the steady increase in the number of production facilities nationwide. HUD is responsible for overseeing the DAPIAs and IPIAs to ensure the quality assurance programs are working properly so that consumer safety is not compromised. This is critical as manufactured homes are inspected by the IPIA in only one stage of production. The number of manufactured homes produced annually has increased by nearly 33 percent from 2016 to 2021, and production for the first three months of 2022 is more than 1,500 units ahead of the same period last year, despite continuing impacts from the COVID-19 pandemic. Also, the number of manufacturing plants has increased from 122 in 2013 to 139 in 2022. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2021, HUD collected approximately \$16.7 million in fees. HUD projects an estimated \$16 million in fee collections during 2022 and 2023.



### Outcomes, Performance Indicators, and Other Evidence

Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved while preserving affordability. 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.<sup>5</sup> Manufactured homes produced under the HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards.<sup>6</sup> 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.

HUD is also working to continuously update the Manufactured Home Construction and Safety Standards and associated regulations. In 2021, HUD published a final rule updating the HUD Code based on the third set of MHCC recommendations. HUD has been making steady progress in preparing additional updates to be published. Regular updates to the HUD Code are essential to further the associated strategic goals and administration priorities of equitably providing safe, durable, and affordable, manufactured homes nationwide.

### Administration Priorities

As a regulatory office, OMHP is uniquely positioned to assist in meeting several of the Administration's priorities. Manufactured housing is a housing solution that can help Americans realize the dream of homeownership. By enabling disadvantaged households to advance their own economic opportunities, OMHP directly supports the objective of sustainable homeownership and financial viability. Additionally, as a major source of FEMA-provided temporary housing, manufactured homes also support the short-term and long-term objectives of disaster recovery. HUD has been working towards minimizing the industry impacts of supply chain disruptions for the

<sup>5</sup> John R. Hall, Jr., National Fire Protection Association, Manufactured Home Fires, September 2013.

<sup>6</sup> Institute for Building Technology and Safety, An Assessment of Damage to Manufactured Homes Caused by Hurricane Charley, March 2005.

manufactured housing industry, providing code updates on a more regular basis, improving organizational outreach/communication to address homelessness, and continuing communication, cooperation, and collaboration with stakeholders. To support energy efficiency and innovation, OMHP has been working with the Department of Energy to provide feedback on its rule for increased energy efficiency in manufactured homes and working with DOE on compliance and enforcement.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Payments to States & Contracts	13,000	7,275	20,275	11,219	13,000	9,474	22,474	14,000
<b>Total</b>	<b>13,000</b>	<b>7,275</b>	<b>20,275</b>	<b>11,219</b>	<b>13,000</b>	<b>9,474</b>	<b>22,474</b>	<b>14,000</b>

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

### APPROPRIATIONS LANGUAGE

The 2023 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 \$14,000,000, to remain available until expended, of which \$14,000,000 shall be derived from the Manufactured Housing Fees Trust Fund (established under section 620(e) of such Act (42 U.S.C. 5419(e)): 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 2023 so as to result in a final fiscal year 2023 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 2023 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 Trust Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620 of such Act, 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 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### FHA – Mutual Mortgage Insurance Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	130,000	43,575	-	173,575	151,044	126,000
2022 Annualized CR	130,000	22,531	-	152,531	130,000	116,000
2023 President's Budget	165,000	24,531	-	189,531	174,000	130,000
Change from 2022	35,000	2,000	-	37,000	44,000	14,000

a/ 2021 Carryover includes \$39.6 million in carryover and \$4.0 million in recaptures.

b/ 2022 Carryover includes \$20.2 million in estimated carryover and \$2.3 million in anticipated recaptures.

c/ 2023 Carryover includes \$22.5 million in estimated carryover and \$2 million in anticipated recaptures.

#### PROGRAM PURPOSE

Under the Federal Housing Administration (FHA) Single Family Housing programs, the Mutual Mortgage Insurance (MMI) Fund has insured approximately 52.3 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. FHA 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, low- to moderate-income and minority homebuyers who, without FHA insurance, may find mortgage credit to be unaffordable or simply unavailable. FHA also remains active and viable in all markets during times of economic disruption, playing an important countercyclical role until private capital returns to its normal levels. During times of credit contraction, FHA plays an integral role in expanding equitable access to financing for traditionally marginalized borrowers. Through the MMI Fund, the Department offers several types of single-family forward (traditional) mortgage insurance products and Home Equity Conversion Mortgages (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.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$165 million for FHA administrative contract expenses, which is \$35 million more than the 2022 annualized CR level. This amount includes up to \$15 million for a new Home Equity Accelerator Loan (HEAL) pilot. The 2023 Budget also requests \$400 billion in loan guarantee commitment authority and \$1 million in direct loan authority, which are both equal to the 2022 annualized CR level.

The increase of \$35 million over the 2022 Annualized CR level includes an additional \$20 million for administrative contract expenses, which is attributable to increased costs for Secretary-held mortgage servicing, including HECM servicing, mortgagee compliance contractor expenses, and real estate owned (REO) case management. The primary cause of the increase is the growing expense of servicing the Secretary-held HECM portfolio. In addition, due in part to the increased volume of partial claims in response to the COVID-19 pandemic and natural disasters, the Secretary-held mortgage servicing portfolio continues to grow. FHA anticipates expending significantly more resources to service these mortgages and to dispose of the properties once they become vacant.



The increase also includes \$15 million for the Home Equity Accelerator Loan (HEAL) pilot program. The HEAL pilot program will offer a new loan product to increase access to homeownership and facilitate faster accumulation of home equity for first-generation and/or low-wealth first-time homebuyers.

## JUSTIFICATION

The 2023 President's Budget requests \$165 million for the FHA MMI Program Account. This amount will provide funding for contracts necessary for the administration of FHA programs operating under the MMI and the General Insurance and Special Risk Insurance (GI/SRI) Fund, as well as the HEAL pilot program. It will fund activities including, but not limited to: insurance endorsement of single-family mortgages, single-family case management system for REO properties, Secretary-held mortgage servicing, HECM counseling tools, construction inspections on multifamily projects, the required annual FHA independent actuarial review, FHA Resource Center, management and oversight of asset disposition, risk analysis, accounting and audit support, and assistance with claims, partial claims, and premium refund processing.

The services identified in the 2023 Budget also support Multifamily Housing's core program functions, including, but not limited to: post-closing portfolio management, loan underwriting support services, construction inspections, document scanning and imaging, loan servicing and accounting, financial advisor services, and the Clearinghouse Call-in Center.

Together these activities and services support underserved communities and promote homeownership as demonstrated in the discussion below.

For budgetary purposes, the programs of the MMI Fund are broken into three risk categories: Forward mortgages, HECMs, and HEAL.

- Forward 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 (i.e., loan limits) are calculated annually by HUD and are generally set at 115 percent of the median house price in each county, subject to a "low-cost" floor and "high-cost" ceiling. There are also special exception loan limits for certain areas to account for higher construction costs.
- The HECM program: provides senior homeowners aged 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 unique role 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 as they age. 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 borrower no longer occupies the property or fails to comply with other requirements of the loan, such as payment of property taxes and insurance.
- HEAL: is a positive credit subsidy program that will provide more opportunities for homeownership to first-generation and/or low-wealth first-time homebuyers. This program will offer new loan products to enable these individuals to more rapidly access homeownership and build equity.



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

The 2023 President's Budget requests \$400 billion in loan guarantee commitment limitation, which is to remain available until September 30, 2024. This limitation includes sufficient authority for insurance of single-family forward mortgages and HECMs. Loan volume projected in 2023 for MMI programs is \$254.8 billion that includes \$225 billion for standard forward mortgages, \$26.4 billion for HECMs, and \$3.4 billion for the HEAL pilot program. The size and two-year availability for the total commitment authority reduces the likelihood of program disruption due to delays in enactment of full-year appropriations or greater than expected demand for loan guarantees.

### **Negative Subsidy Receipts**

The \$251.4 billion in loan volume projected for the forward and HECM MMI portfolios in 2023 is expected to generate \$7.97 billion in negative subsidy receipts, which are transferred to the MMI Capital Reserve account, where they are available to cover any unexpected future 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 used 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 REO inventory of properties.

### **Administrative Contracts- \$150 million**

The \$150 million requested for 2023 will provide funding for contracts necessary in the administration of FHA programs operating under MMI and GI/SRI. This will fund activities including, but not limited to, insurance endorsement of single-family mortgages, construction inspections on multifamily projects, the required annual FHA independent actuarial review in support of the financial audit and other mandated requirements, management and oversight of asset disposition, risk analysis, accounting support services, and assistance with claims and premium refund processing.

### **Home Equity Accelerator Loan (HEAL) Pilot - \$15 million**

This funding will support the subsidy cost of the HEAL pilot, which will offer new loan products designed to lower barriers to homeownership for first-generation and/or low-wealth first-time homebuyers. This initiative will expand eligibility for FHA home mortgage insurance and may include incentives for lenders or borrowers.

### **Information Technology**

FHA Catalyst is a critical information technology modernization initiative to make FHA systems operationally more efficient and effective for both internal users and external customers. This modernization effort is necessary for FHA to support HUD's mission and objectives including to promote homeownership, equitable access to credit, and wealth building in underrepresented

communities. For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund Justification.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Administrative Contract Expenses	130,000	43,575	173,575	151,044	130,000	22,531	152,531	150,000
Home Equity Accelerator Loans	-	-	-	-	-	-	-	15,000
<b>Total</b>	<b>130,000</b>	<b>43,575</b>	<b>173,575</b>	<b>151,044</b>	<b>130,000</b>	<b>22,531</b>	<b>152,531</b>	<b>165,000</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President’s Budget includes the following:

- Removed language for a pilot expansion of the Good Neighbor Next Door program.

### General Provisions

The 2023 President’s Budget re-proposes the following general provision(s) that were enacted in the 2021 appropriations bill:

- **Eminent Domain Restrictions:** Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (President’s Budget Section 217)

### Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

- **HECM Non-Borrowing Spouses:** Current law is ambiguous on the limits of foreclosure protections (i.e., loan deferrals) for non-borrowing spouses, which has led to questions regarding their availability for non-borrowing spouses NOT identified at origination (e.g., HECM borrower remarries). This proposal would clarify that automatic protections apply only to non-borrowing spouses identified at origination, consistent with current policy, while also establishing flexibility to extend further protections at the Secretary’s discretion.
- **FHA Lender Suspension Authority:** Currently, if FHA wants to suspend a lender’s approval to do business with FHA, it must do so for a minimum of 6 months. HUD proposes to allow shorter suspension periods such as one month. FHA rarely uses its existing suspension authority because a 6-month suspension would put many lenders out of business and therefore has the same practical effect as the more severe sanction of withdrawing a lender’s FHA authority. Allowing HUD to impose shorter suspensions would pressure lenders to address violations without permanently forcing them out of the program.
- **FHA Civil Money Penalties:** Under current law, FHA imposes civil money penalties against lenders up to per-violation (\$10,366) and annual (\$2,073,133) caps. For some lenders, civil

money penalties may not be an effective deterrent to bad behavior, or incent corrective action, due to the limited costs permitted by the annual cap. Depending on the number of violations, a lender may look at the cost of remedying the violations and compare it to the annual cap and decide it is less costly to pay the penalty. This proposal would strengthen FHA's enforcement authority by eliminating the annual cap while maintaining the per-violation maximum in place.

- Remove HECM Loan Cap: This proposal would eliminate the statutory cap on the number of HECM loans that can be insured by FHA, which is routinely waived in the 2023 Budget and Appropriations Acts.
- Removal of Obsolete Language: This proposal would strike obsolete language related to the use of a 2001 study to set HECM premiums, which would have no practical implications for the program.
- Improvements to Partial Claim Execution: HUD's current partial claim authority requires the creation of a separate junior lien to the FHA-insured first mortgage. This proposal would provide HUD more flexibility in structuring partial claim notes, such as tying them to the first lien and directing lenders to conduct servicing. This would reduce FHA administrative costs and possibly increase recoveries since junior liens can be extinguished in foreclosure or bankruptcy.
- Claim adjustments for errors in property disposition: This proposal would allow downward adjustments to FHA claim payments in the unlikely event that a servicer inadvertently sells a foreclosed property below the FHA-approved floor.
- HECM Foreclosure Notifications: This proposal would clarify that foreclosure notices can be provided to heirs of a deceased HECM borrower or other persons designated by the borrower in the HECM loan documents to mitigate the risk of unnecessary foreclosure delays and associated costs to FHA.
- Standardize Language in Section 203: This proposal would amend the FHA 203 program statute to ensure consistent terms and definitions.
- PACE priming of FHA-insured Loans: Current policy prohibits new FHA-insured loans on properties with outstanding first-lien Property Assessed Clean Energy (PACE) loans but does not prevent first-lien PACE loans after a mortgage is insured by FHA. This proposal would address this gap by requiring PACE providers to obtain HUD consent before adding PACE loans to properties with outstanding FHA-insured mortgages.
- Housing Counseling for HECM Refinances: Under current law, prospective borrowers must receive HUD-approved housing counseling to qualify for a HECM, except a borrower can waive this requirement for a refinance if less than five years has passed since the closing date of their current HECM. This proposal would extend the counseling requirement to refinances of HECMs obtained within the last five years.

## APPROPRIATIONS LANGUAGE

The 2023 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, 2024: Provided, That during fiscal year 2023, 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, \$165,000,000, to remain available until September 30, 2024: Provided further, That of the amount in the previous proviso, up to \$15,000,000, to remain available until September 30, 2025, shall be for the cost of guaranteed loans to support a pilot of new loan products, which may include mortgagee and borrower incentives designed to lower barriers to homeownership, notwithstanding the limitations on eligibility in section 203(b) of the National Housing Act: Provided further, That such costs in the previous proviso, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That notwithstanding the limitation in the first sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z–20(g)), during fiscal year 2023 the Secretary may insure and enter into new commitments to insure mortgages under section 255 of the National Housing Act.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Housing

### FHA – General and Special Risk Insurance Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	-	1,574	-	1,574	-	-
2022 Annualized CR	-	1,574	-	1,574	-	-
2023 President's Budget	-	1,574	-	1,574	-	-
Change from 2022	-	-	-	-	-	-

#### PROGRAM PURPOSE

The Federal Housing Administration's (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund programs are a critical component of the Department's efforts to meet the Nation's need for decent, safe, and affordable housing. These programs provide the necessary liquidity so that communities can:

- Continue to provide quality affordable housing and assisted living/nursing home/hospital 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, places of historic disinvestment or exclusion that might otherwise not be possible.

Credit programs under the FHA GI/SRI Fund include:

- Multifamily Rental Housing: loan guarantees for the construction, rehabilitation, preservation, and refinancing of multifamily rental housing;
- Healthcare Facilities: loan guarantees for the construction, rehabilitation, and refinancing of hospitals, nursing homes, and other healthcare facilities; and
- Single family: loan guarantees for manufactured housing and property improvement loans under Title I of the National Housing Act.

#### BUDGET OVERVIEW

The 2023 President's Budget for the Federal Housing Administration's (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund program requests \$35 billion in loan guarantee commitment authority, and \$1 million in direct loan authority. The loan guarantee commitment authority is \$5 billion more than the 2022 President's Budget. The Budget estimates \$789 million in offsetting negative credit subsidy receipts in 2023 from GI/SRI loan guarantees.

At the requested level, GI/SRI is projected to issue over \$28 billion in loan insurance commitments in 2023, including:

- Approximately \$1.5 billion in loan guarantees for 38 new Federal Financing Bank (FFB) Risk Sharing loans;
- Approximately \$21.1 billion in loan guarantees to support 1,113 housing apartment projects;
- Approximately \$5.6 billion in loan guarantees for 404 healthcare facilities; including residential care facilities (skilled nursing homes, assisted living facilities, and board & care homes), and 11 hospitals; and
- Approximately \$51 million for 3,025 Title I manufactured housing and property improvement projects.

## JUSTIFICATION

GI/SRI commitment volume exceeded \$30 billion for the first time in 2021, totaling over \$37 billion. Commitment authority has been set at \$30 billion since 2014, a level designed to ensure no interruption in availability of liquidity. GI/SRI commitment volume began a dramatic increase in 2020, reaching record volumes in 2021. Several factors driving the increase are low interest rates (even with recent increases), a strong ongoing demand for rental housing, and COVID-19 capital market disruption. Increasing commitment guarantee authority to \$35 billion will ensure no interruption in availability of liquidity.

The 2023 Budget supports mortgage insurance programs that are essential in supporting underserved communities, ensuring access to and increasing the production of affordable housing, promoting home ownership, and advancing sustainable communities. More specifically:

- GI/SRI mortgage insurance encourages private lenders to make loans for new rental housing in high-demand markets, innovative energy technology renovations, nursing homes serving aging senior citizens, and critical access hospitals. In addition to providing better access to credit for new developments, GI/SRI supports refinancing 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 for the health and safety of the residents.
- FHA mortgage insurance enhances a borrower's credit and provides banks with better access to capital markets, most notably through Ginnie Mae securities for eligible programs. 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.
- 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 affordability of their payments. The long-term amortization period and guarantee of payment in the event of claim stabilizes 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.

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

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

2023 GI/SRI Programs (Dollars in Millions)	Commitment Volume (projected)	Credit Subsidy Rate	Offsetting Receipts (projected) <sup>a</sup>
<b>Direct Loans Levels</b>	-	-	-
FFB Risk Sharing <sup>b</sup>	\$1,496	-8.13%	\$161
	-	-	-
<b>Guaranteed Loan Levels</b>	-	-	-
Apartments New Construction / Substantial Rehab (221d4)	\$3,143	-0.90%	\$32
Tax Credit Projects (includes Healthcare Tax Credit Projects)	\$5,522	-2.17%	\$121
Apartment Refinances (223a7 & 223f)	\$11,957	-2.25%	\$297
Housing Finance Agency Risk Sharing (542c)	\$303	-1.56%	\$6
GSE risk-share	-	-	-
Other Rental	\$195	-2.64%	\$7
<i>Subtotal - Multifamily Programs <sup>c</sup></i>	<i>\$21,118</i>	<i>-2.02%</i>	<i>\$463</i>
	-	-	-
New Construction and 241(a)/Residential Care Facilities (232_nc), 241(d)	\$125	-5.80%	\$7
Refinances (a7 and 223(f))/Residential Care Facility Refinances (232_refi), Operation Loss	\$4,812	-2.27%	\$121
Hospitals (242)	\$642	-5.73%	\$36
<i>Subtotal - Healthcare Programs <sup>c</sup></i>	<i>\$5,579</i>	<i>-2.75%</i>	<i>\$164</i>
	-	-	-
Title 1 - Property Improvement	\$50	-1.60%	\$1
Title 1 - Manufactured Housing	\$1	-6.15%	\$0
<b>Total - Guaranteed Loan Levels <sup>c</sup></b>	<b>\$26,749</b>	<b>-2.17%</b>	<b>\$628</b>
	-	-	-
<b>Total - GI/SRI Fund <sup>c</sup></b>	<b>\$28,245</b>	<b>-2.49%</b>	<b>\$789</b>

a/ Receipts are recognized as the underlying loans are disbursed.

b/ The FFB Risk Sharing program ceased accepting new applications after December 31, 2018. New applications were accepted starting September 1, 2021 when the program was reactivated, and loan commitments resumed in 2022.

c/ The subsidy rate is a weighted average.

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 creditworthiness, 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, 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 of renewed capital investment in the community balanced with the 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 and Regulatory Affairs 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, defined as those that occur 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 January 2022 included 3,729 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 88 hospitals within 22 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, as of February 2022 FHA's Commercial Mortgage Portfolio (Multifamily and Healthcare programs) currently supports 15 thousand loans on 1.98 million units.

### **Multifamily Risk Categories**

Federal Financing Bank (FFB) Risk Share: The FFB Risk Share Initiative was started in 2015 to increase access to and reduce the cost of funding for multifamily mortgage loans insured by FHA through its Section 542 Risk Sharing programs with Housing Finance Agencies (HFAs). This Initiative was an inter-agency partnership between HUD, Treasury's FFB and HFAs that provided a Ginnie Mae-like financing mechanism for HFA risk-share partners until Ginnie Mae securitization is allowed for the Section 542(c) programs. This Initiative ended in 2018. To address the critical need for affordable housing, and to ensure a stable source of capital in an environment of volatile tax-exempt bond pricing, HUD has temporarily resumed the Initiative, with a renewed emphasis on enacting legislation to provide a permanent source of lower-cost capital through Ginnie Mae securitization. This second phase of the FFB Initiative has started with the first loans issued in 2022, and will sunset in 2024. In the interim, HUD is pursuing legislation that will permit 542(c) loans to access Ginnie Mae securitization permanently.

Section 221(d)(4) Mortgage Insurance for Rental 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 85 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.

Sections 223(f) and 223(a)(7) 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. For budgetary purposes, these loans are included in the risk category of the primary loan they are supplementing.

**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 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.

## **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, enables existing facilities to take advantage of refinancing at low-interest rates with 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 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, as well as operating loss loans insured under Section 223(d).

**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 1 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 1 Manufactured Housing:** Under Title I, HUD provides mortgage insurance for individuals to finance manufactured homes and lots on which to set the homes.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources
Positive Subsidy Appropriation	-	1,574	1,574	-	-	1,574	1,574
<b>Total</b>	<b>-</b>	<b>1,574</b>	<b>1,574</b>	<b>-</b>	<b>-</b>	<b>1,574</b>	<b>1,574</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Legislative Proposals

The 2023 Budget supports the following legislative proposal(s) and will seek changes through the authorization process:

**Section 232 Loans – Civil Money Penalties:** FHA's Section 232 program insures loans made to residential care facilities, such as nursing homes. The borrowers responsible for repaying the loan often lease the facility to operators who provide day-to-day management of the facility and its residents. Although these operators can directly impact the performance of the property, FHA's ability to enforce quality operations is somewhat diluted, relying on either the owner or regulatory agreements with the operator. FHA seeks explicit authority to assess civil monetary penalties for violations of the regulatory agreement, as a more immediate lever for addressing financial performance issues and reducing the risk of management-related defaults.

**Increase in Property Improvement Loan limits under Title I and provide for construction of new residential structures:** The current Property Improvement loan program, which provides insurance

for loans and mortgages made for the purpose of financing property alterations, repairs and improvements, has seen a steady decline in usage over the past ten years and a significant reduction since the peak in the mid 1990's<sup>1</sup>. The decline in utilization has been particularly problematic for homeowners that lack capital for property improvements, as much of the improvements are increasingly executed with existing reserves rather than financing. Because low- and moderate-income homeowners often lack sufficient reserves, viable and cost-effective financing products are necessary to enable needed repairs or improvements that improve livability and increase homeowner equity.

While multiple market forces affect the use of the program, a significant obstacle to its use has been the static loan limit of \$25,000 for single unit properties which has been in effect since 1992<sup>2</sup>. Since that time, there have been significant increases in the cost of building materials, labor, and other renovation costs.

As mortgage interest rates rise and the inventory of homes available for purchase remains low, demand for property improvement loans is expected to increase. Access to affordable renovation financing will allow households that currently have lower interest rates for their first mortgages to make adaptations to their existing homes to meet their current needs. In order for the Title I program to assist in meeting expected market demand for property improvement financing, it must offer loan limits that are commensurate with its eligible uses.

For the FHA Title I program to meet the demand for renovation financing in today's housing market, the program's loan limits must be increased to levels commensurate with current market conditions and program uses.

Increase Title I Manufactured Housing Loan limits and provide flexibility to establish an index for future increases: The current loan limits for the Title I Manufactured Housing program were established in 2008 based upon average manufactured housing prices at the time. The existing statute also provides for the indexing of such limits based upon manufactured housing price data collected by the United States Census Bureau.

Manufactured housing represents the largest source of unsubsidized affordable housing throughout the nation. Increasing the baseline loan limits for FHA-insured manufactured housing loans to a level that is commensurate with the current prices of single and multi-unit manufactured homes will allow buyers to utilize FHA-insured financing to purchase manufactured homes at more affordable rates than are presently available in the market. This will further enhance the availability of high quality affordable housing for low- and moderate-income households.

Providing FHA with the ability to utilize indexes other than Census Bureau data for the establishment of Title I manufactured housing loan limits will ensure that FHA's loan limits are calibrated to factors more appropriate and specific to this housing market. This flexibility is crucial for Title I to be a useful and reliable financing source for the manufactured housing market.

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<sup>1</sup> FHA insured 9,320 loans in FY 2012 and 1015 loans in FY 2021. FHA insured 110,117 loans in 1996.

<sup>2</sup> The Housing and Economic Recovery Act of 2008 (HERA) also increased the loan limit to \$25,090 and established indexing for Manufactured Home improvement loans only. Manufactured Home improvement loans make up only .02% of all Property Improvement loans since 2008. HERA set the limit at \$60,000 or an average amount of \$12,000 per family unit for dwellings with greater than one unit.

## APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes the appropriation language listed below.

### GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

*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 35,000,000,000 in total loan principal, any part of which is to be guaranteed, to remain available until September 30, 2024: Provided, That during fiscal year 2023, 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 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Government National Mortgage Association (GNMA)

### Mortgage-Backed Securities Program

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	1,300,000,000	222,640,721	-	1,522,640,721	999,096,004	-
2022 Annualized CR	1,300,000,000	523,544,717	-	1,823,544,717	877,730,752	-
2023 President's Budget	900,000,000	945,813,965	-	1,845,813,965	885,573,606	-
Change from 2022	(400,000,000)	422,269,248	-	22,269,248	7,842,854	-

#### ADMINISTRATIVE EXPENSES AND COMMITMENT & MULTICLASS FEES

(Dollars in Thousands)

	Carry over	Spending Authority from Offsetting Collections	Budget Authority	Precluded	Obligations	Net Outlays
2021 Appropriation	1,034,938	271,856	36,500	(1,270,294)	35,523	(239,343)
2022 Annualized CR	1,270,294	222,000	36,500	(1,455,794)	43,695	(178,705)
2023 President's Budget	1,455,794	241,000	42,400	(1,654,394)	49,254	(195,480)
Change from 2022	185,500	19,000	5,900	(198,600)	5,559	(16,775)

a/ Budget Authority for 2021 and 2022 include \$3 million of earned no-year funds contingent on volume.

### PROGRAM PURPOSE

The Government National Mortgage Association (Ginnie Mae) makes affordable housing a reality for millions of households across America by channeling global capital into the nation's housing markets while minimizing the risk to the U.S. taxpayer. Specifically, the Ginnie Mae guaranty (i.e., the timely payment of principal and interest to mortgage-backed securities (MBS) investors, backed by the full faith and credit of the U. S. Government) enables mortgage lenders to sell their loans at favorable prices in the U.S. secondary mortgage market, increasing the total funding available for lenders to make new loans at attractive interest rates to borrowers. This helps to lower financing costs and increases access to affordable and sustainable housing and homeownership for those that the Federal mortgage programs are intended to serve.

### BUDGET OVERVIEW

The 2023 President's Budget for Ginnie Mae consists of two parts:

- 1) \$900 billion in limitation on new commitments of single class MBS, which is \$400 billion less than the 2022 annualized CR level; and
- 2) \$42.4 million in spending authority from offsetting collections to cover personnel compensation and benefits, which is \$5.9 million more than the 2022 annualized CR level.

### Commitment Authority

The 2023 President's Budget requests \$900 billion in commitment authority, to remain available until September 30, 2024. This funding level is necessary to ensure that Ginnie Mae can continue its mission of channeling funding from the global capital markets to the primary market for Federally backed mortgages administered by the Departments of Housing and Urban Development, Veterans Affairs, and Agriculture in order to meet the credit access and housing needs of Americans across the single family, multifamily, manufactured housing, and reverse mortgage segments of the market.

### Salaries and Expenses (S&E)

The 2023 President's Budget requests \$42.4 million, to remain available until September 30, 2024. Ginnie Mae's S&E budget is offset by an estimated \$241.0 million in collections from Commitment and Multiclass fees, resulting in net budget authority of -\$198.6 million. Please see the Ginnie Mae S&E Congressional Justification for more details.

## JUSTIFICATION

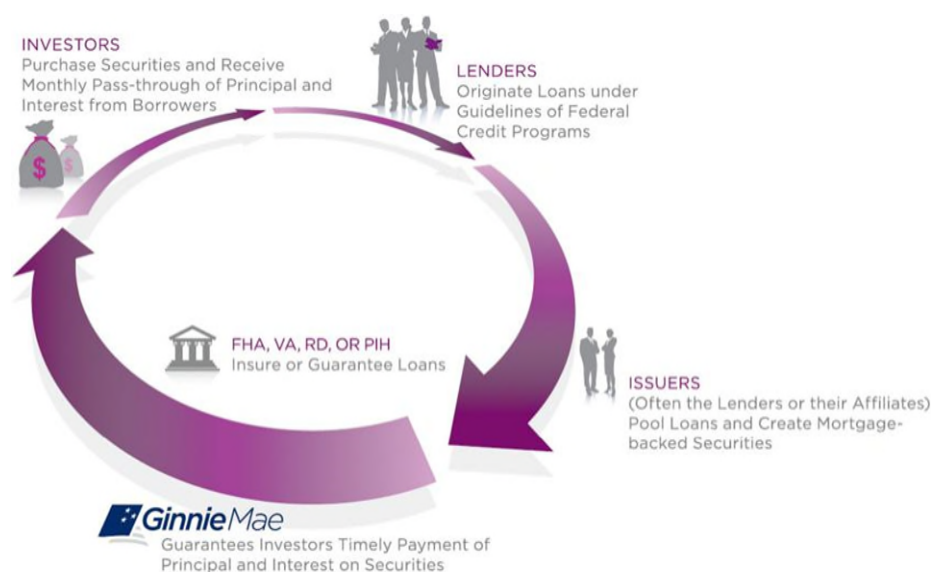
Ginnie Mae, authorized by Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.), does not make or purchase mortgage loans, nor does it buy, sell, or issue securities. Instead, Ginnie Mae supports liquidity in the mortgage market by guaranteeing timely payment of pass-through income to investors of MBS pooled by mortgages insured and guaranteed by the Federal Government. To do this, Ginnie Mae is provided by the Congress with a dollar amount of commitment authority. Ginnie Mae sells this commitment authority to approved lending institutions (Issuers), giving Issuers the ability to pool government insured mortgages and sell them as government guaranteed MBS. Ginnie Mae, in turn and as authorized by Section 306(g) of the National Housing Act, guarantees the performance (i.e., timely payment of principal and interest) of the issuer who issues the MBS and who continues to service and manage the underlying loans. In return for this guarantee on MBS securitized by approved issuers, Ginnie Mae charges a guaranty fee. It is through this business model that Ginnie Mae executes its mission and furthers the Administration's priorities to 1) Support Underserved Communities; 2) Ensure Access to and Increase the Production of Affordable Housing; and 3) Promote Homeownership – while also significantly limiting its exposure to risk (see Figure 1).

**Figure 1: Protecting the Ginnie Mae Guaranty**



The Ginnie Mae guaranty, coupled with an expected return higher than U.S. Treasury securities, makes Ginnie Mae securities highly liquid and attractive to domestic and foreign investors of all types. This liquidity is passed on to the issuers who can then use the proceeds from issuances to make new loans available. The ongoing cycle (as depicted in Figure 2) helps support accessible and affordable housing for America. 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 when liquidity stalls in the private market and in times of great market change. This powerful feature ensures that mortgage financing is available for homeownership and rental properties regardless of the economic climate. In 2021, over 3.2 million homeowners and renters benefitted from the Ginnie Mae MBS program with more than 966,100 families achieving the dream of homeownership for the first time.

**Figure 2: Capital Flow of Ginnie Mae Guaranteed Securities**



For over 50 years, Ginnie Mae has been a cornerstone of the U.S. mortgage market, providing stability and liquidity to America's housing finance system and promoting homeownership and affordable rental housing by ensuring a steady source of funding for the vast majority of loans insured and guaranteed by the Federal Government. Over the last several years Ginnie Mae's MBS issuance volumes have continued to rise significantly based on market demand, and there has been a corresponding increased demand for commitment authority. In 2021, fueled in part by historically low interest rates that made it possible for homeowners across the country to reduce their monthly mortgage payments, and for first-time homebuyers to enter the market, Ginnie Mae commitment authority sales exceeded \$999 billion – a 14 percent increase over the previous \$877 billion record set in 2020.

The 2023 Budget reflects this increased demand for Federally backed mortgage loans and aligns with Ginnie Mae's risk management objectives, as recently addressed in its 2021 Risk Profile Assessment. Insufficient access to commitment authority increases exposure to the following enterprise risks as defined in the Assessment:

- **Market Volatility:** Ginnie Mae could lack the ability to effectively respond to changing market conditions, resulting in Issuer financial and operational strains.
- **Issuer Liquidity:** Financial Institutions could face liquidity constraints, resulting in lenders making fewer loans at less attractive rates and increased Issuer defaults and extinguishments.

A failure to ensure an adequate level of commitment authority carries the risk of creating market instability and distorting decisions that affect credit availability for the Federal mortgage programs. The 2023 Budget will enable Ginnie Mae to continue its practice of making commitment authority available to issuers in good standing at the levels they request, thereby, fulfilling its mission and maintaining support for low-cost homeownership and housing opportunities for Americans, including Veterans, across the nation.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Commitment Authority (C)	1,300,000,000	222,640,721	1,522,640,721	999,096,004	1,300,000,000	523,544,717	1,823,544,717	900,000,000
Total	1,300,000,000	222,640,721	1,522,640,721	999,096,004	1,300,000,000	523,544,717	1,823,544,717	900,000,000

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### General Provisions

The 2023 President's Budget proposes the following new general provision:

- Ginnie Mae Securitization of HFA Risk-Share loans:** Ginnie Mae currently lacks the authority to securitize multifamily housing loans insured under paragraph (6) of section 542 (c) of the Housing and Community Development Act of 1992 (12 U.S.C 1715z-22(c)). Securitization capability for this multifamily housing program would permanently address the critical need for a stable and low-cost source of capital and enhanced market liquidity for this form of affordable housing. The use of the Federal Financing Bank (FFB) for "Ginnie-like" financing of HFA risk-share loans is temporary and will expire in 2024. This provision is requested to authorize Ginnie Mae to replace reliance on the FFB for liquidity in the Risk Share program in future years. (2023 President's Budget, Sec. 230).

The 2023 President's Budget re-proposes the following general provisions that were enacted in the 2021 appropriations bill:

- HUD Corporation Expenditures:** This provision is an authorization by which the Congress implements its responsibilities under section 104 of the Government Corporations Control Act (31 U.S.C. 9104), which is necessary to carry out the programs set forth in Ginnie Mae's budget for the coming year. (2023 President's Budget, Sec. 205)
- Prohibition on Insuring Mortgages Subject to Eminent Domain:** Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (2023 President's Budget, Sec. 217)

These provisions are described further in the "Explanation of General Provisions" section.

### Legislative Proposals

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

**Administrative Expenses Fiscal Year Limitations:** The Budget seeks to permanently authorize the provision that 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 does not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation in Section 1 of the National Housing Act for essential operating funds.

## APPROPRIATIONS LANGUAGE

The 2023 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 \$900,000,000,000, to remain available until September 30, 2024: Provided, That \$42,400,000, to remain available until September 30, 2024, 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 (12 U.S.C. 1716 et seq.), shall be credited as offsetting collections to this account.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Government National Mortgage Association

### SALARIES AND EXPENSES\*\*

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$30,788</b>	<b>\$5,735</b>	<b>\$33,500</b>	<b>\$39,235</b>	-	<b>\$42,400</b>	<b>\$42,400</b>
<b>Non-Personnel Services:</b>							
<b>Total, Non-Personnel Services</b>	-	-	-	-	-	-	-
Working Capital Fund	-	-	-	-	-	-	-
Carryover	5,735	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$36,523</b>	<b>\$5,735</b>	<b>\$33,500</b>	<b>\$39,235</b>	-	<b>\$42,400</b>	<b>\$42,400</b>
<b>FTEs</b>	<b>154</b>	<b>28</b>	<b>163</b>	<b>191</b>	-	<b>198</b>	<b>198</b>

\*Includes 2020 Carryover

\*\*2021 and 2022 exclude x-year S&E (\$3 million earned in each year). The 2023 Budget does not request x-year S&E funds.

## PROGRAM PURPOSE

The Government National Mortgage Association (Ginnie Mae) is a revenue-generating government-owned corporation chartered to conduct commercial operations for a public purpose. Its operations are integral to the Nation's housing finance system and its mission is to bring low-cost domestic and global capital into that market. Ginnie Mae fulfills its mission by providing a mortgage-backed securities (MBS) guarantee, which provides the liquidity that keeps funds flowing to lenders that originate loans under the Federal Housing Administration (FHA), Veterans Affairs (VA), Rural Housing Services (RHS) and Public and Indian Housing (PIH) programs.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$42.4 million for Ginnie Mae, which is \$8.9 million above the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$42.4 million, which is \$3.2 million above 2022 total funding.

Ginnie Mae's core functions surround its guarantee to investors of timely payment of principal and interest on MBS issued under Ginnie Mae's program. These core functions include the key operational activities of establishing requirements for the MBS program, approving and monitoring issuers and servicers, maintaining the infrastructure through which MBS are issued, provide loan-level information about pools to investors and analysts, remit principal and interest to investors, and support multiclass securities formed from MBS.

### Personnel Services (PS)

The Budget assumes \$42.4 million for Ginnie Mae personnel services (PS), \$3.2 million above 2022 total funding. This funding will support 198 full-time equivalents (FTEs), seven FTEs above the 2022 total level. The 2023 PS request will support the annualized costs of hiring projected in 2022 and additional hiring planned in 2023. Funding also supports the proposed 4.6 percent pay raise.

The amount requested in the President's Budget also supports staffing for the implementation of essential risk management and technology platform improvements, as well as new program

initiatives reflecting administration priorities, as described further under the “Key Operational Initiatives” section.

### **Non-Personnel Services (NPS)**

Ginnie Mae intends to support its 2023 Non-Personnel Services (NPS) requirements in travel, training, contracts, and supplies using balances of contingent spending authority from offsetting collections earned in the Ginnie Mae S&E x-year account. The Budget does not request new x-year funds in 2023. The requested two-year funds in combination with carryover of x-year funds is sufficient to cover Ginnie Mae’s S&E needs in 2023.

### **Working Capital Fund (WCF)**

Ginnie Mae intends to support its 2023 WCF requirements using balances of contingent spending authority from offsetting collections earned in the Ginnie Mae S&E x-year account.

## **KEY OPERATIONAL INITIATIVES**

Ginnie Mae will utilize the entire two-year S&E appropriations (spending authority from offsetting collections) for PS, and pay for NPS, Term PS and WCF expenses from carryover of S&E x-year funding. Below is a summary of strategic staffing objectives.

- **\$39.2 million - Upholding Current Responsibilities (Continuance S&E):**  
Ginnie Mae’s core mission is in direct support of the agency’s strategic goals to: Support Underserved Communities; Ensure Access to and Increase the Production of Affordable Housing; Promote Homeownership; and Advance Sustainable Communities. The Budget provides \$39.2 million to support the 184 FTEs planned for the start of 2023. The funding will enable Ginnie Mae to support its core functions surrounding its guarantee to investors of timely payment of principal and interest on MBS issued under Ginnie Mae’s program. These core functions link the U.S. housing market to the global capital markets, thus providing low-cost financing for federal housing programs; minimize the disruption of the pandemic and support the related forbearance and loss mitigation efforts of our partner government mortgage insurance agencies; and provide relief to mortgage servicers struggling with the impact of natural disasters and other market conditions.

The funding will support the planned permanent staff for the start of year and considers expected annual attrition.

- **\$1.3 million - Managing Risks (Risk S&E):**  
The changing operating environment continues to pressure Ginnie Mae core functions and increase vulnerabilities and exposure to enterprise risk (including risks that relate to use of contracted services). In alignment with the Department’s strategic goal to Strengthen HUD’s Internal Capacity, the Budget would support the hiring of essential positions to enhance Ginnie Mae’s staffing capabilities to manage these risks, specifically in the domains of Cybersecurity, Counterparty Risk and Climate Change Modeling, and Oversight and Compliance (including of contracted services). This would allow Ginnie Mae to continue to develop its programs and infrastructure to enable resiliency and readiness to respond in the event of cyber-attacks, single or multiple issuer failures, or securitization platform degradation or interruption – these needs have increased, such as through the Executive Order on Improving the Nation’s Cybersecurity and cannot be met with existing staffing levels.

The Budget provides \$1.3 million of support to enable Ginnie Mae to hire approximately six FTEs to address high-priority needs relating to cybersecurity risk, counterparty and climate change risk modeling, and risk in procurement.

- \$1.9 million - Program and Platform Improvement:  
Ginnie Mae has already embarked on a program of substantial improvements to its securitization platform infrastructure, and furthermore has now been committed to enhanced mission responsibilities in connection with Departmental and Administration priorities – both needs, reflected in the HUD 2022-2026 Strategic Plan, will require dedicated staffing that is not currently provided for.

The securitization platform is now being transitioned to the cloud and re-engineered to support increased digitalization (such as through expansion of the pilot program supporting the use of eMortgages as security collateral). In addition, Ginnie Mae must upgrade its data capabilities to support increased levels of market disclosure that have value from an Environmental, Social and Governance (ESG) standpoint – this is an important tool for directing capital to needed areas. These initiatives carry with them responsibilities that require dedicated resources that Ginnie Mae does not currently have.

The 2022 – 2026 HUD Strategic Plan explicitly directs Ginnie Mae to pursue new programs and security products to reach communities that are currently not being adequately served by the government’s housing finance program. While early-stage explorations of opportunities are well underway, the work involved in full development and implementation of the resulting improvements will be significant and cannot be met through existing resources.

An example of this is supporting the creation of affordable housing supply through the transition of the FHA Section 542(c) Housing Finance Agency (HFA) Risk Sharing Program so that it can be financed through the Ginnie Mae MBS program as a means of ensuring reliable liquidity. This Administration priority will require not just that the prohibition of Ginnie Mae securitization be lifted (see General Provisions Section 230), but that Ginnie Mae be equipped to support the participation of HFA issuers in new and different ways.

The Budget provides \$1.9 million of support to enable Ginnie Mae to provide eight FTEs for these program improvements that have been deemed central to HUD’s agenda in the years ahead.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Policy Development and Research

### Research and Technology

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	108,000	59,296	-	167,296	118,553	73,000
2022 Annualized CR	105,000	47,718	-	152,718	111,718	97,600
2023 President's Budget	145,000	41,000	-	186,000	108,000	127,000
Change from 2022	40,000	(6,718)	-	33,282	(3,718)	29,400

a/ 2021 Enacted includes \$3 million transferred from Treasury for Technical Assistance for the Emergency Rental Assistance program.

b/ 2021 Carryover includes \$805 thousand transferred from Department of Justice for BJA Pay for Success and \$7.2 million in prior year recaptures.

c/ 2022 Carryover excludes \$2 million in anticipated recaptures.

d/ 2023 Carryover includes \$41 million anticipated carryover and excludes \$2 million in anticipated recaptures.

#### PROGRAM PURPOSE

The Research and Technology (R&T) account, administered by the Office of Policy Development and Research (PD&R), provides fundamental evidence to support the mission of the Department through policy analysis, research, surveys, and program evaluations, as authorized in Title V of the Housing and Urban Development Act of 1970, as amended. R&T funds the research and evaluation function and leverages it through data infrastructure development, information management, and technical assistance. PD&R's work enables the Secretary, the Congress, and principal staff at HUD and other agencies to make informed decisions on budget and legislative proposals and to strengthen housing and community development policy. In addition to sustaining Core R&T data collection and research dissemination, the requested level reflects new priority research identified in HUD's 2022 – 2026 Learning Agenda. Technical assistance provided through the R&T account helps improve implementation of most of HUD's existing programs, as well as launching new programs and program expansions so HUD's partners and customers have the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and be effective stewards of Federal funding. The 2023 Budget provides increased support for agency-wide technical assistance as this account is the only source of TA resources for many HUD programs.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$145 million for Research and Technology, which is \$40 million more than the 2022 annualized CR level. The requested funding level for R&T provides support for three critical functions with growing importance:

1. Core R&T includes up to \$70 million to support the American Housing Survey and other national surveys, knowledge management, data acquisition, research dissemination, building technology, and public-private research;
2. Research, Evaluation, and Demonstrations includes up to \$25 million to support experimental demonstrations of innovative program concepts, evaluations of current programs, and other policy-focused research; and
3. Technical Assistance includes no less than \$50 million to ensure that HUD program partners and practitioners have access to research-informed guidance in effective

practice for better accountability, efficiency, and outcomes for all of HUD's programs and customers.

The requested amount for R&T will enable PD&R to address priority research needs by successfully completing evaluations of ongoing program demonstrations, implementing the HUD Learning Agenda more fully, and strengthening systematic evidence-building for the Department as envisioned by the Foundations for Evidence-Based Policymaking Act of 2018 ("Evidence Act"). R&T investments are a cornerstone of an increasingly robust internal institutional capacity to accomplish HUD's mission and leverage diverse external partnerships.

Housing-related challenges can trigger significant mental health distress. Resources available to the Department for technical assistance, as well as any grant amounts available for a grantee's own training efforts, will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## JUSTIFICATION

### Core Research and Technology

Core R&T requires the largest share of R&T resources, with a request of up to \$70 million for 2023, and comprises three components that are each described below: Housing Data Infrastructure; Knowledge Management, Dissemination, and Outreach; and Technical Expertise and Innovation.

The increase of \$11.0 million in the 2023 Budget for Core R&T above the 2022 annualized CR level is needed to fund higher survey costs and to increase funding for data acquisition and housing technology research. The Core R&T budget also continues funding for Knowledge Management/HUDUSER, housing finance research, research partnerships with Historically Black Colleges and Universities (HBCUs), and innovation events.

Core R&T makes significant contributions to Presidential priorities. Generating reliable evidence about market conditions helps document the needs of underserved communities and inform better policy to promote homeownership and the production of affordable housing. Housing equity is advanced by investing in research collaborations with HBCUs that are engaged in their communities and in underserved communities where they have a long-standing tradition of providing capacity-building and program supports; generating and disseminating data on the incidence and demographics of housing instability; and investing in housing technology innovations that improve affordable housing choices by supporting greater durability, resilience, and energy efficiency.

Housing Data Infrastructure: The largest component of Core R&T is support for the surveys that constitute the backbone of the nation's housing data infrastructure. Reliable and well-structured housing survey datasets inform policymakers about homeowner and rental units, HUD-assisted and unassisted populations, and the nature of affordable housing problems. These data sources are widely used within the private sector and are essential for an efficient housing market—which in the fourth quarter of 2021 totaled \$2.8 trillion of housing and utilities consumption and \$1.1 trillion

of residential fixed investment, together accounting for 16.4 percent of gross domestic product.<sup>1</sup> The largest of these data sources is the American Housing Survey (AHS). Information from 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. Other surveys funded under Core R&T provide important data necessary to monitor housing needs, housing finance topics, and local housing market conditions. These surveys include the Survey of Construction (SOC), the Survey of Market Absorption of Apartments (SOMA), the Manufactured Homes Survey (MHS), and the Rental Housing Finance Survey (RHFS). In addition, funding will support other timely and innovative surveys such as the Census Bureau's Household Pulse Survey, which has provided important insights into housing stability and eviction and foreclosure risk over the course of the coronavirus pandemic.

Housing Data Infrastructure also includes the acquisition of private sector data, and other data such as Low-Income Housing Tax Credit and U.S. Postal Service vacancy data, that are used in PD&R research and for numerous policy-relevant purposes. Important information technology systems supported by the separate IT account that are managed and used by PD&R staff to make our research and data analysis possible are the Policy Analysis and Research Information System (PARIS) and the Enterprise Geographic Information System (eGIS) systems, as well as the Geocode Service Center (GSC) system that provides shared services for cross-agency missions requiring spatially enhanced data.

HUD's survey activities are overseen by HUD's Statistical Official, who is also PD&R's Deputy Assistant Secretary for Economic Affairs. PD&R's staff expertise leverages the housing data assets by facilitating linkage with administrative data and external surveys and by conducting analysis to provide key program parameters such as income limits and fair market rents and to inform key policy initiatives. PD&R's Office of the Chief Data Officer (OCDO) is strengthening HUD's data governance, enhancing privacy protections, and generating open data. OCDO is establishing structures, identifying stakeholders, defining policies and processes that are aligning data governance with how HUD does business. PD&R is also engaged in numerous partnerships with Federal agencies to link and analyze complementary administrative data—activities that greatly enhance the value of these public investments.

**Knowledge Management, Dissemination, and Outreach:** The second component of Core R&T supports knowledge management, a multidisciplinary effort to ensure that knowledge is created, organized, and shared effectively to advance HUD's mission. It supports the dissemination of research to inform evidence-based policy and ensure equitable access to knowledge, as well as the convening of stakeholders for shared learning opportunities. Key beneficiaries of knowledge management activities include HUD program staff, HUD grantees, researchers and policy analysts, and policy makers at all levels—local, state, national, and international. Along with formal research reports and the *Cityscape* journal, several shorter-format periodicals such as U.S. Housing Market Conditions, The Edge, and Evidence Matters make data and research freely accessible to broad audiences. The Comprehensive Housing Market Analyses produced by PD&R economists provide in-depth looks at economic, demographic, and housing inventory trends of specific housing markets to guide builders, lenders, and others. PD&R makes available more than 10,000 research reports, articles, books and data sources; during fiscal year 2021, users downloaded an average of 827,000 files per month from the HUDUSER.gov research portal. In addition to providing new research and data, PD&R will continue to scan historical reports and research from its library and make them available for download on HUDUSER.gov.

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<sup>1</sup> Annual averages of seasonally adjusted quarterly data from the Federal Reserve Bank of St. Louis, (<https://fred.stlouisfed.org/>).

**Technical Expertise and Innovation:** Core R&T also supports building technology research and dissemination of information on new technologies; housing finance research, including analysis that reduces risk to the FHA Mutual Mortgage Insurance Fund and supports housing finance reform discussion; and the Research Partnerships program that complements HUD's direct research efforts by providing matching funds for external researchers who present unique research opportunities.

Through the Research Partnerships program, HUD encourages support for research conducted by HBCUs and Minority Serving Institutions (MSIs), helping to advance equity in funding for housing research. Research Partnerships support projects on topics that address the Department's goals and that draw on novel research approaches, including big data analytics, machine learning, and artificial intelligence. For example, an ongoing Research Partnerships study will produce a novel set of comprehensive climate vulnerability and resilience capacity indexes for enhancing urban recovery in Detroit and Cincinnati, two major Midwestern cities at high future climate risk. This project advances HUD's goal of advancing sustainable communities. Research Partnerships with HBCUs and MSIs are advancing housing technology as well as understanding of challenges facing underserved populations.

Also within Core R&T are funds for innovation activities such as the Innovative Housing Showcase on the National Mall. Stakeholders for these efforts include HUD program offices, Federal agencies, state and local policy makers, researchers and practitioners, and the housing industry.

### **Research, Evaluation, and Demonstrations**

R&T funding of up to \$25 million for Research, Evaluation, and Demonstrations (RED) will allow PD&R to continue existing multi-year evaluations of programs and initiatives that advance Departmental priorities and to conduct new evaluations, demonstrations, and policy-focused research that respond to Congressional directives, address Departmental priorities, and advance strategic evidence-building priorities.

PD&R's discretionary research and evaluation is guided by HUD's 2022-2026 Learning Agenda, a part of HUD's Strategic Plan which provides a long-term framework for evidence-building through research, data collection, and data-driven policy analysis. PD&R develops the Learning Agenda by consulting with stakeholders to ensure that the research function is forward-looking, systematic, and well-structured to take advantage of HUD's comparative advantages. The priority research questions that form the core of the Learning Agenda are addressed with preliminary research proposals.

The R&T funding will allow HUD to continue work on three critical multi-year research projects: the Housing Choice Voucher Mobility Demonstration, the Moving to Work (MTW) Demonstration, and the HUD-Department of Justice Pay for Success Permanent Supportive Housing Demonstration. Together, these research efforts will produce rigorous evidence to support program and policy decisions for HUD's core rental assistance and homelessness assistance programs, including decisions about how best to support asset-building among HUD-assisted households.

HUD will work with the Congress to identify the specific new research and evaluation projects to be supported by the 2023 Budget requests. Based on the Learning Agenda, these could include research on land use policies and other regulatory factors and their effect on rents and production of affordable rental units; research into supporting health among assisted households, including maternal and child health in HUD's homelessness programs; a study of the effectiveness of homeowner rehab programs at improving individual quality of life and neighborhood quality; a study of the housing protections provided under the Violence Against Women Act (VAWA) targeting assistance to victims of domestic violence, dating violence, sexual assault and stalking; an evaluation of the long-term outcomes of the Section 811 Housing for Persons with Disabilities program; and



studies that build evidence on strategies for increasing the supply of affordable and accessible housing. There are also important priorities from the 2022 Budget related to evaluating Federal efforts to provide emergency housing vouchers and rental assistance for eviction diversion that remain critical priorities as HUD seeks to learn how to support underserved communities and increase access to affordable housing. PD&R anticipates that up to \$5 million of the requested RED funding will be dedicated to climate-related research, which could include studies of opportunities to mitigate the risk to HUD properties and HUD-assisted households from climate change and natural disasters, evaluations of existing programs supporting recovery from and resilience to environmental threats, and research on energy efficiency and environmental justice.

### **Technical Assistance**

Funding of no less than \$50 million for the Technical Assistance (TA) program will equip HUD's partners and customers with the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and be effective stewards of Federal funding. TA resources provided through this account are the only source of TA funds for most programs at HUD. This funding will allow HUD to address the extraordinary needs that continue to arise from the response and recovery from the COVID-19 pandemic. It will also help grantees address challenges in implementing regular HUD programs as grantee attention diverts to implementation of the influx in pandemic response funding.

With this funding, HUD will provide more focused expertise to low- and moderate-income communities to recover fully from the pandemic's effects and to build resilience to any future stresses or shocks, including climate change and economic downturns. HUD grantees will need significant support to build their capacity to respond to the current situation and future crises as the saturation of Federal program funding has created back logs and slow launch times indicating capacity issues ripe for technical assistance. These TA resources will help build an understanding of various HUD program flexibilities and efficient administration of HUD resources to enable more effective and timely program implementation and spending.

In addition, every program area at HUD has identified a need to provide more in-depth implementation support to grantees, including support to: build internal capacity around affordable housing planning and development; develop program designs and operational policies and procedures; improve grantees' understanding of how to combine Federal, state, and local funding sources in projects; effectively integrate Federal cross-cutting requirements such as Environmental Review, Uniform Relocation Act, and the new Section 3 requirements into programs and projects; and make effective use of new funding for high performance, energy-efficient and climate resilient buildings.

In support of the President's strategy to address our national mental health crisis, TA funds will be used to support a national effort to train housing counselors, housing-based services coordinators, and Fair Housing grantee staff to recognize the signs of emotional distress and to connect residents with mental health resources.

HUD will continue awarding TA funds on a competitive basis through a two-year (2022 and 2023) Community Compass Notice of Funding Opportunity (NOFO) because of the balance it offers between stability, flexibility, and administrative burden. HUD will also award a portion of these funds through a separate TA NOFO to continue to support TA to units of general local government experiencing long-term economic hardship, whose residents have been underserved due to limited local capacity.

## Information Technology

Within the Information Technology Fund, the Budget requests \$2 million for Enterprise Geographic Information System (eGIS) and \$500 thousand for PD&R's Disaster Recovery Portal.

- **Enterprise Geographic Information System (eGIS)**

### Program Pain Point

Decision makers at all levels rely on the examination of accurate data for the effective development and implementation of data-driven housing policies. To that end, the Office of Policy Development and Research (PD&R) conducts mission-critical analyses of priority housing and community development issues while developing and maintaining the data required for that work. HUD's Enterprise Geographic Information System (eGIS) program was established in PD&R to manage day to day operations of the Department's shared geospatial business solution which satisfies the common requirement for geospatial data and analytical capabilities in support of the Department's mission and strategic objectives. When brought to bear, these data and tools allow personnel to develop and apply actionable intelligence used to craft effective housing policies that are data-driven and equitable in scope. Unfortunately, HUD's existing enterprise geospatial solution now falls short of what is required to support robust housing and community analysis moving forward, and the inability of public to interface with HUD offices and data sources.

The increasingly obsolete architecture of HUD's existing system limits the scale and scope of the work that program analysts and policy developers engage in. In its current state, analysts cannot effectively use the solution to collaborate with one another on mission-critical assignments that require the examination of sensitive geospatial housing data. This limitation impedes the progress of collaborative projects requiring robust geospatial study and remains a source of considerable frustration for analysts and leadership alike.

### Mission Benefits

Development, modernization, and enhancement (DME) of HUD's geospatial business solution and enterprise applications will significantly improve the Department's analytical capabilities allowing for greater insights into national housing issues. Improved performance of the updated system will provide expanded access to rich datasets which remain largely unavailable to Departmental staff due to the shortcomings of the current platform. Modernization of HUD's geospatial resources will likewise improve the security posture of the system enabling HUD's program analysts and policy developers to collaborate on assignments requiring the analysis of sensitive (i.e., PII) geospatial data. The proposed upgrade will also empower HUD's program analysts to create analytical reporting tools and standalone applications required by stakeholders, but which cannot currently be developed due to existing system constraints. In addition, HUD's Community Planning and Development (CPD) will benefit from this upgrade to support its mission objectives by modernizing its customer self-service portal as well as improve its data collection and process automation capabilities. The impacted systems for CPD that require updates are: CART (Community Assessment Reporting System), HRL (Housing Resource Locator), TDAT (Tribal Directory Assessment Tool), and CPD-MAPS (Community Planning & Development Maps).

In addition, improvements of the existing system architecture will obviate the current requirement to maintain project-related geospatial data in a cloud-based software as a service (SaaS) environment thus resulting in substantial cost savings for the Department. For example, proposed improvements to HUD's existing geospatial solution include the implementation of a business facing GIS user portal deployed within HUD's network. User activity will take place within HUD's network thereby eliminating the cost required to accommodate collaborative work and data storage in a SaaS environment. Furthermore, enhanced capabilities for application development enabled by system modernization will allow for the in-house creation of new applications. This eliminates the current

need to earmark funds for new application development as well as protracted contract negotiations required to secure a vendor for such work.

#### Target Functionality

Modernization of the Department's geospatial business solution and enterprise applications will result in:

- Substantial improvements to system security, performance, user access, and resource management.
- Significantly enhanced capacity for analysis, collaboration, application development, and the crafting of actionable intelligence.
- Considerable cost savings for the Department.

#### Projected Cost Savings

Improving HUD's existing geospatial business solution will allow the Department to realize significant cost savings associated with the storage and maintenance of project-related geospatial data. Moreover, improved capacity for in-house application development will eliminate the need to engage in the prolonged contract negotiations and costs required to secure commercial vendors to provide those services.

- **Disaster Recovery Portal**

#### Program Pain Point

HUD has identified the need for a new process and tools for data sharing with the Federal Emergency Management Agency (FEMA) and CDBG-DR grantees. This project will eliminate the need for Individual Assistance Information Sharing Access Agreements (ISAAs) between FEMA and HUD also with FEMA and CDBG-DR grantees as it will make that data readily available to grantees through the Disaster Recovery Data Portal (DRDP) application. It will also eliminate the need for requesting data from FEMA to perform the CDBG-DR allocations process when congressional funds are appropriated.

While data being shared is similar, or in fact the same, it requires multiple resources from multiple program areas within HUD and FEMA to request and process data sets. If the bidirectional data exchange process was in a completed stage that data could be shared within HUD to multiple resources/programs in a fashion designed to only make available, the necessary program data to only those with a valid need to know and manage one data set for multiple users. This would also ensure that all users are accessing the same data and would eliminate a misunderstanding of the data as well and ensure all areas are utilizing the same data.

#### Mission Benefits

Real time data sharing enables decision making that is focused on elimination of duplication of benefits, adequate assistance value to the customer, ability for multiple programs to utilize one standard data set, correct and accurate FEMA data for HUD and HUD CDBG-DR grantee use, enhanced disaster survivor support functions and enhance data security across multiple federal agencies.

The Disaster Recovery Portal (DRDP) is within HUD's purview of the project and HUD will share the 'new processes' aspect with FEMA. FEMA will solely fund their efforts' development needs. In addition, DRDP will provide the ability to avoid duplication of benefits between FEMA, HUD, and SBA assistance; the ability to identify geographical areas that are the most at risk due to high level of unmet needs; the ability to complete early determination of projects at the CDBG-DR grantee level that will provide/return disaster survivors to long term sustainable housing; and reduction in duplication of efforts by multiple federal agencies in similar processes. This in turn will reduce the need for multiple touch points with applicants that are related to similar cross agency processes.

## RESEARCH AND TECHNOLOGY

Hence, this project has the capability to enhance the disaster survivor experience as mandated in the Disaster Recovery Reform Act of 2018. HUD's cost to FEMA is approximately \$415 thousand over the next seven years, but will increase once any further development begins.

### Target Functionality

DRDP will result in:

- Real time data sharing to enable informed and immediate decision making
- Ability for multiple programs to utilize one standard data set
- Provide correct, accurate, and the most up to date available data

### Projected Cost Savings

As this is a cross agency effort between FEMA and HUD therefore the overall federal benefit is shown below:

DRDPD and the new processes will result in significant cost savings to both agencies. We estimate that HUD grantees pay approximately \$13 million average annual housing repair or rehabilitation assistance payments to homeowners who are also reimbursed for these costs by FEMA. By providing timely and automated matching and delivery of data, we estimate that at least one half of these duplicate payments will be avoided and reduces the need for labor intensive and time-consuming efforts to recover the excess payments. We also estimate that FEMA will save approximately \$900 thousand annually.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Core R&T	59,050	10,267	69,317	60,736	59,050	8,581	67,631	70,000
Technical Assistance	32,800	29,875	62,675	35,551	32,800	26,100	58,900	50,000
Research, Evaluations and Demonstrations	13,150	18,349	31,499	18,462	13,150	13,037	26,187	25,000
BJA Pay for Success	-	805	805	804	-	-	-	-
TA for ERA	3,000	-	3,000	3,000	-	-	-	-
<b>Total</b>	<b>108,000</b>	<b>59,296</b>	<b>167,296</b>	<b>118,553</b>	<b>105,000</b>	<b>47,718</b>	<b>152,718</b>	<b>145,000</b>

a/ Research, Evaluations, and Demonstrations 2020 Carryover into 2021 includes \$7.2 million in prior year recaptures.

b/ BJA Pay for Success 2020 Carryover into 2021 includes \$805 thousand transferred from the Department of Justice.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### General Provisions

PD&R re-proposes the following general provision that was enacted in the 2021 appropriations bill and submitted for consideration in the 2022 President's Budget request:

#### Unobligated Research Funds:

This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement. (2023 President's Budget, Sec. 219).

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the proposed appropriation language listed below.

*For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, 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, \$145,000,000, to remain available until September 30, 2024: Provided, 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, Indian Tribes, tribally designated housing entities, or colleges or universities for research projects: Provided further, That with respect to the preceding proviso, such partners to the cooperative agreements shall contribute at least a 50 percent match toward the cost of the project: Provided further, That for non-competitive agreements entered into in accordance with the preceding two provisos, the Secretary shall comply with section 2(b) of the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282, 31 U.S.C. note) in lieu of compliance with section 102(a)(4)(C) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(a)(4)(C)) with respect to documentation of award decisions.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Fair Housing and Equal Opportunity (FHEO)

### Fair Housing Programs

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	72,555	16,627	19,400	108,582	35,574	65,594
2022 Annualized CR	72,555	73,025	-	145,580	138,395	85,000
2023 President's Budget	86,000	9,185	-	95,185	90,185	85,000
Change from 2022	13,445	(63,840)	-	(50,395)	(48,211)	-

a/ 2021 Supplemental funding was appropriated through the American Rescue Plan, pursuant to Public Law 117-2.

b/ 2022 and 2023 Total Resources excludes \$1 million in estimated offsetting collections.

### PROGRAM PURPOSE

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 funds four Fair Housing Programs: (1) the Fair Housing Initiatives Program (FHIP); (2) the Fair Housing Assistance Program (FHAP), (3) the Limited English Proficiency Initiative (LEPI); and (4) the National Fair Housing Training Academy (NFHTA). In combination with the other work of FHEO, these programs aim to redress injuries to victims, prevent housing discrimination, and eliminate segregation. The 2023 Budget supports the Secretary's commitment to fair housing and provide resources to implement fair housing activities.

### BUDGET OVERVIEW

The 2023 President's Budget for Fair Housing Programs is \$86 million, which is \$13.4 million more than the 2022 annualized CR level. The Budget funds the following programs:

- Fair Housing Initiatives Program (FHIP): \$56 million will support grants to private fair housing organizations for enforcement, and education and outreach on fair housing rights and responsibilities.
- Fair Housing Assistance Program (FHAP): \$26 million will support State and local civil rights enforcement agencies with grants, training, and technical assistance.
- Limited English Proficiency Initiative (LEPI): \$1 million will support language assistance services to the public and outreach efforts, including through grant opportunities to increase awareness of fair housing and other HUD services to underserved communities.
- National Fair Housing Training Academy (NFHTA): \$3 million will support national training on fair housing investigation and conciliation techniques.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

## JUSTIFICATION

The 2023 President's Budget reflects the Department's goal of supporting the efforts of public and private organizations to provide fair housing enforcement and education and outreach services in addressing currently unmet needs. This budget makes an investment toward eradicating discrimination based on race, national origin, and other protected characteristics from the housing market. Despite decades of prohibitions against housing discrimination, audits of race and national origin discrimination in the rental and sales market continue to show high occurrence nationwide. Mortgage lenders still reject people of color and other protected class applicants almost twice as often as White Americans. The Interagency Task Force on Property Appraisal and Valuation Equity is engaged in efforts to identify, and provide recommendations for, biased appraisals in mortgage transactions. Architects, engineers, and builders continue to design and construct housing that is inaccessible for individuals with disabilities, and housing providers and lenders continue to deny reasonable accommodations and modifications that may be necessary for individuals with disabilities to have an equal opportunity to enjoy and use housing. Studies have found that same-sex couples and transgender persons in communities across the country experience less favorable treatment than their heterosexual and cisgender counterparts when seeking housing.<sup>1</sup> In the rental market, many households face source of income discrimination by housing providers.

### **Fair Housing Initiatives Program (FHIP)**

Many cities with large populations and many rural areas have no fair housing organizations. The Department's efforts to reduce homeownership gaps based on race, color, national origin, and other protected characteristics are frustrated by persistent systemic discrimination. To address these major issues, the Department will continue to carry out a targeted, coordinated strategy for enforcement, education, and outreach. FHIP supports critical fair housing enforcement work throughout the United States, as well as education and outreach to the public about the rights of individuals and families and the responsibilities of housing providers, lenders, and State and local governments under the Fair Housing Act (the Act). The 2023 Budget level of \$56 million for FHIP will provide support for fair housing activities conducted by more than 128 private fair housing organizations and represents a 21 percent increase above the 2021 enacted level. It will allow the program to continue enforcement, education, and outreach activities nationwide at the 2022 enacted level, and provide additional funding for activities to combat discrimination in the housing market.

There are three major initiatives under FHIP:

Private Enforcement Initiative: Under the Private Enforcement Initiative, continued funding is needed for multi-year projects to carry out complaint intake, testing, investigative activities, and legal fees for systemic investigations as well as investigations of individual complaints. The Department will also increase funding under this initiative to ensure full enforcement for all claims under the Act's purview. This includes funding to encourage and support all testing by FHIP grantees designed to expose discrimination under the Act, including source of income testing intended to reveal discriminatory effects. The funding will also support the increased demand on FHIP enforcement services after clarification by HUD in February 2021 that the Act bars discrimination based on sexual orientation and gender identity. This expansion in the protections

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<sup>1</sup> Friedman, Samantha, Angela Reynolds, Susan Scovill, Florence R. Brassier, Ron Campbell, and McKenzie Ballou. (2013). An Estimate of Housing Discrimination Against Same-Sex Couples. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, and Levy, Diane, Doug Wissoker, Claudia L. Aranda, Brent Howell, Rob Pitlingolo, Sarale Sewell, and Rob Santos. (2017). A Paired Testing Pilot of Housing Discrimination Against Same-Sex Couples and Transgender Individuals. The Urban Institute.

and the scope of covered persons and prohibited practices can be expected to increase the demand on FHIP education, outreach, and enforcement services. The increased funding will also bolster the resources to encourage and support all testing by FHIP grantees designed to expose discrimination under the Act.

**Fair Housing Organization Initiative:** The Budget requests funding for the Fair Housing Organization Initiative for HUD to support the creation of at least one new fair housing enforcement organization located in an unserved or underserved area. These are typically communities that lack the presence of a private fair housing enforcement group and have a large and growing population that is vulnerable to housing discrimination. HUD's efforts to create fair housing groups in unserved and underserved areas commenced in 1994, and the groups created through this initiative make a notable difference in resolving fair housing complaints and most importantly, in increasing the knowledge in the areas served of the fair housing rights of individuals and families and the responsibilities of housing providers. The 2023 Budget will also provide funding to build the capacity of existing organizations to enforce the rights granted under the Act.

**Education and Outreach Initiative (EOI):** Fair housing discrimination based on race or national origin continues to be a persistent problem. To address these problems, the proposed 2023 Budget will support four specific components in the Education and Outreach Initiative.

- **EOI National - National Media Component.** Earlier studies of segregation found that Black Americans and other members of protected classes who reported being subject to discrimination in the housing market did not file complaints or take legal action. One of the key reasons for the lack of action had to do with the belief that such actions would not yield results or remedy the discrimination. The studies also showed that a lack of knowledge about where or how to file a complaint was a factor in not filing a complaint. For the Department to have a more enduring impact on reducing housing discrimination against people of color and other protected classes, HUD plans to fund a national fair housing media campaign to educate the American public regarding the forms of discrimination that can occur in the rental, sales, mortgage, insurance, and appraisal markets. The campaign will provide information on how to file a housing discrimination complaint through HUD.
- **EOI General – Regional, Local, and Community-based Component Striving for Housing Equity.** This component addresses the issues that may arise when people protected under the Act exercise their rights to expand housing choice. These issues include but are not limited to opposition to affordable housing, harassment against families of color who move into predominantly white residential neighborhoods and creating obstacles for people with disabilities seeking to enforce their fair housing rights. HUD will fund local and community-based projects to address these issues and promote equity and justice in housing, consistent with the mission of the Act.
- **Targeted Fair Housing Component.** The Budget also requests funds for an initiative to allocate EOI General awards for targeted fair housing education and outreach projects. Fair housing organizations may use these funds for a variety of purposes, including projects to: (1) develop law school curricula related to fair housing; (2) improve access to homeownership for underserved populations that have historically been denied such opportunities; and (3) advance community integration. These funds may also be used to provide complaint intake services to underserved communities and underserved populations.
- **Fair Housing Accessibility FIRST.** This component reflects FHEO's continued dedication to Fair Housing Accessibility Instruction, Resources, Support and Technical Guidance (FIRST), which has been in operation for over 20 years. The contract provides training and



technical guidance through interactive classroom and virtual training, a web-based resource clearinghouse, and on-demand technical assistance for architects, builders, code officials, advocates, and others on compliance with the design and construction requirements of the Act. Fair Housing Accessibility FIRST is part of a broad effort to increase compliance with fair housing design and construction requirements across the U.S., especially in disaster-impacted areas. Fair Housing Accessibility FIRST conveys the importance of front-end planning for compliance with the accessibility requirements prior to work on engineering, design, and construction. FHEO proposes to fund the contract at \$1 million in the 2023 budget, expanding the scope of training to cover a comprehensive curriculum covering all Federal accessibility standards and partnerships with architecture schools to increase industry compliance, technical training, and services to disaster-impacted areas.

- **EOI Sexual Orientation and Gender Identity Component.** This budget includes funding for fair housing organizations to update existing materials to reflect the recognition that the Act bars discrimination based on sexual orientation and gender identity.

#### Fair Housing Initiatives Program (FHIP)

(Dollars in Thousands)

	2021 Enacted	2022 Annualized CR	2023 President's Budget	2023 vs. 2022
Private Enforcement Initiative	36,350	36,350	41,300	4,950
Education Outreach Initiative	7,405	7,405	10,000	2,595
Fair Housing Organization Initiative	2,000	2,000	3,700	1,700
FIRST	550	550	1,000	450
<b>FHIP Total</b>	<b>46,305</b>	<b>46,305</b>	<b>56,000</b>	<b>9,695</b>

**Performance Indicators.** FHEO measures success by ensuring: (1) sound financial management techniques; (2) development of activities that allow for increases in quality and timeliness of deliverables; (3) increases in the number of enforcement actions initiated; and (4) increases in the number of people reached through education and outreach efforts. FHEO documents these outcomes by requiring grantees to report quarterly and annual successes and positive outcomes, which are used to gauge grantee performance against target goals. For example, in 2020, 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 (45.7 percent) than non-FHIP complaints (28.9 percent).

#### Fair Housing Assistance Program (FHAP)

FHAP is requesting \$26 million, \$1.6 million above the 2022 annualized CR level. This level will allow the program to implement a 6.5 percent increase in case processing reimbursement rates and administrative funds, which supports State and local FHAP agencies in covering costs associated with increased salaries and expenses and competitive employee recruitment and retention. FHAP agencies have reported high staff turnover due to retirements, retention challenges, and inflationary strains that are likely to continue into 2023. The pandemic has also exacerbated the resources available to our FHAP agency partners due to challenges in hiring and reductions in State and local budgets. FHAP has not increased complaint processing reimbursement rates since 2017 or the amount of administrative funds since 2018, both of which

## FAIR HOUSING PROGRAMS

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are the two main sources of FHAP funding provided to our agency partners.

The funding level in the 2023 Budget will allow FHAP to continue enforcement activities nationwide and provide Capacity Building funds to admit at least two new agencies to the program, pending review and certification. An increase in Partnership funds will provide resources for agencies to enhance their mission by partnering with FHIP organizations, as well as other community-based fair housing organizations to conduct fair housing testing, public education and outreach, and training. The National Fair Housing Training Academy (NFHTA) no longer charges FHAP staff to attend its training and has developed a largely virtual training platform that has resulted in FHAP agencies incurring lower travel costs. Consequently, the Budget requests a reduction in training funding.

FHAP agencies investigate approximately three-quarters of the administrative complaints filed under the Fair Housing Act. Currently, there are 77 FHAP agencies in the program, including 35 States (including the District of Columbia) and 42 localities. FHAP agencies investigate fair housing complaints to ensure compliance with fair housing laws and, where necessary, litigate complaints to address violations. FHAP agencies plan and conduct 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. FHAP agencies also conduct education on fair housing and fair lending at events throughout their jurisdictions. In 2021, FHAP agencies processed over 5,600 fair housing complaints and obtained monetary relief totaling more than \$4.34 million in addition to public interest relief such as adoption/revision of nondiscrimination policies, education and outreach efforts, and fair housing training.

**Performance Indicators.** FHEO measures success by: (1) ensuring sound financial management techniques; (2) monitoring each agency's ability to meet the nine performance standards and program requirements at 24 CFR §§ 115.206 and 115.307; and (3) increasing the number of cases processed by FHAP agencies each year and the number of cases FHAP agencies resolved through recommendation of a legal charge of discrimination or a conciliation. FHEO monitors agency performance and conformity with regulatory requirements at least once every 24 months, and in connection with recertification every five years.

### Fair Housing Assistance Program (FHAP)

(Dollars in Thousands)

	2021 Enacted	2022 Annualized CR	2023 President's Budget	2023 vs. 2022
Complaint Processing	16,700	16,700	17,750	1,050
Administrative Costs	4,740	4,740	5,090	350
Training	1,700	1,700	1,200	-500
SEE	100	100	100	-
Partnership Activities	800	800	1,500	700
Capacity Building	360	360	360	-
<b>FHAP Total</b>	<b>24,400</b>	<b>24,400</b>	<b>26,000</b>	<b>1,600</b>

**Limited English Proficiency Initiative (LEPI)**

The funding request for the Limited English Proficiency Initiative (LEPI) is \$1 million. LEPI is a direct initiative to ensure HUD's compliance with Executive Order 13166. This Order requires Federal agencies to assess and address the needs of otherwise eligible persons seeking access to federally funded programs and activities who, due to limited English proficiency (LEP), cannot fully and equally participate in or benefit from those programs and activities. FHEO manages the HUD-wide Language Assistance Services program. This program provides translation and interpretation services for HUD-related and sponsored material, services, activities, and programs at no cost to the public. The increased funding will allow the Department to continue providing existing language assistance services to the public and expand upon these efforts through new grant opportunities to increase awareness of fair housing and HUD services to underserved LEP communities.

**Performance Indicators.** FHEO measures progress in the LEPI program by: (1) the number of instances of multi-lingual document translations and (2) the number of instances of multi-lingual interpretation. FHEO uses data from the contracted vendor's monthly and ad hoc reports to assess the quantity and quality of the services rendered in the program. FHEO plans to evaluate the LEPI grant program through the development of targeted outreach content and activities and measurement of direct engagement with LEP populations.

**Limited English Proficiency Initiative (LEPI)**

(Dollars in Thousands)

	2021 Enacted	2022 Annualized CR	2023 President's Budget	2023 vs. 2022
LEPI	350	350	1,000	650

**National Fair Housing Training Academy (NFHTA)**

The funding request for the National Fair Housing Training Academy (NFHTA) is \$3 million. In 2023, NFHTA will continue work to support and build competencies grounded in the President's Executive Orders on Advancing Racial Equity and Support for Underserved Communities and Preventing and Combating Discrimination based on Gender Identity or Sexual Orientation. NFHTA will move to the delivery of regional, in-person classroom training opportunities should HUD's protocols and public health conditions allow for in person activities. The funding in the 2023 Budget will be used to develop curricula and deliver regionalized advanced courses on fair lending and other topics. In addition, the funding allows for training on appraisal biases, accessibility and architectural design, cultural competency on systemic racism, investigating discrimination against the LGBTQ+ community, and the relevance and use of data. NFHTA will continue its partnership with subject matter experts and will endeavor to create additional partnerships with industry professionals, such as appraisers, mortgage bankers, Geographic Information System (GIS) mapping and data experts, developers, and architects, to assist fair housing professionals in specializing in emerging novel and complex fair housing issues. Additionally, NFHTA will work alongside other FHEO offices to engage Historically Black Colleges and Universities (HBCUs); Hispanic-Serving and other Minority-Serving Institutions of higher education; and the students of these institutions. This may include collaboration to develop and deliver curricula and other content. NFHTA will also evaluate training needs that stem from HUD's stakeholder listening sessions related to equity.

**Performance Indicators.** FHEO will evaluate the effectiveness of NFHTA's offerings through a variety of short and long-term measures. FHEO has determined the core competencies needed to

## FAIR HOUSING PROGRAMS

conduct quality, timely, and comprehensive investigations that include knowledge of fair housing law and policies, data analysis, knowledge and application of investigative techniques, conciliation and mediation techniques and application. In the short term, FHEO will evaluate the quality of the training and increased knowledge. Over the long term, based on the core competencies, FHEO will evaluate the gaps between current and needed proficiency levels to effectively support quality investigations.

### National Fair Housing Training Academy (NFHTA)

(Dollars in Thousands)

	2021 Enacted	2022 Annualized CR	2023 President's Budget	2023 vs. 2022
NFHTA	1,500	1,500	3,000	1,500

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Fair Housing Initiatives Program (FHIP)	46,305	10,241	56,546	10,315	46,305	46,199	92,504	56,000
Fair Housing Assistance Program (FHAP)	24,400	4,022	28,422	22,844	24,400	5,689	30,089	26,000
Limited English Proficiency Initiative (LEPI)	350	211	561	315	350	237	587	1,000
National Fair Housing Training Academy (NFHTA)	1,500	1,500	3,000	1,500	1,500	1,500	3,000	3,000
CARES Act - FHIP	-	654	654	600	-	-	-	-
American Rescue Plan (ARP) - FHIP	19,400	-	19,400	-	-	19,400	19,400	-
<b>Total</b>	<b>91,955</b>	<b>16,627</b>	<b>108,582</b>	<b>35,574</b>	<b>72,555</b>	<b>73,025</b>	<b>145,580</b>	<b>86,000</b>

a/ FHAP 2021 carryover includes \$128,840 in recaptures.

b/ 2022 Total Resources excludes \$1 million in estimated offsetting collections.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### General Provision

The 2023 President's Budget proposes to continue the following General Provision included in the 2021 appropriations bill:

Fair Housing Act Investigations and Prosecutions: This section makes clear that the Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity. (2023 President's Budget, Sec. 202)

## APPROPRIATIONS LANGUAGE

The 2023 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 (42 U.S.C. 3601 et seq.), and section 561 of the Housing and Community Development Act of 1987 (42 U.S.C. 3616a), \$86,000,000, to remain available until September 30, 2024: Provided, That notwithstanding section 3302 of title 31, United States Code, the Secretary may assess and collect fees to cover the costs of the Fair Housing Training Academy, and may use such funds to develop on-line courses and provide such training: Provided further, That none of the funds made available under this heading may 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, \$1,000,000 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 2022 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, 2022 (Division A of P.L. 117- 43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**Office of Lead Hazard Control and Healthy Homes (OLHCHH)**  
**Lead Hazard Reduction**

**SUMMARY OF RESOURCES**

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	360,000	132,650	-	492,650	122,100	90,213
2022 Annualized CR	360,000	370,548	-	730,548	712,735	279,000
2023 President's Budget	400,000	17,813	-	417,813	400,000	347,000
Change from 2022	40,000	(352,735)	-	(312,735)	(312,735)	68,000

**PROGRAM PURPOSE**

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) program protects low-income families, particularly those with children and other vulnerable populations, such as the elderly, from exposures to lead from house paint and the lead-contaminated dust and soil it creates. Concurrently, the program addresses multiple health hazards in these homes that contribute to such conditions as asthma, cancer, and/or unintentional injuries. OLHCHH funds grants that reduce lead-based paint hazards and other housing-related health and safety hazards, enforces lead-based paint regulations, provides outreach and technical assistance, and funds technical studies to develop and evaluate cost-effective methods to protect children and their families from health and safety hazards in the home. OLHCHH also conducts demonstrations of programs that identify and remediate housing-related hazards on their own and in collaboration with other HUD offices and/or other agencies. For 2023, these demonstrations would include collaborating with other HUD offices and other agencies on the Radon Testing and Mitigation Resident Safety Demonstration, and the Income Eligibility Harmonization Demonstration. As further described in HUD's 2022-2026 strategic plan Goal 4, HUD is committed to reducing exposure to health risks, environmental hazards, and substandard housing, especially for low-income households and communities of color, who disproportionately impacted by these threats.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$400 million for OLHCHH, which is \$40 million more than the 2022 annualized CR level.

- Lead Hazard Control Grants: \$200 million in grants to make 16,700 unassisted low-income older homes free of lead-based paint hazards.
- Lead Hazard Reduction Demonstration: \$105 million in grants to make 8,800 unassisted low-income older homes in jurisdictions with the most pre-1940 rental housing and highest rates of childhood lead poisoning cases free of lead-based paint hazards.
- Healthy Homes Grants and Support:
  - \$28 million in Healthy Homes Supplements to the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration grant programs, above, to mitigate multiple health hazards (besides the lead-based paint hazards that those programs address) that contribute to asthma, cancer, and unintentional injuries in 9,300 homes.

- \$37 million in grants and contracts to identify and correct housing-related health and safety hazards besides lead-based paint hazards, further the understanding of housing conditions and their connections to resident health, identify effective interventions and preventive practices, demonstrate the health and economic benefits of interventions, conduct surveys, provide technical support and training, grant management and evaluation tools, and manage and evaluate demonstration programs.
- \$10 million in Aging in Place Modification grants to treat housing-related health and safety hazards in low-income housing of low-income seniors to help enable them to age in place.
- \$5 million in Healthy Homes Technical Studies grants, cooperative agreements, and contracts, to develop detection, evaluation, and control technologies regarding housing-related health and safety hazards other than lead-based paint 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 include technical support and training, grant management and evaluation tools, and interagency collaboration projects.
- \$5 million in Healthy Homes and Weatherization Cooperation Demonstration grants to demonstrate whether the coordination of Healthy Homes remediation activities with weatherization activities achieves cost savings and better outcomes in improving the safety and quality of low-income homes.
- \$5 million in Radon Testing and Mitigation Resident Safety Demonstration grants for radon testing and mitigation in public housing units with radon levels at or above the Environmental Protection Agency (EPA)'s radon action level, in areas identified by the EPA or a state or local government as having high potential for elevated indoor radon levels.
- Lead Technical Studies and Support: \$5 million to develop detection, evaluation, and control technologies regarding lead-based paint 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.

## JUSTIFICATION

OLHCHH's mission is to provide safe and healthy homes for at-risk families and children—a mission with an inherent environmental justice, and racial and ethnic equity foundation—by supporting the identification and mitigation of conditions that threaten the health of vulnerable residents. Through its outreach and enforcement of HUD's Lead Safe Housing Rule, which covers lead safety in older (pre-1978) assisted housing that is primarily occupied by low-income families, OLHCHH's programs strengthen and broaden the Federal housing safety net for people in need. By making, at HUD's expense, older housing of low-income families and housing in which low-income families will find affordable in the future lead-safe and healthy, OLHCHH's programs advance housing equity as a means to improving housing choices and greater economic opportunity. By conducting research and translating the research into regulations, policy, guidance, and housing assistance program elements used by other HUD program offices, OLHCHH programs strengthen HUD's internal institutional capacity to deliver on mission. The Office's outreach and education programs, directed to housing stakeholders and HUD program staff, on climate resiliency, environmental justice, and energy efficiency, conducted on its own and in collaboration with other HUD offices and with other Federal and non-Federal partners, promote these considerations across the housing sector.

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. OLHCHH assists states and local governments, both directly and through collaboration with other HUD Offices, in remediating unsafe housing conditions and addressing the acute shortage of decent and safe dwellings for low-income families. OLHCHH collaborates with non-Federal partners, especially philanthropies, to create local, regional, and national partnerships in both the childhood lead safety and the healthy homes arenas. OLHCHH has strong collaborations with other Federal agencies, e.g., the Department of Health and Human Services, the EPA, and the U.S. Department of Agriculture, as well as associated advisory committees and working groups, such as its chairing of the Healthy Homes Working Group and of the Lead Exposure and Prevention Advisory Committee, and its participation in the Children's Environmental Health Task Force (including co-chairing its Lead Subcommittee), Asthma Disparities Working Group, Federal Bedbug Working Group, and National Radon Action Plan Workgroup.

OLHCHH will continue reporting on grantee progress quarterly through HUD's Agency Priority Goal reporting and annually through HUD's Annual Performance Report.

### **Lead Hazard Reduction**

Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America's children, with 29 million homes (44 percent of the homes built before 1978) having significant lead-based paint hazards. OHCHH's two main programs are the Lead Hazard Control and Lead Hazard Reduction Demonstration grant programs, which share the same goal to make privately owned low-income older (pre-1978) housing lead-safe. (42 U.S.C. § 4852) The main distinction between the two programs is that the Lead Hazard Reduction Demonstration grant program (begun in 2003) focuses on jurisdictions with the most pre-1940 rental housing and highest rates of childhood lead poisoning cases, while the original Lead Hazard Control program (begun in 1993) is open to a broader range of States, Native American Tribes, and communities. Funding is projected to make the housing units enrolled in the programs 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) and the long-term effectiveness of the hazard controls.<sup>1,2</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>3</sup>

### **Healthy Homes**

The Healthy Homes program goes beyond addressing lead-based paint hazards to cover other serious threats to residents' health and safety. While grantees can use Lead Hazard Control and Reduction Demonstration funds to remove or repair the lead paint, dust, or soil in a residence (as authorized by Title X of the Housing and Community Development Act of 1992), 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. For the sake of explicitness, the appropriations language accordingly provides that the Healthy Homes program includes mitigating

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<sup>1</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>2</sup> Dixon SL, et al. Window replacement and residential lead paint hazard control 12 years later. *Env. Research.* 113(1):14-20 (2012)

<sup>3</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)



housing-related health and safety hazards in housing of low-income families. A major portion of the Healthy Homes funding is for Healthy Homes Supplements to the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration grants, which allow those grantees to address residential hazards other than lead-based paint hazards in the same low-income older homes where 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 to assess for and mitigate hazards other than lead-based paint. Funding for Healthy Homes Supplements is projected to make homes healthy at an average cost of \$3,000 per unit. To complement the use of Healthy Homes Supplements, another major portion of the Healthy Homes funding is for the Healthy Homes Production Program to address residential hazards that are not primarily lead-based paint hazards in housing of low-income families. Healthy Homes programs yield high returns on investment. For example, reducing household allergens that contribute to asthma and allergies yields \$5.30 - \$16.50 per dollar invested,<sup>4</sup> and installing battery-operated smoke alarms yields \$18 per dollar invested.<sup>5</sup>

As described in the Budget Overview, the Healthy Homes Initiative funds grants for the Aging in Place Modification program to treat housing-related health and safety hazards in housing of low-income seniors to help enable them to age in place, with at least half of the funds going to substantially rural communities. Healthy Homes and Weatherization Cooperation Demonstration grants will continue the demonstration of whether the coordination of Healthy Homes remediation activities with weatherization activities achieves cost savings and better outcomes in improving the safety and quality of low-income homes.

The Healthy Homes Initiative also funds grants for radon testing and mitigation in public housing. The continuation of this resident safety demonstration, initiated using 2021 funding, would allow more public housing agencies to mitigate elevated radon levels and provide HUD with additional implementation information for consideration of subsequent steps in addressing radon in public housing. OLHCHH would continue to implement this demonstration in collaboration with the Office of Public and Indian Housing, including development, award, and management of one or more grants, contracts, or other funding vehicles, with each Office providing its technical, managerial, and administrative skills to their respective portions of the demonstration.

The Healthy Homes program funds support services contracts for a grants management and evaluation tool for the OLHCHH's lead and healthy homes grants, and for a regulatory information public use tool. The Healthy Homes Grants Management System (HHGMS) uses the Salesforce platform for providing grant application processing support, grantee document management, grant progress tracking, quarterly progress report generation, and query responses for its grantee and OLHCHH grant monitoring staff users. OLHCHH's Lead Compliance Advisor provides a robust electronic regulatory implementation decision-support engine, available to the public via HUD's website, and provides online advice about the requirements of the Lead Safe Housing Rule (24 CFR part 35, subparts B – R) to owners and managers of HUD-assisted housing built before 1978 that are covered by the rule. OLHCHH will continue to need Healthy Homes program funds to maintain access to these services and to enhance and expand their functionality available to the Department as business requirements or congressional requirements on their respective subject matters evolve.

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<sup>4</sup> Nurmagametov 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>5</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)

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 2023 Budget includes \$10 million for Lead and Healthy Homes Technical Studies and Support (\$5 million for Lead Technical Studies and \$5 million from within the Healthy Homes Program). 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 the health benefits of interventions to reduce or eliminate health and safety hazards in homes.

The technical studies conducted to date have helped develop detection, evaluation, and control technologies regarding lead and other residential hazards and have provided the basis for the building, housing, scientific, and public health communities to address the hazards more efficiently and broadly. The technical studies and support activities are conducted through grants, cooperative agreements, and contracts, and include technical assistance and training, grant management and evaluation tools, and interagency collaboration projects.

As part of the technical studies funding, HUD is proposing to allow OLHCHH to transfer up to \$2 million of its funds for research to the Office of Policy Development and Research (PD&R). Part of the Lead and/or Healthy Homes research funds can then be awarded as cooperative agreements through PD&R, allowing those funds to be awarded in a faster and more targeted manner. If lead and healthy homes technical studies are funded out of the Lead Hazard account, the funds must be distributed via a Notice of Funding Opportunity (NOFO) with a fixed application submission date. This prevents HUD from moving quickly to partner with specific researchers on projects they have proposed that could benefit HUD's efforts to end lead poisoning and reduce housing-related health and safety hazards.

### **Information Technology**

Within the Information Technology Fund, the Budget requests \$300 thousand for OLHCHH's Grants Management System.

#### Program Pain Point

HHGMS requires perfective and adaptive maintenance to continue to conform to evolving congressional and program office business requirements.

#### Mission Benefits

Healthy Homes Grant Management System (HHGMS) is a grants management system using the Salesforce platform that provides application processing, document management, grant tracking, and quarterly progress reporting for the Office of Lead Hazard Control and Healthy Homes (OLHCHH) and grantee users. The OLHCHH will need support to continue using this system but will require enhancements and expanded functionality.

#### Target Functionality

- Upgrade and maintain an existing web-based system.

## LEAD HAZARD REDUCTION

- Perform system maintenance and operational support to enhance OLHCHH grant application (pre-award cycles), and grants management and reporting systems (post-award cycles).

### Projected Cost Savings

- Implementation of required enhancements and expanded functionality will yield savings of grantee labor time of 10 percent, and OLHCHH government technical representatives and managers labor time, 15 percent.
- This translates into reducing fully loaded labor costs annually by \$202 thousand for grantees and \$112 thousand for HUD staff, totaling \$314 thousand annually.
- For grantees, this operationalizes as increased number of homes made lead safe and healthy (vs. administrative costs); for OLHCHH, as capacity to monitor increased number of grants within and outside of HHGMS usage.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Justification.

### **Demonstration Programs**

For 2023, OLHCHH would collaborate with other HUD offices and other agencies on two demonstrations: the Radon Testing and Mitigation Resident Safety Demonstration, described in the Healthy Homes section, above, and the Income Eligibility Harmonization Demonstration, described in the Legislative Proposals and General Provisions section, below.

### **SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Lead Hazard Reduction Grant Program	190,000	26,842	216,842	30,856	190,000	185,266	375,266	200,000
Technical Studies and Assistance	5,000	4,180	9,180	4,398	5,000	5,501	10,501	5,000
Healthy Homes	60,000	37,628	97,628	29,926	60,000	67,701	127,701	75,000
Lead Hazard Reduction Demonstration Program	95,000	-	95,000	46,920	95,000	48,080	143,080	105,000
Home Modification Grant Program	10,000	-	10,000	10,000	10,000	-	10,000	10,000
Lead Hazard Reduction Neighborhood	-	64,000	64,000	-	-	64,000	64,000	-
Radon Testing and Mitigation Resident Safety Demonstration	-	-	-	-	-	-	-	5,000
<b>Total</b>	<b>360,000</b>	<b>132,650</b>	<b>492,650</b>	<b>122,100</b>	<b>360,000</b>	<b>370,548</b>	<b>730,548</b>	<b>400,000</b>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President's Budget includes the following:

*Income Eligibility Harmonization Demonstration:* This demonstration, provides that, for determining the eligibility of a family to be a beneficiary of an OLHCHH grant based on the family's income being low, the OLHCHH's grantees may use income eligibility determinations made for other HUD programs, or the Department of Energy's (DOE's) weatherization assistance program, the Department of Health and Human Services' (HHS) low income home energy assistance program, or the Department of Veterans Affairs' supportive services for veteran families program for such families who are occupying permanent housing, without duplicating the income verification process. The demonstration is derived from income eligibility harmonization work group discussions among the agencies above.<sup>6</sup> Its results will be used to determine if and how to expand this approach to additional programs. No additional costs are required and, as a result of the demonstration, grantee and assisted housing owner costs are expected to be reduced, allowing more housing units to have their hazards mitigated. This demonstration is being proposed for the first time. Stakeholders, which are local jurisdictions and some States, are anticipated to support the proposal for business efficiency reasons.

### General Provisions

The 2023 President's Budget proposes the following new general provision:

*Extension of disbursement deadlines:* Certain grant programs of the OLHCHH have periods of performance of 42 months. The pandemic has resulted in the reduced production of lead-safe and healthy housing by the Office's 2019 grantees (which use private-sector contractors to perform the evaluation, control, and clearance work), and the standard grant extension period under 2 CFR 200.308(e)(2) of up to 12 months (when justified for reasons not under the control of the grantee) is not sufficient to allow grantees to meet their production performance goals for implementing their grants as Congress had intended. Extensions of grants to allow expenditures beyond the five-year period after the availability of funds (31 U.S.C. 1552) will allow the grantees to fully expend funds in accordance with such intent. Specifically, funds previously made available through grants awarded using fiscal year 2019 funds under the Lead Hazard Reduction and Lead Hazard Reduction Demonstration accounts would remain available for the liquidation of valid obligations through the end of fiscal year 2027. With funds having already been appropriated and obligated, and no grant modifications other than period of performance being provided, no additional costs are required. This proposal is being made for the first time. The grantees, which are local jurisdictions and some states, are anticipated to support the proposal for business and mission reasons. With the current high emphasis on lead safety in housing, children's health advocates and low-income family advocates, as

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<sup>6</sup> The work group was created based on direction in H. Rept. 116-83, Energy and Water Development and Related Agencies Appropriations Bill, 2020 ([www.congress.gov/congressional-report/116th-congress/house-report/83/1](https://www.congress.gov/congressional-report/116th-congress/house-report/83/1)). Efforts in this field have yielded DOE's Program Notice 22-5, Expansion of Client Eligibility in the Weatherization Assistance Program (WAP), December 8, 2021, allowing WAP use of HUD's means-tested programs' income qualifications ([www.energy.gov/sites/default/files/2021-12/wpn-22-5.pdf](https://www.energy.gov/sites/default/files/2021-12/wpn-22-5.pdf)), DOE's rule allowing WAP use of HHS' Low Income Home Energy Assistance Program income qualifications (10 CFR 440.22(a)(3)), and, for the OLHCHH's programs, Policy Guidance 2017-05, Income Verification Guidance, allowing their use of Community Planning and Development programs,' and Housing Choice Voucher program's income eligibility criteria ([www.hud.gov/sites/dfiles/HH/documents/PG\\_2017\\_05\\_Income\\_Verification\\_Guidance\\_Revision\\_Finalrv.pdf](https://www.hud.gov/sites/dfiles/HH/documents/PG_2017_05_Income_Verification_Guidance_Revision_Finalrv.pdf)).

well as local and state governments and nonprofit organizations that rehabilitate older HUD-assisted housing are anticipated to support the proposal. (2023 President's Budget, Sec. 233)

### Legislative Proposals

The 2023 Budget supports the following legislative proposals, and will seek 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 1992 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 just \$12,500 at the time of enactment would cost, in 2023 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 exposing 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. No additional costs are required because the proposal pertains to how underlying assistance awards will be used; no additional assistance is being provided. This amendment has been proposed in several previous years but not enacted. With the current high emphasis on lead safety in housing, children's health advocates and low-income family advocates, as well as local and state governments and nonprofit organizations that rehabilitate older HUD-assisted housing are anticipated to support the proposal.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriations language listed below.

### LEAD HAZARD REDUCTION (including transfer of funds)

*For the Lead Hazard Reduction Program, as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, and for related activities and assistance, \$400,000,000, to remain available until September 30, 2025, of which \$85,000,000 shall be for the Healthy Homes Initiative, pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970, which shall include research, studies, testing, and demonstration efforts, including education and outreach concerning lead-based paint poisoning and other housing-related diseases and hazards, and mitigating housing-related health and safety hazards in housing of low-income families: 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 law that further the purposes of such Act, a grant under the Healthy Homes Initiative, or the Lead Technical Studies program, or other demonstrations or programs 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 not less than \$105,000,000 of the amounts made available under this heading for the award of grants pursuant to section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 shall be provided to areas with the highest lead-based paint abatement needs: Provided further, That of the*

*amount made available for the Healthy Homes Initiative, \$5,000,000 shall be for the implementation of projects in up to five communities that are served by both the Healthy Homes Initiative and the Department of Energy weatherization programs to demonstrate whether the coordination of Healthy Homes remediation activities with weatherization activities achieves cost savings and better outcomes in improving the safety and quality of homes: Provided further, That each applicant for a grant or cooperative agreement under this heading 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 of the amounts made available for the Healthy Homes Initiative, \$10,000,000 shall be for a program established by the Secretary to make grants to experienced non-profit organizations, States, local governments, or public housing agencies for safety and functional home modification repairs and renovations to meet the needs of low-income elderly homeowners to enable them to remain in their primary residence: Provided further, That of the total amount made available under the previous proviso, no less than \$5,000,000 shall be available to meet such needs in communities with substantial rural populations: Provided further, That amounts made available under this heading, except for amounts in the previous two provisos, in this or prior appropriations Acts, still remaining 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: Provided further, That \$5,000,000 of the amounts made available under this heading shall be for a radon testing and mitigation resident safety demonstration program (the radon demonstration) in public housing: Provided further, That the testing method, mitigation method, or action level used under the radon demonstration shall be as specified by applicable state or local law, if such a law is more protective of human health of the environment than the method or level specified by the Secretary: Provided further, That the Secretary shall conduct a demonstration to harmonize income eligibility criteria for grants under this heading in this and prior Acts with the income eligibility criteria of certain other Federal programs: Provided further, That, for purposes of such demonstration, the Secretary may establish income eligibility criteria for such grants using income eligibility criteria of any program administered by the Secretary, the Department of Energy weatherization assistance program (42 U.S.C. 6851 et seq.), the Department of Health and Human Services low income home energy assistance program (42 U.S.C. 8621 et seq.), and the Department of Veterans Affairs supportive services for veteran families program (38 U.S.C. 2044): Provided further, That up to \$2,000,000 of the amounts made available under this heading may be transferred to the heading "Research and Technology" for the purposes of conducting research and studies and for use in accordance with the provisos under that heading for non-competitive agreements.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Salaries and Expenses Overview

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	1,190,220	55,379	1,236,075	1,291,454	28,616	1,451,260	1,479,876
Common Distributable	7,141	200	9,050	9,250	-	12,500	12,500
<b>Total, Personnel Services</b>	<b>\$1,197,361</b>	<b>\$55,579</b>	<b>\$1,245,125</b>	<b>\$1,300,704</b>	<b>\$28,616</b>	<b>\$1,463,760</b>	<b>\$1,492,376</b>
<b>Non-Personnel Services:</b>							
Travel	1,411	1,715	4,368	6,083	-	10,588	10,588
Transportation of Things	378	-	361	361	-	446	446
Rent and Utilities	124,490	17	123,801	123,818	-	128,168	128,168
Printing	609	16	912	928	-	1,384	1,384
Other Services/Contracts	112,708	47,112	90,865	137,977	2,792	137,884	140,676
Training	5,380	2,069	5,123	7,192	-	12,018	12,018
Supplies	563	243	552	795	-	1,854	1,854
Furniture and Equipment	1,698	10	5,883	5,893	-	6,647	6,647
Claims and Indemnities	802	50	720	770	-	768	768
<b>Total, Non-Personnel Services</b>	<b>\$248,039</b>	<b>\$51,232</b>	<b>\$232,585</b>	<b>\$283,817</b>	<b>\$2,792</b>	<b>\$299,757</b>	<b>\$302,549</b>
Working Capital Fund	67,088	10,043	20,313	30,356	2,723	72,983	75,706
Carryover	116,854	-	34,131	34,131	-	2,000	2,000
<b>Grand Total</b>	<b>\$1,629,342</b>	<b>\$116,854</b>	<b>\$1,532,154</b>	<b>\$1,649,008</b>	<b>\$34,131</b>	<b>\$1,838,500</b>	<b>\$1,872,631</b>
<b>FTEs</b>	<b>7,317</b>	<b>314</b>	<b>7,249</b>	<b>7,563</b>	<b>149</b>	<b>8,177</b>	<b>8,326</b>

\*Includes 2020 Carryover.

\*Totals in chart and associated narrative include GNMA and exclude OIG and Information Technology Fund. Totals in chart may not add due to rounding.

## SALARIES AND EXPENSES OVERVIEW

HUD's operational infrastructure related to people, processes, and technology remains a top priority of the Department. Funding to support HUD's operations is essential to successfully meet the demands of the continually increasing workload. The 2023 President's Budget continues to support and expand on the investments proposed in 2022 in the areas of staffing and Information Technology (IT) modernization to best manage and reduce risks associated with this growth.

The 2023 Budget requests \$1.8 billion for HUD salaries and expenses (S&E), an increase of \$306 million from the 2022 Annualized Continuing Resolution (CR) level.<sup>1</sup> The Budget reflects total S&E (carryover and new authority) of \$1.9 billion, which is \$224 million above 2022 total funding. HUD's mission is critical to achieving the President's vision to address our Nation's public health

<sup>1</sup> The 2023 President's Budget includes \$11.8 million, which was realigned from the Information Technology (IT) Fund to support end-user IT devices and wireless support to be paid via the Working Capital Fund.

and economic challenges, from the climate crisis and rising inequality to the longstanding systemic challenges of racial injustice. Investing in HUD's S&E will support HUD's ability to do its essential work improving the quality of life for the American people.

## Staffing

The 2023 President's Budget (with carryover) supports a total of 8,326 full time equivalents (FTEs). While this reflects a significant increase in staffing over a 2022 annualized CR funding level, the actual increase over HUD's 2022 Budget is a modest 141 FTEs, or less than a two percent increase. The 2023 funding level seeks to maintain the staffing gains achieved in 2020 and 2021, in addition to the Department's planned growth in 2022. HUD's recent successes in beginning to build back staffing levels have been crucial to addressing the significant erosion of our ability to monitor compliance on properties, loans, grants, public housing authorities, and other areas of responsibility, as well as tackling the systemic issues inside the Department that occurred over the previous two decades as the result of the steady decline in staffing.

However, this recent growth in staffing is only a start. Continued staff growth is essential to address not only the Department's increasing workload but also emerging risks identified by the Department's Enterprise Risk Management program. These risks reveal agency-wide exposures that could prevent the agency from accomplishing its mission, vision, and program outcomes. In particular, the declining staffing numbers over the last two decades, if allowed to continue, would place the Department in an increasingly vulnerable position for managing programmatic and operational responsibilities and will further compromise disaster recovery readiness.

Using workforce succession strategies, the Department intends to ensure that additional staffing results in the right people allocated to the right jobs, providing the biggest impact toward achieving HUD's priorities. The staffing increases achieved in 2023 will allow the Department to better and more efficiently serve households and communities across the country, in addition to achieving the Department's priorities.

- Supporting Underserved Communities: HUD will fortify support for underserved communities and support equitable community development for all people.
- Ensuring Access to and Increase the Production of Affordable Housing: HUD will ensure the housing demand is matched by adequate production of new homes and equitable access to housing opportunities for all people.
- Promoting Homeownership: HUD will promote homeownership opportunities, equitable access to credit for purchase and improvements, and wealth-building in underserved communities.
- Advancing Sustainable Communities: HUD will advance sustainable communities by strengthening climate resilience and energy efficiency, promoting environmental justice, and recognizing housing's role as essential to health.
- Strengthening HUD's Internal Capacity: HUD will strengthen its internal capacity and efficiency to better ensure delivery of HUD's mission.

The requested funding in 2023 also supports a cost-of-living increase of 4.6 percent.

## Account Structure, Reorganizations and Realignments

The 2023 Budget proposes the following new reorganizations and realignments.

- The Office of Departmental Equal Employment Opportunity (ODEEO) is renamed the Office of Equal Employment and Equity Advancement (OEEEA). The Diversity, Equity and Inclusion programs are realigned to this office from the Office of the Chief Human Capital



Officer (OCHCO). This realignment includes the position of Chief Diversity Officer and creation of two divisions to better reflect these expanded responsibilities. These divisions are:

- The Equal Opportunity Support Services Division to perform Alternative Dispute Resolution functions and provide administrative support services; and
- The Diversity, Equity, Inclusion, and Accessibility Division executes the functions previously performed in the Office of Diversity and Inclusion within the OCHCO.
- Within the Office of Administration:
  - Realigns the Disaster Management function from the Office of the Chief Administrative Officer (OCAO) to the Office of the Deputy Secretary within the Executive Offices.
  - Realigns the Diversity Equity and Inclusion programs from OCHCO to the OEEEEA.
  - Creates a Deputy Assistant Secretary for Operations to oversee all administrative, budgetary, and overhead functions for the OCAO, OCHCO, and the Office Chief Procurement Officer (OCPO).
- Within the Office of the Chief Financial Officer (CFO), realigns the Grants Management and Oversight Division from the Assistant Chief Financial Officer (ACFO) for Systems to the ACFO for Budget.
- The Department proposes to move the Technical Assistance Division (TAD), which is currently located in Community Planning and Development (CPD) Operations, Office of Technical Assistance and Management to the Office of Policy Development and Research. This realignment includes funding to support 24 FTE.
- CPD proposes to reorganize its structure to align functions properly, foster better communication, effective succession planning, and employee engagement.

In addition to the new reorganizations and realignments listed above, the 2023 Budget repropose the following account structure change, reorganizations, and realignments previously identified in the 2022 President's Budget:

- Establish an Assistant Secretary of Administration (ASA) which includes the Immediate Office of the Assistant Secretary for Administration and consolidates funding for the following Administrative Support Offices: OCHCO, OCAO, and OCPO.
- Within the OCFO, a reorganization of the following is proposed:
  - The ACFO for Accounting: The CFO Accounting Center will be undergoing a reorganization to better align functions, workload, and operational missions. The proposed changes are required to balance workload, realign employee to supervisor ratios, and improve operational efficiencies and service delivery due to the transition to shared services. The reorganization will include the dissolution of the Reports and Control Division and integrating those duties with the Payments and Collections Division. It will also encompass the renaming of various divisions and branches to better reflect current functions.
  - The ACFO for Budget: The ACFO for Budget has relied solely on contractor staff to support the customer experience functions for the Department in 2020 and 2021. The 2022 Budget creates a Customer Experience Division reporting to the Director for Performance Management and Customer Experience.
  - The ACFO for Systems: The ACFO for Systems has solely used contract support to meet Digital Accountability and Transparency Act (DATA Act) Reporting Requirements over the past few years, with only one Federal staff managing the work. In 2022, the OCFO proposes to begin transitioning contract support to Federal staff. The creation of the Financial Data Reporting and Analysis Division will permit

this transition from contractor resources to Federal staff, provide support for reporting, audit, and data quality, as well as to meet additional regulatory financial reporting such as the Grants Oversight and New Efficiency Act and the Grant Reporting Efficiency and Agreements Transparency Act.

- The Office of the Chief Risk Officer (OCRO): The OCFO requests to establish the Office of the Chief Risk Officer in 2022. This office will include the Chief Risk Officer (CRO) and four risk analysts. The CRO will report to the Deputy CFO. The CRO provides executive-level management, leadership, direction, and oversight to the Enterprise Risk Management Program. The OCRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.
- The Office of Housing intends to restructure the Office of Risk Management and Regulatory Affairs by removing the Office of Manufactured Housing and establishing this Office as a standalone organization reporting directly to the Office of the Assistant Secretary for Housing-FHA Commissioner.
- The Office of Administration intends to combine the Freedom of Information Act (FOIA) and the Privacy Divisions with the Office of Digital Enterprise. The name of the newly formed organization will be the Office of Government Information Management. Additionally, a new office named the Office of Administrative Services is proposed in 2022. This Office would include the Administrative Officer and support staff.
- CPD proposes to move the Disaster Recovery and Special Issues Division (DRSI), which is currently located within the Office of Block Grant Programs to the Office of Grant Programs. This reorganization would involve the following:
  - Establish an Office of Disaster Recovery under CPD's Office of Grant Programs;
  - Realign existing functions in the Disaster Recovery and Special Issues Division (DRSI) to the Office of Disaster Recovery; and
  - Realign the Office of Grant Programs' Coordinating Officer for Disaster Recovery and its associated staff to CPD's Office of Disaster Recovery.
- Ginnie Mae proposes several organizational changes to its structure to better align functions, workload, and operational missions. The changes proposed and outlined within Ginnie Mae's congressional justification will provide improved operational efficiencies and program support for all the affected offices.
- The Office of the Inspector General (OIG) proposes to realign the Planning, Performance, Risk Management, and Engagement Office (PPRiME) Division within the Office of Evaluation to create the office of the Chief Strategy Officer within the Immediate Office of the Inspector General. This realignment will help to assist the IG with developing and executing strategic plans and initiatives, centralize oversight strategy, manage OIG organizational risk, and increase OIG quality assurance.

### **Working Capital Fund (WCF)**

In 2023, two new business lines are being incorporated into the WCF: Printing Services and HR Platform Licensing. In addition, a re-proposal for the incorporation of HUD's 2022 new business line for End-User Information Technology Devices and Wireless Support is also included in 2023. Printing Services is comprised of leasing contracts for Multifunction Devices (MFDs), including black/white and color MFDs in HUD's headquarters and field offices, large format and specialized printing equipment used in HUD's Weaver Building Printing Shop, and the associated Federal FTE and contractor support. Moving this service to the WCF will create opportunities to realize long-term savings through more flexible contracting, increase customer visibility into costs, and provide for expanded printing capabilities for WCF customers.

HR Platform Licensing is comprised of the license costs for ServiceNow Human Resources Service Delivery (HRSD). HUD plans on beginning implementation of the ServiceNow platform in 2022, with an estimated go-live date near the end of 2023. The ServiceNow HRSD platform will improve HR efficiency and productivity by streamlining the employee HR service experience end-to-end with intelligent workflows and a shared document portal. The system would provide a consistent level of service and experience to employees.

End-User IT Devices and Wireless Support is comprised of end-user IT equipment, including computers and laptops, mobile phones, tablets, mobile hotspots (MiFis), and specialized equipment purchases, as well as the associated voice and data plans. Moving device acquisition to a WCF model allows HUD to improve long term IT planning, establish a more regular device refresh cadence, improve IT security through use of up-to-date hardware, and promote efficient use of these services driven by customer business needs.

### **Information Technology (IT) Fund**

The Budget requests \$382 million for the IT Fund. Within this request, \$339 million supports the Operations and Maintenance of current IT systems and applications that support HUD's mission and administrative functions, and its IT infrastructure, such as computer hardware, network and communications, support services, enterprise software licenses, and cybersecurity, but excludes funding for computers, mobile equipment, and related voice and data for Departmental users that are part of HUD's Working Capital Fund request. The technology provided through the IT Fund promotes affordable rental housing, provides access to homeownership opportunities, creates healthier home environments, and reduces homelessness.

The Budget also provides \$43 million for critical new initiatives, including \$14 million for Operations and Maintenance investments and \$29 million for Development, Modernization, and Enhancement initiatives to support the Department's strategic goals and strengthen HUD's internal institutional capacity to deliver on its mission. These new investments improve delivery of services, digitize manual processes, and promote the stewardship of taxpayer dollars. The Budget will also expand and strengthen cybersecurity at HUD by continuing implementation of a comprehensive cybersecurity program that addresses critical security deficiencies related to cyber risk management, the operating environment, governance, and data protection.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## EXECUTIVE OFFICES

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$11,687</b>	<b>\$4,626</b>	<b>\$11,947</b>	<b>\$16,573</b>	<b>\$4,600</b>	<b>\$15,067</b>	<b>\$19,667</b>
<b>Non-Personnel Services:</b>	-	-	-	-	-	-	-
Travel	77	300	-	300	-	310	310
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	1	10	-	10	-	10	10
Other Services/Contracts	439	2,400	-	2,400	745	1,730	2,475
Training	-	30	-	30	-	45	45
Supplies	20	50	-	50	-	50	50
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	6	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$543</b>	<b>\$2,790</b>	-	<b>\$2,790</b>	<b>\$745</b>	<b>\$2,145</b>	<b>\$2,890</b>
Working Capital Fund	882	-	-	-	-	788	788
Carryover	7,416	-	5,345	5,345	-	-	-
<b>Grand Total</b>	<b>\$20,528</b>	<b>\$7,416</b>	<b>\$17,292</b>	<b>\$24,708</b>	<b>\$5,345</b>	<b>\$18,000</b>	<b>\$23,345</b>
<b>FTEs</b>	<b>60</b>	<b>26</b>	<b>71</b>	<b>97</b>	<b>26</b>	<b>85</b>	<b>111</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The Executive Offices (EO) 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 and policy priorities. Those policy priorities include strengthening and broadening the Federal housing safety net for people in need, advancing housing equity as a means of improving housing choices and greater economic opportunity, strengthening HUD's internal institutional capacity to deliver on mission, increasing the production of, and access to, affordable housing, and promoting climate resiliency, environmental justice, and energy efficiency across the housing sector.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in the EO's salaries and expenses will assist in ensuring that work can be done.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$18 million for EO, which is \$708 thousand more than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$23.3 million, \$1.4 million less than 2022 total funding.

Housing-related challenges can trigger significant mental health distress. Amounts available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. EO will oversee the incorporation of validated, evidence-based practices around mental health and emotional distress in the Department's ongoing technical assistance and grantee training programs. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

### Personnel Services (PS)

The Budget assumes total funding (carryover and new authority) of \$19.7 million for EO's PS, \$3.1 million more than 2022 total funding. This funding will support 111 full-time equivalents (FTEs), 14 FTEs more than the 2022 level. Increases in FTEs are primarily attributed to the Department realigning the Disaster Management Division from the Office of Administration to the Office of the Deputy Secretary. Additionally, the FTE level reflects the completion of the realignment of the Executive Secretariat Division into the Office of the Secretary, which was approved in 2021. The final six FTE realigned as part of this move perform Executive Scheduling and Advance functions. The funding also supports a 4.6 percent Federal pay raise.

### Non-Personnel Services (NPS)

The Budget assumes total funding (carryover and new authority) of \$2.9 million for EO's NPS, \$100 thousand more than 2022 total funding. This funding will support contracts, travel, training, and supplies.

### Working Capital Fund (WCF)

The President's Budget assumes \$788 thousand for EO's WCF requirements, \$264 thousand more than the 2022 CR Annualized CR level that was forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of the Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

## 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 advise the President on issues related to housing, community development, and equal housing opportunity;
- Develop recommendations for policy in the areas of advancing housing equity, increasing production of and access to affordable housing, safe and sustainable homeownership opportunity, community development, ending homelessness, and promoting climate resiliency and environmental justice to build inclusive communities;

- Serve as the nerve center for all HUD activities and steer the Department's mission to create strong, sustainable, and inclusive communities, and quality affordable homes for all;
- Provide program and policy guidance, and operations management and oversight;
- 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;
- Collaborate with the Office of General Counsel (OGC) and program offices in developing the Department's position on relevant legislative matters;
- Coordinate the presentation of the Department's legislative matters to the Congress, and ensure 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, and 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;
- Provide small business program design and outreach to the business community in its efforts to assist small and disadvantaged businesses in providing services to the Federal Government and the American people;
- Build partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange, and capacity building programs;
- Create a more stable and effective directives management program by working with HUD offices to create a departmentwide inventory of directives and a cyclical review process to establish a scheduling mechanism for advance notice of directives that may be approaching expiration;
- Reinstitute a strong Exec Sec program for the Department to maintain continuity through transitions Administrations; and to work closely with other executive offices, primarily Congressional/Intergovernmental Relations (CIR), Office of Public Affairs (OPA), and OGC to ensure consistency in messaging across all platforms representative of the voice and views of the Secretary and the Administration in line with the Department's mission;
- Create a public access link (PAL) managed by Exec Sec that will allow customers to submit correspondence directly to the Secretary via HUD's website providing an option for electronic submission to eliminate barriers that customers face when sending inquiries via USPS (e.g., unknown delivery status, delivery delays, costs, etc.), and potentially reducing the time it takes for HUD to respond to customers' concerns;
- Propose the realignment of the Disaster Management Division (6 FTEs) from the Office of Administration to the Office of the Deputy Secretary.

## EXECUTIVE OFFICES

### OFFICE OF THE SECRETARY

#### Salaries and Expenses

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$4,810</b>	<b>\$1,458</b>	<b>\$4,300</b>	<b>\$5,758</b>	<b>\$1,250</b>	<b>\$6,274</b>	<b>\$7,524</b>
<b>Non-Personnel Services:</b>							
Travel	36	125	-	125	-	125	125
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	1	1	-	1	-	1	1
Other Services/Contracts	345	400	-	400	-	450	450
Training	-	8	-	8	-	15	15
Supplies	11	20	-	20	-	20	20
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	6	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$399</b>	<b>\$554</b>	<b>-</b>	<b>\$554</b>	<b>-</b>	<b>\$611</b>	<b>\$611</b>
Working Capital Fund	882	-	-	-	-	788	788
Carryover	7,416	-	1,250	1,250	-	-	-
<b>Grand Total</b>	<b>\$13,507</b>	<b>\$2,012</b>	<b>\$5,550</b>	<b>\$7,562</b>	<b>\$1,250</b>	<b>\$7,673</b>	<b>\$8,923</b>
<b>FTEs</b>	<b>24</b>	<b>8</b>	<b>25</b>	<b>33</b>	<b>7</b>	<b>35</b>	<b>42</b>

\*Includes 2020 Carryover

### PROGRAM PURPOSE

The Immediate Office of the Secretary (OSEC) provides program and policy guidance, as well as operations management and oversight for the Department in the administration of all programs, functions, and authorities. OSEC educates and enforces Federal Fair Housing law, advises the President and develops policy focused on strengthening and broadening the Federal housing safety net for people in need, advancing housing equity as a means of improving housing choices and greater economic opportunity, strengthening HUD's internal institutional capacity to deliver on mission, increasing the production of, and access to, affordable housing, and promoting climate resiliency, environmental justice, and energy efficiency across the housing sector.

OSEC serves as the nerve center for all HUD activities and leads the Department's mission to create strong, sustainable, and inclusive communities, and quality affordable homes for all.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$7.7 million for OSEC, which is \$2.1 million more than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$8.9 million, \$1.4 million more than 2022 total funding.

### **Personnel Services (PS)**

The Budget assumes total funding (carryover and new authority) of \$7.5 million for OSEC PS, \$1.8 million more than 2022 total funding. This funding will support 42 full-time equivalents (FTEs), 9 FTEs more than the 2022 level. Increases in FTEs are primarily attributed to the completion of the Executive Secretariat Division realignment from the Office of Administration to the Office of the Secretary approved in 2021. The final six FTE realigned as part of this move perform Executive Scheduling and Advance functions. The funding also supports a 4.6 percent Federal pay raise.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) of \$611 million for NPS, \$57 thousand more than 2022 total funding. This funding will support contracts, travel, training, and supplies.

### **Working Capital Fund (WCF)**

The President's Budget assumes \$788 thousand for EO's WCF requirements, \$264 thousand more than the 2022 CR Annualized CR level that was forward funded at the end of fiscal year 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.



## EXECUTIVE OFFICES

### OFFICE OF THE DEPUTY SECRETARY

#### Salaries and Expenses

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$370</b>	<b>\$200</b>	<b>\$1,166</b>	<b>\$1,366</b>	<b>-</b>	<b>\$2,293</b>	<b>\$2,293</b>
<b>Non-Personnel Services:</b>							
Travel	4	50	-	50	-	50	50
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	1	-	1	-	1	1
Other Services/Contracts	-	1,800	-	1,800	745	1,055	1,800
Training	-	4	-	4	-	5	5
Supplies	-	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$4</b>	<b>\$1,860</b>	<b>-</b>	<b>\$1,860</b>	<b>\$745</b>	<b>\$1,116</b>	<b>\$1,861</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	745	745	-	-	-
<b>Grand Total</b>	<b>\$374</b>	<b>\$2,060</b>	<b>\$1,911</b>	<b>\$3,971</b>	<b>\$745</b>	<b>\$3,409</b>	<b>\$4,154</b>
<b>FTEs</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>8</b>	<b>-</b>	<b>13</b>	<b>13</b>

### PROGRAM PURPOSE

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.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$3.4 million for DEPSEC, which is \$1.5 million more than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$4.2 million, \$183 thousand more than 2022 total funding.

#### Personnel Services (PS)

The Budget assumes total funding (carryover and new authority) \$2.3 million for PS, \$927 thousand more than 2022 total funding. This funding will support 13 full-time equivalents (FTEs), 5 FTEs more than the 2022 level. Increases in FTEs are primarily attributed to the Department realigning the Disaster Management Division from the Office of Administration to the Office of the Deputy Secretary. The funding also supports a 4.6 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) of \$1.9 million for DEPSEC NPS, which is level with 2022 total funding. This funding will support contracts, travel, training, and supplies.

## EXECUTIVE OFFICES

### OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL RELATIONS

#### Salaries and Expenses

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$1,263</b>	<b>\$575</b>	<b>\$1,619</b>	<b>\$2,194</b>	<b>\$800</b>	<b>\$1,125</b>	<b>\$1,925</b>
<b>Non-Personnel Services:</b>							
Travel	4	50	-	50	-	50	50
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	1	-	1	-	1	1
Other Services/Contracts	-	50	-	50	-	75	75
Training	-	4	-	4	-	5	5
Supplies	-	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$4</b>	<b>\$110</b>	<b>-</b>	<b>\$110</b>	<b>-</b>	<b>\$136</b>	<b>\$136</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	800	800	-	-	-
<b>Grand Total</b>	<b>\$1,267</b>	<b>\$685</b>	<b>\$2,419</b>	<b>\$3,104</b>	<b>\$800</b>	<b>\$1,261</b>	<b>\$2,061</b>
<b>FTEs</b>	<b>8</b>	<b>4</b>	<b>12</b>	<b>16</b>	<b>6</b>	<b>8</b>	<b>14</b>

### PROGRAM PURPOSE

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 (OGC) 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.

CIR is responsible for coordinating the presentation of the Department's legislative matters to the 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 the Congress regarding HUD's legislative initiatives and other legislative matters. In this regard, CIR is responsible for ensuring that all testimony and responses to congressional inquiries are consistent with the Secretary's and the Administration's views.

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$1.3 million for CIR, which is \$1.2 million less than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$2.1 million, \$1 million less than 2022 total funding.

### **Personnel Services (PS)**

The Budget assumes total funding (carryover and new authority) of \$1.9 million for CIR PS, \$269 thousand less than 2022 total funding. This funding will support 14 full-time equivalents (FTEs), two FTEs less than the 2022 level. The funding also supports a 4.6 percent Federal pay raise.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) of \$136 thousand for NPS, \$26 thousand more than 2022 total funding. This funding will support contracts, travel, training, and supplies.

## EXECUTIVE OFFICES

### OFFICE OF PUBLIC AFFAIRS

#### Salaries and Expenses

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$2,371</b>	<b>\$600</b>	<b>\$2,935</b>	<b>\$3,535</b>	<b>\$950</b>	<b>\$3,000</b>	<b>\$3,950</b>
<b>Non-Personnel Services:</b>							
Travel	33	50	-	50	-	50	50
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	1	-	1	-	1	1
Other Services/Contracts	87	100	-	100	-	100	100
Training	-	4	-	4	-	5	5
Supplies	-	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$120</b>	<b>\$160</b>	<b>-</b>	<b>\$160</b>	<b>-</b>	<b>\$161</b>	<b>\$161</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	950	950	-	-	-
<b>Grand Total</b>	<b>\$2,491</b>	<b>\$760</b>	<b>\$3,885</b>	<b>\$4,645</b>	<b>\$950</b>	<b>\$3,161</b>	<b>\$4,111</b>
<b>FTEs</b>	<b>12</b>	<b>4</b>	<b>17</b>	<b>21</b>	<b>5</b>	<b>17</b>	<b>22</b>

### PROGRAM PURPOSE

The Office of Public Affairs (OPA) strives to educate and keep the American people informed about the Department's mission to create strong, sustainable, and 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, social media, and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

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 steps the Department is taking to further its mission.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$3.2 million for OPA, which is \$724 thousand less than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$4.1 million, \$534 thousand less than 2022 total funding.

### **Personnel Services (PS)**

The Budget assumes total funding (carryover and new authority) of \$4 million for OPA PS, \$415 thousand more than 2022 total funding. This funding will support 22 full-time equivalents (FTEs), one FTEs more than the 2022 level. The increased FTE is primarily attributed to the annualized funding of backfilling a vacant position in late 2022.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) \$161 thousand for OPA NPS, which is essentially level with 2022 total funding. This funding will support contracts, travel, training, and supplies.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$200 thousand for www.HUD.gov Application Programming Interface (API) & App Development.

#### Program Pain Point

Currently the Department has a significant amount of information, data, and resources that are beneficial to the public but has no expedient way in which to consolidate and present the information in a user-friendly way on its website. Development dollars are limited and trying to excavate the information in its various current iterations is costly and time consuming. It also is not conducive to transparency.

#### Mission Benefits

The development of APIs will ensure the Department's content is ready for easy sharing and redistribution to deliver our mission directly to more citizens, not only via HUD channels but potentially expanding our departmental information and services exponentially by allowing the content to be more easily embedded or interwoven throughout external sites or other applications. APIs can be used to distribute services and information to new audiences and in specific contexts that can be customized to provide tailored user experiences. Making data available via API will also improve data quality review and cleanup.

#### Target Functionality

API creation for integration into websites such as:

- Affordable Apartments
- Housing Counselors
- Public Housing Authorities

#### Projected Cost Savings

Adoption of APIs versus individual legacy access of data by various systems could provide substantial savings in both development and maintenance for the Department. Once built for one application that same API can be used for others.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## EXECUTIVE OFFICES

### OFFICE OF ADJUDICATORY SERVICES

#### Salaries and Expenses

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$1,522</b>	<b>\$793</b>	<b>\$891</b>	<b>\$1,684</b>	<b>\$600</b>	<b>\$1,000</b>	<b>\$1,600</b>
<b>Non-Personnel Services:</b>							
Travel	-	-	-	-	-	-	-
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-
Other services/Contracts	5	25	-	25	-	25	25
Training	-	2	-	2	-	5	5
Supplies	-	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$5</b>	<b>\$32</b>	<b>-</b>	<b>\$32</b>	<b>-</b>	<b>\$35</b>	<b>\$35</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	600	600	-	-	-
<b>Grand Total</b>	<b>\$1,527</b>	<b>\$825</b>	<b>\$1,491</b>	<b>\$2,316</b>	<b>\$600</b>	<b>\$1,035</b>	<b>\$1,635</b>
<b>FTEs</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>8</b>

### PROGRAM PURPOSE

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 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 laws and the facts established by the evidence.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$1 million for OAS, which is \$456 thousand less than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$1.6 million, \$681 thousand less than 2022 total funding.

**Personnel Services (PS)**

The Budget assumes total funding (carryover and new authority) \$1.6 million for OAS PS, \$84 thousand less than 2022 total funding. This funding will support 8 full-time equivalents (FTEs), equal to the 2022 level.

**Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) of \$35 thousand for OAS NPS, \$3 thousand more than 2022 total funding. This funding will support contracts, training, and supplies.



## EXECUTIVE OFFICES

## OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

## Salaries and Expenses

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$660</b>	<b>\$500</b>	<b>\$352</b>	<b>\$852</b>	<b>\$500</b>	<b>\$650</b>	<b>\$1,150</b>
<b>Non-Personnel Services:</b>							
Travel	-	25	-	25	-	25	25
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	3	-	3	-	3	3
Other Services/Contracts	2	25	-	25	-	25	25
Training	-	4	-	4	-	5	5
Supplies	9	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$11</b>	<b>\$62</b>	<b>-</b>	<b>\$62</b>	<b>-</b>	<b>\$63</b>	<b>\$63</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	500	500	-	-	-
<b>Grand Total</b>	<b>\$671</b>	<b>\$562</b>	<b>\$852</b>	<b>\$1,414</b>	<b>\$500</b>	<b>\$713</b>	<b>\$1,213</b>
<b>FTEs</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>5</b>

## PROGRAM PURPOSE

The Office of Small and Disadvantaged Business Utilization (OSDBU) provides small business program designs and outreach to the business community in its efforts to assist small and disadvantaged business that provide services to the Federal Government and the American people. The OSDBU is responsible for ensuring that small businesses are treated fairly and 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. The Secretary of HUD 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 our country. A successful and strong business community is an integral component of the Department's overall mission of job creation, community empowerment and economic revitalization.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$713 thousand for OSDBU, which is \$139 thousand less than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$1.2 million, \$201 thousand less 2022 total funding.

### Personnel Services (PS)

The Budget assumes total funding (carryover and new authority) of \$1.2 million for the OSDBU PS, \$298 thousand more than 2022 total funding. This funding will support 5 full-time equivalents (FTEs), 1 FTE more than the 2022 level. The additional FTE will support the Departmental Equity Assessment Working Group as part of the [President's Executive Order 13985, Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government](#). The additional FTE will also facilitate OSDBU's ability to broaden HUD's outreach to small disadvantaged and minority business concerns, retrieve nation-wide data on vendors to supplement outreach efforts and market research for technical reviews and to expeditiously obtain supplier lists, as appropriate. The funding also supports a 4.6 percent Federal pay raise.

### Non-Personnel Services (NPS)

The Budget assumes total funding (carryover and new authority) of \$63 thousand for the OSDBU NPS, \$1 thousand more than 2022 total funding. This funding will support contracts, travel, training, and supplies.

**EXECUTIVE OFFICES****CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS****Salaries and Expenses**

(Dollars in Thousands)

	2021	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$691</b>	<b>\$500</b>	<b>\$684</b>	<b>\$1,184</b>	<b>\$500</b>	<b>\$725</b>	<b>\$1,225</b>
<b>Non-Personnel Services:</b>							
Travel	-	-	-	-	-	10	10
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	3	-	3	-	3	3
Other Services/Contracts	-	-	-	-	-	-	-
Training	-	4	-	4	-	5	5
Supplies	-	5	-	5	-	5	5
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>-</b>	<b>\$12</b>	<b>-</b>	<b>\$12</b>	<b>-</b>	<b>\$23</b>	<b>\$23</b>
Working Capital Fund	-	-	-	-	-	-	-
Carryover	-	-	500	500	-	-	-
<b>Grand Total</b>	<b>\$691</b>	<b>\$512</b>	<b>\$1,184</b>	<b>\$1,696</b>	<b>\$500</b>	<b>\$748</b>	<b>\$1,248</b>
<b>FTEs</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>7</b>

**PROGRAM PURPOSE**

The Center for Faith-Based and Neighborhood Partnerships (CFBNP) serves as a liaison between faith-based and community-serving organizations, HUD, and the White House Office of Faith-Based and Neighborhood Partnerships pursuant to Executive Order 14015. CFBNP assists in developing and coordinating HUD and the Administration's policy agenda affecting faith-based and other community programs and initiatives, and optimizes the role of such efforts in communities. It does so by building partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange, and capacity building programs. CFBNP also 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 reach communities more effectively which HUD and the White House office of Faith-Based and Neighborhood Partnerships seek to have an impact.

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$748 thousand for CFBNP, which is \$436 thousand less than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$1.2 million, \$448 thousand less than 2022 total funding.

**Personnel Services (PS)**

The Budget assumes total funding (carryover and new authority) of \$1.2 million for CFBNP PS, \$41 thousand more than 2022 total funding. This funding will support 7 full-time equivalents (FTEs), equal to 2022 total level. The funding also supports a 4.6 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The Budget assumes total funding (carryover and new authority) of \$23 thousand for CFBNP NPS, \$11 thousand more than 2022 total funding. This funding will support contracts, travel, training, and supplies.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Administrative Support Offices Overview

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	320,007	20,114	323,266	343,380	18,416	391,675	410,091
Common Distributable	7,141	200	9,050	9,250	-	12,500	12,500
<b>Total, Personnel Services</b>	<b>\$327,148</b>	<b>\$20,314</b>	<b>\$332,316</b>	<b>\$352,630</b>	<b>\$18,416</b>	<b>\$404,175</b>	<b>\$422,591</b>
<b>Non-Personnel Services:</b>							
Travel	1,037	915	1,460	2,375	-	5,117	5,117
Transportation of Things	378	-	361	361	-	440	440
Rent and Utilities	124,485	15	123,800	123,815	-	128,164	128,164
Printing	524	1	717	718	-	1,161	1,161
Other Services/Contracts	98,665	28,789	80,498	109,287	-	117,840	117,840
Training	3,434	1,369	1,840	3,209	-	6,808	6,808
Supplies	421	113	432	545	-	1,562	1,562
Furniture and Equipment	1,697	10	5,873	5,883	-	6,627	6,627
Claims and Indemnities	750	50	620	670	-	768	768
<b>Total, Non-Personnel Services</b>	<b>\$231,391</b>	<b>\$31,262</b>	<b>\$215,601</b>	<b>\$246,863</b>	<b>-</b>	<b>\$268,487</b>	<b>\$268,487</b>
Working Capital Fund	15,540	2,470	7,633	10,103	2,723	18,238	20,961
Carryover	54,046	-	21,139	21,139	-	-	-
<b>Grand Total</b>	<b>\$628,125</b>	<b>\$54,046</b>	<b>\$576,689</b>	<b>\$630,735</b>	<b>\$21,139</b>	<b>\$690,900</b>	<b>\$712,039</b>
<b>FTEs</b>	<b>1,880</b>	<b>111</b>	<b>1,775</b>	<b>1,886</b>	<b>93</b>	<b>2,070</b>	<b>2,163</b>

\*Includes 2020 Carryover.

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 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 include:

- Office of the Chief Financial Officer
- Office of the General Counsel
- Office of Administration (which includes the Office of the Chief Administrative Officer, Office of the Chief Human Capital Officer, and Office of the Chief Procurement Officer)
- Office of Field Policy and Management

- Office of Equal Employment and Equity Advancement (formerly the 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

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	35,546	300	41,122	41,422	-	48,300	48,300
Common Distributable	6,172	-	5,620	5,620	-	6,000	6,000
<b>Total, Personnel Services</b>	<b>\$41,718</b>	<b>\$300</b>	<b>\$46,742</b>	<b>\$47,042</b>	<b>-</b>	<b>\$54,300</b>	<b>\$54,300</b>
<b>Non-Personnel Services:</b>							
Travel	3	-	75	75	-	150	150
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	10	-	25	25	-	25	25
Other Services/Contracts	40,607	9,754	24,201	33,955	-	37,100	37,100
Training	158	-	195	195	-	300	300
Supplies	3	-	20	20	-	46	46
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$40,781</b>	<b>\$9,754</b>	<b>\$24,516</b>	<b>\$34,270</b>	<b>-</b>	<b>\$37,621</b>	<b>\$37,621</b>
Working Capital Fund	3,926	-	3,204	3,204	-	5,079	5,079
Carryover	10,054	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$96,479</b>	<b>\$10,054</b>	<b>\$74,462</b>	<b>\$84,516</b>	<b>-</b>	<b>\$97,000</b>	<b>\$97,000</b>
<b>FTEs</b>	<b>211</b>	<b>2</b>	<b>220</b>	<b>222</b>	<b>-</b>	<b>249</b>	<b>249</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

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 directives. In addition, OCFO analyzes budgetary implications of policy and legislative proposals and oversees budget activities throughout HUD. OCFO's Strategic Planning and Performance Division (SPPD) supports HUD's priority projects and agency-wide efforts to achieve operational excellence. SPPD also develops, analyzes, and reports on key performance indicators for HUD and agency priority goals.

HUD's mission is critical to achieving the President's vision to ensure we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the

quality of life of the American people, and this investment in OCFO's salaries and expenses will assist in ensuring that work is able to be done.

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$97 million for OCFO, which is \$22.5 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$97 million, \$12.5 million above 2022 total funding. This Budget will support OCFO's mission and key initiatives involving Financial Management, Enterprise and Fraud Risk Management, Customer Experience, the Payment Integrity Information Act (PIIA), and a proposed reorganization of its current structure.

### **Personnel Services (PS)**

The Budget assumes total funding of \$48.3 million for OCFO PS, \$6.9 million above 2022 total funding. This funding will support 249 full-time equivalents (FTEs), an increase of 27 FTEs above the 2022 total FTE level, which includes new recruitments, backfills, and projected attrition. The funding request supports a 4.6 percent Federal pay raise in 2023. Increases in FTEs support the following:

- Chief Risk Officer (CRO) – The CRO is currently assisted by two risk analysts. With the creation of the Office of the Chief Risk Officer, the CRO requests four additional FTEs to support Department-wide enterprise and fraud risk management. The CRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.
- Assistant Chief Financial Officer (ACFO) for Systems – The ACFO for Systems requests nine additional FTEs to provide support for the new business lines for shared services, information security requirements, increased workloads, and creation of the Financial Data Reporting and Analysis Division.
- ACFO for Budget – The ACFO for Budget requests six additional FTEs to support the creation of the Customer Experience Division.
- ACFO for Financial Management – The ACFO for Financial Management requests six additional FTEs to support increased audits, reviews, data analytics, A-123 risk and control testing, and payment integrity work.
- Appropriations Law Staff (ALS) – ALS requests two additional FTEs to support providing Department-wide appropriations law guidance, anti-deficiency act reviews, financial implementation of new programs, advisory support, and appropriations law training.

### **Common Distributable**

The Budget assumes total funding of \$6 million in Personnel Services for Professional Liability Insurance, Workers' Compensation and Unemployment Compensation, which is \$380 thousand more than 2022 total funding.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding of \$37.6 million for NPS, \$3.4 million more than 2022 total funding. Funding will support travel, printing, contracts/other services, training, and supply requirements. With the assumption of returning to normal operations, OCFO will return to pre-COVID-19 levels in travel and supplies. The increase in training will support more training requirements for additional staff. Other services/contracts include:



- \$10 million for financial management support to assist with the agency financial reporting, A-123 compliance, audit remediation, data analytics, and improved financial operations;
- \$3.6 million for Enterprise and Fraud Risk Management;
- \$4.5 million for Customer Experience;
- \$7.2 million to ensure compliance with PIIA;
- \$3 million to support OCFO's systems strategy, analysis, remediation, and shared services; and
- \$8.8 million to maintain services for line of business agreements, accounting services, CXO Council and Cross Agency Priority Goals agreements, systems security control and compliance, and computer matching for employment/income verification.

### **Working Capital Fund (WCF)**

The Budget assumes total funding of \$5.1 million for OCFO's contribution to the WCF, \$1.9 million above 2022 total funding. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology (IT)**

Within the IT Fund, the Budget requests \$5 million for Financial Management Modernization. This investment addresses the Line of Credit Control System (LOCCS) and Oracle Federal Financials (OFF) interface modernization needs.

#### Program Pain Point

The Line of Credit Control System (LOCCS) is the Department's primary disbursement and funds control system for grants and Housing subsidy programs. LOCCS is not integrated with Oracle Federal Financials, which is the Department's core accounting system. Instead, the antiquated legacy HUD Central Accounting Program System (HUDCAPS) is used to exchange the allotment and the grants and Housing subsidies financial activity between LOCCS and the core accounting system.

The lack of integration between LOCCS and the core accounting system results in an extended timeline for processing financial transactions that delays disbursements to grantees and Housing's subsidies tenants, and related financial reporting. The Department is unable to decommission HUDCAPS and its IBM mainframe, which are expensive to maintain and the subject of GAO and OIG audit findings. A separate project to complete the PIH Enterprise Voucher Management System (eVMS) to improve PIH and Public Housing Authority (PHA) operations must also be completed to be able to decommission HUDCAPS.

#### Mission Benefits

This initiative improves the reliability and quality of financial data, streamlines and strengthens financial management and allows timely grants and Housing subsidies disbursements. By enabling the use of shared services system-to-system integration, it improves productivity and security and consolidates IT infrastructure. It will reduce operations and maintenance costs while removing unsupported and antiquated technology. This project enables HUD to move closer to decommissioning both HUDCAPS and the IBM mainframe which helps to fast-track our path to complete digital transformation.

#### Target Functionality

The targeted functionality and changes will include:

- Enhance the existing financial interface system, New Core Interface Solution (NCIS), to exchange the allotment, grants and Housing subsidies financial activity between LOCCS and the core accounting system.
- Deactivation of HUDCAPS financial interface capabilities.

#### Projected Cost Savings

HUD estimates a *possible* reduction in the \$2 million per year for contractor support operations and maintenance costs for HUDCAPS due to the deactivation of the HUDCAPS financial interface capabilities. PIH will still use the remaining HUDCAPS capabilities for all subsidies financial operations and disbursements to PHAs. When the enterprise Voucher Management System (eVMS) is completed, with all HUDCAPS capabilities incorporated, HUD will propose to integrate eVMS with the core accounting system. This is the last step necessary to decommission HUDCAPS and the IBM mainframe.

Please refer to the IT Fund justification for additional information regarding HUD's proposed IT resources for 2023.

### **KEY OPERATIONAL INITIATIVES**

The Budget supports Departmental Goals by ensuring the availability and accountability of operational and programmatic funding. OCFO strives to implement strong financial management policies, accounting practices, internal controls, funds control assurance, and audit support to safeguard resources for intended purposes. OCFO's key operational initiatives most directly support the Departmental Goal: Strengthen HUD's internal capacity and efficiency through increased personnel, contract support, Department-wide training programs and streamlined processes.

Financial Management: The Budget provides \$10 million to sustain the path of sound and reliable operations in support of HUD's mission. The funding allows continued investment in HUD's people, processes, and technology to strengthen reliability of executing HUD's mission while protecting taxpayer funds. The funding provides financial consulting services support for agency financial reporting, A-123 risk and internal control assessment, audit remediation and resolution, data analytics, single audit compliance, and improved financial operations. These efforts have had impactful outcomes, such as remediating financial infrastructure weakness, resolving eight material weaknesses, eliminating multiple disclaimers, and obtaining an unqualified audit opinion for the second time in ten years. Moreover, these achievements have enabled HUD to express a positive Statement of Assurance as well as becoming compliant with the Digital Accountability and Transparency Act (DATA Act), Circular A-123, and Grants Oversight and New Efficiency Act.

Since implementation, OCFO has remediated eight material weaknesses and eliminated all four disclaimers in the 2017 financial statements. OCFO will continue this investment to further HUD's effort in protecting taxpayer funds.

Enterprise and Fraud Risk Management: The Budget provides \$3.6 million for enterprise and fraud risk management contract support. OCFO's Enterprise and Fraud Risk Management supports enterprise risk analysis and mitigation efforts pursuant to OMB Circular No. A-123 "Management's Responsibility for Enterprise Risk Management and Internal Control." Establishing enterprise and fraud risk management is essential to HUD's control system and will entail working collaboratively with HUD component programs and external stakeholders. Contract support will enable the program to integrate existing silo programs into a comprehensive program that complies with federal internal control requirements. This program will support risk mitigation, front end risk assessments, and management control reviews.

Customer Experience: The Budget provides \$4.5 million for Customer Experience. The purpose of the Customer Experience initiative is to meet mandates in delivering excellent, equitable, and secure Federal services and customer experience. OCFO will establish a centralized CX capacity and will partner with program offices to better understand customers and design solutions to address customer pain points, gaps in accessibility and equity. OCFO in partnership with program offices will leverage a common customer feedback tool to support data-driven decisions and improve service delivery. This centralized CX approach and enterprise tool will meet OMB Circular A-11 Part 6 Section 280 reporting requirements and mandates in the *Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government* and increase HUD compliance with: the 21st Century Integrated Digital Experience Act (IDEA), 2018; Plain Writing Act, 2010; Rehabilitation Act, Section 508, 1973; and Paperwork Reduction Act (PRA).

Payment Integrity Information Act (PIIA): The Budget provides \$7.2 million for contract support to achieve compliance with OMB Circular A-123 Appendix C for effective estimation, process improvements, and remediation of improper payments necessary to protect taxpayer funds.

Systems Strategy, Analysis, Remediation, and Shared Services Support: The Budget provides \$3 million for contract services support with project management, audits, change management, data and policy analysis, customer service engagement, communication, and data output. Services will assist with maintaining compliance with ever changing requirements for legislative, financial, performance, and transparency mandates.

Reorganization: The following reorganization was submitted in the 2022 President's Budget and is repropose in the 2023 Budget. OCFO requests authority to make changes within its organizational structure to reflect current functions and transitioning contract support to Federal staff. The proposed reorganization consists of the ACFO for Accounting, ACFO for Budget, ACFO for Systems, and the Chief Risk Officer.

- ACFO for Accounting – The CFO Accounting Center will undergo a reorganization to better align functions, workload, and improve operational efficiencies and service delivery due to the transition to shared services. The reorganization includes the dissolution of the Reports and Control Division and integrating those duties with the Payments and Collections Division. It will also encompass the renaming of various divisions and branches to better reflect current functions. Changes in division and branch titles include:
  - CFO Accounting Center → CFO Accounting Operations Center
  - Payments and Collections Division → Payments, Collections and Analytical Services Division
  - Commercial Branch → Payments, Intragovernmental and GL Branch
  - Program Branch → Vendor Maintenance, Debt Collection & Cash Services Branch
  - Funds Control Division → Grants, Loans, and Subsidies Servicing Division
  - Funds Control Branch 1 → Loans and Subsidies Servicing Branch
  - Funds Control Branch 2 → Grants Servicing Branch
- ACFO for Budget – The ACFO for Budget has relied solely on contractor staff to support the customer experience functions for the Department. The Budget creates a Customer Experience division reporting to the Director for Performance Management and Customer Experience. It adds six additional Federal staff to fill critical customer experience roles such as customer experience researchers, user experience designers, and data analysts. These Federal staff will develop an in-house capability that expands HUD's ability to listen to HUD customers and partner organizations and use that insight to improve HUD programs, measured by improved program performance and customer experience.

In addition, newly proposed in 2023, the Grants Management and Oversight Division is moved to the ACFO for Budget to better align functions. Currently, the Grants Management and Oversight Division is operating under the ACFO for Systems.

- ACFO for Systems – The ACFO for Systems has solely used contract support to meet DATA Act Reporting Requirements over the past few years. OCFO proposes to begin transitioning contract support to Federal staff. The creation of the Financial Data Reporting and Analysis Division will permit this transition from contractor resources to Federal staff, provide support for reporting, audit, and data quality, as well as, to meet additional regulatory financial reporting such as the Grants Oversight and New Efficiency Act and the Grant Reporting Efficiency and Agreements Transparency Act. The division will be staffed with a division director and four employees to support this requirement and additional work. A smaller contracting team will still be needed to support activities within this Division.
- Office of the Chief Risk Officer (OCRO) – The Budget requests establishment of the OCRO. This office will include the Chief Risk Officer (CRO) and six risk analysts. The CRO will report to the Deputy CFO. The CRO provides executive-level management, leadership, direction, and oversight to the Enterprise and Fraud Risk Management program. OCRO will provide expertise to HUD by identifying and advising on mitigation efforts regarding the most significant risks facing HUD.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Administrative Support Offices

### Office of General Counsel

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$104,996</b>	<b>\$3,430</b>	<b>\$99,206</b>	<b>\$102,636</b>	<b>\$3,500</b>	<b>\$116,784</b>	<b>\$120,284</b>
<b>Non-Personnel Services:</b>							
Travel	67	-	90	90	-	1,242	1,242
Transportation of Things	11	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	430	-	600	600	-	800	800
Other Services/Contracts	1,099	-	1,360	1,360	-	1,810	1,810
Training	-	180	310	490	-	930	930
Supplies	159	-	140	140	-	300	300
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	749	-	500	500	-	650	650
<b>Total, Non-Personnel Services</b>	<b>\$2,515</b>	<b>\$180</b>	<b>\$3,000</b>	<b>\$3,180</b>	<b>-</b>	<b>\$5,732</b>	<b>\$5,732</b>
Working Capital Fund	1,469	462	1,548	2,010	-	3,584	3,584
Carryover	4,072	-	3,500	3,500	-	-	-
<b>Grand Total</b>	<b>\$113,052</b>	<b>\$4,072</b>	<b>\$107,254</b>	<b>\$111,326</b>	<b>\$3,500</b>	<b>\$126,100</b>	<b>\$129,600</b>
<b>FTEs</b>	<b>595</b>	<b>19</b>	<b>536</b>	<b>555</b>	<b>18</b>	<b>606</b>	<b>624</b>

\*Includes 2020 Carryover.

## PROGRAM PURPOSE

The General Counsel is the chief legal officer of HUD and principal legal adviser to the Secretary and other principal leadership in the Department. The Office of General Counsel (OGC) provides legal opinions, advice, and services with respect to all departmental programs and activities in Headquarters and throughout the field. OGC attorneys draft or review legislation, regulations, and policy guidance to create, revise and implement HUD programs and initiatives. OGC attorneys also provide litigation support for the Department, including representing HUD in defensive litigation, enforcing the Fair Housing Act, and bringing enforcement actions against individuals and organizations that violate the rules of HUD programs, both administratively and in coordination with the HUD Inspector General and the Department of Justice. In addition, OGC attorneys provide transactional legal services in connection with the Department's various housing programs and the activities of the Federal Housing Administration, and advice on the issuance of mortgage-backed securities and various related financial, capital market, and securitization transactions by the Government National Mortgage Association. OGC attorneys represent the Department with other federal agencies in support of joint initiatives and projects, and before the Office of Management and Budget and other external parties.

The Departmental Enforcement Center (DEC) provides independent oversight of the administration of HUD programs and HUD's external partners. To this end, the DEC offers support and

recommendations to HUD program offices through reviews of program activities in the field and analysis of financial statements and data on the physical condition of housing.

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$126.1 million for the OGC, which is \$18.8 million more than the 2022 Annualized CR level. The Budget reflects total funding (carryover and new authority) of \$129.6 million, \$18.3 million above 2022 total funding.

The total OGC funding request in 2023 supports the DEC's total requirement of \$20 million, of which \$3.5 million will be funded through 2023 carryover and \$16.5 million with new authority.

### **Personnel Services (PS)**

The Budget reflects total funding (carryover and new authority) of \$120.3 million for PS, an increase of \$17.7 million above 2022 total PS funding. The funding supports 624 full-time equivalents (FTEs), an increase of 69 FTEs above 2022. The DEC's staffing level will be increased to 118 FTEs in 2023 from 112 FTEs in 2022 for the DEC to conduct oversight and monitoring of HUD assets. The Budget also supports a 4.6 percent Federal pay raise. OGC anticipates utilizing the additional FTEs in 2023 to increase staffing levels to provide accurate and timely legal counsel for:

- Compliance, enforcement and defense of fair housing and civil rights initiatives.
- Expanding efforts of CPD, Housing and PIH to meet the needs of local communities, including disaster response and implementation of HUD's climate action plan.
- Advancing Administration priorities related to supporting workplace flexibilities and furthering Presidential Executive Orders to further equity and ethics in the Federal workforce

The additional funding and FTEs will also support the following:

- OGC's proposal in the 2022 President's Budget to convert the 10 Regional Counsels to Senior Executive Service employees due to their increased portfolios and workload.
- At least 10 Legal Honor positions as part of OGC's succession planning using its 50+ year program to bring graduating law students on board in OGC.

The DEC will accomplish all its stated 2023 goals with greater focus on moving to a more project and knowledge management-based strategy. As a result of the pandemic, the "new normal" involves more remote managing of personnel and work products. With a shortage of affordable housing across the nation there will be increased program monitoring and thus more referrals to the DEC.

### **Non-Personnel Services (NPS)**

The Budget indicates total funding (carryover and new authority) of \$5.7 million for Non-Personnel Services (NPS) requirements. The total NPS requirements reflect an increase of \$2.6 million from 2022 total funding, which will continue to support critical training, technology needs, travel, digitization, government printing, supplies, contracts, and claims and indemnifications (attorney's fees for adverse parties prevailing in non-program related litigation). At this level, increased investments will be made in both training and additional travel above 2022 levels. Training and travel were delayed during 2022 and additional expenses are expected in 2023 to meet deferred needs. 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 LegalEd, CyberFeds, and the Congressional Quarterly.

### **Working Capital Fund (WCF)**

The 2023 WCF funding level is \$3.6 million, an increase of \$1.6 million from the 2022 total level. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology (IT)**

Within the IT Fund, the Budget requests \$150 thousand for OGC SharePoint Support.

#### Program Pain Point

OGC uses SharePoint for many purposes, such as consolidating program performance information that is used in Congressional and OMB communications, the eDiscovery Program, and to manage and track enforcement referral investigations and other compliance monitoring activities. OGC SharePoint development projects require greater technical knowledge and a deeper understanding of software design and development techniques.

Limited support services are currently provided under the legacy eDiscovery Program support contract. The current, limited SharePoint support is not sufficient to meet OGC's ever-growing development requirements and increased project complexity. In addition, utilizing the new HUD Microsoft O365 development tools to improve project efficiencies requires greater technical knowledge and a deeper understanding of software design.

#### Mission Benefits

DOJ, litigation opposing counsel, Congress, OIG, and FOIA requesters all rely on the Department's eDiscovery program to work smoothly and timely. The improvements to SharePoint applications will ensure HUD's ability to manage all aspects of the program, including managing the queue of requests. HUD relies on OGC's Clearance Calendar, Reports to Congress application, compliance monitoring activities, and other products and will benefit from SharePoint improvements.

#### Target Functionality

Continued functionality for key Department-wide and OGC applications will provide transparency, streamlined data collection, and business process administration for HUD mission support at a low cost. This also allows OGC to maximize the benefits provided by OCIO's enterprise investment in SharePoint and O365 software development tools.

#### Projected Cost Savings

OGC could potentially save one full-time FTE Tier 3 for SharePoint troubleshooting, administration, and design advice.

For additional information regarding HUD's Information Technology investments, please see the IT Fund justification.

## **KEY OPERATIONAL INITIATIVES**

### **Priority 1: Fair Housing and Civil Rights Compliance and Enforcement**

As a priority of the Biden Administration, OGC and the Office of Fair Housing and Equal Opportunity (FHEO) are increasing compliance, enforcement and defense of fair housing and civil rights initiatives. OGC has also taken on additional legal reviews associated with a substantial increase in complaints alleging Fair Housing Act violations and significantly more Secretary-

initiated investigations, complaints, and compliance reviews. OGC is a key partner in supporting increased fair lending enforcement and undertaking investigations of complaints alleging discriminatory appraisal services. To ensure effective advocacy of this priority, in-depth training and technical assistance is necessary for program participants to meet their fair housing obligations. This will necessitate a large commitment of resources by OGC, in creating the program, providing training and technical assistance, and in enforcing the program. To support these goals, OGC has had and will continue to have a significant need for resources and to add additional staff as requested in this Budget.

### **Priority 2: Ethics and Personnel**

Personnel and ethics are two of the most critical components of any Federal agency. This is especially true given this Administration's Executive Orders on Equity, Ethics, and the Federal workforce. Without timely and sound legal advice in these two areas, HUD's ability to effectively carry out its mission is significantly compromised. Indeed, without sound advice being provided to help the Agency hire and retain personnel, hold them accountable, and ensure they are carrying out their duties in an ethical manner, HUD's ability to support this Administration's agenda will be negatively impacted. To support this vital agency work, OGC has a need for additional staff attorneys requested in this Budget.

### **Priority 3: Legislation and Regulations**

OGC's Office of Legislation and Regulations continues to be a key office in advancing Administration and HUD priorities through HUD's regulatory agenda and in cultivating the support and coordinating with Congressional leaders in support of HUD's legislative priorities. OGC has seen a significant increase in legislative reviews from Congress to support the Secretary's efforts to build a more robust relationship with Congress and the authorizing committees. Additionally, regulatory work will continue on key rules to ensure compliance with the Fair Housing Act and other civil rights laws. To support timely and effective legal counsel for these new initiatives, OGC has a significant need for resources and additional staff requested in this Budget.

### **Priority 4: Litigation**

OGC's Office of Litigation is critical for effective and strong advocacy to support and defend the interests of the Department for litigation related to implementation of Administration priorities, including those related to fair housing and civil rights. Many suits against HUD involve constitutional, statutory, regulatory, and contractual challenges to HUD programs nationwide that involve litigation risks that could cost the Department millions of dollars. Without effective support and staffing in the Office of Litigation, the Department is limited in its ability to defend itself from challenges, to be good stewards of tax dollars, and to advocate for the people the Department services. To support these efforts, the Office of Litigation has a significant need for resources and additional staff requested in this Budget.

### **Priority 5: Legal Honors and Succession Planning**

For over 50 years, a key component for OGC's succession planning efforts is its Legal Honors Program. OGC continues to backfill attorney attrition with Legal Honors at the GS-11 level and then invests in their training and professional development with a career ladder to support advancement and retention. OGC's funding request in 2023 will allow OGC to continue its Legal Honors program and bring a class of at least 10 Legal Honors to start in September 2022 and whose salaries will largely be paid in 2023.



## **Priority 6: Legal Support to the Department**

OGC provides vital legal support to the Department related to HUD's existing programs as well as supplemental disaster and recovery funds. To continue to provide timely and accurate legal counsel, including legal counsel related to FHA's trillion-dollar insurance portfolio, the trillions of dollars guaranteed by Ginnie Mae and billions in rental and homelessness assistance, additional staff and resources identified in this Budget are necessary. In a fiscal year, OGC also: defends the Department's programs against hundreds of millions of dollars in claims; formally reviewed at least \$300 million of Departmental procurements; manages the Department's ethics program for over 2,600 financial disclosure filers; represents the Department's interests in Multifamily foreclosure; and handles almost 6,000 legal actions to protect the single-family inventory.

## **Priority 7: Departmental Enforcement Center**

In 2023, OGC DEC will be in its 25th year and most of the employees who started with the DEC when it was created are eligible to retire. Resources will be dedicated to increasing the staffing capacity to 118 FTEs, and backfilling attrition as it occurs.

Program Oversight Reviews: In a typical year, the DEC completes 26 program oversight reviews. These reviews are targeted regulatory compliance reviews. At the request of HUD's program areas such as Public and Indian Housing, Community Planning and Development, DEC oversight reviews focus on key areas of program compliance. Key review areas include Financial, Internal Controls, Governance and Physical Condition. As a result of the reviews, the DEC annually makes over 200 recommendations to the program areas pertaining to improved oversight and/or repayment accountability for violations. Additionally, on average \$68 million in misused funds annually (e.g., Unsupported, ineligible, unallowed and/or unreasonable) are identified. Due to pent up work due to delays from the 2020-2021 pandemic there will be an increased need for DEC reviews. By performing these reviews, the DEC supports the program area mission of affordable housing and viable communities through enforceable program adherence and compliance.

Multifamily Housing and Office of Healthcare Program Referrals: The DEC projects it will receive 3,098 automatic/elective referrals from the Office of Multifamily Housing and the Office of Healthcare Programs in 2023. The referrals focus on late filing of annual financial statements, regulatory compliance, and substandard physical conditions of assisted and non-assisted properties. The results of the DEC reviews on average result in over \$12.3 million in Civil Money Penalties, \$78.9 million in Recoveries and \$5.9 million Directed Payments. Actions by the DEC ensure that affordable housing is being preserved and that owners are aware that non-compliance is not to be taken lightly.

Suspensions and Debarments: The DEC pursues suspension and debarment actions that result in the exclusion of a sanctioned party from further participation in HUD procurement and non-procurement programs and other Federal Government programs. Suspensions and debarments seek to ensure the highest standards of professional conduct and ethical business practices by the Federal Government's business partners. Annually, the DEC receives on average over 200 referrals resulting in the DEC issuing 87 Suspensions, 145 Proposed Debarments and 146 Final Debarments in a typical year.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Administrative Support Offices

### Office of Administration

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	77,473	966	85,693	86,659	-	108,141	108,141
Common Distributable	969	200	3,430	3,630	-	6,500	6,500
<b>Total, Personnel Services</b>	<b>\$78,442</b>	<b>\$1,166</b>	<b>\$89,123</b>	<b>\$90,289</b>	<b>-</b>	<b>\$114,641</b>	<b>\$114,641</b>
<b>Non-Personnel Services:</b>							
Travel	827	15	845	860	-	2,100	2,100
Transportation of Things	361	-	361	361	-	440	440
Rent and Utilities	124,485	15	123,800	123,815	-	128,164	128,164
Printing	83	-	92	92	-	333	333
Other Services/Contracts	48,815	13,032	43,202	56,234	-	62,187	62,187
Training	2,627	189	1,250	1,439	-	4,448	4,448
Supplies	245	13	252	265	-	1,111	1,111
Furniture and Equipment	1,697	10	5,813	5,823	-	6,627	6,627
Claims and Indemnities	1	-	20	20	-	90	90
<b>Total, Non-Personnel Services</b>	<b>\$179,141</b>	<b>\$13,274</b>	<b>\$175,635</b>	<b>\$188,909</b>	<b>-</b>	<b>\$205,500</b>	<b>\$205,500</b>
Working Capital Fund	4,693	911	2,881	3,792	-	6,259	6,259
Carryover	15,351	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$277,627</b>	<b>\$15,351</b>	<b>\$267,639</b>	<b>\$282,990</b>	<b>-</b>	<b>\$326,400</b>	<b>\$326,400</b>
<b>FTEs</b>	<b>473</b>	<b>6</b>	<b>484</b>	<b>490</b>	<b>-</b>	<b>588</b>	<b>588</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The 2023 President's Budget requests the consolidation of the Office of the Chief Administrative Officer (OCAO), Office of the Chief Human Capital Officer (OCHCO), and Office of the Chief Procurement Officer (OCPO) into a single funding line under the Office of Administration (OA). The consolidation of the three offices will achieve unity of effort in administrative support activities while maximizing resources necessary to support the Administration's goals and objectives. Harmonizing the efforts of the three offices toward achieving common goals and objectives will reduce duplication of effort and improve efficiency.

In August 2020, as part of the OA's effort to continue to streamline operations across its program offices, improve efficiency and effectiveness of the offices and Department overall, the budget functions and staff were consolidated into one budget office providing support across the OA. This consolidation has standardized the financial planning, forecasting, formulation, execution, and management of all budget functions across the OA allowing for efficient and effective budgeting. As part of this continued effort, consolidating the three budgets into a single funding line will allow the

OA to strengthen its fiscal governance and increase transparency and accountability. The focus on the consolidation approach is to:

- Develop a unified strategic vision for the organization and the support provided to the Department.
- Better align budget and policy objectives (e.g., performance-based budgeting).
- Design and maintain a strong framework of internal financial controls for managing and reporting performance against budget and forecasts.
- Design a planning process that is effective and efficient to maximize the organization's resources.
- Eliminate any duplicative and/or overlapping requirements.
- Establish flexibility to quickly address changing needs and requirements of the Department.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in the OA's salaries and expenses will assist in ensuring that work is able to be done.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$326.4 million for OA, which is \$58.8 million more than the 2022 annualized CR level and \$43.4 million above 2022 total funding. OA consists of the Immediate Office of the Assistant Secretary for Administration (IOASA), OCAO, OCHCO, and OCPO.

With a focus on strengthening HUD's internal institutional capacity to deliver on mission, the Budget increase is critical to address multiple areas that have gone underfunded for several years:

- **Weaver Building Deferred Maintenance** – The Headquarters building's systemic infrastructure contains many failure points where systems are well past useful life and are currently operating in a patchwork fashion. Although there are many critical needs, most of the repairs will address obsolete infrastructure in the systems that deliver and filter the Weaver Building's indoor air. Failure to replace obsolete systems creates operational risk and vulnerability for all HUD employees. Given the indoor air quality lessons learned during the pandemic, HUD believes it must complete these repairs to ensure workplace safety.
- **Staffing** – With a focus on recruiting, hiring, retention, and training the workforce, OA is proposing to make an investment in staffing for its program offices. The additional staffing will be focused in critical areas such as Freedom of Information Act and privacy (FOIA), human capital services to support the Department's need to increase staffing levels, and procurement services such as acquisition support and capacity to support the Housing Assistance Program Support Service contracts, which will be the largest HUD acquisition program.

### Personnel Services (PS)

The Budget assumes \$114.6 million for OA PS. The Budget supports 588 full-time equivalents (FTEs), 98 FTEs above the 2022 total level and is comprised of 397 Headquarters (HQ) FTEs and 191 field FTEs. This request represents an increase of \$24.4 million and 78 HQ FTEs and 20 field FTEs from 2022. The funding also supports a 4.6 percent Federal pay raise.

The OA will invest additional FTEs in the following areas:

- Implementation of the Department's anti-harassment program. This investment is required to comply with the Equal Employment Opportunity Council's Management Directive 715 (MD 715), which mandates that Agencies must have in place an effective anti-harassment program.
- Freedom of Information Act and Privacy services.
- Printing, Graphics, and Digital Mail services to address the changing dynamics of work in this arena and improving the technical interaction with the Government Printing Office.
- Enhanced Program Office support and customer service in both the HQ and Field Support Services.
- Acquisition support to address the rapid increase of Departmental procurement programs.

### **Common Distributable (CD)**

The Budget assumes \$6.5 million for OA CD. This represents an increase of \$2.9 million from 2022 total funding. This funding provides for the Department-wide Transit Subsidy Benefits Program, Student Loan Repayment Program, and Flexible Spending Account administrative fees. The increase from the 2022 level will primarily support increased costs in the Transit Subsidy Benefits Program as a result of the Department returning to anticipated post-pandemic commuting levels, additional staff increases anticipated in 2022 and 2023, and anticipated inflationary cost increases.

### **Non-Personnel Services (NPS)**

The Budget assumes \$205.5 million for OA NPS. This represents an increase of \$16.6 million from 2022 total funding. NPS investments include:

- \$5.1 million for Weaver Building Deferred Maintenance and Modernization.
- \$2.3 million for Digital Information Management to provide comprehensive digital asset management contract support.
- \$2.6 million for Future of Work efforts.
- \$1.5 million FOIA/Privacy.
- \$3.1 million for contracting efforts that support process improvement targeted at developing strategies to reduce the time to hire, promote talent development and succession planning, and develop evaluation strategies and human capital operating objectives.
- Additional \$2 million of funding is required to support inflationary increases to current services contracts and also additional travel costs post pandemic.

### **Working Capital Fund (WCF)**

The Budget assumes \$6.3 million for OA contributions to the WCF. This represents an increase of \$2.5 million from 2022 total funding. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of FSADD Financial Management expenses.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests funding for three OA projects: Computer Aided Facility Management, Acquisition Tool, and Enterprise Case Management and Workflow Platform (includes HireNOW initiative).

- Computer Aided Facility Management - To continue OCAO efforts to support the acquisition of a Computer Aided Facilities Management (CAFM) System through the implementation of technology solution.
- Acquisition Tool - To meet OCPO immediate requirements for an Acquisition Management Support System (AMSS) to achieve efficiencies in the Department's Procurement Program and drive transparency and accountability across the entire acquisition lifecycle.
- Enterprise Case Management and Workflow Platform (includes HireNOW initiative) - To continue OCHCO efforts to redesign and modernize HR services and strategic management through the implementation of technology solutions.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## KEY OPERATIONAL INITIATIVES

OA will work to optimize service delivery and decision making to better meet customer needs through the following three key operational initiatives:

### **Major Initiative: Improve Service Delivery of Administrative Support Services**

- Spearhead effort to improve organization effectiveness by supporting restructuring of the three subordinate organizations: 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.
- Hiring – secure sufficient staff resources to support the workload.
- Enhance reporting, analytics, and evaluation of OA business practices.
- Improve space and rent efficiencies by modernizing HQ and reducing HUD's footprint.
- Continuity of Operations Program (COOP) operations and buildout.
- Establish Department wide Program Management business process improvements including compliance with the Program Management Improvement Accountability Act (PMIAA).

### **Major Initiative: Improve Acquisition (Procurement Management)**

- Prioritize hiring for the IT cadre and Ginnie Mae support divisions to increase the internal capability to support the growing acquisition portfolios and bring acquisition assistance requirements back in-house, resulting in a cost reduction to the Department.
- Prioritize hiring for Fort Worth that will support the Housing Assistance Program, which will be the largest acquisition program for the Department. This team also supports the Policy Development and Research (PD&R) portfolio, which includes acquisition assistance requirements previously outsourced to the U.S. Department of Health and Human Services (HHS) Program Support Center (PSC).
- Increase capacity within the Acquisition Liaison Unit (ALU) to provide consultation services for the development of requirements documents and supporting artifacts. Improving the quality of requirements documentation has been identified as a key contributor to reducing delays in the acquisition process, which will directly impact streamlining acquisitions and reducing procurement lead times.
- Ensuring an acquisition staff that is properly resourced, trained, and equipped to support the mission of HUD is paramount to meeting Departmental goals and Administration priorities. Increased funding strengthens the acquisition programs at HUD, properly resourcing the OCPO to support the entirety of HUD's procurement needs, reducing the reliance on outsourcing of contracting support at a significantly higher cost, and training the acquisition workforce to ensure they are equipped with the knowledge and skills necessary to support the Department's acquisition programs.

**Major Initiative: Improve Hiring Process & Develop a Workforce for the 21<sup>st</sup> Century**

- Develop a Workforce Strategy encompassing all actions taken to acquire, retain, develop, engage, and deploy HUD's human capital. This strategy is a whole-of-workforce plan that extends over the employment life cycle.
- Execute strategies to increase the quality of candidate referrals and streamline hiring processes, including improving program office partnerships and initiating the use of shared vacancies, position descriptions and certificates.
- Create alignment between hiring forecasts and budget cycles to "get ahead" of hiring and identify and prepare for future needs in advance by creating a cycle to review existing skillsets and position descriptions.
- Increase employee accountability and engagement by building a performance culture which embraces innovation, diversity, and inclusiveness.
- Improve workforce and succession planning strategies.
- Enhance reporting, analytics, and evaluation of OCHCO business practices.
- Enhance recruiting and succession planning through the utilization of tools designed to create a positive HUD brand and facilitate participation at recruitment fairs, utilize direct hiring authority, as appropriate, and strengthen the selection process.
- Embed diversity, equity, inclusion, and accessibility into all aspects of the human resources lifecycle.
- Reconfiguration of the Weaver Building, including construction/alteration of space, allowing OCAO to be proactive in designing a workplace commensurate with the future of work.
- Address deferred maintenance backlog at HUD Headquarters (Weaver Building) to maintain the health and safety of the workplace.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****Administrative Support Offices****Immediate Office of the Assistant Secretary for Administration****SALARIES AND EXPENSES**

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	-	-	-	-	-	\$4,137	\$4,137
<b>Non-Personnel Services:</b>							
Travel	-	-	-	-	-	25	25
Training	-	-	-	-	-	40	40
Supplies	-	-	-	-	-	15	15
<b>Total, Non-Personnel Services</b>	-	-	-	-	-	\$80	\$80
<b>Grand Total</b>	-	-	-	-	-	\$4,217	\$4,217
<b>FTEs</b>	-	-	-	-	-	25	25

\*Includes 2020 Carryover

**PROGRAM PURPOSE**

The Immediate Office of the Assistant Secretary for Administration (IOASA) provides management and oversight to the Office of the Chief Administrative Officer (OCAO), Office of the Chief Human Capital Officer (OCHCO), and Office of the Chief Procurement Officer (OCPO).

**BUDGET OVERVIEW**

The 2023 President's Budget requests \$4.2 million for IOASA. The Budget will support the immediate staff of the Assistant Secretary for Administration, including consolidated Budget and Administrative support functions and the establishment of a Program Management Office (PMO) with a dedicated Program Management Improvement Officer (PMIO).

**Personnel Services (PS)**

The Budget assumes \$4.1 million for IOASA PS to support 25 FTEs. The funding also supports a 4.6 percent Federal pay raise. In addition to supporting the offices of the Assistant Secretary for Administration and General Deputy Assistant Secretary for Administration, funding will support the consolidation of budget and administrative functions for the Office of Administration (OA). In August 2020, OA consolidated and streamlined the budget functions across all its program offices into one Budget Office. This consolidation has standardized the financial planning, forecasting, execution, and management of all budget functions across IOASA, OCAO, OCHCO, and OCPO. Similarly, in 2022, OA is proposing the consolidation of administrative functions into one office. Both the consolidated budget office and administrative office will report to a Deputy Assistant Secretary for Operations.

The Budget also funds four positions to establish a PMO with a dedicated PMIO to lead HUD Program/Project Management (PM) policy and initiatives and ensure HUD compliance with the Program Management Improvement Accountability Act (PMIAA).

The PMIAA (signed into law in 2016) requires that Agencies conduct annual portfolio reviews of programs in coordination with the Office of Management and Budget (OMB) to ensure major programs are being managed effectively, and that OMB conduct reviews of areas identified by the Government Accountability Office (GAO) as "high risk."

The formation of an enterprise level Program Management Office will enable HUD to:

- a) Provide PM support for the Office of Administration.
- b) Provide PM support for HUD Program Offices that lack qualified resources.
- c) Provide an organization for the nurturing, mentoring, and coaching of new and prospective PMs.
- d) Provide an incubation organization to develop and implement PMIAA strategies.

The creation of a PMO within IOASA will improve PM activities throughout HUD.

### **Non-Personnel Services (NPS)**

The Budget assumes \$80 thousand IOASA NPS. These funds will support the travel, training, and supply requirements for the Immediate Office.

## **KEY OPERATIONAL INITIATIVES**

IOASA will work to optimize service delivery and decision making to better meet customer needs through the following key operational initiatives:

### **Major Initiative: Improve Service Delivery of Administrative Support Services**

- Hiring – secure sufficient staff resources to support the workload.
- Enhance reporting, analytics, and evaluation of OA business practices.
- Establish Department-wide Program Management business process improvements, including compliance with the PMIAA. Efforts will include:
  - Leveraging a coordinated approach and governance structure that clarifies key roles and responsibilities for senior leader engagement in strengthening P/PM and establishes broadly applicable program management principles and standards.
  - Conducting regular OMB/Agency Engagement and Reviews that hold managers accountable, assess performance, and identify opportunities for improvement.
  - Strengthening Program Management Capacity to Build a Capable PM.
  - Workforce by better tracking HUD PM workforce and investing in building program management capacity and capability over time through increased training opportunities, career pathways, and mentorship opportunities.
- Proposed in 2022, the consolidation of administrative functions into one office. Both the consolidated budget office and administrative office will report to a Deputy Assistant Secretary for Operations.



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Administrative Support Offices

### Office of the Chief Administrative Officer

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$33,699</b>	<b>\$250</b>	<b>\$37,411</b>	<b>\$37,661</b>	<b>-</b>	<b>\$42,964</b>	<b>\$42,964</b>
<b>Non-Personnel Services:</b>							
Travel	811	15	820	835	-	1,600	1,600
Transportation of Things	361	-	361	361	-	440	440
Rent and Utilities	124,485	15	123,800	123,815	-	128,124	128,124
Printing	80	-	77	77	-	283	283
Other services/Contracts	41,328	7,848	38,194	46,042	-	51,378	51,378
Training	25	-	50	50	-	433	433
Supplies	203	3	202	205	-	981	981
Furniture and Equipment	1,674	-	5,700	5,700	-	6,402	6,402
Claims and Indemnities	1	-	20	20	-	60	60
<b>Total, Non-Personnel Services</b>	<b>\$168,968</b>	<b>\$7,881</b>	<b>\$169,224</b>	<b>\$177,105</b>	<b>-</b>	<b>\$189,701</b>	<b>\$189,701</b>
Working Capital Fund	2,155	388	1,058	1,446	-	2,684	2,684
Carryover	8,519	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$213,341</b>	<b>\$8,519</b>	<b>\$207,693</b>	<b>\$216,212</b>	<b>-</b>	<b>\$235,349</b>	<b>\$235,349</b>
<b>FTEs</b>	<b>218</b>	<b>2</b>	<b>218</b>	<b>220</b>	<b>-</b>	<b>240</b>	<b>240</b>

\*2021 Actuals include 2020 Carryover

### PROGRAM PURPOSE

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, managing information throughout its life cycle, overseeing HUD's broadcasting services, and coordinating Agency responses to disasters and emergencies.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$235.3 million for OCAO, which is \$27.7 million more than the 2022 annualized CR level and \$19.1 million above 2022 total funding. The increase primarily accounts for Digital Information Management, Weaver Building Deferred Maintenance, Future of Work effort, and inflationary increases for recurring contracts. Additionally, full-time equivalent (FTE) growth is needed in the areas of Freedom of Information Act and Privacy services, Printing Office, and Headquarters and Field Support Services.

## **Personnel Services (PS)**

The Budget assumes \$43 million for OCAO PS to support 240 FTEs, representing 132 HQ FTEs and 108 field FTEs. This represents an increase of \$5.3 million to support 10 HQ FTEs and 10 field FTEs from 2022. The funding also supports a 4.6 percent Federal pay raise. OCAO will invest FTE resources in several areas to include:

- Continuity of Operations (COOP) and Emergency Management (EM) personnel to address critical staffing shortage to perform the Department's national security functions.
- Freedom of Information Act (FOIA) and Privacy services to address critical staffing shortage contributing to a backlog of work and putting the Department at risk of litigation.
- Printing, Graphics and Digital Mail services to address the changing dynamic of work in this arena and improving the technical interaction with the Government Printing Office.
- Enhanced Program Office support and customer service in both the Headquarters and Field Support Services.

This funding level reflects the transfer of six Disaster Management FTEs to the Executive Offices. Also reflected is the realignment of three FTEs from the Office of the Chief Human Capital Officer (OCHCO) to OCAO to establish the Personnel Security Division and approximately 16 FTEs to establish the Immediate Office of the Assistant Secretary for Administration IOASA, as proposed above.

## **Non-Personnel Services (NPS)**

The Budget assumes total funding of \$189.7 million for OCAO NPS. This represents an increase of \$12.6 million from 2022 total funding. The increase primarily accounts for the critical maintenance and repairs, compliance-related contracts, and funding inflationary increases for recurring contracts.

The majority of the increased funding will address:

- \$2.3 million for Digital Information Management – Funding will allow OCAO to provide comprehensive digital asset management contract support for incoming document distribution, storage, transfers, retrievals, and disposition of Departments records and move from a paper-based to digital process.
  - Regulations and policies require many of HUD's records to be transferred to the National Archives and Records Administration (NARA). The annual costs to store and have access to these files average \$5.7 million. There are service contracts within program offices to provide shredding and scanning services. They are a duplication of functions, services, and cost. These functions and services could and should be managed from an enterprise-umbrella application, resulting in improved accountability of managed records & information and cost savings for the Department. In addition, the system will bring HUD into compliance with Presidential Directive M-19-21 Transition to Electronic Records, and NARA records requirements outlined in the Federal Records Act.
  - HUD plans to address critical infrastructure issues for scanning all incoming mail in 2023. It will implement a program to replace the manual consolidation, organization, and delivery of paper mail with a document scanning, capture technology to digitize and automate classification, and distribution of mail enterprise wide. The paperless mail operation will provide security and efficiencies, reducing operational costs, improving customer service, and saving money. With the digital mailroom solution, manual labor costs are reduced due to less reliance on manual processes. Additional

automation results in better productivity using less labor, and helps the Department meet its OMB M-19 Transition to Electronic Records goals.

- \$5.1 million to address critical repairs for the Weaver Building Deferred Maintenance - Under the Delegated Authority agreement for operating the Weaver Building, OCAO has accumulated a deferred maintenance backlog of over \$14 million due to limited funding to address needs across multiple prior years. The Budget assumes funding to allow OCAO to address some of these critical maintenance items. A list of these items is shown below.
- \$2.6 million for Future of Work efforts (Major Alterations and Furniture and Outfitting at the Weaver Building) – Requested funds will address anticipated changes, alterations, and outfitting required in the Weaver Building to provide for demolition and reconfiguration of multiple work/collaboration/common spaces to accommodate the future of workspace configuration.
- \$1.5 million FOIA/Privacy – Contract support for staffing enhancements, automation, projects, and audit remediation for FOIA and Privacy operations. These improvements will allow for more vigorous enforcement of, and compliance with, existing policies and statutes, and significantly reduce its risk profile, resulting in fewer audit findings and reducing exposure to litigation.
- Additional resources for an increase in personnel and employees returning to the office in an anticipated post-pandemic environment.

### **Weaver Modernization**

In accordance with the November 2018 GAO report, Federal Real Property Asset Management, GAO-19-57, OCAO has taken a risk-based approach to examine HUD's real property portfolios and mitigate existing conditions which place strategic operations in high-risk categories. The risk assessment revealed that HUD has both immediate and longer-term asset management risks that lack base budget funding, but must be addressed. The identified risks are principally overdue deferred maintenance of key Weaver infrastructure. Strategically resolving targeted key infrastructure risk factors will allow HUD to reduce its near-term and long-term overall asset management costs and provide for safer operations. HUD's real property portfolio responsibilities consist of operations and maintenance responsibilities under a Delegation of Authority with GSA for the Weaver Building.

The Weaver Building's systemic infrastructure contains many failure points with systems that are well past useful life and operate in a patchwork fashion. In some cases, workarounds allow for continued operations but create tremendous risk of failure. Most of the critical needs reside in the building HVAC system. Now more than ever, in an atmosphere of deadly airborne pathogens, a fully functioning HVAC system tops the list of essential building systems. The urgency of this situation has already begun to manifest itself; in February 2022, failure of certain system components caused system damage and costly repairs to the air handling unit. These antiquated systems are so vulnerable that additional failures and system damage are highly probable.

In 2020, HUD was able to replace several obsolete isolation valves in the HVAC system as well as refurbish the failing cooling towers. These much-needed repairs greatly increase the effectiveness and efficiency of the system. In 2022, HUD will be able to complete \$1.625 million in critical repairs to the HVAC system infrastructure that maintains indoor air quality.

The Budget requests \$5.1 million for critical infrastructure repairs that were identified in the 2022 President's Budget and are not assumed in the 2022 Annualized CR level. Most of the repairs will address obsolete infrastructure in the systems that deliver and filter the Weaver Building's indoor air. Failure to replace obsolete systems creates operational risk and vulnerability for all HUD

employees. Given the indoor air quality lessons learned during the pandemic, HUD believes it must complete these repairs to ensure workplace safety.

<b>Priority</b>	<b>Critical Deferred Need*</b>	<b>Risk</b>	<b>Cost</b>
1	Replace nine Penthouse air return fans	High	\$675,000
2	Replace Sub-Basement air fans	High	\$600,000
3	Replace garage exhaust fan system and install unit that operates on CO sensors	High	\$350,000
4	Replace loading dock exhaust fan system and install unit that operates on CO sensors	High	\$150,000
5	Replace electrical motor control centers in north and south Penthouse	High	\$1,100,000
6	Convert three chillers to R-134 refrigerant	High	\$1,308,000
7	Replace garage air handler units	High	\$120,000
8	Replace north and south lobby air handler units	High	\$440,000
9	Increase UV light system in air handlers	High	\$400,000
<b>Total</b>			<b>\$5,143,000</b>

\*Originally identified in 2022 CJ.

### **Working Capital Fund (WCF)**

The Budget for OCAO's contribution to the WCF is \$2.7 million. This represents an increase of \$1.2 million from 2022 total funding (carryover and new authority). The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of FSADD Financial Management expenses.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$800 thousand for the Computer Aided Facility Management.

#### Program Pain Point

The Space and Asset Management Division (SAMD) experiences significant difficulty managing, evaluating, and maintaining information on spatial data and space-related information on the HUD Headquarters facilities in the National Capitol Region. Critical information such as occupancy, vacancy, square footage, space-type space assignments, and utilization rates are not currently tracked or updated in an accurate, efficient, or effective manner.

In addition, the two current systems: Federal Asset Management Enterprise System (FAMES), HUD's inventory management system of record,) is limited in its operations; as well as the existing

Administrative National Services Requests Supplies System (ANSRS), HUD's workplace ticket request system of record, is antiquated.

#### Mission Benefits

SAMD will need to procure and implement a Computer Aided Facilities Management (CAFM) system that would address and solve several problems and needs. The CAFM system would provide a central repository for space information that can be easily accessed, queried, and analyzed with real time, up-to-date data; and allow SAMD to manage HUD's portfolio of lease holdings and space data effectively and efficiently. SAMD could easily track and update HUD's footprint in satellite buildings/headquarters, manage personnel move/add/change tasks by name, occupancy and vacancy data, floor plan drawing record management, project management, space reservation functionality, and personal property asset management. Through algorithms, a CAFM system would generate space utilization rates of usable square footage and identify areas that are not in compliance with GSA's space utilization guidelines. SAMD would meet the overarching goal of space consolidation in headquarters, thus reducing lease holdings in the DC area and reallocating funds saved from leased space.

#### Target Functionality

- More efficient data retrieval and reporting, allowing SAMD to quickly analyze underutilized spaces and target these areas for future reduce the footprint (RTF) projects
- Track and maintain property inventory within the CAFM's interactive and integrated floor plan drawing environment. With simple pick-drag-and-drop functionality, property assignments can easily be moved to new locations within the floor plan whenever an employee move is conducted and updated, simultaneously and seamlessly updating the inventory with new location information; and
- With the data collected and analyzed within a CAFM system, the SAMDSMB will be able to improve its efforts in restacking the building and reorganizing space by Program Office with the goal of collocating entire program areas on the same floor (if possible) and ensuring adjacency opportunities with other Program Offices.

#### Projected Cost Savings

Integrating multiple modules into one CAFM system streamlines data management. The antiquated ANSRS system fails to meet current business requirements causing time management issues and decreased productivity. Retiring the FAMES application could save \$570,000. Furthermore, reducing underutilized leased spaces in HUD's portfolio can save millions of dollars in rent annually.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## **KEY OPERATIONAL INITIATIVES**

OCAO will continue to improve operations by organizing and delivering services more effectively through the following operational initiatives:

### **Major Initiative: Improve Service Delivery of Administrative Support Service**

- Hiring – secure sufficient staff resources to support the workload.
- Enhance reporting, analytics, and evaluation of business practices.
- Improve space and rent efficiencies by modernizing Headquarters and reducing HUD's footprint.

- Modernize the records management sphere at HUD and expand digital mail services to support 21st Century Program Office workflow and communications needs and improve their operating efficiencies.
- Begin strategic planning and implementation of HUD Forward initiatives.

**Major Initiative: Develop a Workplace for the 21<sup>st</sup> Century**

- The reconfiguration of the Weaver Building including construction/alteration of space. This allows OCAO to be proactive in designing a workplace commensurate with the future of work. Space design must be flexible to accommodate changing workforce needs and create an environment that is state-of-the art to recruit and retain the best talent.

**Major Initiative: Modernizing Headquarters and Reducing HUD's footprint**

- Address deferred maintenance backlog at HUD Headquarters. In addition to maintaining the health and safety of the workplace, key maintenance issues must be addressed for the Weaver Building, which is iconic and synonymous with HUD. Ensuring the building is one that employees feel proud to work in plays a vital role in employee satisfaction. It is critical that we address our maintenance issues to ensure that the building and its systems are functioning correctly. Executing these repairs and replacing equipment will not only make the building operate more efficiently, but it will also add to the longevity of our historic headquarters.

**Major Initiative: Enhancing Evaluation of Business Practices**

- These initiatives in the proposed Budget will support the Department's **Strategic Goal 5: Strengthen HUD's internal capacity and efficiency to better ensure delivery of HUD's mission on the ground.**
- Improve service delivery in several areas (Unified Nationwide Telecommunications, Records Management, FOIA, Privacy, Digital Mail and Scanning). These improvements include both technological upgrades and contractual support. Our lines-of-business must be modernized to keep pace with industry and planned innovative solutions. It will move OCAO forward in providing world class customer service to HUD-wide Program Offices to enhance their operating efficiencies in furtherance of their missions and better support their distributed workforce under the new HUD Forward operating construct.
- Support the Administration's priority of **Empowering, Rebuilding, and Protecting the Federal Workforce** by prioritizing employee health and safety in workspaces around the country. The 2023 Budget also supports the Administration's priority of Restoring Public Trust in the Federal **Government and Delivering Services Effectively and Efficiently** through **Modernizing Public-Facing Websites, Digital Services, and Records Management**. Additionally, resources at these levels directly support the Administration's **Planning for the Future of Work** effort.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Administrative Support Offices

### Office of the Chief Procurement Officer

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$19,795</b>	<b>\$116</b>	<b>\$19,937</b>	<b>\$20,053</b>	-	<b>\$29,006</b>	<b>\$29,006</b>
<b>Non-Personnel Services:</b>							
Travel	-	-	-	-	-	75	75
Other services/Contracts	609	50	272	322	-	563	563
Training	199	39	-	39	-	475	475
Supplies	1	-	-	-	-	15	15
<b>Total, Non-Personnel Services</b>	<b>\$809</b>	<b>\$89</b>	<b>\$272</b>	<b>\$361</b>	-	<b>\$1,128</b>	<b>\$1,128</b>
Working Capital Fund	1,178	523	804	1,327	-	1,924	1,924
Carryover	728	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$22,510</b>	<b>\$728</b>	<b>\$21,013</b>	<b>\$21,741</b>	-	<b>\$32,058</b>	<b>\$32,058</b>
<b>FTEs</b>	<b>116</b>	<b>1</b>	<b>109</b>	<b>110</b>	-	<b>153</b>	<b>153</b>

\*Includes 2020 Carryover.

### PROGRAM PURPOSE

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.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$32.1 million for OCPO, which is \$11 million more than the 2022 annualized CR level and \$10.3 million above 2022 total funding.

#### Personnel Services (PS)

The Budget assumes \$29 million for OCPO PS to support 153 full-time equivalents (FTEs), representing 101 HQ FTEs and 52 field FTEs. This request represents an increase of \$9 million and 34 HQ FTEs and nine field FTEs from 2022. The funding also supports a 4.6 percent Federal pay raise.

Given that OCPO is responsible for implementation of the Department's procurement program, the requested Budget will resource OCPO at a level that will accomplish the following, which are

directly aligned to the strategic goal to Strengthen HUD's internal institutional capacity to deliver on mission:

- OCPO will maintain responsibility over the OA Contract Management Unit (CMU) in Headquarters, which provides the contract oversight and Contracting Officer Representatives (COR) for all program offices (Office of the Chief Administrative Officer, Office of the Chief Human Capital Officer, and OCPO) within the Office of Administration (OA) throughout the acquisition lifecycle. The CMU is the consolidation of the COR function for OA under OCPO in order to achieve efficiencies and streamline processes.
- Increase capacity in the Acquisition Liaison Unit (ALU) from 6 to 11 FTEs to provide support to program offices for development of requirements documents, government cost estimates, quality assurance surveillance plans, and other requirements package artifacts. This will also increase cost/price analysis support for the program offices and contracting activities. Dedicated cost/price analysis support will help reduce risk when developing budgets, acquisition cost estimates, and negotiating contract pricing with bidders.
- Increase Capacity in the Information Technology Support (IT) Divisions from 11 to 21 FTEs to support complete execution and administration of the IT portfolio and bringing out-sourced procurement actions back within the HUD portfolio to facilitate proper oversight and prioritization. The enhancement of the IT cadre is part of the strategy to directly address the mitigation of the Department's Top Management Challenges and the remediation of several Office of the Inspector General (OIG) evaluation and audit findings.
- Increase capacity in Fort Worth Contracting Office from 5 to 11 FTEs to support a new set of contracts that will replace the current Performance-Based Contract Administrators, which support the HUD-assisted multifamily housing portfolio. This will be the largest HUD acquisition program once awarded. These services were acquired via cooperative agreements in the past; however, by a Federal Court Order, these agreements are contracts and must be awarded as contracts in accordance with the Federal Acquisition Regulations. This will be a new set of contracts that OCPO is not currently resourced to support. Additionally, the increased resources are required to support the Office of Policy Development & Research and Housing contracts that were previously supported by assisted acquisition, through the Health and Human Services Professional Services Center which were terminated in 2019.
- Increase capacity in the Chicago Contracting Office from 7 to 11 FTEs in order to support placement and administration of Enterprise-wide acquisition vehicles (category management), including inspection services and studies – such as Rent Comp Studies – in support primarily of Housing and Public and Indian Housing programs.
- Increase capacity in the FHA/Ginnie Mae Office from 11 to 14 FTEs to support the sourcing of contracted services for Ginnie Mae, which will ensure OCPO has the internal capacity and resources to support mission accomplishment and reduce risk in the Ginnie Mae and FHA portfolio. Historically, HUD has had to use assisted acquisitions through GSA or other shared service providers at a cost of four percent of the obligated amount, and a flat fee of \$120 thousand for consulting services per requirement. The additional FTEs will allow HUD to avoid costs that equaled \$16 million in 2020 and \$11 million in 2021.

This funding level aligns OCPO to other Federal Departments and Agencies with a similar workload based on the cost-to-spend ratio and achieves providing the resources needed to ensure the Department's procurement program has the internal capacity to meet mission and support all the



Department's programs. With the increasing mission of the Department and the focus on increasing the availability of programs to the public, HUD's workload increased by 30 percent, as measured by total number of procurement awards. This upward trajectory is anticipated to continue. To maintain pace with an ever-growing acquisition workload, the Department paid approximately \$11 million in assisted acquisition fees in 2021 to support 70 procurement actions. The additional FTEs will allow HUD to increase internal capability to reduce reliance on assisted acquisitions and provide resources to support the implementation of an enhanced enterprise strategic sourcing and category management strategy. The Agency-wide procurement strategy will result in more of HUD's contract obligations being under management, and will reduce the average time to procure. The Budget also includes the realignment of four FTEs to the Deputy Assistant Secretary for Operations within Immediate Office of the Assistant Secretary for Administration (IOASA).

### **Non-Personnel Services (NPS)**

The 2023 Budget assumes \$1.1 million for OCPO NPS. This request represents an increase of \$767 thousand from 2022 total funding. Funding at this level would allow additional funds for increased and improved training of the acquisition workforce, which has been identified as a critical need in HUD's internal risk assessment and OIG evaluation reports. Funding at this level would allow OCPO to support the following NPS:

- Additional funds for training of the acquisition workforce, including contracting officers and specialists, program project managers, and contracting officer representatives. Given the increase in FTEs for OCPO, there is a need to provide certification training for the new staff and continuous learning for all the staff to receive and maintain required certifications and stay abreast of changes in Federal Government contracting. Specifically:
  - The increased funding will allow increased training opportunities for the FAC-PPM certifications and continuous learning for the HUD program project managers, which is consistent with the mandates of the Program Management Improvement Accountability Act (PMIAA) and the Top Management Challenges.
  - OCPO is requesting a \$241 thousand increase over the 2022 level for contract services. This increase is due to escalations in the cost of services and adjustments to quantities resulting from OCPO's increased staffing levels.
  - The Budget includes a \$436 thousand increase for training, \$75 thousand for travel, and \$15 thousand for supplies. These increased funds will provide sufficient office supplies for the staff and support items needed to promote a clean and safe environment as well as other ongoing return-to-office needs.
  - Increase Acquisition workforce training to improve the service delivery of OCPO staff to program offices, increase the number of certified program managers in the Department resulting in reduction of the current deficit in qualified program managers according to the PMIAA, and continued training and professionalization of the Department's CORs.
  - Ability to fund contracted acquisition support services to provide surge support for the Acquisition Liaison Unit and the Operational Contracting Offices in order to address temporary capacity needs that do not warrant the onboarding of permanent FTE. Having the additional resources/capacity will result in improved acquisition documentation and reduced cycle times.

## **Working Capital Fund (WCF)**

The 2023 Budget assumes \$1.9 million for OCPO's contribution to the WCF. This request represents an increase of \$597 thousand from 2022 total funding. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of FSADD Financial Management expenses.

## **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$1.75 million for the Acquisition Tool.

### Program Pain Point

The HUD Acquisition Community is not often able to share and archive information, including requirements documents (e.g., Performance Work Statements, Independent Government Cost Estimates) with stakeholders in the form of a "one-stop-shop." Instead, documents must be shared through e-mail exchanges and stored on a share drive and other repositories that contains information for upwards of one thousand contracts. For the most part, SharePoint is currently used across the enterprise; however, it is not a viable alternative as its limitations do not provide the in-depth requirements for a fully functional acquisition management system.

In addition, the community lacks a secure electronic solution to conduct source selection evaluations and protect proprietary source selection sensitive information. Furthermore, an overarching dashboard is required to track key performance indicators to determine the effectiveness/efficiency of acquisition operations across the enterprise. Microsoft Excel is currently used for this function; however, it is not a viable alternative as it is static and neither efficient nor effective.

### Mission Benefits

OCPO anticipates that value to the HUD Acquisition Community will be substantial and significant as it will include the relative ease provided to the team of CORs performing contract oversight functions as well as the provision of a central location for developing and maintaining a COR file for each contract managed by the acquisition team. This ensures near full proof audit compliance with an accurate account of data provided for each contract; effective and efficient management of the source selection evaluation process; and an overarching dashboard that provides an accurate assessment of the health of the acquisition system.

A fully operational Acquisition Management Support System (AMSS), Source Selection Evaluation Management System, and Acquisition Dashboard will provide approximately 500 licenses. Therefore, key members of the Integrated Project Team, Integrated Acquisition Team, including the team of CORs, OCPO (Contracting Officer and Contract Specialist), Program Officials (FAC-P/PMs), Budget Officials, and senior management within the organization will have access allowing for ease of sharing information across different job functions in addition to the benefits previously discussed. Finally, a successful rollout will bring agencywide advantages that will enable users to have real time insights into how their program is performing across the enterprise and make course corrections as necessary. This would significantly increase transparency of efforts and collaboration across the enterprise while significantly reducing poor acquisition planning. One of the greatest benefits will be the direct addressing of acquisition pain points thus resulting in the streamlining of acquisitions across the enterprise.

### Target Functionality

An Acquisition Management Support System for HUD will result in:

- The Acquisition Community and its team of Contracting Officer Representatives (CORs) and Program/Project Managers (P/PMs) being able to perform critical oversight function on key requirements and contracts that support HUD operations and provide proper record storage and retrieval of requirements and contract documents and deliverables.
- Effectively managing requirements planning processes, pre-award processes, source selection evaluation management suite, post award data management including period of performance (POP) and funding based on FY, user management; and
- Provision of overarching dashboard to track key performance indicators determining the effectiveness/efficiency or lack thereof of acquisition operations across the enterprise.

### Projected Cost Savings

Compared to current processes, implementing the AMSS will allow HUD to recapture approximately 130,000 hours of staff time each year spread out across HUD's acquisition community. Time can be redirected to higher value acquisition related activities, such as providing efficient and effective acquisition management and improved processes ultimately reducing time to procure.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## **KEY OPERATIONAL INITIATIVES**

Under the baseline and enhanced mission levels of funding, OCPO initiatives and priorities in 2023 will support the Department's **Strategic Goal 5: Strengthen HUD's internal capacity and efficiency to better ensure delivery of HUD's mission on the ground**. Staffing and non-personnel funding will comprehensively align to **Strategic Objective 5B: Improve Acquisition (Procurement) Management**.

- Prioritize hiring for the IT cadre and Ginnie Mae support divisions to increase the internal capability to support the growing acquisition portfolios and bring acquisition assistance requirements back in-house, resulting in a reduction in cost to the Department.
- Prioritize hiring for Fort Worth that will support the Housing Assistance Program, which will be the largest acquisition program for the Department. This team also supports the Policy Development and Research (PD&R) portfolio, which includes acquisition assistance requirements previously outsourced to the U.S. Department of Health and Human Services (HHS) Program Support Center (PSC).
- Increase capacity within the ALU to provide consultation services for the development of requirements documents and supporting artifacts. Improving the quality of requirements documentation has been identified as a key contributor to reducing delays in the acquisition process, which will directly impact streamlining acquisitions and reducing procurement lead times.
- Ensuring an acquisition staff that is properly resourced, trained, and equipped to support the mission of HUD is paramount to meeting Departmental goals and Administration priorities. Increased funding strengthens the acquisition programs at HUD, properly resourcing the OCPO to support the entirety of HUD's procurement needs, reducing the reliance on acquisition assistance at a significantly higher cost, and training the acquisition workforce to ensure they are equipped with the knowledge and skills necessary to support the Department's acquisition programs.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Administrative Support Offices

### Office of the Chief Human Capital Officer

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>							
Personnel Services	23,979	600	28,345	28,945	-	32,034	32,034
Common Distributable	969	200	3,430	3,630	-	6,500	6,500
<b>Total, Personnel Services</b>	<b>\$24,948</b>	<b>\$800</b>	<b>\$31,775</b>	<b>\$32,575</b>	<b>-</b>	<b>\$38,534</b>	<b>\$38,534</b>
<b>Non-Personnel Services:</b>							
Travel	16	-	25	25	-	400	400
Rent and Utilities	-	-	-	-	-	40	40
Printing	3	-	15	15	-	50	50
Other Services/Contracts	6,878	5,134	4,736	9,870	-	10,246	10,246
Training	2,403	150	1,200	1,350	-	3,500	3,500
Supplies	41	10	50	60	-	100	100
Furniture and Equipment	23	10	113	123	-	225	225
Claims and Indemnities	-	-	-	-	-	30	30
<b>Total, Non-Personnel Services</b>	<b>\$9,364</b>	<b>\$5,304</b>	<b>\$6,139</b>	<b>\$11,443</b>	<b>-</b>	<b>\$14,591</b>	<b>\$14,591</b>
Working Capital Fund	1,360	-	1,019	1,019	-	1,651	1,651
Carryover	6,104	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$41,776</b>	<b>\$6,104</b>	<b>\$38,933</b>	<b>\$45,037</b>	<b>-</b>	<b>\$54,776</b>	<b>\$54,776</b>
<b>FTEs</b>	<b>139</b>	<b>3</b>	<b>157</b>	<b>160</b>	<b>-</b>	<b>170</b>	<b>170</b>

\*Includes 2020 Carryover.

### PROGRAM PURPOSE

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 HUD. OCHCO represents HUD on strategic human capital and human resources 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.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$54.8 million for OCHCO, which is \$15.8 million more than the 2022 annualized CR level and \$9.7 million above 2022 total funding.

Funding at the 2023 level will allow OCHCO to address HUD human resources (HR) challenges, modernize human capital programs for the new world of work and next generation of Federal employees, and continue to deliver effective services and solutions while instituting necessary changes. In 2023, OCHCO will continue to focus on:

- Ensuring human capital planning processes enable HUD to hire and retain diverse top talent with the right skills, in the right positions, and at the right time;
- Providing opportunities for continuous development and professional growth to meet HUD's current and future mission needs;
- Embedding diversity, equity, inclusion, and accessibility principles within training and development programs to support an inclusive culture in all HUD work environments;
- Developing a central HUD-wide knowledge management repository of HUD's standard operating procedures; and
- Improving operational efficiencies in service delivery with new technology investments.

OCHCO has identified HR challenges that impact its ability to deliver effective HR services and solutions that enable the Department's mission. The requested funding level allows OCHCO to hire additional staff to support the needs of the growing employee headcount of the Department, allowing for human capital services to be supported effectively by OCHCO.

Included in the request is funding for OCHCO to establish talent teams in response to Executive Order 13932, "Modernizing and Reforming the Assessment and Hiring of Federal Job Candidates." The talent team will support continued modernization and maturation of HUD's talent acquisition and assessment capabilities and participate in newly created government-wide hiring improvement teams to develop and share best practices and lessons learned, among other things, aligned with a new OPM hiring line of business.

Increases from the 2022 annualized CR will enable HUD to implement new multi-year staffing strategies, conduct workforce and succession planning efforts, and position management approaches to reduce hiring timelines and improve budget and business planning. OCHCO will also continue to streamline and implement new approaches to reduce time to hire, such as utilizing shared hiring certificates, developing Department-wide position descriptions and vacancy announcements, and integrating new candidate assessment capabilities shown to be better predictors for job performance than self-report assessments. The increased funding will enable the implementation of a redesigned HR business partner/program office model to improve strategic planning and to implement new data analytics and visualization capabilities and technology-enabled solutions to improve data-driven decision making, recruiting strategies, efficiency, customer service to program offices, and employee experience.

The increase in funding will support OCHCO's ability to become strategic partners and implement client-centric solutions to reduce the time to hire and retain employees. OCHCO will focus on employee retention by revitalizing developmental programs, conducting strategic workforce and succession planning, and developing competency models and career pathing focused on creating a positive HUD journey for employees. Additional funding will also enable HUD to actualize a modern approach to telework in a post pandemic environment and to track and monitor telework program data with enhanced reliability to inform data-driven decision making and facilitate HUD performance and employee engagement.

### **Personnel Services (PS)**

The Budget assumes total funding of \$32 million for OCHCO PS to support 170 full-time equivalents (FTEs), representing 139 Headquarters (HQ) FTEs and 31 field FTEs. This is an increase of \$3.1 million and 10 FTEs (nine HQ FTEs and one field FTE) from 2022. After the Department finalizes

its HUD Forward plans, many positions may be eligible for remote work, which could impact the HQ/Field split. The increase in funding also supports a 4.6 percent Federal pay raise.

OCHCO will utilize the additional FTEs to:

- Strengthen HUD's performance culture, workforce capacity, and workforce capability;
- Develop and implement client-centric solutions to not only reduce the time to hire but also focus on retaining employees once they come onboard;
- Ensure OCHCO growth is commensurate with HUD-wide growth to manage and administer HR programs with acceptable service levels;
- Ensure training and development programs are staffed. The current retirement eligibility in the office exceeds 43 percent, driving serious succession planning and knowledge management concerns as employees attrit. Additional hiring will better right-size the organization and reduce risk; and
- Allow the Department to meet mandates laid out in Executive Order 13932 requiring Agencies to establish talent teams to support development, validation, and maintenance of hiring assessments for the Department.

Additionally, as reflected in the OA reorganizational proposal submitted in January 2022, this funding level reflects the realignment of four Diversity, Equity, and Inclusion FTEs from OCHCO to Office of Equal Employment and Equity Advance (OEEOEA); three FTEs from the existing Personal Identity Verification (PIV) Branch within OCHCO to establish the Personnel Security Division in Office of the Chief Administrative Officer (OCAO); and the realignment of four FTEs to the Deputy Assistant Secretary for Operations within the Immediate Office of the Assistant Secretary for Administration (IOASA).

This Budget supports OCHCO's objective to operate as strategic partners to the Department's programs and leaders, emphasizing a client-centric approach that allows for greater understanding of the program offices and their workforce while impacting HUD across the enterprise.

Due to HUD's goal to increase the number of employees in support of its mission, the volume of work performed by OCHCO has and will continue to grow. This growth includes ensuring sufficient resources are available to support the hiring of temporary employees authorized under the various recovery appropriations for program offices across the Department.

Increases in OCHCO hiring are also needed to support anticipated hiring increases HUD-wide in 2022 and 2023 based on pending appropriations and legislation that exceed previous years' hiring projections.

### **Common Distributable**

The 2023 Budget for Common Distributable is \$6.5 million. This represents an increase of \$2.9 million from 2022 total funding. This funding provides for the Department-wide Transit Subsidy Benefits Program, Student Loan Repayment Program, and Flexible Spending Account administrative fees. The increase from the 2022 level will primarily support increased costs in the Transit Subsidy Benefits Program as a result of the Department's returning to anticipated post-pandemic commuting levels, additional staff increases anticipated in 2022 and 2023, and anticipated inflationary cost increases.

### **Non-Personnel Services (NPS)**

The 2023 Budget assumes \$14.6 million for OCHCO NPS, an increase of \$3.1 million from 2022 total funding. OCHCO will utilize the additional resources to fund HR contracts that improve process

improvement efforts targeted at developing strategies to reduce the time to hire, promote talent development and succession planning, support the Hiring Assessment Line of Business, and develop evaluation strategies and human capital operating objectives.

In addition to services provided under Common Distributable, OCHCO centrally funds human capital and human resources services and management for the Department. Specific initiatives slated for 2023 include but are not limited to:

- Development and implementation of a Senior Executive Service Candidate Development Program;
- Department-wide implementation of a training program to support actions associated with a positive culture focused on accountability and collaboration;
- Expansion of the new employee onboarding journey;
- Whole-person (career, nutrition, sleep) executive coaching;
- Job analysis and competency modeling to support development of customized selection assessments targeting high-volume and mission critical occupations, and the development of career paths/lattices for employee career development, reskilling, or upskilling.

### **Working Capital Fund (WCF)**

The 2023 Budget for OCHCO's contribution to the WCF is \$1.7 million, an increase of \$632 thousand from 2022. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of FSADD Financial Management expenses.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$1.75 million for the Enterprise Case Management and Workflow Platform (includes HireNOW initiative).

#### Program Pain Point

HUD defines Case Management as a broad set of use cases that involve the intake of requests from users and the fulfillment of those requests through a digital workflow process. An enterprise case management platform will enable HUD to solve a variety of pain points that cut across different program areas. Across HUD, there is limited ability to quickly stand-up workflow and case management-based applications while simultaneously adhering to IT policies. This leads to: "shadow IT" solutions that are unsupported by OCIO or continued reliance on inadequate or non-existent technology solutions. HUD plans to leverage the ServiceNow platform which will provide HUD a common platform on which to create applications with robust security, privacy and policy controls implemented centrally by OCIO. ServiceNow is a commercial cloud-based, low-code digital workflow platform that provides the foundation on which to configure tailored applications to meet specific business requirements, while other low-code technologies exist within HUD, ServiceNow is best-suited to handle enterprise-wide internal case management and workflow applications such as HR functions, IT Help Desk, and Facilities Management.

The initial use case for case management and workflow platform will be address the lack of automation and centralization of data for OCHCO for resolving HR related cases including employee and contractor onboarding. The currently lack of a holistic IT solution for HR related cases leads to data integrity issues, lack of an authoritative centralized source of HR data, limited reporting capabilities, delayed time to hiring and onboarding employees and contractors, and inability for analytics based continuous improvement. The pain points related to HR cases affects all HUD employees and contractors and depresses the velocity at which HUD can operate across the board.

### Mission Benefits

This 2023 funding request will be a continuation of 2022 request (\$2 million) and will be used to deploy and mature a ServiceNow-based enterprise case management platform. By adopting an enabling enterprise platform, HUD OCIO anticipates that it will be able to more quickly design, build, and deploy a wide variety of applications to meet their customers tailored business needs. A common platform that can be securely controlled and governed at the enterprise-level, while giving program offices more direct control of business functionality of their applications will drastically improve the speed and consistency of software delivery. Currently, case management functionality is housed in disparate systems which drive numerous inefficiencies; an enterprise case management platform will broadly consolidate licenses, infrastructure, development, and O&M costs and allow HUD to build momentum in a focused and unified enterprise direction.

Each use case that will leverage the enterprise case management platform has its own mission benefits that it will produce. In the HR Transformation use case described previously, it is expected that HUD will be able to hire and onboard employees more effectively and efficiently helping HUD deliver on its overall mission. Secretary Fudge has committed to rebuilding HUD's depleted workforce which has lost 20 percent of its staff since 2012 and ServiceNow will help achieve this human capital goal.

### Target Functionality

- HUD envisions ServiceNow will become the standard platform to use for critical internal-facing applications such as HR Case Management, IT Help Desk ticketing, Facilities Management (Workspace Hoteling), and more.
- The HR Transformation use case will provide an end-to-end holistic electronic onboarding experience for new employees and contractors which will lead to dramatically shorter onboarding times.

### Projected Cost Savings

The case management and workflow platform based on ServiceNow will be used for multiple new business requirements needs as well as modernization of legacy systems. A single use case of modernizing and retiring the Adaptive Case Management Suite (ACMS/eCase) is projected eliminate \$2.8M of O&M and license expense annually. This would not be considered a net reduction of costs as the ServiceNow solution will incur similar (if not higher) annual O&M and licensing costs. HUD will ultimately realize greater value through economies of scale – increased adoption of the platform and more applications built upon it will consolidate HUD-wide licensing and O&M costs that are currently distributed across several solutions.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## **KEY OPERATIONAL INITIATIVES**

OCHCO is actively looking at how to better align functions to achieve maximum efficiency, more effectively meet business needs and enhance customer experience, which will impact strengthening HUD's Internal capacity.

Realignments under consideration are:

- Establish an Office of Transformation that will focus cross-OCHCO/programmatic priorities such as reorganizations, Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP), strategic planning and alignment, and data management.



- This team will work across OCHCO to identify streamlining opportunities for operational efficiency gains, and provide internal growth and development opportunities for the OCHCO staff.
- Establish a Safe Workplace Division reporting to the OCHCO front office that will cover Anti-harassment and prevention of workplace violence under a single umbrella.
  - This will include a conflict resolution center, housed in this office, to resolve conflicts at the lowest level and facilitate alternate dispute resolution.
- Realign the employee focused programs from the Human Capital Services to the Office of Performance Management, which is targeted at managing employee experiences such as employee engagement, performance management, work life balance and Reasonable Accommodation.
- Creating more functional alignment in the Office of Business Management and Administration and better realignment of functions in the Office of Executive Resources and the Office of Human Capital Services to effectively facilitate Departmental hiring for all levels. OCHCO is currently collaborating on the best placement/structure for the Office of Executive Resources.
- Breaking the Office of Recruiting and Staffing into two arms, one focused on performing operational work efficiently and effectively (day-to-day staffing and classification) and one focused on strategic planning and special programs and projects (triennial position management review process, staffing forecasting planning, targeted recruiting for underrepresented groups in the HUD workforce, intern and student hiring to support talent pipelines, commonly filled, and hard to fill positions; the development of standardized HUD-wide position descriptions where multiple program offices are filling the same type of position; and the development of automation to streamline the hiring process).

OCHCO takes a strategic approach to addressing long-standing challenges with hiring, employee accountability, employee engagement and inclusion, and succession planning. Funding will be used to support OCHCO's ability to execute strategies to support priorities which include diversity, equity and inclusion, workplace safety, workforce capability, workforce capacity, performance culture, data analytics, and automation.

**Major Initiative: Improve Hiring Process & Develop a Workforce for the 21st Century**

- Develop a Workforce Strategy encompassing all actions taken to acquire, retain, develop, engage and deploy HUD's human capital. This strategy is a whole-of-workforce plan that extends over the employment life cycle;
- Execute strategies to increase the quality of candidate referrals and streamline hiring processes, including improving program office partnerships and initiating the use of shared vacancies, position descriptions and certificates;
- Create alignment between hiring forecasts and budget cycles to "get ahead" of hiring and identify and prepare for future needs in advance by creating a cycle to review existing skillsets and position descriptions;
- Increase employee accountability and engagement by building a performance culture which embraces innovation, diversity, and inclusiveness;
- Improve workforce and succession planning strategies;
- Enhance reporting, analytics, and evaluation of OCHCO business practices;
- Enhance recruiting and succession planning through the utilization of tools designed to create a positive HUD brand and facilitate participation at recruitment fairs, utilize direct hiring authority, as appropriate, and strengthen the selection process; and

- Embed diversity, equity, inclusion and accessibility into all aspects of the human resources lifecycle.

OCHCO is focused on reducing the time to hire and developing strategies to manage high voluntary attrition rates, both of which have historically negatively impacted staff levels at the Department.

#### Non-retirement Voluntary Attrition Rate

Past Performance				Current Performance
FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual
3.98%	2.54%	2.99%	3.59%	5.10%

Average time to Hire (days)		
FY19	FY20	FY21
140.1	143.3	123.5

Strategies implemented during 2021 resulted in a reduction in overall time to hire by approximately 14 percent against 2020 timeframes. Additionally, OCHCO has developed analytical tools, such as a Business Intelligence Dashboard that illustrates descriptive data pertaining to attrition and staffing and classification timelines, providing transparency into the hiring process and ensuring focus across the Department to move hiring actions timely.

Moving forward, several strategic initiatives are planned to reduce the time to hire and manage voluntary attrition. For example, in 2022, OCHCO began implementing a multi-year staffing model that encourages offices to develop forward thinking staffing plans in line with the budget cycle. Additionally, OCHCO plans to implement targeted recruitment strategies to ensure diversity, equity, and inclusion within our portfolio.

These initiatives are dependent on receiving sufficient resources to allow staff to operate with a proactive, strategic focus versus simply keeping up with the increasing hiring demands across the Department.

In order to assist the Department in strengthening HUD's internal capacity, OCHCO is putting in place business process improvement initiatives to ensure HUD meets its workforce challenges in 2023, to support its mission, and meet Departmental and Administration priorities. OCHCO's goals to increase its headcount; formally establish and operate the workplace violence prevention/anti-harassment program; and focus on diversity, equity, inclusion, and accessibility will support HUD's mission at large. This also includes enhanced performance management, strategically reducing the time to hire, development of retention and recruitment strategies, automating its processes and developing robust dashboards to share information.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Administrative Support Offices

#### Office of Field Policy and Management

##### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$52,523</b>	<b>\$6,467</b>	<b>\$52,502</b>	<b>\$58,969</b>	<b>\$2,477</b>	<b>\$64,250</b>	<b>\$66,727</b>
<b>Non-Personnel Services:</b>							
Travel	126	-	450	450	-	650	650
Transportation of Things	6	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	1	-	-	-	-	-	-
Other Services/Contracts	981	-	1,435	1,435	-	1,220	1,220
Training	110	-	65	65	-	80	80
Supplies	3	-	-	-	-	-	-
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$1,227</b>	<b>-</b>	<b>\$1,950</b>	<b>\$1,950</b>	<b>-</b>	<b>\$1,950</b>	<b>\$1,950</b>
Working Capital Fund	2,388	1,097	-	1,097	2,723	-	2,723
Carryover	7,564	-	5,200	5,200	-	-	-
<b>Grand Total</b>	<b>\$63,702</b>	<b>\$7,564</b>	<b>\$59,652</b>	<b>\$67,216</b>	<b>\$5,200</b>	<b>\$66,200</b>	<b>\$71,400</b>
<b>FTEs</b>	<b>331</b>	<b>38</b>	<b>307</b>	<b>345</b>	<b>14</b>	<b>360</b>	<b>374</b>

\*Includes 2020 Carryover

### PROGRAM PURPOSE

The Office of Field Policy and Management (FPM) provides national and local strategic leadership, direction, oversight support and operational responsibilities for the Department's 64 Regional and Field Offices, located across ten national regions. FPM supports the priorities of the Secretary and Administration across the United States and its territories and serves as the first point of contact for HUD questions and concerns within communities. Additionally, FPM maintains partnerships with other Federal agencies, as well as state and local governments, elected officials, community members and other stakeholders.

FPM's staff perform critical functions that support the Department's programs, strategic goals, and initiatives. FPM's core activities consist of:

- Stakeholder Engagement and Analytics:** Responding to customer inquiries and improving the customer experience, managing and directing field communications, conducting community outreach and public relations; coordinating and liaising with Congressional, state, and local elected officials; supporting disaster planning, response and recovery efforts; collecting customer feedback and evaluating customer engagements to

improve data analysis and better deliver on organizational goals and performance management.

- **Strategic Initiatives and Economic Empowerment:** Overseeing compliance and monitoring of Federal prevailing wage requirements applicable to HUD-assisted and insured housing and community development programs covered under the Davis-Bacon and Labor Standards and Related Acts (DBRA) and Section 3 of the HUD Act of 1968; executing program coordination and support for program offices including Housing, Public and Indian Housing (PIH), Community Planning and Development (CPD), as well as other cross-programmatic and Departmental initiatives, including increasing homeownership, preserving affordable housing, and integrating healthcare and housing as part of HUD's mission to provide safe, quality, sanitary, affordable and fair housing. Other initiatives under this activity include activities to expand housing opportunities for underserved Americans by reducing homelessness, increase awareness of our nation's fair housing laws, expand racial justice and equity, promote worker empowerment and economic opportunity and guide investment in climate resiliency.
- **Operations and Risk Management:** Ensuring consistent, responsive, and reliable field leadership, actively support workplace safety and engagement; establish strong and coordinated leadership through Headquarters to provide efficient and effective oversight of operations and administrative functions, to include human capital management, budget execution and risk management.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$66.2 million for FPM, which is \$6.5 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$71.4 million, \$4.2 million above 2022 total funding. Funding at this level is critical to the achievement of the Department's mission and the President's vision to ensure that the Nation builds back better from the public health and economic challenges, and address long-standing systemic challenges, including racial injustice, rising inequality, and the climate crisis.

FPM's leadership and presence across the United States and its territories directly affect the successful execution and monitoring of HUD programs. Through FPM's outreach and relationships with local stakeholders, the Department can effectively deliver on its mission and improve the overall customer experience for the people we serve in the communities where they live and work.

### Personnel Services (PS)

The 2023 Budget assumes \$66.7 million in total funding for FPM PS, \$7.8 million above 2022 total funding. This funding level supports 374 full-time equivalents (FTEs), an increase of 29 FTEs over the 2022 total FTE level. This funding level supports salaries and benefits, to include support for a 4.6 percent Federal pay raise, for staffing necessary to increase FPM's presence in the community and improve overall customer experience in line with Executive Order 14058 (Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government). Funding at this level will allow FPM to continue to backfill critical vacancies and establish additional management and staffing capacity to assist in mitigating identified risks, address unmet needs, support Departmental strategic goals and key operational initiatives. A steady reduction in headcount over the last decade has negatively impacted FPM's ability to drive critical mission priorities in the field. Increased staff will allow FPM to improve service delivery that respond to our distinct internal and external customers, partners from within and outside the Federal sector, and advance Secretarial initiatives and the Administration's priorities.

### **Non-Personnel Services (NPS)**

The 2023 President's Budget assumes \$2 million in total funding for FPM NPS, which equals 2022 total funding. The requested level supports activities such as: (1) continued travel for outreach and monitoring; (2) training and other efforts necessary to support FPM's core portfolio; (3) customer service; (4) executing Secretarial initiatives; (5) management and oversight of compliance activities; (6) supporting disaster planning and response; and (7) strategic communications. FPM plans to allocate an additional \$200 thousand for travel and a minimal increase in training above 2022 levels. As the country rebounds from the COVID-19 pandemic, it is expected that staff will increase outreach, compliance, monitoring and other in-person collaboration. An estimated decrease of \$215 thousand in other services is primarily attributable to a reduction in projected future year costs for an electronic payroll subscription service to support Davis-Bacon staff as well as other support contracts.

### **Working Capital Fund (WCF)**

The 2023 President's Budget assumes \$2.7 million in total funding for WCF, \$1.6 million above 2022 total funding. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology (IT)**

Within the Information Technology Fund, the Budget requests \$600 thousand for Section 3 Reporting (S3R) and \$1 million for NextGen Labor Standards (NGLS).

#### Program Pain Point

HUD is a major driver of infrastructure and job creation, and contributes to worker empowerment and economic opportunities throughout the nation. The Department ensures that construction workers are paid prevailing wages on HUD-funded development and administers programs that seek to increase employment of low and very low-income community residents. The Department uses two systems for Section 3 and enforcement of the Davis-Bacon Related Acts: Section 3 Performance Evaluation and Reporting System (SPEARS), and Labor Relations 2000 (LR2000).

#### Section 3 Reporting – \$600,000

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. The Department recently finalized a new regulation for the Section 3 program, which requires a new system to capture statutory requirements from grantees and contractors. Without having a working system for grantees, specifically Housing Authorities, to report on Section 3, HUD cannot perform its statutory and regulatory responsibilities to ensure compliance with the new rule.

#### NextGen Labor Standards (NGLS) – \$1.0 Million

The Office of Labor Standards Enforcement and Training (LSET) is responsible for HUD's overall compliance with the Federal prevailing wage requirements applicable to HUD-assisted and insured housing and community development programs covered under the Davis-Bacon and Related Acts (DBRA). The current system, LR2000, is antiquated, non-compliant, and must be replaced to close-out a longstanding audit finding by the Office of Inspector General. LR2000 is non-compliant with cybersecurity standards because it is on an

outdated server and Operating System and is allowed to operate under a Risk-Based Decision (RBD) Memorandum from the HUD's OCIO. The system will be replaced by the Next Generation Labor Standards (NGLS) application. HUD is also unable to adequately monitor grantees to ensure compliance with prevailing wage requirements. The current statutory requirements ensure skilled workers are paid a fair wage to build the critical infrastructure communities desperately need.

#### Mission Benefits

This funding will enable the Department to provide a reporting platform for approximately 5,000 grantees to report on Section 3 compliance, as well as for 7,000 contractors to report on DBRA requirements. Both systems would enable the Department to meet statutory requirements and assist grantees to empower low and very low-income workers, in addition to ensuring workers are paid prevailing wages.

#### Target Functionality

- Reporting platform for approximately 5,000 grantees and 7,000 contracts to meet Section 3 Rule and DBRA reporting requirements.
- Integration with other HUD programs for Department-wide Section 3 and DBRA data collection and analysis.
- Ability to generate and review reports for quality and accuracy, as well as enhanced assessment of program effectiveness.

#### Projected Cost Savings

S3R and NGLS will significantly reduce staff hours required to complete manual processes and allow for automated collection, analysis, reporting and enhanced assessments of program effectiveness.

Please refer to the Information Technology Fund justification for additional information regarding HUD's proposed IT resources for 2023.

## **KEY OPERATIONAL INITIATIVES**

The Budget includes funding to address the operational, strategic, compliance, and reporting risks impacting FPM's work in local communities. Funding at this level is critical to address human capital risks impacting core workload, succession planning, and improve overall customer experience, and necessary to address information technology limitations and acquisitions to perform FPM regulatory requirements for Davis-Bacon and Section 3 programs. The Budget also supports the development and implementation of internal controls to address risks associated with FPM leadership and local execution of cross-programmatic Departmental goals, Secretarial initiatives, and FPM core activities.

As an adjunct of the Deputy Secretary's Office, FPM plays an instrumental role in the planning, execution, and sustainability of cross-programmatic Departmental goals. Core FPM activities correlate with strategic goals as follows:

FPM Core Activities:	Strategic Initiatives & Economic Empowerment	Stakeholder Engagement & Analytics	Operations & Risk Management
Strategic Goals:	▪ Support Underserved Communities	▪ Strengthen HUD's Internal Capacity	
	▪ Ensure Access to and Increase the Production of Affordable Housing		
	▪ Promote Homeownership		
	▪ Advance Sustainable Communities		

FPM staff across the field lead and contribute to critical initiatives in advancing the Secretary's priorities to fortify support for underserved communities and equitable community development for all people; ensure access to and increase affordable housing; promote homeownership opportunity, equitable access to credit for purchase and improvements, and promote wealth-building in underrepresented communities; advance sustainable communities; and strengthen HUD's internal capacity and efficiency to better ensure delivery of HUD's mission.

Within each of FPM's core activities, FPM is collaborating with internal and external stakeholders to launch, execute, and manage several cross-programmatic, high priority initiatives.

Requested funding levels will allow FPM to continue to play a critical role in support of the Department's core mission with a particular focus on improving the customer experience by enhancing strategic communications and overall service delivery.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Administrative Support Offices

### Office of Equal Employment and Equity Advancement

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$2,900</b>	<b>\$1,215</b>	<b>\$2,300</b>	<b>\$3,515</b>	<b>\$1,439</b>	<b>\$4,200</b>	<b>\$5,639</b>
<b>Non-Personnel Services:</b>							
Travel	-	-	-	-	-	75	75
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	-	-	-	-	2	2
Other Services/Contracts	292	-	300	300	-	427	427
Training	-	-	20	20	-	50	50
Supplies	-	-	20	20	-	5	5
Furniture and Equipment	-	-	60	60	-	-	-
Claims and Indemnities	-	50	100	150	-	28	28
<b>Total, Non-Personnel Services</b>	<b>\$292</b>	<b>\$50</b>	<b>\$500</b>	<b>\$550</b>	<b>-</b>	<b>\$587</b>	<b>\$587</b>
Working Capital Fund	251	-	-	-	-	213	213
Carryover	1,265	-	1,439	1,439	-	-	-
<b>Grand Total</b>	<b>\$4,708</b>	<b>\$1,265</b>	<b>\$4,239</b>	<b>\$5,504</b>	<b>\$1,439</b>	<b>\$5,000</b>	<b>\$6,439</b>
<b>FTEs</b>	<b>16</b>	<b>7</b>	<b>12</b>	<b>19</b>	<b>7</b>	<b>22</b>	<b>29</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The Office of Departmental Equal Employment Opportunity (ODEEO) is proposing to rename its office to the Office of Equal Employment and Equity Advancement (OEEEA). OEEEA 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, and 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, Executive Orders and HUD policies.

It is the responsibility of OEEEA 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, gender identity, and, to ensure that the Department functions to recruit, hire, train, develop, promote, reward, and discipline for employees are conducted in a fair and consistent manner, solely based on merit. OEEEA has nationwide responsibility for EEO Programs and neutrally administers the process by which current and former employees and applicants for employment may file an EEO complaint. OEEEA 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. OEEEA works to



proactively prevent discrimination and promote diversity and inclusion within the Department's workforce.

OEEEA is responsible for Diversity, Equity, Inclusion, and Accessibility (DEIA) programs that previously operated within the Office of the Chief Human Capital Officer (OCHCO).

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$5 million for the OEEEA, \$761 thousand more than the 2022 Annualized CR level. The Budget reflects total funding of \$6.4 million, which is \$935 thousand above 2022 total funding. OEEEA continues to utilize technology to enhance services to our customers in processing EEO complaints and the EEO complaints tracking database.

### **Personnel Services (PS)**

The Budget assumes Personnel Services funding is \$5.6 million an increase of \$2.1 million. This funding level allows OEEEA to maintain and backfill critical positions and to acquire needed skillsets to increase OEEEA's efficiency in processing EEO complaints. This level supports 29 FTEs, which is 10 FTEs above the 2022 total level. The additional FTEs are due to the annualized cost of backfilling several vacant positions with ODEEO in 2022 and the transfer of four FTE from the Office of the Chief Human Capital Officer due to the realignment of the Diversity, Equity and Inclusion function to OEEEA. The Budget also supports a 4.6 percent Federal pay raise.

### **Non-Personnel Services (NPS)**

The Budget assumes Non-Personnel Services funding is \$587 thousand, an increase of \$37 thousand. This funding allows OEEEA to process EEO complaint cases, provide mandatory training for EEO staff, and support EEO staff travel to train the HUD workforce on senior management initiatives.

### **Working Capital Fund (WCF)**

The Budget assumes total funding of \$213 thousand for OEEEA's WCF requirements, which is \$63 thousand above 2022 Annualized CR WCF requirements that were forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the end-user devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

## **KEY OPERATIONAL INITIATIVES**

OEEEA's Budget is driven by the Secretary's priorities for the Department, especially strengthening HUD's internal capacity and efficiency to better ensure delivery of HUD's mission on the ground and building a culture of respect and harmony.

OEEEA'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.

## **Reorganization**

Realignment of the Diversity, Equity and Inclusion function from the Office of the Chief Human Capital Officer: As part of the administration's priority of ensuring diversity, equity and inclusion is imbedded in the Department's mission, culture, and human capital lifecycle, and consistent with the direction of Executive Order 14035, the function of the Diversity and Inclusion Office is performed within OEEEEA, which reports to the Deputy Secretary. This elevates the functions of DEIA and ensure that they are in alignment with the Department's strategic priorities and embedded in activities of all offices. This realignment includes the position of Chief Diversity Officer and creation of two divisions to better reflect these expanded responsibilities. These divisions are:

- The Equal Opportunity Support Services Division to perform Alternative Dispute Resolution functions and provide administrative support services.
- The Diversity, Equity, Inclusion, and Accessibility Division executes the functions previously performed in the Office of Diversity and Inclusion, within the OCHCO.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Administrative Support Offices

### Office of the Chief Information Officer

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$46,569</b>	<b>\$7,736</b>	<b>\$42,443</b>	<b>\$50,179</b>	<b>\$11,000</b>	<b>\$50,000</b>	<b>\$61,000</b>
<b>Non-Personnel Services:</b>							
Travel	14	900	-	900	-	900	900
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	1	-	1	-	1	1
Other Services/Contracts	6,871	6,003	10,000	16,003	-	15,096	15,096
Training	539	1,000	-	1,000	-	1,000	1,000
Supplies	11	100	-	100	-	100	100
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$7,435</b>	<b>\$8,004</b>	<b>\$10,000</b>	<b>\$18,004</b>	<b>-</b>	<b>\$17,097</b>	<b>\$17,097</b>
Working Capital Fund	2,813	-	-	-	-	3,103	3,103
Carryover	15,740	-	11,000	11,000	-	-	-
<b>Grand Total</b>	<b>\$72,557</b>	<b>\$15,740</b>	<b>\$63,443</b>	<b>\$79,183</b>	<b>\$11,000</b>	<b>\$70,200</b>	<b>\$81,200</b>
<b>FTEs</b>	<b>251</b>	<b>39</b>	<b>216</b>	<b>255</b>	<b>54</b>	<b>245</b>	<b>299</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The mission of the Office of the Chief Information Officer (OCIO) is to enable delivery of 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 HUD IT. The OCIO is focused on the accomplishment of our programmatic goals to:

- Enhance service delivery, assess 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.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in OCIO's salaries and expenses (S&E) will assist in ensuring that work can be done.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$70.2 million for the OCIO, which is \$6.8 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$81.2 million, \$2 million above 2022 total funding. The 2023 Budget supports OCIO's S&E requirements to improve HUD's cybersecurity posture, support IT modernization, and increase infrastructure operational services and IT support in HUD field offices.

### Personnel Services (PS)

The Budget assumes total funding (carryover and new authority) of \$61 million for OCIO PS, \$10.8 million above 2022 total funding, to support 299 full-time equivalents (FTEs), which reflects an overall increase of 44 FTEs from 2022. The Budget assumes 244 FTEs in Headquarters and 55 FTEs in the field offices. The funding also supports a 4.6 percent Federal pay raise. The FTE increases are primarily due to the full effect of the annualized costing for the hires expected in late 2022 and to improve HUD's cybersecurity posture to support:

- Headquarters Services for configuration management, incident response, continuous monitoring, escalation, and incident/problem management;
- Data Center for Engineering support services, incident response, DevOps support model across Tiers 1, 2, and 3 services in Development, Integration, Test, Staging, Production, and Disaster Recovery environments for associated Data Center and Cloud services;
- Operation Security for Continuous Diagnostic Monitoring (CDM) support services/incident response;
- Unified Communications for network security engineers and network administrators; and
- Acquisition Management Branch to support OCIO's IT and S&E requisition activities by balancing Contracting Officer's Representatives (CORs) workload and to improve OCIO's pre and post contract award work activities.

### Non-Personnel Services (NPS)

The Budget assumes total funding of \$17.1 million for OCIO NPS, \$907 thousand below 2022 total funding. This funding level will maintain 2022 current services for contracts, travel, training, and supplies. The slight decrease is due to increased staffing, which reduces OCIO's reliance on contractor support to augment IT staff functions.

### Working Capital Fund (WCF)

The Budget assumes total funding of \$3.1 million for OCIO's WCF requirements, which is \$1.5 million above 2022 Annualized CR WCF requirements that were forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

## KEY OPERATIONAL INITIATIVES

OCIO's 2023 Budget will directly support the HUD Strategic Goals listed below:

1. Support Underserved Communities:
  - a. Enhance the quality, availability, and delivery of HUD information to citizens, employees, business partners, and government.

- b. Modernization efforts support both this priority and priority 2 below, as the Public and Indian Housing (PIH) and Federal Housing Administration (FHA) programs will be more effective and cost efficient as modernization initiatives are completed and become operational. This allows these programs to further expand their services to the public. The request also provides other areas to enhance the quality, availability, and delivery of HUD information to citizens, employees, business partners, and government.
2. Ensure Access to and Increase the Production of Affordable Housing:
  - a. FHA Modernization, which is a multi-year investment, will modernize FHA's antiquated systems to align with industry technology improvements. While FHA has long delegated significant underwriting and servicing authority to lenders, technology now enables a "trust but verify" approach of granular monitoring and oversight that better protects the taxpayer without placing an undue burden on FHA personnel.
  - b. Subsidies and Inspection Modernization involves the migration to cloud-based computing resources, automation of program-specific business rules, improved information sharing through use of a common database model, and development of inspection mobile application.
  - c. Grants Modernization improves the grants-making process by streamlining, modernizing, and consolidating the legacy systems that support grant programs. Currently, HUD operates multiple grants management systems on the Agency's infrastructure. Additionally, HUD uses Grant Solutions, the shared software, as a service operated by the Grants Center of Excellence at the Department of Health and Human Services (HHS).
3. Strengthen HUD's internal capacity:
  - a. Promote an enterprise approach to Information Technology that will foster innovation and collaboration.
  - b. Achieve excellence in IT management practices.
  - c. Transform the OCIO into a culture of operational excellence that can achieve current and future Departmental goals.
  - d. Maintain the stability, quality, and availability of HUD's core enterprise services and the enterprise IT infrastructure supporting HUD's program offices, public facing systems, and internal operations used in facilitating the fulfillment of HUD's mission.
  - e. Support the transition from maximum telework to hybrid and in-person work through space modifications and system reconfiguration.
4. OCIO's proposed 2023 Budget will help execute Executive Order 14028, Improving the Nation's Cybersecurity, by implementing new policies to protect the American people's security and privacy:
  - a. Modernize Federal Government Cybersecurity: To keep pace with today's dynamic and increasingly sophisticated cyber threat environment, OCIO must take decisive steps to modernize its approach to cybersecurity, including increasing the visibility into threats, while protecting privacy and civil liberties. HUD must adopt security best practices, centralize and streamline access to cybersecurity data to drive analytics for identifying and managing cybersecurity risks, and invest in both technology and personnel to match these modernization goals.
  - b. Enhance Software Supply Chain Security: There is a pressing need to implement more rigorous and predictable mechanisms for ensuring that products function

securely, and as intended. The security and integrity of “critical software” – software that performs functions critical to trust – is a particular concern.

- c. Improve Detection of Cybersecurity Vulnerabilities and Incidents on HUD Networks: HUD shall employ all appropriate resources and authorities to maximize the early detection of cybersecurity vulnerabilities and incidents on its networks. This approach shall include increasing the visibility into and detection of cybersecurity vulnerabilities and threats to agency networks in order to bolster HUD’s cybersecurity efforts.

**Operational Risk:**

OCIO’s S&E resources are critical to ensuring HUD can perform mission critical functions related to operations for IT systems and security. OCIO staff must be trained and aligned to fully support agile development processes. Business and program system owners must be trained to understand requirements for coordination/participation in the development of HUD systems. HUD programs may experience delays in implementation timelines and/or the development of IT systems that do not meet the organization's mission or operational requirements.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Offices Overview

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$827,738</b>	<b>\$24,904</b>	<b>\$867,362</b>	<b>\$892,266</b>	<b>\$5,600</b>	<b>\$1,002,118</b>	<b>\$1,007,718</b>
<b>Non-Personnel Services:</b>							
Travel	297	500	2,908	3,408	-	5,161	5,161
Transportation of Things	-	-	-	-	-	6	6
Rent and Utilities	5	2	1	3	-	4	4
Printing	84	5	195	200	-	213	213
Other Services/Contracts	13,604	15,923	10,367	26,290	2,047	18,314	20,361
Training	1,946	670	3,283	3,953	-	5,165	5,165
Supplies	122	80	120	200	-	242	242
Furniture and Equipment	1	-	10	10	-	20	20
Claims and Indemnities	46	-	100	100	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$16,105</b>	<b>\$17,180</b>	<b>\$16,984</b>	<b>\$34,164</b>	<b>\$2,047</b>	<b>\$29,125</b>	<b>\$31,172</b>
Working Capital Fund	50,666	7,573	12,680	20,253	-	53,957	53,957
Carryover	49,657	-	7,647	7,647	-	2,000	2,000
<b>Grand Total</b>	<b>\$944,166</b>	<b>\$49,657</b>	<b>\$904,673</b>	<b>\$954,330</b>	<b>\$7,647</b>	<b>\$1,087,200</b>	<b>\$1,094,847</b>
<b>FTEs</b>	<b>5,223</b>	<b>149</b>	<b>5,240</b>	<b>5,389</b>	<b>30</b>	<b>5,824</b>	<b>5,854</b>

\*Includes 2020 Carryover.

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 discrimination; and transform the way HUD does business.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges from the COVID-19 pandemic and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in HUD's programs will assist in ensuring that work can be done.

The 2023 President's Budget provides funding for six offices:

- 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 Office Salaries and Expenses

### Office of Public and Indian Housing

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$212,034</b>	<b>\$12,400</b>	<b>\$239,475</b>	<b>\$251,875</b>	-	<b>\$263,100</b>	<b>\$263,100</b>
<b>Non-Personnel Services:</b>							
Travel	39	-	1,468	1,468	-	500	500
Transportation of Things	-	-	-	-	-	6	6
Rent and Utilities	4	-	-	-	-	-	-
Printing	6	-	-	-	-	10	10
Other Services/Contracts	7,467	5,676	934	6,610	-	5,800	5,800
Training	-	-	1,179	1,179	-	1,180	1,180
Supplies	57	-	-	-	-	15	15
Furniture and Equipment	1	-	-	-	-	20	20
Claims and Indemnities	29	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$7,603</b>	<b>\$5,676</b>	<b>\$3,581</b>	<b>\$9,257</b>	-	<b>\$7,531</b>	<b>\$7,531</b>
Working Capital Fund	21,675	-	-	-	-	15,269	15,269
Carryover	18,076	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$259,388</b>	<b>\$18,076</b>	<b>\$243,056</b>	<b>\$261,132</b>	-	<b>\$285,900</b>	<b>\$285,900</b>
<b>FTEs</b>	<b>1,304</b>	<b>71</b>	<b>1,372</b>	<b>1,443</b>	-	<b>1,448</b>	<b>1,448</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The central mission of the Office of Public and Indian Housing (PIH) is to provide nearly 3.5 million of the country's most vulnerable households a safe, decent and affordable place to call home, while simultaneously supporting the Administration's priorities to: strengthen and broaden the Federal housing safety net for people in need; advance housing equity as a means to improving housing choices and greater economic opportunity; strengthen HUD's internal institutional capacity to deliver on mission; increase the production of and access to affordable housing; and promote climate resiliency, environmental justice, and energy efficiency across the housing sector.

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, energy efficient, inclusive communities and quality affordable homes for all.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges posed by the COVID-19 pandemic and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in PIH's salaries and expenses will assist in ensuring that work is able to be done.



## BUDGET OVERVIEW

The 2023 President's Budget requests \$285.9 million for the PIH Salaries and Expenses, which is \$42.8 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$285.9 million, \$24.8 million above 2022 total funding. In 2021 and 2022 PIH implemented a three-pronged approach to addressing hiring which included recruiting talent, sustaining the workforce, and future hiring. In 2023 PIH will continue to utilize its hiring strategies to recruit talent which culminated in a net gain of 67 employees at the beginning of 2022, the highest number of employees since 2016 and growing, while focusing on the second prong which is sustaining the workforce. PIH improved the time it takes to hire without losing quality of candidates by putting into place hiring strategies such as special hiring authorities, recruiting strategies, improving job announcements, and implementing aggressive follow-up. In addition, PIH instituted and enforced accountability techniques into the timelines to ensure the selection of the right candidates were made expeditiously. Putting in place these hiring strategies was only the first step in successfully delivering Congressional initiatives. In 2023, PIH is focusing salaries and expenses on sustaining staff levels required to support the Administration's commitments to increased access to affordable housing and promote climate resiliency, environmental justice, and energy efficiency to build inclusive communities as well as to support emergency housing funding and programs authorized by the American Rescue Plan Act (ARP Act) of 2021 that will extend beyond the years of availability and become part of the baseline program. Once PIH has shown a continued commitment to recruit and sustain employees in 2022 and 2023, the final step—or third prong—of PIH's long-term hiring strategy will be to secure additional funding in the future years beyond 2023 to maintain the workforce and continue to meet the Administration's priorities.

### Personnel Services (PS)

The Budget assumes total funding of \$263.1 million, \$23.6 million above the 2022 annualized CR level, \$11.2 million above 2022 total funding. The Budget supports 1,448 full-time equivalents (FTEs), an increase of 5 FTEs above 2022 total FTE level. This Budget will sustain PIH at approximately the same staffing level projected for 2022 while it also supports a 4.6 percent Federal pay raise. The FTE allocations for each PIH program office will remain level and vacancies resulting from transfers, retirements, and resignations will be administered based on the criticality of the position to be filled and mission requirements. HUD has acknowledged that limited staff capacity in PIH is a key risk for HUD and a priority focus area for HUD's Enterprise Risk Mitigation Committee; that is also why PIH has implemented the three-pronged approach. As stated in the Budget Overview, PIH's hiring strategy will sustain the work PIH has been doing to manage and administer new initiatives that provide increased production of and access to affordable housing, promote climate resiliency, environmental justice, and energy efficiency, and integrate healthcare and housing.

The Office of Field Operations (OFO): OFO's FTEs in 2023 will support Departmental goals and Federal government priorities by monitoring and providing technical assistance and guidance to approximately 3,700 public housing agencies (PHAs). Local OFO employees are the first point of contact for PHAs, residents, political officials, State and local government officials, and community stakeholders. OFO's current staff is spread across HUD headquarters and 44 field offices. OFO will carry out its existing responsibilities to: provide oversight and monitoring to improve PHA performance and enhance the quality of public housing; partner with PHAs to evaluate occupancy challenges and implement mitigation strategies to reduce long-term vacancies; increase HCV utilization and public housing occupancy to directly aid in the Departmental goal to increase access to affordable housing for more families; assist PHAs with disaster management and recovery; and manage and oversee the shortfall prevention, recovery, and transformation of troubled and

substandard PHAs faced with receiverships, monitorships, default, financial insolvency, and substandard housing.

The OFO portfolio has responsibility for new programs that have been established under the American Rescue Plan (Emergency Housing Vouchers), a newly established funding opportunity for Troubled and At-Risk PHAs, and a host of new administration priorities.

To mitigate further risk to OFO's ability to carry out the mission, for long-term sustainment, OFO will need this staff to adequately manage the increased responsibilities and workload. Increased staff will strengthen and broaden the Federal housing safety net by ensuring safe and high-quality housing assets for people in need, while furthering the expectation that all HUD assisted individuals and families have access to safe, decent, and affordable housing.

The Office of Native American Programs (ONAP): ONAP's mission is to: ensure that safe, decent, and affordable housing is available to low- and middle-income Native American families; create economic opportunities for Tribes and their residents of assisted housing; help Tribes plan community development; and ensure fiscal integrity in the operation of the programs. ONAP's FTEs will effectively execute its core statutory and regulatory requirements.

ONAP essentially administers the full range of programs to Tribal communities that the larger HUD administers to the general public. ONAP administers 17 programs dedicated to Native American communities and three programs dedicated to Native Hawaiians residing in Hawaii. Since the inception of the various programs, the ONAP workload has increased significantly. Additionally, since 2020, the amount of funding administered by ONAP has increased by more than \$1 billion. Under normal circumstances, staff would manage seven grantees. ONAP manages 18 high-demand grantees and nearly 58 grants at one time. With 50 percent of ONAP's staff being retirement eligible, ONAP has utilized and embraced PIH's three-pronged approach of recruitment, sustainment, and future hiring.

ONAP's FTEs have responsibilities that include administering the loan guarantee programs, to include the possible expansion of the Section 184 service area nationwide, which consists of all Tribal members regardless of where they purchase a home. In addition, the FTEs enable ONAP to focus on potential weaknesses, such as fraud and abuse that were included in two recent audit reports.

In accordance with President Biden's Memorandum on Strengthening Nation-to-Nation Relations and under the direction of Secretary Fudge, ONAP is preparing to launch HUD's first Tribal Intergovernmental Advisory Committee. Additionally, ONAP is actively implementing the Department's Tribal Consultation Plan of Actions, which calls for deeper engagement with Tribes.

ONAP continues to oversee its grant programs, which provides an opportunity to identify needs in Indian Country and provide technical assistance. Prior to the COVID-19 pandemic, ONAP was able to monitor less than 10 percent of these grantees annually and many grantees once every five years. The long-term strategy for ONAP will be to increase this monitoring, hence the future hiring strategy.

ONAP is assisting the Department of the Treasury (Treasury) with a number of its programs. For example, ONAP is helping Treasury administer both the \$800 million Emergency Rental Assistance Program (ERAP) and the \$500 million Tribal Homeowners Assistance Fund, as well as provide technical assistance for the \$28 billion in Coronavirus Relief Funds that have been allocated to Tribes. HUD expects to continue to play a supporting role in 2022 and potentially into 2023 and beyond.

ONAP approved 182 Training and Technical Assistance (T/TA) in 2020, 195 T/TA in 2021, and has already approved 223 T/TA in the first quarter of 2022. All of this has necessitated additional ONAP

staff expertise and system support, which we have been able to acquire and will continue to sustain this requirement, both now and in the future as long as we continue to implement our long-term hiring strategy. In just two years' time, ONAP now manages nearly twice as many programs. Each of these programs has its own unique reporting requirements, grants administration demands, and monitoring staffing needs.

The Office of Public Housing Investments (OPHI): OPHI requires continued growth in FTEs due to a significant and unprecedented expansion in mission since 2020 that is attributable to the Office's commitment to fully meet multiple Administration strategic priorities. Without a strong cadre of FTEs, the expanded responsibilities pose a risk to OPHI's ability to: deliver timely and effective execution on Congressional appropriations; better serve the public in an era of continuing economic recovery; and meet the Administration's ambitious goals.

The increase in OPHI's workload for review of funding applications, expanded requirements to provide new guidance and rule changes in the timelines requested by Congress, as well as the need for adequate monitoring and oversight of grants that pose great risk to OPHI's ability to carry out its mission. The long-term strategy for OPHI will be to mitigate risks in order to strengthen and broaden the Federal housing safety net by ensuring safe and high-quality housing assets for people in need, while furthering the implementation and operation of self-sufficiency programs designed to advance economic opportunities for residents in HUD-assisted housing.

OPHI's needs for continued growth in FTEs are due to specific program augmentations since 2019/2020:

- Capital Improvements to nationwide Public Housing portfolio: Continuing expansion efforts toward the modernization, revitalization, and recapitalization of the nationwide portfolio of public housing through capital development financing, as a result of initiatives authorized by appropriations to the Public Housing Capital Fund program, as well as through management of Section 18 and 22 applications and through public housing mixed-finance transactions.

Overall, public housing financing programs have witnessed at least a 20 percent increase in magnitude since 2020. Specific to the Public Housing Capital Fund, the 2023 Proposed Budget includes a 100 percent increase since 2019 in the size and complexity of competitive funding for mitigating health hazards in public housing, as well as two entirely new programs for 2023 focused on climate management in public housing: competitive funding for utility efficiency/conservation (\$176 million); and competitive funding for climate resilience (\$100 million).

- Self Sufficiency Programs: Continuing growth in existing Community and Supportive Services programs, a key focus for expanded efforts to meet the Administration's priority for enhancing equity and for increasing opportunities to build personal assets across lower income communities nationwide. Specifically, the 2023 Budget includes: expansion in the target grantee population for the Family Self Sufficiency (FSS) Program, along with a 50 percent increase in budget and grants management since 2019; and expansion in the Jobs Plus Program, also widening the target grantee audience, with a 33 percent increase in budget and grants management since 2021.
- Choice Neighborhoods: Continued expansion in the program size and complexity of the Choice Neighborhoods Program, a critically important tool for neighborhood revitalization, including specifically: development of a new specialized funding focus that will target communities that have suffered from sustained economic disinvestment related to long-term

environmental contamination issues. The 2023 Budget of \$250 million represents a 67 percent increase in program size and programmatic responsibility since 2020.

- **Expanded MTW Program:** 2023 will mark the fulfillment of the 100-PHA expansion in the MTW Program, from 39 agencies to 139 since 2020. Administration of the MTW program, and in particular the expansion, requires extensive coordination with PD&R's significant research investment efforts. The 100-PHA expansion agencies are divided among five "cohorts," each with a research focus on specific MTW flexibilities.

In 2023 OPHI will continue to develop, implement, and administer these new and expanded programs that support the Administration's agenda to broaden housing opportunities and housing choice, promote climate resiliency, environmental justice, and energy- and water-efficiency, and create and expand communities of equity nationwide.

**The Office of Public Housing and Voucher Program (OPHVP):** In 2023, OPHVP has new initiatives in both the HCV and Public Housing programs that are imperative to advancing the Administration's priorities. OPHVP's FTEs enable the Housing Choice Voucher and Public Housing Office to accomplish our goals in the Strategic Plan, Annual Performance Plan, and other Administration priorities.

New initiatives in the HCV program include the following:

- Developing and implementing a new allocation of 200,000 vouchers that involves everything from formula allocation to ensuring certain priority populations are served to budgeting and policy documents.
- Creating a new mobility program targeted to lift families out of poverty. This is distinctly different from our existing mobility program and needs significant resources to start-up from program design to implementation, financing, quality assurance, and data analytics.
- Leading the effort with the Office of Field Operations to provide data analytics, technical assistance, and support to ensure that the Housing Choice Voucher Program reaches 100 percent annual budget authority utilization by the end of 2023.
- Overseeing the implementation of the Emergency Housing Voucher program, which provided 70,000 vouchers to PHAs and requires a Continuum of Care partner to serve people experiencing homelessness, those who are at risk of homelessness, and families fleeing domestic violence. This novel program requires an intense amount of effort, oversight, financial controls, and data analytics.
- Staffing specifically to address the new MTW agencies in order to ensure financial controls and accountability under the new HCV program formula.
- Implementing the EVMS that is designed to ensure better financial controls and transparency, as well as more timely and accurate data for sending out HAP and Administrative fee payments.

New initiatives in the Public Housing program include the following:

- Implement expanded and new energy efficiency initiatives around Energy Performance Contracts, Rate Reduction Incentives, Utilities Benchmarking and climate resiliency work.
- Implement cash management improvements to the public housing operating fund that allows for better financial oversight and compliance with account-closing requirements, improved accounting of pensions, liabilities, and program funds, as well as debt repayments, shortfalls, and quality control efforts. This includes implementation of a General Provision that allows

for PHAs to retain public housing reserves when repositioning from public housing and for those funds to be used for HCV purposes.

- Expand the Public Housing Quality Assurance team that is focused on continuing the development of SOPs and related program guidance on the procedures to address the misuse of public housing operating funds, financial management reviews, and collection activities. Additionally, this team will continue to support the Public Housing Financial Management Division for ongoing quality control activities to ensure improved accuracy of the operating fund process.
- Working with the Office of Field Operations on an initiative to improve occupancy rates in public housing.

Finally, OPHVP is the lead for PIH on major Administration priorities that are cross-cutting, such as:

- The Affirmatively Furthering Fair Housing regulatory efforts.
- Re-Entry work that includes reviewing, modifying, and issuing guidance for regulations to ensure housing access in PH and HCV programs for formerly justice-involved individuals.
- Implementing new legislative initiatives such as the Violence Against Women Act and continuing closeout on the Cares Act, American Rescue Plan, and other pandemic related activities.
- Assisting in the House America effort through programs such as EHV, HUD-VASH, and our PH and HCV program preferences.
- Finalizing and implementing the two major Housing Opportunities Through Modernization Act regulations that will both streamline and reduce burden across the public housing, HCV, and multifamily programs as it relates to income calculations but also implements changes to the project-based voucher program and Housing Quality standards that have been long-awaited by the industry. The implementation is expected to be extensive and require not only systems changes but extensive guidance and technical assistance.

The Office of Operations (OPS): OPS provides operational support to PIH's six program offices in achieving the Administration's priorities and executing the Department's goal of strengthening HUD's internal institutional capacity and efficiency to deliver on mission. Staff provide the foundational support functions of budget, financial management, auditing, accounting, funds control and execution, oversight, procurement, human resource, training, performance management, and policy. OPS manages and performs budget execution and formulation responsibilities for PIH's \$40.7 billion budget stemming from Congressional and Presidential initiatives, and ARP funding programs. Additionally, OPS is responsible for the oversight of approximately 1,400 employees, while projecting to hire an additional 200, including backfills, which requires on-boarding needs and hiring actions involving validating the need, position classification, job analysis, succession planning, and retention initiatives for all of PIH. OPS employees are responsible for PIH's contract management, cooperative agreements, data analysis and reporting, evaluation and assessment, technical assistance oversight, reverse auction program, indirect cost rate analysis, PIH training, and professional development programs. OPS provides the necessary expert advice and guidance to program offices to expedite procurements, contracts, and technical assistance inquiries. Finally, OPS develops and conducts proactive trainings for managers and supervisors with the objective of avoiding future litigation and provide oversight of settlement and litigation expenses with the intent of reducing the costs associated with those actions.

The Real Estate Assessment Center (REAC): In 2023 REAC staff will support the expansion of on-site and remote collection of information related to the physical condition and performance of HUD housing. This includes the environmental assessment capability as described in the Financial and Physical Assessment (FPA) justification, specialized collectors for fire safety, structural, resident

safety and security and related health or safety risks, and additional quality assurance staff to ensure the overall quality of the inspection, collection, and assessment program. With the increase in data and information coming to HUD through these enhanced assessments, staff will conduct research, analysis, and evaluation of program outcomes using evidence-based and scientific principles, which will enhance HUD's capabilities to review assessment and other key performance and risk data and trends across HUD programs resulting in real-time inputs to decision makers throughout the Department. Further, to fully realize the benefits of the modern digital technology, in collaboration with HUD's OCIO, we will modernize REAC's governance and business processes in accordance with EO14058 Transforming Customer Experience and Service Delivery, EO13707 Using Behavioral Science Insights, the OPEN Government Data Act, and the Evidence Act.

In 2023 REAC will hire inspectors and other specialized assessors (e.g., inspectors/assessors with training and certifications in evaluating environmental hazards, structural engineering concerns). This will enable REAC to address key risks to HUD's portfolio which may otherwise go unidentified as those conditions are outside the scope of a traditional inspection, to avoid delays in identifying problematic conditions or inconsistencies in the risk profile of housing properties which places residents at increased risk of injury or death or of properties becoming substandard or financially unsound. Collection and assessment of data is only one step of the process and effectively translating into actionable insights is another step. REAC staff will support system and business process enhancements and ensure HUD has the ability to make use of modern, efficient technology, to scale collections or analyses and make data flowing from these processes understandable, open, and accessible so that all parties have equitable access to improve outcomes for the millions of families within these programs.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding of \$7.5 million for PIH's NPS, \$1.7 million below the 2022 total funding level. The Budget for NPS is the result of refocusing PIH's dependency on contract services and moving towards maximizing resources to fund increasing FTEs to support the Administration's housing goals. The proposed 2023 funding level provides \$5.8 million for contracts, an overall decrease of \$810 thousand when compared to the 2022 total funding level of \$6.6 million. The decreased funding will support assistance and advisory services, audits, technical assistance, program oversight, monitoring and analysis, risk mitigation, and system sustainment and maintenance to provide continued support to programs that strengthen HUD's internal capacity and efficiency consistent with the Administration and Departmental goals. Due to the pandemic, staff did not conduct onsite monitoring and inspections, provide in-person technical assistance, or conduct in-person consultations during most of 2020, all of 2021, and in a limited capacity for 2022. Funding for travel is decreased by \$968 thousand from the 2022 funding level. The decrease in travel funding was realigned to support personnel employment and development costs.

OFO: Funding request for OFO procurement actions will support specific activities associated with PHAs in receivership as well as troubled and high-risk PHAs. Contract support is needed to provide staff to serve in a variety of positions including as a HUD-assigned Recovery Administrator, key management positions, and other PHA positions to accomplish tasks and activities associated with chronic performance issues. For receivership, troubled, and high-risk PHAs, services will include activities such as property/asset management, functions associated with occupancy and unit turnaround, maintenance and modernization, capital planning, financial management, procurement, resident services, and tenant file management. Contract support will help to ensure PHA's are meeting intended goals and decrease the amount of time a PHA is in receivership, troubled, or substandard status.

ONAP: Funding request will support ONAP's need to enter into a contract to assist with the awarding and administration of the IHBG Competitive NOFO process. In prior years, Congress provided a dedicated source of S&E funding for administration and oversight of the IHBG Competitive program by authorizing HUD to set-aside and transfer one percent of funding from the

IHBG Competitive account to PIH S&E. In more recent cycles, Congress stopped providing this dedicated source of funding to ONAP.

OPHVP: Funding request for OPHVP procurement actions will support specific activities, including: additional in-depth technical assistance to our PHA partners; improvements and support in the review of Energy Performance Contracting (EPC) and Small Rural Frozen Rolling Base (SR-FRB) applications; oversight and monitoring in support of the President's climate resiliency goals; furthering projects that focus on automating cash and change management for public housing and HCV programs, including eVMS and the new Operating Fund Web Portal; assistance with the collection and calculation of 13,000 submissions to PIH for the Operating Fund eligibility for each public housing development (two Microsoft Excel forms for each of the 6,500 developments); insurance support and project expense levels (PELs) appeal reviews; comprehensive training to HUD staff for the implementation of HOTMA Income and Asset calculations, Operating Fund Web Portal and eVMS, and implementation of processes and systems that allow for ease of information sharing and communications with our customers and stakeholders.

REAC: The funding will support activities that REAC manages for areas outside of the financial and physical assessment of public housing. As HUD moves to additional areas of program alignment, such as on physical inspections, and assessments, the need to support the HCV program will increase (e.g., revisions to the Section Eight Management Assessment Program that rely on new NSPIRE inspections of voucher units).

### **Working Capital Fund (WCF)**

The Budget assumes total funding of \$15.3 million for PIH's contribution to the WCF, \$3.6 million above 2022 Annualized CR WCF requirements that were forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology**

The Budget assumes PIH's on-going IT modernization efforts are fully funded in 2022 within the Information Technology Fund. This effort will enhance public-facing systems and lead to cost savings and industry efficiencies for PIH and its external stakeholders. Without modernized IT, PIH is at risk of mission failure. IT funding as well as dedicated staff is essential for PIH's IT modernization to be successful. Current IT systems need updating, upgrading, and better integration. PIH expects these modernization initiatives to improve the efficiency of its operations for all stakeholders, eliminate inefficiencies in the design of PIH's existing data analytics environments, improve the timeliness of data used for housing assistance payments and perform daily reconciliation of reserve balances, and provide efficiencies that can be leveraged across other HUD program offices. The PIH IT modernization efforts include:

- Inventory Management System/Public Housing Information Center (IMS/PIC) Modernization
- National Standards for the Physical Inspection of Real Estate (NSPIRE)
- Operating Fund Portal
- Enterprise Voucher Management System (eVMS)
- PIH Assessment System Modernization/Data Warehouse
- Native Advantage – Section 184/184A Loan Guarantee Programs
- Grants Enterprise Management System (GEMS) – IHBG, ICDBG

## KEY OPERATIONAL INITIATIVES

By providing necessary personnel and non-personnel supportive resources, PIH's Salaries and Expenses (S&E) Budget supports the Administration's agenda to:

- Support Underserved Communities
- Ensure Access to and Increase the Production of Affordable Housing
- Promote Homeownership
- Advance Sustainable Communities
- Strengthen HUD's Internal Capacity

Specifically, in 2023, PIH's S&E enables PIH to deliver on its core mission, essential functions, existing programs, and new initiatives:

### House as many families as possible:

- Increase HCV Utilization and Public Housing Occupancy
  - Increase HCV utilization from 96.2 percent in 2021 to 100 percent in 2023 (Agency Priority Goal)
  - Increase HUD Veterans Affairs Supportive Housing (HUD VASH), Family Unification Program (FUP), and Mainstream (non-elderly persons with disabilities) voucher utilization to 82 percent
  - Increase Public Housing occupancy from 94.93 percent to 96 percent (Agency Priority Goal)
- Increase access to affordable housing in Tribal communities
  - Support Tribes and Department of Hawaiian Homelands (DHHL) in achieving their housing, infrastructure, and economic development priorities to meet the needs of their communities through staffing and staff training, IT systems, Training and Technical Assistance
  - Increase access to and equity in homeownership for Native American and Native Hawaiian families through program regulations, systems, streamlined business practices, and policy initiatives.
  - Support cross agency initiatives to develop a "one government" approach to streamline housing, infrastructure, and economic development projects and the path to homeownership in Indian Country
- Address inequities in housing opportunities through
  - Community Choice (Mobility), Affirmatively Furthering Fair Housing, criminal records and screening policies

### Residents Live in safe and healthy homes:

- Significantly increase physical inspections by completing 100 percent of past due and current due physical inspections.
- Implement the National Standards for the Physical Inspection of Real Estate (NSPIRE) by issuing the Final Rule, Standards Notice, and IT.
- Invest in public housing to improve housing quality for residents by creating portfolio improvements through the Capital and Operating Fund, Mixed Finance, Choice Neighborhoods, conversions through Rental Assistance Demonstration (RAD), Section 18, and Section 22
  - Eliminating lead-based paint, increase fire safety, and reduce other health and safety hazards



- Enhancing energy and water efficiency, and climate resiliency

Invest in and retain PIH employees:

- Hiring talent to have over 1,470 employees to address workload challenges.
- Creating opportunities for professional growth.
  - Employee Enrichment Program (EEP) – PIH’s signature professional development program where employees are provided the opportunity to identify and apply for funding for a training course of their choice. It offers staff an opportunity to lead their own growth and development and close skill gaps.
  - PIH Fundamentals – Webinar series developed by PIH staff that focuses on PIH programs and systems to acquaint new staff with PIH programs and systems and serve as a refresher for others. Recordings are also available.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Offices Salaries and Expenses

### Office of Community Planning and Development

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$121,955</b>	<b>\$3,163</b>	<b>\$122,514</b>	<b>\$125,677</b>	-	<b>\$141,019</b>	<b>\$141,019</b>
<b>Non-Personnel Services:</b>						-	
Travel	24	-	1,000	1,000	-	1,000	1,000
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	-	-	35	35	-	35	35
Other Services/Contracts	1,515	3,566	3,820	7,386	-	4,000	4,000
Training	-	-	600	600	-	600	600
Supplies	5	3	45	48	-	45	45
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	17	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$1,561</b>	<b>\$3,569</b>	<b>\$5,500</b>	<b>\$9,069</b>	-	<b>\$5,680</b>	<b>\$5,680</b>
Working Capital Fund	4,645	1,134	3,093	4,227	-	7,401	7,401
Carryover	7,866	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$136,027</b>	<b>\$7,866</b>	<b>\$131,107</b>	<b>\$138,973</b>	-	<b>\$154,100</b>	<b>\$154,100</b>
<b>FTEs</b>	<b>766</b>	<b>20</b>	<b>755</b>	<b>775</b>	-	<b>835</b>	<b>835</b>

\*Includes 2020 Carryover

## PROGRAM PURPOSE

The Office of Community Planning and Development (CPD) primarily manages community development, affordable housing, homelessness assistance, disaster recovery, and funds provided in response to the COVID-19 pandemic that support communities, low-income households, and others requiring assistance. Functions include:

- Grant administration and oversight (including CARES and ARP funds);
- Audit management and resolution;
- Risk assessment and monitoring to ensure program compliance;
- Environmental Review and mediation;
- Technical assistance and customer support; and
- Long-term Disaster Recovery;

In headquarters, CPD focuses more on policy development, implementation, and administration. To oversee compliance and program performance, CPD uses the "cross-program," placed-based specialist approach. Field 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 a variety of duties, including, but not limited to, grant administration and oversight, risk assessment and monitoring, audit management and resolution, consolidated plan review and approval, and technical assistance.

In 2021, CPD's program appropriation was over \$8.3 billion and was supported by 766 full-time equivalents (FTEs). In the past five years, CPD received an additional \$47.5 billion to support disaster impacted areas, \$9.08 billion from the Coronavirus Aid, Relief and Economic Security (CARES) Act and \$5 billion from the American Rescue Plan (ARP) on top of its annual appropriations. CPD will need to dedicate significant resources to help manage and monitor its core workload, in addition to the supplemental emergency assistance to ensure successful program delivery and guard against waste, fraud, and abuse.

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$154.1 million for the Office of Community Planning and Development, which is \$23 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$154.1 million, \$15.1 million above 2022 total funding. CPD is projecting no carryover from 2022 into 2023 under an annualized CR funding level scenario in 2022.

The President's Budget funding level for CPD will: 1) Support Underserved Communities, 2) Ensure Access to Increase the Production of Affordable Housing, 3) Promote Homeownership, 4) Advance Sustainable Communities, and 5) Strengthen HUD's Internal Capacity.

CPD has a solid track record managing several programs that are helping the American public and that align with the Administration's priorities.

### **Grant Programs**

Office of Grant Programs: The Office of Grant Programs has the largest and broadest development program in the Nation, including Community Development Block Grant (CDBG), CDBG-DR (Disaster Recovery), CDBG-CV (CARES Act), HOME Investment Partnerships (HOME), Neighborhood Stabilization Program (NSP), Section 108 Loan Guarantee, Recovery Housing Program (RHP), and Housing Trust Fund (HTF). In addition, Grant Programs has the Departmental cross-cutting functions and manages the Office of Environment and Energy (OEE) and the Office of Real Estate Acquisition and Relocation. These programs are critical to the recovery of the Nation.

Community Development Block Grant: Currently, the CDBG program has 1,236 formula recipients (units of general local government and states). Its loan guarantee component, Section 108, has 475 outstanding guaranteed loans with maturities of up to 20 years. CPD is responsible for oversight and program management, including the closeout of approximately 30,000 grants that were administered under the "first in, first out" funding approach used from the inception of the program in 1974 to 2015. Further, the CDBG-CV program received \$5 billion that was distributed in three tranches and added an additional 1,233 grants that require oversight and continuing technical assistance.

HOME Investment Partnerships: Currently, HOME has 651 eligible participating jurisdictions. However, an appropriation increase may create new HOME participating jurisdictions by formula. HOME-assisted projects have 5-, 10-, 15-, or 20-year compliance periods. CPD is responsible for providing guidance and technical assistance to participating jurisdictions and for ensuring compliance with program requirements. Additionally, the HOME Program received \$5 billion of supplemental funds through ARP.

**Housing Trust Fund (HTF):** The Housing Trust Fund Program grew 115 percent between 2020 and 2021. These grants will require staffing oversight for several years. HTF-assisted projects have 30-year compliance periods. Resources are needed to provide guidance and technical assistance to HTF grantees to ensure compliance with program requirements.

**ARP:** In 2021, CPD received \$5 billion as part of the ARP to help thousands of people experiencing homelessness or housing instability by further leveraging HOME. Specifically, the program will provide tenant-based rental assistance, development and support of affordable housing, supportive services, and acquisition and development of non-congregate shelter units. Additionally, funds were allocated to provide technical assistance and administrative support. However, CPD core staff are needed to begin implementing the program, including on-boarding and training new staff and managing responses to audits and inquiries regarding the program execution.

**Disaster Recovery and Mitigation:** When Congress appropriates supplemental emergency funding through CDBG-DR, HUD provides flexible grants to help cities, counties, and states recover from Presidentially declared disasters, especially in low-income areas. In recent years, CPD has experienced a significant workload relating to disaster recovery and currently manages an active grant portfolio of more than \$82 billion in CDBG-DR funding. CDBG-DR funding serves impacted areas including those affected by the 2017 Hurricanes (Harvey, Irma, and Maria), Western Wildfires, and 2018, 2019, 2020, and 2021 natural disasters. CDBG-DR grantees from these disaster events include, but are not limited to, Alaska, California, Florida, North Carolina, South Carolina, Texas, Wisconsin, Ohio, Iowa, Arkansas, Nebraska, Alabama, Louisiana, Mississippi, and Tennessee. HUD requires additional FTE resources to manage the CDBG-DR portfolio.

### **Special Needs Programs**

**Office of Special Needs (OSN):** The Office of Special Needs operates the Nation's primary resource to serve individuals and families across the U.S. who are affected by homelessness. The number of people experiencing unsheltered homelessness is rising in cities across the country. The increase is a result of the rising cost of housing and the lack of assistance provided to segments of the homeless population. After receiving historic appropriation levels, coupled with an unprecedented housing crisis that has been exacerbated by the pandemic, OSN workload is at the highest levels. Staff must manage the Continuum of Care (CoC), Emergency Solutions Grants (ESG), Emergency Solutions Grants – CARES Act (ESG-CV), Youth Homelessness Demonstration Program (YHDP) programs, and Rapid Re-housing Victims of Domestic Violence Programs; all which have been growing rapidly without proportionate resources. Additionally, HUD has partnered with many other agencies and community partners to ensure that HUD resources combine with other Federal, State, and local resources to provide an efficient system to serve people experiencing homelessness. For example, HUD, including OSN, is partnering with the Department of Treasury to support the Emergency Rental Assistance Program. As communities take on more responsibility for ending homelessness by responding to public health crises and more efficiently utilizing affordable housing and health resources, OSN will need additional capacity to provide guidance and oversight.

**CoC New Projects:** The 2023 President's Budget requests \$134 million for new projects to support CoCs, as they partner with Public Housing Authorities (PHA) and other housing and healthcare providers and utilize more mainstream resources to reduce homelessness; including youth experiencing homelessness and for projects dedicated to survivors of domestic violence. The President's Budget also includes \$20 million to increase CoC planning capacity; this funding is critical to providing the capacity and support to communities as they work to coordinate an effective homeless response system in a trauma-informed and equitable way and will require additional resources for OSN.

**Housing Opportunities for Persons With AIDS (HOPWA):** In 2022, new tasks emerged that require higher level staffing support. In addition to the continued renewal process, there is now an

additional “replacement” option process requiring staffing resources. CPD now must carry out the administrative work to accommodate both the renewal and replacement processes for those HOPWA grantees eligible to renew should some elect to replace instead. Also, the HOPWA program will have a more frequent Notice of Funding Opportunity (NOFO) process. Ultimately, looking forward, CPD expects to award competitive grants yearly or every other year.

### **Economic Development Programs**

The Office of Economic Development (OED) supports economic development and capacity-building for local, state, regional, and national nonprofit organizations. The Office of Rural Housing and Economic Development (ORHED) is responsible for the oversight and management of Self-Help Homeownership Opportunity Program (SHOP), Veteran Housing Rehabilitation and Modification Pilot Program (VHRMP), and the Rural Gateway Clearinghouse which ultimately expands access to affordable housing and supports economic development. OED is responsible for the administration of congressionally directed grants. The 2022 appropriation included approximately \$1.5 billion in such funding. The end-to-end grants management for these awards include project narrative and budget review and approval; funds drawdown approval; the provision of periodic technical assistance for active grants; project monitoring; and grant closeout. OED is also responsible for responding to or supporting responses to the congress or other agencies as directed regarding these grants.

### **CPD Operations, CPD-wide Programs and Workload, and Cross-Cutting Programs and Initiatives**

Operations: CPD’s Operations is the backbone of CPD, providing a variety of services to ensure the effective and efficient management of CPD’s program. CPD headquarters staff is responsible for budget, audits resolution, and working with both the headquarters program offices and the 43 field offices. The Operations team is also responsible for the grant closeout of the grants administered by the various CPD headquarters program offices. Budget, Human Resources, the Chief Risk Advisor, Correspondence, Procurement, and the System Development and Evaluation Division (or IT) are also all part of Operations and are key contributors to the workflow and the overall operations of CPD. Additionally, CPD’s 43 field offices are managed through Operations. Finally, the Capacity Building for Affordable Housing and Community Development Program (Section 4) and Rural Capacity Building (RCB) Program currently are administered in Operations. The substantial increase in the number of grants, projects, and annual/supplemental appropriations have dramatically increased the workload for all of Operations and warrants additional staff needs.

Monitoring: Historically, CPD monitors 21 percent of its grantees in its portfolio each year. (Note: This metric changed for 2020 and 2021 as monitoring was suspended due to the impacts of the pandemic.) For 2022, given the present climate, CPD has been conducting 100 percent remote monitoring of selected grantees. For 2023, as the pandemic improves, CPD will transition to in-person monitoring. CPD leverages its resources for grant oversight and compliance by providing technical assistance and training to grantees. CPD is pursuing opportunities to streamline a risk-based monitoring process and utilize remote monitoring and technology to enhance its monitoring capabilities.

Decreased Capacity of Grantees: There will be a need for additional CPD staffing to assist grantees that have experienced their own staffing reductions while experiencing an influx of new funding. The pandemic has further negatively impacted the capacity of grantees at a time when the same grantees are becoming responsible for expending much more funding from new programs (CDBG-CV, ESG-CV, HOPWA-CV, HOME-ARP, disaster appropriations, etc.) and larger appropriations. Additional CPD staff will be required to provide additional guidance, training, and technical assistance to ensure the proper program administration and guard against fraud, waste, and abuse.

Audit Resolution/Grant Closeouts: CPD has 107 open Office of the Inspector General (OIG) audits, with 431 open recommendations, of which 117 recommendations are overdue for resolution. CDBG-DR grant program has 16 open audits and nearly 119 open recommendations. In 2021, CPD closed 124 OIG audit recommendations and so far in 2022, CPD has closed 13 recommendations. Additionally, CPD has over 4,734 grants that are open and will eventually be reviewed for closeouts. With the addition of more funding and grants, there are more audits and closeouts with greater attention by the OIG and General Accountability Office (GAO). More CPD staff is needed to ensure the proper compliance in the use of core CPD funds, as well as the CARES Act and the ARP funding.

CARES Act: CPD is charged with proactively supporting efforts to prevent, prepare for, and respond to the coronavirus. In 2020, CPD received \$9.08 billion in program funds, the majority of the CARES Act funding allocated to HUD, with CDBG, ESG, HOPWA, Technical Assistance, and administrative funds for salary and expense, all receiving allocations.

Supplemental Appropriations Funding: CPD has received supplemental administrative funds with disaster, pandemic, and ARP related appropriations. However, CPD will still need to dedicate significant permanent staffing resources throughout the life of the grants to ensure successful program delivery and compliance to guard against waste, fraud, and abuse.

Cross-cutting Activities: It is important to note that while the below activities support the entire Department, they are funded solely with FTEs from CPD's allocation.

- **Environment Support:** CPD provides Departmental support for environmental reviews and assistance and leading the Administration's priority goal relating to climate resilience, environmental justice, and energy efficiency.
- **Relocation:** CPD manages the relocation efforts for the entire Department.

Environment and Energy: CPD's Office of Environment and Energy (OEE) performs environmental reviews to assess the potential environmental impacts of a project and determine whether it meets Federal, State, and local environmental standards. Every HUD-assisted project must be examined to ensure that it does not negatively impact the surrounding environment and that the site itself will not have adverse effect on end users. OEE has a varied workload, which includes, but not limited to responding to the Department's many requests for energy policy recommendations and providing technical assistance to grantees and HUD staff performing environmental reviews.

Relocation: HUD's Relocation and Real Estate Division (RRED) has departmental delegated authority for the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA). RRED is also responsible for developing and implementing national policies for real estate and relocation activities in connection with HUD programs.

## **Personnel Services (PS)**

The 2023 Budget assumes total funding of \$141 million for CPD personnel services to support 835 FTEs, which is \$15.3 million and 60 FTEs above the 2022 total funding level. The Budget supports a 4.6 percent Federal pay raise. CPD intends to distribute the FTE increases equitably in accordance with our risk registry and workload priorities to headquarters and field offices. CPD utilizes its risk registry to inform and prioritize its hiring plan and decisions. This will ensure that CPD's limited resources are leveraged to mitigate risk associated with its workload. CPD has streamlined its hiring process and has a solid track record of processing and on-boarding external and internal candidates. CPD is confident that the groundwork has been laid to hire qualified candidates timely to support CPD's workload.

The proposed increase in positions would allow CPD to better manage its core workload relating to grant administration and oversight, continue the progress made in addressing and reducing

homelessness, more aggressively address its audit and closeout backlogs, manage the Departmental functions of Environment and Relocation, lead efforts for current and future disaster-related response and recovery, and continue to manage outstanding CARES and ARP funds.

Operations Field (35 FTEs): The FTEs will support CPD's grant administration workload, which is 3,900 grants annually in addition to the 3,600 grants and \$14 billion in supplemental funding from the CARES Act and ARP. FTEs are needed for monitoring and supporting grantees that have experienced their own staffing reductions while receiving an influx of new funding (CDBG-CV, ESG-CV, HOPWA-CV, HOME-ARP, and disaster appropriations). Additional CPD staff will be required to provide additional guidance, training, and technical assistance to ensure the proper administration of program and ensure against, fraud, waste, and abuse.

Office of Grants Programs (12 FTEs): The FTEs will support grant management core workload and supplemental workload relating to disaster recovery and CARES Act. Also, OEE, the Department's experts on environment and energy, plays a critical role in supporting the Administration's goal of promoting climate resilience, environmental justice, and energy efficiency to build inclusive communities and need additional FTE resources.

Office of Special Needs (6 FTEs): The FTEs will support the management and oversight of Continuum of Care, Emergency Solutions Grants, ESG-CV, Youth Homelessness Demonstration Program programs, Rapid Re-housing Victims of Domestic Violence Programs, and Housing Opportunities for Persons with AIDS; all programs which have been growing rapidly without proportionate resources. As OSN continues to serve individuals and families impacted by homelessness during an unprecedented housing crisis that has been exacerbated by the pandemic, workload is at the highest levels.

Operations Headquarters (6 FTEs): The FTEs will support the variety of services (budget, audit resolution and grant closeouts, human resource management, field management, risk management, and system development and evaluation) necessary to ensure the effective and efficient management of CPD's programs. The substantial increase in the number of grants and projects and annual and supplemental appropriations have dramatically increased the workload for all of Operations and warrants additional staff.

Office of Economic Development Programs (1 FTE): The FTE will support the management of CPD's economic development programs.

### **Non-Personnel Services (NPS)**

The 2023 Budget assumes \$5.7 million for non-personnel services, which is \$3.4 million less than the 2022 total funding level.

Travel: CPD is requesting \$1 million for travel, a steady-state compared to the 2022 total funding level. The funding supports CPD's travel-related workload for monitoring, capacity building, training, and technical assistance.

Printing: CPD is requesting \$35 thousand for printing, a steady-state compared to the 2022 total funding level to support CPD printing workload needs.

Other Contracts: CPD is requesting \$4 million for contracts, a decrease of \$3.4 million, when compared to the 2022 total funding level. In 2022, CPD's larger contracts will be awarded and will not be recompeted in 2023, which contributes to the decrease. Funding will support CPD's ongoing workload needs relating to the CARES Act, data analysis contract for the Office of Special Needs, census data, and more.

**Training:** CPD is requesting \$600 thousand for training. The funding will support CPD training needs relating to managing programmatic functions, expand efforts to respond to training needs associated with pandemic response, and new proposed programs such as the Historically Underfunded Communities Initiative. Additionally, the funds will be leveraged to train newly hired staff.

**Supplies:** CPD is requesting \$45 thousand for supplies, a steady-state compared to the 2022 total funding level to supports the needs of CPD's workload and increase in staffing.

### **Working Capital Fund (WCF)**

The 2023 Budget assumes total funding of \$7.4 million for the WCF, which is \$3.2 million above the 2022 total funding level. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology**

Within the Information Technology Fund, the Budget requests \$3 million to modernize the electronic Special Needs Assistance Program System (e-snaps).

#### **Program Pain Point**

HUD continues to use the e-snaps data system to automate the \$2.5 billion Continuum of Care (CoC) Program Competition. The e-snaps system provides an online data portal for all CoC applicants to prepare and submit to HUD a detailed project application for funding. However, the system is brittle and unstable, approaching 14 years old, which is far beyond the original technical limits of the platform. Basic system changes and updates are costly and each change risks the stability of the system. HUD staff constantly employ manual interventions to overcome functional gaps in the system. The CoC Program depends completely on e-snaps performance. System failure, or a significant drop in performance, will be catastrophic, public-facing, and detrimental to local communities and homeless assistance providers.

#### **Mission Benefits**

A more modern and stable platform would speed up and streamline the CoC application and grant processes for grantees and HUD staff. This reduces risk and uncertainty to grantees who provide direct homeless assistance, which should improve staffing consistency and improve outcomes. Replacing e-snaps would also make it easier for HUD to quickly implement special initiatives like the Youth Homelessness Demonstration Program. A new solution may also provide better integration with HUD financial systems, improved credentialling and authentication of users, and better data integration and standardization with other HUD grant systems.

#### **Target Functionality**

- Improved system performance and stability; reduction in current risks related to long term availability and support for acute technical problems.
- Improved efficiency for grants management activities, including reduced administrative burden for HUD staff and grantees, reduced time to award, and improved business automation such as data analytics and financial system interface.

#### **Projected Cost Savings**

A modernized e-snaps should reduce costs of:



- Annual Operations and Maintenance of the system by streamlining the annual configurations required to meet the NOFO and other programmatic efforts, allowing further investment into new capabilities and free staff time towards program oversight or analytics.
- Annual licensing for the CSDC/Grantium COTS platform.
- Manual interventions performed by HUD staff, Technical Assistance providers, HUD infrastructure staff, and grantees required due to functional or process gaps in the system, performance issues requiring troubleshooting, repetitive reporting in more than one system, or the manipulations performed to aggregate data originating from multiple systems (SAGE, HDX, e-snaps, LOCCS, etc.).

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund justification.

## **KEY OPERATIONAL INITIATIVES**

CPD programs align directly with the Administration's priorities as articulated in recent Executive Orders, policy directives, and other Administration actions relating to expanding equity and economic opportunities to underserved groups. The 2023 President's Budget also provides CPD with resources to address the following HUD Strategic Goals: 1) Support Underserved Communities; 2) Ensure Access to and Increase the Production of Affordable Housing; 3) Promote Homeownership; 4) Advance Sustainable Communities; and 5) Strengthen HUD's Internal Capacity. A snapshot is below.

### **Support Underserved Communities**

- Community Development Block Grant, Home Investment Partnerships Program, Housing Trust Fund, Section 108, Homelessness Assistance Grants, Housing Opportunities with Persons with AIDS, Self-Help Homeownership Opportunity Program, Rural Capacity, and Capacity Section 4, and Veterans Housing Rehabilitation and Modification Pilot Program, CPD's Office of Real Estate Acquisition and Relocation (Relocation and Historically Underserved Communities Initiatives).

Examples include, but are not limited to:

The Historically Underserved Communities Initiative will direct funding toward removing barriers to affordable housing and community development in underserved communities. The initiative will provide additional grants to CDBG grantees to identify and address regulatory, structural, and capacity barriers to revitalization in these communities. The initiative would encourage grantees to address existing barriers, seed future revitalization, and improve models of CDBG-funded community development across the entire CDBG portfolio.

CPD's Homeless Assistance Grants are focused on ensuring people who have no housing, people experiencing homelessness, or at risk of homelessness have access to affordable housing. The program provides housing subsidies, as well as the supportive services necessary to help individuals and families become stably housed. Through the implementation of such practices as Housing First and rapid rehousing, these programs assist individuals and families experiencing homelessness receive quick and fair access to affordable housing.

### **Ensure Access to and Increase the Production of Affordable Housing**

- CDBG, HOME, HTF, SHOP, HAG, HOPWA, and VHRMP

Examples include, but are not limited to:

CPD's HOME program is the primary Federal tool of States and local governments use to produce affordable rental and for-sale housing for low-income to extremely low-income families, including mixed-income housing and housing for homeless and persons with HIV/AIDS. It is an anchor of this nation's affordable housing finance system and can be an important factor for community revitalization. In addition to its annual appropriations, HOME received \$5 billion as part of the American Rescue Plan.

CPD's Housing Trust Fund (HTF) is a formula-based program for the States and U.S. Territories that finances the development, rehabilitation, and preservation of affordable housing for extremely low-income families and the nation's most vulnerable populations.

CPD's Veterans Housing Rehabilitation and Modification Pilot (VHRMP) Program in partnership with the Department of Veteran Affairs provides grants to nonprofit organizations to rehabilitate and modify the primary residence of veterans who are low-income and living with disabilities.

### **Promote Homeownership**

- SHOP, Rural Capacity, Capacity Section 4

Examples include, but are not limited to:

SHOP provides funding to national and regional nonprofit organizations and consortia to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership programs for low-income persons or families.

CPD's Section 4 Capacity Building for Community Development and Affordable Housing and Rural Capacity Building for Affordable Housing Programs help build capacity of organizations in both urban and underserved rural communities. The work done through these programs helps to build capacity among community organizations to develop affordable housing and improve housing choices for families.

### **Advance Sustainable Communities**

- CDBG, HOME, Section 108, HOPWA, HAG, VHRMP, Office of Environment and Energy (OEE), Recovery Housing Program

Examples include, but are not limited to:

As the Department's experts on environment and energy, CPD's Office of Environment and Energy (OEE) plays a critical role in supporting sustainable communities, climate resiliency and energy efficiency, environmental justice and health. While situated in and wholly funded by CPD in the Office of Grant Programs, OEE is a statutory compliance office that serves the entire Department.

CDBG provides state and local governments with tools to support the climate justice goals by providing funds that can be used for planning and resilient infrastructure benefitting low- and moderate-income neighborhoods. A CDBG grantee's Consolidated Plan must involve consultation with residents and local emergency management staff and include consideration of the climate resilience needs of vulnerable, low- and moderate-income persons and communities.

CPD's homeless programs demonstrates that there is a clear intersection between health and homelessness. Providing homeless services and housing through the Homeless Assistance Grants is a significant step HUD takes to promote health. CPD incentivizes the connection between its homeless resources and other mainstream benefits, including health benefits, to promote greater health opportunities for people experiencing homelessness.

CPD's HOPWA program include critical support 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. Ultimately, housing stabilization can lead to reduced risk behavior and reduced HIV transmission, a significant consideration for Federal HIV prevention efforts.

### **Strengthen HUD's Internal Capacity**

Examples include, but are not limited to:

CPD has taken several steps to increase internal capacity by engaging in continuous operational improvements relating to workload, human resource management, training, and professional development to ensure that CPD delivers on mission. Selected highlights include improving technology, expanding data access, and creating a modern and responsive workforce equipped to deliver on mission:

- Improving CPD's formula grant data modeling and allocation process. This will bring automation and efficiencies to the formula allocation process and reduce human error.
- Expanding on several dashboards and reports that are customized per user and provides a range of information that include status of program funds, salary and expense funds, payroll reconciliation, staffing and recruitment, among others.
- Enhancing the capacity of Disaster Recovery Grant Reporting (DRGR), a cross-cutting government cloud system that provides Federally compliant post-award support for a wide range of programs, supporting both those using grant and cooperative agreement instruments.
- Developing a Financial Management Training Program for existing and new Financial Analysts (FA). This will bring consistency across the field and create training curriculum and modules for FAs to learn the functions and responsibilities of their position.
- Creating a pilot Talent Management Program for CPD Representatives.
- Conducting climate assessments in various CPD program offices to build stronger staff/management relationships, address diversity and equity tensions, and improve the working environment.
- Creating an environment of continuous learning and improvement by piloting Continuous Improvement (CI) 101 and 201 courses. These courses will provide basic and advance level CI principles, strategies, and best practices for CPD employees to use on future process improvement efforts.
- Improving our training management process through updated assessments, targeted training, and enhanced resource allocation.
- Implementing a comprehensive team-level onboarding process to focus on time to productivity and cultural assimilation.
- Establishing a standard CPD Standard Operating Procedures (SOP) template. This will document existing key processes across CPD and allow for enhanced knowledge transfer as people attrit.

- Improving our employee engagement efforts by employing a year-long plan full of activities, trainings, and resources. Launching road show for intimate discussions with our senior leadership team and our field offices across the country.

### **Advancing Equity**

CPD is at the forefront of advancing equity through its Federal programs and processes. CPD's CDBG, HOME, HTF, Section 108, HAG, HOPWA, SHOP, VHRMP, Rural Capacity, and Capacity Section 4 all support expanding equity, particularly in lower income, marginalized, and/or underserved communities. CDBG funds support affirmatively furthering fair housing planning and implementation in many communities.

### **Risk Profile for CPD**

Many CPD programs have risks that cannot be mitigated with current staffing levels. In recent years, CPD has experienced a significant increase in the number of grantees, grants, and funding levels, particularly in Grants Programs and associated supplemental funding programs such as CDBG-DR, CARES Act, and ARP. CPD requires additional resources to not only guard against fraud, waste, and abuse, but also to expand the expertise and capacity of grantees so we can deliver on mission.

Current staffing levels have impacted CPD's ability to effectively carry out its core grants management functions and does not allow CPD to have the capacity to provide the necessary expertise to carry out the Administration's priorities. Additional staff resources provided in the 2023 President's Budget will increase CPD's capacity to provide guidance, training, improved oversight of CPD grant management functions, and strengthen internal controls.

Many of CPD grantees have expressed challenges presented by the increased funding in response to the pandemic. The opportunity to transform communities – including beginning to correct the underlying systemic conditions that led to the vulnerabilities – is available now, but many of these communities lack expertise to best leverage and administer these resources, and this opportunity could be lost, squandered, or underperformed. Therefore, CPD requires additional S&E resources, as requested in the Budget, to ensure that communities maximize the funding to fulfill the Departmental goals in a timely and equitable manner.

### **Summary of Reorganization and Operational Improvements**

For 2023, CPD proposes to move the Technical Assistance Division (TAD), which is currently located in CPD Operations, Office of Technical Assistance and Management, to the Office of Policy Development and Research (PD&R).

This reorganization will involve the following:

- Increase operational efficiencies for program delivery across the Department.
- Make TA a cross-office function and prioritizes the staffing to serve all of the offices of HUD
- Improve the ability to create cross-program benefits and efficiencies for TA that can serve multiple programs.
- Allow HUD to allot separate TA set-asides to PD&R to centralize the number of Cooperative Agreement Officers and GTRs to ensure proper standardization and risk mitigation for the Department.
- Improve the ability to facilitate the transfer of research evidence and learning to TA providers so they can transfer knowledge to grantees more efficiently.
- Realign 24 FTEs from CPD to PD&R.

For 2023, in an effort to align functions properly, foster better communication, effective succession planning and employee engagement in CPD, HUD proposes the following organizational changes:

- Establish the Deputy Assistant Secretary (DAS) for Field Operations (Senior Executive Service) and the Associate Deputy Assistant Secretary (ADAS) for Field Operations.
- Relocate the 43 field offices from the DAS for Operations to the DAS for Field Operations. Establish 10 Regions with 10 Regional CPD Directors that will report directly to the DAS for Field Operations and manage a select number of field offices.
- Dissolve the Office of Technical Assistance and Management to reduce an unnecessary management level.
- Elevate and change the Budget Division to the Office of Budget and Compliance with the following divisions:
  - Program Management Division.
  - Risk Management Division (managing CPDs Enterprise Risk, audits, and grants closeout).
  - Salaries and Expenses (S&E) Division.
- Elevate and change the Management Division to the Office of Resource Management (led by the Administrative Officer) with the following divisions:
  - Administrative Services Division (managing space, travel, credit cards, printing, supplies, and the Correspondence Branch).
  - Human Resources Division (managing recruitment, workforce management, training, and performance management).
  - Strategic Transformation Division (managing continuous process improvements, strategic planning, and employee engagement).
- Elevate and change the Systems Development and Evaluation Division to the Office of Technology, Innovation, and Evaluation with divisions:
  - Evaluation and Analytics Division
  - Operations Division
  - Systems Division
- Move the formula allocation process to PD&R.
- Move the Section 4 and Rural Capacity Building Programs to the DAS for Economic Development within CPD.

For 2023, CPD is not requesting additional S&E directly related to the reorganizations. However, CPD would like to have the appropriate structure in place and work towards the goal of better realigning CPD's limited resources.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Offices Salaries and Expenses

### Office of Housing

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$384,171</b>	<b>\$935</b>	<b>\$390,056</b>	<b>\$390,991</b>	-	<b>\$456,139</b>	<b>\$456,139</b>
<b>Non-Personnel Services:</b>							
Travel	226	-	200	200	-	2,800	2,800
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	1	-	1	1	-	2	2
Printing	6	-	10	10	-	13	13
Other Services/Contracts	2,665	-	2,990	2,990	-	2,490	2,490
Training	1,217	20	1,200	1,220	-	2,615	2,615
Supplies	42	-	50	50	-	80	80
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	100	100	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$4,157</b>	<b>\$20</b>	<b>\$4,551</b>	<b>\$4,571</b>	-	<b>\$8,000</b>	<b>\$8,000</b>
Working Capital Fund	18,269	5,099	9,587	14,686	-	24,361	24,361
Carryover	6,054	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$412,651</b>	<b>\$6,054</b>	<b>\$404,194</b>	<b>\$410,248</b>	-	<b>\$488,500</b>	<b>\$488,500</b>
<b>FTEs</b>	<b>2,420</b>	<b>6</b>	<b>2,380</b>	<b>2,386</b>	-	<b>2,673</b>	<b>2,673</b>

\*Includes 2020 Carryover

### PROGRAM PURPOSE

The Office of Housing plays a vital role for the Nation's homebuyers, homeowners, renters, and communities through its nationally administered programs. It includes the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing activities within the industry. The Office of Housing, through its FHA insurance programs, plays a countercyclical role in the market, including playing a key role in supporting the Nation's recovery from the COVID-19 pandemic.

HUD's mission is critical to achieving the President's vision to support underserved communities in improving public health and economic opportunity and addressing longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in the Office of Housing's salaries and expenses is central to ensuring that HUD is able to execute on its responsibility to meet America's housing needs.

### BUDGET OVERVIEW

The 2023 President's Budget requests \$488.5 million for the Office of Housing, which is \$84.3 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new

authority) of \$488.5 million, \$78.3 million above 2022 total funding. This funding will provide essential resources for staff to effectively manage subsidized and insured properties and protect the housing safety net for millions of families nationwide. The funding will also ensure the Office of Housing will have the capacity to accomplish its mission of providing affordable housing and strengthening the national mortgage insurance market.

### **Personnel Services (PS)**

The Office of Housing is requesting \$456.1 million to support 2,673 full-time equivalents (FTEs). This Budget represents an increase of \$65.1 million and 287 FTEs over the 2022 total funding level. The 2023 Budget provides the funding required to hire and retain critical staff who will be engaged in strengthening and broadening the Federal housing safety net for people in need, advancing housing equity to improve housing choices and greater economic opportunity, and increasing the production of, and access to, affordable housing. The Budget also supports a 4.6 percent Federal pay raise, as well as the hiring of staff for increased demands post COVID-19 pandemic.

The additional FTEs will help to reduce current backlogs due to understaffing which were exacerbated further by the pandemic and conversely generate a reduction of the processing time for FHA multifamily applications, single family claims, asset sales, and contract assignments/transfers. The Office of Housing's Budget represents increases across the seven internal program and support offices, all of which have specific missions supporting the overall HUD mission of providing affordable housing to underserved communities.

### **Multifamily Housing**

The Office of Multifamily Housing (MFH) requires additional FTEs to provide essential staff to effectively manage subsidized and insured properties and to support the overall goal of housing safety and quality. While the vast majority of MFH's portfolio of over 30,000 properties is in excellent condition, the number of distressed properties has increased as properties have aged, resources available have not fully met capital needs, and pandemic disruptions have affected operations. A support team of field and headquarters staff, alongside regional leadership, will be assembled to support troubled property resolution.

MFH does not currently have the optimal staffing level to address and remedy distressed properties; The Office requires additional resources to enable MFH to implement a surge strategy that will rely on increased external engagement, the deployment of staff, improvement of systems, program changes, and funding for property rehabilitation.

Additional staff will also be utilized in the field to proactively manage MFH's portfolio through more frequent management and occupancy reviews for HUD-administered properties, and more frequent site visits for troubled and potentially troubled properties. The increased staffing will also assist in improving resident outreach and bettering responses to resident complaints and implementing new affordable housing initiatives.

Additional FTEs will support the Green and Resilient Retrofit Program through management and oversight of the Participating Administrative Entities that will be responsible for program administrative activities such as processing applications and awards for \$207.5 million in loans and grants to support green and climate resilient improvements to thousands of affordable housing units.

### **Single Family Housing**

To increase homeownership and achieve equity, especially in underserved communities, Single Family requires additional Program Policy Specialists to compose and administer origination and servicing policy. In addition, Housing Specialists, Underwriters and Appraisers are needed to

support condominium examinations, reviews and policy interpretations, conduct post endorsement loan reviews, and to maintain the required appraisal reviews that will help promote equitable and sustainable homeownership across the country. Additional Business and Management Analysts are needed to support FHA's Information Technology (IT) Modernization project to advance FHA's transition to digital process using a single platform, aligning with mortgage industry best practices. This modernization effort will open the doors to advanced data and risk analytics, cost-savings and operational efficiencies, and ensuring borrowers receive financing that is sustainable and optimized for long-term homeownership. Analysts will be required to support the FHA Resource Center project which serves as FHA's main communication vehicle to external partners, providing critical operational, analytical and reporting needs to identify trends and forecast patterns in the insured portfolio. This request for additional staff ensures FHA origination and servicing trends are identified in a timely manner, help to inform risk management activities, and can be utilized to formulate future FHA policy and operational changes when required to mitigate unnecessary risks within the insured portfolio.

### **Finance and Budget**

Finance and Budget (FAB) requests an increase in staffing to support workload requirements in budget, asset sales, accounting, claim payments, and premiums collection processing. The additional personnel will absorb the increase in financial management demands as Housing's program offices implement new programs and expand existing programs. The increase in staffing will also support the processing of the anticipated increased number of FHA Single Family claims for insurance benefits by FHA-approved lenders, especially in the aftermath of the COVID-19 global pandemic. Finally, additional personnel will be needed to support note sales as a disposition option, to help curtail further losses to the FHA Mortgage Mutual Insurance fund, while increasing non-profit and units of local government participation in notes sales.

### **Housing Counseling**

The Office of Housing Counseling (OHC) is requesting additional FTEs to increase housing counseling services and capacity for prospective homebuyers, families impacted by national disasters, disadvantaged communities, and homeowners and renters trying to avoid foreclosure and eviction. While continuing to meet critical needs, OHC will improve consumer outreach, increase housing counselor training, address previous program audits related to grantee payments, and fulfill other programmatic functions. To support the expansion of agency performance reviews to HUD-Approved Intermediaries, OHC will also address procurement issues and eliminate the need for staff to perform work outside of their respective disciplines.

### **Healthcare Programs**

The Office of Healthcare Programs requires additional FTEs for the Office of Residential Care Facilities (ORCF) to successfully meet current and expected human capital needs in underwriting, closing and servicing loans to mitigate risks. To effectively service the Section 232 portfolio, the number of loans assigned to an Account Executive (AE) for servicing should not exceed 75 loans. Currently, each AE is servicing between 80 and 123 loans. AEs should be servicing a maximum of 30 troubled assets; however, they are servicing up to 50 troubled assets each. The additional FTEs will reduce the average number of loans serviced by each AE by 35 percent, permitting AEs to manage risk more effectively. Similarly, ORCF's underwriting and closing requirements have substantially increased. COVID-19 is expected to have long-term impacts to healthcare facilities, therefore increasing the complexity of underwriting and closing Section 232 loans. The requested FTEs will reduce the current backlog of applications and prevent creating additional backlog. The Office of Hospital Facilities, in 2021, completed the underwriting of nine hospital loans valued at \$1.4 billion. In addition, the staff serviced 88 hospital loans currently in the portfolio valued at approximately \$7 billion. Additional FTE support is required for both asset management and



production activity, as increased effort is required to maintain the hospital portfolio in the current health care environment.

### **Office of Risk Management and Regulatory Affairs**

The Office of Risk Management and Regulatory Affairs (ORMRA) requires additional FTEs to support financial, data, credit, and enterprise risk. The current staffing levels create numerous critical personnel dependencies, exposing ORMRA to staff turnover and an inability to respond timely and thoroughly to competing demands. Having an adequate and experienced staff is critical to maintaining and strengthening HUD's internal institutional capacity to deliver on mission, and the requested FTEs will place the program office in a position to complete this mission successfully. Additionally, the increased staffing will help advance program equity for ORMRA through its service as risk mitigators across program offices. ORMRA will be critical in assisting the Administration by analyzing, modeling, and assessing potential policies that can adequately address FHA's role in helping the Nation recover from the pandemic.

### **Non-Personnel Services (NPS)**

The Office of Housing is requesting \$8 million for Non-Personnel Services (NPS), \$3.4 million more than the 2022 total funding level. NPS funding will primarily be allocated for training, travel, and contracts. Increased travel is anticipated in 2023 as travel restrictions are lifted. Training will also increase due to the expanded number of FTEs. The additional funding for travel and training will allow for mandatory certification training, developmental training to improve the efficiency and skills of the workforce, critical travel for inspections, onsite reviews, program compliance and oversight, and portfolio reviews.

### **Working Capital Fund (WCF)**

The Office of Housing is requesting \$24.4 million to support the Working Capital Fund (WCF) fees for its use of shared services. The WCF funding level reflects payments for baseline WCF services and the additions of the end-user devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of FSADD Financial Management expenses. This is a \$4.9 million increase from the 2022 annualized CR funding level. This includes \$1.6 million in cost of living increases within the current WCF business lines and increased staffing levels planned for HUD offices. It also includes \$4.1 million increase for the addition of the ServiceNow and Printing Services business lines.

### **Information Technology**

FHA Catalyst is a critical IT modernization initiative to make FHA systems operationally more efficient and effective for both internal users and external customers. This modernization effort is necessary for FHA to support HUD's mission and objectives including to promote homeownership, equitable access to credit, and promote wealth building in underrepresented communities. HUD is assuming full funding of FHA Catalyst as part of the 2022 Budget.

Within the IT Fund, the Budget requests \$5 million for integrated Real Estate Management System (iREMS) and \$1.5 million for Tenant Complaint Customer Relationship Management (CRM).

These two projects will directly support HUD's Project-Based Rental Assistance (PBRA) program in providing over 1.2 million low-income and very low-income families with decent, safe, and affordable housing:

- **iREMS Modernization:**

Program Pain Point

The integrated Real Estate Management System (iREMS) is the primary system for the oversight and asset management of insured and assisted properties in the portfolio of HUD's Office of Multifamily Housing Programs. General Service Administration, Government Accountability Office, and Multifamily leadership have found that iREMS is vulnerable to unacceptably high risk of data errors from manual input processes, having to use ad hoc tools such as MS Access for reporting, and not interfacing with other systems in real time.

Congressional mandates and Executive Orders that require Multifamily Housing action, such as security, privacy, and records management regulation, energy efficiency programs, FHA pilot programs, and the Rental Assistance Demonstration, are all hampered by an inability to integrate them fully into the Multifamily Housing asset management process in iREMS. Reporting from Asset Management field staff is often inaccurate because of inconsistencies between HEREMS, the underlying source database, and iREMS. Poor quality Housing data continues to increase the risk of HUD failing to meet its monitoring requirements of troubled properties within its portfolio.

Mission Benefits

The success of MFH and HUD's mission is deeply tied to the decision-making done from HEREMS to iREMS data processing. Therefore, ensuring the accuracy, completeness, reliability, and timeliness of this data has broad cross-program implications. An improved HEREMS to iREMS database model will serve as the central data repository for all Multifamily Housing, collecting data from more than 20 systems and integrating data across systems. Improved data and reporting in iREMS will provide essential support to HUD's efforts to provide decent, safe, and sanitary housing for tenants and to ensure program compliance.

Target Functionality

- Increase regulatory compliance on currently non-compliant mandates from privacy, cybersecurity, and records management.
- Increase flexibility in responding to the fast-evolving business requirements of MFH by providing more tools to adapt to the forecasted increase in MFH loan applications.
- Enhance decision-making, ensuring the accuracy, completeness, reliability, and timeliness of iREMS/HEREMS data has broad cross-program benefits.

Projected Cost Savings

The existing HEREMS/iREMS data model is outdated, expensive, difficult to maintain, and it is currently failing to meet system requirements. IREMS has an estimated \$2 million backlog in development priorities that continues to grow. Improvements in the system would result in a cost benefit as it would support efficiencies in HUD's asset management and oversight functions.

- **Tenant Complaint CRM System:**

Program Pain Point

Multifamily (MFH) Asset Management staff, Performance-Based Contract Administrators (PBCAs), the Multifamily Clearinghouse call center, and Field Program Management (FPM) staff are unable to conduct unified intake, tracking and resolution of tenant feedback related to unsafe and unsanitary property conditions or concerns about exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with disparate rudimentary and uncoordinated logging and tracking of information, which is not conducive to ensuring the issues identified by tenants are addressed swiftly and satisfactorily.

As a result, MFH is substantially limited in its ability to understand, track, and address such complaints without a centralized tracking/response system. The current practice of various entities

within HUD and contractors logging and acting on feedback independently restricts HUD's ability to manage its property portfolio in a coordinated manner.

#### Mission Benefits

An integrated tenant complaint logging and tracking system would allow HUD to effectively assess and act upon a wide variety of complaints regarding properties in its portfolio and take a coordinated approach regardless of the point of intake and allow all entities to track and update progress toward resolution in real time. This would allow HUD to both be more responsive to tenants by ensuring the appropriate party follows up and more efficient by avoiding duplicative work on the same issue.

This integrated tenant feedback tracking system will also enable HUD to better understand the overall volume and nature of complaints both at individual properties and across different portions of our portfolio, such as by city, program, or management agent, resulting in increased awareness of conditions and potential issues within the MFH property portfolio.

#### Target Functionality

- Full integration as a single system for intake and tracking of tenant complaints by MFH Asset Management staff, PBCAs, the Multifamily Clearinghouse call center, and FPM.
- Ability of staff to have real time feedback and reporting on status of tenant complaints and ongoing action tracking and reporting.
- Ability to aggregate instances of tenant feedback within a particular property and across portfolio on an ongoing basis.

#### Projected Cost Savings

PBCAs and other contractors would not need to invest in standalone system(s). An integrated platform would also reduce duplication of effort across all responsible parties.

#### Remaining Implementation Costs in Outyears

N/A

For additional information regarding HUD's IT investments, please see the Information Technology Fund justification.

## **KEY OPERATIONAL INITIATIVES**

The 2023 Budget resubmits the proposal from the 2022 President's Budget to restructure the Office of Risk Management and Regulatory Affairs (ORMRA) by removing the Office of Manufactured Housing and establishing this Office as a standalone organization reporting directly to the Office of the Assistant Secretary for Housing-FHA Commissioner.

The Office of Manufactured Housing Programs (OMHP) is currently situated in ORMRA, with the OMHP Administrator reporting directly to the Deputy Assistant Secretary for ORMRA. OMHP's mission is to protect the quality, durability, safety, and affordability of manufactured homes. However, the predominant focus of ORMRA is the unrelated mission to manage FHA credit and operational risk. As a result, OMHP's secondary and misaligned position often deters prioritization of Secretarial objectives for manufactured housing. As a particularly important and increasingly viable housing option for Americans today, support for and awareness of manufactured housing as a high-quality, affordable homeownership option is absolutely critical to furthering HUD's mission. Since the inception of the Federal construction regulations mandating minimum construction and safety standards put in place and overseen by HUD since 1976, the design, quality, construction, energy efficiency, and stability of manufactured homes have completely evolved and been transformed into a stable housing product of comparable quality and lifespan to site-built housing, while maintaining affordability. However, government prioritization and support, as well as policy

advances, are still required to further optimize this sector of housing to promote this as a key solution to addressing our Nation's affordable housing crisis. 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.

OMHP needs to be more appropriately realigned as a direct reporting office of the Office of the Assistant Secretary for Housing-FHA Commissioner. Restructuring the office to report directly to the FHA Commissioner will open access to much-needed resources (FTEs, hiring priority, travel budget, etc.) that currently are insufficient and unavailable to OMHP due to organizational hierarchy and Departmental procedure. Elevating the office will provide the necessary authority levels required to reform existing processes, reduce obstacles, and streamline improvements necessary to achieve objectives for manufactured housing prioritization. This will also help ensure OMHP is actively engaged in cross-HUD initiatives to support and promote manufactured housing as an affordable housing solution. This proposed office structure allows for more direct collaboration between the Office's director and the Assistant Secretary as the organization and the Administration works to expand affordable housing options while formulating and guiding policies to protect consumers who reside in manufactured homes. Accordingly, within the Office of Housing-FHA Commissioner, plans are underway for changes in execution and program administration within this office via this requested restructure. The plan will reflect staffing and organizational changes to the program, moving from a component office to reporting directly to the Office of the Assistant Secretary for Housing – FHA Commissioner.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Offices Salaries and Expenses

### Office of Policy Development and Research

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services</b>	<b>\$25,432</b>	<b>\$2,662</b>	<b>\$28,924</b>	<b>\$31,586</b>	<b>\$4,300</b>	<b>\$34,386</b>	<b>\$38,686</b>
<b>Non-Personnel Services</b>							
Travel	1	-	100	100	-	330	330
Printing	70	-	120	120	-	120	120
Other Services/Contracts	596	5,000	500	5,500	2,047	2,522	4,569
Training	162	-	234	234	-	250	250
Supplies	9	-	15	15	-	15	15
Furniture and Equipment	-	-	10	10	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$838</b>	<b>\$5,000</b>	<b>\$979</b>	<b>\$5,979</b>	<b>\$2,047</b>	<b>\$3,237</b>	<b>\$5,284</b>
Working Capital Fund	\$2,448	-	-	-	-	1,977	1,977
Carryover	\$7,662	-	6,347	6,347	-	2,000	2,000
<b>Grand Total</b>	<b>\$36,380</b>	<b>\$7,662</b>	<b>\$36,250</b>	<b>\$43,912</b>	<b>\$6,347</b>	<b>\$41,600</b>	<b>\$47,947</b>
<b>FTEs</b>	<b>150</b>	<b>15</b>	<b>162</b>	<b>177</b>	<b>23</b>	<b>185</b>	<b>208</b>

\*Includes 2020 Carryover

#### PROGRAM PURPOSE

The Office of Policy Development and Research (PD&R) supports HUD's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. PD&R is responsible for maintaining current and historic 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 analysis 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 make informed decisions. PD&R provides economic information, research, analysis and policy recommendations to the Secretary, Deputy Secretary, Assistant Secretaries, and principal staff. PD&R also facilitates effective, timely, and innovative Technical Assistance (TA) delivery that builds capacity of HUD customers to achieve program outcomes.

Within PD&R, there are five Offices with extensive cross collaboration:

- The Office of Economic Affairs 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 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, housing construction, and community planning. Staff also conducts in-house research, data analysis, 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.
- The Office of Policy Development (OPD) engages in policy analysis, policy development, innovation and process improvements, research and data analysis, and knowledge management and dissemination of policy and research findings. OPD analyzes legislative proposals, develops legislative initiatives, interprets statutory guidance, and prepares regulatory guidance. OPD also consults on program process improvements and efficiencies to ensure better strategic alignment with HUD's mission, and coordinates the development of HUD's Foundations for Evidence-Based Policymaking Act (Evidence Act) Title 1 deliverables. In addition, OPD engages the international and philanthropic sectors to harness best available evidence, innovations, and lessons in thoughtful development and revitalization to increase mutual learning opportunities and long-term community-building. OPD's role as a portal for the international community and philanthropic sector makes the office a broker for new ideas and evidence-based practices. The purpose of this work is to inform domestic policies and programs. In 2023, the Office of Innovation will be subsumed under the newly created Priority Projects & Innovation Division in OPD.
- The Office of the Chief Data Officer (CDO) is the primary organization responsible for performing the data governance activities outlined under the Evidence Act. The CDO has agency-wide responsibility for: ensuring lifecycle data management of critical information and data systems; standardizing data formats and minimizing duplication of data across internal systems; and coordinating the use, protection, and dissemination of agency data. Additionally, CDO leads HUD's effort to construct a comprehensive data inventory including metadata of data assets across the agency and identify those considered public data assets. CDO also supports the design of data integration solutions across HUD as well as between HUD and other Federal/non-Federal agencies.
- The Office of Technical Assistance (OTA) is an office that would be newly established in 2023 that realigns the Technical Assistance Division (TAD) from the Office of Community Planning and Development (CPD) to PD&R. The OTA manages HUD's TA program, equipping HUD's customers with the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and policies and be effective stewards of Federal funding. The OTA provides programmatic technical assistance to HUD grantees across the Department. The assistance takes the form of needs assessments, direct TA, tools and products, trainings, data analysis, and knowledge management. In addition to TA for all of HUD's programs, the OTA also provides TA support for emerging priorities and Secretarial initiatives.

Supporting these Offices within the Office of the Assistant Secretary are four Divisions: Budget & Financial Management; Management & Administrative Services; Grants Management & University Partnerships; and the newly established Procurement Management Division.

HUD's mission is critical to achieving the President's vision to ensure that we build back better from the public health and economic challenges and address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis. HUD's work is essential to improving the quality of life of the American people, and this investment in PD&R's salaries and expenses will assist in ensuring that work is able to be done.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$41.6 million for PD&R Salaries and Expenses (S&E), which is \$5.4 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$47.9 million, \$4.0 million above 2022 total funding.

### Personnel Services (PS)

The Budget assumes total funding of \$38.7 million for PD&R PS, \$7.1 million above 2022 total funding. This funding level will support 208 Full-Time Equivalents (FTEs), an increase of 31 FTEs from 2022, 24 of which supports the realignment of the TAD to PD&R. The remaining seven FTEs provide additional staff to support the new OTA, and provide support for Regulatory Impact Analysis (RIA), CARES Act requirements, Evidence Act implementation, and other Departmental and Congressionally mandated research projects and priorities. The requested funding supports a 4.6 percent Federal pay raise, promotions, within grade increases, and succession planning.

### Non-Personnel Services (NPS)

The Budget assumes total funding of \$5.3 million for PD&R NPS, \$695 thousand less than 2022 total funding. This decrease is attributed to lower costs in contractual services. The primary cost driver in NPS is the continued contractual services funding for OCDO. Funds will be used to establish infrastructure to support data integration solutions and the consolidation of HUD-wide data management contracts.

### Working Capital Fund (WCF)

The Budget assumes total funding of \$2 million for PD&R's WCF requirements, which is \$526 thousand above the 2022 Annualized CR WCF requirements that were forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of (Financial Services Acquisition and Development Division) FSADD Financial Management expenses.

### Information Technology (IT)

Within the Information Technology Fund, the Budget requests \$2 million for Enterprise Geographic Information System (eGIS) and \$500 thousand for PD&R's Disaster Recovery Portal.

- **Enterprise Geographic Information System (eGIS)**

#### Program Pain Point

Decision makers at all levels rely on the examination of accurate data for the effective development and implementation of data-driven housing policies. To that end, the Office of Policy Development and Research (PD&R) conducts mission-critical analyses of priority housing and community development issues while developing and maintaining the data required for that work. HUD's Enterprise Geographic Information System (eGIS) program was established in PD&R to manage day to day operations of the Department's shared geospatial business solution which satisfies the common requirement for geospatial data and analytical capabilities in support of the Department's mission and strategic objectives. When brought to bear, these data and tools allow personnel to develop and apply actionable intelligence used to craft effective housing policies that are data-driven and equitable in scope. Unfortunately, HUD's existing enterprise geospatial solution now falls short

of what is required to support robust housing and community analysis moving forward, and the inability of public to interface with HUD offices and data sources.

The increasingly obsolete architecture of HUD's existing system limits the scale and scope of the work that program analysts and policy developers engage in. In its current state, analysts cannot effectively use the solution to collaborate with one another on mission-critical assignments that require the examination of sensitive geospatial housing data. This limitation impedes the progress of collaborative projects requiring robust geospatial study and remains a source of considerable frustration for analysts and leadership alike.

#### Mission Benefits

Development, modernization, and enhancement (DME) of HUD's geospatial business solution and enterprise applications will significantly improve the Department's analytical capabilities allowing for greater insights into national housing issues. Improved performance of the updated system will provide expanded access to rich datasets which remain largely unavailable to Departmental staff due to the shortcomings of the current platform. Modernization of HUD's geospatial resources will likewise improve the security posture of the system enabling HUD's program analysts and policy developers to collaborate on assignments requiring the analysis of sensitive (i.e., PII) geospatial data. The proposed upgrade will also empower HUD's program analysts to create analytical reporting tools and standalone applications required by stakeholders, but which cannot currently be developed due to existing system constraints. In addition, HUD's Community Planning and Development (CPD) will benefit from this upgrade to support its mission objectives by modernizing its customer self-service portal as well as improve its data collection and process automation capabilities. The impacted systems for CPD that require updates are: CART (Community Assessment Reporting System), HRL (Housing Resource Locator), TDAT (Tribal Directory Assessment Tool), and CPD-MAPS (Community Planning & Development Maps).

In addition, improvements of the existing system architecture will obviate the current requirement to maintain project-related geospatial data in a cloud-based software as a service (SaaS) environment thus resulting in substantial cost savings for the Department. For example, proposed improvements to HUD's existing geospatial solution include the implementation of a business facing GIS user portal deployed within HUD's network. User activity will take place within HUD's network thereby eliminating the cost required to accommodate collaborative work and data storage in a SaaS environment. Furthermore, enhanced capabilities for application development enabled by system modernization will allow for the in-house creation of new applications. This eliminates the current need to earmark funds for new application development as well as protracted contract negotiations required to secure a vendor for such work.

#### Target Functionality

Modernization of the Department's geospatial business solution and enterprise applications will result in:

- Substantial improvements to system security, performance, user access, and resource management.
- Significantly enhanced capacity for analysis, collaboration, application development, and the crafting of actionable intelligence.
- Considerable cost savings for the Department.

#### Projected Cost Savings

Improving HUD's existing geospatial business solution will allow the Department to realize significant cost savings associated with the storage and maintenance of project-related geospatial data. Moreover, improved capacity for in-house application development will eliminate the need to engage in the prolonged contract negotiations and costs required to secure commercial vendors to provide those services.



- **Disaster Recovery Portal**

**Program Pain Point**

HUD has identified the need for a new process and tools for data sharing with the Federal Emergency Management Agency (FEMA) and CDBG-DR grantees. This project will eliminate the need for Individual Assistance Information Sharing Access Agreements (ISAAs) between FEMA and HUD also with FEMA and CDBG-DR grantees as it will make that data readily available to grantees through the Disaster Recovery Data Portal (DRDP) application. It will also eliminate the need for requesting data from FEMA to perform the CDBG-DR allocations process when congressional funds are appropriated.

While data being shared is similar, or in fact the same, it requires multiple resources from multiple program areas within HUD and FEMA to request and process data sets. If the bidirectional data exchange process was in a completed stage that data could be shared within HUD to multiple resources/programs in a fashion designed to only make available, the necessary program data to only those with a valid need to know and manage one data set for multiple users. This would also ensure that all users are accessing the same data and would eliminate a misunderstanding of the data as well and ensure all areas are utilizing the same data.

**Mission Benefits**

Real time data sharing enables decision making that is focused on elimination of duplication of benefits, adequate assistance value to the customer, ability for multiple programs to utilize one standard data set, correct and accurate FEMA data for HUD and HUD CDBG-DR grantee use, enhanced disaster survivor support functions and enhance data security across multiple federal agencies.

The Disaster Recovery Portal (DRDP) is within HUD's purview of the project and HUD will share the 'new processes' aspect with FEMA. FEMA will solely fund their efforts' development needs. In addition, DRDP will provide the ability to avoid duplication of benefits between FEMA, HUD, and SBA assistance; the ability to identify geographical areas that are the most at risk due to high level of unmet needs; the ability to complete early determination of projects at the CDBG-DR grantee level that will provide/return disaster survivors to long term sustainable housing; and reduction in duplication of efforts by multiple federal agencies in similar processes. This in turn will reduce the need for multiple touch points with applicants that are related to similar cross agency processes. Hence, this project has the capability to enhance the disaster survivor experience as mandated in the Disaster Recovery Reform Act of 2018. HUD's cost to FEMA is approximately \$415 thousand over the next seven years, but will increase once any further development begins.

**Target Functionality**

DRDP will result in:

- Real time data sharing to enable informed and immediate decision making
- Ability for multiple programs to utilize one standard data set
- Provide correct, accurate, and the most up to data available data

**Projected Cost Savings**

As this is a cross agency effort between FEMA and HUD therefore the overall federal benefit is shown below:

DRDPD and the new processes will result in significant cost savings to both agencies. We estimate that HUD grantees pay approximately \$13 million average annual housing repair or rehabilitation assistance payments to homeowners who are also reimbursed for these costs by FEMA. By providing timely and automated matching and delivery of data, we estimate that at least one half of these duplicate payments will be avoided and reduces the need for labor intensive and time-consuming

efforts to recover the excess payments. We also estimate that FEMA will save approximately \$900 thousand annually.

- **IT Projects to be Funded by S&E Transfer Authority**

In addition to the above projects, PD&R has IT requirements that are intended to be funded by the transfer authority proposed in Section 231. This provision, if approved, would allow for up to \$10 million to be transferred from the program office S&E account to the IT fund. HUD proposes to use \$7.5 million of these transferred funds and expected carryover funding to cover the costs of the following in 2023:

- **Conversion of PD&R's Management Information System (MIS)**: \$500 thousand is needed to convert the current unsupported, non-FITARA-compliant software platform to a supported software platform. MIS is used to monitor project closeouts, in-house research projects, and travel. Failure to address this need will impact PD&R's ability to accurately track and monitor procurement requests, resulting in missed requisition release dates and improper funds control.
- **Data Governance activities**: \$2 million is needed to advance the agency foundational governance, planning, and infrastructure activities to enterprise activities for enterprise standards, budgets, and collaboration for enterprise data management. Enforcement of policies, common processes, coordination and collaboration amongst data leaders and experts will move the agency in a shared, common direction to improve data quality and analytics capacity in support of the Foundations for Evidence Based Policy (FEBP) implementation and meeting the milestones in the 2019, 2020 and 2021 Federal Data Strategy Action Plans.
- **Enterprise Data and Resource Management System (eDARMS)**: \$3.5 million is needed to implement OCDO's data management framework system - eDARMS. It will also have a major impact on the OCDO's ability to expand the enterprise research, analytics, and reporting system Policy and Research Information Server (PARIS), which provides research and statistical reporting on HUD's Housing program. These funds will be used to consolidate HUD data marts and data warehouses into eDARMS to improve data management, data quality, and consistency of reporting. Investments in PARIS will gather additional programs data and improve data analytics to inform management decision making. This is a planned collaborative initiative between the OCDO and the OCIO Enterprise Architecture Office. These investments directly support the implementation of the FEBP Act of 2018 and OMB Memorandum M-19-23.
- **Open Data Initiatives**: \$1 million is needed to improve the management and accessibility of data to support the HUD mission, properly safeguard systems and personal information, and increase public access to valuable agency information.
- **PD&R Data Dissemination Systems Security Upgrades**: \$500 thousand is needed to make HUD compliant with FITARA. These systems are used by Headquarters staff and field economists to accomplish their data management, research, and reporting duties. Failure to provide adequate funding will result in unsupported software/platforms, possible security risks, and negative impacts to PD&R's ability to provide accurate and timely data, research, and reporting.

For additional information regarding HUD's IT investments, please see the Information Technology Fund justification.

## KEY OPERATIONAL INITIATIVES

### Evidence Act

PD&R continues to lead HUD's full implementation of the Evidence Act. All three of the key leadership positions required by the Act—the Evaluation Officer, Chief Data Officer, and Statistical Official—were assigned to members of the PD&R staff. The Act mandates significant new responsibilities, with demands on S&E resources, beyond previously established roles in building HUD's institutional capacity to use evidence to inform policy.

### Supporting the 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 support and use 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 has created and maintained Geographic Information Systems to facilitate spatial interpretation of the data by HUD officials and the public.

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. These functions will further develop and mature during 2023 under the oversight of the Chief Data Officer and Statistical Official.

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](https://www.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 teams 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 is also developing the next generation of leaders by offering management rotations to give mid-level staff hands-on experience in supervision and management.

### Facilitating HUD's Budget Priorities

PD&R staff supports HUD's effort to meet the Administration's priorities by working with program offices to implement rigorous evaluations, conducting in-house research, and serving as technical experts on a range of policy topics. Key activities that support each priority include the following:

- Support Underserved Communities:
  - Explore housing assistance programs and supports that can be effective in helping vulnerable households maintain housing stability in the event of economic shocks.

- Explore and identify policies to support the housing search process and successful voucher lease-up for vulnerable populations, including persons with disabilities.
  - Collaborate with other Federal partners on approaches to using Medicare and Medicaid funds to support affordable senior housing as a platform for coordinating health and wellness programs.
  - Conduct rigorous evaluations measuring the impact of interventions for homeless families and new models for financing permanent supportive housing for people experiencing homelessness with frequent contact with criminal justice, homeless services, and health care systems.
  - Collaborate with partners at Health and Human Services (HHS) to evaluate how HUD-assisted families access support for childcare services and the barriers to accessing support.
  - Conduct rigorous studies of housing discrimination among historically disadvantaged groups, and approaches for overcoming the barriers faced by HUD-assisted households in accessing job training, job search services, and childcare, and asset-building.
- Ensure access to and increase the production of affordable housing:
  - Explore and identify policies to support the housing search process and successful voucher lease-up for underserved and vulnerable populations.
  - Publish semi-annual reports on *Worst Case Housing Needs* and annual reports on strategies for increasing housing supply in high-productivity metropolitan areas.
  - Support cooperative research in housing technology, including innovative technologies that reduce the price of housing construction.
  - Study the gaps in financing for affordable housing and the opportunities that exist to encourage the production of new housing and to preserve existing or naturally occurring affordable housing.
  - Implement a rigorous evaluation of the Housing Choice Voucher Mobility Demonstration focused on improving housing choices.
  - Conduct rigorous evaluations of landlord incentives, rent reform, asset-building, and other innovative approaches to be implemented in the Moving to Work expansion.
- Promote homeownership:
  - Collect information on the nation's housing stock, housing finance, and characteristics of markets, neighborhoods, and occupants, and supports national, regional, and metropolitan area analyses.
  - Provide important data and analysis necessary to monitor housing needs, housing finance topics, and local housing market conditions.
- Advance sustainable communities:
  - Explore the ways in which Community Development Block Grant Disaster Recovery (CDBG-DR) funding supports recovery and resilience.
  - Implement research and data projects identified in HUD's Climate Action Plan.
  - Support the research priorities of the Federal Lead Action Plan and integrate lead hazards and healthy homes research into HUD's learning agenda development and Research Partnerships program.

- Strengthen HUD's internal capacity:
  - PD&R staff leads the development of HUD's Learning Agenda and institutional evidence-building Capacity Assessment in support of the Evidence Act and HUD's Strategic Plan.
  - PD&R policy staff supports other program offices by leading a coordinated effort to develop performance metrics, enhance program data collection, and evaluate outcomes of tenants who leave HUD assistance, and by developing a framework and feasibility analysis for a national evictions database.
  - Aligning with the Department's Fraud and Risk Management Policy, PD&R continues to improve and expand its own internal management funds controls and risk management policies and procedures to ensure optimal risk mitigation.
- Reorganizations:
  - In an effort to gain operational efficiencies, the following reorganizations are proposed in 2023: the TAD will realign 24 FTEs from CPD to PD&R; By having the funding and staffing to support the strategy, implementation, and administration of the TA funding centralized in PDR, it clearly makes TA a cross-office function and prioritizes the staffing to serve all of the offices of HUD. Realignment will result in the fulfillment of the vision for HUD TA as a holistic, outcome-based program that serves the entire Department's TA needs. Further, HUD intends to allot separate TA set-asides to PD&R to centralize the number of Cooperative Agreement Officers and GTRs to ensure proper standardization and risk mitigation for the Department. This realignment will also improve the ability to create cross-program benefits and efficiencies for TA that can serve multiple programs. Furthermore, it improves the ability to facilitate the transfer of research evidence and learning to TA providers so they can transfer knowledge to grantees more efficiently.
  - PD&R has the following internal reorganizations: the Priority Projects & Innovation Division will be added under OPD; the Office of Innovation will realign under the newly established Priority Projects & Innovation Division; the Program Demonstration Division will be added under OREM; and the Procurement Management Division will be added under the Office of the Assistant Secretary.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Offices Salaries and Expenses

### Office of Fair Housing and Equal Opportunity

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$76,135</b>	<b>\$4,156</b>	<b>\$77,640</b>	<b>\$81,796</b>	-	<b>\$97,175</b>	<b>\$97,175</b>
<b>Non-Personnel Services:</b>							
Travel	7	500	-	500	-	391	391
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	2	-	2	-	2	2
Printing	1	5	-	5	-	5	5
Other Services/Contracts	1,326	1,648	2,123	3,771	-	3,502	3,502
Training	567	650	-	650	-	450	450
Supplies	9	77	-	77	-	77	77
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$1,910</b>	<b>\$2,882</b>	<b>\$2,123</b>	<b>\$5,005</b>	-	<b>\$4,427</b>	<b>\$4,427</b>
Working Capital Fund	2,427	1,340	-	1,340	-	4,198	4,198
Carryover	8,378	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$88,850</b>	<b>\$8,378</b>	<b>\$79,763</b>	<b>\$88,141</b>	-	<b>\$105,800</b>	<b>\$105,800</b>
<b>FTEs</b>	<b>534</b>	<b>28</b>	<b>524</b>	<b>552</b>	-	<b>630</b>	<b>630</b>

\*Includes 2020 Carryover

#### PROGRAM PURPOSE

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 fundamental duty, therefore, is to help create equal housing and credit opportunities for all persons living in America, which it does by administering and enforcing laws that prohibit housing discrimination on the basis of race, color, religion, sex (including gender identity and sexual orientation), national origin, age, disability, and familial status.

The Administration has made fair housing a central pillar in its equity agenda, requiring a revitalized FHEO to play a key role. FHEO is tasked with simultaneously addressing both day-to-day discrimination claims and longstanding systemic inequities that are the legacy of a long history of racial and other injustice. This investment in FHEO's salaries and expenses will ensure that work is done efficiently and effectively.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$105.8 million for FHEO S&E, which is \$26 million more than the 2022 annualized CR level. The Budget reflects total funding of \$105.8 million, \$17.7 million above 2022 total funding.

### Personnel Services (PS)

The Budget assumes total funding of \$97.2 million for FHEO Personnel Services (PS), \$15.4 million above the 2022 total funding level. This funding will support 630 full-time equivalents (FTEs), an increase of 78 FTEs from the 2022 funding level. The Budget supports a 4.6 percent Federal pay raise.

With the funding requested in 2023, FHEO will prioritize the hiring of staff in field offices to support Title VIII of the Civil Rights Act of 1968, "Fair Housing Act" (Title VIII) fair housing enforcement and civil rights compliance activities. FHEO will continue its practice of maintaining its primary staffing in the field. FHEO currently has approximately 80 percent of its staff located in the field.

The majority of FHEO's work is carrying out statutory and regulatory duties that have existed in some form for years. For the last decade, FHEO has taken this responsibility with a greatly reduced staff. In 2010, FHEO maintained 573 FTEs. FHEO hit a low of 433 FTEs in 2019 and has aggressively worked to rebuild staffing over the last two years. FHEO is projected to end 2022 at 552 FTEs. However, that is still a net reduction of 21 FTEs, or four percent, over the last decade. The long-term reduction resulted in significant challenges to FHEO's capacity. However, FHEO has begun to build back staffing and expertise to restore capacity and carry out the Administration's agenda of addressing longstanding equity issues related to fair housing. This Budget seeks to build on increases from 2022, to further provide the resources for much needed staffing increases.

FHEO will continue to engage in Title VIII complaint intake and investigations in accordance with its non-discretionary duty to ensure that each complaint is properly handled. FHEO expects a consistent high level of fair housing complaints for 2023. Every inquiry from the public must receive staff attention to assess whether there is a jurisdictional complaint, which leads FHEO to diverting more staff to intake and the resulting complaints. FHEO predicts the non-discretionary enforcement caseload will increase while ensuring full enforcement for all claims under the Fair Housing Act's (Act) purview. Title VIII caseloads will also increase with the renewed emphasis of addressing systemic discrimination, including through Secretary initiated complaints, consistent with the Administration's overall equity agenda. FHEO requires additional highly skilled staff with specialized capabilities to address disparities and discriminatory housing practices, including those in the lending and appraisal industries.

FHEO also will need additional human capital to fully execute the part of its mission that involves ensuring non-discrimination in HUD-funded programs. In previous years, such affirmative compliance activities were deemphasized, as a limited number of Headquarters and Regional staffs focused on Act enforcement. With this request, FHEO will also devote compliance staff to combating other challenges in HUD-funded programs and projects, such as disability discrimination, segregation of HUD-funded housing, discriminatory nuisance ordinances, discrimination faced by HUD-assisted housing seekers, and ensuring that the administration of Community Development Block Grant Disaster Recovery (CDBG-DR) funds by participating jurisdictions does not discriminate against communities of color.

HUD continues regulatory proceedings necessary to return to a more comprehensive implementation of the Act's mandate to Affirmatively Furthering Fair Housing (AFFH). AFFH is a priority of the Administration and FHEO expects to be charged with implementing these requirements in 2023. FHEO will need to invest significant staff in AFFH-related projects including providing sustained

technical assistance to HUD grantees at the State and local level. FHEO staff will also be needed to fully support HUD program staff to ensure HUD grantees conduct successful fair housing planning and achieve fair housing goals. Funding requested for 2023 is also critical to carrying out the President's goal to combat appraisal bias and addressing other racial discrepancies in homeownership. The aforementioned initiatives will strengthen HUD's Internal Capacity.

Specifically, the 2023 Budget will provide essential personnel and non-personnel services to support several workstreams driven by this Administration's policy priorities. The following list demonstrates some of the policy, program, and operational needs for this Budget.

- **Additional Equal Opportunity Specialists to handle increased Title VIII intake workload**
  - In 2022, compared to 2021 year-to-date, FHEO has handled approximately 2,370 more inquiries from the public reflecting an increase of 25 percent above 2021 levels at the same time of the year. The 2021 and 2022 levels are in stark contrast and exponentially more than the numbers in FHEO's recent past; the 2022 inquiry year-to-date level is 6,174 more inquiries than in 2018. For years, FHEO staff has had to balance the Title VIII workload and continues to do so.
  - Training for staff is required in order to properly handle fair housing cases. Additional training for proper referral for other services, including eviction prevention support and mental health support, may also be necessary.
- **FHEO's monitoring of additional workload for Fair Housing Assistance Program (FHAP) and Fair Housing Initiatives Program (FHIP) grants**
  - Increased COVID-related funding for FHAP and FHIP through the CARES Act and American Rescue Plan have increased the workload for FHEO staff, particularly for the monitoring of FHAP agencies and FHIP grantees.
- **Preventing housing discrimination against the LGBTQ+ community**
  - Efforts to fully enforce the Fair Housing Act to combat discrimination on the basis of sexual orientation and gender identity will require sustained resources for enforcement, training, and education and outreach. This work is in line with a key administration priority, as laid out in *Executive Order 13988 – Executive Order on Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation*.
- **Addressing complex systemic housing discrimination issues**
  - Many emerging issues of housing discrimination such as environmental justice, algorithmic discrimination in lending, and other lending discrimination require personnel and outside contracting for specialized analytical services.
  - As one example, combating lending discrimination will require significant resources in the form of contracting funds and information technology support to conduct complex regression analysis of mortgage lending data. FHEO requires these resources to monitor the underwriting and lending guidelines of Fannie Mae and Freddie Mac, the two major government-sponsored enterprises in the conventional secondary mortgage market, for compliance with fair lending laws.
  - On the appraisal bias front, FHEO will also likely be expected to carry out follow up work resulting from recommendations made by the Property Appraisal and Valuation Equity Interagency Taskforce.
- **Ensuring compliance with civil rights laws in HUD-funded programs**
  - FHEO plays a critical role in conducting limited front-end reviews and compliance reviews of HUD-funded programs. These reviews are extremely time-intensive, and due



to insufficient resourcing, FHEO has often had to divert compliance staff away from this work stream to address statutorily required Title VIII investigations and enforcement activities. FHEO requires sufficient resourcing to ensure proper front-end and compliance coverage of HUD-funded programs nationwide in keeping with civil rights laws and the President's *Memorandum to HUD on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies*.

- **Ensuring equity in HUD's disaster recovery program**
  - Unprecedented levels of disaster recovery and mitigation funding in the CDBG-DR program requires consistent and sustained equity analyses. FHEO's ability to respond and deliver equity analyses to ensure fairness in grantee administration of disaster funding depends on sufficient resourcing. This work is also in keeping with, not only civil rights laws, but the Administration's directives.
- **FHEO's capacity to address other significant issues requiring expertise**
  - FHEO's work intersects with other high priority areas, including ensuring that the design and construction of multifamily housing contains adequate accessibility for persons with disabilities, addressing discrimination that targets formerly incarcerated persons, and investigating exclusionary zoning and land use restrictions. This work also requires significant resources to enable proper staff coverage throughout the country.

AFFH demands specific mention for the impact of this top administration priority on FHEO's resource needs. In 2023, FHEO plans to hire an additional 25 FTEs to support this effort. HUD's previous AFFH experience and stakeholder feedback make it clear that effective AFFH implementation will require resources for staffing, proper training, technological support, and communications expertise. This budget level is needed to provide the necessary resources to allow FHEO to accomplish HUD's existing responsibilities while beginning comprehensive implementation of the AFFH mandate in a fashion consistent with the requirement and stakeholder needs.

The specific components of FHEO's AFFH work, all of which requires resourcing at an adequate level, include:

- **Technical Assistance:** In order to increase the volume and quality of AFFH technical assistance (TA) as requested by HUD funding recipients and other stakeholders and HUD program offices, FHEO must increase its staff to provide oversight of TA providers and oversee direct TA to HUD funding recipients.
- **Data & Mapping:** FHEO requires resources to develop improved mapping functionality that can help HUD staff and HUD funding recipients identify barriers to fair housing. AFFH requires improvements to the current AFFH-T tool and other potential technology needs. The necessary improvements will require contracting support as well as additional in-house capability through expanded licensing and training on ARC Geographic Information System (ArcGIS) and Microsoft Power Business Intelligence (Power BI) tool. As a component within HUD's geospatial data program, FHEO is collaborating with OCIO and PD&R to develop these improvements and interfaces. This expanded capability will allow FHEO to produce curated data packages for HUD funding recipients. The specialized skills needed for this function require a minimum of six FTEs, as well as collaboration with the PD&R and OCIO.
- **Guidance:** FHEO anticipates the need for increased and targeted sub-regulatory guidance for AFFH to follow the completion of a final rule. Guidance may also be necessary under the current AFFH interim final rule. This work will require dedicated staffing and expertise.
- **Communication:** Key to the successful implementation of any present or future regulatory updates to AFFH will be clear, consistent, and focused education and outreach. FHEO plans for a targeted education and outreach strategy to message the benefits of AFFH and to

provide clarity about how HUD funding recipients can comply with AFFH regulations. This essential communication function requires additional staffing.

- **Staffing:** Expertise for oversight and review of fair housing plans will be an important piece of AFFH implementation.

### **Non-Personnel Services (NPS)**

The Budget assumes total funding of \$4.4 million for FHEO Non-Personnel Services (NPS), which is \$578 thousand below the 2022 total funding level. FHEO will allocate \$391 thousand in travel, which is a decrease of \$109 thousand below the total 2022 total level, for litigating cases, undertaking fair housing investigations, conducting compliance reviews, and education and outreach efforts. FHEO will allocate \$3.5 million for contracts, a decrease of \$269 thousand below the 2022 total funding level, primarily due to the elimination of the Fair Housing Equal Opportunity Housing Discrimination Testing contract which is not required to be renewed in 2023. Funding for printing and supplies are level with 2022 total funding.

### **Contract Description**

Contract funds support ongoing services for legal subscription service, lending data review, Government-Sponsored Enterprise reviews, and litigation services totaling \$1.4 million. The additional, \$2.1 million builds on 2022 contract activities, as described below:

The FHEO Budget requests \$2.1 million for renewed contracts.

<b>2023 Renewed Contracts</b>	<b>Funding Level</b>
Customer Relationship Manager Subscription	\$360,000
FHEO Data Science	\$675,000
Digital Communications & Outreach Modernization	\$1,100,000
Total	\$2,135,000

The following highlights recent activities in support of FHEO's mission:

**Marketing Cloud and Customer Relationship Management:** This contract supports FHEO's responsibility of increasing awareness of the public's fair housing rights and housing providers fair housing responsibilities. Also, the contract will increase public engagement through human-centric designed automation to improve HUD customers' experience.

**Digital Communications & Outreach Modernization:** This contract addresses FHEO's responsibility to ensure racial and ethnic equality and equity in housing by improving HUD's ability to raise awareness among the general public about fair housing issues. The contract will assist FHEO in shaping the conversation about high-profile fair housing initiatives and the creation of forward-facing communications to improve equal housing opportunities for all.

**Data Science Program:** This contract addresses FHEO's responsibility of ensuring civil rights in all HUD programs through compliance data by creating a central repository. In addition, this contract will perform data analysis on the identified risk assessed as civil rights issues.

### **Working Capital Fund (WCF)**

The Budget assumes total funding of \$4.2 million for FHEO's contribution to the Working Capital Fund (WCF), \$2.9 million above the 2022 total funding level. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business

line, HR platform licensing, and the full cost recovery of the Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Program Office Priorities**

- Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation under Executive Order under EO 13988.
- Advancing Racial Equity and Support for Underserved Communities under EO 13985.
- Presidential Memorandum to Secretary on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies:
  - Restore the Disparate Impact/Discriminatory Effects Rule
  - Reinstitute a Framework for Affirmatively Furthering Fair Housing.
- Ensuring an Equitable Pandemic Recovery and Response under EO 13995 through Fair Housing Guidance:
  - COVID-19
  - Eviction/Forebearance/Foreclosure Moratorium Expirations
  - Availability of Supplemental Fair Housing Assistance Program (FHAP) Funding.
- Tackling the Climate Crisis under EO 14008 through Environmental Justice Collaborations with the Environmental Protection Agency, the Department of Justice, and other Federal Partners.
- Strengthening Integration and Inclusion Efforts for New Americans under EO 14012 through the Limited English Proficiency Initiative and Civil Rights Compliance.
- Develop robust civil rights compliance across HUD Programs and in HUD-funded activities.
- Rebuild HUD's Role in Systemic Fair Housing and Fair Lending Enforcement:
  - Appraisal Equity Initiative
  - Government-Sponsored Enterprise Monitoring
  - Algorithmic Methodologies – Online Advertising and Automated Valuations
- Modernize and Advance State-of-the-Art Standards for Accessible Housing.
- Joint HUD-Department of Health and Human Services Effort to promote service-supported, community-based, and accessible housing opportunities for people with disabilities.
- Interim Final Rule (IFR) for AFFH issued June 10, 2021, restored implementation of the AFFH requirement. FHEO is preparing for the possibility of additional streams of work required by a Notice of Proposed Rulemaking. Areas of work include:
  - Providing training and tools for HUD funding recipients to create meaningful goals to address patterns of segregation.
  - Holding community and stakeholder engagement sessions to receive feedback on improvements.
  - Implementing a national communications strategy to explain AFFH.
  - Engaging and partnering with other Federal agencies on tying in resources and data to assist HUD funding recipients to make transformational change in communities and jurisdictions. (Health, Education, Food, Transportation-HEFT)
  - Significantly investing in staffing, a data and mapping tool, and overall infrastructure to manage the work.

### **Information Technology**

Within the Information Technology Fund, the Budget requests \$1 million for Affirmatively Furthering Fair Housing Compliance Improvements.

### Program Pain Point

The Fair Housing Act, requires HUD and recipients of federal funds from HUD to affirmatively further the policies and purposes of the Fair Housing Act, also known as “affirmatively further fair housing” or “AFFH.” The obligation to affirmatively further fair housing requires recipients of HUD funds to take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. To facilitate the review of data from funding recipients, two legacy systems were created for the implementation of the 2015 Affirmatively Furthering Fair Housing Rule: the Data and Mapping Tool (AFFH-T) and the AFFH User Interface (AFFH- UI). The AFFH-T is online and has been maintained but was never fully actualized. It provides information at the local government level but does not have information at the PHA or State level. However, to provide more updated maps, better useability, and more information FHEO is requesting additional funding to make improvements to the tool.

The AFFH UI was taken offline January 2018 and a new system will be needed to comply with any future Notice of Proposed Rulemaking on AFFH. The current AFFH Interim Final Rule (IFR) does not require use of an UI, as it only requires voluntary submission, which can take any format. The IFR also eliminates certain requirements involved in the 2015 rule. A Notice of Proposed Rulemaking (NPRM) will likely contemplate a completely different process and structure from the 2015 rule and assessment tool. As such, only a new system will work.

### Mission Benefits

The AFFH-T will provide grantees an opportunity to see maps and demographical information from vetted and reliable sources that will assist in their understanding of the unique factors of their jurisdiction. The tool already includes information on poverty rates, environmental factors, access to food, availability of healthcare, access to schools etc. However, we would like to use the funding to add additional data points and enhance customer useability. The changes to the tool will aid funding recipients in the process of creating goals that target their unique challenges. Additionally, by expanding the types of grantees and recipients (PHAs and state grantees) that can utilize the information provided in the data and mapping tool we will increase the successful implementation and execution of AFFH.

The AFFH-UI will provide grantees with a portal for digital filings of AFFH reports that will replace a cumbersome paper-based process. Electronic filing of reports will make it easier to submit and review the files required by the AFFH rule. Other benefits include:

- Integration with other business systems will reduce redundancy of data across multiple systems.
- Automated FHEO Reviewer Instructions will enable completion of assessment reviews within the required timeline.
- Increased system interoperability and information sharing within the Department and among other federal agencies and external organizations.

### Target Functionality

- An updated AFFH-T will provide funding recipients with updated demographic information to better aid in goal setting to adhere with the mandate of AFFH.
- The AFFH-UI solution shall provide a basic reporting module to monitor the activities associated with the submissions and review processes.
- The AFFH-UI solution will have routing, tracking, and other data functions to incorporate reporting both for end users and management.

### Projected Cost Savings

This project provides electronic filing capability to grantees, which has been a cumbersome paper-based process and will generate the Notice of Receipt, rather than it having to be manually typed and issued. These will save labor costs for both HUD staff and grantees.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Fund Justification.

## KEY OPERATIONAL INITIATIVES

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 (the Fair Housing Act); and Section 504 of the Rehabilitation Act of 1973. In addition to processing over 1,000 complaints per year, the Office oversees 5,900 complaints investigations conducted annually. The FHAP agencies investigate approximately 80 percent of the administrative fair housing complaints filed in the country. Currently, there are 77 FHAP agencies in the program, including 35 States (including the District of Columbia) and 42 localities. FHEO also administers and oversees the Fair Housing Initiatives Program (FHIP), funding 128 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, rent, or finance 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.

This Budget makes an investment toward eradicating race, national origin, disability, and other discrimination in the housing and credit market; reducing gaps in homeownership based on protected characteristics, and otherwise advancing racial equity and supporting underserved communities and populations in housing and community development. The task is a large one. Despite decades of prohibitions against housing discrimination, audits of race and national origin discrimination in the rental and sales market continue to show high occurrence of discrimination nationwide. Mortgage lenders still reject Black borrowers almost twice as often as White borrowers, and discrimination in the homebuying process, including appraisals, may be a factor. Architects and builders continue to design and construct housing that is inaccessible for individuals with disabilities in violation of Fair Housing Act, Section 504, Architectural Barriers Act, and Americans with Disabilities Act requirements. Studies have found that same-sex couples and transgender persons in communities across the country experience demonstrably less favorable treatment than their counterparts when seeking housing.<sup>1</sup> Many cities with large populations and large rural areas have no fair housing organizations.

To deal with these major issues and others, the Department will carry out a targeted, focused and coordinated strategy for enforcement, education, and outreach. In 2016, FHEO began implementation of a robust Enterprise Risk Management (ERM) framework for identifying and managing risk. In subsequent years, working with the Department, FHEO began 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, with intent for strategic, management planning; funding Information Technology (IT) and performance goals to be reflective of FHEO's risk profile, risk appetite, risk tolerance, and priorities.

The Office of Systemic Investigations (OSI) plays a vital role in fortifying fair housing capacity to identify, coordinate, conciliate, and otherwise manage the investigations of systemic fair housing

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<sup>1</sup> Levy, Wissoker, Aranda, Howell, Pittingolo, Sewell, and Santos, 2017; Friedman, Reynolds, Scovill, Brassier, Campbell, and McKenzie, 2013

complaints, Secretary-initiated investigations, complaints involving novel and/or complex issues, and high-profile complaints, such as discrimination in design and construction of multifamily housing, reasonable accommodation/modifications, mortgage lending, homeowners' insurance, appraisals, and zoning and land use. In a systemic investigation, multiple victims may be identified, and OSI will typically uncover broad patterns of discrimination. These additions will enhance the OSI capacity to analyze complex industry data and conduct fair housing/fair lending testing to uncover unscrupulous real estate professionals and system-generated biases that undermine the goals of the Department and create barriers to credit and wealth building for Black Americans and other communities of color.

Promoting wealth building in underserved communities and populations requires equitable access to fair mortgage lending, fair mortgage insurance, fair residential property appraisals, and removal of unnecessary barriers to minorities to participate in the provision of mortgage brokerage services. This is a growing priority for the Department, and FHEO will need additional resources to properly investigate bias in appraisals.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Program Office Salaries and Expenses

### Office of Lead Hazard Control and Healthy Homes

#### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$8,011</b>	<b>\$1,588</b>	<b>\$8,753</b>	<b>\$10,341</b>	<b>\$1,300</b>	<b>\$10,299</b>	<b>\$11,599</b>
<b>Non-Personnel Services:</b>							
Travel	-	-	140	140	-	140	140
Transportation of Things	-	-	-	-	-	-	-
Rent and Utilities	-	-	-	-	-	-	-
Printing	1	-	30	30	-	30	30
Other Services/Contracts	35	33	-	33	-	-	-
Training	-	-	70	70	-	70	70
Supplies	-	-	10	10	-	10	10
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-	-	-	-	-	-	-
<b>Total, Non-Personnel Services</b>	<b>\$36</b>	<b>\$33</b>	<b>\$250</b>	<b>\$283</b>	<b>-</b>	<b>\$250</b>	<b>\$250</b>
Working Capital Fund	1,202	-	-	-	-	751	751
Carryover	1,621	-	1,300	1,300	-	-	-
<b>Grand Total</b>	<b>\$10,870</b>	<b>\$1,621</b>	<b>\$10,303</b>	<b>\$11,924</b>	<b>\$1,300</b>	<b>\$11,300</b>	<b>\$12,600</b>
<b>FTEs</b>	<b>46</b>	<b>9</b>	<b>47</b>	<b>56</b>	<b>7</b>	<b>53</b>	<b>60</b>

\*Includes 2020 Carryover

#### PROGRAM PURPOSE

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—a mission with an inherent environmental justice, and racial and ethnic equity foundation—by supporting the identification and mitigation of conditions that threaten the health of vulnerable 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 local programs that mitigate housing-related health and safety hazards. The OLHCHH assists states, tribes, and local governments in remedying unsafe housing conditions and addressing the acute shortage of decent and safe dwellings for low-income families.

## **BUDGET OVERVIEW**

The 2023 President's Budget requests \$11.3 million for the OLHCHH, \$997 thousand more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of \$12.6 million, which is \$676 thousand above 2022 total funding. This increase will enable OLHCHH to effectively support HUD's request for \$400 million for the Lead Hazard Control and Healthy Homes grant and contract programs in 2023, a programmatic increase of \$40 million over the 2022 annualized CR level.

### **Personnel Services (PS)**

The Budget assumes \$11.6 million for PS, which is \$1.3 million above 2022 total funding. The 2023 level supports 60 FTEs, an increase of four FTEs above the 2022 total level. These additional four FTEs will support OLHCHH's mission to 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. The Budget also supports a 4.6 percent Federal pay raise.

### **Non-Personnel Services (NPS)**

The Budget assumes \$250 thousand in NPS, which is \$33 thousand less than 2022 total funding.

### **Working Capital Fund (WCF)**

The Budget assumes total funding of \$751 thousand for OLHCHH's WCF requirements, which is \$97 thousand above 2022 Annualized CR WCF requirements that were forward funded at the end of 2021. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business line, HR platform licensing, and the full cost recovery of Financial Services Acquisition and Development Division (FSADD) Financial Management expenses.

### **Information Technology**

Within the Information Technology Fund, the Budget requests \$300 thousand for OLHCHH's Grants Management System.

#### Program Pain Point

HHGMS requires perfective and adaptive maintenance to continue to conform to evolving congressional and program office business requirements.

#### Mission Benefits

Healthy Homes Grant Management System (HHGMS) is a grants management system using the Salesforce platform that provides application processing, document management, grant tracking, and quarterly progress reporting for the Office of Lead Hazard Control and Healthy Homes (OLHCHH) and grantee users. The OLHCHH will need support to continue using this system but will require enhancements and expanded functionality.

#### Target Functionality

- Upgrade and maintain an existing Web-based system.
- Perform system maintenance and operational support to enhance OLHCHH grant application (pre-award cycles), and grants management and reporting systems (post-award cycles).



#### Projected Cost Savings

- Implementation of required enhancements and expanded functionality will yield savings of grantee labor time of 10 percent, and OLHCHH government technical representatives and managers labor time, 15 percent.
- This translates into reducing fully loaded labor costs annually by \$202 thousand for grantees and \$112 thousand for HUD staff, totaling \$314 thousand annually.
- For grantees, this operationalizes as increased number of homes made lead safe and healthy (vs. administrative costs); for OLHCHH, as capacity to monitor increased number of grants within and outside of HHGMS usage.

For additional information regarding HUD's Information Technology investments, please see the Information Technology Justification.

### **KEY OPERATIONAL INITIATIVES**

**The OLHCHH-specific policy goals in the 2023 President's Budget are identified below:**

- **Priority 1: Expansion of Lead Hazard Control and Healthy Homes Grants.** This function, which covers both lead hazard control work and mitigation of housing-related health and safety hazards through healthy homes production grants and the healthy homes supplements to lead hazard control grants, is performed by the Lead and Healthy Homes Programs Division and the Grants Services Division. An example of additional activities advancing lead hazard control and healthy homes program understanding is the Radon Testing and Mitigation Resident Safety Demonstration (and associated evaluations), which conducts radon testing and mitigation in public housing units. Approximately 60 percent of the NPS travel budget is for the Lead and Healthy Homes Programs Division for on-site grantee monitoring visits, based on assumptions about decreasing pandemic-related travel restrictions.
- **Priority 2: Expanded enforcement of HUD's Lead Safe Housing Rule.** This function is performed by the Program and Regulatory Support Division and approximately 10 percent of the NPS travel budget is for this Division's on-site monitoring visits, based on assumptions about decreasing pandemic-related travel restrictions.
- **Priority 3: Technical support and outreach on the Lead Safe Housing Rule, especially its Elevated Blood Lead Level Amendment, and on enforcement of the Lead Disclosure 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, based on assumptions about decreasing pandemic-related travel restrictions.
- **Priority 4: National Lead Safe Housing Campaign.** This function is used 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 childhood lead poisoning from housing. Approximately 10 percent of the NPS travel budget is for the immediate Office of Lead Hazard Control and Healthy Homes for these educational visits, based on assumptions about decreasing pandemic-related travel restrictions.

#### **Strategic Goals:**

- **Support Underserved Communities:** The OLHCHH's Lead Hazard Reduction grants are statutorily targeted to benefitting low-income families, and programmatically, targeted to communities where such families are the most prevalent; the Office's Healthy Homes Production grants are similarly programmatically targeted to such families and communities.

- **Advance Sustainable Communities:** By controlling residential health and safety hazards in the homes of low-income families in communities with a high prevalence of low income families, the OLHCHH's grants improve the quality of such housing at no cost to the families, thereby facilitating residents' ability to remain in their homes, thus advancing community sustainability; in addition, this in-home work is largely performed by workers from the communities, further supporting their sustainability.
- **Strengthen HUD's Internal Capacity:** The OLHCHH is increasing the program implementation and support capacity of its staff by streamlining its grants application review process, and enhancing its grant monitoring via enhancement of its online grant monitoring tool.

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of the Chief Information Officer

### Information Technology Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	300,000	71,491	-	371,491	319,050	344,000
2022 Annualized CR	300,000	62,613	-	362,613	336,000	335,000
2023 President's Budget	382,000	37,000	-	419,000	409,000	369,000
Change from 2022	82,000	(25,613)	-	56,387	73,000	34,000

a/ Carryover includes recaptures from prior years. Actual recaptures in 2021 was \$28 million. Planned recaptures in 2022 and 2023 are \$10 million each year.

b/ 2023 President's Budget row reflects the exclusion of planned transfers of \$9 million from Public Housing Fund and \$5 million from Green Resilient Retrofit Program for Utility Benchmarking IT initiatives in both budget authority and outlays. These transfer proposals are discussed in the Legislative Proposal section of this document.

#### PROGRAM PURPOSE

The Information Technology (IT) Fund provides for the infrastructure, systems, and services that support all HUD programs, which include all of HUD's mortgage insurance liabilities, rental subsidies, and formula and competitive grants. The fund also supports all administrative and mission support programs.

#### BUDGET OVERVIEW

The 2023 President's Budget requests \$382 million for the Information Technology Fund, which is \$82 million more than the 2022 annualized CR level. This supports the \$339 million in Operations and Maintenance (O&M) which is required to sustain the foundation of our IT portfolio. These funds support all current IT systems and applications, all of which play a critical role in enabling HUD to meet its mission and administrative functions. These O&M resources maintain and improve existing IT infrastructure, such as computer hardware, network and communications, support services, enterprise software licenses, and cybersecurity. The Budget excludes \$11.8 million for computers, mobile equipment, and related voice and data services for Departmental users that are part of HUD's Working Capital Fund (WCF) budget. This WCF proposal will drive efficiencies and allow offices to strategically address their needs for such equipment and services. The technology provided through the IT Fund also supports grantees, and partners in their efforts to promote affordable rental housing, provides access to homeownership opportunities, creates healthier home environments, and reduces homelessness.

The IT Fund budget also provides \$43 million for new initiatives, including \$29 million in Development, Modernization, and Enhancement (DME) and \$14 million in O&M enhancements, to support the Department's strategic priorities and customer needs. These new capabilities represent the most critical IT investments identified across the Department's program and support offices. These new capabilities are designed to improve delivery of HUD's programs and services, digitize manual processes to improve operational capabilities, and strengthen the stewardship of taxpayer dollars by promoting efficiencies, and consolidating obsolete technology and replacing it with newer solutions that support greater integration between systems. Resources are also included to expand and strengthen cybersecurity at HUD by continuing implementation of a comprehensive cybersecurity program that addresses critical security deficiencies related to cyber risk management, governance, and data protection.

## JUSTIFICATION

### Operations and Maintenance (O&M)

The Budget includes \$339 million for existing O&M services and applications, including planned transitional contract costs, that support HUD's program and administrative offices, IT infrastructure, and cybersecurity. This amount excludes \$11.8 million for end-user IT devices and support that is being requested by the HUD WCF. The three-year breakout of O&M obligations by investment with brief explanations of each investment category are as follows:

(Dollars in Thousands)

Investment	2021 Actual	2022 CR	2023 Request
	O&M	O&M	O&M
<b>Major</b>	<b>41,715</b>	<b>46,070</b>	<b>44,461</b>
Enterprise Grants Management	6,894	8,972	9,241
Multifamily Housing and Healthcare Facilities	4,193	5,490	5,579
Public and Assisted Housing Oversight	5,153	5,596	5,720
Single Family Housing	18,862	22,922	20,831
UNISYS Migration Program - Technology Modernization Fund	6,613	3,090	3,090
<b>Non-Major</b>	<b>39,401</b>	<b>34,366</b>	<b>39,640</b>
Analytical Services	1,362	1,334	1,374
Contact Center	2,247	3,897	4,014
Communications Support	2,712	2,844	4,409
Data Management Services	4,072	2,407	3,727
Digital Services	1,153	-	1,267
Document Management	2,396	3,588	3,696
Facilities and Workplace Services	889	429	156
Financial Management Technology Support	7,320	8,753	9,636
Geospatial Services	1,257	1,666	1,854
Human Resources Automated Services	7,460	3,613	3,663
Legal Oversight	5,517	3,620	3,563
Regulatory Enforcement	3,016	2,215	2,281
<b>Standard</b>	<b>205,538</b>	<b>198,203</b>	<b>253,969<sup>1</sup></b>
Application	462	5,319	5,324
Data Center and Cloud	63,595 <sup>2</sup>	94,892	125,544
Delivery	785	-	-
End User	75,925	63,168 <sup>3</sup>	74,073 <sup>3</sup>
IT Management	400	408	891
IT Security Services	34,783	11,630 <sup>4</sup>	24,782
Network	29,588	22,786	23,355 <sup>1</sup>
<b>eGovernment</b>	<b>975</b>	<b>1,002</b>	<b>930</b>
Disaster Assistance Improvement Plan	55	55	55
eRulemaking Docket	144	170	184
GovBenefits.gov	387	385	379
Grants.Gov	275	278	199
Integrated Acquisition Environment	114	114	113
<b>Total Portfolio</b>	<b>287,629</b>	<b>279,641</b>	<b>339,000</b>
<b>Enacted/Budgeted O&amp;M Resources</b>	<b>260,000</b>	<b>260,000</b>	<b>339,000</b>
<b>O&amp;M Supported by Carryover</b>	<b>27,629</b>	<b>19,260</b>	<b>-</b>

Note: Individual investment descriptions are shown in the Appendix A.

<sup>1</sup> Amount excludes O&M new capabilities: Zero Trust initiative (\$13,854), SharePoint Support (\$150), and Grants Mgt maintenance (\$300), which are included in the summary table for new capabilities.

<sup>2</sup> The 2021 costs exclude \$31 million obligated on the data center contract using 2019 obligated funds. They were made available because they were not able to be utilized as originally intended due to a contract protest.

<sup>3</sup> Excludes \$11.8 million that is budgeted in the Working Capital Fund.

<sup>4</sup> The increase from 2022 is necessary to re-establish full funding for this program that would absorb temporary reductions in 2022 under an annualized CR scenario. 2022 costs exclude any amounts that may be funded by anticipated recaptures.

The Budget requests \$84 million to fund the business applications in Major and Non-Major investments. This supports over 80 IT systems and services across 18 program areas. We continue to pursue consolidated contract vehicles and leverage enterprise capabilities to provide modern applications with greater functionality and to realize lower O&M costs over time.

The Budget requests \$254 million for IT Infrastructure and enterprise capabilities in Standard investments, which includes:

- Services include data center and end user hardware and support, annual technology refresh, network and communications maintenance and upgrades, cloud operations services and infrastructure operations.
- Capabilities includes enterprise software licenses and tools that range from office applications and databases to robust cloud-based software platforms. These are critical to support agile development, solution engineering, and continuous product delivery in a modern and efficient way.
- The 2023 Budget supports operational readiness and program office transitions to modernized technologies with minimal impact to mission operation. This also includes remediating infrastructure-related gaps within HUD's cybersecurity framework (e.g., supply chain risks), and overcoming operational risks associated with multiple legacy contract vehicles. This includes operating the current Data Center and End User contracts while transitioning to the new vehicles.
- \$25 million to continue to bolster cybersecurity by implementing an Information Security Continuous Monitoring and Ongoing Authorization program, assisting to establish Supply Chain Risk Management governance and management strategy and processes, and leveraging innovative security technologies and processes. It also provides cybersecurity training and awareness and enhances Enterprise IT Risk Management processes.

Within the Operations and Maintenance allocation, the Budget assumes O&M funding to fully operate and maintain new applications that will be placed in service in 2023 as individual FHA and PIH modernization workstreams are completed. Such workstreams are completed incrementally and the list below identifies the activities that are scheduled to be in service by 2023.

#### **PIH Modernization**

- Inventory Management System/PIH Information Center
- Native Advantage
- Electronic Voucher Management System
- Grants Enterprise Management System
- Operating Fund Portal
- PIH Data Warehouse

#### **FHA Single Family Housing Modernization**

- Loan Application, Underwriting, Appraisals, and Closing
- Loan Servicing
- Loan Claims & Disposition
- Loan Default Reporting

**New Capabilities**

(Dollars in Thousands)

<b>New Capability</b>	<b>Program Office</b>	<b>Investment Name</b>	<b>2023 Cost</b>
integrated Real Estate Management System (iREMS)	Multi-Family Housing	Multi-Family Housing and Healthcare Facilities	\$5,000
electronic Special Needs Assistance Programs (eSNAPS)	Office of Community Planning and Development	Enterprise Grants Management	\$3,000
Tenant Complaint Customer Relationship Management (CRM)	Multi-Family Housing	Multi-Family Housing and Healthcare Facilities	\$1,500
Financial Mgt. Modernization- Line of Credit Control System (LOCCS)	Office of the Chief Financial Officer	Financial Mgmt. Technology Support	\$5,000
enterprise Geographic Information System (eGIS)	Office of Policy Development and Research	Geospatial Services	\$2,000
Acquisition Tool	Office of the Chief Procurement Officer	Facilities & Workplace Services	\$1,750
NextGen Labor Standards (NGLS)	Office of Field Policy and Management	Regulatory Enforcement	\$1,000
Section 3 Reporting (S3R)	Office of Field Policy and Management	Regulatory Enforcement	\$600
Robotics Automation (RPA)	Enterprise	Digital Services	\$1,500
Enterprise Case Management and Workflow Platform (includes HireNOW initiative)	Enterprise	End User	\$1,000
Microsoft Cloud Services End User Productivity and Security Upgrades	Enterprise	End User	\$3,546
Affirmatively Furthering Fair Housing (AFFH) Compliance Improvements	Office of Fair Housing and Equal Opportunity	Regulatory Enforcement	\$1,000
Computer Aided Facilities Design	Administration	Facilities & Workplace Services	\$800
Disaster Recovery Portal	Office of Policy Development and Research	Geospatial Services	\$500
Grants Management System	Office of Lead Hazard Control and Healthy Homes	Regulatory Enforcement	\$300
www.HUD.gov	Office of Public Affairs	Communications Support	\$200
SharePoint Support	Office of General Counsel	Legal Oversight	\$150
ZeroTrust & Trusted Internet Connection (TIC) 3.0	Enterprise	Network	\$13,854
Security Operations Center (SOC) Apps, Tools, Services	Enterprise	IT Security Services	\$300
<b>Total Portfolio</b>			<b>\$43,000</b>

The Budget includes \$43 million for critical new capabilities that support a broad variety of business priorities and enterprise needs throughout the information technology portfolio. These new capabilities were identified through surveying each office within the Department to identify the most critical operational and programmatic needs. These projects directly support HUD's strategic goals, objectives, and IT priorities and are designed to deliver cost effective services to citizens, improve business operations, address emerging legal requirements, and achieve mission objectives at lower cost and with enhanced cybersecurity. Without funding for new capabilities, HUD will continue to rely on outdated, duplicative, less secure, and expensive-to-maintain systems and manual processes.

Please see **Appendix B** for descriptions of each of the proposed new capabilities. The summaries include mission benefits, target functionality, total costs, and savings potential.

The new capabilities described above range widely in cost and technical complexity. Therefore, HUD will explore how to best streamline the congressional reporting requirement for DME performance plans. Changes to this process would enable the Department to more quickly pursue minor DME enhancements that are much lower in cost and risk compared to larger DME projects.

Examples of minor DME system enhancements that are potential candidates for exemption from the currently required DME performance plan include updating system fields to align with legislative, regulatory, or HUD policy changes, making small changes to the Customer Interface to make it easier to use, minor configuration of Commercial Off the Shelf products, and automating import of data into a system currently manually keyed in by field office staff.

The following table summarizes the 2023 President's Budget IT Fund Request by type of investment, as classified on the Federal IT dashboard:

(Dollars in Thousands)

Type of Investment	DME	O&M	Total
Major	\$9,800	44,461	54,261
Non-Major	\$13,900	\$40,240	\$54,140
Standard	\$4,846	\$267,823	\$272,669
eGovernment	-	\$930	\$930
<b>Total IT Fund</b>	<b>\$28,546</b>	<b>\$353,454</b>	<b>\$382,000</b>

### Investment Type Definition

- Major IT investments are those that are critical to the missions of the agency, requiring special management attention and with executive visibility, or that meet certain dollar thresholds.
- Non-major investments do not meet the criteria of a Major or Standard investment and typically provide support to the offices that in turn provide program or administrative support to the mission of the agency.
- Standard IT investment classifications are used by all Federal agencies to account for their IT infrastructure costs, cybersecurity, and management costs. They are OCIO managed enterprise-wide investments that provide IT services to the agency's mission delivery applications.
- eGovernment is a group of OMB-led initiatives to help transform Federal agencies through eCommerce.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Operations and Maintenance	260,000	51,491	311,491	287,645	260,000	26,743	286,743	353,454
Development, Modernization and Enhancements	40,000	20,000	60,000	31,405	40,000	35,870	75,870	28,546
<b>Total</b>	<b>300,000</b>	<b>71,491</b>	<b>371,491</b>	<b>319,050</b>	<b>300,000</b>	<b>62,613</b>	<b>362,613</b>	<b>382,000</b>

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

The 2023 Budget proposes a General Provision, Section 231, which requests the authority to transfer up to \$10 million from HUD Salaries and Expenses accounts to amounts made available in the Information Technology Fund account.

- The transfer authority would provide flexibility for offices to fund emerging and/or unforeseen IT needs by prioritizing available funds within their S&E allocations. OCIO works closely with HUD offices to identify new requirements and performance issues and OCIO assesses them for possible IT solutions. This transfer authority would provide a direct source of funding for OCIO to move quickly to address a program's immediate needs that were not contemplated during budget formulation.
- This transfer authority is necessary to ensure that IT investments are managed by the CIO within the IT Fund, which was established to pay for IT projects, operations, and services at HUD. The OCIO will ensure the appropriate security, technology, and value of any agency funds used for IT purposes. Implementing proper cybersecurity control outside of CIO control is a significant risk within HUD.

The 2023 Budget also includes transfer authority from the Public Housing Fund and the Green Resilient Retrofit Program accounts to support utility benchmarking IT solutions. The Budget provides a total “up to” transfer amount of \$14 million from these two program accounts.

- For the Public Housing Fund, \$9 million in funding may be used for IT systems upgrades to support longer-term changes to HUD systems to implement benchmarking across the public housing portfolio, to support integration with the Operating Fund process, and to make other systems upgrades to support integration between HUD and EPA systems.
- For the Green Resilient Retrofit Program, \$5 million in funding may be used for upgrades and development of the Office of Housing and HUD-wide systems to collect and analyze data coming from EPA’s Portfolio Manager. Housing proposes to incorporate this data into their existing property tracking database to effectively analyze, compare, and track energy performance and costs across the Multifamily assisted portfolio.



## APPROPRIATIONS LANGUAGE

The 2023 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, \$382,000,000, of which \$339,000,000 shall remain available until September 30, 2024, and of which \$43,000,000 shall remain available until September 30, 2026: 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 any other information technology purposes for which such amounts were appropriated.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

## Appendix A

Enterprise Grants Management	Major	This investment provides Shared Services and information systems to automate the grants management lifecycle (pre-award, award, post-award stages) for formula and competitive programs across HUD.
Multifamily Housing and Healthcare Facilities	Major	HUD's Multifamily and Health Care programs provide mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase and refinancing of multifamily housing and health care facility projects.
Public and Assisted Housing Oversight	Major	This investment provides systems that ensure public, and HUD assisted housing comply with applicable laws and regulations. It provides accurate, credible, and reliable information to assess the condition and financial management of HUD supported properties and ultimately improve the nation's stock of affordable housing. HUD is modernizing outdated systems and automating manual processes used in providing this essential mission function.
Single Family Housing	Major	This investment captures all the systems that support HUD's Single Family programs including mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, and for reverse equity mortgages to elderly homeowners. HUD is carrying out a multi-year investment called FHA Catalyst that began in 2019 to modernize FHA's infrastructure and to provide cloud-based platforms to reduce costs, risks and fraud, and bring FHA in line with current industry practices. The modernization approach is flexible with an agile

		approach and includes a single portal for lenders to interact with FHA for the full loan life cycle. Loan components are already in production, providing rapid turnaround and efficiencies to the agency and to the lender community.
UNISYS Migration Program	Major	Unisys Migration will modernize the code base and accelerate the migration of five of HUD's most critical business systems from an on-premises mainframe database to the cloud. Both the existing mainframe and the five COBOL-based applications are expensive to maintain and currently require functional system enhancements to be built in the antiquated mainframe environment, deepening the technical debt associated with the eventual decommissioning of the platform. This investment was partially funded by the government wide Technology Management Fund.
Analytical Services	Non-Major	This investment provides research, evaluation, and reporting to all HUD program offices by providing reliable data and analysis.
Contact Center	Non-Major	This investment is improving interactions between HUD and its customers, starting with FHA activities. It results from a partnership with GSA Centers of Excellence to accelerate HUD's IT modernization initiatives.
Communications Support	Non-Major	This primarily comprises HUD websites as well as customer management tools. It enables HUD to exchange information with other government entities, citizens, stakeholders, and customers to deliver citizen services, implement public policy and serve customers more effectively.
Data Management Services	Non-Major	This includes data exchange, storage, extraction and transformation, recovery, and classification of data. HUD is developing an Enterprise Analytics Platform to integrate sources of data to support business decisions, reporting, data analytics and risk mitigation.
Digital Services	Non-Major	Provides end-to-end digital services to allow more efficient conduct of day-to-day activities, improved reporting, and dashboards for greater risk management, modernized technology to align to standards and improved customer experience.
Document Management	Non-Major	Enables HUD to support the generation, mgmt., and distribution of intellectual capital and electronic media across the business and extended enterprise. This includes content, document, and records management.
Facilities and Workplace Services	Non-Major	Enables HUD to control and report on its facilities, property, and assets. Enables HUD to perform the back-office activities that support the execution of its mission-critical business operations.
Financial Management Technology Support	Non-Major	Provides support for HUD enterprise financial management systems, including interface with shared service core financial system.

Geospatial Services	Non-Major	The investment will allow HUD to enhance existing enterprise geospatial business solutions while leveraging expanded capabilities for data visualization, information management, spatial analysis, and business intelligence for analysts, program staff, and decision makers at all levels of the organization thereby satisfying the common requirement for geospatial data and analytical capabilities in support of the Department's mission and strategic objective.
Human Resources Automated Services	Non-Major	Includes information systems that perform a variety of HR business functions. The vision is to automate, integrate or replace legacy systems to move towards solutions of a one-stop shop for all HR Services.
Legal Oversight	Non-Major	Enables HUD to maintain guidance to implement laws, developing and tracking, and amendments to public laws.
OIG Information Technology Support	Non-Major	The project is designed to support the operations, management, and decision functions of the OIG.
Regulatory Enforcement	Non-Major	Enables HUD to track, monitor, and report on enforcement activities which Involves activities aimed at direct monitoring and oversight of HUD sponsored programs.
Application	Standard	IT investment for the provisioning of an enterprise-wide shared application capability.
Data Center and Cloud	Standard	An IT investment for the provisioning of an enterprise-wide data center and/or cloud capability.
Delivery	Standard	IT investment for the provisioning of an enterprise-wide shared delivery capability of strategy, planning, development services, operations security, and operations.
End User	Standard	An IT investment for the provisioning of an enterprise-wide end user capability.
IT Management	Standard	This investment covers the costs of HUD Office of Chief Information Officer employees and supporting contractors to ensure that all technology resources are utilized properly and in a manner that provides value for the Department and are managed according to Departmental priorities and needs.
IT Security Services	Standard	Enables HUD to properly orchestrate the IT resources and systems it requires to effectively provide its services and execute its mission. This includes projects such as IT Security Policy Compliance and Ops and ADP Security Staff.
Network	Standard	An IT investment for the provisioning of an enterprise-wide-area network (WAN), local-area network (LAN), and metropolitan-area network (MAN) capabilities.
Disaster Assistance Improvement Plan	eGov	This is a government wide eGov initiative. The managing partner is FEMA.
eRulemaking Docket	eGov	This is a government wide e-Gov initiative. The managing partner for this initiative is the Environmental Protection Agency.

GovBenefits.gov	eGov	This is a government wide e-Gov initiative. The managing partner for this initiative is the Department of Labor.
Grants.Gov	eGov	This is a government-wide eGov initiative. The managing partners for this initiative are the Department of Health and Human Services.
Integrated Acquisition Environment	eGov	This is a government wide-eGov initiative. The managing partner for this initiative is GSA.

## APPENDIX B

### Detailed Summary of New Capabilities

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Integrated Real Estate Management System	Multifamily Housing (MFH)	\$5 million	\$1 million

#### Program Pain Point

The integrated Real Estate Management System (iREMS) is the primary system for the oversight and asset management of insured and assisted properties in the portfolio of HUD's Office of Multifamily Housing Programs. GSA, GAO, and Multifamily leadership have found that iREMS is vulnerable to unacceptably high risk of data errors from manual input processes, having to use ad hoc tools such as MS Access for reporting, and not interfacing with other systems in real time.

Congressional mandates and Executive Orders that require Multifamily Housing action, such as security, privacy, and records management regulation, energy efficiency programs, FHA pilot programs, and the Rental Assistance Demonstration, are all hampered by an inability to integrate them fully into the Multifamily Housing asset management process in iREMS. Reporting from Asset Management field staff is often inaccurate because of inconsistencies between HEREMS, the underlying source database, and iREMS. Poor quality Housing data continues to increase the risk of HUD failing to meet its monitoring requirements of troubled properties within its portfolio.

#### Mission Benefits

The success of MFH and HUD's mission is deeply tied to the decision-making done from HEREMS to iREMS data processing. Therefore, ensuring the accuracy, completeness, reliability, and timeliness of this data has broad cross-program implications. An improved HEREMS to iREMS database model will serve as the central data repository for all Multifamily Housing, collecting data from more than 20 systems and integrating data across systems. Improved data and reporting in iREMS will provide essential support to HUD's efforts to provide decent, safe, and sanitary housing for tenants and to ensure program compliance.

#### Target Functionality

- Increase regulatory compliance on currently non-compliant mandates from privacy, cybersecurity, and records management.
- Increase flexibility in responding to the fast-evolving business requirements of MFH by providing more tools to adapt to the forecasted increase in MFH loan applications.
- Enhance decision-making, ensuring the accuracy, completeness, reliability, and timeliness of iREMS/HEREMS data has broad cross-program benefits.

#### Projected Cost Savings

The existing HEREMS/iREMS data model is outdated, expensive, difficult to maintain, and it is currently failing to meet system requirements. IREMS has an estimated \$2 million backlog in

development priorities that continues to grow. Improvements in the system would result in a cost benefit as it would support efficiencies in HUD's asset management and oversight functions.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
electronic Special Needs Assistance Programs	Office of Community Planning and Development	\$3 million	\$7-10 million

#### Program Pain Point

HUD continues to use the e-snaps data system to automate the \$2.5 billion Continuum of Care (CoC) Program Competition. The e-snaps system provides an online data portal for all CoC applicants to prepare and submit to HUD a detailed project application for funding. However, the system is brittle and unstable, approaching 14 years old, which is far beyond the original technical limits of the platform. Basic system changes and updates are costly, and each change risks the stability of the system. HUD staff constantly employ manual interventions to overcome functional gaps in the system. The CoC Program depends completely on e-snaps performance. System failure, or a significant drop in performance, will be catastrophic, public-facing, and detrimental to local communities and homeless assistance providers.

#### Mission Benefits

A more modern and stable platform would speed up and streamline the CoC application and grant processes for grantees and HUD staff. This reduces risk and uncertainty to grantees who provide direct homeless assistance, which should improve staffing consistency and improve outcomes. Replacing e-snaps would also make it easier for HUD to quickly implement special initiatives like the Youth Homelessness Demonstration Program. A new solution may also provide better integration with HUD financial systems, improved credentialing and authentication of users, and better data integration and standardization with other HUD grant systems.

#### Target Functionality

- Improved system performance and stability; reduction in current risks related to long term availability and support for acute technical problems.
- Improved efficiency for grants management activities, including reduced administrative burden for HUD staff and grantees, reduced time to award, and improved business automation such as data analytics and financial system interface.

#### Projected Cost Savings

A modernized e-snaps should reduce costs of:

- Annual Operations and Maintenance of the system by streamlining the annual configurations required to meet the NOFO and other programmatic efforts, allowing further investment into new capabilities and free staff time towards program oversight or analytics.
- Annual licensing for the CSDC/Grantium COTS platform.
- Manual interventions performed by HUD staff, Technical Assistance providers, HUD infrastructure staff, and grantees required due to functional or process gaps in the system, performance issues requiring troubleshooting, repetitive reporting in more than one system, or the manipulations performed to aggregate data originating from multiple systems (SAGE, HDX, e-snaps, LOCCS, etc.).

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Tenant Complaint Customer Relationship Management	Multifamily Housing	\$1.5 million	None

Program Pain Point

Multifamily (MFH) Asset Management staff, Performance-Based Contract Administrators (PBCAs), the Multifamily Clearinghouse call center, and Field Program Management (FPM) staff are unable to conduct unified intake, tracking and resolution of tenant feedback related to unsafe and unsanitary property conditions or concerns about exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with disparate rudimentary and uncoordinated logging and tracking of information, which is not conducive to ensuring the issues identified by tenants are addressed swiftly and satisfactorily.

As a result, MFH is substantially limited in its ability to understand, track, and address such complaints without a centralized tracking/response system. The current practice of various entities within HUD and contractors logging and acting on feedback independently restricts HUD's ability to manage its property portfolio in a coordinated manner.

Mission Benefits

An integrated tenant complaint logging and tracking system would allow HUD to effectively assess and act upon a wide variety of complaints regarding properties in its portfolio and take a coordinated approach regardless of the point of intake and allow all entities to track and update progress toward resolution in real time. This would allow HUD to both be more responsive to tenants by ensuring the appropriate party follows up and more efficient by avoiding duplicative work on the same issue.

This integrated tenant feedback tracking system will also enable HUD to better understand the overall volume and nature of complaints both at individual properties and across different portions of our portfolio, such as by city, program, or management agent, resulting in increased awareness of conditions and potential issues within the MFH property portfolio.

Target Functionality

- Full integration as a single system for intake and tracking of tenant complaints by (MFH) Asset Management staff, PBCAs, the Multifamily Clearinghouse call center, and FPM.
- Ability of staff to have real time feedback and reporting on status of tenant complaints and ongoing action tracking and reporting.
- Ability to aggregate instances of tenant feedback within a particular property and across portfolio on an ongoing basis.

Projected Cost Savings

PBCAs and other contractors would not need to invest in standalone system(s). An integrated platform would also reduce duplication of effort across all responsible parties.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Financial Mgt. Modernization (LOCCS)	Chief Financial Officer	\$5 million	\$3-5 million

Program Pain Point

The Line of Credit Control System (LOCCS) is the Department's primary disbursement and funds control system for grants and Housing subsidy programs. LOCCS is not integrated with Oracle Federal Financials, which is the Department's core accounting system. Instead, the antiquated legacy HUD Central Accounting Program System (HUDCAPS) is used to exchange the allotment and the grants and Housing subsidies financial activity between LOCCS and the core accounting system.

The lack of integration between LOCCS and the core accounting system results in an extended timeline for processing financial transactions that delays disbursements to grantees and Housing's subsidies tenants, and related financial reporting. The Department is unable to decommission HUDCAPS and its IBM mainframe, which are expensive to maintain and the subject of GAO and OIG audit findings. A separate project to complete the PIH Enterprise Voucher Management System (eVMS) to improve PIH and Public Housing Authority (PHA) operations must also be completed to be able to decommission HUDCAPS.

#### Mission Benefits

This initiative improves the reliability and quality of financial data, streamlines and strengthens financial management and allows timely grants and Housing subsidies disbursements. By enabling the use of shared services system-to-system integration, it improves productivity and security and consolidates IT infrastructure. It will reduce operations and maintenance costs while removing unsupported and antiquated technology. This project enables HUD to move closer to decommissioning both HUDCAPS and the IBM mainframe which helps to fast-track our path to complete digital transformation.

#### Target Functionality

The targeted functionality and changes will include:

- Enhance the existing financial interface system, New Core Interface Solution (NCIS), to exchange the allotment, grants and Housing subsidies financial activity between LOCCS and the core accounting system.
- Deactivation of HUDCAPS financial interface capabilities.

#### Projected Cost Savings

HUD estimates a *possible* reduction in the \$2 million per year for contractor support operations and maintenance costs for HUDCAPS due to the deactivation of the HUDCAPS financial interface capabilities. PIH will still use the remaining HUDCAPS capabilities for all subsidies financial operations and disbursements to PHAs. When the enterprise Voucher Management System (eVMS) is completed, with all HUDCAPS capabilities incorporated, HUD will propose to integrate eVMS with the core accounting system. This is the last step necessary to decommission HUDCAPS and the IBM mainframe.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Enterprise Geographic Information System	Office of Policy Development and Research / Office of Community Planning and Development	\$2 million	None

#### Program Pain Point

Decision makers at all levels rely on the examination of accurate data for the effective development and implementation of data-driven housing policies. To that end, the Office of Policy Development and Research (PD&R) conducts mission-critical analyses of priority housing and community development issues while developing and maintaining the data required for that work. HUD's Enterprise Geographic Information System (eGIS) program was established in PD&R to manage day to day operations of the Department's shared geospatial business solution which satisfies the common requirement for geospatial data and analytical capabilities in support of the Department's mission and strategic objectives. When brought to bear, these data and tools allow personnel to develop and apply actionable intelligence used to craft effective housing policies that are data-driven and equitable in scope. Unfortunately, HUD's existing enterprise geospatial solution now falls short of what is required to support robust housing and community analysis moving forward, and the inability of public to interface with HUD offices and data sources.

The increasingly obsolete architecture of HUD's existing system limits the scale and scope of the work that program analysts and policy developers engage in. In its current state, analysts cannot effectively use the solution to collaborate with one another on mission-critical assignments that require the examination of sensitive geospatial housing data. This limitation impedes the progress of collaborative projects requiring robust geospatial study and remains a source of considerable frustration for analysts and leadership alike.

#### Mission Benefits

Development, modernization, and enhancement (DME) of HUD's geospatial business solution and enterprise applications will significantly improve the Department's analytical capabilities allowing for greater insights into national housing issues. Improved performance of the updated system will provide expanded access to rich datasets which remain largely unavailable to Departmental staff due to the shortcomings of the current platform. Modernization of HUD's geospatial resources will likewise improve the security posture of the system enabling HUD's program analysts and policy developers to collaborate on assignments requiring the analysis of sensitive (i.e., PII) geospatial data. The proposed upgrade will also empower HUD's program analysts to create analytical reporting tools and standalone applications required by stakeholders, but which cannot currently be developed due to existing system constraints. In addition, HUD's Community Planning and Development (CPD) will benefit from this upgrade to support its mission objectives by modernizing its customer self-service portal as well as improve its data collection and process automation capabilities. The impacted systems for CPD that require updates are: CART (Community Assessment Reporting System), HRL (Housing Resource Locator), TDAT (Tribal Directory Assessment Tool), and CPD-MAPS (Community Planning & Development Maps).

In addition, improvements of the existing system architecture will obviate the current requirement to maintain project-related geospatial data in a cloud-based software as a service (SaaS) environment thus resulting in substantial cost savings for the Department. For example, proposed improvements to HUD's existing geospatial solution include the implementation of a business facing GIS user portal deployed within HUD's network. User activity will take place within HUD's network thereby eliminating the cost required to accommodate collaborative work and data storage in a SaaS environment. Furthermore, enhanced capabilities for application development enabled by system modernization will allow for the in-house creation of new applications. This eliminates the current need to earmark funds for new application development as well as protracted contract negotiations required to secure a vendor for such work.

#### Target Functionality

Modernization of the Department's geospatial business solution and enterprise applications will result in:

- Substantial improvements to system security, performance, user access, and resource management.
- Significantly enhanced capacity for analysis, collaboration, application development, and the crafting of actionable intelligence.
- Considerable cost savings for the Department.

#### Projected Cost Savings

Improving HUD's existing geospatial business solution will allow the Department to realize significant cost savings associated with the storage and maintenance of project-related geospatial data. Moreover, improved capacity for in-house application development will eliminate the need to engage in the prolonged contract negotiations and costs required to secure commercial vendors to provide those services.



New Capability	Organization	FY 2023 Request	Outyear Cost to Implement
Acquisition Tool	Office of the Chief Procurement Officer	\$1.75 million	\$1.25 million

#### Program Pain Point

The HUD Acquisition Community is not often able to share and archive information, including requirements documents (e.g., Performance Work Statements, Independent Government Cost Estimates) with stakeholders in the form of a “one-stop-shop.” Instead, documents must be shared through e-mail exchanges and stored on a share drive and other repositories that contains information for upwards of one thousand contracts. For the most part, SharePoint is currently used across the enterprise; however, it is not a viable alternative as its limitations do not provide the in-depth requirements for a fully functional acquisition management system.

In addition, the community lacks a secure electronic solution to conduct source selection evaluations and protect proprietary source selection sensitive information. Furthermore, an overarching dashboard is required to track key performance indicators to determine the effectiveness/efficiency of acquisition operations across the enterprise. Microsoft Excel is currently used for this function; however, it is not a viable alternative as it is static and neither efficient nor effective.

#### Mission Benefits

The HUD Office of the Chief Procurement Officer (OCPO) anticipates that value to the HUD Acquisition Community will be substantial and significant as it will include the relative ease provided to the team of CORs performing contract oversight functions as well as the provision of a central location for developing and maintaining a COR file for each contract managed by the acquisition team. This ensures near full proof audit compliance with an accurate account of data provided for each contract; effective and efficient management of the source selection evaluation process; and an overarching dashboard that provides an accurate assessment of the health of the acquisition system.

A fully operational Acquisition Management Support System (AMSS), Source Selection Evaluation Management System, and Acquisition Dashboard will provide approximately 500 licenses. Therefore, key members of the Integrated Project Team, Integrated Acquisition Team, including the team of CORs, OCPO (Contracting Officer and Contract Specialist), Program Officials (FAC-P/PMs), Budget Officials, and senior management within the organization will have access allowing for ease of sharing information across different job functions in addition to the benefits previously discussed. Finally, a successful rollout will bring agencywide advantages that will enable users to have real time insights into how their program is performing across the enterprise and make course corrections as necessary. This would significantly increase transparency of efforts and collaboration across the enterprise while significantly reducing poor acquisition planning. One of the greatest benefits will be the direct addressing of acquisition pain points thus resulting in the streamlining of acquisitions across the enterprise.

#### Target Functionality

An Acquisition Management Support System for HUD will result in:

- The Acquisition Community and its team of Contracting Officer Representatives (CORs) and Program/Project Managers (P/PMs) being able to perform critical oversight function on key requirements and contracts that support HUD operations and provide proper record storage and retrieval of requirements and contract documents and deliverables.
- Effectively managing requirements planning processes, pre-award processes, source selection evaluation management suite, post award data management including period of performance (POP) and funding based on fiscal year, user management; and
- Provision of overarching dashboard to track key performance indicators determining the effectiveness/efficiency or lack thereof of acquisition operations across the enterprise.

Projected Cost Savings

Compared to current processes, implementing the AMSS will allow HUD to recapture approximately 130,000 hours of staff time each year spread out across HUD's acquisition community. Time can be redirected to higher value acquisition related activities, such as providing efficient and effective acquisition management and improved processes ultimately reducing time to procure.

New Capability	Organization	FY 2023 Request	Outyear Cost to Implement
Section 3 Reporting/_NextGen Labor Standards	Office of Field Policy and Management	\$1.6 million	

Program Pain Point

HUD is a major driver of infrastructure and job creation and contributes to worker empowerment and economic opportunities throughout the nation. The Department ensures that construction workers are paid prevailing wages on HUD-funded development and administers programs that seek to increase employment of low and very low-income community residents. The Department uses two systems for Section 3 and enforcement of the Davis-Bacon Related Acts: Section 3 Performance Evaluation and Reporting System (SPEARS), and Labor Relations 2000 (LR2000).

Section 3 Reporting \$600,000

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. The Department recently finalized a new regulation for the Section 3 program, which requires a new system to capture statutory requirements from grantees and contractors. Without having a working system for grantees, specifically Housing Authorities, to report on Section 3, HUD cannot perform its statutory and regulatory responsibilities to ensure compliance with the new rule.

NextGen Labor Standards (NGLS) \$1.0 Million

The Office of Labor Standards Enforcement and Training (LSET) is responsible for HUD's overall compliance with the Federal prevailing wage requirements applicable to HUD-assisted and insured housing and community development programs covered under the Davis-Bacon and Related Acts (DBRA). The current system, LR2000, is antiquated, non-compliant, and must be replaced to close-out a longstanding audit finding by the Office of Inspector General. LR2000 is non-compliant with cybersecurity standards because it is on an outdated server and Operating System and is allowed to operate under a Risk-Based Decision (RBD) Memorandum from the HUD's OCIO. The system will be replaced by the Next Generation Labor Standards (NGLS) application. HUD is also unable to adequately monitor grantees to ensure compliance with prevailing wage requirements. The current statutory requirements ensure skilled workers are paid a fair wage to build the critical infrastructure communities desperately need.

Mission Benefits

This funding will enable the Department to provide a reporting platform for approximately 5,000 grantees to report on Section 3 compliance, as well as for 7,000 contractors to report on DBRA requirements. Both systems would enable the Department to meet statutory requirements and assist grantees to empower low and very low-income workers, in addition to ensuring workers are paid prevailing wages.

Target Functionality

- Reporting platform for approximately 5,000 grantees and 7,000 contracts to meet Section 3 Rule and DBRA reporting requirements.

- Integration with other HUD programs for Department-wide Section 3 and DBRA data collection and analysis.
- Ability to generate and review reports for quality and accuracy, as well as enhanced assessment of program effectiveness.

#### Projected Cost Savings

S3R and NGLS will significantly reduce staff hours required to complete manual processes and allow for automated collection, analysis, reporting and enhanced assessments of program effectiveness.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Robotic Process Automation (RPA)	Enterprise	\$1.5 million	Additional amounts subject to Cost-Benefit

#### Program Pain Points

Robotic Process Automation (RPA) has supported HUD offices to automate manual and repetitive tasks. This investment builds on recent test cases in which 12 HUD bots have begun to support various functions such as tracking de-obligations, mass emailing, consolidating data from multiple sources, account management, approval workflows, and mathematic calculations.

#### Mission Benefits

Robotic applications save significant amounts of staff hours needed to perform routine functions. RPA will reduce human error in executing these functions and enable offices to shift scarce staff hours to high-valued work such as planning, analysis, coordination, and/or training.

#### Target Functionality

The RPA program has amassed a pipeline of 40 potential automations. This funding will be used to continue improving HUD's operational efficiencies. Demand from program offices is expected to grow in 2023 and beyond.

- There are 12 bots that are in various stages of the system development lifecycle, including five bots to automate two critical financial statement processes. However, the work has paused pending additional resources for this effort.
- With the requested funding, development will ramp up in 2023 to continue converting manual and repetitive business processes such as data downloads, reporting, and tracking/monitoring processes.

#### Projected Cost Savings

To date, the 12 automations have saved approximately 5,000 staff labor hours annually. Automations are used as a low cost, high impact solution to fill business process gaps, standardizing procedures, and eliminate human error. Substantial additional savings will be realized with additional investments to support future enhancement requests.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Enterprise Case Management and Workflow Platform	Enterprise	\$1 million	Up to \$7 million depending on cost benefit

#### Program Pain Point

HUD defines Case Management as a broad set of use cases that involve the intake of requests from users and the fulfillment of those requests through a digital workflow process. An enterprise case management platform will enable HUD to solve a variety of pain points that cut across different program areas. Across HUD, there is limited ability to quickly stand-up workflow and case

management-based applications while simultaneously adhering to IT policies. This leads to: “shadow IT” solutions that are unsupported by OCIO or continued reliance on inadequate or non-existent technology solutions. HUD plans to leverage the ServiceNow platform which will provide HUD a common platform on which to create applications with robust security, privacy and policy controls implemented centrally by OCIO. ServiceNow is a commercial cloud-based, low-code digital workflow platform that provides the foundation on which to configure tailored applications to meet specific business requirements, while other low-code technologies exist within HUD, ServiceNow is best-suited to handle enterprise-wide internal case management and workflow applications such as HR functions, IT Help Desk, and Facilities Management.

The initial use case for case management and workflow platform will be address the lack of automation and centralization of data for OCHCO for resolving HR related cases including employee and contractor onboarding. The currently lack of a holistic IT solution for HR related cases leads to data integrity issues, lack of an authoritative centralized source of HR data, limited reporting capabilities, delayed time to hiring and onboarding employees and contractors, and inability for analytics based continuous improvement. The pain points related to HR cases affects all HUD employees and contractors and depresses the velocity at which HUD can operate across the board.

#### Mission Benefits

This 2023 funding request will be a continuation of 2022 request (\$2M) and will be used to deploy and mature a ServiceNow-based enterprise case management platform. By adopting an enabling enterprise platform, HUD OCIO anticipates that it will be able to more quickly design, build, and deploy a wide variety of applications to meet their customers tailored business needs. A common platform that can be securely controlled and governed at the enterprise-level, while giving program offices more direct control of business functionality of their applications will drastically improve the speed and consistency of software delivery. Currently, case management functionality is housed in disparate systems which drive numerous inefficiencies; an enterprise case management platform will broadly consolidate licenses, infrastructure, development, and O&M costs and allow HUD to build momentum in a focused and unified enterprise direction.

Each use case that will leverage the enterprise case management platform has its own mission benefits that it will produce. In the HR Transformation use case described previously, it is expected that HUD will be able to hire and onboard employees more effectively and efficiently helping HUD deliver on its overall mission. Secretary Fudge has committed to rebuilding HUD’s depleted workforce which has lost 20 percent of its staff since 2012 and ServiceNow will help achieve this human capital goal.

#### Target Functionality

- HUD envisions ServiceNow will become the standard platform to use for critical internal-facing applications such as HR Case Management, IT Help Desk ticketing, Facilities Management (Workspace Hoteling), and more.
- The HR Transformation use case will provide an end-to-end holistic electronic onboarding experience for new employees and contractors which will lead to dramatically shorter onboarding times.

#### Projected Cost Savings

The case management and workflow platform based on ServiceNow will be used for multiple new business requirements needs as well as modernization of legacy systems. A single use case of modernizing and retiring the Adaptive Case Management Suite (ACMS/eCase) is projected eliminate \$2.8M of O&M and license expense annually. This would not be considered a net reduction of costs as the ServiceNow solution will incur similar (if not higher) annual O&M and licensing costs. HUD will ultimately realize greater value through economies of scale – increased adoption of the platform and more applications built upon it will consolidate HUD-wide licensing and O&M costs that are currently distributed across several solutions.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Microsoft Cloud Services End User Productivity and Security Upgrades (G3 EMS E3 to G5 EMS E5 License Upgrade)	Enterprise	\$3.5 million	None

#### Program Pain Points

OCIO must modernize HUD's communication technology to meet today's challenges. The current hardwired desk phones are outdated, limited by physical location, and are therefore ineffective. Updating the agency's calling capability by integrating existing technologies will modernize the telecommunication infrastructure; bridge the gap between the need of a static physical location and an agile, flexible, remote user; and maximize dollars spent on annual O&M cost.

The coupling of technologies will create a hinge point that will allow the agency to maximize the unique capabilities of each component, while maintaining and managing it as a single system. The telephony capability(ies) will derive from two existing technologies, softphone and handphone. A softphone is a software program for making telephone calls over the internet using a computer rather than dedicated hardware. This solution can be installed on a desktop, mobile device, or other solution that make/accept calls. The hard phone solution is the traditional phone; however, it too communicates over the internet.

The Telephone integrated solution will use a Voice over Internet Protocol (VOIP) and TEAMS calling features. Although these technologies can complete a calling session as a standalone technology; they lack the capability to bridge all the gaps that exists for the forming environment of the HUD employee (office, mobile, telework). The hinge point between the two is the appropriate license upgrade for each user of TEAMS and VOIP. In addition to merging these technologies to get the desire telephonic solution, the licenses will allow HUD to take full advantage of the enhancements in Microsoft Office 365, which provides each user additional capabilities, such as: (1) audio conferencing and calling capabilities in the cloud, (2) enhances PowerBI to PowerBI Pro, and (3) enhanced identity and threat protection with integrated and automated security.

#### Mission Benefits

The greatest benefit to this integrated solution is it seamlessly follows the employee when working in the office, on the move(mobile) or in telework status. To obtain an integrated telephonic solution with use of TEAMS, an upgrade from G3 to G5+EMSE5 series license is required. By upgrading to the G5 licenses, employees will experience a more collaborative environment with an auto-generated conference dial-in number in Microsoft TEAMS meetings with external participants.

In addition to enhancing the employees' work experience when in the office, mobile or teleworking; the solution maximizes the use of Microsoft Suite licenses subscriptions. The upgraded license will allow every employee to have access to the entire Office 365 suite, such as Microsoft Word, Excel, PowerPoint, Outlook, PowerBI and other Office 365 products.

#### Target Functionality

- Extend identity and threat protection with integrated and automated security to help stop damaging attacks. Bring together information protection and advanced capabilities
- Get audio conferencing and calling capabilities to allow external participants via generated dial-in numbers
- Benefit from Power BI capabilities that help realize significant business value from data

#### Projected Cost Savings

SharePoint has historically relied on Microsoft INFOPATH to display, collect, and store data forms; INFOPATH is now being phased out and replaced with PowerBI. Data that is displayed, stored, and managed on SharePoint now requires license for PowerBI Pro, which is included with the G5 + EMS

E5 license upgrade. There are no direct cost savings; however, program offices and the agency will experience cost savings through the application, sharing of dashboards, reports, and security.

There is a perpetual increase of \$20 per user in upgrading from G3 EMS E3 to G5 EMS E5. There is no increase in cost beyond standard margins for inflation except when the organization increases number of contractor and Federal FTEs.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Affirmatively Furthering Fair Housing (AFFH) Compliance Improvements	Office of Fair Housing and Equal Opportunity	\$1 million	\$1.5 million

#### Program Pain Point

The Fair Housing Act, requires HUD and recipients of Federal funds from HUD to affirmatively further the policies and purposes of the Fair Housing Act, also known as “affirmatively further fair housing” or “AFFH.” The obligation to affirmatively further fair housing requires recipients of HUD funds to take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. To facilitate the review of data from funding recipients, two legacy systems were created for the implementation of the 2015 Affirmatively Furthering Fair Housing Rule: the Data and Mapping Tool (AFFH-T) and the AFFH User Interface (AFFH- UI). The AFFH-T is online and has been maintained but was never fully actualized. It provides information at the local government level but does not have information at the PHA or State level. However, to provide more updated maps, better useability, and more information FHEO is requesting additional funding to make improvements to the tool.

The AFFH UI was taken offline January 2018 and a new system will be needed to comply with any future Notice of Proposed Rulemaking on AFFH. The current AFFH Interim Final Rule (IFR) does not require use of an UI, as it only requires voluntary submission, which can take any format. The IFR also eliminates certain requirements involved in the 2015 rule. A Notice of Proposed Rulemaking (NPRM) will likely contemplate a completely different process and structure from the 2015 rule and assessment tool. As such, only a new system will work.

#### Mission Benefits

The AFFH-T will provide grantees an opportunity to see maps and demographical information from vetted and reliable sources that will assist in their understanding of the unique factors of their jurisdiction. The tool already includes information on poverty rates, environmental factors, access to food, availability of healthcare, access to schools etc. However, we would like to use the funding to add additional data points and enhance customer useability. The changes to the tool will aid funding recipients in the process of creating goals that target their unique challenges. Additionally, by expanding the types of grantees and recipients (PHAs and State grantees) that can utilize the information provided in the data and mapping tool we will increase the successful implementation and execution of AFFH.

The AFFH-UI will provide grantees with a portal for digital filings of AFFH reports that will replace a cumbersome paper-based process. Electronic filing of reports will make it easier to submit and review the files required by the AFFH rule. Other benefits include:

- Integration with other business systems will reduce redundancy of data across multiple systems.
- Automated FHEO Reviewer Instructions will enable completion of assessment reviews within the required timeline.
- Increased system interoperability and information sharing within the Department and among other Federal agencies and external organizations.



Target Functionality

- An updated AFFH-T will provide funding recipients with updated demographic information to better aid in goal setting to adhere with the mandate of AFFH.
- The AFFH-UI solution shall provide a basic reporting module to monitor the activities associated with the submissions and review processes.
- The AFFH-UI solution will have routing, tracking, and other data functions to incorporate reporting both for end users and management.

Projected Cost Savings

This project provides electronic filing capability to grantees, which has been a cumbersome paper-based process and will generate the Notice of Receipt, rather than it having to be manually typed and issued. These will save labor costs for both HUD staff and grantees.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Computer Aided Facility Management	Administration	\$0.8 million	None

Program Pain Point

The Space and Asset Management Division (SAMD) experiences significant difficulty managing, evaluating, and maintaining information on spatial data and space-related information on the HUD Headquarters facilities in the National Capitol Region. Critical information such as occupancy, vacancy, square footage, space-type space assignments, and utilization rates are not currently tracked or updated in an accurate, efficient, or effective manner.

In addition, the two current systems: Federal Asset Management Enterprise System (FAMES), HUD's inventory management system of record, is limited in its operations; as well as the existing Administrative National Services Requests Supplies System (ANSRS), HUD's workplace ticket request system of record, is antiquated.

Mission Benefits

SAMD will need to procure and implement a Computer Aided Facilities Management (CAFM) system that would address and solve several problems and needs. The CAFM system would provide a central repository for space information that can be easily accessed, queried, and analyzed with real time, up-to-date data; and allow SAMD to manage HUD's portfolio of lease holdings and space data effectively and efficiently. SAMD could easily track and update HUD's footprint in satellite buildings/headquarters, manage personnel move/add/change tasks by name, occupancy and vacancy data, floor plan drawing record management, project management, space reservation functionality, and personal property asset management. Through algorithms, a CAFM system would generate space utilization rates of usable square footage and identify areas that are not in compliance with GSA's space utilization guidelines. SAMD would meet the overarching goal of space consolidation in headquarters, thus reducing lease holdings in the DC area and reallocating funds saved from leased space.

Target Functionality

- More efficient data retrieval and reporting, allowing SAMD to quickly analyze underutilized spaces and target these areas for future reduce the footprint (RTF) projects
- Track and maintain property inventory within the CAFM's interactive and integrated floor plan drawing environment. With simple pick-drag-and-drop functionality, property assignments can easily be moved to new locations within the floor plan whenever an employee move is conducted and updated, simultaneously and seamlessly updating the inventory with new location information; and
- With the data collected and analyzed within a CAFM system, the SAMDSMB will be able to improve its efforts in restacking the building and reorganizing space by Program Office with

the goal of collocating entire program areas on the same floor (if possible) and ensuring adjacency opportunities with other Program Offices.

#### Projected Cost Savings

Integrating multiple modules into one CAFM system streamlines data management. The antiquated ANSRS system fails to meet current business requirements causing time management issues and decreased productivity. Retiring the FAMES application could save \$570,000. Furthermore, reducing underutilized leased spaces in HUD's portfolio can save millions of dollars in rent annually.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Disaster Recovery Portal	Office of Policy Development and Research	\$0.5 million	\$165,000 over 5 years

#### Program Pain Point

HUD has identified the need for a new process and tools for data sharing with FEMA and CDBG-DR grantees. This project will eliminate the need for Individual Assistance Information Sharing Access Agreements (ISAAs) between FEMA and HUD also with FEMA and CDBG-DR grantees as it will make that data readily available to grantees through the Disaster Recovery Data Portal (DRDP) application. It will also eliminate the need for requesting data from FEMA to perform the CDBG-DR allocations process when congressional funds are appropriated.

While data being shared is similar, or in fact the same data, it requires multiple resources from multiple program areas within HUD and FEMA to request and process data sets. If the bidirectional data exchange process was in a completed stage that data could be shared within HUD to multiple resources/programs in a fashion designed to only make available, the necessary program data to only those with a valid need to know and manage one data set for multiple users. This would also ensure that all users are accessing the same data and would eliminate a misunderstanding of the data as well and ensure all areas are utilizing the same data.

#### Mission Benefits

Real time data sharing enables decision making that is focused on elimination of duplication of benefits, adequate assistance value to the customer, ability for multiple programs to utilize one standard data set, correct and accurate FEMA data for HUD and HUD CDBG-DR grantee use, enhanced disaster survivor support functions and enhance data security across multiple Federal agencies.

The Disaster Recovery Portal (DRDP) is within HUD's purview of the project and HUD will share the 'new processes' aspect with FEMA. FEMA will solely fund their efforts' development needs. In addition, DRDP will provide the ability to avoid duplication of benefits between FEMA, HUD, and SBA assistance; the ability to identify geographical areas that are the most at risk due to high level of unmet needs; the ability to complete early determination of projects at the CDBG-DR grantee level that will provide/return disaster survivors to long term sustainable housing; and reduction in duplication of efforts by multiple Federal agencies in similar processes. This in turn will reduce the need for multiple touch points with applicants that are related to similar cross agency processes. Hence, this project has the capability to enhance the disaster survivor experience as mandated in the Disaster Recovery Reform Act of 2018. HUD'S cost to FEMA is approximately \$415K over the next 7 years, but will increase once any further development begins.

#### Target Functionality

DRDP will result in:

- Real time data sharing to enable informed and immediate decision making
- Ability for multiple programs to utilize one standard data set
- Provide correct, accurate, and the most up to data available data



Projected Cost Savings

As this is a cross agency effort between FEMA and HUD therefore the overall Federal benefit is shown below:

DRDPD and the new processes will result in significant cost savings to both agencies. We estimate that HUD grantees pay approximately \$13 million average annual housing repair or rehabilitation assistance payments to homeowners who are also reimbursed for these costs by FEMA. By providing timely and automated matching and delivery of data, we estimate that at least one half of these duplicate payments will be avoided and reduces the need for labor intensive and time-consuming efforts to recover the excess payments. We also estimate that FEMA will save approximately \$900,000 annually.

New Capability	Organization	FY 2023 Request	Outyear Cost to Implement
Healthy Homes Grant Management System	Office of Lead Hazard Control and Healthy Homes	\$0.3 million	None

Program Pain Point

HHGMS requires perfective and adaptive maintenance to continue to conform to evolving congressional and program office business requirements.

Mission Benefits

Healthy Homes Grant Management System (HHGMS) is a grants management system using the Salesforce platform that provides application processing, document management, grant tracking, and quarterly progress reporting for the Office of Lead Hazard Control and Healthy Homes (OLHCHH) and grantee users. The OLHCHH will need support to continue using this system but will require enhancements and expanded functionality.

Target Functionality

- Upgrade and maintain an existing Web-based system.
- Perform system maintenance and operational support to enhance OLHCHH grant application (pre-award cycles), and grants management and reporting systems (post-award cycles).

Projected Cost Savings

- Implementation of required enhancements and expanded functionality will yield savings of grantee labor time of 10 percent, and OLHCHH government technical representatives and managers labor time, 15 percent.
- This translates into reducing fully loaded labor costs annually by \$202 thousand for grantees and \$112 thousand for HUD staff, totaling \$314 thousand annually.
- For grantees, this operationalizes as increased number of homes made lead safe and healthy (vs. administrative costs); for OLHCHH, as capacity to monitor increased number of grants within and outside of HHGMS usage.

New Capability	Organization	FY 2023 Request	Outyear Cost to Implement
www.HUD.gov API & App Development	Office of Public Affairs	\$0.2 million	None

Program Pain Point

Currently the Department has a significant amount of information, data, and resources that are beneficial to the public but has no expedient way in which to consolidate and present the information in a user-friendly way on its website. Development dollars are limited and trying to excavate the

information in its various current iterations is costly and time consuming. It also is not conducive to transparency.

#### Mission Benefits

The development of APIs will ensure the Department's content is ready for easy sharing and redistribution to deliver our mission directly to more citizens, not only via HUD channels but potentially expanding our Departmental information and services exponentially by allowing the content to be more easily embedded or interwoven throughout external sites or other applications. APIs can be used to distribute services and information to new audiences and in specific contexts that can be customized to provide tailored user experiences. Making data available via API will also improve data quality review and cleanup.

#### Target Functionality

API creation for integration into websites such as:

- Affordable Apartments
- Housing Counselors
- Public Housing Authorities

#### Projected Cost Savings

Adoption of APIs versus individual legacy access of data by various systems could provide substantial savings in both development and maintenance for the Department. Once built for one application that same API can be used for others.

New Capability	Organization	FY 2023 Request	Outyear Cost to Implement
SharePoint Support	Office of General Counsel	\$0.2 million	None

#### Program Pain Point

OGC uses SharePoint for many purposes such as consolidating program performance information that is used in Congressional and OMB communications, the eDiscovery Program, and to manage and track enforcement referral investigations and other compliance monitoring activities. OGC SharePoint development projects require greater technical knowledge and a deeper understanding of software design and development techniques.

Limited support services are currently provided under the legacy eDiscovery Program support contract. The current limited SharePoint support is not sufficient to meet OGC's ever-growing development requirements and increased project complexity. In addition, utilizing the new HUD O365 development tools to improve project efficiencies, requires greater technical knowledge and a deeper understanding of software design.

#### Mission Benefits

DOJ, litigation opposing counsel, Congress, OIG, and FOIA requesters all rely on the Department's eDiscovery program to work smoothly and timely. The improvements to SharePoint applications will ensure HUD's ability to manage all aspects of the program, including managing the queue of requests. HUD relies on OGC's Clearance Calendar, Reports to Congress application, compliance monitoring activities, and other products and will benefit from SharePoint improvements.

#### Target Functionality

Continued functionality for key Department-wide and OGC applications will provide transparency, streamlined data collection, and business process administration for HUD mission support at a low cost. This also allows OGC to maximize the benefits provided by OCIO's enterprise investment in SharePoint and O365 software development tools.

Projected Cost Savings

OGC could potentially save one full-time FTE Tier 3 for SharePoint troubleshooting, administration, and design advice.

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Network Enterprise Zero Trust Solution	Enterprise	\$13.9 million	\$4-5 million

Program Pain Points

Modern cyber security requirements and methodology needs are ever changing due to increasingly complex operations in today's cyberspace. With an increased amount of HUD users working remotely, the need to implement a more secure cybersecurity strategy is required.

The HUD enterprise requires a Zero Trust solution with an over-arching function of real-time visibility and data protection when accessing cloud services, websites, and private apps. The agency's zero trust solution must encompass a multitude of security features that dominates attack surfaces and possess artificial intelligence that provides indicators of the next attack.

Our solution must be data driven. A data centric approach will enable enterprise users and managers the ability to make security decisions based on real time activities. Moreover, the security decisions must include application rule sets, data flow indicators, meta data analysis, and cloud native security that integrates with a Secure Access Service Edge (SASE) solution.

The current inline security solution lacks the ability to scale with enterprise growth; it's a single chokepoint and incapable of monitoring and alerting on internal security violations. The zero-trust solution for the agency will be a solution in keeping with the concepts of trust no person, no application, at no time. All activities and access will be monitored in real time, logged, and reported.

Mission Benefits

Zero-trust is quickly becoming industry standard and will improve the agency's safety and integrity of financial data, personal identifiable information (PII) increases shared protection, end-point connections, access points, and provides greater accountability in managing the overall safety and security of sensitive data within HUD.

Target Functionality

- "Never trust, always verify" - Ensures that every device, user, and entity that accesses any HUD asset is verified and validated as an authorized user through authentication
- Perimeter-less security - Ensures that network security no longer continues accepting access by users based on properties such as physical boundaries of the network
- Mutual authentication – All IoT and WiFi will require two-way authentication

Integration efforts:

Phase I (Year 1) \$13.9M

- Conduct enterprise network and security assessment.
  - Conduct pilot testing and engineering requirements.
- Develop & integrate zero trust solutions

Phase II (Year 2-5) \$4-5M annually (\$16-20M)

- O&M
- Purchase annual license subscription

Projected Cost Savings

N/A

New Capability	Office	FY 2023 Request	Outyear Cost to Implement
Security Operations Center- Applications, Tools, Services	Enterprise	\$0.3 million	None

Program Pain Point

HUD requires a holistic enterprise view of cybersecurity to proactively detect and respond to events that disrupt or threaten normal IT operations. HUD has actively promoted its HUD's Cyber Program to accelerate cyber threat detection, notification, and responses across HUD by maturing its newly launched Security Operations Center (SOC) and enabling capabilities to help minimize the impact of cyber-attacks. The current HUD Cybersecurity applications and tools have been used and maintained throughout the past few years to accommodate security risks and threats identified many years ago (approximately 5-7 years). With the increased threat landscape and expanded telework operations (which has extended the HUD network boundaries), additional security tools and applications are required to provide proactive threat detection, analysis, and prediction.

Mission Benefits

The plan is to provide the HUD SOC with additional security tools and applications to proactively monitor, detect, and respond to the increasing cybersecurity threats and attacks on the HUD network and its data.

- Enable ongoing awareness of information security, vulnerabilities, and threats.
- Collect and analyze cyber threat intelligence to inform cybersecurity operations.
- Centralized incident management capability to proactively track, manage and report incidents.
- Enable a recovery capability with a strategy and technology that minimizes the impact of attacks.

Target Functionality

The request is for known and proven security tools and applications to support but not limited to:

- Application security and scanning
- Port detection, review, and monitoring
- Artificial Intelligence (AI) SOC applications

Projected Cost Savings

Currently, HUD SOC/CIRT do not have OITS owned and operated SOC/CIRT applications or appliances. This will help avoid the cost associated with a security incident.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Office of the Chief Financial Officer

### Working Capital Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	47,088	2,616	-	49,704	41,272	40,464
2022 Annualized CR	62,675	16,750	-	79,425	62,675	62,675
2023 President's Budget	77,749	16,750	-	94,499	77,749	77,749
Change from 2022	15,074	-	-	15,074	15,074	15,074

### PROGRAM PURPOSE

HUD's Working Capital Fund (WCF) was established by H.R.2029 – Consolidated Appropriations Act, 2016 (Public Law No: 114–113), as authorized by the Department of Housing and Urban Development Act, 1965 [Public Law No: 89-174, 42 USC §3535(f)]. The purpose of the WCF is to promote economy, efficiency, and accountability. The WCF serves as a mechanism for HUD to finance enterprise goods and services, such as Financial Management, Procurement, Travel services, Payroll processing, Records management, Human Resources (HR) systems, and HR processing. The Working Capital Fund Division (WCFD) formulates, executes, and manages the financial operations of the WCF. Business line owners, such as the Office of the Chief Financial Officer (OCFO), the Office of the Chief Human Capital Officer (OCHCO), and the Office of Administration (ADMIN) are responsible for the management and delivery of WCF goods and services.

### BUDGET OVERVIEW

The 2023 President's Budget requests a total operations level of \$78 million for the WCF, which is \$15 million more than the 2022 Annualized CR total operations level. The 2023 Budget provides for each HUD office to pay for their use of WCF goods and services, through payments to the WCF for their estimated usage. The Budget requests funding for these WCF payments within HUD's salaries and expenses (S&E) accounts. The requested level will support the WCF services shown in Table 1 below. In addition to the funding levels listed below, the Budget requests an adjustment to the WCF's appropriations language to be more closely in line with the WCF's authorizing statute. This streamlined language will allow HUD to fully realize the benefits to efficiency and economy that can be achieved through the WCF.

The WCF operates on a revolving cycle of business, where revenue derived from the provision of services is used to finance future provisions of service. As a result, revenue generated in a given fiscal year for the provision of services is derived from accounts across multiple fiscal years. While the Summary of Resources Table above shows total revenue and carryover for each fiscal year, the funds in each year will be used to finance both current services and services in the following fiscal year. Table 1 below outlines the costs to provide services for each fiscal year in order to better illustrate the total cost of operations within a given fiscal year.

## WORKING CAPITAL FUND

Differences in Table 1 below and the Summary of Resources table above are attributable to the timing of obligations, expenditures, and revenue across fiscal years as part of the revolving cycle of business operations within the WCF.

**TABLE 1**  
(Dollars in Thousands)

Working Capital Fund Services	2021 Actual	2022 CR	2023 President's Budget
Financial Management, Procurement, & Travel Services*	25,000	25,115	29,427
Human Resources Processing	11,500	20,538	21,565
Human Resources Systems*	1,735	1,834	1,777
Payroll Processing	1,152	1,221	1,394
Records Management	5,896	6,783	6,412
IT End-User Devices and Wireless Support**	-	-	11,800
Printing Service**	-	-	2,748
Human Resource Platform Licensing**	-	-	525
Working Capital Fund Operations	1,945	2,118	2,101
<b>Total Operating Budget</b>	<b>47,228</b>	<b>57,610</b>	<b>77,749</b>

\*2023 includes Treasury Executive Institute funding in the HR Systems service line and Financial Services Acquisition and Development Division full cost recovery in the Financial Management, Travel and Procurement service line.

\*\*New Service Lines Proposed for 2023.

## JUSTIFICATION

HUD's WCF provides a business-like buyer and seller approach to centralized services, aligns service provider and customer incentives, and brings transparency to both program offices and HUD at the enterprise level. Program offices bear the cost-of-service and are therefore empowered to manage service usage to maximize limited resources by continually evaluating and refining core business processes. Consequently, the WCF drives cost-conscious incentives for the customer. Additionally, the WCF expands the base of stakeholders who are invested in the continuous improvement of the delivery services provided through the WCF. Customers push for effective and efficient service delivery, while business line owners have the data and feedback to negotiate for improvements in service quality and/or lower costs.

The WCF Division (WCFD) oversees the financial management and governance of the Fund. While each service financed through the WCF remains operationally accountable to the appropriate Administrative Support Office, the WCFD manages the Fund's day-to-day financial operations, including the establishment of transparent and reliable unit cost accounting for all services funded through the WCF and customers who reimburse the Fund for their appropriate share of services.

### Proposal to Streamline HUD's WCF Appropriations Language

The 2023 Budget streamlines the WCF appropriations language to align more closely with the WCF's authorizing language by removing specific services included and/or proposed for inclusion. The current legislative text does not serve the Department well in the administration of HUD programs by limiting WCF activities to a restrictive list of activities that does not consider changes over time in business operations and current operational needs. The current approach of adding new services into the list of allowable activities takes HUD further away from the authorized purpose of the WCF, which is to provide for the operations and maintenance of HUD activities that the Secretary finds in the interests of economy and efficiency. The proposed appropriations language would allow HUD to fully realize the benefits of a dynamic WCF by providing greater continuity of

## WORKING CAPITAL FUND

operations and risk mitigation. The Budget would mitigate risk by allowing the WCF to establish and operate a proper operating reserve. Some immediate benefits would be the ability to continue to deliver essential services in the event of a lapse in appropriations, improved management of fixed versus variable expenses, and smoother operations during continuing resolution (CR) periods.

### Modification of Current Activities in 2023

The 2023 Budget consolidates Treasury Executive Institute (TEI) shared services currently paid for by OCHCO as part of the Treasury Shared Services Program (TSSP) interagency agreement. Additionally, the 2023 Budget re-proposes full cost recovery for the Financial Services Acquisition and Development Division (FSADD) to be more closely in alignment with GAO's key operating principles for Working Capital Funds.

#### TEI Interagency Agreement Consolidation

The 2023 Budget re-proposes funding TEI services through the WCF. Currently, TEI is provided through the human resources platforms provided by TSSP and paid for by OCHCO. Paying for TEI out of the WCF reduces the time and effort related to contract administration and eliminates an arbitrarily split funded contract. Furthermore, moving TEI in the WCF furthers the goal of funding Federal shared services out of the WCF.

For a detailed shift in the budget neutral realignment of budget authority, please see **Table 1** below.

TABLE 1

Component	2022 TEI - Base	2022 Allocation - TEI	Realignment
ADMIN	-	1,185	1,185
CPD	-	5,136	5,136
EO	-	604	604
FHEO	-	2,859	2,859
GNMA	-	2,928	2,928
LHCHH	-	465	465
HSNG	-	14,037	14,037
OCFO	-	6,554	6,554
OCHCO	62,308	1,255	-61,053
OCIO	-	3,556	3,556
OCPO	-	1,092	1,092
ODEEO	-	70	70
FPM	-	3,068	3,068
OGC	-	8,808	8,808
PDR	-	1,557	1,557
PIH	-	9,134	9,134
<b>Total</b>	<b>62,308</b>	<b>62,308</b>	<b>-</b>

#### FSADD Full Cost Recovery

FSADD is an office within OCFO that manages the Financial Management line of business. Since all activities performed by FSADD are dedicated to administering, overseeing, and managing the Financial Management line of business, moving FSADD costs under the WCF model will allow HUD



## WORKING CAPITAL FUND

to achieve full cost recovery by recovering the contract administration and management costs incurred by the WCF's customers. Moving FSADD operational costs within the WCF achieves the goal of aligning WCF operations with GAO's key operating principles for Working Capital Funds.

For a detailed shift in the budget neutral realignment of budget authority, please see **Table 2** below.

**TABLE 2**

Component	2022 FSADD - Base	2022 Allocation - FSADD	Realignment
ADMIN	-	57,948	57,948
CPD	-	143,242	143,242
EO	-	16,063	16,063
FHEO	-	40,793	40,793
GNMA	-	25,778	25,778
LHCHH	-	22,724	22,724
HSNG	-	284,293	284,293
OCFO	1,434,036	175,726	-1,258,310
OCHCO	-	39,581	39,581
OCIO	-	58,299	58,299
OCPO	-	48,162	48,162
ODEEO	-	4,113	4,113
FPM	-	36,473	36,473
OGC	-	21,928	21,928
PDR	-	51,368	51,368
PIH	-	407,545	407,545
<b>Total</b>	<b>1,434,036</b>	<b>1,434,036</b>	<b>-</b>

### New Business Lines Proposed in 2023

The 2023 Budget repropose IT end-user devices and wireless support from the 2022 Budget and expands business line offerings with the inclusion of printing services and HR platform licensing.

There are several benefits that accrue to any service that moves into the WCF. First, moving enterprise services into the WCF drives the efficient and effective delivery of services. Second, delivery of services through a WCF model incentivizes program offices to utilize WCF services efficiently by aligning costs to usage. Third, HUD will reduce overlap and duplication of efforts by providing a centralized funding source across HUD's enterprise. Finally, delivery of services under the WCF model drive transparency into the operation and management of the services delivered through the fund.

#### IT End-User Devices and Wireless Support

HUD firmly believes that beginning to fund IT Operations and Maintenance out of the WCF is in the best interests of HUD's obligation to provide efficient and effective services in the administration of HUD's programs. The WCF's customer base strongly supports the establishment of the IT end-user devices business line within the Fund. They believe that funding these services will streamline operations by managing budgeting, reducing the complexity of contracting in-between annual appropriations, monitoring device usage to allow customers to scale up or down based on their needs,



and allow IT management to focus their attention on other important areas such as IT security and operational improvements (DM&E).

IT end-user devices and wireless support are comprised of hardware purchases of standard and high-end laptops, mobile phones, iPads, and MiFi's, and includes the associated voice and data plans. This proposal represents a budget-neutral realignment for the Department of \$11.8 million; the totals in this budget submission include the funding shifted out of the Information Technology Fund and realigned into program offices S&E accounts. Moving IT end-user devices and wireless support to a WCF model provides several benefits: improved planning and funds management around long-term IT investments, improved operational efficiency by allowing customers to make business decisions surrounding the devices their offices need, and enhanced cybersecurity through regular device refreshes. Ultimately, moving IT end-user devices and wireless support to the WCF advances HUD's overall ability to thoughtfully plan for IT needs and ensures HUD Program Offices' ability to meet mission requirements.

HUD's current model to fund IT end-user devices and wireless support through the IT Fund presents significant funding limitations on HUD's ability to thoughtfully plan for and execute against IT needs. For example, HUD lacks the ability to smooth acquisition costs over time because they must all be obligated each year, making regular IT refreshes more difficult. This inflexibility impairs HUD's ability to effectively establish and execute IT acquisition contracts. These funding limitations present not only considerable constraints around decision making and decreased operational efficiency, but also cybersecurity risks as hardware ages.

With IT end-user devices in the WCF model, HUD will be better positioned to improve and refresh end-user devices on a pre-determined schedule. Moving to a WCF model will provide suitable, risk-based, and economical capabilities that allow HUD to meet evolving mission needs. Through the WCF model, HUD will deliver IT end-user devices and wireless support services in a more customer-centric and economical manner.

For a detailed shift in the budget-neutral realignment of budget authority, please see **Table 3** below.

TABLE 3

Component	2023 End-User Devices - Base	2023 Allocation – End-User Devices	Realignment
ADMIN	-	502,148	502,148
CPD	-	1,106,915	1,106,915
EO	-	199,022	199,022
FHEO	-	1,080,506	1,080,506
GNMA	-	330,388	330,388
LHCHH	-	89,811	89,811
HSNG	-	3,285,641	3,285,641
OCFO	-	379,632	379,632
OCHCO	-	242,826	242,826
OCIO	-	752,369	752,369
OCPO	-	136,731	136,731
ODEEO	-	30,272	30,272
FPM	-	629,682	629,682
OGC	-	832,724	832,724
OBT	-	-	-

## WORKING CAPITAL FUND

PDR	-	284,390	284,390
PIH	-	1,916,943	1,916,943
IT Fund	11,800,000	-	-11,800,000
<b>Total</b>	<b>11,800,000</b>	<b>11,800,000</b>	<b>-</b>

### Printing Services

The Printing Service line of business provides access to hundreds of multi-function devices (MFDs), printing project management oversight, contractor support and production printing equipment to include a wide-format 44-inch production printer. Printing Services are currently centrally funded out of the Office of Administration. This proposal represents a budget-neutral realignment for the Department of \$2.7 million; the totals in this Budget include the funding shifted out of the Office of Administration (ADMIN) and realigned into program offices S&E accounts, including three ADMIN employees that will be funded via the WCF. This proposed service aligns with the Department's goal to "Strengthen HUD's internal capacity and efficiency." Moving this service to the WCF will create opportunities to realize long-term savings, increase customer visibility into costs, and provide for expanded printing capabilities. The printing devices and contractor support will be acquired through an Interagency Agreement (IAA) with Government Printing Office (GPO). The service is already authorized under the WCF's original appropriations language and is a common service offered by other WCF's across the federal government.

For a detailed shift in the budget neutral realignment of budget authority, please see **Table 4** below.

### HR Platform Licensing

HR Platform Licensing service will be provided via a contract for ServiceNow Human Resources Service Delivery (HRSD) licenses. ServiceNow HRSD is a HR platform to manage service requests across HR business lines for employees throughout their employment lifecycle. HUD will implement ServiceNow HRSD during in 2022, with configuration anticipated to be completed in late 2022. The WCF would then begin funding the Operations and Maintenance costs, comprised of the license costs, in 2023. The ServiceNow HRSD platform will improve HR efficiency and productivity by streamlining the employee HR service experience end-to-end with intelligent workflows and a shared document portal. The system would provide a consistent level of service and experience to employees.

Specific services related to ServiceNow HRSD include, but are not limited to, hiring certificate sharing, employee on-boarding support, and a HR knowledge portal. ServiceNow HRSD has been implemented by other federal agencies with a demonstrated track record of streamlining HR service delivery. This service will be acquired through a contract with a non-federal vendor, with start-up and implementation costs paid for in 2022, out of the IT Fund. This service will only consist of funding the licensing cost for the ServiceNow HRSD platform and does not include implementation funding. The proposed HR Platform licenses will cost approximately \$525 thousand in new funding, which will be allocated among each WCF customer S&E account.

For details of the alignment of the new budget authority, please see **Table 4** below.

TABLE 4

Component	2023 Printing - Base	2023 Allocation - Printing	Realignment- Printing	2023 Allocation – HR Platform Licensing
ADMIN	2,748,349	99,933	-2,648,416	15,946
CPD	-	274,448	274,448	56,898
EO	-	20,812	20,812	4,684
FHEO	-	159,548	159,548	36,561
GNMA	-	92,906	92,906	11,840
LHCHH	-	23,256	23,256	3,334
HSNG	-	769,226	769,226	176,292
OCFO	-	264,692	264,692	14,854
OCHCO	-	55,971	55,971	9,757
OCIO	-	120,048	120,048	16,578
OCPO	-	50,243	50,243	8,262
ODEEO	-	5,431	5,431	1,196
FPM	-	103,956	103,956	24,187
OGC	-	206,701	206,701	41,453
PDR	-	68,536	68,536	10,608
PIH	-	432,642	432,642	92,562
<b>Total</b>	<b>2,748,349</b>	<b>2,748,349</b>	<b>-</b>	<b>525,012</b>

### Key Assumptions

- All current services cost for 2023 will be within five percent of their 2022 cost. For 2023, this includes fully funding FSADD and the TEI program.
- An increase in the number of PRISM licenses and Oracle licenses by 580 to accommodate increasing onboard personnel and expanded procurement and financial management oversight. PRISM licenses are needed to access HUD's procurement system, while Oracle licenses are needed to access the financial system.
- Proposed new service lines have been budgeted based on anticipated contract and acquisition costs from existing agreements or a combination of vendor and government estimates.
- Personnel costs have been adjusted at the same rate as the HUD Salaries and Expenses accounts.

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2023 President's Budget includes the following:

The Budget proposes changes to the appropriations language that provides the authority for the WCF to fund goods and services that the Secretary determines to be in the interest of economy and efficiency for HUD's operations by removing the restrictions limiting the WCF to specific activities.

## APPROPRIATIONS LANGUAGE

The 2023 President's Budget includes the appropriation language listed below.

*For the working capital fund (referred to in this paragraph as the "Fund"), established pursuant to section 7(f) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(f)), amounts transferred, including reimbursements, to the Fund under this heading shall be available, without fiscal year limitation, for any expenses necessary for the maintenance and operation of the Department that the Secretary finds to be desirable in the interest of economy and efficiency: Provided, That expenses of operation under such section 7(f) shall include operational reserves.*

*Note.—A full-year 2022 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, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## OFFICE OF INSPECTOR GENERAL

### SALARIES AND EXPENSES

(Dollars in Thousands)

	2021*	2022			2023		
	Actuals	Carry Over	Annualized CR	Total	Carry Over	President's Budget	Total
<b>Personnel Services:</b>	<b>\$100,711</b>	-	<b>\$104,785</b>	<b>\$104,785</b>	-	<b>\$112,832</b>	<b>\$112,832</b>
<b>Non-Personnel Services:</b>							
Travel	268	-	178	178	-	1,462	1,462
Transportation of Things	5	-	5	5	-	5	5
Rent and Utilities	7,053	-	6,896	6,896	-	6,787	6,787
Printing	2	-	2	2	-	2	2
Other Services/Contracts	18,392	-	14,321	14,321	-	15,436	15,436
Training	664	-	333	333	-	576	576
Supplies	366	-	242	242	-	357	357
Furniture and Equipment	7,380	-	4,521	4,521	-	5,408	5,408
Claims and Indemnities	255	-	200	200	-	250	250
<b>Total, Non-Personnel Services</b>	<b>\$34,385</b>	-	<b>\$26,698</b>	<b>\$26,698</b>	-	<b>\$30,283</b>	<b>\$30,283</b>
Financial Audit	\$6,543	-	\$5,717	\$5,717	-	\$5,885	\$5,885
Carryover	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$141,639</b>	-	<b>\$137,200</b>	<b>\$137,200</b>	-	<b>\$149,000</b>	<b>\$149,000</b>
<b>FTEs</b>	<b>505</b>	-	<b>520</b>	<b>520</b>	-	<b>535</b>	<b>535</b>

\*Includes 2020 Carryover

### PROGRAM PURPOSE

The Office of Inspector General (OIG) for HUD is an independent and objective organization, conducting and supervising audits, evaluations, investigations, and reviews relating to the Department's programs and operations. The OIG promotes economy, efficiency, and effectiveness in these programs and operations while also preventing and detecting fraud, abuse, and mismanagement. As an organization we are committed to keeping the HUD Secretary, Congress, and our stakeholders fully and currently informed about problems and deficiencies and the necessity for and progress of corrective action.

The work of the OIG is important to the Department's success in fulfilling its Strategic Plan to address the Secretary's mission priorities and management challenges. The OIG works to ensure that our resources and activities encompass the issues and concerns most critical to the Department. Stewardship of taxpayer resources is one of the Inspector General's highest priorities by ensuring funding is appropriately utilized, properly managed, and achieving the outcomes stakeholders require.

## BUDGET OVERVIEW

The 2023 President's Budget requests \$149 million for the OIG, which is \$11.8 million more than the 2022 annualized CR level.

The Budget seeks the resources necessary for the OIG to continue delivering the impactful investigations, audits, evaluations, and reviews that executive branch and congressional stakeholders require. The Budget would also provide necessary support for Congressionally mandated activities, including the HUD consolidated financial statement audit, information security audits, evaluations related to the Federal Information System Controls Audit Manual (FISCAM) and Federal Information Security Management Act (FISMA), and Digital Accountability and Transparency Act (DATA) compliance audits.

The Budget represents an 8.6 percent increase in total resources that will support mission critical personnel, non-personnel mission requirements, and inflationary cost increases. The OIG is continuing to prioritize resources to support the tools and personnel necessary to produce actionable information that increases the effectiveness and success of HUD programs, while rooting out waste, fraud, and abuse that undermine programmatic and stakeholder objectives.

### Personnel Services (PS)

The OIG's 2023 personnel services requirements are \$112.8 million, to support 535 full time equivalents (FTEs), or \$8.0 million more than 2022 annualized CR funding of \$104.8 million. The requested FTE level of 535 will support the critical oversight priorities of the OIG including ensuring hazard free and habitable housing, access to affordable housing, homelessness, fair housing, risks to the Mutual Mortgage Insurance (MMI) Fund, HUD grant management, HUD IT operations and vulnerabilities, and protecting the integrity of HUD programs.

The increase of \$8 million above the 2022 annualized CR level includes:

- \$3.0 million to support 15 FTEs above the 2022 annualized CR funding level, which roughly represents current OIG onboard staffing. These individuals would be allocated to an array of oversight activities addressing multiple HUD programs.
- \$3.8 million in inflationary increases for pay and benefits, including a 4.6 percent pay raise.
- \$1.2 million increase in other personnel expenditures including re-proposal of the 2021 cash award funding level (\$1.5 million), this amount is slightly offset by other reductions in PS requirements.

The outlined personnel services resources and FTE will support the OIG's mission across the spectrum of HUD activities and programs. This includes areas where the OIG is expanding and prioritizing our oversight resources such as those programs identified in the OIG's top management challenges. Specifically, the OIG sees the following as the areas of greatest concern and priority for our mission personnel:

Eliminating Hazards in Housing: HUD continues to face several challenges in ensuring that properties used for its programs are free from hazardous materials, lead-based paint, toxic chemicals, and radioactive substances such as radon. The OIG sees this as a top priority that is central to the oversight of the Department and ensuring that beneficiaries are safe when occupying HUD-assisted housing. HUD programs cannot thrive if recipients of those programs do not feel safe or cared for when occupying HUD properties. This oversight effort is multifaceted and requires a professional workforce with the right skills and training to effectively oversee this vital area of HUD's operations.

Mitigating Counter Party Risk in Mortgage Programs: HUD must continue to take steps to address counterparty risks faced by FHA and Ginnie Mae to protect taxpayer funds. The OIG is positioned to oversee and assist the Department in mitigating the risk to the MMI fund and achieving HUD's mission of supporting sustainable homeownership and encouraging investment in affordable rental housing.

Access to and Availability of Affordable Housing: One tenet of HUD's mission is to create affordable housing for all. Very low-income renters continually face challenges in finding affordable housing due to "severe rent burden" (paying more than 50 percent of one's income) and increased competition for affordable rental housing. Deploying Housing Vouchers effectively and ensuring they're managed efficiently to reach the maximum number of families possible is within the OIG's oversight role and an organizational priority.

Grants Management: In 2021 alone, HUD obligated more than \$14.4 billion in grants, or approximately 24 percent of HUD's overall funding. In many cases, HUD awards funding to thousands of grantees, who in turn, distribute the funds to thousands more subgrantees, subcontractors, and subrecipients. Like other grant-making agencies, HUD faces challenges in developing and implementing adequate policies, procedures, and other controls to monitor grantees compliance consistently and effectively with key program requirements. The OIG foresees an expanding role in ensuring the proper use, oversight and tracking of HUD grant funding. This is a top priority for every mission component in the OIG.

Fraud Risk Management: Managing fraud risk is a challenge throughout the Federal Government. Beyond the monetary loss of taxpayer funds, fraud against HUD's programs negatively impacts the most vulnerable populations with critical housing needs, including children, the economically disadvantaged, and the elderly. Dollars lost to fraud are dollars that cannot assist those in need, and ineligible participants take spots away from others who need access.

Sustaining Progress in Financial Management: HUD needs to be able to continue sustaining the improvements it has made in Financial Management so that HUD and its components can operate at a level that will consistently produce reliable and timely financial reports and ensure continuity during challenging times. The gains shown by HUD over the last few years are impressive, but the OIG has a continuing mission to ensure the Department's financial management is thorough and sound for all external stakeholders who rely on HUD financial reporting for legislative and other critical decision making.

Managing Human Capital: The effects of HUD's difficulties in managing human capital affect many of HUD's mission-related challenges. According to HUD's 2022 Budget in Brief, HUD experienced a decline in staff of approximately 30 percent during the period 2012 through 2019. Recruitment, retention, and hiring qualified employees has been a growing concern for the Federal government. The OIG believes that the Department will never be able to adequately manage the scale and scope of the agency's programs without the right skillsets and people in place. Based on that belief, the OIG plays an important role in evaluating HUD's human capital processes and offering recommendations for improvement.

Management and Oversight of Information Technology: While HUD has made progress in managing and overseeing its IT program through modernization efforts and addressing recommendations, several longstanding issues that harm IT program effectiveness persist. Poor management of HUD's IT resources and difficulty in completing its initiatives hinder HUD's IT development. The OIG has greatly increased the personnel and resources available to oversee this area of HUD's operations. As an agency we are better positioned than ever before to help HUD identify and rectify the remaining shortfalls in the Department's IT infrastructure.

Increasing Efficiency in Procurement: Meeting the procurement needs of its program offices in a timely manner so that it can efficiently carry out its mission is critical for HUD. Considering HUD's reliance on contractors, the ability for HUD's Office of the Chief Procurement Officer (OCPO) to respond to changing departmental needs is imperative for HUD's success. The OIG is continuing to provide an independent assessment of this effort in hopes of improving the process for all underlying HUD offices and programs.

The personnel requirements laid out in the Budget support the OIG's ability to adequately respond and address these top challenges within the Department. Maintaining the right personnel with the right skillsets is essential to successfully carrying out the OIG's mission. The OIG has made tremendous strides to decrease the time to hire and ensure that backfilling takes place proactively and intentionally to fill the most important positions within the organization. The personnel funding requirements explained in the Budget will allow the OIG to maintain staffing levels and continue to respond timely to the needs and concerns of the Department, the Administration, and Congress.

### **Non-Personnel Services (NPS)**

The OIG's 2023 non-personnel services (NPS) requirements, including the cost of the consolidated financial statement audit, are \$36.2 million or \$3.8 million more than the 2022 annualized CR level of \$32.4 million. These requirements are a combination of spending deferred under a 2022 full year CR, inflationary and programmatic adjustments to the base, and increased requirements particularly related to travel as the OIG returns to a more traditional operational posture.

The NPS requirements called for in the 2023 Budget support the operational needs of the 535 FTEs, necessary operations and maintenance of the OIG's IT infrastructure, including fully bringing the OIG's networks into Trusted Internet Connection (TIC) compliance, support for the continued outsourcing of the consolidated financial statement audit, and other necessary expenditures to support the OIG's mission. The itemized adjustments to base are as follows:

- \$500 thousand for TIC compliant internet service for the entire OIG serving both the Headquarters-based Washington, DC data center and the Disaster Recovery Facility (DRF) data center located in Denver, Colorado. Using the GSA Enterprise Infrastructure Solutions contract vehicle, the OIG expects partial operationalization under a 2022 continuing resolution with the remaining requirement continuing under the 2023 Budget. The TIC services include constant network monitoring to thwart any potential cyber-attack and alert the organization of possible vulnerabilities. Based on the recent security breaches experienced by Federal agencies and the need to achieve organizational compliance this is a top priority for the OIG to ensure both adequate information security protocols and bring the organization into compliance with OMB mandates.
- \$500 thousand in repropoed funding to establish training support and legal services related to mortgage-backed securities (MBS), multiclass transactions managed by Ginnie Mae, and complex secondary market legal issues. The OIG believes that the significant role Ginnie Mae plays in the housing finance market warrants both investment in OIG personnel as well as outside resources with specialized expertise. The OIG will use the contracted experts to educate and advise our staff on residential MBS market to enhance our oversight of HUD's housing finance and mortgage insurance programs. This contract will be utilized as needed to supplement the current legal and program oversight staff in a way that over time could be more cost effective than hiring full-time government personnel with experience in housing finance and secondary market transactions, as those individuals may be difficult to recruit and retain given the opportunities available to them in the private sector.
- \$848 thousand in repropoed base funding that support an array of operational contract needs including investigative assistance and equipment, strategic planning consultation,



operational support contracts, media support, training design support and an array of smaller requirements deferred to balance needs under a 2022 full year CR.

- \$650 thousand for investment in investigative equipment related to a new eDiscovery and digital forensics platform that can host all the OIG's investigative review software. The current eDiscovery and digital forensics platform was purchased in 2017 and needs refreshing. This product will give OIG investigative, legal, and other mission personnel capabilities beyond the OIG's current technology. Additional benefits include much needed additional storage and processing power to keep up with increasing agency demand for processing of Electronically Stored information (ESI) and the ability to host Virtual Desktop Infrastructure (VDI) for a customized virtual environment.
- \$1.3 million to support increased travel requirements in 2023. Many activities that previously would have required travel have been virtualized during the COVID-19 pandemic and as an organization the OIG expects that to continue into 2023. However, other more traditional travel will still be necessary primarily for investigations and some audits/evaluations. For example, an evaluation that involve HUD's health and safety inspection process would require an in-person OIG presence. The projected 2023 requirement represents 56 percent of the OIG's pre-pandemic travel requirements.
- Reduction of \$109 thousand for requirements associated with rent and utilities. The net decrease in requirements is a product of the OIG decreasing our space footprint in some areas of the country, balanced against some increased rent costs to consolidate all Washington, DC OIG staff in permanent space on one floor of the Weaver building.
- \$171 thousand increase related to inflation across contracts, equipment, shared service agreement with Treasury, and other minimal expected pricing adjustments.
- \$243 thousand to increase funding for training to a historically appropriate level. The OIG reduced this requirement to balance operational needs at the 2022 full-year CR appropriation level. For the OIG to be effective, we must train our staff members on the intricacies of HUD's programs and on the most effective methods for performing oversight of those programs.
- \$115 thousand to increase funding for supplies to a more historically appropriate level. The OIG would reduce this requirement to balance operational needs at the 2022 full year CR appropriation.
- \$50 thousand to increase funding for legal liabilities and settlements. Typically, the OIG sets aside \$250 thousand for this possibility. The OIG would reduce this amount to support the 2022 CR funding level.
- Reduction of \$671 thousand for requirements related to the IT Business Operations Support Services contract (BOSS) and Wide Area Network support contract (WAN). The BOSS contract is being recompeted in late 2022. The OIG expects labor requirements to be lower based on the OIG having increased Federal IT personnel onboard now versus the previous bidding period. Additionally, with the OIG decommissioning some smaller field offices the overall need for WAN circuit support will decrease in the next option year lowering the requirement for that contract.

Overall, the 2023 non-personnel requirement represent the base operational needs for the OIG to maintain current services and ensure OIG personnel have the tools, training, and operational resources necessary to carry out our oversight mission. The OIG like all agencies continues to scrutinize NPS needs to ensure that investment and spending aligns with organizational priorities and increases our capability to provide better, timelier, and actionable oversight products to our external stakeholders. The Budget request for NPS supports mission or operational needs that achieve those objectives.

## **HUD Consolidated Financial Statement Audit**

Beginning in 2020, Congress has required the OIG to outsource the annual financial statement audit. The OIG utilizes two contracts to achieve this, one supporting the Ginnie Mae audit effort, and the other providing for the FHA and the HUD consolidated portion of the financial statement audit. At present, all contractors are performing adequately, and the expectation is that these contracts will continue to remain active and in place for the remainder of their contractual lifespan. The 2023 total cost to support the financial statement audit is \$5.9 million. This represents a \$168 thousand inflationary increase from 2022.

## **Information Technology**

The 2023 Budget provides necessary funding to support the OIG's IT infrastructure. This includes the necessary costs to conduct cyclical replacement of IT assets, network infrastructure, and other equipment as part of normal operations and maintenance activities.

The OIG hopes to begin the transition to a TIC compliant internet connection at both the headquarters data center in Washington, DC and the disaster recovery data center located in Denver, Colorado in 2022 once the GSA Enterprise Infrastructure Solution contract is available to support this need. This effort will continue into 2023. By the end of 2023 the OIG expects to be in full TIC compliance satisfying the OMB mandate. Additionally, the OIG continues to prioritize spending that supports cybersecurity including the use of DHS Continuous Diagnostic and Mitigation program to procure information security related technologies. The 2023 Budget also provides for IT spending that furthers mission capabilities particularly for the OIG's investigative function. Reproposed investments shifted from 2022 would allow for investment in new eDiscovery and digital forensics capabilities.

## **KEY OPERATIONAL INITIATIVES**

The OIG's role is to deliver timely and quality oversight products that improve the execution of HUD programs for all Americans. The organization's tireless focus has become doing "the right work at the right time." This has led to significant changes within the OIG, many of which are still underway, to include Data Literacy and Communities of Practice initiatives, to increase subject matter expertise related to HUDs programs, keep OIG employees updated on available data sources and how to use them for data-driven oversight, and enhance collaboration across OIG.

The OIG has made it a priority to ensure the organization has the talent and skill sets necessary to enhance and broaden our strategic footprint, this includes hiring strategy and performance experts to improve our strategic planning processes and development of effective organizational performance measures that connect with SES and individual performance plans, an area in which the organization had struggled in the past. This improves the OIG's ability to put the right measures in place to make progress on agency-wide strategic goals each year to help the OIG achieve its mission.

To further its oversight, the OIG has recently realigned Office of Audit directors to each focus on specific HUD program areas and are in the process of establishing Communities of Practice for 13 of these areas. The Communities of Practice are OIG-wide groups of individuals with responsibilities for overseeing each of these areas and will serve to be central knowledge repositories. Dynamic virtual spaces, currently under development, where community members can post links, materials, media articles, congressional testimonies, and reports; ask questions of other community members; and collaborate on work will support these communities in practice. We foresee our communities will fill potential knowledge gaps by allowing OIG staff within these communities to more efficiently get up to speed on specific programs under review and draft more useful, practical, and quality recommendations.

With all these progressive initiatives, the OIG is developing change management training to give leaders at all levels the tools they need to help ensure that there is agency wide buy-in for the strategic advances the OIG is making as an organization.

The OIG began an enterprise risk management program in 2017 and has continued to mature it. We are using risk to inform organizational strategic goals and objectives that flow through to the individual employee performance measures. As the risk management program matures, the OIG will incorporate tracking of component and enterprise level risks to gain efficiencies, enhance monitoring of internal performance deficits, provide transparency within the OIG, develop accountability, and increase the organization's ability to make data-driven decisions.

The Inspector General, OIG leadership, and personnel carrying out the OIG's mission daily are seeing the benefits and enterprise-wide improvement as a result of incorporating strategic planning, strategic organizational design, and strategic based decision making into every facet of OIG operations. As an agency we believe these changes will continue to improve our responsiveness to stakeholders and the overall delivery of our mission.

### **Organizational Realignment**

The OIG as part of continuing process to align personnel and duties in a way that optimizes organizational outcomes has made three minor changes to the structure of the underlying offices:

- The OIG is proposing a realignment of the Planning, Performance, Risk Management and Engagement (PPRiME) division within the Office of Evaluation to create the office of the Chief Strategy Officer (CSO) within the Immediate Office of the Inspector General to assist the IG with developing and executing strategic plans and initiatives, centralize oversight strategy, manage OIG organizational risk, and increase OIG quality assurance. By intimately connecting oversight planning and execution in a way that improves recommendations and reporting provided to the Department and external stakeholders, the OIG is elevating the strategic function within our organization. The proposed realignment will not create any current or future budget requirements.
- The OIG is proposing realigning the Integrated Data Analytics Division (IDAD) from the Office of Evaluation to the OIG's Office of Information Technology. The analytics conducted by IDAD improve organizational strategy and the identification of emerging threats to the Department. This data drives the OIG's oversight planning, strategy, and execution. Effectively leveraging this information can save valuable time, resources, and help the organization focus on the most important investigations, audits, evaluations, and reviews. The proposed realignment will not create any current or future budget requirements.
- Lastly, the OIG is proposing to realign the functions of the Joint Civil Frauds Division which was a group made up of both auditors and investigators tasked with oversight activities that at times called for cross functional involvement. The respective audit and investigation offices will absorb the staff that makes up this group. The OIG has institutionalized the lessons learned and unique approaches to combating fraud that will allow for better management of our audit and investigative function while still approaching each oversight activity with the most appropriate strategy and skill set. The proposed realignment will not create any current or future budget requirements.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**FISCAL YEAR 2023 GENERAL PROVISIONS**

This document summarizes the General Provisions (GPs) in the 2023 President's Budget.

*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 cancelled or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not 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 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 relates to the sharing of savings from refunding bonds for certain Section 8 contracts.

*SEC. 202. FAIR HOUSING ACT INVESTIGATIONS AND PROSECUTIONS.—None of the funds made available by this Act may be used 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 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.

*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.

*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 does not preclude Ginnie Mae’s reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

*SEC. 205. HUD CORPORATION 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 2023 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), which is necessary to carry out the programs set forth in Ginnie Mae’s budget for the coming year.

*SEC. 206. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.*

*(a) Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years 2023 and 2024, 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) 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 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, or be reasonably expected to become economically nonviable when complying with state or Federal requirements for community integration and reduced concentration of individuals with disabilities.*

*(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 (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) For purposes of this section—*

(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 (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.*

(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 Secretary to 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 obsolete multifamily housing project(s) to a viable multifamily housing project.

**SEC. 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 from 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.

**SEC. 208. DISTRIBUTION OF NAHASDA BLOCK GRANT FUNDS TO NATIVE ALASKAN RECIPIENTS.**—*The funds made available for Native Alaskans under paragraph (1) under the heading "Native American Programs" in title II of this Act shall be allocated to the same Native Alaskan housing block grant recipients that received funds in fiscal year 2005, and only such recipients shall be eligible to apply for funds made available under paragraph (2) of such heading.*

**Explanation of this Section:** This section would direct block grant funds awarded to each tribe to be allocated to those entities that received funding in fiscal year 2005.



**SEC. 209. MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY PROJECTS.**—*Notwithstanding any other provision of law, in fiscal year 2023, 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 any 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 having a mortgage 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 in this section, the contract and allowable rent levels on such properties shall be subject to the requirements under section 524 of MAHRAA.*

**Explanation of this Section:** This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

**SEC. 210. SMALL PHA ASSET MANAGEMENT EXEMPTIONS.**—*Public housing agencies that own and operate 400 or fewer public housing units may elect to be exempt from any asset management requirement imposed by the Secretary in connection with the operating fund rule: Provided, That an agency seeking a discontinuance of a reduction of subsidy under the operating fund formula shall not be exempt from asset management requirements.*

**Explanation of this Section:** This section permits small PHAs with 400 or fewer units to elect not to operate under asset management.

**SEC. 211. ASSET MANAGEMENT REQUIREMENTS FOR CAPTAIL FUNDS.**—*With respect to the use of amounts provided in this Act and in future Acts for the operation, capital improvement, and management of public housing as authorized by sections 9(d) and 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d),(e)), the Secretary shall not impose any requirement or guideline relating to asset management that restricts or limits in any way the use of capital funds for*

*central office costs pursuant to paragraph (1) or (2) of section 9(g) of the United States Housing Act of 1937 (42 U.S.C. 1437g(g)(1), (2)): Provided, That a public housing agency may not use capital funds authorized under section 9(d) for activities that are eligible under section 9(e) for assistance with amounts from the operating fund in excess of the amounts permitted under paragraph (1) or (2) of section 9(g).*

**Explanation of this Section:** This section prohibits the Department from imposing requirements or guidelines related to asset management that restrict or limit the use of capital funds for PHAs' central office/overhead costs.

*SEC. 212. 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 appropriation under the accounts "Executive Offices", "Administrative Support Offices", "Program Offices", "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 allotment holders have an adequate funds control system in place and that 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.

*SEC. 213. NOFO PUBLICATION.—The Secretary shall, for fiscal year 2023, 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 opportunity (NOFO) 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 2023, the Secretary may make the NOFO 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 opportunity for any program that is competitively awarded. The notices may be published on the Internet.

*SEC. 214. TRANSFER OF FUNDS.—The Secretary is authorized to transfer up to 10 percent or \$5,000,000, whichever is less, of funds appropriated for any office under the headings "Administrative Support Offices" or "Program Offices" to any other such office : 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 shall be increased or decreased by more than 10 percent or \$5,000,000, whichever is less, unless such Committees are notified in writing ten business days in advance of any such transfers.*

**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.

**SEC. 215. PHYSICAL CONDITIONS REQUIREMENTS.**

*(a) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions, as determined by 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.*

*(b) The Secretary shall take action under subsection (c) when a multifamily housing project with a contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or a contract for similar project-based assistance—*

*(1) receives a Uniform Physical Condition Standards (UPCS) score of 59 or less; or*

*(2) fails to certify in writing to the Secretary within 3 days that all Exigent Health and Safety deficiencies identified by the inspector at the project have been corrected.*

*(3) Such requirements 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 shall not apply to such units assisted under section 8(o)(13) of such Act (42 U.S.C. 1437f(o)(13)) or to public housing units assisted with capital or operating funds under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g).*

*(c) (1) Within 15 days of the issuance of the Real Estate Assessment Center ("REAC") inspection, the Secretary shall provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary shall provide a copy of the Notice of Default to the tenants, 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 fails 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, which shall be used solely for the purpose of supporting safe and sanitary conditions at applicable properties, as designated by the Secretary, with priority given to the tenants of the property affected by the penalty;*

*(C) abate the section 8 contract, including partial abatement, as determined by the Secretary, until all deficiencies have been corrected;*

*(D) pursue transfer of the project to an owner, approved by the Secretary under established procedures, who will be obligated to promptly make all required repairs and to accept renewal of the assistance contract if such renewal is offered;*

*(E) transfer the existing section 8 contract to another project or projects and owner or owners;*

*(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 as deemed necessary and appropriate by the Secretary.*

*(d) The Secretary shall take appropriate steps to ensure that project-based contracts remain in effect, subject to the exercise of contractual abatement remedies to assist relocation of tenants for major threats to health and safety after written notice to the affected tenants. To the extent the Secretary determines, in consultation with the tenants and the local government, that the property 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"); and*

*(2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance.*

*(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) identification of the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identification of properties that have such conditions multiple times;*

*(2) identification of actions that the Department of Housing and Urban Development is taking to protect tenants of such identified properties; and*

*(3)any administrative or legislative recommendations to further improve the living conditions at properties covered under a housing assistance payment contract. This report shall be submitted to the Senate and House Committees on Appropriations not later than 30 days after the enactment of this Act, and on the first business day of each Federal fiscal year quarter thereafter while this section remains in effect.*

**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.

*SEC. 216. 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 2023.*

**Explanation of this Section:** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

*SEC. 217. 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.

*SEC. 218. ENTITLEMENT STATUS.—None of the funds made available by this Act may be used to terminate the status of a unit of general local government as a metropolitan city (as defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C.5302)) with respect to grants under section 106 of such Act (42 U.S.C. 5306).*

**Explanation of this Section:** Prohibits funds from being used to terminate the status of a unit of local government as a metropolitan city, as defined under Section 102 of the Housing and Community Development Act of 1974, with respect to grants under Section 106 of such Act.

*SEC. 219. UNOBLIGATED RESEARCH FUNDS.—Amounts made available by this Act that 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 226 of this Act.*

**Explanation of this Section:** This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement.

*SEC. 220. PROHIBITION OF AWARDS.—None of the funds provided in this Act or any other act may be used for awards, including performance, special act, or spot, for any employee of the Department of Housing and Urban Development subject to administrative discipline (including suspension from work), in this fiscal year, but this prohibition shall not be effective prior to the effective date of any such administrative discipline or after any final decision over-turning such discipline.*

**Explanation of this Section:** This provision prohibits the Department from issuing performance awards to employees subject to administrative discipline.

*SEC. 221. MATCHING REQUIREMENTS.—With respect to grant amounts awarded under the heading "Homeless Assistance Grants" for fiscal years 2015 through 2023 for the continuum of 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.

*SEC. 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) 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.*

**Explanation of this Section:** This provision allows CoC grantees to receive one-year transition grants to transition from one CoC program component to another.

*SEC. 223. PROMISE ZONE DESIGNATIONS AND AGREEMENTS.—The Promise Zone designations and Promise Zone Designation Agreements entered into pursuant to such designations, made by the Secretary of Housing and Urban Development in prior fiscal years, shall remain in effect in accordance with the terms and conditions of such agreements.*

**Explanation of this Section:** This provision requires that Promise Zone designations and agreements shall remain in effect.

*SEC. 224. MOVING TO WORK FLEXIBILITIES.—Any public housing agency designated as a Moving to Work agency pursuant to section 239 of division L of Public Law 114–113 (42 U.S.C. 1437f note; 129 Stat. 2897) may, upon such designation and thereafter, use funds (except for special purpose funding, including special purpose vouchers) previously allocated to any such public housing agency under section 8 or 9 of the United States Housing Act of 1937, including any reserve funds held by the public housing agency or funds held by the Department of Housing and Urban Development, pursuant to the authority for use of section 8 or 9 funding provided under such section and section 204 of title II of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104–134; 110 Stat. 1321–28), notwithstanding the purposes for which such funds were appropriated.*

**Explanation of this Section:** This provision allows public housing agencies designated as Moving to Work agencies to use pre-designation housing choice voucher and public housing funds, including reserves, consistent with the Moving to Work authorities.

*SEC. 225. PROHIBITION ON LIMITING LEAD BASED PAINT EVALUATIONS.—None of the amounts made available by this Act may be used to prohibit any public housing agency under receivership or the direction of a Federal monitor from applying for, receiving, or using funds made available under the heading "Public Housing Fund" for competitive grants to evaluate and reduce lead-based paint hazards in this Act or that remain available and not awarded from prior Acts, or be used to prohibit a public housing agency from using such funds to carry out any required work pursuant to a settlement agreement, consent decree, voluntary agreement, or similar document for a violation of the Lead Safe Housing or Lead Disclosure Rules.*

**Explanation of this Section:** This provision prohibits funds from being used to make certain eligibility limitations as part of a notice of funding opportunity for certain competitive grant awards under the Public Housing Fund.

*SEC. 226. REPROGRAMMING LIMITATIONS.—Except as otherwise provided in this Act, and unless the House and Senate Committees on Appropriations are consulted 15 days in advance of any reprogramming and are notified in writing 10 days in advance of such reprogramming, none of the funds provided in this title, provided by previous appropriations Acts to the Department of Housing and Urban Development that remain available for obligation or expenditure in fiscal year 2023, or provided from any accounts in the Treasury derived by the collection of fees and available to the Department of Housing and Urban Development, shall be available for obligation or expenditure through a reprogramming of funds that—*

*(a) for Program and Information Technology funds—*

- (1) initiates or creates a new program, project, or activity;*
- (2) eliminates a program, project, or activity;*
- (3) increases funds for any program, project, or activity for which funds have been denied or restricted by the Congress;*
- (4) proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose;*
- (5) augments existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less; or*
- (6) reduces existing programs, projects, or activities by \$5,000,000 or 10 percent whichever is less;*

*(b) for Salaries and Expenses funds—*

- (1) assigns personnel or hires to support the creation of a new program, project, or activity not previously included in the President's budget;*
- (2) increases the personnel or other resources for any program, project, or activity for which funds have been denied or restricted by the Congress;*
- (3) relocates or closes an office;*
- (4) reorganizes an office, which shall include the transfer of any function from one office to another office.*

**Explanation of this Section:** This provision establishes reprogramming requirements for fiscal year 2023.

*SEC. 227. OPERATING PLAN REQUIREMENTS.—Not later than 60 days after the date of enactment of this Act, the Department of Housing and Urban Development shall submit a report to the Committees on Appropriations of the Senate and of the House of Representatives to establish the baseline for application of reprogramming and transfer authorities for the current fiscal year: Provided, That such report shall include—*

- (a) a table for each appropriation with a separate column to display the prior year enacted level, the President's budget request, adjustments made by Congress, adjustments due to enacted rescissions, if appropriate, and the fiscal year enacted level;*
- (b) for program funds, a delineation in the table for each appropriation and its respective prior year enacted level by program, project, and activity as detailed in the budget appendix for the respective appropriation; and*



(c) for salaries and expenses, an organizational chart for each office that includes detail to the branch level, and clearly identifies those "offices" to which section 226(b) shall be applied.

**Explanation of this Section:** This provision establishes operating plan requirements for fiscal year 2023. The operating plan establishes the baseline for the application of reprogramming requirements and transfers of funds.

**SEC. 228. CHOICE NEIGHBORHOODS EXPENDITURES.**— (a) Funds previously made available in the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113–235) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2017 are to remain available through fiscal year 2023 for the liquidation of valid obligations incurred in fiscal years 2015 through 2017.

(b) Funds previously made available in the Consolidated Appropriations Act, 2016 (Public Law 114–113) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2018 are to remain available through fiscal year 2024 for the liquidation of valid obligations incurred in fiscal years 2016 through 2018.

(c) Funds previously made available in the Consolidated Appropriations Act, 2017 (Public Law 115–31) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2019 are to remain available through fiscal year 2025 for the liquidation of valid obligations incurred in fiscal years 2017 through 2019.

(d) Funds previously made available in the Consolidated Appropriations Act, 2018 (Public Law 115–141) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2020 are to remain available through fiscal year 2026 for the liquidation of valid obligations incurred in fiscal years 2018 through 2020.

(e) Funds previously made available in the Consolidated Appropriations Act, 2019 (Public Law 116–6) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2021 are to remain available through fiscal year 2027 for the liquidation of valid obligations incurred in fiscal years 2019 through 2021.

(f) Funds previously made available in the Further Consolidated Appropriations Act, 2020 (Public Law 116–94) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2022 are to remain available through fiscal year 2028 for the liquidation of valid obligations incurred in fiscal years 2020 through 2022.

(g) Funds previously made available in the Consolidated Appropriations Act, 2021 (Public Law 116–260) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2023 are to remain available through fiscal year 2029 for the liquidation of valid obligations incurred in fiscal years 2021 through 2023.

(h)

(1) This section shall become effective immediately upon enactment of this Act.

*(2) If this Act is enacted after September 30, 2022, subsection (a) shall be applied as if it were in effect on September 30, 2022.*

**Explanation of this Section:** This provision extends the expenditure period for previously appropriated Choice Neighborhoods funds.

*SEC. 229. MOVING TO WORK DESIGNATION PERIOD.—Section 239 of the Department of Housing and Urban Development Appropriations Act, 2016 (Public Law 114–113; 129 Stat. 2897) is amended by striking "7-year period" and inserting "10-year period" in the fifth sentence.*

**Explanation of this Section:** This provision extends selection period from 7 to 10 years for the Moving to Work demonstration.

*SEC. 230. GINNIE MAE SECURITIZED MULTIFAMILY LOANS AND RISK SHARING.—Paragraph (6) of section 542(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–22(c)) is amended in its title by deleting "Prohibition on" and by revising the text of paragraph (6) to read as follows: "The Government National Mortgage Association may, at the discretion of the Secretary, securitize any multifamily loan insured under this subsection, provided that, notwithstanding any other provision, any successors and assigns of the risk share partner (including the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named) shall not assume any obligation under the risk-sharing agreement and may assign any defaulted loan to the Federal Housing Administration in exchange for payment of the full mortgage insurance claim. The risk-sharing agreement must provide for reimbursement to the Secretary by the risk share partner(s) for either all or a portion of the losses incurred on the loans insured. The originating Housing Finance Agency cannot assign or otherwise be relieved of its risk share obligations under the risk-sharing agreement."*

**Explanation of this Section:** This provision authorizes Ginnie Mae to securitize affordable multifamily loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration's (FHA) 542(c) Risk-Sharing program.

*SEC. 231. TRANSFERS 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 in S&E funds to the Information Technology Fund.

*SEC. 232. RENTAL ASSISTANCE DEMONSTRATION.—The language under the heading "Rental Assistance Demonstration" in the Department of Housing and*

*Urban Development Appropriations Act, 2012 (Public Law 112– 55), as most recently amended by Public Law 115–141, is further amended—*

*(a) in the initial undesignated matter, by striking "and 'Public Housing Operating Fund'" and inserting ", 'Public Housing Operating Fund', and 'Public Housing Fund';*

*(b) in the second proviso, by striking "until September 30, 2024" and inserting "for fiscal year 2012 and thereafter";*

*(c) by striking the fourth proviso and inserting the following new provisos: "Provided further, That at properties with assistance under section 9 of the Act requesting to partially convert such assistance, and where an event under section 18 of the Act occurs that results in the eligibility for tenant protection vouchers under section 8(o) of the Act, the Secretary may convert the tenant protection voucher assistance to assistance under a project-based subsidy contract under section 8 of the Act, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, or assistance under section 8(o)(13) of the Act, so long as the property meets any additional requirements established by the Secretary to facilitate conversion: Provided further, That to facilitate the conversion of assistance under the previous proviso, the Secretary may transfer an amount equal to the total amount that would have been allocated for tenant protection voucher assistance for properties that have requested such conversions from amounts made available for tenant protection voucher assistance under the heading 'Tenant-Based Rental Assistance' to the heading 'Project-Based Rental Assistance': Provided further, That at properties with assistance previously converted hereunder to assistance under the heading "Project-Based Rental Assistance," which are also separately assisted under section 8(o)(13) of the Act, the Secretary may, with the consent of the public housing agency and owner, terminate such project-based subsidy contracts and immediately enter into one new project-based subsidy contract under section 8 of the Act, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, subject to the requirement that any residents assisted under section 8(o)(13) of the Act at the time of such termination of such project-based subsidy contract shall retain all rights accrued under section 8(o)(13)(E) of the Act under the new project-based subsidy contract and section 8(o)(13)(F)(iv) of the Act shall not apply: Provided further, That to carry out the previous proviso, the Secretary may transfer from the heading "Tenant-Based Rental Assistance" to the heading "Project-Based Rental Assistance" an amount equal to the amounts associated with such terminating contract under section 8(o)(13) of the Act:";*

*(d) in the thirteenth proviso, as reordered above, by*

*(1) inserting "'Public Housing Fund', 'Self-Sufficiency Programs', 'Family Self-Sufficiency'" following "'Public Housing Operating Fund','"; and*

*(2) inserting "or the ongoing availability of services for residents" after "effective conversion of assistance under the demonstration";*

*(e) by striking the twenty-first proviso, as reordered above, and inserting the following new provisos: "Provided further, That conversions*

*of assistance under the following provisos herein shall be considered as the 'Second Component' and shall be authorized for fiscal year 2012 and thereafter: Provided further, That owners of properties assisted under section 101 of the Housing and Urban Development Act of 1965, section 236(f)(2) of the National Housing Act, or section 8(e)(2) of the United States Housing Act of 1937, for which an event after October 1, 2006 has caused or results in the termination of rental assistance or affordability restrictions and the issuance of tenant protection vouchers under section 8(o) of the Act shall be eligible, subject to requirements established by the Secretary, for conversion of assistance available for such vouchers or assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a project rental assistance contract under section 202(c)(2) of the Housing Act of 1959 shall be eligible, subject to requirements established by the Secretary, including but not limited to 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 tenant consultation procedures, for conversion of assistance available for such assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a senior preservation rental assistance contract under section 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), shall be eligible, subject to requirements established by the Secretary as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly families, and tenant consultation procedures, for conversion of assistance available for such assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a project rental assistance contract under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act, shall be eligible, subject to requirements established by the Secretary, including but not limited to 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 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving persons with disabilities, and tenant consultation procedures, for conversion of assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act; Provided further, That long term project-based subsidy contracts under section 8 of the Act which are established under this Second Component shall have a term of no less than 20 years, with*

*rent adjustments only by an operating cost factor established by the Secretary, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), or, subject to agreement of the administering public housing agency, to assistance under section 8(o)(13) of the Act, to which the limitation under subparagraph (B) of section 8(o)(13) of the Act shall not apply and for which the Secretary may waive or alter the provisions of subparagraphs (C) and (D) of section 8(o)(13) of the Act.";*

*(f) after the twenty-seventh proviso, as reordered above, by inserting the following new proviso: "Provided further, That the Secretary may waive or alter the requirements of section 8(c)(1)(A) of the Act for contracts provided to properties converting assistance from section 202(c)(2) of the Housing Act of 1959 as necessary to ensure the ongoing provision and coordination of services or to avoid a reduction in project subsidy."; and*

*(g) in the thirty-third proviso, as reordered above, by—*

- (1) striking "heading 'Housing for the Elderly'" and inserting "headings 'Housing for the Elderly' and 'Housing for Persons with Disabilities'"; and*
- (2) striking "any section 202 project rental assistance contract conversions" and inserting "the conversion of assistance from section 202(c)(2) of the Housing Act of 1959, section 811 of the American Homeownership and Economic Opportunity Act of 2000, or section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act".*

**Explanation of this Section:** This provision would eliminate the unit cap on the number of public housing conversions that can be completed relying solely on existing public housing funding levels. The proposal also eliminates the statutory application deadline. Such changes will ensure that HUD can maximize the number of public housing properties that can be preserved without additional funding. For a comprehensive explanation of changes please see the Project-Based Rental Assistance justification.

***SEC. 233. LEAD HAZARD REDUCTION EXPENDITURE EXTENTION.***—*Funds previously made available in the Consolidated Appropriations Act, 2019 (Public Law 116-6) for "Lead Hazard Reduction" that were available for obligation through fiscal year 2020 are to remain available through fiscal year 2027 for the liquidation of valid obligations incurred in fiscal years 2019 through 2020.*

**Explanation of this Section:** This provision extends the expenditure period for Lead Hazard Reduction funds previously appropriated in 2019.

***SEC. 234. MARK-TO-MARKET AMENDMENTS.*** *The Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—*  
*(a) in section 515, by adding at the end the following new subsection:*  
*"(d) RENT ADJUSTMENTS AND SUBSEQUENT RENEWALS. After the initial renewal of a section 8 contract pursuant to this section and notwithstanding any*

*other provision of law or contract regarding the adjustment of rents or subsequent renewal of such contract for a project, including such a provision in section 514 or this section, in the case of a project subject to any restrictions imposed pursuant to sections 514 or this section, the Secretary may, not more often than once every 10 years, adjust such rents or renew such contracts at rent levels that are equal to the lesser of budget-based rents or comparable market rents for the market area upon the request of an owner or purchaser who—*

*"(1)demonstrates that—*

*"(A) project income is insufficient to operate and maintain the project, as determined by the Secretary; or*

*"(B) the rent adjustment or renewal contract is necessary to support commercially reasonable financing (including any required debt service coverage and replacement reserve) for rehabilitation necessary to ensure the long-term sustainability of the project, as determined by the Secretary; and*

*"(2)agrees to—*

*"(A) extend the affordability and use restrictions required under 514(e)(6) for an additional twenty years; and*

*"(B) enter into a binding commitment to continue to renew such contract for and during such extended term, provided that after the affordability and use restrictions required under 514(e)(6) have been maintained for a term of 30 years:*

*"(i) an owner with a contract for which rent levels were set at the time of its initial renewal under section 514(g)(2) shall request that the Secretary renew such contract under section 524 for and during such extended term; and*

*"(ii) an owner with a contract for which rent levels were set at the time of its initial renewal under section 514(g)(1) may request that the Secretary renew such contract under section 524.";*

*(b) in section 524, by adding at the end the following new subsection:*

*"(h) RENT ADJUSTMENTS TO ADDRESS DISTRESS. In the case of a section 8 contract that will be eligible for renewal under this section when it expires or terminates, notwithstanding any provision of contract or law regarding the adjustment of rents, including such a provision in this section, the Secretary may adjust such rents, subject to the availability of funds for such rent adjustments, to rent levels that are equal to the lesser of budget-based rents or comparable market rents for the market area at the request of an owner or purchaser who demonstrates that such rent adjustment is needed to address project health and safety deficiencies and that—*

*"(1) project income is insufficient to operate and maintain the project, as determined by the Secretary; or*

*"(2) the rent adjustment is necessary to support commercially reasonable financing (including any required debt service coverage and replacement reserve) for rehabilitation necessary to ensure the long-term sustainability of the project, as determined by the Secretary."; and*

*(c) in section 579, by striking "October 1, 2022" each place it appears and inserting in lieu thereof "October 1, 2027".*

**Explanation of this Section:** This provision would allow for budget-based rent increases for certain at-risk multifamily properties in the Mark-to-Market (M2M) Program and for other PBRA properties with health and safety deficiencies. Also, this provision would extend authorization for M2M through September 30, 2027.

*SEC. 235. CORRECTION OF ALLOCATION ERRORS.—Notwithstanding any other provision of law, if the Secretary determines, for any prior formula grant allocation administered by the Secretary under a program under the headings "Public and Indian Housing", "Community Planning and Development", or "Housing Programs" in this title, that a recipient received an allocation greater than the amount such recipient should have received for a formula allocation cycle pursuant to applicable statutes and regulations, the Secretary may adjust for any such funding error in the next applicable formula allocation cycle by—*

- (a) offsetting each such recipient's formula allocation (if eligible for a formula allocation in the next applicable formula allocation cycle) by the amount of any such funding error; and*
- (b) reallocating any available balances that are attributable to the offset to the recipient or recipients that would have been allocated additional funds in the formula allocation cycle in which any such error occurred (if such recipient or recipients are eligible for a formula allocation in the next applicable formula allocation cycle) in an amount proportionate to such recipient's eligibility under the next applicable formula allocation cycle formula:*

*Provided, That all offsets and reallocations from such available balances shall be recorded against funds available for the next applicable formula allocation cycle: Provided further, That the term "next applicable formula allocation cycle" means the first formula allocation cycle for a program that is reasonably available for correction following such a Secretarial determination: Provided further, That if, upon request by a recipient and giving consideration to all Federal resources available to the recipient for the same grant purposes, the Secretary determines that the offset in a next applicable formula allocation cycle would critically impair the recipient's ability to accomplish the purpose of the formula grant, the Secretary may adjust for the funding error across two or more formula allocation cycles.*

**Explanation of this Section:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle.

*SEC. 236. SUNSET OF PROGRAMS.—Public housing agencies may not renew rental assistance contracts under the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(e)(2)) or the moderate rehabilitation single room occupancy program under section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401) after September 30, 2027.*

**Explanation of this Section:** This provision proposes a sunset of the Moderate Rehabilitation and Single Room Occupancy programs in five years to give owners time to develop plans for transition to one of the two

alternative Section 8 platforms (Project-Based Rental Assistance or Project Based Vouchers).

*SEC. 237. TRIBAL PARTICIPATION IN CONTINUUM OF CARE PROGRAM.—(a) With respect to the funds made available for the Continuum of Care program authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) under the heading "Homeless Assistance Grants" in the Department of Housing and Urban Development Appropriations Act, 2021 (Public Law 116–260), under section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (42 U.S.C. 11364a), or in this title, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.) shall not apply to applications by or awards for projects to be carried out—*

- (1) on or off reservation or trust lands for awards made to Indian tribes or tribally designated housing entities; or*
- (2) on reservation or trust lands for awards made to eligible entities as defined in section 401 of the McKinney-Vento Homeless-Assistance Act (42 U.S.C. 11360).*

*(b) With respect to funds made available for the Continuum of Care program authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) under the heading "Homeless Assistance Grants" in this title or under section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (42 U.S.C. 11364a)—*

- (1) applications for projects to be carried out on reservations or trust land shall contain a certification of consistency with an approved Indian housing plan developed under section 102 of the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4112), notwithstanding section 106 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12706) and section 403 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11361);*
- (2) Indian tribes and tribally designated housing entities that are recipients of awards for projects on reservations or trust land shall certify that they are following an approved housing plan developed under section 102 of NAHASDA (25 U.S.C. 4112); and*
- (3) a collaborative applicant for a Continuum of Care whose geographic area includes only reservation and trust land is not required to meet the requirement in section 402(f)(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360a(f)(2)).*

**Explanation of this Section:** This provision will eliminate barriers to tribes participating in the CoC Program as recipients and CoCs.

*SEC. 238. ADDRESSING AN IRP DEFICIENCY.—Of the amounts made available under the heading "Project-Based Rental Assistance" in prior Acts, up to \$1,300,000 may be transferred to Treasury Account 86-X-0148 for the liquidation of obligations incurred in fiscal year 2018 in connection with the continued provision of interest reduction payments authorized under section 236 of the National Housing Act (12 U.S.C. 1715z–1).*



**Explanation of this Section:** This provision would transfer unobligated balances in the PBRA account to the Rental Housing Assistance account for liquidation of an Interest Reduction Payments (IRP) program obligation.



# **2023 CONGRESSIONAL JUSTIFICATIONS**

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT