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<table>
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<th>2022 ACTUAL</th>
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**FULL-TIME EQUIVALENTS**

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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.
## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**BUDGET AUTHORITY BY PROGRAM**

**COMPARATIVE SUMMARY, FISCAL YEARS 2022 - 2024**

(DOLLARS IN MILLIONS)

### DISCRETIONARY PROGRAMS

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<th>2022 Actual</th>
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<td>COMMUNITY PLANNING AND DEVELOPMENT</td>
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## DISCRETIONARY PROGRAMS

### HOUSING PROGRAMS

**Project-based Rental Assistance**
- BBRI Service Coordinators: 31
- BBRI for M2M and Health & Safety: 28
- Contract Administrators: 25
- Contract Renewals/Amendments: 15,310
- Distressed Properties Capital Loan: 10
- Mod Rehab and SRO Renewals: 62
- RAD Conversion Subsidy: 60
- Renewal Emergency Funding: 60
- Rental Assistance Demo (RAD) transfer: 60
- Tenant Education and Outreach: 60
- Other Assisted Housing Transfer: 60

**Project-based Rental Assistance Total**: 15,904, 15,904, 15,904

**Housing Counseling Assistance**
- Administrative Contract Services: 5
- Housing Counseling Assistance: 58

**Housing Counseling Assistance Total**: 58, 58, 60

**Housing for the Elderly**
- Capital Advance (Expansion): 169, 110, 110
- Capital Advance Amendments and Other Expenses: 3
- Capital Advance Preservation: 6
- Elderly PRAC/SPRAC Renewals/Amendments: 797
- Intergenerational Dwelling Units: 10
- Rental Assistance Demonstration (RAD): 7
- Service Coordinators/ Congregate Services: 125

**Housing for the Elderly Total**: 1,033, 1,075, 1,023

**Housing for Persons with Disabilities**
- Capital Advance Amendments and Other Expenses: 2
- Capital Advance and PRA (Expansion): 10
- Disabled PRAC/PAC/PRA Renewal/Amendment: 207

**Housing for Persons with Disabilities Total**: 352, 360, 356

**Manufactured Housing Fees Trust Fund**
- Budget Payments to States & Contracts: 14
- Energy Standards Training and Implementation Grants: 7

**Manufactured Housing Fees Trust Fund Total**: 14, 14, 14

**FHA Funds**
- FHA-Mutual Mortgage Insurance Program Account
  - Administrative Contract Expenses: 150
  - Small Balance Mortgage Demonstration: 15
  - Direct Loan Limitation: 1
  - Loan Guarantee Limitation Level: 1
  - FHA-Mutual Mortgage Insurance Program Account Total: 150, 150, 165

- FHA-General and Special Risk Program Account
  - Positive Subsidy Appropriation: 1
  - Loan Guarantee Limitation Level: 1
  - FHA-General and Special Risk Program Account Total: 150, 150, 165

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION**

**Guarantees of Mortgage-Backed Securities**
- GNMA - Salaries and Expenses: 37
- MBS Guarantee Limitation: 61

**Government National Mortgage Association Total**: 37, 40, 61
### DISCRETIONARY PROGRAMS

#### POLICY DEVELOPMENT AND RESEARCH

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<th>2024 Budget</th>
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<td><strong>Policy Development and Research Total</strong></td>
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#### FAIR HOUSING AND EQUAL OPPORTUNITY

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<tr>
<td><strong>Fair Housing Activities</strong></td>
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<td><strong>Fair Housing and Equal Opportunity Total</strong></td>
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#### OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES

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<tr>
<td><strong>Lead Hazard Reduction</strong></td>
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<td>Lead-Risk Assessment Demonstration</td>
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<td>Radon Testing and Mitigation Resident Safety Demonstration</td>
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<td>Technical Studies and Assistance</td>
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<td><strong>Lead Hazard Reduction Total</strong></td>
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<tr>
<td><strong>Office of Lead Hazard Control and Healthy Homes Total</strong></td>
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#### MANAGEMENT AND ADMINISTRATION

<table>
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<th>2024 Budget</th>
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<td><strong>Salaries and Expenses, HUD</strong></td>
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<td><strong>Salaries and Expenses, OIG</strong></td>
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<td>41</td>
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<td><strong>Information Technology Fund Total</strong></td>
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<td><strong>Working Capital Fund</strong></td>
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<td>Space Renovation &amp; Furniture</td>
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<td>Working Capital Fund Operations</td>
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<tr>
<td><strong>Offsetting Collections</strong></td>
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<td><strong>Working Capital Fund Total</strong></td>
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<td><strong>Management and Administration Total</strong></td>
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<td>2,435</td>
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#### Subtotal, HUD Discretionary Budget Authority (Gross)

| Subtotal                            | 70,678      | 77,158       | 73,301      |
## DISCRETIONARY PROGRAMS

<table>
<thead>
<tr>
<th></th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 Budget</th>
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<tr>
<td><strong>Offsetting Receipts</strong></td>
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<tr>
<td>MMI Capital Reserve</td>
<td>(7,695)</td>
<td>(5,946)</td>
<td>(3,478)</td>
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<td>GNMA Receipts</td>
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<td>(177)</td>
<td>(150)</td>
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<tr>
<td>GNMA Capital Reserve</td>
<td>(2,468)</td>
<td>(1,610)</td>
<td>(1,409)</td>
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<tr>
<td>GI/SRI Negative Subsidy</td>
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<td>(538)</td>
<td>(434)</td>
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<td>Manufactured Housing Fees Trust</td>
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<td><strong>Offsetting Receipts Total</strong></td>
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<td><strong>TOTAL DISCRETIONARY PROGRAMS (NET)</strong></td>
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<td>68,871</td>
<td>67,814</td>
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## MANDATORY PROGRAMS

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<td>Native American Programs</td>
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<tr>
<td>Downpayment Assistance</td>
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<td>-</td>
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<tr>
<td>Eviction Prevention</td>
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<td>-</td>
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</tr>
<tr>
<td>FHA General and Special Risk Program Account</td>
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<td>694</td>
<td>-</td>
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<tr>
<td>FHA General and Special Risk Liquidating Account</td>
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<td>25</td>
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<tr>
<td>FHA Mutual Mortgage Insurance Capital Reserve Account</td>
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<td>5,946</td>
<td>3,478</td>
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<td>Housing for the Elderly or Handicapped Fund Liquidating Account</td>
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<td>($86)</td>
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<td>Green Resilient and Retrofit</td>
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<td>Project Based Rental Assistance</td>
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<td>1,409</td>
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<tr>
<td>Guarantees of Mortgage-Backed Securities Capital Reserve</td>
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<td>Administrative Supportive Offices</td>
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<td><strong>Subtotal, Gross Mandatory Budget Authority</strong></td>
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<td>8,554</td>
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## Notes
- Total may not appear to add due to rounding.
## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
### BUDGET OUTLAYS BY PROGRAM
#### COMPARATIVE SUMMARY, FISCAL YEARS 2022-2024
##### (DOLLARS IN MILLIONS)

### DISCRETIONARY PROGRAMS

<table>
<thead>
<tr>
<th>Program</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 Budget</th>
</tr>
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<tbody>
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<td><strong>PUBLIC AND INDIAN HOUSING PROGRAMS</strong></td>
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<td>Choice Neighborhoods Initiative</td>
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<td>Housing Certificate Fund</td>
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<td>Native American Programs</td>
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<td>1,116</td>
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<td>4</td>
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<tr>
<td>Operational Performance Evaluation and Risk Assessment</td>
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<td>-</td>
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<tr>
<td><strong>Public Housing Fund</strong></td>
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<tr>
<td><strong>Public Housing Operating Fund</strong></td>
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<td><strong>Public Housing Capital Fund</strong></td>
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<td>233</td>
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<td><strong>Self-Sufficiency Programs</strong></td>
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<tr>
<td><strong>Tenant Based Rental Assistance</strong></td>
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<td>Revitalization of Severely Distressed</td>
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<td><strong>Public and Indian Housing Programs Total</strong></td>
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#### COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

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<td>3,309</td>
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<td><strong>Housing Opportunities for Persons with AIDS</strong></td>
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<td>449</td>
<td>458</td>
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<td><strong>Self-help and Assisted Homeownership Opportunity Program</strong></td>
<td>42</td>
<td>60</td>
<td>70</td>
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<tr>
<td><strong>Home Investment Partnership Program</strong></td>
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<td>1,584</td>
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<td><strong>Brownfields Redevelopment</strong></td>
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<tr>
<td><strong>Permanent Supportive Housing</strong></td>
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<td><strong>Preservation and Reinvestment Initiative for Community Enhancement</strong></td>
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<td><strong>Community Planning and Development Total</strong></td>
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#### HOUSING PROGRAMS

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<tr>
<td>Housing Counseling Assistance</td>
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<td>Housing for Persons with Disabilities</td>
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<td>Housing for the Elderly</td>
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<td>912</td>
<td>1,117</td>
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<td>Manufactured Housing Fees Trust Fund</td>
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<td>13</td>
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<tr>
<td>Project-based Rental Assistance</td>
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<td>14,961</td>
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<tr>
<td>FHA-Mutual Mortgage Insurance Program Account</td>
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<td>116</td>
<td>148</td>
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<tr>
<td>FHA-General and Special Risk Program Account</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Assisted Housing Program</td>
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<td>Flexible Subsidy Fund</td>
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<td>(26)</td>
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#### GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

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<tr>
<td>Guarantees of Mortgage-Backed Securities</td>
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<td>44</td>
<td>63</td>
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</table>
### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
#### BUDGET OUTLAYS BY PROGRAM
#### COMPARATIVE SUMMARY, FISCAL YEARS 2022-2024
#### (DOLLARS IN MILLIONS)

<table>
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<th>DISCRETIONARY PROGRAMS</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 Budget</th>
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<td><strong>OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Lead Hazard Reduction</td>
<td>115</td>
<td>200</td>
<td>318</td>
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<tr>
<td>Office of Lead Hazard Control and Healthy Homes Total</td>
<td>115</td>
<td>200</td>
<td>318</td>
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</tbody>
</table>

| **FAIR HOUSING AND EQUAL OPPORTUNITY** | | | |
| Fair Housing Activities | 63 | 71 | 75 |
| Fair Housing and Equal Opportunity Total | 63 | 71 | 75 |

| **POLICY DEVELOPMENT AND RESEARCH** | | | |
| Research and Technology | 52 | 128 | 130 |
| Policy Development and Research Total | 52 | 128 | 130 |

| **MANAGEMENT AND ADMINISTRATION** | | | |
| Salaries and Expenses, HUD | 1,546 | 1,873 | 1,877 |
| Salaries and Expenses, OIG | 144 | 121 | 147 |
| Information Technology Fund | 312 | 348 | 361 |
| Working Capital Fund | (1) | 32 | 1 |
| Management and Administration Total | 2,001 | 2,374 | 2,386 |

Subtotal, HUD Discretionary Outlays (Gross) | 65,206 | 76,779 | 83,843 |

Deductions for Offsetting Receipts (Discretionary) | (652) | (554) | (450) |
Reclassification of MMI Receipts | (7,695) | (5,946) | (3,478) |
GNMA Program | (184) | (177) | (150) |
GNMA Receipts | (2,468) | (1,610) | (1,409) |
Total, Offsetting Receipts | (10,999) | (8,287) | (5,487) |

**TOTAL DISCRETIONARY PROGRAMS** | 54,207 | 68,492 | 78,356 |
### DISCRETIONARY PROGRAMS

<table>
<thead>
<tr>
<th>Program</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native Hawaiian Housing Block Grant</td>
<td>1</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Tenant Based Rental Assistance</td>
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<td>757</td>
<td>874</td>
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<tr>
<td>Native Hawaiian Housing Loan Guarantee Fund Program Account</td>
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<tr>
<td>Native American Programs</td>
<td>124</td>
<td>185</td>
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<td>Home Investment Partnership Program</td>
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<td>1,039</td>
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<td>Community Development Loan Guarantees Program Account</td>
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<tr>
<td>Housing Trust Fund</td>
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<td>506</td>
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<tr>
<td>Neighborhood Stabilization Program</td>
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<td>15</td>
</tr>
<tr>
<td>Grants to Reduce Barriers to Affordable Housing Production</td>
<td>-</td>
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<td>30</td>
</tr>
<tr>
<td>Down Payment Assistance</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Eviction Prevention</td>
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<td>FHA-General and Special Risk Program Account</td>
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<td>FHA-General and Special Risk Funds Liquidating Account</td>
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<td>(33)</td>
<td>(33)</td>
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<td>Rental Housing Assistance Fund</td>
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<td>(1)</td>
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<td>FHA-MMI/CHMI Funds Liquidating Account</td>
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<td>10</td>
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<tr>
<td>Housing for the Elderly or Handicapped Fund Liquidating Account</td>
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<td>(98)</td>
<td>(85)</td>
</tr>
<tr>
<td>Green and Resilient Retrofit Program for Multifamily Housing</td>
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<td>65</td>
<td>315</td>
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<tr>
<td>Project-based Rental Assistance</td>
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<td>-</td>
<td>610</td>
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<tr>
<td>Guarantees of Mortgage-Backed Securities Loan Guarantee Program</td>
<td>303</td>
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<td>400</td>
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<tr>
<td>Guarantees of Mortgage-Backed Securities Capital Reserve Account</td>
<td>(1,349)</td>
<td>(1,586)</td>
<td>(898)</td>
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<tr>
<td>Guarantees of Mortgage-Backed Securities Liquidating Account</td>
<td>(1)</td>
<td>(2)</td>
<td>(2)</td>
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<tr>
<td>Fair Housing Activities</td>
<td>2</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Administrative Support Offices</td>
<td>-</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>Program Offices</td>
<td>9</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td><strong>Subtotal, HUD Mandatory Outlays (Gross)</strong></td>
<td>(20,411)</td>
<td>(4,755)</td>
<td>(434)</td>
</tr>
</tbody>
</table>

#### MANDATORY PROGRAMS

<table>
<thead>
<tr>
<th>Program</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 Budget</th>
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<tbody>
<tr>
<td>Deductions for Offsetting Receipts (Mandatory)</td>
<td>(4,488)</td>
<td>(2,080)</td>
<td>(344)</td>
</tr>
<tr>
<td><strong>Total, HUD Mandatory Outlays (Net)</strong></td>
<td>(24,899)</td>
<td>(6,835)</td>
<td>(778)</td>
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<tr>
<td><strong>Total, HUD Outlays</strong></td>
<td>29,308</td>
<td>61,657</td>
<td>77,578</td>
</tr>
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</table>

**NOTE:** Totals may not add due to rounding.
### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FULL-TIME EQUIVALENT (FTE) EMPLOYMENT
(Excludes Overtime and Terminal Leave)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2024</th>
<th>2024</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Carryover</td>
<td>Enacted</td>
<td>Total</td>
<td>Carryover</td>
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<tr>
<td>Salaries and Expenses</td>
<td>7,308</td>
<td>331</td>
<td>7,553</td>
<td>7,884</td>
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<td>Other Funds:</td>
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<td></td>
<td></td>
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<tr>
<td>Working Capital Fund</td>
<td>12</td>
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<td>17</td>
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</tr>
<tr>
<td>GNMA</td>
<td>180</td>
<td>12</td>
<td>189</td>
<td>201</td>
<td>2</td>
</tr>
<tr>
<td>Office of Inspector General</td>
<td>518</td>
<td>520</td>
<td>520</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>710</td>
<td>12</td>
<td>726</td>
<td>738</td>
<td>2</td>
</tr>
<tr>
<td>Total, HUD FTEs</td>
<td>8,018</td>
<td>343</td>
<td>8,279</td>
<td>8,622</td>
<td>214</td>
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</tbody>
</table>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mandatory Affordable Housing Programs

**[OUTLAY TABLE]**

<table>
<thead>
<tr>
<th>Housing Supply and Demand (mandatory outlays, $ billions)</th>
<th>2024-2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply</td>
<td></td>
</tr>
<tr>
<td>Extremely Low-Income Housing Supply Subsidy</td>
<td>$15</td>
</tr>
<tr>
<td>New Project-Based Rental Assistance</td>
<td>$7.5</td>
</tr>
<tr>
<td>Preserve Distressed Public Housing</td>
<td>$7.5</td>
</tr>
<tr>
<td>Grants to Reduce Barriers to Affordable Housing Production</td>
<td>$10</td>
</tr>
<tr>
<td>Demand</td>
<td></td>
</tr>
<tr>
<td>Housing Vouchers for Vulnerable Low-Income Populations</td>
<td>$22</td>
</tr>
<tr>
<td>Vouchers for All Youth Aging out of Foster Care</td>
<td>$9</td>
</tr>
<tr>
<td>Vouchers for Extremely Low-Income Veterans</td>
<td>$13</td>
</tr>
<tr>
<td>First-Generation Homebuyer Down Payment Assistance</td>
<td>$10</td>
</tr>
<tr>
<td>Eviction Prevention</td>
<td></td>
</tr>
<tr>
<td>Sustainable Eviction Prevention Reform, including Diversion, Representation, and Relief</td>
<td>$3</td>
</tr>
</tbody>
</table>

Note: The 2024 Budget also proposes $28 billion in Low-Income Housing Tax Credits and $16 billion in Neighborhood Homes Tax Credits. For more information on the tax credits, please refer to the "General Explanations of the Administration’s Revenue Proposals" at: https://home.treasury.gov/policy-issues/tax-policy/revenue-proposals

**PROGRAM PURPOSE**

America faces a longstanding and nationwide shortfall in affordable housing that has built up for more than a decade. That shortfall, combined with shifts in housing demand during the pandemic, has led to rapid rent increases that have worsened longstanding affordability challenges for low-income renters. Those factors, combined with recent increases in mortgage rates, have made homeownership out of reach for many first-time, first-generation homebuyers who have not benefited from the generational wealth building that is associated with homeownership.

To address these challenges, the 2024 Budget complements discretionary funding with a package of mandatory funding and tax expenditures that makes a historic investment in lowering housing costs and making the economic security of stable, safe housing a reality for millions of Americans. First, the Budget invests in building affordable homes and reducing barriers to housing production – from restrictive zoning and land use policies to practices that foster discrimination and disparate treatment in the housing market. Second, the Budget makes long-term investments in housing accessibility and affordability for low-income populations that are vulnerable to homelessness, as well as down payment assistance for first-time, first-generation homebuyers to help address racial and ethnic homeownership and wealth gaps. Third, the Budget includes resources to help renters avoid eviction.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests over $100 billion in mandatory funding over 10 years for programs at HUD as well as tax credits to provide affordable housing. This is a new proposal for 2024, and would have the following HUD components:
MANDATORY AFFORDABLE HOUSING PROGRAMS

- Extremely Low-Income Housing Supply Subsidy - $15 billion
  - New Project-Based Rental Assistance Contracts - $7.5 billion
  - Preserve Distressed Public Housing - $7.5 billion
- Grants to Reduce Barriers to Affordable Housing Production - $10 billion
- Housing Vouchers for Vulnerable Low-Income Populations - $22 billion
  - All Youth Aging Out of Foster Care - $9 billion
  - Extremely Low-Income Veterans - $13 billion
- First Generation Homebuyer Down Payment Assistance - $10 billion
- Sustainable Eviction Prevention Reform - $3 billion

Extremely Low-Income Housing Supply Subsidy

Funding to produce and preserve housing affordable to extremely low income (ELI) households is critical to fostering inclusive communities with opportunities for all. While high housing costs impact millions of families throughout the country, the pressures are most severe for ELI households – 70 percent of whom are moderately or severely cost burdened. Our Nation’s lowest income households are also exposed to deteriorating conditions of affordable housing. This funding would provide critically needed new project-based rental assistance (PBRA) to support housing production that is affordable to the lowest-income households, as well as funding to preserve existing, distressed public housing.

- $7.5 billion in New Project-Based Rental Assistance (PBRA) for ELI households. An injection of $7.5 billion of new PBRA rental assistance would allow more housing to serve ELI households. PBRA contracts would combine with capital sources like the LIHTC, the Housing Trust Fund, and FHA-insured mortgages to enable the development of new affordable housing sustainable over the long term. Funding for new PBRA contracts would attract development capital and community engagement for the creation of new affordable homes, supplying sorely needed rental housing for America’s neediest families. HUD would allocate new contracts to encourage mixed income housing in places of greatest need, prioritizing properties in resource-rich urban, suburban, and rural neighborhoods.

- $7.5 billion investment in funding to preserve distressed public housing through rehabilitation and redevelopment. This one-time investment will address the capital needs of the most severely distressed and troubled public housing properties nationwide. Properties would be modernized, substantially rehabilitated, and/or completely rebuilt depending on the varied property needs. A section of funds would be available for pre-development grants to help Public Housing Agencies (PHAs) that need additional capacity building to complete a physical needs assessment, apply for financing, and complete other development activities required to put together a successful development proposal. Additional funds would be available to proposals that demonstrate that, as a complement to redevelopment plans, there is funding committed to investing in the surrounding neighborhoods and making services available to public housing residents.

Grants to Reduce Barriers to Affordable Housing Production

Across the country, communities are facing an affordable housing crisis with an estimated shortage of at least 1.5 million units of housing nationwide. As a result, rental units and homeownership are both unaffordable and unattainable for millions of Americans. New development is often delayed or deterred by barriers to affordable housing production and preservation. There are limited resources for addressing harmful barriers such archaic land use policies, restrictive zoning, outdated processes, and lack of financing opportunities, especially for innovative housing and community development strategies.
The Budget includes $10 billion to help States and local jurisdictions expand supply and increasing housing choice by reducing barriers to the development of affordable housing through planning and housing capital grants.

Planning grants will help jurisdictions identify and remove the barriers to affordable housing in their communities, such as restrictive zoning and burdensome permitting processes, and develop housing plans and strategies. Housing capital grants will help jurisdictions take advantage of such reforms and increase supply by financing affordable housing construction, rehabilitation, and preservation. For grantees with the most ambitious plans for removing barriers and boosting housing supply, capital grants can provide additional flexible funding for community development priorities that complement the additional housing supply, such as neighborhood amenities, public facilities, schools, parks, and similar complementary activities eligible under the Community Development Block Grant (CDBG) program. These funds can be combined with other Federal, State, and local resources for affordable housing and transit-oriented development to support efforts to build equitable communities with more affordable housing supply and access to local services and economic opportunities.

In addition, the funding would support research and evaluation of the “housing forward” policies implemented by grantees to share evidence-based model codes and reforms and further expand the impact of the grants. Research could identify which reforms to restrictive zoning and other land-use regulations and processes are effective at expanding housing choices for low- and moderate-income households, and suggest how to align reforms with subsidies, financing, and incentives to achieve the deeper affordability necessary to meet the needs of cost-burdened renters and improve access to homeownership.

Grants will be made directly available to States, metropolitan cities, urban counties, and insular areas eligible for CDBG and Tribes eligible for Indian CDBG. Funds may be further distributed to subrecipients such as units of local government, metropolitan planning organizations, multijurisdictional entities, and nonprofit organizations that have the capacity to carry out eligible activities. Funding would also be set aside for rural communities and Tribes, respectively.

Rental Assistance for Vulnerable Low-Income Populations

According to the most recent data from HUD’s report on “worst-case housing needs,” nearly eight million households in the United States with the lowest incomes are severely rent burdened (pay more than half of their income towards rent), live in severely inadequate conditions, or both.\(^1\) Annually, over 1.2 million households experience homelessness sometime during the year.\(^2\) Over a million people are estimated to be precariously housed in doubled-up situations due to a lack of money. Tenant-based rental assistance, specifically in the form of HUD’s Housing Choice Voucher Program, has been demonstrated to be an effective means of increasing housing stability, preventing or resolving homelessness, and supporting economic success among the lowest income families. Housing vouchers have helped to bring about a 55 percent decrease in homelessness among veterans, have prevented homelessness among youth exiting foster care, help people with disabilities avoid institutional care settings, and have been demonstrated to be the most effective intervention to help families with children exit homelessness. Despite their proven effectiveness, Housing Choice Vouchers have been severely underfunded: in most communities, only one housing voucher is available for every four or five qualifying households. Families remain on waiting lists for housing vouchers for years, and many agencies that administer housing vouchers have had to close their waiting lists to new applicants.

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2 Department of Housing and Urban Development. The 2022 Annual Homelessness Assessment Report to Congress, Part 1
To address this severe shortfall in rental assistance, the Budget provides $22 billion in mandatory funding to create housing voucher programs for two targeted populations that are particularly vulnerable to homelessness – veterans with extremely low incomes and youth exiting the foster care system. Within this proposal, HUD will explore adopting program flexibilities and improvements to streamline access to, and use of, these new vouchers, as well as providing funds to increase access to housing through landlord incentives and security deposit assistance. Between discretionary funding, program reserves, and these mandatory proposals, the Budget proposes enough funding to provide vouchers to well over 200,000 additional households—a down payment on the President’s long-term goal of providing housing vouchers to all eligible households.

- **$13 billion to make housing vouchers available to all veterans with extremely low incomes.** An estimated 450,000 veteran renter households with extremely low incomes currently do not receive rental assistance and have what HUD terms “worst-case housing needs.” These veterans: 1) have incomes that do not exceed the higher of the Federal Poverty Line or 30 percent of the Area Median Income; 2) either pay more than half of their income for rental costs or live in housing with severe problems such as faulty heating or plumbing; and 3) receive no housing assistance. Over a ten-year period, HUD will expand rental assistance to extremely low-income (ELI) veteran families, starting with an allocation of 50,000 targeted vouchers in 2025 and paving a path to guaranteed assistance for all veterans in need by 2033.

- **$9 billion to make housing vouchers available to all youth aging out of foster care.** Approximately 20,000 youth exit foster care annually, typically between the ages of 18 and 21, and these young people face greater obstacles to maintaining housing and experience higher rates of homelessness and housing instability compared to the general population. To ensure these young people are stably housed and better able to focus on their education or building a career during this difficult transition, HUD will provide guaranteed housing voucher assistance for all youth aging out of foster care beginning in 2025.

**First-Generation Homebuyer Down Payment Assistance**

Homeownership is the primary way that American families build wealth and create economic security. However, it is difficult for many renters to access homeownership because of the difficulty in accumulating sufficient savings to pay for a down payment and closing costs; it takes the median renter 10 years of saving 5 percent of their income to do so. This challenge is particularly acute for renters whose parents are unable to provide financial support through intergenerational wealth because they too are not homeowners. The lack of opportunities that first-generation homebuyers face exacerbates racial disparities in homeownership rates and family wealth, creating a cycle that makes improvements in both more difficult to accomplish.

To help break this cycle, the Budget includes $10 billion for a First-Generation Down Payment Assistance (DPA) program to enable approximately 400,000 Americans to purchase new homes, while addressing racial and ethnic wealth gaps by creating generational wealth through homeownership.

The program would target down payment assistance to first-time homebuyers whose parents do not own a home and are at or below 120 percent of the area median income or 140 percent of the area median income in high-cost areas. The assistance would be allocated via formula grants to States and eligible CDBG grantees ($8 billion), and competitive grants to eligible entities that have demonstrated capacity to carry out down payment assistance programs ($2 billion). Eligible activities would include costs in connection with acquisition such as down payment costs, closing costs, and costs to reduce the rates of interest on eligible mortgage payments. In addition to the homebuyers assisted directly by the program, this funding may improve homebuyers’ access to other sources of down payment assistance by creating a standardized Federal offering which could serve as a model for other available down payment assistance programs. Such standardization could, in turn,
prompt greater participation in down payment programs by mortgage lenders, increasing credit availability and choice for consumers.

**Sustainable Eviction Prevention Reform, including Diversion, Representation and Relief**

In the nearly two decades before the pandemic, an average of 3.6 million evictions were filed against tenants every year, which led to a broad range of negative consequences for affected households and communities. State and local governments leveraged Federal Emergency Rental Assistance, a key American Rescue Plan program, to encourage lasting reform at all levels of government to reduce eviction filings to far below their historic levels through the COVID-19 pandemic.

This budget includes $3 billion to solidify long-term State, local, tribal, and territorial efforts to reform eviction policies and programs to ensure renters access to resources that help them avoid eviction, a fair legal process, and supports to prevent future housing instability. Aligned with the principles outlined in the Biden-Harris Blueprint for a Renter Bill of Rights, this funding can be used to develop or implement policy reforms and program improvements such as, but not limited to, eviction diversion, emergency rental assistance or other forms and new models of rent relief, and expanding access to legal counsel, housing counselors, and court navigators. Funds can be used to launch new programs or strengthen existing efforts.

More specifically, grants will be made directly available to States, metropolitan cities, urban counties, and insular areas eligible for CDBG and Tribes eligible for Indian CDBG. Funds may be further distributed to subrecipients such as units of local government, state and local court systems, and nonprofit organizations that have the capacity to carry out eligible activities. Funds would be offered on a competitive basis and encourage recipients to leverage local resources and coordinate across sectors and institutions (e.g., local courts, community groups, legal services), to advance local policies that sustain ongoing reforms and solutions after Federal funding expires.
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.1 Calendar Year 2022 was another active year for disasters; the U.S. saw 18 weather and climate disasters with losses exceeding $1 billion. These events, indicated in the table below, caused at least 474 direct or indirect fatalities as well as serious economic losses.2

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 2024 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.3

2024 Budget

The Budget requests $752 million 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

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resilient housing options in public and other HUD-assisted housing. Proposed funding will support existing programs and initiatives, 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 building 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 measure energy use and resulting carbon emissions in their properties.

Of the $752 million in climate related requests, $20 million is requested for furthering utility benchmarking at public 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:

<table>
<thead>
<tr>
<th>Program Office</th>
<th>Budget Activity</th>
<th>2024 President’s Budget Request for Climate Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public and Indian Housing</td>
<td>Public Housing Fund</td>
<td>$300 million</td>
</tr>
<tr>
<td>Public and Indian Housing</td>
<td>Native American Programs</td>
<td>$150 million</td>
</tr>
<tr>
<td>Public and Indian Housing</td>
<td>Choice Neighborhoods</td>
<td>$185 million</td>
</tr>
<tr>
<td>Housing (Multifamily)</td>
<td>Rental Assistance Demonstration</td>
<td>$112 million</td>
</tr>
<tr>
<td>PD&amp;R</td>
<td>Climate-related research</td>
<td>$5 million</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$752 million</td>
</tr>
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</table>

**Public and Indian Housing:**

- **Public Housing Fund:** The Budget requests $300 million for a Site-Based Public Housing Enhancement, Resilience, and Efficiency (SPHERE) Grants program to promote the preservation of public housing through targeted capital investments in properties with critical, extensive, and pervasive modernization needs that are not met through annual formula grants awarded through the Public Housing Fund. Of this, up to $20 million will be used to advance public housing benchmarking in 2024. The targeted capital investments under SPHERE will further the Administration’s priorities by preserving the critical housing supply, improving living conditions, and promoting climate resilience since this proposed program would require capital investment in state-of-the-art utility conservation measures.

- **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 would permit HUD to prioritize projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period. This will modernize existing housing, reduce harmful emissions and consumption of energy, and reduce utility costs in tribal housing.

- **Choice Neighborhoods:** The Budget requests $185 million 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.

Multifamily Housing:

- **Rental Assistance Demonstration (RAD) Program:** $112 million to transition approximately 30,000 public housing units and 3,000 202 Project Rental Assistance Contract units to a more sustainable platform – $62 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 environmental review and mitigation/improvement process. Also, all properties are evaluated for their energy and water efficiency and implement cost-effective improvements to decrease their carbon footprint. 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:

- **Climate-Related Research:** $5 million to fund research in housing, climate adaptation, and resilience, to be administered by the Office of Policy Development and Research. This research includes 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 has released a comprehensive Climate Action Plan. That plan can be accessed at [https://hud.gov/climate](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. 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. 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.

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

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4 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).
average energy and water savings of 18 percent and 26 percent respectively. Current activities include:

- Funded by the 2022 Inflation Reduction Act, the Green and Resilient Retrofit program provides 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. 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 our uncertain climate future on the low- and extremely low-income residents living in HUD-assisted housing. In addition, the program will yield additional savings and reduce carbon emissions 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.

- 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 2022, 5 new EPCs or contract modifications with additional construction were approved covering almost 23,000 units of public housing.

- 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 $57.1 billion in multifamily mortgage insurance for green projects has been endorsed for 2,117 developments with approximately 404,636 units of multifamily housing since the Green MIP was introduced in 2016 (Table 3). 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

<table>
<thead>
<tr>
<th>GREEN MIP BY YEAR</th>
<th>Endorsements</th>
<th>Volume ($)</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>33</td>
<td>$1,161,773,800</td>
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<tr>
<td>2017</td>
<td>150</td>
<td>$4,554,443,900</td>
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<tr>
<td>2018</td>
<td>242</td>
<td>$6,927,075,500</td>
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<tr>
<td>2019</td>
<td>222</td>
<td>$5,992,005,700</td>
<td>43,422</td>
</tr>
<tr>
<td>2020</td>
<td>429</td>
<td>$10,950,515,400</td>
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</tr>
<tr>
<td>2021</td>
<td>657</td>
<td>$16,903,852,440</td>
<td>124,703</td>
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<tr>
<td>2022</td>
<td>384</td>
<td>$10,566,596,755</td>
<td>64,259</td>
</tr>
<tr>
<td>Grand Total</td>
<td>2117</td>
<td>$57,056,263,495</td>
<td>404,636</td>
</tr>
</tbody>
</table>

- 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) thus far.

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CLIMATE INITIATIVE

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. 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.\(^7\)

In addition to HUD’s 2024 Budget request for $752 million for energy efficient and climate resilient investments, HUD has initiated 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, the Congress has appropriated over $100 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.\(^8\) Funds can be used for a wide variety of purposes. In 2018, the 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 supplemented for a total of $15.9 billion awarded for mitigation).\(^9\) 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.

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\(^8\) HUD Exchange, Congressional Appropriations By Year, [https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#congressional-appropriations-by-year](https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#congressional-appropriations-by-year)

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.10

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. The escalating nature of climate risk means that essential but reactive measures are insufficient to address the scale of the problem. Many 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 2050.11 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 2050.12

- The Denali Commission found that 144 Native Alaskan Villages (43 percent of all Alaskan communities) experienced infrastructure damage from erosion, flooding, and permafrost thaw.13 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.14

- 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, the Congress has appropriated almost $16 billion to HUD specifically for mitigation efforts that help reduce the risk from future climate events.15 These types of 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.16 In addition, effective adaptation can also enhance social and economic well-being, including improving economic

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11 Climate Central, Coastal Flood Risk to Affordable Housing Projected to Triple by 2050, https://www.climatecentral.org/
12 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
opportunity and job creation, health, equity, security, education, social connectivity, and sense of place, as well as safeguarding cultural resources and environmental quality.

**Figure 2: CDBG-DR Appropriations Since 2008**

($ Millions)

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**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 has a Department-wide Climate and Environmental Justice Council (Council) chaired by Secretary Fudge and supported by a Climate and Environmental Justice Working Group (Working Group) to manage the comprehensive Climate Action Plan. The Council and Working Group focus and coordinate HUD’s work internally across program offices.

HUD’s concurrent investments and dedicated coordination efforts across programs will allow for climate resilience, carbon reduction, and mitigation and adaptation actions to be implemented simultaneously at the project, community, and regional levels to achieve important synergies. HUD is also engaging in closer collaboration with other Agencies including the Federal Emergency Management Agency (FEMA), DOE, and EPA to promote climate resilience and carbon reduction in HUD-supported communities and properties and to help ensure that individuals, buildings, communities, and regions are both more prepared and better able to recover when disasters hit.
Overview of Rental Assistance Programs

In 2023, 75 percent of HUD’s non-emergency discretionary appropriations were provided for rental assistance. While rental assistance is a major part of HUD’s work, it is not funded at levels that make it available to everyone who is eligible. HUD rental assistance only reaches approximately 1 in 4 eligible families. The 2024 Budget requests $57.9 billion for rental assistance programs across HUD or 79 percent of the total Budget and will serve approximately 4.8 million families, including roughly 180,000 additional families anticipated to be served by the Housing Choice Voucher (HCV) program.

Table 1: Families Served and Percent of Rental Assistance

<table>
<thead>
<tr>
<th>Program</th>
<th>Families Served in 2022</th>
<th>Percent of Rental Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project-Based Rental Assistance</td>
<td>1,300,000</td>
<td>28%</td>
</tr>
<tr>
<td>Public Housing Fund</td>
<td>860,000</td>
<td>19%</td>
</tr>
<tr>
<td>Housing for the Elderly (Sec. 202)</td>
<td>123,000</td>
<td>3%</td>
</tr>
<tr>
<td>Housing for Persons with Disabilities (Sec. 811)</td>
<td>31,000</td>
<td>1%</td>
</tr>
<tr>
<td>Housing Choice Voucher Program (Tenant-Based Rental Assistance)</td>
<td>2,300,000</td>
<td>50%</td>
</tr>
<tr>
<td>Total, Families Served by Rental Assistance Programs in 2022</td>
<td>4,614,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Voucher Expansion

HUD recognizes that rent and other housing-related costs have increased rapidly over the past year. The Consumer Price Index for residential rents increased 8 percent from the fourth quarter of 2021 to the fourth quarter of 2022. To address this problem, the Budget proposes $32.7 billion for the Housing Choice Voucher program, which includes $565 million to expand the number of vouchers available to those who currently qualify for rental assistance by approximately 50,000 units. Additionally, the Budget assumes another 130,000 vouchers could be supported from non-Moving to Work (MTW) and MTW program reserves, for a total of 180,000 additional families served in 2024. These new vouchers will increase access to affordable housing for very low-income families and individuals. The proposal for the 50,000 vouchers includes discretion for HUD to set terms and conditions to ensure PHAs serve people experiencing or at risk of homelessness, including 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 by the American Rescue Plan, public housing agencies (PHAs) and service providers in the homelessness system have improved their ability to work together to provide stable, affordable housing for over 47,000 families currently under lease, as of March 2023.

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1 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. It does not include set-asides, capital advance grants, and other expenses.
2 Data from HUD PIC and TRACS databases, December 2022 extract.
3 Databases, Tables & Calculators by Subject (bls.gov).
PRESERVING AND GREENING AFFORDABLE HOUSING

Public Housing

The President’s Budget requests $8.9 billion for the Public Housing Fund, which is $379 million more than the 2023 enacted level. This request will enable PHAs to operate, maintain and make capital improvements, which include strategies like the Rental Assistance Demonstration, to approximately 917,000 affordable public housing units in 2024, serving nearly 1.7 million residents across 860,000 households. 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 because approximately 70 percent of people living in public housing, too much of which is deteriorating, are people of color.

The Budget includes $15 million to assess the capital needs of the 917,000 units supported by the Public Housing Fund. This will allow HUD to collect needed data to accurately assess the capital needs of the public housing inventory both at a national level and at a site-specific level. Based on this data, HUD would be able to provide accurate information to Congress and other stakeholders about the total capital need of the public housing inventory, and HUD could more easily and accurately identify properties that have extensive capital needs to provide technical assistance and facilitate directing adequate capital investment resources to address the need. HUD believes that it could assess the capital needs of approximately 20 percent of the inventory per year, with the objective of obtaining an increasingly accurate assessment of the nationwide inventory over the course of subsequent years and then maintaining an accurate assessment of the inventory on an annual basis. This will enable HUD to strategically preserve the country’s most affordable housing stock.

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 $300 million for Site-Based Public Housing Enhancement, Resilience, and Efficiency (SPHERE) grants. These grants will focus on energy efficiency and climate resiliency improvements in public housing developments. It will focus the investments on properties with critical, extensive, and pervasive modernization needs that are not met through annual formula grants. Up to $20 million of the funds allocated to SPHERE will be used to advance public housing benchmarking in 2024.

The Budget includes $85 million for Public Housing to specifically address safety deficiencies via Housing Health Hazard Grants. These grants would remediate hazards such as lead-based paint, 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.

Physical and Financial Assessments

The Budget proposes $61 million for the new Operational Performance Evaluation and Risk Assessments (OPERA) account, which includes the financial reviews and physical inspections of public and multifamily housing necessary to identify performance risk and to issue Public Housing Assessment System (PHAS) scores. This new, consolidated single account for all inspections will improve and simplify the financial side of HUD’s inspections as well as enhance HUD’s evaluations and assessments and substantially improve REAC’s data analytic capabilities. Assessing housing health risks is critical to additional actions aimed at health equity and environmental justice for HUD-assisted residents, including hundreds of thousands of children.
Multifamily Housing

The 2024 Budget includes $17.3 billion in funding for HUD-assisted multifamily properties: Project-Based Rental Assistance (PBRA), Housing for the Elderly, and Housing for Persons with Disabilities. Crucial to the affordable housing stock in America, these properties serve over 1.4 million households, many of whom are families of color. The Budget includes $25 million to provide loans, including forgivable loans, to owners of distressed PBRA properties already at market rate rents that need capital to address the causes of their distress. This funding will support the rehabilitation or replacement of an estimated 500 units, targeting the most distressed units in the PBRA inventory.

The Budget also includes $112 million for the Rental Assistance Demonstration (RAD) 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. This will allow public housing and Housing for the Elderly units where current rents are not able to cover a RAD transformation to obtain access to this important HUD preservation program.

Choice Neighborhoods

The Budget includes $185 million for the Choice Neighborhoods program. 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 13,000 distressed properties and more than 30,300 new units of affordable housing.

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 support.

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, equal to the 2023 Enacted Level. This funding level will allow FSS funds to reach residents in multifamily properties. All three Self-Sufficiency programs help families access job training and financial education with the aim of building income and savings. The Budget also includes the Resident Health Equity Innovation (RHEI) Demonstration which allows for the expanded authority to use Public Housing Operating Fund Grants to hire, retain, or coordinate with community health workers to connect residents to preventative care, health and wellness, and mental health resources provided by community partners and other Federal agencies.

Mobility Services

The Budget includes $25 million to help public housing agencies provide families with children with evidence-based mobility 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 with poor-performing schools and limited access to jobs. Housing mobility services increase housing choices so families can live in communities that 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 1,500 housing counseling agencies, provides services to over one million consumers annually across the nation. Services include eviction prevention, financial empowerment, credit counseling, homelessness prevention, post-disaster housing counseling, and pre-home purchase counseling.

**Service Coordinators for Seniors:** This Budget includes $31 million to support Budget Based Rent Increases (BBRIs) at PBRA properties 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 2023 funds. These programs use proven strategies to support seniors living in their homes for as long as possible and advance the Administration’s priority to ensure seniors are able to age in place.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant-Disaster Recovery Authorization

The President’s 2024 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. 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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1 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)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<td>2024 President's Budget</td>
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<td>3,073,000</td>
<td></td>
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<td>33,625,000</td>
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<tr>
<td>Change from 2023</td>
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<td>(1,688,700)</td>
<td></td>
<td>761,188</td>
<td>1,636,000</td>
<td>3,644,000</td>
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a/ 2022 Carryover includes $1.0 million in recaptured prior year unpaid obligations and $3.8 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes $33 million transferred from the Public Housing Fund and $3 million transferred from the Housing for the Elderly account for the purpose of Rental Assistance Demonstration (RAD) conversions.
b/ 2023 Appropriation designates $2.7 billion of the TBRA Contract Renewal appropriation as an emergency requirement pursuant to the Disaster Relief Supplemental Appropriations Act, 2023.
c/ 2023 Carryover includes $3.5 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated $49 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.
d/ 2024 Carryover includes $3.0 billion in 2021 American Rescue Plan (ARP) mandatory unobligated balance brought forward. Additionally, it includes an estimated $45 million transferred from the Public Housing Fund and an estimated $3 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 choices and better housing opportunities for very low- and extremely low-income families; reduce the number of individuals, families, and veterans experiencing homelessness; and reverse the effects of residential segregation in the pursuit of racial equity.

BUDGET OVERVIEW

The 2024 President’s Budget requests $32.7 billion for Tenant-Based Rental Assistance (TBRA), which is $2.5 billion more than the 2023 enacted 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 2024 TBRA Budget aligns with the Administration’s efforts to build on our historic economic recovery and stabilize communities.

The HCV program is the Federal Government’s largest program targeted to assist very low-income families, the elderly, and persons with disabilities rent affordable, decent, safe, and sanitary housing in the private market. The program serves the most economically vulnerable individuals and families in the country, including families with disabilities, elderly families, formerly homeless veterans, and families with children, by providing Federal voucher assistance payments that help them meet their rental housing needs.
The 2024 Budget includes funding for the following activities:

- $27.8 billion for Contract Renewals, which is an increase of $1.4 billion from the 2023 appropriation.
- $3.2 billion in Administrative Fees, which is an increase of $424 million from the 2023 appropriation.
- $385 million for Tenant Protection Vouchers (TPV), which is an increase of $48 million from the 2023 appropriation.
- $686 million for Section 8 Mainstream Renewals, which is an increase of $79.5 million from the 2023 appropriation.
- $565 million for Incremental Vouchers, which is an increase of $515 million from the 2023 appropriation.
- $25 million for Mobility Services, which is an increase of $25 million from the 2023 appropriation.

**JUSTIFICATION**

The HCV program is an essential component of the Federal housing safety net for people in need. Housing Choice Vouchers offer low- and extremely low-income families improved affordable housing options and access to greater economic opportunities. The option to project base vouchers helps create and preserve deeply affordable units available to families in need. The Administration supports a strategy that recognizes the HCV program as an essential resource to reduce and prevent homelessness and advance racial equity.

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;
- 76 percent of program participants identify as people of color, with 53 percent of those as Black, non-Hispanic;
- 31 percent of households served have an elderly head of household;
- 24 percent have a non-elderly disabled head of household; and
- 34 percent of families served have female heads of households with children.

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

These programs align with HUD 2022-2026 Strategic Objective 2A: *Increase the Supply of Housing* and 2B: *Improve Rental Assistance.*

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 burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units.¹ Many families assisted by the HCV program have 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 household. The household is responsible for finding a suitable unit in the private rental market. The PHA pays

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monthly housing assistance 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 more costly direct government intervention to build additional 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 Advocates, and
- Tribally Designated Entities (TDHEs) and Tribal governments.

The HCV program has proven to be effective at meeting the housing needs of the most vulnerable citizens compared to other approaches. Several landmark studies conducted in the past 20 years attest to the effectiveness of housing vouchers to increase housing stability and reduce 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. Receiving a housing voucher also substantially decreased the likelihood that a household would experience homelessness and/or overcrowding.

The 2016 Family Options Study: Short-term Impacts of Housing Services Interventions for Homeless Families report 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. 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 survey the field to evaluate which of the impacts that were detected three years after random assignment persist. In addition, the Moving to Opportunity demonstration found that young children in families that used a housing voucher to move to lower-poverty areas were significantly more likely to attend college and earned more as young adults, compared to children in other families that did not receive a voucher.

Based on the assumptions provided for the 2024 Budget, the amounts in this budget will fund TBRA and Mainstream Housing Assistance Payments (HAP) to PHAs at 100 percent proration in 2024 and will expand housing assistance to approximately 2.5 million families which is in alignment with HUD’s 2024 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 secure the continuity of operations and program compliance. This is attained by maintaining and increasing the PHA’s capacity through the recruitment of experienced personnel responsible for fundamental program activities, which include admitting households, conducting housing quality inspections, completing tenant income certifications, and paying salaries and overhead costs incurred while managing the program.

The Budget does not request new funding for additional HUD-Veterans Affairs Supportive Housing (HUD-VASH) or for the Family Unification Program (FUP) vouchers. Previously appropriated funds for HUD-VASH that remain available for carryover are sufficient to fund the anticipated need for

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new vouchers among veterans experiencing homelessness. The President's Budget includes a separate mandatory housing proposal that would expand vouchers for extremely low-income veteran households and youth transitioning from foster care (please see the Mandatory Affordable Housing Programs Congressional Justification). In addition, the amount for Contract Renewals includes approximately $700 million to continue assistance for approximately 79,000 low-income veteran households under the HUD-VASH program and over 21,000 youth and families currently leased under FUP through calendar year-end 2022, and through additional leasing that will be attained through calendar year-end 2023.

HUD continues to take steps to improve the operations of the voucher program, enhance systems, and streamline requirements to reduce the administrative burden for families, PHAs, and owners. 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 burdens and redirect those resources to improve performance and services. Through the development and deployment of the Housing Information Portal (an upgrade to the Inventory Management System-Public Housing Information Center) and National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection standards, HUD will modernize key systems and improve the operation of the program. 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 nearly 300,000 Project-Based Voucher units and nearly 250,000 Special Purpose Voucher units.

The 2024 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 attempting to address barriers families face when trying to find rental housing such as a source of income discrimination, landlord participation, and rising rent costs. The 2024 Budget funding level will advance housing equity and broaden the Federal housing safety net for people in need including those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, and human trafficking; homeless persons; veterans; Native American veterans; and at-risk youths aging out of foster care.

The 2024 requested funding levels and description for the major components of the HCV Program to achieve the above priorities are:

**Contract Renewals - $27.8 billion**

The 2024 President’s Budget provides funding to renew expiring HCV program HAP funding increments on a calendar year basis. The requested funding level of $27.8 billion for contract renewals in the TBRA account will renew assistance for approximately 2.3 million households. Contract renewals also include up to $5 million in funding necessary to maintain current services for Tribal HUD-VASH participants. In addition, the 2024 Budget includes new authority for HUD to offset PHAs’ 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 $27.8 billion in 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, and energy inefficiencies, and increase housing choices for residents.
Combined with the $62 million requested in the Project-based Rental Assistance (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.

As part of the Administration’s whole-of-government approach to the climate crisis, this request will assist communities with reducing carbon pollution, increasing resilience to the impact of climate change, and delivering 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: 1) tracking and lowering the carbon footprint and energy consumption of public and assisted housing, and 2) 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.

**Administrative Fees - $3.2 billion**

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for over 2.3 million families. The Budget provides $3.2 billion in administrative fees for the HCV program resulting in a proration of 100 percent. While prior years have funded administrative fees at roughly 90 to 91 percent, HUD believes higher fees are necessary to support additional leasing in challenging market conditions where additional resources may be warranted for landlord incentives and other housing search assistance, as well as align with increasing access to affordable housing. These fees allow PHAs to perform routine fundamental program responsibilities, such as admitting households, conducting housing quality inspections, completing tenant income certifications, and paying salaries and other costs incurred while managing the HCV program.

**Tenant Protection Vouchers - $385 million**

Tenant Protection Vouchers (TPV) are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition, disposition, Voluntary Conversions, Choice Neighborhood transformation of public housing and HUD multifamily housing, and when private owners of multifamily developments choose to leave the project-based rental assistance program or prepaid their multifamily mortgages, or Moderate Rehabilitation replacements. The Budget also allows that up to $20 million of this amount may be used to protect tenants due to the maturity, prepayment, or foreclosure of loans under USDA section 514 and 515 mortgages. TPVs are a critical component in revitalizing public housing units. Actions impacting an estimated 36,776 public housing units will be supported with TPVs funded at this level. The requested funding level combined with 2023 carryover funds is sufficient to meet the estimated need.

**Section 811 Mainstream Renewals - $686 million**

Mainstream Renewals are contracts and administrative fees originally funded under the Section 811 tenant-based program. The Housing for Persons with Disabilities (Section 811) program provides tenant-based assistance for persons with disabilities to access affordable, private housing of their choice. The requested funding is in alignment with the Administration’s proposed goal of developing a policy that aggressively enforces the civil rights of people with disabilities while expanding their access to accessible, integrated, and affordable housing. PIH will support over 58,100 Mainstream voucher holders with this level of funding. The requested funding also includes administrative fees for the renewed vouchers. This amount does not include funding for new incremental vouchers in the calendar year 2024.
**Incremental Vouchers - $565 million**

HUD requests $565 million to support approximately 50,000 new incremental vouchers to expand affordable housing and provide greater access to areas of opportunity. The Administration looks forward to working with Congress to build on this investment and achieve its long-term goal of providing housing vouchers to all eligible households while increasing the program’s impact on equity and poverty alleviation. When added to the approximately 130,000 additional vouchers that could be supported from non-Moving to Work (MTW) and MTW program reserves, approximately 180,000 additional families could be served in 2024.

**Mobility Services - $25 million**

Mobility 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 benefits from living in resource-rich communities — for instance, children are more likely to attend college — yet discrimination and other barriers have long hindered low-income families, particularly families of color, from moving to such areas. The Budget includes $25 million to enable public housing agencies to provide evidence-based Mobility Services for families with children, including robust housing search and security deposit assistance, help connecting with schools, health services, and childcare, and offering modest incentive payments that encourage landlords to rent units to families with HCVs.

**Outcomes, Performance Indicators, and Other Evidence**

The 2022 Annual Homeless Assessment Report on the Point-in-Time (PIT) count of sheltered and unsheltered homeless persons found that while the number of people experiencing homelessness nationwide increased by less than one percent between 2020 and 2022, it marked the fifth consecutive year that total homelessness has increased in the United States. The total number of people experiencing homelessness on a single night in 2022 was 582,462 which is largely driven by the increase in the unsheltered homeless population. The 2022 Continuum of Care Homeless Assistance Programs Homeless Populations Report also identified 25,795 survivors of domestic violence in emergency shelters, 6,421 in transitional housing, and an additional 16,147 unsheltered. 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, dating violence, sexual assault, stalking, and human trafficking, 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; 76 percent of program participants are people of color. The average household size is 2.2 persons with an average household income of approximately $16,460. Extremely low-income families (families earning less than 30 percent of an area’s median income) make up approximately 78 percent of households served. More than half of households are headed by seniors and people with disabilities, and 37 percent include children. Twenty-five percent of households earn wages as their primary source of income, and the average household contribution towards rent monthly (Total Tenant Payment) is $422. The chart below provides additional insight into the demographics of the households currently supported by the program.

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4 CoC_PopSub_NatTerrDC_2022.pdf (hudexchange.info)
## Q2 2023 Housing Choice Voucher Tenant Characteristics

### How many households and people are served?
- **4.9 million people**
- **2.3 million households**

### What are the racial characteristics of the tenants?
This program serves a diverse population: **76%** of residents are in a minority group.

<table>
<thead>
<tr>
<th>Asian/Pacific Islander</th>
<th>Black, non-Hispanic</th>
<th>Hispanic</th>
<th>Native American</th>
<th>White, non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>53%</td>
<td>19%</td>
<td>1%</td>
<td>24%</td>
</tr>
</tbody>
</table>

### What are the characteristics of the heads of household?
- Female headed families with children: **34%**
- Elderly: **31%**
- Non-elderly disabled: **24%**

### How big are the households?

<table>
<thead>
<tr>
<th>Number of People</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<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>18%</td>
</tr>
</tbody>
</table>

### How old are the heads of household?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Years or Less</td>
<td>2%</td>
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<tr>
<td>25 to 50 Years</td>
<td>21%</td>
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<tr>
<td>51 to 60 Years</td>
<td>31%</td>
</tr>
<tr>
<td>62 Years or More</td>
<td>21%</td>
</tr>
<tr>
<td>85 Years or More</td>
<td>2%</td>
</tr>
</tbody>
</table>

### What is the share of rent paid by the tenant and HUD?
- Average household contribution: **$422**
- Average HUD Contribution: **$870**

### What are the income levels of assisted households?
Tenants make an average gross income of **$16,460**.
- **72%** 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): **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 2022 extract
Information Technology (IT)
Within the Information Technology Fund, the Budget requests $3.7 million to support the PIH Modernization (EIV Modernization & HUDCAPS Section 8) and the Disaster Tracking System.

PIH Modernization (EIV Modernization & HUDCAPS Section 8) - $1.1 million: This project encompasses and funds two efforts partially funded in the Consolidated Appropriations Act, 2023: Enterprise Income Verification (EIV) modernization and HUDCAPS Section 8. The purpose of these investments, by project, are:

- **EIV Modernization - $418 thousand**: EIV modernization will allow HUD to modernize its EIV system which was developed approximately 20 years ago as a custom-built application used to verify both prospective and existing HUD housing applicants’ income and assets to ensure their eligibility for rental assistance. EIV has been a vital system used by Public Housing Agencies (PHAs) and other HUD rental housing providers for HUD’s compliance with the Payments Integrity Information Act (PIIA), of which HUD is non-compliant. Specifically, this investment will allow for the creation of an entirely new application with many new and critical functions including integration with the Housing Information Portal (HIP), which is the replacement for PIH’s Inventory Management System-Public Housing Information Center (IMS-PIC) and application programming interfaces (APIs) that will allow for potentially daily data exchanges with partner Federal agencies that provide income and asset data used for income verification, including, but not limited to: the Social Security Administration, Department of Health and Human Services Office of Child Support Enforcement, and the Internal Revenue Service.

- **HUDCAPS Section 8 - $684 thousand**: The HUDCAPS Section 8 IT modernization effort will continue to focus on ensuring key accounting events and the disbursements of subsidy payments are migrated from the HUD Central Accounting Program System (HUDCAPS) and are properly interfaced with HUD’s General Ledger. This is a requirement for retiring HUDCAPS (a legacy, but vital mainframe application). HUDCAPS disburse approximately $27 billion in Housing Assistance Payment (HAP) and Administrative Fees (Admin Fee) for TBRA annually. The IT knowledge base of HUDCAPS (ongoing operations and maintenance support) is extremely limited and shrinking quickly, creating potential risk that HUD may not be able to support HUDCAPS, risking payments to PHAs and owners/landlords of voucher units. This effort will integrate with PIH’s new Enterprise Voucher Management System (EVMS), which automates the calculation, but does not disburse HAP and Admin Fee payments with the recording of the financial activity and the disbursement of funds. The integration of EVMS and this new solution is one element that will enable the Department to reduce its reliance on the legacy HUDCAPS system. This will allow for the Department to move closer to its goal of decommissioning HUDCAPS.

Disaster Tracking System - $2.6 million: There are 150 to 250 disasters that affect HUD-assisted families each year. The existing process for gathering and analyzing data is manual, labor intensive, prone to reporting delays, and fragmented across different parts of HUD. This IT investment will provide an automated, streamlined workflow, reporting, and tracking mechanism. It will enable HUD to better visualize disaster impacts on assisted families and properties across the United States, quickly identify resources such as alternative/temporary housing, and efficiently deploy those resources to mitigate the disasters’ effects. This automated platform could serve as the foundation for a HUD-wide disaster reporting system that shows all HUD-assisted families and properties in one dashboard for a coordinated, agency-wide approach to each disaster.

Enterprise Voucher Management System (ongoing investment from prior year funding): HUD continues to make progress toward modernizing its Information Technology (IT) systems to improve the administration of Tenant-Based Rental Assistance programs. In coordination with the Office of the Chief Information Officer and as part of the approved 2021 and 2022 PIH IT Performance Plans, PIH is developing a new system, the Enterprise Voucher Management System (eVMS), which will automate the calculation of funding and disbursements for most TBRA programs and associated
Administrative Fees using household level data, which will enable PIH to tie to voucher payments directly to household level need calculations. The eVMS will also enable PIH to auto-reconcile housing assistance payment needs within two to three days for each PHA based on household-level changes (e.g., rent changes, move-ins, move-out, portability) and consistent with cash management requirements to calculate funding based on the established need. The eVMS will also provide substantial insight into voucher utilization, which will enhance HUD’s ability to promote leasing.

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

### SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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<td>Contract Renewals</td>
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<td>Mobility Services</td>
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<td>Administrative Fees (ARP Act)</td>
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<tr>
<td>Allocation Adjustments for CY 2023 (ARP Act)</td>
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<td>184,369</td>
<td>37,704</td>
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<td><strong>Total</strong></td>
<td><strong>27,369,641</strong></td>
<td><strong>4,656,775</strong></td>
<td><strong>32,001,416</strong></td>
<td><strong>27,317,632</strong></td>
<td><strong>30,253,112</strong></td>
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<td><strong>35,014,812</strong></td>
<td><strong>32,703,000</strong></td>
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TENANT-BASED RENTAL ASSISTANCE

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President’s Budget includes the following new proposals:

Expand Eligible Uses of HCV Housing Assistance Payment Funding to Include Assistance for Tenant Leasing Costs such as Security and Utility Deposits (Demonstration): Low-income families with HCVs often struggle to identify units to lease because they have few financial resources and are unable to pay security deposits and utility deposits. HUD proposes appropriations language for a demonstration to allow PHAs to use a limited amount of Housing Assistance Payments funding to assist HCV recipients with tenant leasing expenses such as security deposits, utility deposits, and where the last month’s rent is required upfront.

As part of the demonstration, HUD would study whether PHAs can effectively help families secure units and thereby improve funds utilization and increase the number of families served. This request advances the long-term goal of expanding access to affordable housing to extremely low-income families and vulnerable populations through the expansion of the HCV program.

The 2024 President’s Budget includes the following continuing proposals:

- **FUP and FYI Administrative Flexibilities:** HUD proposes to provide PHAs with certain flexibilities in the administration of Mainstream, FUP and FYI programs. These flexibilities would allow PHAs to adopt certain specialized policies for these programs, enabling them to create separate waiting lists, extend the time households may search for housing, apply reduced screening criteria, and accept direct referrals from supportive service agencies. HUD further proposes to provide statutory flexibilities for PHAs to allow FUP and FYI programs the flexibility to adopt a 90- to 120-day referral timeline. It is difficult for youths to find units for lease within the current 90-day timeframe, which increases the risk that such persons would experience homelessness. This extended referral timeline would allow more people more time to enter these programs. There is no budgetary impact on this proposal.

- **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 the capacity to lease up additional vouchers. This is in addition to the existing authority to reallocate the budget authority to prevent terminations due to funding shortfalls and to mitigate or eliminate any downward proration or renewal allocations. HUD also requests authority to reallocate authorized units (Unit Months Available or UMA) in cases where PHAs have a demonstrated history of under-leasing and there is a lack of housing need in the community or other PHAs are well-situated to meet the need. These vouchers would be directed 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. HUD would also give preference to PHAs with previous renewal funding offset due to excessive reserves, but with demonstrated increased capacity through improved voucher utilization following the offset.

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes to the HCV program through the authorization process:

- **Repair Timeframe Flexibility for HCV:** For non-HCV programs, HUD already has the authority to establish a shorter timeframe for repairs. HUD cannot reduce the timeframe to less than 30 days for serious issues not meeting the definition of a life-threatening deficiency. This prevents full alignment of inspection requirements across HUD programs, as is
intended by NSPIRE, and limits HUD in taking expedient action on non-life-threatening deficiencies where it may be required. For example, a missing unit entry door is a non-life-threatening deficiency, but HUD believes it is unreasonable to allow a resident to live within a unit without an entry door for up to 30 days. There is no budgetary impact for this proposal.

- **Enhance HCV Landlord Participation:** This proposal allows PHAs 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:** This proposal would 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.

- **Align PBV Maximum Rent Limitations with Expanded PHA Flexibility to Set Payment Standards to Adapt to Changing Housing Market Conditions:** Setting HCV payment standards at levels that adequately reflect local market rents is essential to enable families to successfully lease units, particularly in higher-rent areas. Local housing markets can change rapidly, and HCV program stakeholders have repeatedly complained that Fair Market Rents (FMRs), which form the basis of payment standards, are often out of sync with local market conditions. When FMRs and HCV payment standards do not reflect market conditions, families’ housing options shrink, and their rent burdens may be high. During the COVID-19 pandemic, PHAs were granted, and many used, increased flexibility to raise HCV payment standards to 120 percent of FMR under an expedited approval process.

Under the existing sections 8(o)(1)(B) and (D), HUD has the flexibility to expand the basic range in which the PHA may establish its payment standard for its HCV program without HUD approval. However, one major drawback to expanding the basic range is that it creates a problem with respect to the maximum rents permitted in the PBV program, which currently may not exceed the higher of 110 percent or any exception payment standard approved by HUD. For example, if HUD increased the basic range to 120 percent of the FMR and a PHA subsequently increased its payment standard to that maximum amount, the rents for PBV projects administered by the PHA would still be capped at 110 percent of the FMR. The PHA would not be able to align the PBV rent limitation with its new payment standard, as any payment standard up to 120 percent would no longer be an exception payment standard approved by the Secretary, and consequently, the PBV maximum rent could not exceed 110 percent of the FMR. This would negatively impact the PHA’s ability to project-base vouchers in certain opportunity areas (areas where the PHA had determined that rents support payment standards between 110 percent and 120 percent of the FMR).

To accommodate any future changes HUD may make to increase the basic range, HUD is proposing to revise section 8(o)(13)(H) of the 1937 Act to change the existing rent limitation to the higher of 110 percent of the FMR or the applicable payment standard for the area. This change would allow the PHA to continue to approve PBV rents up to any exception payment standard approved by HUD as permitted under current law. In addition, the PHA would also be able to approve a PBV rent up to a payment standard above 110 percent of FMR that falls within any newly expanded basic range that may be established by HUD in the future. PBV rents would still need to meet all other applicable requirements under 8(o)(13)(H), including rent reasonableness.

- **Expanding Eligible Uses of HCV Administrative Fees to Increase Families’ Housing Opportunities and Improve Housing Voucher Utilization:** To provide an adequate range of housing opportunities and allow families to successfully use their vouchers, including in tight rental markets, PHAs must employ strategies and undertake activities beyond those historically required to fulfill their basic administrative responsibilities. HUD has recently permitted PHAs, in limited circumstances, to use administrative or special fees for landlord incentive payments, security deposits, and expenses for other purposes that can significantly
expands families’ housing options and improve their chances of successfully leasing with a housing voucher. HUD proposes to amend Section 8(q) to expressly provide that PHAs may use HCV administrative fees for landlord incentive payments and holding fees, security deposit assistance, assistance for utility deposits and arrears, and renter’s insurance (where leases require it), in addition to using fees for PHAs’ costs of administering housing vouchers. There is prior authority to perform this function in Congressional appropriations; however, permanent authority is needed for long-term use.

- **FUP and Mainstream Funds Recapture:** HUD requests language that would allow for the recapture of vouchers and associated funds for FUP and Mainstream when they are not being utilized (e.g., FUP-only PHAs can self-identify themselves for recapture). The vouchers and associated funds would be reallocated to PHAs that have demonstrated a need for FUP and Mainstream vouchers and that are successfully utilizing their current voucher funding for these targeted populations and the HCV program in general. PHAs that have FUP or Mainstream vouchers recaptured would then be able to re-apply for these vouchers when they are ready to use them. There is no budgetary impact on this proposal.

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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] heading “the Act”), not otherwise provided for, $23,599,532,000, 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 of the sums appropriated under this heading—

1. $23,748,420,000 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 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 none of the funds provided under this paragraph may be used to fund a total number of unit months under lease which exceeds a public housing agency’s authorized level of units under contract, except for public housing agencies participating in the Moving to Work (MTW) demonstration, which are instead governed in accordance with the requirements of the MTW demonstration program or their MTW agreements, if any:] 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[, and the Secretary shall notify public housing agencies of their
annual budget by the latter of 60 days after enactment of this Act or March 1, 2023: Provided further, That the Secretary may extend the notification period with the prior written approval of the House and Senate Committees on Appropriations: Provided further, That public housing agencies participating in the Moving to Work (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 preceding provisos: Provided further, That the Secretary may offset public housing agencies' calendar year [2023] 2024 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] 2023 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, [excluding amounts subject to the single fund budget authority provisions of their MTW agreements.] from the agencies' calendar year [2023 MTW] 2024 funding allocation: Provided further, That the Secretary shall use any such offset amounts referred to in the preceding 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; 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 [§200,000,000] $100,000,000 shall be available only:
(A) for adjustments 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;
(B) 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);
(C) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers;
(D) 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;
(E) for adjustments in the allocations for public housing agencies that—
   (i) are leasing a lower-than-average percentage of their authorized vouchers,
   (ii) have low amounts of budget authority in their net restricted assets accounts and HUD-held programmatic reserves, relative to other agencies, and
   (iii) are not participating in the Moving to Work demonstration, to enable such agencies to lease more vouchers;
(F) for withheld payments in accordance with section 8(o)(8)(A)(ii) of the Act 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
(G) 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 preceding 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 pursuant to Section 9 of the Act 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) (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 the Secretary may establish a demonstration program to continue through fiscal year 2027 at a limited number of public housing agencies in difficult rental markets, as determined by the Secretary, for the purpose of testing whether the provision of additional assistance to facilitate leasing increases the ability of families participating in the program to lease a unit: Provided further, That amounts made available under this paragraph in this and prior Acts to public housing agencies participating in such demonstration program shall be available for making utility and security deposit assistance payments (including last month's rent) and other costs consistent with the terms of the demonstration, in addition to the purposes for which such funds were appropriated and obligated and in addition to amounts for administrative and other expenses otherwise available for such payments and costs: Provided further, That any such utility or security deposit payments returned to the public housing agency, including any interest earned while such amounts were held by the owner, shall be available only for future housing assistance payment expenses (including eligible uses during the term of the demonstration);

(2) [$337,000,000/$385,000,000] shall be available 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, 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 used 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 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
preceding 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) [$2,777,612,000]/$3,202,000,000 shall be available for administrative and other expenses of public
housing agencies in administering the section 8 tenant-based rental assistance program, of which up
to $30,000,000 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
[$2,747,612,000]/$30,172,000,000 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 preceding 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 preceding 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 preceding 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) [$606,500,000]/$686,000,000 shall be available for the renewal of tenant-based assistance
contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.
8013), including necessary administrative expenses: Provided, That administrative and other
expenses of public housing agencies in administering the special purpose vouchers in this paragraph
shall be funded under the same terms and be subject to the same pro rata reduction as the percent
decrease for administrative and other expenses to public housing agencies under paragraph (3) of
this heading: Provided further.]That up to $10,000,000 shall be available only—

(A) 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

(B) for public housing agencies that despite taking reasonable cost savings 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 preceding 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 available 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) $50,000,000 shall be available for incremental rental voucher assistance for use through a supported housing program administered in conjunction with the Department of Veterans Affairs as authorized under section 8(o)(19) of the United States Housing Act of 1937: Provided, That the Secretary of Housing and Urban Development shall make such funding available, notwithstanding section 203 (competition provision) of this title, to public housing agencies that partner with eligible VA Medical Centers or other entities as designated by the Secretary of the Department of Veterans Affairs, based on geographical need for such assistance as identified by the Secretary of the Department of Veterans Affairs, public housing agency administrative performance, and other factors as specified by the Secretary of Housing and Urban Development in consultation with the Secretary of the Department of Veterans Affairs: Provided further, That the Secretary of Housing and Urban Development may waive, or specify alternative requirements for (in consultation with the Secretary of the Department of Veterans Affairs), any provision of any statute or regulation that the Secretary of Housing and Urban Development 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 voucher assistance: Provided further, That assistance made available under this paragraph shall continue to remain available for homeless veterans upon turn-over: Provided further, That of the total amount made available under this paragraph, up to $10,000,000 may be for additional fees established by and allocated pursuant to a method determined by the Secretary for administrative and other expenses (including those eligible activities defined by notice to facilitate leasing, such as security deposit assistance and costs related to the retention and support of participating owners) of public housing agencies in administering HUD-VASH vouchers;

(7) $30,000,000 shall be available for the family unification program as authorized under section 8(x) of the Act: Provided, That the amounts made available under this paragraph are provided as follows:
[(A) $5,000,000 shall be available for new incremental voucher assistance: Provided, That the assistance made available under this subparagraph shall continue to remain available for family unification upon turnover; and]

[(B) $25,000,000 shall be available for new incremental voucher assistance to assist eligible youth as defined by such section 8(x)(2)(B) of the Act: Provided, That assistance made available under this subparagraph shall continue to remain available for such eligible youth upon turnover: Provided further, That of the total amount made available under this subparagraph, up to $15,000,000 shall be available on a noncompetitive basis to public housing agencies that partner with public child welfare agencies to identify such eligible youth, that request such assistance to timely assist such eligible youth, and that meet any other criteria as specified by the Secretary: Provided further, That the Secretary shall review utilization of the assistance made available under the preceding proviso, at an interval to be determined by the Secretary, and unutilized voucher assistance that is no longer needed shall be recaptured by the Secretary and reallocated pursuant to the preceding proviso:]

[Provided further, That for any public housing agency administering voucher assistance appropriated in a prior Act under the family unification program, or made available and competitively selected under this paragraph, that determines that it no longer has an identified need for such assistance upon turnover, such agency shall notify the Secretary, and the Secretary shall recapture such assistance from the agency and reallocate it to any other public housing agency or agencies based on need for voucher assistance in connection with such specified program or eligible youth, as applicable:]

[(8) $50,000,000] (6) $565,000,000 shall be 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) $25,000,000 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

[(9)] (8) the Secretary shall separately track all special purpose vouchers funded under this heading: 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 funds made available for the demonstration to facilitate leasing under paragraph (1), new incremental voucher assistance or renewals for the Mainstream program, 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
[For an additional amount for "Tenant-Based Rental Assistance", $2,653,580,000, to remain available until expended, for activities specified in paragraph (1) (excluding any set-asides) of such heading in title II of division L of this consolidated Act.] (Disaster Relief Supplemental Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Public Housing Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/ Requested</th>
<th>Carryover</th>
<th>Supplemental/ Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<td>2022 Appropriation</td>
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<td>451,661</td>
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<td>2024 President's Budget</td>
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<td>Change from 2023</td>
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<td>(6,103)</td>
<td></td>
<td>372,897</td>
<td>372,000</td>
<td>1,313,000</td>
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a/ Carryover into 2022 is shown net $87 million transferred for subsidy payments for units converting under the Rental Assistance Demonstration (RAD).
b/ Carryover for 2023 is shown net of $90 million estimated to be transferred for RAD.
c/ Carryover for 2024 includes an estimated $725 million of unobligated balances and the estimated projected transfers of $90 million for RAD and $7 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 917,000 affordable public housing units in 2024, serving over 1.7 million residents across 860,000 households, over half of whom are extremely low-income. The public housing stock serves an important role in the Nation’s housing market, ensuring housing for some of the Nation’s most vulnerable families. Local administration of Federal grant funds allows communities the enhanced 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 2024 President’s Budget requests $8.9 billion for the Public Housing Fund, which is $379 million more than the 2023 enacted level. The Budget request supports the following activities:

- $8.4 billion for Public Housing Formula grants, of which approximately $5.133 billion is distributed based on the Public Housing Operating Fund formula and $3.225 billion is distributed based on the Public Housing Capital Fund formula;
- $300 million for new Site-Based Public Housing Enhancement, Resilience, and Efficiency (SPHERE) Grants (including $20 million for Utility Benchmarking);
- $15 million for new Physical/Capital Needs Assessment Initiative;
- $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; and
- $50 million for Operating Shortfall Prevention;

These programs align with HUD 2022-2026 Strategic Objectives 1B: Reduce Homelessness, 1C: Invest in the Success of Communities, 2A: Increase the Supply of Housing, 2B: Improve Rental Assistance, 4A: Guide investment in Climate Resilience, and 4B: Strengthen Environmental Justice.
JUSTIFICATION

The Public Housing Fund provides payments to about 2,750 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 primarily 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. 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 gives these families a stronger foundation for 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. As part of the Public Housing Fund, the newly proposed SPHERE grants will tackle these issues directly by targeting capital investment to properties that need it the most.

The Public Housing program has long been vital to the Federal housing safety net. Support of the Public Housing Fund enables the preservation of deeply affordable units specifically targeted to serve low- and extremely low-income families, thus strengthening the Federal housing safety net for those in need. Private market rental costs are continually unaffordable for families with low- and extremely low incomes. 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 operating 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 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;
- Utility 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;
• PHA Self-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.

In addition, please see the “Resident Health Equity Innovation” description in the Self Sufficiency Programs justification for more details on how operating grants can support residents’ health.

The Budget proposes operating grants in the amount of $5.1 billion. Funding at this level is projected to be sufficient to cover 100 percent of public housing operating expenses.

### TABLE 1: 2024 OPERATING FUND ELIGIBILITY

(Units in Thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual FY 2022</th>
<th>Estimate FY 2023</th>
<th>Estimate FY 2024</th>
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<tr>
<td>1 Non-Utility Expense Level (PEL)</td>
<td>$5,261,633</td>
<td>$5,349,132</td>
<td>$5,338,769</td>
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<tr>
<td>2 Utilities</td>
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<tr>
<td>3 Less: Tenant Income</td>
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<td>-$3,152,239</td>
<td>-$3,126,754</td>
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<td>4 Public Housing Operating Fund Base (Lines 1-3)</td>
<td>$3,689,070</td>
<td>$4,035,652</td>
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<tr>
<td>5 MTW Alternative Formula Grant, PHAs not in Base</td>
<td>$526,857</td>
<td>$534,642</td>
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<tr>
<td>8 Public Housing Add-ons</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>9 Elderly/Disabled Coordinators</td>
<td>$15,324</td>
<td>$15,799</td>
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<tr>
<td>10 Resident Participation</td>
<td>$20,917</td>
<td>$20,386</td>
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<td>11 Energy-Add On for Loan Amortization</td>
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<td>12 Payments in Lieu of Taxes</td>
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<td>$179,622</td>
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<td>13 Cost of Independent Audit</td>
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<td>14 Asset Management Fee</td>
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<td>15 Information Technology Fee</td>
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<td>16 Asset Repositioning Fee</td>
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</tr>
<tr>
<td>17 Mutual Help and Turnkey Units</td>
<td>$7</td>
<td>$7</td>
<td>$7</td>
</tr>
<tr>
<td>18 Estimated Appeals</td>
<td>$0</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>19 Stop Loss</td>
<td>$122,214</td>
<td>$119,112</td>
<td>$117,504</td>
</tr>
<tr>
<td>20 Subtotal: Operating Fund Base (Lines 4-19)</td>
<td>$4,739,627</td>
<td>$5,109,125</td>
<td>$5,133,000</td>
</tr>
</tbody>
</table>

Information Technology (IT)

Within the IT Fund, the Budget requests $3.7 million to support the PIH Modernization (EIV Modernization & HUDCAPS Section 8) and the Disaster Tracking System.

PIH Modernization (EIV Modernization & HUDCAPS Section 8) - $1.1 million: This project encompasses and funds two efforts partially funded in the Consolidated Appropriations Act, 2023: Enterprise Income Verification (EIV) modernization and HUDCAPS Section 8. The purpose of these investments, by project, are:

- **EIV Modernization - $418 thousand**: EIV modernization will allow HUD to modernize its EIV system which was developed approximately 20 years ago as a custom-built application.
used to verify both prospective and existing HUD housing applicants’ income and assets to ensure their eligibility for rental assistance. EIV has been a vital system used by Public Housing Agencies (PHAs) and other HUD rental housing providers for HUD’s compliance with the Payments Integrity Information Act (PIIA), of which HUD is non-compliant. Specifically, this investment will allow for the creation of an entirely new application with many new and critical functions including integration with the Housing Information Portal (HIP), which is the replacement for PIH’s Inventory Management System-Public Housing Information Center (IMS-PIC) and application programming interfaces (APIs) that will allow for potentially daily data exchanges with partner Federal Agencies that provide income and asset data used for income verification, including, but not limited to: the Social Security Administration, Department of Health and Human Services Office of Child Support Enforcement, and the Internal Revenue Service.

- **HUDCAPS Section 8 - $684 thousand:** The HUDCAPS Section 8 IT modernization effort will continue to focus on ensuring key accounting events and the disbursements of subsidy payments are migrated from the HUD Central Accounting Program System (HUDCAPS) and are properly interfaced with HUD’s General Ledger. This is a requirement for retiring HUDCAPS (a legacy, but vital mainframe application). HUDCAPS disburses approximately $27 billion in Housing Assistance Payment (HAP) and Administrative Fees (Admin Fee) for TBRA annually. The IT knowledge base of HUDCAPS (ongoing operations and maintenance support) is extremely limited and shrinking quickly, creating potential risk that HUD may not be able to support HUDCAPS, risking payments to PHAs and owners/landlords of voucher units. This effort will integrate with PIH’s new Enterprise Voucher Management System (EVMS), which automates the calculation, but does not disburse HAP and Admin Fee payments with the recording of the financial activity and the disbursement of funds. The integration of EVMS and this new solution is one element that will enable the Department to reduce its reliance on the legacy HUDCAPS system. This will allow for the Department to move closer to its goal of decommissioning HUDCAPS.

**Disaster Tracking System - $2.6 million:** There are 150 to 250 disasters that affect HUD-assisted families each year. The existing process for gathering and analyzing data is manual, labor intensive, prone to reporting delays, and fragmented across different parts of HUD. This IT investment will provide an automated, streamlined workflow, reporting, and tracking mechanism. It will enable HUD to better visualize disaster impacts on assisted families and properties across the United States, quickly identify resources such as alternative/temporary housing, and efficiently deploy those resources to mitigate the disasters’ effects. This automated platform could serve as the foundation for a HUD-wide disaster reporting system that shows all HUD-assisted families and properties in one dashboard for a coordinated, agency-wide approach to each disaster.

**Operating Fund Portal (ongoing investment from prior year funding):** HUD continues to modernize its IT systems to improve the administration of Public Housing programs. In coordination with the Office of the Chief Information Officer, PIH rolled out the 52722/52723 forms in the Operating Fund Portal in 2023 to bring the means for submission of some 13,000 forms annually into the 21st century. This is a significant change for HUD and the PHAs, which previously relied upon 20th century technology (Excel workbooks) for the processing of subsidy eligibility calculations. The Operating Fund portal substantially automates many other aspects of the funding process for both PHAs and HUD. Enhancements to existing modules and the development of new modules are planned to be rolled out in 2024.

For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.
Grants Awarded for Capital Needs

Public Housing capital grants are the primary source of funding for capital improvements, public housing rehabilitation, reinvestment, 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 one percent increase above the 2023 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 needs at approximately $26 billion. 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. The Department has extrapolated the 2010 study estimates to today and estimates that annual accrual requirements are currently higher than $4 billion and that the backlog of unmet capital needs has grown to more than $50 billion. The SPHERE grants will target additional capital resources directly to the distressed properties that need it the most.

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 is substantially greater than any decrease in need associated with the units that have left the inventory or have since been revitalized. HUD’s Office of Policy Development and Research has engaged a contractor to conduct a study that will assess the usefulness of underlying capital needs data available to HUD and PHAs, assess how PHAs estimate capital needs, glean best practices employed in doing so, and provide the best estimate of the nationwide capital needs of public housing possible given limited resources while recommending future estimation methods.

In addition, HUD proposes $15 million to assess the physical and capital needs of units supported by the Public Housing Fund at both the national and site-specific levels. This will enable HUD to provide more accurate data to the Congress and stakeholders on the total capital need as well as enable HUD to more easily identify properties that have extensive capital needs that should be targeted through SPHERE and other reinvestment tools.

Public Housing capital 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 leveraging 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 remains stable at approximately 94.7 percent, and HUD’s goal is to improve that occupancy rate to 95.5 percent by the end of 2023. HUD is focused on the challenge of preserving the availability of quality
affordable rental housing to provide necessary housing for low-income families to improve their lives, prevent homelessness, and reduce worst-case housing needs. Investing in public housing also addresses racial inequities, as over two-thirds of public housing residents are people of color.

- **Decreasing utility consumption and costs:** As part of the Administration’s whole-of-government approach to the climate crisis, the Department is improving utility conservation options through a targeted set-aside to support site-based capital investments in public housing buildings that will include energy conservation measures, as well as through benchmarking activities. Public Housing capital grants provide PHAs with the necessary resources to increase utility conservation as they modernize their inventory.

- **Leveraging Federal resources:** Given the current Federal fiscal environment, PHAs cannot meet their needs by using only Federal funds and must leverage outside investment. The Rental Assistance Demonstration (RAD), the Capital Fund Financing Program (CFFP), the Choice Neighborhoods program, and the Mixed-Finance Initiative all help to achieve this goal. HUD has approved $4.8 billion through loan and bond financing to date through the CFFP, and approximately $2.5 billion worth of tax credits has been leveraged. Through the Choice Neighborhoods program, the $1.3 billion investment in housing and communities has leveraged $8 dollars for every $1, and HUD’s Mixed-Finance Initiative has leveraged $14 for every $1 over the last four years. Finally, RAD projects have leveraged approximately $1.9 billion in Public Housing funds for capital repairs and construction with $28.8 billion in other funds, a $1.00 to $15.50 ratio. Post RAD conversion, no additional Public Housing funding is provided, but the projects continue to access the private markets and locally available sources. To date, RAD-PBV project owners have invested an additional $317 million.

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 2024 Operating and Capital Fund grants appropriations to the Tenant-Based Rental Assistance (TBRA) and/or Project-Based Rental Assistance (PBRA) accounts to fund renewal costs for public housing units converting under RAD in the calendar year 2023.

**Site-Based Public Housing Enhancement, Resilience, and Efficiency (SPHERE) Grants**

The Budget includes a new $300 million grant program to promote the preservation of public housing through targeted capital investments in properties with critical, extensive, and pervasive modernization needs that are not met through annual formula grants. Up to $20 million of the funds allocated to SPHERE will be used to advance public housing benchmarking in 2024.

Rapidly addressing unmet capital needs immediately reduces health and safety threats to residents, mitigates risks of compounding costs due to further degradation of the physical assets, and enhances the resilience and efficiency of public housing. These targeted capital investments will further the Administration’s priorities by preserving the critical housing supply, improving living conditions, and promoting climate resilience since this proposed program would require capital investment in state-of-the-art utility conservation measures.

The SPHERE funding will create better living conditions in the Public Housing program, as the goal is to ensure that these resources are available to the communities that need them most, whether large or small, suburban, urban, or rural. Grants would be awarded competitively with consideration of geographic diversity and a priority to provide funding to properties with extensive capital needs or in need of a particularly high-impact investment (i.e. a property that is generally sound but needs to invest in a high-cost component for the property to remain viable).

Smaller public housing properties have extensive unmet modernization needs that are typically not met with existing reinvestment/recapitalization tools. One example is the very small 35-unit elderly development in Jamestown, Rhode Island. Jamestown Housing Authority (JHA) applied for and
received an emergency grant to replace the obsolete oil-fired heating system that it had diligently
repaired over the years, but, in recent years, had to reset roughly every six hours during the winter
weather months. It also had an obsolete electrical system that had become a fire hazard. The
combined cost of fixing these issues amounted to approximately $1 million dollars. Unfortunately,
JHA's annual Capital Fund formula allocation, at roughly $60,000 per year, did not provide nearly
enough money to raise enough funding to meet these critical capital needs through any financing
mechanism. The Department was able to preserve this property through the emergency grant so that
it could continue to serve its small community through targeted capital investment. HUD is certain
that there are many more small and rural PHAs with properties like JHA's property in the inventory
that have very high unmet modernization capital needs. The residents in such properties should not
have to wait until there is an emergency for these properties to receive the critical capital
investments their properties need.

The Department anticipates that PHAs will leverage a substantial portion of this funding such that
the proposed funding level will result in the modernization of close to 5,000 units. This amount of
funding can be expected to gradually reduce the longstanding backlog of capital needs in the public
housing inventory. Investments in climate mitigation and resilience pay for themselves many times
over: the National Institute of Building Sciences estimates $6 in savings for every $1 spent through
Federal mitigation grants funded and a benefit-cost ratio of 4:1 for investments complying with
model building codes.

**Public Housing Utilities Benchmarking**

Utility benchmarking is a tool that enables utility management and provides a data-driven basis for
electronically tracking utility consumption, cost data, and respective building characteristic data for
capital improvements planning. It can support and measure improvements in the program and can
measure the carbon reduction achieved through the program. The Budget proposes up to $20 million
of the funds allocated to SPHERE to advance public housing benchmarking in 2024 to create
operational improvements by providing robust technical assistance to support agencies that would
voluntarily participate in a pilot benchmarking effort in 2024, as well as enable HUD to meet its
regulatory obligations to complete a feasibility study and hold a public meeting.

HUD believes strongly that implementing utilities benchmarking across its assisted housing
portfolio will serve to inform PHAs, owners, and HUD of the performance of its portfolio to support
informed decision-making. HUD’s 2024 Budget presents a unified goal of implementation across the
portfolio, while also providing each program flexibility to implement based on the specific needs and
current program requirements.

The chronic underfunding of the Public Housing program has left a significant portion of the
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 also shared with HUD). Pursuing utility benchmarking will help
PHAs and those supporting housing authorities to understand where inefficiencies exist in order to
prioritize the investment of limited grant or financing resources by showing areas that may need
more funding and development to improve.

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

Further, up to $7 million of the $20 million funding could be used to support IT systems upgrades to implement benchmarking across the public housing portfolio, a significant operational improvement. These upgrades could include improved data collection activities, connecting HUD systems to external benchmarking systems (e.g., EPA's Portfolio Manager), and other automation of activities. Based on HUD's experience with the Better Buildings Challenge, if $10 million in funding were used to support a benchmarking pilot, HUD could provide TA to approximately 280 PHAs, or 10 percent of the PH portfolio. This would provide PHAs with technical assistance in their effort to report into the Portfolio Manager and equip PHAs to use the 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 thousand units or 10 percent of the public housing portfolio.

Physical/Capital Needs Assessment Initiative

The Budget includes $15 million to assess the capital needs of the 917,000 units supported by the Public Housing Fund. This will allow HUD to collect needed data to accurately assess the capital needs of the public housing inventory both at a national level and at a site-specific level. It would obtain the data both through conducting HUD-contracted physical/capital need assessments of properties and through reviewing and integrating data provided by PHAs that have conducted their own assessments. HUD-contracted assessments would particularly focus on assessing the needs of properties of smaller PHAs that have limited funding and capacity to conduct assessments on their own, as well as validating a sample of properties covered by an assessment conducted by PHAs. Based on this data, HUD would be able to provide accurate information to the Congress and other stakeholders about the total capital need of the public housing inventory, and HUD could more easily and accurately identify properties that have extensive capital needs in order to provide technical assistance and facilitate directing adequate capital investment resources to address the need. In addition, the proposal would also give PHAs that lack capacity access to sound capital planning. In conducting assessments, HUD would emphasize evaluating each property’s potential for health/safety investments, improved energy efficiency, and the potential need to ameliorate climate risks. At the proposed level of funding, HUD believes that it could assess the capital needs of approximately 20 percent of the inventory per year, with the objective of obtaining an increasingly accurate assessment of the nationwide inventory over the course of subsequent years and then maintaining an accurate assessment of the inventory on an annual basis similar to the way that HUD inspects properties to assess how well PHAs maintain their properties.

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, radon, enhancing fire safety, and other housing hazards. Improving the environmental conditions and safety for public housing residents and, as a result, their health outcomes help further progress toward environmental justice and health equity. PHAs would benefit from dedicated funds for evaluation and mitigation. Evaluations will include comprehensive assessments of moisture intrusion, ventilation, and other structural defects that can contribute to unhealthy 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 up to $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 as most public housing units were constructed prior to 1978 and have the extensive potential for lead-based painted surfaces. These grants are a successful tool to address health inequity among 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 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 and mold removal and repairs; boiler pipe replacement; and emergency window replacement.

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

The Budget includes $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 the determination of outstanding need.

**Receivership, Troubled and High-Risk PHAs**

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

- Activities related to recovery from and prevention of receivership;
- Costs associated with recapitalization, transformation, and preservation of affordable housing assets for troubled and high-risk PHAs, including any PHA under the control of a Federal monitor;
- Addressing deteriorated physical conditions to prevent high-risk and troubled PHAs from entering into receiverships and preserve affordable housing for the future; and
- 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.

Each year, performance scoring under the Public Housing Assessment System (PHAS) identifies over 500 troubled and substandard PHAs, and the number of agencies trending toward substandard performance continues to increase each year due to aging stock beyond its useful life, backlogged capital repairs, diminishing Federal dollars, and other operational challenges.

Further, as evidenced by REAC financial and physical data, there are 864 developments with approximately 266,000 units in a poor physical condition where the PHA may not have resources to address physical needs. The data also identifies 650 developments representing 114,859 units with a limited remaining useful life with failing or trending to fail physical scores.

To address the collective needs of these agencies, since 2019, 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.
Funds will also be provided to target housing agencies at high risk, in receivership, substandard, or troubled for the purpose to improve the physical condition of public housing units, to increase occupancy at public housing developments, and to reduce the number of vacant public housing units.

Public Housing Operating Shortfall Funding

The Budget proposes $50 million for public housing operating shortfall funding. Funding awarded for operational shortfalls would enable HUD to provide targeted assistance to agencies with short-term operational challenges. Through the awarding process for such funds, HUD requires PHAs receiving such funds to enter targeted corrective actions in order to determine the causes of PHA shortfalls and to address such causes on a case-by-case basis. Additionally, PHAs are required to submit annual budgets and actuals. Through this process, HUD can determine whether the PHA is taking appropriate changes and evaluate the effectiveness of those changes.

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 funding years, to access funds PHAs were required to achieve and maintain an operating reserve balance of one month of expenses or better on their subsequent financial statements. As of January 2023 reporting, approximately 91 percent of the PHAs that received Shortfall in 2020 met this goal. Furthermore, Shortfall-funded PHAs have, on average, improved their financial position by increasing their operating reserves by 200 percent to 300 percent. For instance, the median Months of Reserves (MOR) of 2020 Shortfall PHAs went from 1.1x in their eligibility year to 3.9x after 2 to 3 years.

The following chart shows the eligibility and funding numbers for the program’s three funding years.

<table>
<thead>
<tr>
<th>Funding Year</th>
<th>PHAs#</th>
<th>Amounts $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eligible</td>
<td>Funded</td>
</tr>
<tr>
<td>2020</td>
<td>220</td>
<td>138</td>
</tr>
<tr>
<td>2021</td>
<td>167</td>
<td>127</td>
</tr>
<tr>
<td>2022</td>
<td>262</td>
<td>181</td>
</tr>
</tbody>
</table>

Moreover, PHAs have faced additional financial challenges as a result of the pandemic, causing unpaid tenant rent balances to swell. In 2020 and 2021, PHAs were unable to collect between 5 and 20 percent of their rents. This is in contrast to uncollected rent balances of between 3 and 10 percent before the pandemic. Even with the impact of the pandemic beginning to wane, PHAs have expressed difficulty and concerns about recovering unpaid balances. The 2022 PHA financial data affirms the PHA’s concerns as the unpaid tenant rent balances continue to remain elevated. HUD anticipates that the collection process for unpaid rents will be lengthy and costly for the PHAs and fraught with a low probability of success. The Shortfall program has been a backstop for the PHAs most impacted by unpaid rent balances. As a result, in 2022, HUD added to Shortfall eligibility the change in unpaid tenant rents prior to the pandemic and their current financial statements. HUD calculated that the change in unpaid rent balances added over $123 million to the 2022 Shortfall eligibility shown in the table above. The increase in the request in 2024 reflects the significant need that was unfunded in 2022 and 2023 and the continued impact of the Tenant Accounts Receivable (TARS) on PHA financial statements expected throughout 2023.
Financial and Physical Assessment

HUD is proposing to move the Financial and Physical Assessments fund from the Public Housing Fund and create a new account, the Operational Performance Evaluation and Risk Assessment (OPERA), as the single fund for all property inspections and assessments.

Please see the OPERA justification for more details.

Public Housing Resident Characteristics

Currently, the Public Housing program serves families with an average household income of approximately $17,000, less than a quarter of the 2021 U.S. median household income of $70,784. Extremely low-income families (families earning less than 30 percent of an area’s median income) make up approximately 73 percent of public housing households. Almost one-third of public housing households earn wages as a major source of income, with approximately 64 percent of wage earners earning between $5,000 and $25,000. Over half of the households receive fixed incomes. The elderly and persons with disabilities head 55 percent of households (see charts below). Over one-third (36 percent) of all households served include children. The average household contributes $374 a month toward rent and utilities. The chart below provides the demographics of public housing residents as of December 31st, 2022.

Equity

Investing in public housing is crucial to reversing the negative impacts of racism and discrimination in access to quality, affordable housing. Research shows that communities of color and low-income neighborhoods are disproportionately impacted by and experience greater negative health outcomes due to historic environmental degradation. 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, increasing climate resilience, improving energy efficiency, and upgrading building amenities like elevators and broadband access gives these families a stronger foundation for 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 advancing equity by providing a healthy and safe living environment for families living in public housing.
### Q2 2023 Public Housing Tenant Characteristics

#### How many households and people are served?
- **1.7 million people**
- **860 thousand households**

#### What are the racial characteristics of the tenants?
This program serves a relatively demographically diverse population. 77% of residents are in a minority group.

<table>
<thead>
<tr>
<th>Asian/Pacific Islander</th>
<th>Black, non-Hispanic</th>
<th>Hispanic</th>
<th>Native American</th>
<th>White, non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>45%</td>
<td>27%</td>
<td>1%</td>
<td>23%</td>
</tr>
</tbody>
</table>

#### What are the characteristics of the heads of household?
- Female-headed families with children: 31%
- Elderly: 36%
- Non-elderly disabled: 19%

#### How big are the households?

<table>
<thead>
<tr>
<th>1 Person</th>
<th>2 People</th>
<th>3 People</th>
<th>4+ People</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>21%</td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>

#### How old are the heads of household?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Years or Less</td>
<td>4%</td>
</tr>
<tr>
<td>25 to 50 Years</td>
<td>40%</td>
</tr>
<tr>
<td>51 to 60 Years</td>
<td>20%</td>
</tr>
<tr>
<td>62 Years or More</td>
<td>36%</td>
</tr>
<tr>
<td>85 Years or More</td>
<td>3%</td>
</tr>
</tbody>
</table>

#### What is the share of rent paid by the tenant and HUD?
- Average household contribution: $374
- Average HUD Contribution: $788

#### What are the income levels of assisted households?
- Tenants make an average gross income of $17,025.
- 72% 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): 73%
- Very low income (30% to 50% AMI): 17%
- Low Income (50% to 80% AMI): 7%

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Some percentage totals not equal to 100 due to rounding.
Source: HUD PIC and TRACS databases, December 2022 extract.
Key Assumptions

The key assumption for capital improvement grants is that the 2010 Capital Needs Study remains a valid foundation for estimating capital needs. While there is substantial uncertainty about the current accrual and backlog needs of the public housing inventory, the Department has extrapolated the 2010 study estimates to today considering the compounding noted above as well as changes to the inventory and estimates that the backlog of unmet capital need has grown to more than $50 billion. Based on information from PHA assessments, such as data from a New York City Housing Authority assessment, HUD estimates that the backlog may be substantially more than $50 billion.1

The key assumptions for the Emergency and Disaster, Safety and Security, Housing Health Hazards, Lead-Based Paint, Receivership, Troubled and High-Risk grants are that the number of applications and the amounts of each request for these programs will remain consistent over time.

The key assumptions for the SPHERE proposal are the requested funding level will result in the modernization of close to 5,000 units with approximately $60,000 in funding, which, with a leverage ratio of 4 to 1 would provide a sufficient level of funding to address properties that have very extensive capital needs.

Outcomes, Performance Indicators, and Other Evidence

For the Public Housing program, funding for capital improvement at the proposed levels will approach the level required to address annual accrual needs, while funding at the Operating Fund levels is expected to provide funding at the full eligibility level.

The $20 million for Emergency and Disaster grants will fund approximately 15 applications requesting funding to address critical emergency and disaster-related needs. The $20 million for Safety and Security will fund 80 applications.

The $50 million for Public Housing Shortfalls will decrease the number of PHAs that are experiencing operating shortfalls, to support their efforts to become more financially stable. It will also address several years of reduced rental collection due to the impacts of the ongoing COVID-19 pandemic.

The $85 million for Housing Health Hazards will fund approximately 30 applications to address health hazards, such as lead-based paint, carbon monoxide, radon, and mold. HUD estimates that the actual demand for these funds is over $200 million annually. The 2020 Lead Based Paint funding competition drew eligible applications of more than $50 million (utilizing all of 2021 appropriated funds at the same time).

The SPHERE proposed funding level will result in the modernization of close to 5,000 units, and funding for benchmarking will be sufficient to meet the regulatory obligations for HUD to determine whether and how to proceed with benchmarking, while also supporting necessary systems upgrades to support implementation.

Stakeholders

The Public Housing program supports approximately 860,000 low-income families.

The Public Housing program relies on various industry stakeholders to effectively administer low-income housing across the country. Specifically, HUD engages various contributing entities to


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provide housing assistance, improve public housing structures, and connect families to crucial supportive services, including:

- Public Housing Authorities;
- Other Federal Agencies, such as the Environmental Protection Agency;
- State and local entities, such as Continuums of Care;
- Energy Services Companies and Energy Industry Associations;
- Construction Industry Firms;
- Housing Industry Associations; and
- Resident Organizations.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2022 Appropriation</th>
<th>2022 Carryover into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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<tbody>
<tr>
<td>Public Housing Formula Grants (Capital Expenses)</td>
<td>3,200,000</td>
<td>14,489</td>
<td>3,214,489</td>
<td>3,144,445</td>
<td>3,200,000</td>
<td>40,170</td>
<td>3,240,170</td>
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<td>Public Housing Formula Grants (Operating Expenses)</td>
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<td>442,694</td>
<td>5,481,194</td>
<td>4,966,520</td>
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<td>456,784</td>
<td>5,565,784</td>
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<td>Public Housing Shortfall Prevention</td>
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<td>-</td>
<td>25,000</td>
<td>24,289</td>
<td>25,000</td>
<td>763</td>
<td>25,763</td>
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<td>Emergency Disaster Grants</td>
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<td>21,060</td>
<td>11,613</td>
<td>20,000</td>
<td>9,462</td>
<td>29,462</td>
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<td>Safety and Security Grants</td>
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<td>10,000</td>
<td>10,000</td>
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<td>-</td>
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<td>Receivership and Monitorship Emergency Grants</td>
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<td>-</td>
<td>45,000</td>
<td>-</td>
<td>20,000</td>
<td>45,000</td>
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<td>Financial and Physical Assessment</td>
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<td>29,986</td>
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<td>Site-Based Public Housing Enhancement, Resilience, and Efficiency (SPHERE) Grants</td>
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<td>-</td>
<td>-</td>
<td>280,000</td>
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<td>Utilities Benchmarking</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
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<tr>
<td>Lead-Based Paint Hazards</td>
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<td>5,387</td>
<td>30,387</td>
<td>-</td>
<td>25,000</td>
<td>30,387</td>
<td>55,387</td>
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<tr>
<td>Housing Health Hazards</td>
<td>40,000</td>
<td>35,000</td>
<td>75,000</td>
<td>-</td>
<td>40,000</td>
<td>75,000</td>
<td>115,000</td>
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<td>Radon Testing</td>
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<td>4,000</td>
<td>3,982</td>
<td>-</td>
<td>18</td>
<td>18</td>
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<tr>
<td>Physical/Capital Needs Assessment Initiative (2024 New Initiative)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
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<tr>
<td>Information Technology Fund</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>[-7,000]</td>
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<tr>
<td>Rental Assistance Demonstration (transfer)</td>
<td>-</td>
<td>(87,889)</td>
<td>(87,889)</td>
<td>-</td>
<td>-</td>
<td>(89,850)</td>
<td>(89,850)</td>
<td>[-90,000]</td>
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<td><strong>Total</strong></td>
<td><strong>8,451,500</strong></td>
<td><strong>451,661</strong></td>
<td><strong>8,903,161</strong></td>
<td><strong>8,179,208</strong></td>
<td><strong>8,514,000</strong></td>
<td><strong>634,103</strong></td>
<td><strong>9,148,103</strong></td>
<td><strong>8,893,000</strong></td>
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Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **OPERA:** HUD is proposing to move the Financial and Physical Assessments fund out of Public Housing Fund and create a new account, Operational Performance Evaluation and Risk Assessment (OPERA) as the single fund for all property inspections and assessments. Please see the OPERA justification for more details.

- **Triennial Recertification 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. PHAs electing triennial recertification of income would promote family wealth building.

- **Transfer of Reserves at Closing to Encourage Repositioning:** To preserve affordable housing, HUD requests permanent authority for a PHA to transfer all or a portion of their remaining balances of section 9(e) of the United States Housing Act of 1937 (the Act) Operating Funds and Operating Reserves, public housing rental and non-rental income, at the time of a public housing disposition through section 18 of the Act or conversion under section 22 of the Act to the PHA’s Housing Choice Voucher Program administrative fee reserve. Funds transferred to the administrative fee reserve shall be only for activities related to the provision of the tenant-based voucher and project-based voucher assistance under section 8(o) of the Act, including related development activity.

- **Biannual Selection of Flat or Income-based Rent for Families Experiencing Temporary Fluctuations in Income:** HUD requests language that would provide statutory flexibility to give families that initially chose the flat rent the option but switched to income-based rent during financial hardship, the option of reverting back to paying a flat rent if their income increases back to a level where paying the income-based rent would result in a rental payment exceeding the flat rent. This flexibility would support families who see temporary fluctuations in income from being locked into an income-based rent.

- **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 use in statute. Small PHAs (i.e., operating <250 units) are able to have full flexibility between Operating & Capital Funds, but non-small PHA’s are only able to use 20 percent flexibility. HUD proposes to give full flexibility to all PHAs.

- **Community Service and Self-Sufficiency Requirements (CSSR):** HUD requests language to rescind 42 USC 1437c-1 Section 12(c); 42 USC 1437j(c) and (d); 1437d(1)(1) which will effectively rescind CSSR. HUD data do not support that CSSR results in increased self-sufficiency. The current imposition of the CSSR is punitive; research supports direct case management to develop individualized self-sufficiency plans and access to other community services, along with funding to support savings and asset development via interest-bearing escrow accounts redeemable through program participation. Further, past audits indicate unfair application of the CSSR—a requirement which creates unnecessary complexity and burden for residents, administering PHAs, and for HUD.

- **IT Benchmarking Transfer:** HUD requests authority to transfer up to $7 million from the Public Housing Fund to the Information Technology Fund for IT upgrades to support longer-

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General Provisions

The 2024 President’s Budget proposes the following new general provision:

Rental Assistance Demonstration: This provision makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding funding access, and other technical changes. Please see the Project-Based Rental Assistance justification for more details on these changes. (Sec. 236)

The 2024 President’s Budget re-proposes the following general provisions that were enacted in the 2023 appropriations bill:

- **Small PHA Asset Management Exemptions:** This provision allows PHAs that Own and Operate 400 or Fewer Public Housing Units to be Exempt from Asset Management Requirements. (Sec. 210)
- **Asset Management Requirements for Capital Funds:** This provision prohibits HUD from Imposing Requirements on Asset Management Restricting Capital Funds for Central Office Costs, up to Limit Establishing by QHWRA. (Sec. 211)
- **PHA Executive Compensation:** This provision prohibits Use of 1937 Act Funds for PHA CEO Salaries Above Level IV of SES Schedule. (Sec. 216)
- **Unobligated Research Funds:** This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement. (Sec. 219)
- **Prohibition on Limiting Lead-Based Paint Grants:** 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. 225)
- **Formula Grant Allocation Adjustments:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle. (Sec. 227)

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For [2023]2024 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 section9(d) of the Act (42 U.S.C. 1437g(d)), [$8,514,000,000]$8,893,000,000, to remain available until September 30, [2026]2027: Provided, That of the sums appropriated under this heading—

(1) [$5,109,000,000]5,133,000,000 shall be available for the Secretary to allocate pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations, for [2023]2024 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] $50,000,000 shall be available for 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] $3,225,000,000 shall be available for the Secretary to allocate pursuant to the Capital Fund formula at section 905.400 of title 24, Code of Federal Regulations: Provided, That for funds provided under this paragraph, the limitation in section 9(g)(1) of the Act shall be 25 percent: Provided further, That the Secretary may waive the limitation in the preceding proviso to allow public housing agencies to fund activities authorized under section 9(e)(1)(C) of the Act: Provided further, That the Secretary shall notify public housing agencies requesting waivers under the preceding proviso if the request is approved or denied within 14 days of submitting the request: Provided further, That from the funds made available under this paragraph, the Secretary shall provide bonus awards in fiscal year [2023] 2024 to public housing agencies that are designated high performers: Provided further, That the Department shall notify public housing agencies of their formula allocation within 60 days of enactment of this Act;

(4) [$50,000,000] $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, of which $20,000,000 shall be available for public housing agencies under administrative and judicial receiverships or under the control of a Federal monitor] 2024: Provided, That of the amount made available under this paragraph, not less than [$10,000,000] $20,000,000 shall be for safety and security measures: Provided further, That in addition to the amount in the preceding proviso for such safety and security measures, any amounts that remain available, after all applications received on or before September 30, [2024] 2025, for emergency capital needs have been processed, shall be allocated to public housing agencies for such safety and security measures;

(5) [$65,000,000] $85,000,000 shall be available for competitive grants to public housing agencies to evaluate and reduce residential health hazards in public housing, including lead-based paint (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)), carbon monoxide, mold, radon, and fire safety: Provided, That [not less than $25,000,000 of the amounts provided under this paragraph shall be awarded for evaluating and reducing lead-based paint hazards: Provided further, That] for purposes of environmental review, a grant under this paragraph shall be considered funds for projects or activities under title I of the Act for purposes of section 26 of the 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 amounts made available under the sixth paragraph under this heading in the Consolidated Appropriations Act, 2021 (Public Law 116–260) and shall be used in accordance with the purposes and requirements under this paragraph;

(6) [$15,000,000] $45,000,000 shall be available 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; [and]
(7) [$50,000,000] $15,000,000 shall be available to support [ongoing] public housing [financial and physical assessment activities:] Physical Needs Assessments; and

(8) $300,000,000 shall be available to make high-impact capital investments in public housing, including for competitive grants to public housing agencies for site-specific capital improvements that include investments in energy, water, or resilience to natural disasters. 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 $20,000,000 shall be available for utility benchmarking, including research and evaluations, technical assistance, and contracts, of which up to $7,000,000 may be transferred to and merged with amounts made available under the heading "Information Technology Fund" to develop systems and tools necessary to collect and analyze PHA utility benchmarking data:

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, 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)). (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Operational Performance Evaluation and Risk Assessments (OPERA)

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
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<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<td>2022 Appropriation</td>
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<td>-</td>
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<tr>
<td>2024 President's Budget</td>
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<td>-</td>
<td>-</td>
<td>61,000</td>
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<td>24,000</td>
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<td>Change from 2023</td>
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<td>24,000</td>
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PROGRAM PURPOSE

The Operational Performance Evaluations and Risk Assessments (OPERA) account will support residents of HUD housing in providing financial, health, and safety inspections to over 2.4 million units of subsidized and affordable housing. This new, consolidated single account for all inspections will improve and simplify the financial side of HUD’s inspections.

Operated by the Real Estate Assessment Center (REAC), OPERA will allow REAC to evaluate all HUD rental housing assistance programs for which the new National Standards for the Physical Inspection of Real Estate (NSPIRE) apply. This is not possible under the existing set-asides within Multifamily Housing accounts and the Financial and Physical Assessment (FPA) set-aside under the Public Housing Fund account since these set-asides are limited to properties funded by those accounts. Beyond streamlining funding and operations, moving to OPERA will also enhance HUD’s evaluations and assessments by considering additional data sources, including direct input from residents and industry partners. OPERA will also substantially improve REAC’s data analytic capabilities, which will help the Department to better understand and address concerning assessment results and trends, which is critical to keep residents safe.

BUDGET OVERVIEW

The 2024 President’s Budget requests $61 million for OPERA, which is $11 million more than the amount appropriated in 2023 for REAC activities under the Financial and Physical Assessment (FPA) set-aside of the Public Housing Fund. However, when considering all appropriated funds from 2023 that supported REAC’s inspection and assessment activities, this is a decrease of approximately $13.2 million as shown in the table below. HUD notes that the proposed OPERA appropriations language would allow using carryover FPA funds (estimated at $37 million) for the same purposes as new OPERA funds. This funding supports inspection, evaluation, and assessment activities for rental housing assistance programs, including training, travel, and program support contracts needed to carry out those activities.
### Table 1: Crosswalk between REAC and OPERA

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Real Estate Assessment Center</th>
<th>2023 Enacted(^1)</th>
<th>Operational Performance Evaluations and Risk Assessments</th>
<th>FY 2024 OPERA Account</th>
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<tr>
<td>Financial and Physical Assessments Set Aside of the Public Housing Fund(^2)</td>
<td>50,000</td>
<td>NSPIRE, Quality Assurance, and Inspection Program</td>
<td>40,000</td>
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<tr>
<td>Section 8 (PBRA) - Inspection Direct and Supporting Costs(^2)</td>
<td>12,400</td>
<td>Assessments Including Travel</td>
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<tr>
<td>Section 8 (202) - Inspection Direct and Supporting Costs(^2)</td>
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<td></td>
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<tr>
<td>202 Direct Loan - Inspection Direct and Supporting Costs(^2)</td>
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<td>202 811 Capital Advance - Inspection Direct and Supporting Costs(^2)</td>
<td>1,600</td>
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<tr>
<td>MMI Insurance Funds - Inspection Direct and Supporting Costs (for FHA GISRI properties)(^2)</td>
<td>3,500</td>
<td>Quality Assurance and Risk-Based Follow up of all Assessments</td>
<td></td>
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<tr>
<td>PIH NPS - NSPIRE HCV Inspection Travel, Inspection Training, Inspection Equipment, Non-FPA PIH Data Contracts(^2)</td>
<td>1,200</td>
<td>Data Analytics &amp; Resident Engagement Initiatives</td>
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<td></td>
<td></td>
<td>REAC Operations and Assessment Support Contracts &amp; Technical Assistance Center</td>
<td>7,500</td>
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<tr>
<td></td>
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<td>Transition to Public Housing Assessment System (PHAS)</td>
<td>1,000</td>
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<tr>
<td>Total, REAC</td>
<td>74,200</td>
<td>Total, OPERA</td>
<td>61,000</td>
</tr>
</tbody>
</table>

Notes:
1/ The 2023 Enacted column reflects $50 million appropriated as a set-aside for REAC within the Public Housing Fund and costs embedded into the various accounts within the Office of Housing Programs.
2/ Costs from both the REAC set-aside and indirect/support costs were allocated to all the major activities within this account – inspections, assessments, data analytics, quality assurance, and other related program operation costs.
The breakdown in funding for the OPERA account is:

- $40 million for inspections, which represents 15 months of funding to fund this account on a calendar year basis, like the rental subsidy accounts.
  - Note: future budgets will only request 12 months of funding.
- $2.5 million for quality assurance and risk-based follow-up reviews of all assessments
- $10 million for a data analytics initiative
- $7.5 million for REAC Operations and Assessment Support Contracts (e.g., Technical Assistance Center)
- $1 million for the ongoing transition to the new Public Housing Assessment System (PHAS)

As a new program, OPERA aligns costs and operational responsibilities for inspections and other activities supporting evaluations and assessments (e.g., data analytics, and training of inspectors and assessors). The current method of funding assessments across multiple program accounts creates inefficiencies and uncertainty that impact contracts, data acquisition and use, and general operations. The administrative complexities of combining disparate sources of funding leads to delays and increased costs when procuring and executing critical evaluation and assessment services. The legacy structure is inconsistent with the alignment of inspection standards across HUD rental housing assistance programs through NSPIRE, the already existing and long-time alignment of annual financial statement charts of accounts and submissions across HUD’s rental housing assistance programs, and REAC’s long-standing history of inspecting and assessing properties and units across multiple housing portfolios and accounts.

It has also limited HUD’s ability to assess certain programs, such as Housing Choice Vouchers (HCV), including Project-Based Vouchers (PBV), which now represent nearly 250,000 units. Although HCVs will continue to be primarily inspected by PHAs and funded by HCV Administrative Fees, the OPERA account structure will allow HUD to step in when a PHA is not doing a satisfactory job. A single OPERA fund will provide HUD more flexibility and responsiveness as HUD’s rental housing assistance portfolio continues to evolve, while also ensuring more consistency and quality across programs. Through these activities, it will also reduce exposure to health risks, environmental hazards, and substandard housing, especially for low-income households and communities of color.

This program aligns with HUD 2022-2026 Strategic Objectives 2B: Improve rental assistance to address the need for affordable housing and 4B: Strengthen Environmental Justice.

JUSTIFICATION

The OPERA program funds HUD’s ability to evaluate physical, financial, and other operational conditions impacting HUD-assisted housing, residents, and their communities. The Budget includes funding to support the following key activities in 2024:

- Creating an enterprise assessment model that will enhance housing evaluations.
- Expanding work started under NSPIRE to align HUD’s assessments and associated analytics across rental housing assistance programs.
- Performing, analyzing, and scoring physical inspections under the NSPIRE program for properties in Public Housing and Multifamily programs.
- Performing, analyzing, and scoring financial assessments of approximately 7,000 Public Housing properties and 30,000 Multifamily properties.
• Performing reviews, evaluations, and assessments of the quality of HCV and PBV physical inspections under the NSPIRE program. [Note: The responsibility for performing these inspections will still largely be the responsibility of Public Housing Agencies.]

• Improving scheduling and planning of inspections and increasing capacity for timely follow-up.

• Performing on-site and remote quality assurance and risk-based follow-up reviews of inspection and assessment activities.

• Generating project, program, and entity-level performance and risk assessments, including, but not limited to physical and financial assessments, under the Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP).

• Enhancing the equity, quality, and accuracy of HUD’s performance evaluations and risk assessments by including additional inputs that provide enhanced information tied to health, safety, and viability, such as feedback from residents of HUD housing, and by adopting new data sources and modern data analytics capabilities.

Through OPERA, REAC will improve the delivery of independent, objective, and evidence-based inspections and assessments. These inspections, evaluations, and assessments are of units, buildings, properties, or portfolios including the entities that own, operate, or manage those assets. These activities rely on data collected through onsite and remote activities or received from other sources.

OPERA assists HUD in answering the question, “What do we know about the performance and risk of HUD-supported housing nationwide today?” To determine the quality, health, and safety of HUD rental housing assistance portfolios as described in HUD’s 2022-2026 Strategic Plan, HUD uses REAC assessment information about compliance, performance, health, safety, equity, and risk to guide oversight, monitoring, risk management, and policy making. This information is analyzed to determine if HUD housing assets and programs meet HUD’s and the Congress’s expectations, in line with existing resources and future requirements.

Physical Inspections

The physical inspections performed by or on behalf of HUD, which rely on the observation of property conditions, serve as a primary source of data for the evaluation and assessment of performance and risk. For all programs under OPERA, physical inspection activities will have transitioned to NSPIRE by 2024. As an ongoing capability under OPERA, HUD will administer inspections of approximately 37,000 Public Housing and Multifamily properties and operational reviews of 2,100 PHAs with Housing Choice Voucher programs. HUD anticipates that up to approximately 7,000 Public Housing properties and 9,000 Multifamily properties will receive a scored inspection of record or non-scored, informational inspection in 2024. To align the timing of contracts to the available funds, this amount also includes the procurement of approximately $8.1 million for inspections occurring in the first quarter of 2025, which will allow REAC to lock in prices for future inspections at a time when inspector supply is decreasing, and inspection prices are increasing.

The OPERA account enables HUD to improve the oversight of HCV inspections. REAC will conduct approximately 50 operational evaluations to evaluate PHAs that administer voucher programs’ compliance with established policies and directives for conducting NSPIRE inspection activities and for tracking and ensuring the resolution of serious deficiencies.

OPERA allows HUD to have better continuity in insight into the quality, health, and safety conditions of Public Housing properties after they have converted to alternative subsidy streams,
such as PBVs and PBRA through RAD. These reviews are in addition to the inspections PHAs are required to perform annually in Public Housing and annual, biennially or triennially in the voucher program. Coupled with programs like NSPIRE, this brings additional consistency to HUD’s assessment products and will simplify the administrative requirements for PHAs that participate in multiple HUD programs.

HUD’s regulatory commitment to continuous improvement under NSPIRE requires updates to housing quality and inspection standards and scoring criteria at least once every three years. Coupled with the Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government, the OPERA account supports the collection and analysis of inspection data, resident and stakeholder feedback, advances in model codes, and third-party data, to improve the ability of the NSPIRE program to deliver accurate and actionable inspections. As residents are the primary beneficiary and customer of HUD’s programs, REAC plans to continue work aligned to HUD’s strategic plan and agency priority goals, begun in 2023 with HUD’s Customer Experience Office, on a feedback program from residents and residents’ groups to ensure their voices are heard regarding living conditions, their trust in HUD’s inspection services to deliver meaningful improvement in housing conditions, and other input and feedback to inform REAC through OPERA’s policymaking, risk management, and assessment processes leading to more balanced and more effective outcomes for the families served.

Performance Evaluations and Risk Assessments

OPERA will produce stronger evaluations and assessments. In addition to physical inspections, OPERA supports HUD’s ability to procure support to conduct more insightful assessments using ever-increasing and complex data with modern digital analysis techniques. The transition to NSPIRE has caused the data coming into REAC for assessment to exceed human scale, requiring advanced and machine-assisted techniques to effectively process and operationalize. HUD anticipates similar orders of magnitude increases in the volume and velocity of data available for assessments over the next several years.

Further, REAC assessment data is considered a part of a statistical program with an associated need to maintain high quality and adequate fitness for purpose in accordance with the Office of Management and Budget Memorandum M-19-15. Additionally, the information collected directly in support of assessment activities maintains a presumption of being made open by default, as described in the Open Government Data Act (PL 115-435). The specific analytic and data management capabilities to meet those directives supported by OPERA will generate reliable assessments including the procurement, curation, and readiness for publication of assessment data sets, services to develop or revise statistical and analytic models of assessment, and licenses for data mining and machine learning commercial products. This does not include the procurement of enterprise software platforms or the underlying data infrastructure, which costs remain under the Information Technology Fund.

For Public Housing and Multifamily place-based programs, these evaluations and assessments represent tens of thousands of housing properties in all 50 States, the District of Columbia, and territories, managed by over 30,000 distinct entities. The HCV program, in contrast, includes tenant and place-based components and is managed by approximately 2,100 PHAS and serves over 2.3 million households including nearly 250,000 units of PBVs. These evaluation and assessment models leverage multiple sources of data and information collected on-site or remotely. This information relates to residents’ perceptions, financial positions, operational performance, environmental risk, and supplemental data from public, open, and government data sources. HUD will use enhanced analytics to generate operational performance evaluation and risk assessments of housing providers and properties, while increasing the transparency, openness, and accessibility of information collected and maintained by REAC. This ultimately increases the trust in HUD’s
services, which strengthens cross-agency Priority Goal 5E of “improving the ease, effectiveness, and
trust in HUD’s services,” and informs decision makers to act on data-driven insights.

The activities supported include the annual receipt and review of 33,000 financial statements and
financial positions for approximately 30,000 entities participating in Housing’s Multifamily and
Office of Residential Health Care Facilities programs. They also include the annual receipt, review,
and scoring of 8,200 financial statement submissions from 3,600 Public Housing and Housing Choice
Voucher PHAs. Like the improvements expected in the physical inspection program, moving to a
single funding structure under OPERA will enhance HUD’s ability to perform comparative analysis
and build comprehensive risk models that consider all relevant data sources, regardless of the
programmatic source. This also includes the data and analytics related to resident income and
eligibility that will be used as part of the assessment of PHA operational performance and risk. This
data, which historically has been only used as an input into HUD’s improper payments program, is
also informative about the operational, financial and management risk of those entities. The
culmination of this work includes the delivery of new or revised performance metrics and risk
assessment programs, including the work begun in 2023 to update the Public Housing Assessment
System (PHAS) and Section 8 Management Assessment Program (SEMAP) programs. HUD
anticipates fully replacing PHAS and SEMAP with new assessments by 2027.

Administrative Enhancements and Operational Improvements

OPERA will simplify program administration. The current structure funding REAC assessments is
misaligned with REAC’s role to evaluate the health and safety conditions and financial performance
of nearly all HUD rental housing assistance programs, including assets and financial support.
Contracted services under OPERA will continue to amplify the effectiveness of REAC’s assessment
capabilities by leveraging private sector best practices, lessons learned, and already developed
technology and data collection and analytics solutions. Today, REAC and its procurement partners
typically spend several months obtaining the necessary funding and administrative approvals for
inspections. These administrative inefficiencies and delays result in missing or delayed assessments,
which ultimately impacts the health and safety of families that HUD programs serve. It has also led
to variances in the quality assurance processes based on the source of funds rather than
programmatic needs. Furthermore, the limited availability of inspectors in the market continues to
pose a risk to inspection operations. OPERA will allow for a more efficient transition to a full-service
contract model through a multi-year National Inspection Contract (NIC), which is already awarded.
The goal of the NIC is to increase the quantity and quality of the inspector pool, while decreasing the
risks of an inadequate supply of inspectors and rising inspection costs.

To ensure internal transparency and financial controls within the new account, HUD will establish
an internal coordination mechanism under OPERA to facilitate cross-office collaboration on
inspection-related issues. The account includes any program support contracts necessary to estimate,
track, or report on activities under the account itself. The creation of OPERA and the ability to use
these accounts for assessments across rental housing assistance programs will enable HUD to also
restructure existing assessment support contracts, which are also often accounted from several
different source accounts. This will create substantial efficiencies in these support contracts, which
are essential for ensuring inspections and assessment programs are effectively and efficiently
managed while safeguarding the taxpayers’ dollars entrusted to HUD. The fund also supports the
travel needs of staff engaged in inspection, evaluation, or assessment-related activities. This enables
the nearly full-time travel of those staff and allows for increases in the efficiency of travel by
optimizing for geographic proximity and need, instead of limiting locations for inspection or review
based on the source of funds. OPERA funding also supports the professional training for staff for
assessment activities, including specialized courses and certifications related to new and emerging
inspection and assessment capabilities. This does not include travel or training where the benefit is
OPERATIONAL PERFORMANCE EVALUATIONS AND RISK ASSESSMENTS (OPERA)

principally for the employees’ own personal or professional development, or another general administrative purpose unrelated to assessments.

In addition to programmatic changes, REAC’s reorganization and the transition to the OPERA account will result in new operational improvements, internal financial management procedures, and quality assurance systems. 2024 and 2025 will allow HUD to determine any new baseline funding amounts needed in future years based on the anticipated effectiveness of these improvements to REAC. Revised performance indicators will be established in 2024 under the organizational transformation consistent with the following outcomes:

- Improved identification of underperforming and at-risk properties across multiple dimensions.
- Substantially enhanced insight into property- and unit-level physical, financial and operational performance and risks through data analytics, particularly for health and safety issues, allowing HUD to both anticipate and respond to these risks more quickly and drive policy/funding decisions that protect resident health and safety.
- Increased amount and quality of evidence-based data and insights used to identify performance and risks such as environmental and resident input.
- Timely procurement of inspections and reduction in the number of properties not successfully procured for inspection.
- Improved efficiency and effectiveness of inspection procurement activities so that REAC can procure quality inspections on schedule and consistent with program requirements for inspection frequency.
- Nimble contracting vehicles in place to drive assessments and operational excellence and meet required programmatic and regulatory requirements for assessing the condition of HUD-assisted and insured housing.
- On-demand inspection requirements for at-risk properties (e.g., more re-inspections and spot/unannounced quality assurance inspections).

See Information Technology Fund CJ for additional information regarding HUD’s REAC proposed IT resources for 2024.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
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LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Prioritization of Federal Inspector Certification:** In the absence of a national standard, HUD requests authorization to preempt State or local licensing requirements that might impede Federal employee inspectors in the performance of their duties. This would cover the ability of Federal personnel to collect or assess information on risks related to environmental, health, or other hazards impacting the built environment or residential use of such structures.

- **Replace Uniform Physical Condition Standards (UPCS) or Housing Quality Standards (HQS) inspections with NSPIRE inspection methodology:** HUD requests authorizing language to replace references to UPCS and HQS inspections with NSPIRE inspection methodology including amendment of any appropriations and authorizing language that makes specific reference to HQS or UPCS with either ‘NSPIRE’ or a more general phrase, such as “assessments performed by or on behalf of HUD” or “inspection to determine housing quality.”

General Provisions

The 2024 President’s Budget re-proposes the following new general provision that was enacted in the 2023 appropriations law:

**Physical Conditions Requirements:** This general provision enhances HUD’s ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It has been updated to allow it to continue to function when HUD implements the new NSPIRE standards. (SEC. 215)

APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

*For the Department’s inspection and assessment programs, including travel, training, and program support contracts, $61,000,000 to remain available until September 30, 2027: Provided, That unobligated balances, including recaptures and carryover, remaining from funds appropriated under the heading “Public Housing Fund” to support ongoing public housing financial and physical assessment activities shall be available for the purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated. (Department of Housing and Urban Development Appropriations Act, 2023.)*
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Housing Certificate Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
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<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
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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 2024 Budget Appendix due to rounding.
c/ 2022 Carryover includes $5 million from recaptures. 2023 Carryover includes $1 million from anticipated recaptures.

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 performance-based contract administrators (PBCAs).

BUDGET OVERVIEW

The 2024 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, while recaptures from source years 1974 and prior will be cancelled.
HOUSING CERTIFICATE FUND

### SOURCE OF FUNDS

**(Dollars in Thousands)**

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a/ Rescissions include all recaptured funds appropriated prior to 1987. An equivalent amount of the rescinded funds from 1974 to 1987 is re-appropriated to HUD.

HUD anticipates using residual funding from the HCF account to supplement appropriations in the PBRA account. Currently, HUD estimates 2023 PBCA operational needs will use approximately $75 million of the available fund balance. Recaptures in 2024, along with funds remaining from prior year HCF recoveries, will be available for PBCAs and contract renewals in the PBRA program.

### SUMMARY OF RESOURCES BY PROGRAM

**(Dollars in Thousands)**

<table>
<thead>
<tr>
<th>Budget Activity</th>
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a/ Table may not reflect complete resources as compared to the 2024 Budget Appendix due to rounding.

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

**(INCLUDING [RESCISIONS] 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] 2024 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 such funds were appropriated: Provided, That any obligated balances of contract authority from fiscal year 1974 and prior fiscal years that have been terminated [shall be rescinded] 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 [rescinded] permanently cancelled, and an amount of additional new budget authority, equivalent to the amount [rescinded] permanently cancelled is hereby appropriated, to remain available until expended, for the purposes set forth under this heading, in addition to amounts otherwise available. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Choice Neighborhoods

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<thead>
<tr>
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<th>Obligations</th>
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PROGRAM PURPOSE

Choice Neighborhoods is a place-based grant program that helps communities develop and implement locally driven comprehensive neighborhood plans to transform underserved neighborhoods into thriving communities with greater economic opportunities for all residents. The Choice Neighborhoods program focuses on three key elements:

- Housing – redevelop severely distressed public housing and other HUD-assisted housing;
- Neighborhood – invest in and catalyze economic development-related improvements meant to revitalize the surrounding neighborhood; and
- People – improve the lives of housing residents through education, employment, and health care.

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

As of February 2023, of the 117 Planning Grants awarded, 28 were still active, and of the 44 Implementation Grants awarded, 32 were still active. The Budget requests $185 million in the 2024 Budget and anticipates that this will allow HUD to award three to four new Implementation Grants and 10 to 20 new Planning Grants.

BUDGET OVERVIEW

The 2024 President’s Budget requests $185 million for the Choice Neighborhoods program, which is $165 million less than the 2023 enacted level. Choice Neighborhoods grants are competitively awarded each year. Of that amount, HUD will allocate up to $10 million for Planning Grants to fund 10-20 new grants, which will allow those communities the funding necessary to develop meaningful neighborhood transformation plans, ready for implementation. Approximately $170 million in remaining funds will enable HUD to award three to four new Implementation Grants, which will award communities the funds necessary to move forward with implementing their neighborhood transformation plans, including: the redevelopment of the targeted severely distressed HUD-supported public housing or other HUD-assisted projects; improving the lives of housing residents through the provision of intensive case management, service coordination, and housing choice; and completion of critical economic development projects in the surrounding neighborhood.
JUSTIFICATION

The Choice Neighborhoods program targets disadvantaged neighborhoods with high concentrations of poverty, which also must include a distressed HUD-assisted housing project, either public housing or HUD-assisted housing. On average, 77 percent of the residents of the targeted HUD-assisted housing projects live in poverty and 95 percent are persons of color.

Through Planning Grants, the Choice neighborhoods program allows cities of all sizes, including smaller, less urban communities, to directly address issues related to disinvestment and poverty by providing the funding needed to develop strategic plans for neighborhood transformation. This is particularly important to smaller cities that often do not have the capacity and/or resources to undertake comprehensive planning. Planning grants also serve as the pipeline for Implementation Grants, which provide critical funding to implement these strategic neighborhood Transformation Plans. Many of these target 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.

The 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 or poor 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 HUD-assisted housing projects are often severely distressed and an eyesore and 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 the public housing portfolio alone, the current need for unfunded capital investment is estimated to be at least $50 billion, and likely very much higher.

Equity

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 HUD-assisted housing into modern mixed-income communities, where 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 and free of toxins, sustainable, and energy-efficient, including 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 will contribute to key Administration objectives since they serve as an economic engine in the communities targeted by those grants while improving the environmental health and energy efficiency of the housing stock in the community.

The Choice Neighborhoods program will address the issue of social and racial equity by directly funding and catalyzing investments in economic development and critical neighborhood improvements which address indicators of distress, such as vacant land, poor schools, lack of transportation, high crime rates, lack of retail services, dilapidated structures, poor 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 move forward in life. In addition, the Choice Neighborhoods program directly assists residents of HUD-assisted housing by funding intensive case
management and social service coordination, which collectively improve access to jobs, education, and health care for both adults and children.

Outcomes, Performance Indicators, and Other Evidence

The Choice Neighborhoods program has a specifically designed data program called Inform, which is used to collect data on all Implementation Grants. Metrics cover key outcomes in housing production, resident self-sufficiency, and neighborhood development. Information is collected quarterly throughout the life of a grant. The program has shown significant impacts.

People Impacts: Of the 32 active Implementation grantees, 92 percent have shown some level of increase in the average household income of targeted housing residents. Four grantees saw average household incomes 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 construction jobs are created, which are made available to housing residents.

The benefits have been shown to extend beyond improved economic conditions for residents, as well. First, over 90 percent of grantees experienced an increase in the percentage of children engaged in “positive youth development activities.” Second, over 90 percent of grantees have seen an increase in the percentage of residents with a medical home, or regular place for medical treatment or care that is not an emergency room; and between 85 and 100 percent of residents in the first cohort of grantees have medical coverage. Third, more than 17,200 households are now receiving personalized coaching and case management supportive services.

Housing and Neighborhood Impacts: Neighborhood and housing conditions are improving in Choice Neighborhoods. Many targeted Choice Neighborhoods are plagued with dilapidated housing, vacant or abandoned properties, lack of retail services, poor transportation, environmental and public safety concerns, poor food options, and lack of jobs. Through Choice Neighborhoods, more than 13,000 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 30,300 total housing units to be created by current grantees.

Further, grantees have developed public safety strategies and for grantees that have two or more years of crime data, 60 percent of target neighborhoods have witnessed larger Part I Violent Crimes decrease relative to the surrounding city.¹ 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 the 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 initiatives help to address the issue of 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 $8 of leverage for every $1 of Choice Neighborhoods grant funds spent. To date, Implementation Grantees have completed the

construction of 5,370 HUD replacement housing units, plus an additional 5,550 affordable and market-rate units.

SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over Into 2022</th>
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LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Flexibility for Affordability Period for Homeownership Units developed with Choice Neighborhoods Funding**: The Budget 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. The flexibility would not pertain to the affordability term for any rental housing units (replacement and other affordable) developed with grant funds.

- **Main Street Grants**: The Budget eliminates the statutory requirement to offer Main Street Grants out of funds appropriated for the Choice Neighborhoods program. Given the low demand for Main Street Grants, such funding would be better applied under the Choice Neighborhoods competitions.

General Provisions

The 2024 President’s Budget re-proposes the following general provision:

**Extension of the Period of Availability (POA)**: This provision extends by one year the expenditure period for previously appropriated Choice Neighborhoods funds. (Section 226)

APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and the language proposed for deletion is bracketed.

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) (the “Act”) 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, [[$350,000,000]$185,000,000], to remain available until September 30, [2027] 2028:

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 not more than 20 percent of the amount of any grant made with amounts made available under this heading may be used for necessary supportive services notwithstanding subsection (d)(1)(L) of such section 24:] Provided further, That the use of amounts made available under this heading shall not be deemed to be for public housing, notwithstanding section 3(b)(1) of [such] the 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 amounts made available under this heading, not less than $175,000,000 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 $1,500,000 of the amounts 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, notwithstanding section 24(m)(3) of the Act (42 U.S.C. 1437v(m)(3)), none of the funds made available under this heading may be obligated for main street housing grants: Provided further, That unobligated balances, including recaptures, remaining from amounts made available 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 the Secretary shall make grant awards not later than 1 year after the date of enactment of this Act in such amounts that the Secretary determines:] 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] 2024, obligate any available unobligated balances made available under this heading in this or any prior Act. (Department of Housing and Urban Development Appropriations Act, 2023.)
The Self-Sufficiency Programs promote economic opportunity for HUD-assisted residents by helping families grow their earned income and savings, increasing their financial well-being overall. This allows families to benefit from supportive services that are essential to helping them achieve their full potential. These efforts are facilitated through the Family Self-Sufficiency program (FSS), the Jobs Plus Initiative (Jobs Plus) program, the Resident Opportunity and Self-Sufficiency program (ROSS) and the proposed budget-neutral Resident Health Equity Innovation (RHEI) demonstration program. This suite of self-sufficiency programs focuses on the employment, financial stability, health and economic empowerment of HUD-assisted residents. These programs also support aging in place and living independently for seniors and residents with disabilities. They contribute to the overall economic health of the communities served.

These programs are especially vital to extremely and very low-income families of color. In 2019, over 75 percent of FSS participants were non-white, which mirrors the overall population of those living in HUD-assisted housing.

Additionally, developments eligible for the Jobs Plus program are often located in communities of color. For example, the largest Jobs Plus grant ever awarded 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 for 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. Participation in these programs generally mirrors the population of those receiving housing assistance in any given place.

The 2024 President’s Budget requests $175 million for Self-Sufficiency Programs, which is equal to the 2023 enacted amount. Of this, $125 million is for the FSS program, $15 million is for Jobs Plus, and $35 million is for ROSS. With funding at the requested level, FSS will be able to fund approximately 1,450 FSS coordinators to support at least 74,000 families in public housing, voucher housing, and Multifamily housing. Jobs Plus funding will allow HUD to fund up to 9 new grants, and ROSS will fund approximately 150 ROSS coordinators to support over 55,000 households in public housing and NAHASDA-assisted units. Additionally, the budget includes the new budget-neutral RHEI program, which will encourage PHAs to partner with local qualified health centers using their
current Public Housing Fund resources to focus on improving access to health resources for HUD-assisted residents.

JUSTIFICATION

The three Self-Sufficiency Program goals promote economic stability through self-sufficiency and financial stability. The RHEI demonstration program will support resident connections to local health services.

Family Self-Sufficiency

The Family Self-Sufficiency program 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 1,400 renewal (from 2022) and anticipated 50 new (from 2023) FSS Program Coordinators. In total, this would provide funding for approximately 1,450 coordinators, who would maintain 2023 service levels for more than 74,000 families. This funding level is critical to support renewals and provide service coordination through each existing participant’s five-year Contract of Participation.

FSS grants are issued for one year and are renewable in subsequent years. Grants fund the coordinator’s salary, while supportive services are provided by community partners. FSS coordinators connect participants with supportive services, with the aim of helping participants achieve their employment goals, increase their earnings, and accumulate assets. 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 the 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 for 2022 will not be available until the end of March 2023, and this data excludes participant outcomes in the initial 39 Moving to Work agencies):

- Over 56,942 households actively participated in the program; 4,657 families (as compared to 4,763 families in calendar year 2020) 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 approximately $9,007, and 57 percent of participants earned escrow while in the program. Many participants who accumulated escrow chose to use some or all of 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
- The FSS program expanded to approximately 130 Project-Based Rental Assistance (PBRA) properties via Rental Assistance Demonstration (RAD) or unfunded 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 published the Final Rule implementing this new statute on May 17, 2022. All of the more than 900 existing FSS grantees submitted revised FSS Action Plans, which were reviewed and approved by field staff to support continued operations of existing programs under the new Final Rule. In 2022, HUD issued a Notice of Funding Opportunity (NOFO) that included eligibility for PBRA owners for the first time. HUD renewed funding for 682 PHAs and awarded 32 PHAs and 38 PBRA owners FSS grants for the first time. The response to the NOFO was outstanding and, while HUD was able to fund 70 applications, due to prioritization of renewal applications HUD did not award funding to over 150 eligible applicants.

In order to study the effectiveness of the FSS 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 an additional two years of follow-up. The five-year report is likely to be published in late 2023 and the final seven-year report is likely to be published in late 2023. 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, resulting in more stable employment. The study does not indicate a statistically significant change in earned income for FSS participants compared to the control group.¹

The program anticipates implementing a performance measurement system in the summer of 2023 that provides an analysis of each Public Housing Agency’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 will analyze data already collected through the Inventory Management System/PIH Information Center (IMS/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, as requested in the 2024 Budget, HUD will use it to prioritize additional funding to higher-performing grantees – especially when considering the expansion of existing programs.

**Equity:** The FSS program advances equity in the rental assistance portfolio by utilizing HUD-assisted housing as a platform to improve the lives of residents. People of color are overrepresented in HUD-assisted housing and the majority of FSS participants are Black, Latino, and Asian. FSS provides a critical link between HUD-assisted residents and community partners, which enhances the quality of life of residents with childcare, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial empowerment, asset-building skills, and homeownership counseling.

**Key Assumptions for FSS:** The FSS key assumptions are based on the estimated number of renewal grantees eligible for 2023 funding. Salaries for this program are based on Bureau of Labor Statistics (BLS) data. The program assumes an average position is $90,000-$100,000, based on 2022 BLS data and grantee funding requests. New positions are required to serve a minimum of 25 participants each and up to 74 participants. The program assumes an average of 50 participants per position.

**Stakeholders for FSS:** Each FSS grantee is required to form a Program Coordinating Committee (PCC) comprised of local partnerships. The PCC serves as a key element of implementation. Partnerships through the PCC strengthen program planning and implementation and streamline

access to services for participants. HUD also coordinates with other Federal agencies in providing technical assistance and resources to grantees to build capacity and improve program outcomes.

**Operational Improvements for FSS:** FSS is taking an evidence-based approach to program improvement. Recent program evaluations for FSS have highlighted challenges related to data reporting and collection, program efficacy, staff turnover at PHAs, and lack of defined program standards. Along with the publication of the FSS Final Rule to implement the statutory re-authorization of the program, HUD has increased guidance and technical assistance resources on best practices, including the publication of a revised and updated Guidebook, multiple webinars on implementation of the Final Rule, an updated online training to be published in the first quarter of 2023, monthly live “office hours” for FSS practitioners, the creation of fact sheets and “myth-busters,” continued remote and live training at local, regional and national conferences by request, and the implementation of a new monitoring protocol to review every FSS program at least once every five years for the first time in program history.

**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 4.5-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 toward long-term economic security.

Through Jobs Plus, residents can address barriers that may prevent them from seeking and retaining employment. The Budget requests $15 million for Jobs Plus, which would fund up to nine grants. 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.

Since the inception of Jobs Plus, PHA residents have been able to stabilize families through increased income, asset building, barrier reduction, and wrap-around support. The following are key accomplishments of Jobs Plus from 2014 to 2022:

- Over 89 percent of participants that completed the initial assessment received post-assessment services or support;
- 6,600 participants achieved part-time and/or full-time job placements;
- Over 1,800 individuals were continuously employed for at least 180 days after placement; and
- Residents saved approximately $31 million in rent payments through the Jobs Plus Earned Income Disregard.

HUD commissioned two studies of the Federal implementation, one focusing on the 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 of the HUD replication implemented all three core...
elements of 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, the challenges sites faced and how they could be addressed.  

The impact study report is expected to be published in Spring 2023. The study includes important lessons for program implementation and provides direction for future research. However, the report finds that there were no measurable additional increases in employment or earnings for residents, as compared to other sites that did not receive Jobs Plus program funding. The study found positive impacts for the Jobs Plus sites and their families, including case management, barrier removal, service provision, increased earnings, and employment outcomes. It should be noted that this study occurred at the outset of the program when the program implementation strategies and documents were still in development. Findings from this and other reports have informed the later implementation of the program. HUD continues to incorporate program improvements that will further advance families’ ability to achieve quality employment and income growth.

One of the main components of Jobs Plus is the Jobs Plus Earned Income Disregard (JPEID). If participants in Jobs Plus experience an increase in earned income, that amount will not be counted toward their rent calculation thanks to the JPEID, allowing them to save more and/or use these funds to support other housing stability needs. The 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 may become too small to continue to support all elements of the program model. 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 the administrative burden for both grantees and HUD.

Equity: Jobs Plus advances equity by bringing a comprehensive workforce service model to underserved public housing communities. As noted, people of color are overrepresented in HUD-assisted housing. Through its model, Jobs Plus supports and empowers public housing residents in advancing their employment outcomes, increasing their earnings, sustaining career ladder employment at a living wage, and overall improving their lives. Its services address barriers that may prevent residents from seeking and retaining employment.

These services, along with the unique rent incentive and community supports for work, are critical in supporting self-sufficiency and addressing unemployment and poverty among public housing residents. According to program focus groups, during and following the COVID-19 pandemic, the Jobs Plus program and its resources were essential in helping multiple sites maintain or regain employment levels despite the increase in local unemployment.

Key Assumptions for Jobs Plus: Jobs Plus assumptions are based on an average grant size of $2.4 million. Funds are awarded according to the number of non-elderly households in the targeted development. Grantees must have at least 100 non-elderly households to qualify for funding (prior to 2022, developments had to have at least 200 non-elderly households), with at least 40 percent of non-elderly households reporting no earned income.

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

11-5
Stakeholders for Jobs Plus: Jobs Plus grantees are required to build local partnerships as a key element of implementation. These partnerships will strengthen program planning and implementation and streamline access to services for participants. HUD also coordinates with other Federal agencies to provide technical assistance and resources to grantees to build capacity and improve program outcomes. In addition, HUD has partnered with the Consumer Financial Protection Bureau to create Communities of Practice, which provide advanced training in evidence-based financial empowerment techniques to Jobs Plus-funded staff who in turn bring these training resources to the residents they serve.

Operational Improvements for Jobs Plus: As PHAs continue to reposition public housing units to meet the needs of residents via RAD or other available mechanisms, it has become increasingly important for the Jobs Plus program to be available beyond the traditional public housing program. Currently, that is not the case, and a legislative proposal has been proposed to facilitate an expansion of supportive services programs to Project-Based Vouchers and/or Multifamily housing assistance platforms. Additionally, a legislative proposal has been proposed to allow the Jobs Plus financial rent incentive to be paid from the rental assistance source accounts rather than the Jobs Plus grant. This will reduce the administrative burden and streamline grant implementation.

Resident Opportunity and Self-Sufficiency (ROSS)

The 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.

The ROSS program provides tailored services and programs specific to digital inclusion, education, employment, financial literacy, reentry, and health and wellness for the elderly or residents with disabilities and/or those struggling with substance use. The ROSS program expects to continue to see positive outcomes such as a reduction in the number of elderly and disabled participants who need assistance with Activities of Daily Living (ADL), which creates significant cost savings to other Federal and State programs by allowing residents to age in place and avoiding more costly forms of care. Other positive outcomes we expect to continue to see include increases in educational attainment and overall maintenance of employment.

The ROSS program 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 55,000 public housing and NAHASDA-assisted residents (impact data is based on information from 2021 grantees, which will be renewed in 2024). ROSS is designed to assist not just work-able families but also elderly or disabled residents. In 2022, ROSS introduced U.S. Bureau of Labor and Statistics (BLS) data as a standard for evaluating eligible salaries, added digital inclusion as a focus area of need in the NOFO, increased salary maximums, and allowed 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.

Key findings and accomplishments for the ROSS program from 2017 through June 2021:

- More than three-quarters (79 percent) of all participants received at least one service after the initial assessment. Of those who received services, most participants (73 percent) received two or more services;
- ROSS Service Coordinators provided case management services to 86 percent of elders and people with disabilities and to 70 percent of work-able adults, including comprehensive needs assessments and links to other services;
SELF-SUFFICIENCY PROGRAMS

- 98 percent of elderly participants and people with disabilities gained or maintained access to health care; and
- 6,266 participants (7 percent) attained a degree, and an additional 1,797 (2 percent) increased their level of education.

Equity: This program advances equity by serving several underserved communities, including Tribes, elderly residents, and residents with disabilities. Furthermore, it empowers residents by funding Resident Associations as grantees. With each focus area of need (including digital inclusion, health and wellness, and education), the program promotes equity by enabling Service Coordinators to help residents bridge the gap between existing needs and resources/community partners who can help. For example, grantees who select digital inclusion as their area of need can connect residents with access to computers and computer training, thereby bridging the digital divide.

Key Assumptions for ROSS: The ROSS key assumptions are based on the number of renewal grantees eligible for 2024 ROSS funding. This funding level will support an estimated 150 renewal positions awarded to 146 grantees.

The Administration's Budget is a key component of the grant, providing funding to operate the program locally and, with HUD's prior approval, to cover services and other costs that help remove barriers to self-sufficiency.

Stakeholders for ROSS: ROSS grantees are required to build local partnerships as a key element of program implementation. These partnerships strengthen program delivery by streamlining access to services for residents. HUD complements this requirement by providing ongoing technical assistance resources to grantees to build their capacity and program outcomes. In addition, HUD has partnered with the Consumer Financial Protection Bureau to create Communities of Practice, which provides advanced training in evidence-based financial empowerment techniques to ROSS Service Coordinators who in turn bring these training resources to the residents they serve.

Operational Improvements for ROSS: In its 2022 NOFO, ROSS introduced BLS data as the standard for determining eligible salary maximums. In doing so, the ROSS Program allowed itself to anticipate requested funding levels with more accuracy, made funding more transparent and standardized across grantees, and standardized operations across SSPs, given that the FSS Program also bases its eligible salaries on BLS data.

As PHAs continue to reposition public housing units to meet the needs of residents through Rental Assistance Demonstration (RAD) or other available mechanisms, it has become increasingly important for ROSS to allow for RAD-converted properties to renew their grant awards. The 2023 appropriation included a provision that enabled 2020 ROSS grantees to renew their ROSS grant when they transition to PBV or PBRA through RAD. Similarly, the 2024 budget requests a similar proposal to ensure renewal eligibility for 2021 ROSS grantees who may have a RAD conversion. The ROSS Program takes an evidence-based approach to program improvement. A recent program evaluation for ROSS highlighted the challenges related to data reporting and collection, program efficacy, staff turnover at PHAs, and lack of defined program standards. As a result, the ROSS program implemented new data elements, a new reporting system, and ongoing technical assistance to help grantees understand their reporting requirements. This technical assistance includes one-on-one training to provide grantees with hands-on assistance with interpreting and reporting their data. Other program improvements for ROSS include the delivery of webinars and guides, to help grantees build capacity and improve their performance.
Resident Health Equity Innovation (RHEI) Demonstration

Stable and affordable housing is a key social determinant of health. Marginalized groups, including low-income populations, communities of color, and members of the LGBTQI+ community, have been disproportionately exposed to a combination of health risks while lacking access to healthcare resources. Through RHEI, PHAs who volunteer for the demonstration will be permitted to use Public Housing Operating Funds, including operating reserves, to hire, retain, or coordinate with community health workers to connect residents to preventative care, health and wellness, and mental health resources provided by community partners and other Federal Agencies.

Health inequities often stem from structural racism and the historical disenfranchisement and discrimination of marginalized groups, including low-income populations, communities of color, and members of the LGBTQI+ community. Historically, they lack access to health resources, particularly preventative care, health and wellness, and mental health. Taken together, health inequities negatively impact life achievements, including educational and employment outcomes, resulting in a large loss of opportunity for marginalized groups who are overwhelmingly assisted by PHAs every year. PHAs are uniquely positioned to facilitate place-based, culturally appropriate community health interventions that improve residents' access to vital public health resources and services. Additionally, community health workers tend to be community based and will provide employment opportunities to public housing residents and increase the healthcare career pipeline for PIH-assisted residents.

This program could be especially impactful for public housing residents who are elderly and/or living with disabilities in the Public Housing program, 55 percent of families are elderly and/or disabled. As seniors age, their risk of having chronic diseases or functional limitations increases. Whether elderly or non-elderly, persons with disabilities often require special accommodations and support services to live independently. According to studies by HUD’s Office of Policy Development and Research (PD&R), on every measure of health, assisted tenants were worse off than other low-income renters, including self-reported fair or poor health (36 percent), two or more emergency room visits in the past year (23 percent), overweight or obese (71 percent), difficulty with activities of daily living (57 percent), self-reported disability (61 percent), high blood pressure (38 percent), heart disease (20 percent), and diabetes (18 percent). Rates of health problems among assisted children are higher relative to other children; 21 percent of children have an asthma condition which is double the rate for children in the general population. Parents report five percent of kids in assisted housing as having poor health, also double the general population.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources 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.

Key Assumptions: Having dedicated health navigators that can build partnerships with the health sector and trust among residents helps PHAs achieve greater health equity, as we learned with the Community Health Worker Place-Based Approach to Health (CHW-PATH). HUD began the three-year pilot CHW-PATH, funded by HHS’s Office of Minority of Health, through their Interagency

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SELF-SUFFICIENCY PROGRAMS

Health Equity Collaborative (IHEC). The program was developed and is executed in partnership with HHS and the Institute for Public Health Innovation (IPHI), in consultation with the National Center for Health in Public Housing (NCHPH). Having operated throughout the pandemic, CHW PATH has demonstrated the benefit of having dedicated health navigators that can build partnerships with the health sector and trust among residents to achieve greater health equity.

Stakeholders for RHEI: As part of RHEI, PHAs that choose to use Public Housing Operating Funds to support the RHEI initiative would be encouraged to build local partnerships with health entities as a key element of implementation. Partners may include but are not limited to Federally Qualified Health Centers (FQHCs), community-based mental health providers, addiction and recovery providers, health promotion and education nonprofits, local health departments, aging and disability resource centers, and community hospitals. HUD will also coordinate with other Federal Agencies and partners, including the Health Resources and Services Administration (HRSA) to provide technical assistance and resources to PHAs to build capacity and improve program outcomes.

### SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **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 accounts rather than the Jobs Plus grant. Corresponding language is included in the TBRA, PBRA, and Public Housing Fund accounts.
Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Eligibility of RAD Converted Properties for ROSS Program:** HUD requests statutory authorization to allow ROSS funding to be provided to residents that live in a property that has undergone a RAD conversion to PBRA or PBV. The current statute allows ROSS grantees to provide services to residents of public and Indian housing only. As a result, former grantees are either no longer eligible for funding or are eligible for fewer ROSS Service Coordinator positions despite the need for service funding at the same level. There is no budgetary impact for this proposal. This request was enacted in the 2023 budget and HUD is now requesting authorizing language in 2024.

- **Jobs Plus Expansion beyond Public Housing:** This proposal would expand eligibility for the Jobs Plus program to PBV and PBRA properties. Jobs Plus is currently only available to public housing residents; however, residents of PBV and PBRA have largely the same needs and challenges. The program has a demonstrated impact on employment outcomes. HUD requests language authorizing the expansion of Jobs Plus eligibility to fund place-based communities within Public Housing, Project Based Rental Assistance (PBRA) developments, and Project Based Voucher (PBV) developments. It would also ensure that Jobs Plus funding awarded to public housing properties prior to conversion to PBV/PBRA may continue to operate fully, as appropriate. This request was included in the 2023 President’s Budget but was not enacted.

- **Universal Escrow Account:** HUD requests language authorizing the Secretary to carry out a demonstration to examine the effectiveness of creating an escrow account for families modeled after the Family Self-Sufficiency escrow account. This account would allow for families to be automatically enrolled in the program that places the incremental rent increase due to an increase in earned income, into a savings account. To facilitate this demonstration, the Secretary may waive, or specify alternative requirements for, sections 3, 6, 8, and 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) and regulations in connection with these statutory provisions. This demonstration of no more than 3,000 families should be made available to PHAs administering a public housing program under section nine and/or project-based and/or tenant-based assistance program under section eight of the U.S. Housing Act of 1937. The Secretary will monitor and evaluate the effect of the policy change on financial outcomes for participating families within seven years of the implementation of the demonstration.

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For activities and assistance related to Self-Sufficiency Programs, to remain available until September 30, [2026] 2027, $175,000,000: Provided, That of the sums appropriated under this heading— (1) $125,000,000 shall be available 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;
(2) $35,000,000 shall be available 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.). Provided, That amounts made available under this paragraph may be used to renew Resident Opportunity and Self-Sufficiency program grants to allow the public housing agency, or a new owner, to continue to serve (or restart service to) residents of a project with assistance converted from public housing to project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or assistance under section 8(o)(13) of such Act under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as amended (42 U.S.C. 1437f note); and

(3) $15,000,000 shall be available 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 partnerships between 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 that 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 and increase earnings, or both: Provided further, That applicants must demonstrate the ability to provide services to residents, partner with workforce investment boards, and leverage service dollars: Provided further, That the Secretary may allow 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Native American Programs

SUMMARY OF RESOURCES

(Dollars in Thousands)

<table>
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<tr>
<th></th>
<th>Enacted/ Requested</th>
<th>Carryover</th>
<th>Supplemental/ Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
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a/ The table above excludes mandatory authority for upward credit re-estimates.
b/ Includes carryover from supplemental funds under the American Rescue Plan Act of 2021 (ARP Act)
c/ 2021 into 2022 carryover includes $1.4 million 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, Indian Community Development Block Grant (ICDBG) program, Federal Guarantees for Financing Tribal Housing Activities (Title VI Loan Guarantee) program, and Training and Technical Assistance. The IHBG program provides grants to recipients 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 Title VI Loan Guarantee program allows IHBG grantees to fund large-scale housing programs. Training and technical assistance support Tribes in realizing their self-determined priorities.

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

BUDGET OVERVIEW

The 2024 President’s Budget requests $1.1 billion for Native American Programs, which is $33 million more than the 2023 enacted level. The Budget includes funding for the following activities:

- $820 million for IHBG formula grants;
- $150 million for IHBG competitive grants;
- $75 million for the ICDBG program;
- $7 million for training and technical assistance; and
- $1 million for the Title VI Loan Guarantee program

These programs align to HUD 2022-2026 Strategic Objectives 1C: Invest in the Success of Communities, 2A: Increase the Supply of Housing, 2B: Improve Rental Assistance, 4A: Guide Investment in Climate Resilience, 4B: Strengthen Environmental Justice, and 4C: Integrate Healthcare and Housing.
JUSTIFICATION

Federal investment in Native American Programs is critical to ensure the health and safety of tribal communities and uphold the Federal Government’s trust and treaty obligations. 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).\(^1\) The study found that the physical housing problems for households in tribal areas are much more severe than for U.S. households on average. The study estimated that between 42,000 and 85,000 Native Americans are “doubled up.” This refers to individuals who have no place else to live – and would otherwise be staying in a homeless shelter – so they live with family or friends out of necessity. Others might be living in a place not meant for long-term human habitation or living on the street. 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 study found that, under NAHASDA, 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 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 study also found that years of level funding for the IHBG formula has led to the reduced construction of new units. Separately, researchers also found ample evidence of partnerships among 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 Tribes and Tribally Designated Housing Entities (TDHEs) to improve housing conditions in Indian Country.

**Indian Housing Block Grant Program - Formula**

The 2024 President’s Budget requests $820 million for IHBG formula grants, which is $33 million more than the 2023 enacted level. The IHBG program is the single largest source of funding for housing in Indian Country, where safe, decent, and affordable housing is desperately needed. IHBG funds can be leveraged and used as a catalyst for community and economic development. The program helps stabilize communities and build healthy economies within American Indian and Alaska Native communities, many of which are in remote, rural areas.

Due to funding limitations, Tribes report a growing percentage of their funding is dedicated to the maintenance and operation of existing housing, as opposed to expanding their housing stock and serving more American Indian and Alaska Native families. Funding at the requested level would help Tribes address the housing shortage rather than just maintaining and operating existing housing units. Increases in funding for this critical program will make up for the lost buying power of the

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IHBG dollar given the long period of time during which annual appropriations did not keep pace with inflation and increases in construction costs. Funding increases for this program will also further equity in housing for Native American families.

In 2022, IHBG funds were used to build or acquire over 560 affordable housing units and substantially rehabilitate over 4,300 units. Since the inception of the IHBG program, IHBG funds have been used to build or acquire more than 42,500 affordable housing units and rehabilitated more than 110,000 units.

## Indian Housing Block Grant Program - Competitive

The 2024 President’s Budget requests $150 million for IHBG competitive grants, which is equal to the 2023 enacted level. These grants would prioritize projects that spur the construction and rehabilitation of housing units. They would also be able to prioritize projects that further climate resilience, increase energy efficiency, improve water conservation, and sustain these improvements over a long period. This will modernize existing housing, reduce harmful emissions and consumption of energy, and reduce utility costs in tribal housing.

To date, HUD has provided IHBG competitive grants through three Notice of Funding Opportunity (NOFO) cycles and is starting to see more new housing construction projects being completed across Indian Country. Funding this important program at the requested level will help make it possible for Tribes to continue to construct new housing units and address the severe housing shortage in Indian Country.

Since December 2019, HUD has awarded over $400 million to 93 Indian Tribes and THDEs to construct approximately 1,550 new housing units and encourage economic opportunities in distressed communities.

Please see the “Climate Initiative” justification for more details.

## Indian Community Development Block Grant Program

The 2024 President’s Budget requests $75 million for the ICDBG program, which is equal to the 2023 enacted level. This includes $70 million for single-purpose grants and up to $5 million for imminent threat grants. The ICDBG program funds a wide range of housing, community development, and economic development activities in Indian Country, such as the construction of community buildings, development of infrastructure and public facilities, housing rehabilitation, various public services, and much more. The COVID-19 pandemic illustrated how the lack of basic infrastructure, including running water and sewer systems, in some tribal communities has left many American Indian and Alaska Native families particularly vulnerable. The program provides much-needed funding for critical tribal infrastructure and has played a major role in ensuring the well-being, health, and safety of tribal communities.

Single-purpose grants are awarded on a competitive basis and imminent threat grants are allocated on a first-come, first-served basis for qualifying disasters and other emergencies. In May 2022, HUD announced the most recent round of single-purpose awards. Some of the projects planned include building a community center and tsunami shelter, building a youth center, replacing a potable water distribution system, and improving home sites to make them suitable and available for new housing.

## Training and Technical Assistance

The 2024 President’s Budget requests $7 million for training and technical assistance, which is equal to the 2023 enacted level. Tribal sovereignty and self-determination drive HUD’s Indian housing programs, which enable Tribes to design, develop, and operate their own affordable housing
programs based on local needs and customs. Training and technical assistance is how HUD supports Tribes in realizing their self-determined needs. These funds can be used to help promote best practices that support development in Indian Country and encourage innovative methods of construction; management; finance (e.g., the advantages of leveraging IHBG funds with other homeownership programs); and train and build the capacity of tribal housing staff. In addition, these funds can be used to help residents of low-income housing to achieve their self-determined goals and improve general life skills.

**Title VI Loan Guarantee**

The 2024 President’s Budget requests $1 million in credit subsidy for the Title VI Loan Guarantee program, which is equal to the 2023 enacted level. It also requests $25 million in loan commitment authority. This 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.

Since the inception of the program in 1996, HUD has guaranteed 117 loans worth over $290 million and has never experienced a default. This has resulted in the development, rehabilitation, or installation of infrastructure for approximately 3,560 affordable housing units. In 2022, HUD guaranteed four loans.

**Administration Priorities**

This investment helps increase equity for American Indians and Alaska Natives by increasing the production of and access to affordable housing, creating economic opportunities for Tribes and their residents of assisted housing, and creating sustainable communities.

**Stakeholders**

Stakeholders include American Indian and Alaska Native families, Tribes, TDHEs, Tribal entities, and Title VI-approved lenders. ONAP works with the tribal nations and other governments, Federal agencies, community organizations, and the private sector to provide a coordinated and comprehensive response to housing and community development needs in Indian Country. In addition, ONAP works with Tribes and TDHEs through meaningful consultation and a negotiated rulemaking process to design programs that provide maximum flexibility to Tribes to serve their communities.
SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

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<tr>
<th>Budget Activity</th>
<th>2022 Appropriation</th>
<th>2021 Carry over Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carry over Into 2023</th>
<th>2023 Total Resources</th>
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<td>1,020,000</td>
<td>266,531</td>
<td>1,286,531</td>
<td>1,053,000</td>
</tr>
</tbody>
</table>

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2024 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 administered through a community-based development organization (CBDO). In many Tribal communities, particularly those in remote areas, there are no CBDOs operating. Accordingly, this requirement is not compatible with the housing conditions in many Tribal communities. Further, through Tribal feedback, Tribes have indicated to HUD that this requirement is burdensome and serves less of a purpose in rural areas. Therefore, HUD proposes to eliminate the CDBO requirement for the ICDBG program.
The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

[(INCLUDING RESCISSION)]

For activities and assistance authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (in this heading “NAHASDA”) (25 U.S.C. 4111 et seq.), title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) with respect to Indian tribes, and related training and technical assistance, [$1,020,000,000] $1,053,000,000, to remain available until September 30, [2027] 2028: Provided, That of the sums appropriated under this heading—

(1) [$787,000,000] $820,000,000 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 such Act with the need component based on single-race census data and with the need component based on multi-race census data, and the amount of the allocation for each Indian tribe shall be the greater of the two resulting allocation amounts: Provided further, That the Secretary shall notify grantees of their formula allocation not later than 60 days after the date of enactment of this Act; 

(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 amounts made available in this paragraph, the Secretary shall consider need and administrative capacity, [and] 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 a grant funded pursuant to this paragraph shall be in an amount not greater than $7,500,000: ]Provided further, That any amounts transferred for the necessary costs of administering and overseeing the obligation and expenditure of such additional amounts in prior Acts may also be used for the necessary costs of administering and overseeing such additional amount; 

(3) $1,000,000 shall be available 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 (2 U.S.C. 661a): Provided further, That amounts made available in this and prior Acts for the cost of such guaranteed notes and other obligations that are unobligated, including recaptures and carryover, shall be 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] $25,000,000, 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 rescinded] 2025; 

(4) $75,000,000 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), not more than $5,000,000 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 amounts made available in 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, for contract expertise, and for training and technical assistance related to amounts made available under this heading and other headings in this Act for the needs of Native American families and Indian country: Provided,
That of the amounts made available in this paragraph, not less than $2,000,000 shall be for a national organization as authorized under section 703 of NAHASDA (25 U.S.C. 4212): Provided further, That amounts made available in this paragraph may be used, contracted, or competed as determined by the Secretary: Provided further, That notwithstanding chapter 63 of title 31, United States Code (commonly known as the Federal Grant and Cooperative Agreements Act of 1977), the amounts made available in 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). (Department of Housing and Urban Development Appropriations Act, 2023.)
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)

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<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
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Note: The table above reflects only discretionary budget authority; mandatory authority for upward re-estimates 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 private 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 providing a 100 percent guarantee in the event of a loan default.

A January 2017 HUD report, *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, found that overcrowding and a lack of available housing are major challenges for many Tribal communities.¹ The study concluded that lending in Indian Country faces barriers like those in other underserved markets and rural areas. By providing the loan guarantee, the Section 184 program helps increase the supply of housing and relieve overcrowding in Indian Country.

BUDGET OVERVIEW

The 2024 President’s Budget requests $906 thousand in credit subsidy for the Section 184 program, which is $4.6 million less than the 2023 enacted level. It also requests $1.2 billion in loan commitment authority, which includes a projected volume increase associated with a legislative proposal included in the Budget. The proposal, also included last year, expands program eligibility (see the Legislative Proposal section below for more information). Given the program’s strong performance and low default rate in recent years, the credit subsidy rate is being reduced to 0.1 percent in 2024. Given this rate, the requested credit subsidy would support roughly $900 million in new loan commitment authority.

The 2024 President’s Budget requests no funding for administrative contract expenses. Carryover balances are sufficient to support needs, such as 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, operational task orders related to existing operational software Computerized Homes Underwriting Management System, and interim data dashboards for management analysis.

This program aligns with HUD 2022-2026 Strategic Objectives 3A: Advance Sustainable Homeownership and 3B: Create a More Accessible and Inclusive Housing Finance System.

JUSTIFICATION

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

The Section 184 program has helped address market barriers to private lending due to the nature of Tribal trust land, as found in the January 2017 HUD report, Mortgage Lending on Tribal Land. Historically, American Indians and Alaska Natives 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.

The Section 184 program maximizes a relatively small Federal investment by ensuring thousands of loans each year and by expanding markets for private lenders. In a typical year, HUD receives between 3,000 and 4,000 loan applications and can potentially help between 3,000 and 4,000 families, Tribes, and tribal entities finance homes. HUD anticipates that demand will increase in 2024 if the legislative proposal to make the program available nationwide is approved. Currently, American Indians and Alaska Natives must live in certain approved service areas to access loans guaranteed under this program. The legislative proposal, which was included in the 2023 President’s Budget, allows American Indian and Alaska Native families to access this program and achieve homeownership wherever they choose to live in the United States.

Since the inception of the Section 184 program in 1992, HUD has obligated funds to guarantee approximately 49,000 loans worth more than $8.0 billion. By encouraging private 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 American Indian and Alaska Native homebuyers.

In recent years, the Section 184 program has experienced low claims. At the same time, HUD’s partners have contributed to improving the program performance. For example, private lenders have improved their Section 184 underwriting and servicing practices, and Tribes continue to proactively provide housing counseling and support to keep families in their homes. As a result, the performance of the program has been strong. For these reasons, the credit subsidy rate has fallen. As a result, HUD is able to provide financial relief to homebuyers and intends to do this by reducing program fees, which have more than offset actual claims.

Reducing program fees will have a direct positive financial impact on a typical borrower. Under the revised fee structure, HUD estimates that the average borrower will save over $500 in their first year and have continued savings for the duration of the loan. By making the program more affordable,
more Native families will be able to become homeowners and help increase the overall rate of homeownership in Indian Country.

**Equity**

This investment is an important step in bringing about equity for American Indians and Alaska Natives by increasing the production of and access to affordable housing for Tribes. By providing loan guarantees, the Section 184 program expands the market for private lenders, ensures access to private-market mortgages in Indian Country, and increases homeownership opportunities for Native American households.

**Key Assumptions**

HUD estimates the program will operate with a 0.1 percent credit subsidy rate in 2024.

**Stakeholders**

Stakeholders include American Indian and Alaska Native borrowers, Tribes, TDHEs, and Section 184 approved lenders. The Office of Native American Programs (ONAP) works with financial institutions to encourage private lending, which provides a path for Native American families to become homeowners.

**Operational Improvements**

HUD continues to make progress towards modernizing the Section 184 program. Under the leadership of HUD’s Office of the Chief Information Officer, HUD is developing *Native Advantage*, which is a multi-year initiative to modernize the information technology of the loan process. When fully deployed, *Native Advantage* will cover all loan functions from origination to claim and loan closeout. The Claims Module, which was released in December 2021, allows lenders, servicers, and ONAP staff to submit, edit, and track claims. The Loan Origination Module, once released, will enable lenders to obtain case number and firm commitment cohort number assignments electronically.

**SUMMARY OF RESOURCES BY PROGRAM**

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
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Note: 2021 carryover into 2022 loan guarantee credit subsidy amount reflects rescission of $419 thousand.
**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

**Legislative Proposals**

The 2024 Budget includes 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.

- **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 align Section 184 loss mitigation options with those offered by the Federal Housing Administration (FHA).

- **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.

- **Prohibition of Property Assessed Clean Energy (PACE) Priming**: This proposal would extend the existing FHA proposal to prohibit PACE priming to the Section 184 program without prior consent from HUD.

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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/$905,700, to remain available until expended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a): Provided further, That amounts 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, shall be available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $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 rescinded: Provided further, That any amounts determined by the Secretary to be unavailable are hereby returned to the General Fund of the Treasury] 2025. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Native Hawaiian Housing Block Grant

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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PROGRAM PURPOSE

The Native Hawaiian Housing Block Grant (NHHBG) program funds a wide range of affordable housing activities on 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 2024 President’s Budget requests $22.3 million for the NHHBG program, which is equal to the 2023 enacted level. Up to $1 million of the Budget is for training and technical assistance.

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.¹

This program aligns with HUD 2022-2026 Strategic Objective 2A: Increase the Supply of Housing and 2B: Improve Rental Assistance.

JUSTIFICATION

In May 2017, HUD published the Housing Needs of Native Hawaiians. According to the study, 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. The study also indicates that Native Hawaiian beneficiaries on the Hawaiian home lands waiting list experience a higher rate of housing problems than Native Hawaiians overall and other residents of Hawaii. For example, 10 percent of Native Hawaiian beneficiaries on the waiting list lack complete plumbing facilities, 38 percent experience overcrowding, and 46 percent experience housing cost burdens by paying more than 30 percent of their income on housing costs.

Funding at the requested level would help address the large waiting list and backlog in Hawaiian home lands’ homestead applications, which in some years has been decades long, given the severe shortage of available habitable lots and substantial demand for housing. Additionally, it would allow DHHL to support tenants with rental assistance. As operation and maintenance costs increase, the additional subsidy is needed to keep rents affordable, especially for elderly tenants on fixed incomes. Without sufficient funds, DHHL will not be able to increase the production of and access to affordable housing for Native Hawaiian families.

Between 2002 and 2022, DHHL used NHHBG funds to help build, acquire, and rehabilitate 758 affordable homes and develop infrastructure improvements to approximately 693 lots meant for affordable housing construction. Funds have also been used to rehabilitate community centers, provide housing counseling, financial literacy training, and self-help home repair training to over 3,500 families.

**Equity**

This investment helps increase equity for Native Hawaiians by increasing the production of and access to affordable housing.

**Stakeholders**

Stakeholders include Native Hawaiians and DHHL. HUD’s Office of Native American Programs works with DHHL to provide a coordinated and comprehensive response to Native Hawaiian housing and community development needs.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
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<th>2022 Carry over Into 2023</th>
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**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

None.

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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.), $22,300,000, to remain available until September 30, [2027] 2028: 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: Provided further, That up to $1,000,000 of the amounts made available under this heading [shall ] may be for training and technical assistance related to amounts made available under this heading and other headings in this Act for the needs of Native Hawaiians and the Department of Hawaiian Home Lands. (Department of Housing and Urban Development Appropriations Act, 2023.)
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)

<table>
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<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recision</th>
<th>Total Resources</th>
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</tr>
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</table>

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

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 2024 President’s Budget requests no funding in credit subsidy for the Section 184A program, which is equal to the 2023 enacted level. It also requests $21 million in loan guarantee commitment authority. The 2024 President’s Budget also requests continued refinance authority.

This program aligns with HUD 2022-2026 Strategic Objective 3A: Advance Sustainable Homeownership and 3B: Create a More Accessible and Inclusive Housing Finance System.

JUSTIFICATION

The Section 184A program helps make the dream of homeownership possible for Native Hawaiians, who have traditionally been underserved by other homeownership programs. This investment helps correct historic inequities for Native Hawaiians by increasing the production of and access to affordable housing and addresses the needs identified in the 2017 HUD report, 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. The study also indicates that Native Hawaiian beneficiaries on the Hawaiian home lands waiting list experience a higher rate of housing problems than Native Hawaiians overall and other residents of Hawaii. For example, 10 percent of Native Hawaiian beneficiaries on the waitlist lack complete plumbing facilities, 38 percent experience overcrowding, and 46 percent experience cost burden (defined as paying more than 30 percent of their income on housing costs).


15-1
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 the State of Hawaii’s Department of Hawaiian Home Lands (DHHL), with oversight provided by the U.S. Department of the Interior. In 1921, Congress enacted the Hawaiian Homes Commission Act, which established the Hawaiian home lands and created a homesteading program to support the self-sufficiency and well-being of Native Hawaiians. 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 established a vehicle through which financing could be provided to Native Hawaiians wishing to own a home on lands in trust.

Private financing is used to cover construction or acquisition costs, while Federal funding is used only to guarantee payment in the event of a default. Eligible borrowers include Native Hawaiian families who are eligible to reside on the Hawaiian home lands, DHHL, the Office of Hawaiian Affairs, and organizations experienced in the planning and development of affordable housing for Native Hawaiians. Since 2005 (when program activity began), HUD has guaranteed more than 850 Section 184A loans, in turn, making homeownership a reality for Native Hawaiian families.

Without the mortgage resources available through the Section 184A program, Native Hawaiian families are at risk of not being able to obtain financing that would allow them to purchase their homes or reduce their housing costs by refinancing their mortgage. It is commonly believed that owning a home increases the health and wellbeing of those who become homeowners. Accordingly, the Section 184A program contributes to the wellbeing and health of Native Hawaiian families.

**Equity**

This investment helps increase equity for Native Hawaiians by increasing the production of and access to affordable housing. By providing loan guarantees, the Section 184A program expands the market for lenders and ensures access to private-market mortgages for Native Hawaiians, who have been a traditionally underserved population for homeownership.

**Key Assumptions**

HUD estimates the program will operate at a negative credit subsidy rate in 2024 and does not require additional appropriations to continue to guarantee loans and meet program demand.

**Stakeholders**

Stakeholders include Native Hawaiian borrowers, DHHL, and Section 184A lenders. The Office of Native American Programs (ONAP) works with financial institutions to encourage private lending, which allows Native Hawaiian families to become homeowners.

**Operational Improvements**

HUD continues to make progress towards modernizing the Section 184A program, which will help reduce potential risk to the Federal Government. Under the Office of the Chief Information Officer’s leadership, HUD is developing **Native Advantage**, a multi-year information technology modernization initiative. 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 ONAP staff to submit, edit, and track claims. The Loan Origination Module, once released, will enable lenders to obtain a case number and firm commitment cohort number assignments electronically.
### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

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<tr>
<th>Budget Activity</th>
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<th>2022 Total Resources</th>
<th>2022 Obligations</th>
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<th>2022 Carryover into 2023</th>
<th>2023 Total Resources</th>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Legislative Proposals

The 2024 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 align Section 184A loss mitigation options with those offered by the Federal Housing Administration (FHA).

- **Indemnification Authority**: HUD seeks indemnification authority to require the lender to accept the loss (rather than HUD) when the lender closes noncompliant loans.

- **Prohibition of Property Assessed Clean Energy (PACE) Priming**: This proposal would extend the existing FHA proposal to prohibit PACE priming to the Section 184A program without prior consent from HUD.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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] $21,000,000 in total loan principal, to remain available until September 30, [2024] 2025: Provided, That the Secretary may enter into commitments to guarantee loans used for refinancing. *(Department of Housing and Urban Development Appropriations Act, 2023.)*
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)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
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PROGRAM PURPOSE

The Housing Opportunities for Persons With AIDS (HOPWA) program (authorized per the AIDS Housing Opportunity Act (42 U.S.C. 12901-12912)) provides stable and permanent housing assistance and supportive services to one of the most vulnerable populations – low-income people with Human Immunodeficiency Virus (HIV). This population often faces housing instability as well as other life and medical challenges, including mental health and substance use issues as well as discrimination and stigma that create barriers to needed services. The goal of the program is to elevate housing as an effective structural intervention, ensure eligible families can obtain and maintain stable housing, increase their connections to care and support, help them become healthy and virally suppressed, and ultimately end the HIV epidemic in the United States.

BUDGET OVERVIEW

The 2024 President’s Budget requests $505 million for HOPWA, which is $6 million more than the 2023 enacted level. This includes:

- $454.5 million for formula grants. Ninety percent of HOPWA funding is distributed by formula to qualifying States and metropolitan areas. The HOPWA formula allocates funds based on cases of people living with HIV/AIDS and is adjusted for an area’s fair market rent and poverty rates. This modernized formula helps ensure a more equitable and nimble approach to funding communities based on current and changing HIV epidemic burden.

- $50.5 million for competitive grants. Ten percent of HOPWA funding is 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, local governments, and non-profit organizations with a fair process for applicants in 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.

This program aligns with HUD 2022-2026 Strategic Objectives 1A: Advance Housing Justice and 4C: Integrate Health and Housing.
Ending the HIV epidemic in the United States has long been an aspirational goal, but in 2024 this goal is within reach, and the HOPWA program is part of the reason why. Dozens of HIV antiretroviral medications are now available in the United States. These medications stop the HIV virus from replicating in the body, until the virus is no longer detectible in lab tests and a person with HIV can no longer spread HIV through sex.\(^1\) Despite the availability of these medications, people with HIV who have low incomes often experience housing instability or homelessness which limits their ability to access and maintain medication regimens. A recent national study showed 1 in 4 (27.7 percent) people with HIV were in need of shelter or housing services, and among those who needed housing services, 2 in 5 (40.4 percent) did not receive them.\(^2\) This lack of stable housing makes it much more difficult for people with HIV to access, store, and maintain the medications that lead to viral suppression.

HOPWA, as the only Federal program dedicated to addressing the housing needs of low-income people with HIV, exists so that communities are better able to meet the needs of low-income people with HIV who are homeless or unstably housed. The HOPWA program provides stable housing, and that housing stability improves health outcomes, quality of life, and life expectancy for people with HIV, thereby serving as a structural intervention to end the national HIV epidemic.\(^3\)

**Funding Impact**

HOPWA-assisted household numbers vary by community, depending on the types of assistance provided, funding levels, attrition levels, and grantee program design. At $505 million, HUD estimates that communities will be able to provide access to affordable housing for approximately 48,000 economically vulnerable households living with HIV.\(^4\) In addition to affordable housing, an estimated 65,000 households will receive supportive services to ensure housing stability.

HOPWA supports a range of eligible activities that are flexible to meet local needs. In 2021, 74 percent of HOPWA funding was used for housing assistance, including:

- **Tenant-Based Rental Assistance**: Ongoing, long-term rental assistance.
- **Facility-based housing**: Operation of Transitional and Permanent facility housing to assist individuals and households with significant health and life challenges that impede their ability to live independently.
- **Short-term Rent, Mortgage, and Utility Assistance**: Homelessness 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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4. 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 (2021) 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.
In 2021, 26 percent of funding went to supportive services and grant administration:

- **Supportive 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 use 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.

**Equity**

The HOPWA program aligns with the Administration’s Priority: *Advancing Equity through the Federal Government* and the *National HIV/AIDS Strategy for the United States 2022–2025*. 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 men who have sex with men, transgender women, and Black/African American and Hispanic/Latino communities. Recognizing these disparities, in 2021, HUD introduced a phased TA initiative for HOPWA Race, Gender, and LGBTQI+ Equity; this multi-year TA initiative is assisting HOPWA grantee communities in assessing their HOPWA program’s ability to measure and address equity and will provide tools for grantee communities to improve their systems so that all low-income people with HIV have equitable access to HOPWA housing and services. In addition, the HOPWA program has included requirements for advancing equity in competitive funding opportunity notices since 2021 and has continued to make adjustments in ways that advance equity in HOPWA programs through subsequent competitive funding notices.

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Outcomes, Performance Indicators, and Other Evidence

HOPWA success is measured through annual performance reports prepared by grantees and submitted to HUD. Grantees report on key metrics related to housing stability, risks of homelessness, and access to care – all measures that impact health outcomes. HUD works with any poor performers to address barriers in program design or implementation issues preventing the achievement of HOPWA performance standards. Performance data show that HOPWA-funded housing assistance and supportive services lead to improved program beneficiary outcomes with respect to housing stability and access to care and support. HUD anticipates this high level of outcomes to continue for 2024, including the increased number of households projected to be assisted at the 2024 President’s Budget level. Specifically, in 2021 (the most recent year for which data are available):

**Housing Stability:**

- 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:**

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 use, and other factors. Ryan White HIV/AIDS Program data show that clients in unstable housing situations are less likely to be virally suppressed. In 2021, 77.3 percent of unstably housed clients were virally suppressed, compared to 89.7 percent of all Ryan White clients.⁶ 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

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HIV attain and maintain an undetectable viral load, they have effectively no risk of sexually transmitting HIV.7

Cost Savings: 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.8

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.9 Lifetime treatment costs per person are estimated to have a present value of $420,285.10

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.11 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.12

A recent study determined that people with HIV experience unmet housing needs for various reasons, including not being able to find the information needed to get the service or they did not know the service existed (50 percent); the service did not meet their needs or they were not eligible

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for the service (40 percent); and personal reasons, such as fear or embarrassment, or having other things going on in life that made it difficult to receive the service (21 percent).

The need for shelter or housing assistance for people living with HIV (and the barriers to receiving such vary substantially by jurisdiction) exceeds available HOPWA resources. The domestic HIV epidemic has evolved over the last 40 years and despite improvements in treatment and medical access, the epidemic is concentrated in disenfranchised communities. Research shows that HIV prevalence is highest among people who are at or below the poverty level. HUD estimates that the number of low-income people living with HIV in the United States that are eligible for, but not currently accessing services under the HOPWA program, is approximately 383,000.

HOPWA performance profiles are generated for all agencies receiving HOPWA formula or competitive grants. The performance profiles are available at the national level and by individual grantee and are publicly available on the HUD Exchange Technical Assistance site for community awareness and to inform local planning. The profiles provide a grant summary of client outcome data and output data for HOPWA eligible activity types.

New reporting variables on prescribed HIV medication and improved viral loads are being implemented in 2023 to collect high-level aggregated data on improved health outcomes for clients in HOPWA-funded permanent housing. The HOPWA program is also measuring success for competitive Special Projects of National Significance (SPNS) grants through an HIV Housing Care Continuum Model that connects health measures such as viral suppression with HOPWA housing assistance received. This is a new reporting form. The first reports will be submitted to HUD in June 2023 and will continue to be submitted annually by all HOPWA SPNS grantees.

Stakeholders

The Office of HIV/AIDS Housing continues to elevate housing as an effective structural intervention in ending the HIV/AIDS epidemic by aligning program efforts to complement and support efforts by other Federal HIV programs and considering recommendations raised by stakeholders.

In particular, the National HIV/AIDS Strategy (2022-2025), a roadmap for ending the HIV epidemic in the United States by 2030, aims to reduce new HIV infections by 90 percent by 2030. Representatives from the Office of HIV/AIDS Housing are members of the Federal Steering Committee and have contributed to the development of the Federal Implementation Plan. 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 the epidemic. The Office of HIV/AIDS Housing has engaged in planning and data sharing discussions with the Department of Health and Human Services and the 57 targeted states and counties to ensure HOPWA data and resources are accessible and available to strengthen and broaden the Federal housing safety net for people in need.

Office of HIV/AIDS Housing leadership also represent HUD in quarterly Presidential Advisory Committee on HIV/AIDS meetings. The Office of HIV/AIDS Housing contributes HOPWA and

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housing-related information and receives advice, information, and recommendations on program design, policies, and research to improve housing and health outcomes for people living with HIV, including considering common needs and co-morbidities experienced by people with HIV to promote effective housing and care models.

**Operational Improvements**

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, 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)

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<th>2022 Obligations</th>
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### Distribution of Funds by Grantee

The distribution of HOPWA funds for 2022, 2023, and 2024 (requested) appropriations are shown below.

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### Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)

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## Estimated HOPWA Formula Funding by Grantee (Dollars in Thousands)

<table>
<thead>
<tr>
<th>State</th>
<th>HOPWA Formula Grantee</th>
<th>2022 Appropriation</th>
<th>2023 Appropriation</th>
<th>2024 Pres. Budget</th>
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Total Formula: $405,000  $449,100  $454,500  
Total Competitive: 45,000  $49,900  $50,500  
Total Appropriation: $450,000  $499,000  $505,000  

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Four Year Period of Availability:**
The Department requests a 4-year period of availability for all 2024 HOPWA funds, to update the
prior standard of 2-year period of availability for formula funds and 3-year period of availability for
competitive funds. Extending the Period of Availability to four years for both formula and
competitive grants will mean that most of the grants’ period of performance can occur within the
period of availability (even with delayed enacted appropriations). The proposed 4-year period of
availability will allow HUD to address performance issues identified for the grant within the 3-year
grant period and still have the option of deobligation to repurpose the funds. This will also allow
funds to be returned and then re-obligated to address situations where the grantee has voluntarily
terminated the grant during the grant period. While historically HUD has not seen significant loss in
funds based on funds expiring at the end of the period of availability, this update will give HUD the
ability to address grantee performance in delivering the program without losing funds to the
program. For formula grants, HUD will continue to obligate on the same annual cycle to ensure
grant funds are available to grantees as quickly as possible. This update will allow the competitive
program to be more flexible on Notice of Funding Opportunity (NOFO) size, frequency, and timeline
(which may include smaller more frequent NOFOs or larger NOFOs using remaining funds from
prior years). Any funds recaptured during the extended period of availability will remain with the
originating program, either formula or competitive.

- **Removal of Priority Renew/Replace Provision:**

The Department requests deletion of the priority renewal and replacement provision for permanent
supportive housing competitive grants. Current law account language requires expiring competitive
permanent supportive housing grants to be renewed or replaced before new competitive grants can
be awarded. This restriction on new competitive projects leads to limited opportunities for funding
new grants in communities which are now more severely impacted by the epidemic than the current
permanent supportive housing grants.

The Department has requested the removal of the priority renewal language in each year of the
President’s Budgets since 2020. In 2021, the appropriations account language was revised to include
an option for renewal-eligible grantees (only) to “replace” their grant with other grant activities.
Despite the option to replace existing models, only six of the 46 grantees eligible in the 2021 and
2022 cycles elected to submit replacement grants, with 40 continuing to renew their grants as first
designed and implemented twenty or more years ago. Unfortunately, the provision that 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.

The Department is again requesting removal of priority renewal and replacement language.
Removal of this mandate will ensure the ten percent of HOPWA funding designated by statute as
“Competitive” are utilized for the intended purposes of developing new and innovative models to
address disease trends and ensuring states that do not meet population or demographic
requirements to qualify for formula allocations still receive fair access to HOPWA funds. As with
formula modernization, removal of this provision would ensure corresponding modernization for
HOPWA competitive funding. 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-capacity grantees in
higher-need areas.

Stakeholder and congressional concerns are limited to the 82 grantee communities subject to losing
current guaranteed priority renewal or replacement opportunity. Specific concerns will be addressed
in the competitive 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.
Currently 82 HOPWA competitive grants receive priority for renewal or replacement, some of which have been in place for more than 20 years. Of the 82 renewal grants, 25 are anticipated to be eligible for renewal or replacement in 2024 at approximately $27.9 million.

General Provisions

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 appropriations bill:

**Formula Allocation Corrections:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle. (Sec. 227)

Legislative Proposals

The 2024 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 homeless 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.

- Stakeholder support is very high for this provision as it was developed 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 allowed HOPWA grantees flexibility of providing assisted households with up to 24 months of rent, mortgage, and utility payments. Stakeholder response was overwhelmingly positive to this flexibility, as it 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.

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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.) [$499,000,000,000]$505,000,000, to remain available until September 30, [2024, except that amounts allocated pursuant to section 854(c)(5) of such Act from funds made available under this heading in fiscal year 2010 and prior fiscal years that meet all program requirements before awarding funds for new contracts under such section: Provided further, That the process for submitting amendments and approving replacement contracts shall be established by the Secretary in a notice; Provided further, That the Department shall notify grantees of their formula allocation within 60 days of enactment of this Act]2027. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Community Development Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<th></th>
<th>Enacted/Requested</th>
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<th>Supplemental/Rescission</th>
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<th>Net Outlays</th>
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<td>(6,679,586)</td>
<td>(2,688,835)</td>
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a/ 2022 Supplemental includes $5 billion of disaster assistance funding enacted in the 2022 Continuing Resolution (P.L. 117-43), net a transfer of $5.5 million to Salaries and Expenses (S&E).
b/ 2023 Supplemental includes $2 billion of disaster assistance funding enacted in the 2023 Continuing Resolution (P.L. 117-180) and $3 billion of disaster assistance funding enacted in the 2023 Consolidated Appropriations Act (P.L. 117-328), net a transfer of $5 million to S&E and $5 million to the Office of the Inspector General.

PROGRAM PURPOSE

The Community Development Fund (CDF) is the broadest domestic community 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 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 2024 President’s Budget requests $3.4 billion for the Community Development Fund, which is $3 billion less than the 2023 enacted level. The Budget for the CDF includes funding for the following sub-components:

- CDBG Entitlement Program ($2.3 billion)
- CDBG Non-Entitlement Program ($1 billion)
- CDBG Insular Program ($7 million)
- Recovery Housing Program ($30 million)
- Grants to Identify and Remove Barriers to Affordable Housing ($85 million)

This program aligns with HUD 2022-2026 Strategic Objectives 1C: Invest in the Success of Communities and 4C: Integrate Healthcare and Housing.
COMMUNITY DEVELOPMENT FUND

JUSTIFICATION

Community Development Block Grant Program

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 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 2022, the program provided funding for:

- Housing-related activities that served more than 60,000 families, including direct homeownership assistance and rehabilitation of homes;
- More than 46,000 individuals to find permanent employment or to keep the full-time jobs they were at risk of losing through economic development activities;
- Improvements to homeless facilities that served more than 83,500 people; and,
- Senior services, operating costs of homeless and HIV/AIDS patient programs, food banks, services for the disabled, youth services, transportation services, and general health or mental health services that assisted more than 5.3 million people.

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 39 million people in 2022. 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.

<table>
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<tr>
<th>FY2022 Expenditures by Activity Category by Entitlements and States</th>
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<tr>
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<td>15%</td>
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<td>4%</td>
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<tr>
<td>3%</td>
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<tr>
<td><strong>Total FY2022 Expenditures</strong></td>
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*Expenditures include program income; *numbers may not total exactly due to rounding.

CDBG investments in community development are frequently combined 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 $2.80 for every
$1.00 of grant funding during 2021, amplifying the CDBG program’s return on investment with $2.4 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 impact of CDBG funding is evident in the accomplishments of the program. The table below demonstrates those accomplishments from 2005 through 2022. 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.

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<th>Outcomes Associated with CDBG Funding, Fiscal Years 2005 through 2022</th>
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<td><strong>Economic Development</strong></td>
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<td>Permanent Jobs directly Created or Retained</td>
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<td>Annual Funding Change Impact:</td>
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<td><strong>Public Improvements</strong></td>
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<td>Persons Benefitted by these Facilities</td>
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<td><strong>Public Services</strong></td>
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<tr>
<td>Persons Benefitting from these services</td>
</tr>
<tr>
<td>Annual Funding Change Impact:</td>
</tr>
<tr>
<td>For every $100 million of CDBG funding</td>
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<tr>
<td><strong>Housing</strong></td>
</tr>
<tr>
<td>Households Assisted (excluding housing counseling)</td>
</tr>
<tr>
<td>Annual Funding Change Impact:</td>
</tr>
<tr>
<td>For every $100 million of CDBG funding</td>
</tr>
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</table>

**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. Congress has appropriated a total of $105 million in RHP funding; $25 million in each fiscal year of 2020-2022 and $30 million in 2023. The program has allocated funds to 28 unique grantees whose age-adjusted rate of drug overdose
deaths was above the national rate in 2016 (2020 grantees), 2018 (2021 grantees) or 2019 (2022 grantees). The 28 grantees, some of which have received three allocations, include 27 States and the District of Columbia.

Grants to Identify and Remove Barriers to Affordable Housing

The Consolidated Appropriations Act, 2023 (P.L.117-328) provided $85 million to award grants on a competitive basis to State and local governments, metropolitan planning organizations, and multijurisdictional entities for the identification and removal of barriers to affordable housing productions and preservation. Eligible uses of such grants include activities that further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate housing production and preservation. The 2024 President’s Budget seeks to further this goal with an additional $85 million of grants in 2024. HUD will prioritize applicants that demonstrate: (1) progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation; and (2) an acute demand for housing affordable to households with incomes below 100 percent of the area median income. The grants will reward applicants that have made progress in updating zoning codes, land use policies, permitting processes, as well as constructing necessary housing-related infrastructure, that will ultimately increase the supply of affordable housing.

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, the Congress has frequently used the existing CDBG structure to respond to long-term disaster recovery needs. Community Planning and Development (CPD) administers the following programs that use 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);
- Supplemental appropriations of CDBG-Disaster Recovery (CDBG-DR) funds ($42.1 billion during the past five years) for long term recovery to affected communities of major natural disasters that occur within the United States; 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).

Equity

The Budget will advance the Administration’s equity goal by providing communities CDBG funds to increase the breadth and depth of neighborhood-level activities according to their needs, such as rehabilitating affordable housing units, providing homeownership assistance, and providing fair housing services to low- and moderate-income persons. CDBG funds support affirmatively furthering fair housing planning and implementation in many communities. Furthermore, communities will be able to continue to fund economic development activities that support small and micro-businesses in CDBG-eligible areas, which typically take longer than other businesses to fully recover from recessions.

Funding Impact

2024 will mark the 50th anniversary of the CDBG program (enacted by Title I of the Housing and Community Development Act of 1974). The program enjoys wide bipartisan support of all levels of government due to its flexibility to meet local needs. The 50th anniversary will likely come at a time
when communities continue to feel serious economic pressures, the need to retool their workforce to meet changing circumstances, and access to funding to become resilient in the face of our changing climate. The Budget highlights the importance of CDBG’s role in developing stronger and more resilient communities.

Based on 2022 accomplishments, the 2024 requested amount for CDBG funds would result in the following over time:

- 60,000 families provided with funding for direct homeownership assistance and home rehabilitation; and
- 46,000 individuals helped in gaining permanent employment or keeping their full-time jobs that were at risk of being lost; and 5.3 million people provided senior services, services through homeless and AIDS patients programs, food banks, services for the disabled, youth services, transportation services, and general health or mental health services.

Key Assumptions

During its 48-year history of allocations, increasing numbers of qualifying entitlement grantees and the declining value of CDBG appropriations in real dollars have limited the impact of CDBG funding. For example, the 2022 enacted level of $3.3 billion represents approximately one quarter of the funding level in 1975 when adjusted for inflation, while the number of grantees has doubled. Factoring the increase in grantees during that time (from 657 to 1234), the average inflation-adjusted allocation has dropped from $13.5 million in 1975 to $2.7 million in 2022.
Outcomes, Performance Indicators, and Other Evidence

Since HUD allocates CDBG funding to States, local governments, and insular areas, every additional dollar appropriated for CDBG goes directly to grantees to create more jobs, rehabilitate more affordable housing units, build more infrastructure, and provide more services to their communities.

CDBG investments reported leveraging an average of $2.80 for every $1.00 of grant funding during 2021, amplifying the CDBG program’s return on investment with $2.4 billion in other resources. The following outcomes were associated with CDBG funding in 2005 through 2022.

- 521,432 permanent jobs directly created or retained for low- and moderate-income persons.
- 609,447,979 low- and moderate-income persons benefitted from public facility improvements.
- 980,516,452 low- and moderate-income persons benefitted from public services.
- 1,757,737 low- and moderate-income households received housing assistance.

The Department will continue to measure success by its analysis of outcomes (e.g., number of households assisted) associated with CDBG funding by periodically reviewing the program’s impact within permanent jobs created/retained, public improvements, public services, and housing. Resident stakeholders frequently participate in the CDBG process and, in many communities, consider outcomes. Grantees set and report on local goals in their Consolidated Plans and annual reports, including publication of the plans and reports for comment and public hearings on needs and performance.

Stakeholders

The CDBG program has historically been a catalyst for collaboration amongst Federal, State, local, and private-sector partners. Grant funding provides opportunities for partners to develop collaborative working environments such as a multisector task force as well as regional/local working groups to address challenges within interagency program requirements and intergovernmental communication. Collaboration has enhanced the Department’s intersectional approach for resolving public improvement and facility funding gaps, housing equity, and employment loss. From 2005 to 2022, CDBG funding helped create or retain more than 521,000 jobs with CDBG funding and benefitted nearly 1.76 million households from the program’s housing-related services. The goal of the CDBG program is to continue to enable flexibility for local priorities within a broad national framework emphasizing benefit to low- and moderate-income persons. HUD provides policy, guidance, and technical assistance for grantees and their partners while allowing them to address the needs in low- to moderate-income communities.
## SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
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<tbody>
<tr>
<td>Entitlement / Non-Entitlement</td>
<td>3,293,000</td>
<td>604,349</td>
<td>3,897,349</td>
<td>2,629,423</td>
<td>3,293,000</td>
<td>1,267,645</td>
<td>4,560,645</td>
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<tr>
<td>Insular Areas</td>
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<td>Land Use Reform Grants (Grants to Identify and Remove Barriers to Affordable Housing)</td>
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<td>85,000</td>
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<td>3,050,083</td>
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<td>2,982,286</td>
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<td>Special Purpose Grants (Section 107)</td>
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<td>41</td>
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<td>-</td>
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<td>Economic Development Training (Section 805)</td>
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<td>349</td>
<td>7</td>
<td>-</td>
<td>344</td>
<td>344</td>
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<td>Entitlement / Non-Entitlement Grants (CARES Act)</td>
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<tr>
<td>Total</td>
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<td>3,750,891</td>
<td>13,586,800</td>
<td>5,336,153</td>
<td>11,387,266</td>
<td>8,250,642</td>
<td>19,637,928</td>
<td>3,415,000</td>
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</tbody>
</table>

a/ Disaster Assistance also includes recaptured formula funds that will be awarded to communities affected by Stafford Act declared disasters, pursuant to 42 USC 5306(c)(4). Carryover and recaptures for Disaster Assistance include, but are not limited to, appropriations provided by the following: P.L. 115-123, approved February 9, 2018, appropriated $28 billion for Hurricanes Harvey and Irma; P.L. 116-20, approved June 6, 2019, appropriated $2.4 billion for disasters that occurred in 2018 and 2019; P.L. 117-43 approved September 30, 2021, provided $5 billion for disasters that occurred in 2020 and 2021. Of this amount from P.L. 117-43, $5.5 million was transferred to the CPD S&E account.

b/ Carryover includes $379 thousand of recaptures for projects funded under the previous iteration of EDI that are unavailable.

c/ Carryover funds are recaptures from a program that no longer operates.

d/ 2022 Obligations include $226 thousand of recaptures that were reapportioned and obligated during the fiscal year.
LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriation Language Changes

The 2024 President’s Budget includes the following:

Added Flexibility While Determining Grant Eligibility: For the Recovery Housing Program, the Budget proposes flexibility for the Department to use the best available data to determine grant eligibility for jurisdictions where such age-adjusted rate data is unavailable. Since the current CDC data does not include Puerto Rico, this proposed change is necessary to allow HUD to use data to determine eligibility for all potentially eligible grantees.

General Provisions

The 2024 President’s Budget re-proposes the following general provisions that were enacted in the 2023 appropriations law:

- **Prevention of Entitlement Community Status:** This provision would prevent the use of funds to the termination a metropolitan city’s entitlement community status. (Sec. 218)
- **Formula Grant Allocation Revisions:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle. (Sec. 227)

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Permanent Authorization of CDBG-DR:** HUD supports a permanent, reliable framework for disaster recovery through authorizing CDBG-DR. Please see the CDBG-DR Congressional Justification for more details.
- **Enhance State CDBG Compliance Authority:** HUD 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.
- **Provide Interim Support for Low-Capacity Grantees:** 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.
- **Increase State Administration Cap:** 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.
The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For assistance to States and units of general local government, and other entities, for economic and community development activities, and other purposes, \[\$6,397,285,641\] \[\$3,415,000,000\], to remain available until September 30, [2026] 2027: Provided, That of the sums appropriated under this heading—

(1) \$3,300,000,000 shall be available 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"): Provided, That not to exceed 20 percent of any grant made with funds made available under this paragraph 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 paragraph 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 paragraph 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;

(2) \$85,000,000 shall be available for the Secretary to award grants on a competitive basis to State and local governments, metropolitan planning organizations, and multijurisdictional entities for additional activities under title I of the Act for the identification and removal of barriers to affordable housing production and preservation: Provided, That eligible uses of such grants include activities to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation: Provided further, That the Secretary shall prioritize applicants that are able to (A) demonstrate progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation; and (B) demonstrate an acute demand for housing affordable to households with incomes below 100 percent of the area median income: Provided further, That funds allocated for such grants shall not adversely affect the amount of any formula assistance received by a jurisdiction under paragraph (1) of this heading: Provided further, That in administering such amounts the Secretary may waive or specify alternative requirements for any provision of such title I 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 any such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts; and

(3) \$30,000,000 shall be available for activities authorized under section 8071 of the SUPPORT for Patients and Communities Act (Public Law 115–271): Provided, That funds allocated pursuant to this paragraph shall not adversely affect the amount of any formula assistance received by a State under paragraph (1) of 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) [except that the formula shall use age-adjusted rates of drug overdose deaths for 2020 based on data from the Centers for Disease Control and Prevention] (unless such age-adjusted rate is unavailable for a jurisdiction, in which case the Secretary shall use the best available data to determine eligibility and to allocate to such jurisdiction); and

(4) \$2,982,285,641 shall be available for grants for the Economic Development Initiative (EDI) for the purposes, and in amounts, specified for Community Project Funding/Congressionally Directed Spending in the table entitled "Community Project Funding/Congressionally Directed Spending" included in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act): Provided, That eligible expenses of such grants may include administrative, planning, operations and maintenance, and other costs: Provided further, That such

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grants for the EDI shall be available for reimbursement of otherwise eligible expenses incurred on or after the date of enactment of this Act and prior to the date of grant execution: Provided further, That none of the amounts made available under this paragraph for grants for the EDI shall be used for reimbursement of expenses incurred prior to the date of enactment of this Act: Provided further, That grants for the EDI authorized under this heading in the Department of Housing and Urban Development Appropriations Act, 2022 (Public Law 117–103) shall also be available for reimbursement of otherwise eligible expenses (including those eligible expenses identified in the first proviso of this paragraph) incurred on or after the date of enactment of such Act and prior to the date of grant execution, and shall not be subject to the second proviso under such heading in such Act:] [Provided further, That for amounts made available under paragraphs (1) and (3), the Secretary shall notify grantees of their formula allocation within 60 days of enactment of this Act].

(Department of Housing and Urban Development Appropriations Act, 2023)

(INCLUDING TRANSFERS OF FUNDS)

For an additional amount for "Community Development Fund", $3,000,000,000, to remain available until expended, for the same purposes and under the same terms and conditions as funds appropriated under such heading in title VIII of the Disaster Relief Supplemental Appropriations Act, 2022 (division B of Public Law 117–43), except that such amounts shall be for major disasters that occurred in 2022 or later until such funds are fully allocated and the fourth, twentieth, and twenty-first provisos under such heading in such Act shall not apply: Provided, That amounts made available under this heading in this Act and under such heading in such Act may be used by a grantee to assist utilities as part of a disaster-related eligible activity under section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)): Provided further, That of the amounts made available under this heading in this Act, up to $10,000,000 shall be made available for capacity building and technical assistance, including assistance on contracting and procurement processes, to support States, units of general local government, or Indian tribes (and their subrecipients) that receive allocations related to major disasters under this heading in this, prior, or future Acts: Provided further, That of the amounts made available under this heading in this Act, up to $5,000,000 shall be transferred to "Department of Housing and Urban Development—Program Office Salaries and Expenses—Community Planning and Development" for necessary costs, including information technology costs, of administering and overseeing the obligation and expenditure of amounts made available under this heading in this Act or any prior or future Act that makes amounts available for purposes related to major disasters under such heading: Provided further, That the amount specified in the preceding proviso shall be combined with funds appropriated under this same heading for this same purpose in any prior Acts and the aggregate of such amounts shall be available for the costs of administering and overseeing any funds appropriated to the Department related to major disasters in this, prior, or future Acts, notwithstanding the purposes for which such funds were appropriated: Provided further, That of the amounts made available under this heading in this Act, up to $5,000,000 shall be transferred to "Department of Housing and Urban Development—Office of the Inspector General" for necessary costs of overseeing and auditing amounts made available under this heading in this Act or any prior or future Act that makes amounts available for purposes related to major disasters under such heading: Provided further, That amounts repurposed under this heading that were previously designated by the Congress as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 or a concurrent resolution on the budget are designated by the Congress as an emergency requirement pursuant to section 4001(a)(1) of S. Con. Res. 14 (117th Congress), the concurrent resolution on the budget for fiscal year 2022, and section 1(e) of H. Res. 1151 (117th Congress), as engrossed in the House of Representatives on June 8, 2022.] (Disaster Relief Supplemental Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Community Planning and Development

Community Development Loan Guarantee

SUMMARY OF RESOURCES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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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 2024 President’s Budget requests $400 million in loan guarantee authority for the Community Development Loan Guarantee program, which is $100 million more than the 2023 enacted level. This increase reflects the increasing demand for Section 108 loan guarantees. HUD also anticipates greater use of the program if Congress enacts the proposal to add new construction of housing in mixed-use developments as an eligible activity.

With the implementation of the congressionally approved fee structure for the Section 108 program, HUD requests zero credit subsidy in 2024 to support this program. Instead of requesting a credit subsidy, HUD will support loans in 2024 through the imposition of a fee assessed on borrowers, continuing the policy that started with the 2015 Consolidated and Further Continuing Appropriations Act (Pub. L. 113-235).

This program aligns with HUD 2022-2026 Strategic Objective 1C: *Invest in the Success of Communities.*

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.

Under the requested funding level in 2024, 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 carried out by local governments that are vital to the improving the opportunities of 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.

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 approximately 300 localities across the country, with 468 outstanding loans totaling approximately $768 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, adaptive reuse, land acquisition, and related activities. Although some CDBG-eligible activities cannot be financed under Section 108 (such as public services), the CDBG activity types that can be financed through Section 108 account for approximately 70-75 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. 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).

Entitlement communities are eligible to apply for Section 108 loan guarantees equal to five times their most recent CDBG award, and 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 2,022 commitments totaling approximately $9.98 billion. When HUD guarantees a Section 108 loan, it provides a full faith and credit guarantee to the lender, thereby ensuring timely payment of principal and interest 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.

**Equity**

The requested funding level supports the Administration’s agenda in advancing equity by allowing borrowers to leverage their CDBG funding for transformative projects that address community development needs, such as rehabilitating affordable housing units, creating employment opportunities, and developing needed infrastructure in low- and moderate-income areas. Like CDBG funding, Section 108 primarily benefits low- and moderate-income persons that often suffer from a historic lack Federal investment in their communities.
Funding Impact

The Section 108 program enables communities to leverage their 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 2021 are projected to create nearly 28,500 jobs based on $1.3 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.

Authorizing the Section 108 program at $400 million would result in the following outcomes:

- The economic development investments financed with loans that would be guaranteed under Section 108 are expected to create or retain at least 3,300 jobs.
- 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 $118 million in financing for rehabilitation and construction of public facilities and infrastructure, $115.6 million for housing rehabilitation, and $166.4 million in assistance for economic development activities.

Key Assumptions

The requested authorization of $100 million more than the 2023 enacted level is due to growing demand for Section 108 loan guarantees to finance construction of infrastructure improvements and renovation of multifamily housing. In 2022, HUD issued more than $171 million in Section 108 commitments, the largest amount it has offered since 2013. That amount is nearly double the amount HUD committed in 2021 and is more than four times the amount committed in 2020. The current pipeline of Section 108 applications indicates that HUD will approach the funding limitation of $300 million in 2023. HUD requests an increased loan limitation level of $400 million in 2024 since the Department estimates that demand for the program will approach that level next fiscal year.

Outcomes, Performance Indicators, Risk, and Other Evidence

As discussed above, the Section 108 program currently has 468 outstanding loans totaling approximately $768 million, which support approximately 300 localities across the country. Existing loan guarantee commitments could extend up to 20 years into the future. HUD will continue to ensure timely repayment of these loans on a quarterly basis as well as continue to provide regulatory and programmatic oversight.

New Housing Construction Legislative Proposal

HUD proposes to add new construction of housing as a component of mixed-use developments as an eligible activity under the Section 108 loan guarantee program. HUD recognizes that the lack of affordable housing nationwide is a crisis that compels the Federal government to use every program at its disposal to address. Historically, HUD has worked with Section 108 borrowers to finance new construction for public facilities or economic development activities and to support activities such as infrastructure, adaptive reuse, and rehabilitation. This proposal will boost housing supply and support transit-oriented development by enabling grantees to include new units of affordable housing in properties constructed for other uses.

The ability to directly fund new construction would make financing options simpler and expand the pool for potential future Section 108 borrowers. Communities seeking to use Section 108 funds in the
past have been stymied by new construction not being an eligible activity, especially as they sought to finance mixed-use developments, which are a popular way to connect housing units to job-generating businesses and/or needed services.

Allowing Section 108 borrowers to use funds to construct new housing in mixed-use developments would provide communities a critical tool to finance new housing for low- and moderate-income persons. This proposal limits the addition of new construction as an eligible activity only to Section 108-funded activities. It would not introduce new construction as an eligible activity under CDBG. Likewise, allowing new construction of housing only in mixed-use developments ensures that grantees focus such activities on projects that incorporate multiple aspects of community development, through the creation of jobs or provision of services in addition to adding new housing.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carry over Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Legislative Proposals

The 2024 Budget supports the following legislative proposal and will seek changes through the authorization process:

**New Housing Construction:** The proposal would add housing construction as an eligible Section 108 activity when construction is part of a mixed-use development.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

Subject to section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a), during fiscal year [2023] 2024, 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] $400,000,000, 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 non-entitlement areas that received the commitment. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
HOME Investment Partnerships Program

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<th></th>
<th>Enacted/Requested</th>
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<th>Obligations</th>
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<td>(2,252)</td>
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a/ Carryover on the 2022 Appropriation row includes $1.1 million in funds recaptured in 2022.

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 2024 President’s Budget requests $1.8 billion for the HOME Investments Partnerships Program, which is $300 million more than the 2023 enacted level. This request includes $100 million for the FirstHOME Downpayment Assistance initiative to States and insular areas to better ensure sustainable homeownership.

This program aligns with HUD 2022-2026 Strategic Objectives 2A: Increase the Supply of Housing, and 3A: Advance Sustainable Homeownership.

JUSTIFICATION

According to the National Low Income Housing Coalition Out of Reach 2021: The High Cost of Housing report, there is no State, metropolitan area, or county where a full-time minimum-wage worker can afford a modest two-bedroom rental home, and these workers cannot afford a modest one-bedroom apartment in 93 percent of counties in the United States.\(^1\)

Another study, from the Joint Center for Housing Studies of Harvard University, America’s Rental Housing 2022, shows that there is a shortage of 1.5 million rental units that are both affordable and available to households making up to 80 percent of the area median income. For the lowest income households, the shortage of affordable and available homes is 6.8 million units. This study also states that materials, and labor costs for construction have more than doubled since 2001 and were up nine percent from July 2020 to July 2021. Also, land prices have increased 16 percent in just one year. These factors have furthered affordability challenges for the nation’s lower income population.

\(^1\) [https://nlihc.org/oor](https://nlihc.org/oor)
Since this study was published, the costs for construction and rehabilitation of the nation’s housing stock have increased further, making the provision of affordable housing even more difficult. HOME meets a critical need in addressing these affordable housing issues, by providing funds for construction or rehabilitation of housing for renters and homebuyers, owner-occupied rehabilitation, and also tenant-based rental assistance.

In addition, 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. 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.

**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.

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). The HOME program has longstanding success in promoting homeownership, which creates generational wealth and advances equity. When HOME funds are spent to build and rehabilitate homes, local jobs are created or preserved, thereby providing opportunities for area residents to gain economic stability and build wealth in and spur economic growth within their local communities.
Funding Impact

An investment of HOME funds at the requested level of $1.8 billion will result in the following over time:

- 14,783 units of affordable housing for new homebuyers;
- 13,300 units of newly constructed and rehabilitated affordable rental units;
- 6,622 units of owner-occupied rehabilitation for low-income homeowners; and
- 11,966 low-income households assisted with HOME tenant-based rental assistance.

Funding at the requested level would require HOME participating jurisdictions to provide $450 million in matching contributions and, based on historical activity, would leverage a total of approximately $8.48 billion in public and private funds. In addition, HOME funding at the requested level would preserve/create approximately 32,166 jobs.

Key Assumptions

HOME production estimates are based on the past two years of data for completed HOME projects. The estimates reflect the increased costs of development and building materials due to the impact of COVID-related supply chain issues and inflation.

Outcomes, Performance Indicators, and Other Evidence

Since the launch of the HOME Program in 1992, participating jurisdictions have completed 1,348,886 affordable units, of which 551,468 were for new homebuyers, 259,084 were for owner-occupied rehabilitated housing, and 538,334 were new and rehabilitated rental units. The HOME program has helped ensure access to affordable housing by providing 415,269 low-income families in the past 31 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).

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 71,424 completed HOME-assisted rental units were part of LIHTC projects from 2016-2022.

Stakeholders

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 stakeholders to help stabilize individuals, families, and their communities by providing decent, safe, sanitary, and affordable housing.

Operational Improvements

HUD is drafting a proposed rule that will modernize and streamline the HOME regulations, subject to the constraints of the existing statute.
<table>
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<tr>
<th>STATE or TERRITORY</th>
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<th>Enacted FY 2023</th>
<th>Estimate FY 2024</th>
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### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

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<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
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Note: 2024 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 2024 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 the provision that allowed recaptured no-year Community Housing Development Organization funds to be allocated as part of the formula allocation.
- Extends the suspension of the 24-month commitment period for HOME funds for another year so that the funds remain with the jurisdiction and deletes earlier years that are no longer necessary to include. 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 jurisdictions 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.
Legislative Proposals

The 2024 Budget supports the following legislative proposal and will seek changes through the authorization process:

Streamlining the HOME Statute: HOME was authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990. Except for modest streamlining in 1994, the HOME authorizing statute has not been revisited in three decades, even as the need for affordable housing has grown and new financing tools and development approaches have been developed. Simplification and modernization of this important affordable housing development program is long overdue. Though proposed legislative text is not incorporated in this Budget, HUD recommends legislative reform to streamline and modernize the program. There is no direct effect on budgetary authority; but the one key goal of reform is to make HOME funds easier for participating jurisdictions and other stakeholders to administer through more understandable language and streamlining of complex requirements, which could result in less potential misuse of funds.

APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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.), [[$1,500,000,000]$1,800,000,000, to remain available until September 30, [2026] 2027: Provided, 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 the Department shall notify grantees of their formula allocations within 60 days after enactment of this Act 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 purposes: 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 such waivers or alternative requirements are necessary to expedite or facilitate the use of amounts awarded pursuant to the preceding provisions: 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 any calendar year from [2016][2018 through [2025][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 any calendar year from 2018 through [2025][2026 under that section. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Self-Help Homeownership Opportunity Program (SHOP)

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
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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 nonprofit 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 (Section 4) Program awards grant funds to national nonprofits to deliver capacity-building support to local organizations. The 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.

- 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 and 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 2024 President’s Budget requests $60 million for the Self-Help Homeownership Opportunity Program, which is $2.5 million less than the 2023 enacted level. This includes:

- $10 million for SHOP;
- $41 million for Section 4;
- $5 million for RCB; and
• $4 million for VHRMP.

This program aligns to HUD 2022-2026 Strategic Objectives 1A: *Advance Housing Justice*, 1C: *Invest in the Success of Communities*, 2A: *Increase the Supply of Housing*, and 3A: *Advance Sustainable Homeownership*.

**JUSTIFICATION**

**Self-Help Homeownership Opportunity Program (SHOP)**

Through SHOP, HUD awards grants to eligible 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.

**Equity:** The funding request for 2024 will advance equity within the program by awarding grants to national and regional organizations and consortia who will provide homeownership opportunities to families underserved by the traditional homeownership market. The sweat equity model of SHOP is associated with neighborhood-strengthening spillover benefits including greater collective efficacy and improved neighboring and civic engagement.¹

**Funding Impact:** The Budget requests $10 million for SHOP. Through a Notice of Funding Opportunity (NOFO), funding will be awarded to grantees for eligible expenses to develop decent, safe, and sanitary dwellings that comply with State and local codes, ordinances, and zoning requirements, and with all other SHOP requirements.

**Key Assumptions:** Land acquisition, infrastructure improvements, and reasonable and necessary planning and administration costs are the only eligible uses for SHOP grant funds. 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.

Currently, 50 percent of SHOP beneficiaries 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 for such individuals to meet hourly sweat equity requirements. 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 nonprofit 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.

**Outcomes, Performance Indicators, and Other Evidence:** HUD addresses the risks identified in the program office’s internal risk analysis by developing and implementing the monitoring and oversight of grantees.

**Stakeholders:** SHOP funds are awarded by competition to national and regional nonprofit organizations. National SHOP grantees pass funds through to local affiliate organizations (e.g., local Habitat for Humanity groups). Regional grantees are generally consortia of multiple nonprofit groups that directly undertake SHOP activities.

¹ 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/)
The Capacity Building for Community Development and Affordable Housing program, also referred to as Section 4, provides grants to national nonprofits to deliver capacity-building support to local organizations. This support provides local organizations with the knowledge and resources to initiate, improve, or expand implementation of community development, housing, and economic development activities. Section 4 grantees provide capacity-building support through two primary methods: (1) direct engagement, such as technical assistance, training, peer-to-peer learning, curriculum development, and organizational assessments; and (2) financial assistance, such as 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. Section 4 grantees coalesce Federal financial assistance investments with direct beneficiary engagement, to ensure that the Federal funding supports the projected outcomes, and that the local organizations experience sustainable capacity-building change. For the Section 4 program, $5 million is made available for rural capacity-building activities.

**Equity:** The Budget 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. Funding levels will also advance equity in this program, making additional resources available to underserved communities that otherwise would not have access to instrumental housing programs, information, and resources. Poverty is a major underpinning of underserved rural communities; funding would allow organizations to provide more targeted investments to rural areas, tribes, and small communities that currently lack access and opportunity.

The capacity building provided by Section 4 grantees 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. Capacity building provided through the grant programs leads to affordable housing production and rehabilitation, as indicated in the program outputs shared below. The accomplishments in the 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. The Budget will help advance equity by providing greater access to housing and economic development for underserved rural areas, small towns, and farming communities that typically have limited resources, as well as urban areas, through Section 4.

**Funding Impact:** The request includes $41 million for the Section 4 program, which is $1 million less than the 2023 enacted level. The request will continue to support a variety of programs such as green building, development of healthcare and childcare facilities, strengthening of neighborhood commercial corridors, job creation, and community safety. These services are the backbone of low- and moderate-income communities. Additionally, the Section 4 program is uniquely situated to provide financial support and development assistance to nonprofit CDCs to support housing and community revitalization efforts.

**Outcomes, Performance Indicators, Risk, and Other Evidence:** The Section 4 program competitively awards grant funds to the following three eligible grantees: Enterprise Community Partners, Habitat for Humanity International, Inc., and Local Initiatives Support Corporation to provide capacity-building support to CDCs and CHDOs. Primarily, these grant funds 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 2017 – 2020 Capacity Building appropriations, the three Capacity Building program grantees have so far achieved the following outputs:
• Served 7,661 eligible organizations;
• Provided 584 trainings;
• Constructed 15,100 new housing units;
• Rehabbed, sustained, and/or reconstructed 13,991 housing units;
• Placed 41,809 housing units into the development process; and,
• Awarded a total of $74,329,697 in sub-grants to 1,525 subgrantees.

Section 4 funds have also been used to provide much needed disaster recovery relief. Specifically, these funds have been used to assist communities impacted by Hurricanes Katrina, Sandy, Harvey, Irma, Maria, and Michael and the California wildfires.

**Rural Capacity Building Programs**

**Equity:** RCB enhances the capacity and ability of rural housing development organizations, CDCs, CHDOs, local governments, and Indian tribes to carry out affordable housing and community development activities in rural areas for the benefit of low- and moderate-income families and persons. The RCB program achieves this by funding national organizations with expertise in rural housing and rural community development who work directly to build the capacity of eligible beneficiaries.

**Funding Impact:** RCB funding is urgently needed to help meet the increasing needs of underserved communities, as well as the expanding housing needs of smaller isolated, rural communities. The Budget provides $5 million to support expanding the program’s capacity to meet the growing and emerging demand for rural housing and community development. Challenges in rural communities include, but are not limited to:

• Rural communities have experienced a significant decline in the renovation of existing construction of new housing in small towns and farming communities; and,
• Fewer homes are being built in rural America which exacerbates homelessness and perpetuates low rates of homeownership in rural areas.

**Key Assumptions:** RCB funds are limited to capacity building activities that strengthen the organizational infrastructure, management, and governance capabilities of eligible beneficiaries serving rural areas. Through these activities, eligible beneficiaries increase their capacity to carry out community development and affordable housing activities that benefit low-income or low- and moderate-income families and persons in rural areas. RCB grantees can provide capacity building support through direct engagement (i.e., technical assistance, training, peer to peer learning, etc.). Rural communities experience a disproportionate amount of the Nation’s occupied substandard housing. Of the 116 million occupied housing units in the country, only 25 million units are located in rural and small communities, and over 1.5 million of these units are moderately or severely substandard. In small rural areas, 40 percent of renters pay more than 30 percent of their income on housing, with nearly a quarter of rural counties experiencing a sizable increase in the number of severely cost burdened households (families spending more than 50 percent of their income on rent). These data emphasize the emanating and growing need for an increase in resources, as demonstrated by the significant need. The Budget will enable resources to be directly infused into organizations working in these vulnerable communities and contribute to the expansion of housing access (by way of supporting homeownership programs, providing rental assistance program information, training, housing information sessions, etc.).

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2 National Rural Housing Coalition, [https://ruralhousingcoalition.org/overcoming-barriers-to-affordable-rural-housing/](https://ruralhousingcoalition.org/overcoming-barriers-to-affordable-rural-housing/)

3 Harvard Joint Center for housing studies. “America’s Rental Housing 2017” [https://www.jchs.harvard.edu/sites/default/files/harvard_jchs_americas_rental_housing_2017_0.pdf](https://www.jchs.harvard.edu/sites/default/files/harvard_jchs_americas_rental_housing_2017_0.pdf)
Outcomes, Performance Indicators, Risk, and Other Evidence: From 2017-2020, RCB made significant gains in providing much needed services to eligible populations. RCB grantees have so far achieved the following outputs:

- Served 1,235 eligible organizations;
- Provided 155 trainings;
- Constructed 744 new housing units;
- Rehabbed, sustained, and/or reconstructed 1,087 housing units;
- Placed 967 housing units into the development process; and,
- Awarded 28 sub-grants for a total of $868,111.

Operational Improvement: The Office of Policy Development and Coordination (OPDC) within CPD administers the Capacity Building and RCB grant programs. OPDC worked in partnership with the Office of Policy, Development, and Research (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.

Veterans Housing Rehabilitation and Modification Pilot Program

Equity: The Budget will continue to help advance equity by partnering with the U.S. Department of Veterans Affairs (VA) to strengthen VHRMP grantees’ program delivery and outreach to Veterans Service Organizations (VSO) in supporting disabled and low-income veterans. An estimated 13 percent of American households in 2019 use a mobility device (wheelchair, walker, cane, etc.). 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 have some essential structure features for accessibility but would not be accessible without further modifications. In 2018, 27.9 percent of non-institutionalized civilian veterans aged 21 to 64 years reported having a disability connected with their service. 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.

Funding Impact: The Budget provides $4 million, $3 million more than the 2023 enacted level and will rehabilitate and/or modify approximately 300 housing units.

Key Assumptions: The purpose of VHRMP is to explore the potential benefits of awarding grants to nonprofit organizations to rehabilitate and modify the primary residence of veterans who are low-income and living with disabilities. Through the NOFO, $4 million will be awarded to nationwide or statewide nonprofit organizations that provide programs that primarily serve veterans or low-income individuals.

Outcomes, Performance Indicators, and Other Evidence: HUD addresses the risks identified in the program office’s internal risk analysis by developing and implementing the monitoring and oversight of grantees. In addition, the statutory annual Report to Congress provides specific performance measurements in the form outputs and outcomes to track overall program progress.

Stakeholders: HUD makes awards to nonprofit organizations that provide nationwide or statewide programs to rehabilitate and modify the primary residence of disabled and low-income veterans.

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4 U.S. Census Bureau, American Housing Survey.
HUD will continue to partner with the VA, the Department of Agriculture (USDA), and other Federal partners to strengthen program delivery and outreach, as well as VSO’s in continued support of disabled and low-income veterans.

Operational Improvements: VHRMP statutory language requires that applicants provide a 50 percent match of the funding request. In addition, there is an award cap of $1 million per application and/or grant award. This prevents HUD from awarding the total Budget in the event there are insufficient funds. As a result, the 2024 VHRMP NOFO outreach strategy will: 1) Provide at least 90 days for potential applicants to submit applications; 2) Produce a 2024 VHRMP national web conference for potential organizations after the publication of the NOFOs; 3) Post NOFO announcements on the HUD website, HUD Exchange, Rural Gateway webpage/listserv, and Grants.gov; 4) Partner with Office of Rural Housing and Economic Development’s (ORHED’s) intra-agency and interagency working groups to engage the USDA, VA, and the Federal HBCU Interagency Working Group to spread the word through agency listservs; and, 5) Work with HUD’s Center for Faith-Based and Neighborhood Partnerships to provide technical assistance in the form of grant writing workshops for potential applicants. As a note, HUD program office staff who administer program grant competitions are prohibited in providing this type of technical assistance to ensure that there is no appearance of an unfair advantage, in compliance with the HUD Reform Act of 1989.

### SUMMARY OF RESOURCES BY PROGRAM

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<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover into 2023</th>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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]2026: Provided, That of the sums appropriated under this heading—
(1) [$13,500,000] $10,000,000 shall be available for the Self-Help Homeownership Opportunity Program as authorized under such section 11;

(2) [$42,000,000] $41,000,000 shall be available 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, That for purposes of awarding grants from amounts made available in this paragraph, the Secretary may enter into multiyear agreements, as appropriate, subject to the availability of annual appropriations;

(3) [$6,000,000] $5,000,000 shall be available 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; and

(4) [$1,000,000] $4,000,000 shall be available for a program to rehabilitate and modify the homes of disabled or low-income veterans, as authorized under section 1079 of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (38 U.S.C. 2101 note) [: Provided, That the issuance of a Notice of Funding Opportunity for the amounts made available in this paragraph shall be completed not later than 120 days after enactment of this Act and such amounts shall be awarded not later than 180 days after such issuance]. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Homeless Assistance Grants

SUMMARY OF RESOURCES
(Dollars in Thousands)

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a/ FY 2022 Carryover, per Sec. 231 of P.L. 116-94, carryover includes Rental Assistance recaptures of $399 million.
b/ FY 2023 Carryover, per Sec. 231 of P.L. 116-94, carryover includes estimated Rental Assistance recaptures of $249 million, as well as $3.0 million in other anticipated recaptures.
c/ FY 2022 Net Outlays, per Stat. 608 of P.L. 116-136, outlays include $1.8 billion from CARES Act.
d/ FY 2023 Net Outlays, per Stat. 608 of P.L. 116-136, outlays include $1.1 billion from CARES Act.
e/ FY 2024 Net Outlays, per Stat 608 of P.L. 116-136, outlays include an estimated $200 million from CARES Act.

PROGRAM PURPOSE

Homeless Assistance Grants (HAG) are key to addressing homelessness nationwide, which has declined by nine percent between 2010 and 2022.¹ 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 rehousing, transitional housing, and permanent supportive housing.

BUDGET OVERVIEW

The 2024 President’s Budget requests $3.7 billion for HAG, which is $116 million more than the 2023 enacted amount.

- $3.4 billion for Continuum of Care:
  - $3.3 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; and
  - $52 million for rapid re-housing for persons experiencing trauma or a lack of safety related to domestic violence, dating violence, sexual assault, stalking, or human trafficking.

- $290 million for Emergency Solutions Grants (ESG), which supports over 350,000 persons in emergency shelter each year.

- $27 million for the National Homeless Data Analysis Project:
  - $12 million for Homeless Management Information System (HMIS), data analysis, and technical assistance; and
  - $15 million to assist victim service providers to use comparable databases that comply with HUD’s data collection, reporting, privacy, and security requirements and empower victim service providers and CoCs to better use and analyze their data

¹ Department of Housing and Urban Development. The 2022 Annual Homelessness Assessment Report to Congress, Part 1
HOMELESS ASSISTANCE GRANTS

- to inform services for survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking.

- $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.

These programs align with HUD 2022-2026 Strategic Objective 1B: *Reduce Homelessness.*

JUSTIFICATION

Homelessness affects over 580,000 adults and children on any given day. The number of people experiencing unsheltered homelessness is rising across the country with four in ten (40 percent) of people experiencing homelessness staying on the street, in encampments, or in other places not suitable for human habitation. 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 the Department of Veterans Affairs (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 more than half since 2010. A similar decline (36 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

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). 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 2022 AHAR Part 1 shows that homelessness increased slightly between January 2020 and January 2022. The number of people experiencing homelessness nationwide increased by less than one percent (1,996 people). This increase was driven by a three percent (7,752 people) increase in unsheltered persons overall. Between 2007 and 2022, the number of people experiencing homelessness on a single night in January has decreased by 10 percent (64,796 people). Unsheltered homelessness declined by nine percent (22,025 fewer people) over the same period. The number of veterans experiencing homelessness decreased by 11 percent between 2020 and 2022 and has

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dropped by 55 percent since 2010. We continue to see over-representation of people of color in the homeless population. People identifying as Black or African American accounted for 37 percent of all people experiencing homelessness but are 12 percent of the total U.S. population.

Continuum of Care Program ($3.4 billion, including renewals 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 2021 CoC program competition, 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 one to five 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 2022.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Estimated Renewal Need (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$3,071 - $3,133</td>
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<tr>
<td>2024</td>
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<tr>
<td>2027</td>
<td>$3,264 - $3,466</td>
</tr>
<tr>
<td>2028</td>
<td>$3,332 - $3,538</td>
</tr>
</tbody>
</table>

For nearly 20 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 2021, HUD allocated over $1.75 billion – 66 percent of its competitive funds – to permanent supportive housing projects. Another $463 million – 17 percent of its competitive funds – supports people in rapid re-housing programs, another evidence-based permanent housing model designed to quickly rehouse people experiencing homelessness.
The proposal also includes $134 million for new projects, of which $52 million within the CoC budget is for new rapid re-housing projects and other assistance to serve people experiencing trauma or a lack of safety related to domestic violence, dating violence, sexual assault, stalking, or human trafficking. For the past several years, HUD has made a significant investment in housing and service solutions for survivors of gender-based violence. Providing this funding will allow more communities to create the necessary housing and service options to protect survivors of gender-based violence and help them access and maintain safe and stable housing and achieve economic stability.

The Budget includes $82 million for new YHDP grants that would provide more communities with resources 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 youth.

In 2024, HUD also plans to utilize recaptures that have been repurposed in accordance with section 231 of P.L. 116-94 (42 USC 11364a); any future planned uses of recaptured funds covered by section 231 will be communicated to the Committees and submitted in a plan in accordance with section 231.

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 rental assistance and stabilization services; and,
- Homelessness prevention for individuals and families.

National Homeless Data Analysis Project ($27 million, including $15 million for comparable database support for victim service providers)

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. The $5 million increase will help to create additional analysis capacity, particularly related to racial equity analysis.

The request also includes $15 million to support victim service providers with their comparable databases. HUD has provided additional funding since 2018 for grants to assist survivors of
domestic violence. Many providers and communities, including past recipients of funding dedicated for domestic violence survivors, need help implementing comparable databases compliant with Violence Against Women Act requirements. Victim service providers need further capacity to ensure they are producing high data quality and to analyze and report their data to demonstrate their effectiveness while maintaining the confidentiality of survivor data.

**Key Partners and Stakeholders**

Throughout the COVID-19 pandemic, HUD 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 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 U.S. Interagency Council on Homelessness (USICH) continue to collaborate on innovative strategies to reduce veteran homelessness, including the use of rapid resolution, a problem-solving technique that helps veterans reunify with family members or find other creative housing options. This partnership has been critical in reducing homelessness by 55 percent since 2010.

HUD, the 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.

HUD and several HHS agencies jointly operate the Housing and Services Resource Center that provides resources and technical assistance to help communities coordinate programs that fund and provide supportive services with housing assistance for older adults, people with disabilities, and people experiencing homelessness.
Research-based Evidence of Effectiveness

HUD recently released a series of case studies that highlight how communities across the country are addressing homelessness.\(^3\) 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 recent rise of unsheltered homelessness, 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.\(^4\) The researchers found that physical health, behavioral health, and trauma are significant contributing factors to loss of housing, particularly for unhoused women. Unhoused 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 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.\(^5\) 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.\(^6\)


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. 7 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. 8 Additionally, evaluation of the HUD YHDP shows the level of coordination involved with successfully implementing these grants and the evaluation will provide further explore the impacts of this targeted funding. 9

Promoting Equity within Underserved Communities

HUD’s Homeless Assistance Grants support communities’ efforts to promote equity in the homeless response system, and HUD provides tools and resources to help communities evaluate equity in their homeless response system. 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.

Operational Improvements

HUD is seeking enactment of amendments to the McKinney-Vento Act that would allow HUD to administer the CoC Competition on a two-year cycle rather than annually. This would allow communities to have more time to plan and implement homelessness assistance strategies. It would also dramatically reduce administrative burden for communities, recipients, and HUD.

HUD is also seeking authority to provide more flexibility for Tribes and Tribally Designated Housing Entities (TDHEs) to participate in the CoC program. The language would eliminate the need for Tribes and TDHEs to receive certifications of consistency with Consolidated Plans while also allowing them to target assistance to Tribal Members.

Information Technology (IT)

Within the IT Fund, the Budget requests $5 million to support the electronic Special Needs Assistance (e-snaps) system.

electronic Special Needs Assistance (e-snaps) - $5 million: HUD uses the e-snaps system to automate the $3 billion annual Continuum of Care (CoC) Program Competition, including an online data portal for applicants to submit detailed applications for homeless assistance funding. However, the e-snaps system is almost 16 years old and increasingly unstable, in use far beyond its originally projected technical lifespan. Continued use of e-snaps presents increasing risk to HUD’s ability to make accurate and timely award. Basic system changes and updates required annually for each competition are costly; each change risks the stability of the system. A system failure, or significant drop in performance, will be catastrophic to the CoC Program and detrimental to local communities and homeless assistance providers that would experience significant funding delays.

Beginning with 2023 funding ($3 million) and continuing with 2024 and 2025 funding, this project will replace e-snaps with a modern, reliable, and stable platform improving the efficiency of CoC grants management activities, drastically reducing program risk, and reducing maintenance and licensing costs.

For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.
### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
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<td>Youth Homelessness Demo System Improvement</td>
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<td>3,905,959</td>
<td>7,538,959</td>
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*The 2022 Continuum of Care Carryovers and Recaptures includes $399 million of actual Rental Assistance Recaptures (including $56.7 million for CoCs in rural areas and $56.7 million for ESG disaster areas) through December 31, 2022, and anticipated Rental Assistance recaptures of $249 million, authorized by Sec. 231 of P.L. 116-94, as well as $3 million in other anticipated recaptures.*

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Capacity Building for Victim Service Provider Data Collection and Reporting**: To support the request for $15 million to support victim service providers with their data collection and reporting, specifically with comparable databases, language needs to be included for this provision.

#### Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:
• **Allow a 2-year Notice of Funding Opportunity (NOFO) under the CoC Program:** This provision will 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. Allowing a 2-year NOFO process would free up CoCs to focus more on strategic planning and performance evaluation to better prevent and end homelessness in their communities. This proposal does not impact the Budget.

• **Increase the CoC Planning Grant Threshold:** HUD proposes to increase the CoC planning grant limit from three 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 five percent or $50,000. Increasing this limit will allow many smaller CoCs to have funding for dedicated staff to coordinate assistance across the CoC.

**General Provisions**

The 2024 President’s Budget re-proposes the following general provisions that were enacted in the 2023 appropriations bill:

• **Matching Requirements:** This provision allows Homeless Assistance Grant recipients to count program income as an eligible match for CoC program funds. (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. (Sec. 222)

The 2024 President’s Budget re-proposes the following general provision:

• **Flexibility for Tribes:** This provision will give Indian Tribes the flexibility needed to successfully 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. (Sec. 231)

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For assistance under title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360 et seq.), and for related activities and assistance, [$3,633,000,000] $3,749,000,000, to remain available until September 30, [2025] 2026: Provided, That of the sums appropriated under this heading—

(1) $290,000,000 shall be available for the Emergency Solutions Grants program authorized under subtitle B of such title IV (42 U.S.C. 11371 et seq.)[ :Provided, That the Department shall notify grantees of their formula allocation from amounts allocated (which may represent initial or final amounts allocated) for the Emergency Solutions Grant program not later than 60 days after enactment of this Act];

(2) [$3,154,000,000] $3,350,000,000 shall be available 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 re-housing 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 title IV [or] 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, or stalking, except that the Secretary may make additional grants for such projects and purposes from amounts made available for such Continuum of Care program: Provided further, That amounts made available for the Continuum of Care program under this paragraph and any remaining unobligated balances under this heading in 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) $27,000,000 shall be available for the national homeless data analysis project: Provided, 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: Provided further, That of the amount made available under this paragraph, $15,000,000 shall be available for a capacity building initiative for victim service providers, including to improve data systems and analysis, in addition to and in coordination with other technical assistance funds and other amounts for such purposes provided under this title;

(4) $82,000,000 shall be available 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 the amount made available under this paragraph, not less than $25,000,000 shall be for youth homelessness system improvement grants to support communities, including but not limited to the communities assisted under the matter preceding this proviso, in establishing and implementing a response system for youth homelessness, or for improving their existing system: Provided further, That of the amount made available under this paragraph, up to $10,000,000 shall be to provide technical assistance to communities, including but not limited to the communities assisted in the preceding proviso and the matter preceding such proviso, 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 preceding 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; and]

(5) $75,000,000 shall be available for one-time awards under the Continuum of Care program for new construction, acquisition, or rehabilitation of new permanent supportive housing, of which not more than 20 percent of such awards may be used for other Continuum of Care eligible activities associated with such projects and not more than 10 percent of such awards may be used for project administration: Provided, That these amounts shall be awarded on a competitive basis, based on need and other factors to be determined by the Secretary, including incentives to establish projects that coordinate with housing providers, healthcare organizations and social service providers: Provided further, That not less than $30,000,000 shall be awarded to applicants for
projects within States with populations less than 2,500,000, except that if such amount is undersubscribed any remaining amounts may be awarded to qualified applicants for projects in any State: Provided further, That the grants for ongoing costs associated with such projects shall be eligible for renewal under the Continuum of Care program subject to the same terms and conditions as other renewal applicants:

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: Provided further, 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Housing Trust Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
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<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recision</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<td>(20,207)</td>
<td>(307,801)</td>
<td>(299,268)</td>
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</table>

a/ 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.
b/ 2023 Total Resources include sequestered funds (5.7% of budget authority, or $20.195 million) made temporarily unavailable per the OMB Report to the Joint Congress on the Joint Reductions for Fiscal Year 2023, partially offset by $42.169 million in 2022 that became available in 2023.
c/ 2024 Total Resources include $20.235 million previously sequestered in 2023, partially offset by $18.468 million (or 5.7% estimate 2024 budget authority per extension of sequestration until 2031).
d/ 2022 Carryover includes $7.5 million in funds recaptured in 2022.
e/ The numbers included in the Summary of Resources table reflect actual collections for 2023 budget authority, which may generate differences from the 2024 Budget Appendix because of the timing of the receipts that fund this account.

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 2024 President’s Budget estimates $324 million will be provided to this account from assessments from Freddie Mac and Fannie Mae.

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.

This program aligns with HUD 2022-2026 Strategic Objective 2A: Increase the Supply of Housing.

JUSTIFICATION

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. 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

HOUSING TRUST FUND

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 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**

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 these existing impediments. 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 funding level of $324 million, 100 percent of funds must be used for extremely low-income families. This deep targeting ensures the priority of this program is helping those with the greatest needs.

**Funding Impact**

Housing Trust Fund program funding of $324 million will fund the new construction of approximately 2,639 rental units across the country, assuming a per-unit investment of $110,500, and will leverage approximately $3.16 billion of other private and public funds necessary to provide affordable rental housing for extremely low-income households over time. It would also preserve or
create approximately 5,790 jobs. This program will increase the number of extremely low-income households that can access housing and contribute to alleviating the housing supply crisis.

**Key Assumptions**

Program production estimates are based on the historical data available since program inception in 2016.

**Outcomes, Performance Indicators, and Other Evidence**

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

- Completed 3,525 units of affordable housing, with an average investment per assisted unit of $110,500; and
- Leveraged $3.78 billion of other funds for affordable housing with a leveraging ratio of 9.75:1 (i.e., $9.75 of private or other public dollars for each Housing Trust Fund dollar invested in rental projects).

**Stakeholders**

The Housing Trust Fund is a formula-based program for States and Insular areas to direct funds based on their specific needs to increase the supply of affordable housing for very low and low-income families.

**Operational Improvements**

See the Legislative Proposals and General Provisions section below, which describes the operational improvements facilitated by several proposals requested by HUD.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula Grants</td>
<td>739,808</td>
<td>113,338</td>
<td>851,494</td>
<td>493,970</td>
<td>354,304</td>
<td>357,524</td>
<td>733,802</td>
<td>324,000</td>
</tr>
<tr>
<td>Total</td>
<td>739,808</td>
<td>113,338</td>
<td>851,494</td>
<td>493,970</td>
<td>354,304</td>
<td>357,524</td>
<td>733,802</td>
<td>324,000</td>
</tr>
</tbody>
</table>

*a/ 2021 Carryover into 2022 includes $7.5 million in funds recaptured funds in 2022.
 b/ 2022 and 2023 Total Resources reflect net sequestration activity.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

**General Provisions**

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 appropriations bill:

**Formula Grant Allocation Adjustments:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle. (Sec 227)
Legislative Proposals

The 2024 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.

- **Eliminate the two-year commitment requirement**: A statutory provision and program regulation requires 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 a similar commitment requirement that has been suspended by 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)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Appropriation</td>
<td>13,940,000</td>
<td>451,029</td>
<td></td>
<td>14,391,029</td>
<td>14,067,670</td>
<td>13,904,865</td>
</tr>
<tr>
<td>2023 Appropriation</td>
<td>14,907,000</td>
<td>444,748</td>
<td></td>
<td>15,351,748</td>
<td>15,160,000</td>
<td>14,961,000</td>
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<tr>
<td>2024 President's Budget</td>
<td>15,904,000</td>
<td>321,000</td>
<td></td>
<td>16,225,000</td>
<td>15,921,000</td>
<td>15,281,000</td>
</tr>
<tr>
<td>Change from 2023</td>
<td>997,000</td>
<td>(123,748)</td>
<td></td>
<td>873,252</td>
<td>761,000</td>
<td>320,000</td>
</tr>
</tbody>
</table>

a/ 2022 Resources includes an estimated $370 million of unobligated balances, an adjustment of $3 million to the beginning balance, $43 million from recaptures, $34 million from transfers from the Public Housing Fund, and $5 million from Housing for the Elderly for RAD conversions.

b/ 2023 Resources include an estimated $323 million of unobligated balances, an estimated $56 million from recaptures, an estimated $41 million from transfers from the Public Housing Fund, and an estimated $26 million from Housing for the Elderly for RAD conversions. It also includes $1.3 million of RAD funding transfer from PBRA to Other Assisted Housing.

c/ 2024 Resources includes unobligated balances of $192 million, anticipated recaptures of $56 million, an estimated $45 million transferred from the Public Housing Fund, and an estimated $28 million from Housing for the Elderly for RAD conversions.

PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides more than 1.3 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 2024 President’s Budget requests $15.9 billion for the PBRA program, which is $997 million more than the 2023 enacted level. This includes:

- $15.3 billion for contract renewals and amendments, including $48 million for public housing properties that converted to PBRA via the Rental Assistance Demonstration (RAD), $183 million for Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs) renewals, and $34 million for Original Term contract amendments.
- $62 million for RAD conversion subsidy, including $50 million for conversions from Public Housing, $10 million for conversions from Section 202 Project Rental Assistance Contracts (PRACs), and $2 million to fund contract support for lower capacity and small property owners converting through RAD;
- $28 million to support budget-based rent increases (BBRIs) for at-risk Mark-to-Market (M2M) properties ($25 million) and other PBRA properties that have health and safety deficiencies ($3 million);
- $25 million for the Distressed Properties Capital Loan Program;
- $31 million for BBRIs for PBRA properties serving the elderly to cover the cost of a service coordinator; and
- $448 million for Performance-Based Contract Administration (PBCA).
This Budget also requests modifications to the RAD statute in the General Provisions to expand and improve the efficacy of RAD conversions to both PBRA and Project-Based Vouchers (PBV), including:

- Eliminating the September 30, 2024, sunset date by which public housing authorities can apply for RAD.
- Removing the cap on public housing units that may convert under RAD.
- Ensuring the 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 the 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 for properties assisted under Senior Preservation Rental Assistance Contracts (SPRACs) under RAD.

This program aligns to HUD 2022-2026 Strategic Objective 2A: Increase the Supply of Housing.

**JUSTIFICATION**

**Contract Renewals and Amendments - $15.3 billion**

The Budget fully funds the renewal or amendment of approximately 17,700 rental assistance contracts, providing safe, stable, and affordable housing to approximately 1.3 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 line item includes $48 million for renewal of Section 8 contracts converted via RAD already within the Office of Housing PBRA portfolio, as well as properties that are projected to convert to PBRA during 2022 and 2023 via RAD which will require PBRA budget authority for the first time in 2024. The total also includes $34 million for Section 8 Original Term contract amendments, which are 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 2023. This total amount also includes $183 million for renewals in the Mod Rehab and SRO programs.

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 2024, HUD estimates PBRA subsidy inflation at approximately 5.1 percent, resulting from Operating Cost Adjustment Factors (OCAF) and other rent adjustments, coupled with a three percent increase in tenant contributions, relative to 2023 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. 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.

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.

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 HUD and local programs and initiatives. 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 and the forthcoming Green and Resilient Retrofit Program. Of 17,700 total PBRA properties, more than 5,100 PBRA properties carry financing issued by FHA.

This amount does not fund inspections, as it did in prior years. Instead, all inspection funds will come from a single account. The Operational Performance Evaluation and Risk Assessments (OPERA) account is proposed in the budget for the inspection and assessment of rental assistance programs. This new account, previously funded under the Financial and Physical Assessment set-aside within the Public Housing Fund and accounts within the Office of Housing, streamlines the

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Real Estate Assessment Center (REAC) operations into a centrally funded account that performs inspections, evaluations, and assessments across HUD’s housing programs. This centrally funded account will enhance the quality and capabilities of these services to ensure that millions of residents reside in housing that is healthy, safe, and operated at a high level. Please see the OPERA Justification for more details.

Rental Assistance Demonstration Activities - $62 million

The Budget includes a total of $62 million for RAD activities: $50 million in RAD conversion subsidy in the PBRA account (as well as $50 million in RAD conversion subsidy in the TBRA 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, $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, and $2 million to utilize PAEs to provide direct support to lower capacity and small property owners for the due diligence requirements of the RAD conversions under both components of RAD.

Budget-Based Rent Increases for certain at-risk post-Mark-to-Market properties and other PBRA properties with health and safety deficiencies - $28 million

The Budget includes $25 million to allow budget-based rent adjustments for certain at-risk post-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 unless approved by HUD for a budget-based rent. Approximately 1,800 properties have rents below Fair Market Rents for their locality. This funding would allow HUD to serve an estimated 100 at-risk properties eligible for BBRI adjustment under Section 236 of the 2023 Appropriations Act that are at risk of becoming distressed. The Budget also requests authority for and includes $3 million for BBRI adjustments for other at-risk PBRA properties that have health and safety deficiencies, to modify contract rents to the lesser of budget-based rents or comparable market rents to fix identified deficiencies. This funding would allow HUD to increase the contract rents for 10-15 properties to address their deficiencies.

Overall, these funds would stabilize the operating budgets of the affected properties and provide for rehabilitation to improve conditions for residents. This will maintain the good physical condition of the properties, achieve greater sustainability, and preserve the availability of affordable housing units into the future while also preventing a default on FHA-insured mortgages.

Distressed Properties Capital Loan Program – $25 million

The Budget includes $25 million to provide loans, including forgivable loans, to owners of distressed PBRA properties. This program will serve distressed properties already at market rate rents that need capital to address the causes of their distress. This funding will support the rehabilitation or replacement of an estimated 12 properties (about 500 units), targeting the most distressed inventory.
Budget-Based Rent Increases to Fund Service Coordinators for the Elderly - $31 million

This Budget includes $31 million to support BBRIIs 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.

Contract Administration - $448 million

The Budget includes $448 million to maintain the Performance Based Contract Administration (PBCA) program in 2024. This level of funding will ensure critical PBCA services continue without interruption. This level would provide for the 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.

Rental Assistance Demonstration

The RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 208,400 affordable homes thus far (168,800 in public housing and 39,600 in other HUD rental assistance programs). 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 $16 billion, or over $77,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured $15.56 for every $1 of appropriated public housing funds contributed to project budgets.
- Some of the most-distressed public housing apartments have been demolished and replaced with over 23,000 newly constructed affordable homes, all meeting international standards for energy efficiency.
- Over 9,500 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 312,000 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, requires a cost-effective, leveraged strategy to achieve comprehensive modernization and ensure the benefits of improved or redeveloped public housing assets is equitably achieved throughout the country. 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.

**Information Technology (IT)**

Within the Information Technology Fund, the Budget requests $1.5 million for the Tenant Complaint CRM system.

**Tenant Complaint CRM ($1.5 million):** HUD does not have a system to enable Multifamily Housing Asset Management staff, Performance-Based Contract Administrators, the Multifamily Clearinghouse call center, and Field Program Management staff, to conduct unified intake, tracking and resolution of tenant contacts related to unsafe and unsanitary property conditions or exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with uncoordinated logging and tracking of information, which significantly limits MFH’s ability to understand, track, and address complaints in a coordinated manner.

For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.
### Q2 2023 Project-Based Rental Assistance (PBRA) Tenant Characteristics

<table>
<thead>
<tr>
<th>How many households and people are served?</th>
<th>What are the characteristics of the heads of household?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 million people</td>
<td>Female headed families with children 23%</td>
</tr>
<tr>
<td>1.3 million households</td>
<td>Elderly 52%</td>
</tr>
<tr>
<td></td>
<td>Non-elderly disabled 15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How big are the households?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person 64%</td>
</tr>
<tr>
<td>2 People 18%</td>
</tr>
<tr>
<td>3 People 9%</td>
</tr>
<tr>
<td>4+ People 8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How old are the heads of household?</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Years or... 5%</td>
</tr>
<tr>
<td>25 to 50... 29%</td>
</tr>
<tr>
<td>51 to 60... 14%</td>
</tr>
<tr>
<td>62 Years or... 52%</td>
</tr>
<tr>
<td>85 Years or... 6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What are the racial characteristics of the tenants?</th>
</tr>
</thead>
<tbody>
<tr>
<td>This program serves a diverse population. 68% of residents are in a minority group.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asian/Pacific Islander</th>
<th>Black, non-Hispanic</th>
<th>Hispanic</th>
<th>Native American</th>
<th>White, non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>41%</td>
<td>20%</td>
<td>1%</td>
<td>32%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What are the income levels of assisted households?</th>
<th>How do household incomes compare to the local area median income?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants make an average gross income of $14,354</td>
<td>Extremely low income (less than 30% AMI) 80%</td>
</tr>
<tr>
<td>80% of households earn $20,000 or less per year</td>
<td>Very low income (30% to 50% AMI) 17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What is the share of rent paid by the tenant and HUD?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average household contribution: $336 Average HUD contribution: $938</td>
</tr>
</tbody>
</table>

Some percentage totals are not equal to 100 due to rounding. Source: HUD PIC and TRACS databases, December 2022 extract.
## SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
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<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Renewals/Amendments</td>
<td>13,420,000</td>
<td>129,676</td>
<td>13,549,676</td>
<td>13,489,451</td>
<td>133,158</td>
<td>13,602,738</td>
<td>15,310,000</td>
<td></td>
</tr>
<tr>
<td>Renewal Emergency Funding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>969,420</td>
<td>-</td>
<td>969,420</td>
<td>-</td>
</tr>
<tr>
<td>Mod Rehab and SRO Renewals</td>
<td>160,000</td>
<td>105,779</td>
<td>265,779</td>
<td>162,593</td>
<td>125,000</td>
<td>82,858</td>
<td>207,858</td>
<td>-</td>
</tr>
<tr>
<td>Contract Renewals CARES Act</td>
<td>-</td>
<td>158,925</td>
<td>158,925</td>
<td>19,453</td>
<td>-</td>
<td>139,474</td>
<td>139,474</td>
<td>-</td>
</tr>
<tr>
<td>Tenant Education and Outreach</td>
<td>5,000</td>
<td>9,800</td>
<td>14,800</td>
<td>-</td>
<td>-</td>
<td>16,000</td>
<td>16,000</td>
<td>-</td>
</tr>
<tr>
<td>Contract Administrators</td>
<td>355,000</td>
<td>-</td>
<td>355,000</td>
<td>343,000</td>
<td>-</td>
<td>343,000</td>
<td>448,000</td>
<td>-</td>
</tr>
<tr>
<td>Rental Assistance Demo (RAD) Contract Renewals</td>
<td>-</td>
<td>46,849</td>
<td>46,849</td>
<td>41,173</td>
<td>-</td>
<td>73,258</td>
<td>73,258</td>
<td>[73,000]</td>
</tr>
<tr>
<td>RAD Conversion Subsidy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62,000</td>
</tr>
<tr>
<td>BBRIs for M2M and Health &amp; Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,000</td>
</tr>
<tr>
<td>Distressed Properties Capital Loan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>BBRI Service Coordinators</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>13,940,000</strong></td>
<td><strong>451,029</strong></td>
<td><strong>14,391,029</strong></td>
<td><strong>14,067,670</strong></td>
<td><strong>14,907,000</strong></td>
<td><strong>444,748</strong></td>
<td><strong>15,351,748</strong></td>
<td><strong>15,904,000</strong></td>
</tr>
</tbody>
</table>

## LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

### Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Distressed Properties Capital Loan Program:** The PBRA Account is being amended to include a set-aside to fund the newly proposed Distressed Properties Capital Loan Program and establish loan volume authority.

- **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.
Legislative Proposals

The 2024 Budget also supports the following legislative proposals and will seek changes through the authorization process:

- **Preserve assisted units when transferring to higher-opportunity locations via 8(bb):** Under current law, when a property owner terminates a PBRA contract, HUD may transfer the available budget authority to a new contract. This proposal would expand this authority to allow not only the transfer of available budget authority, but also the same number of assisted units, if such transfer would be in neighborhoods of opportunity (e.g., with low levels of poverty, low concentrations of racial minorities, low crime, and/or high-quality schools). This would require additional budget authority if the rents at the new location are higher than the previous location.

- **Align M2M with Section 8 for MOR Schedule:** This proposal would allow HUD to conduct Management and Occupancy Reviews (MORs) for Mark-to-Market (M2M) properties on the same schedule as other PBRA properties. Currently, M2M properties must be reviewed annually, while other PBRA properties are subject to a risk-based schedule (e.g., low risk properties reviewed less frequently, up to once every 3 years).

- **Permanent Authority for Performance-Based Contract Administrators (PBCA) Modifications:** This proposal would permanently allow HUD to make the PBCA solicitation process a Notice of Funding Opportunity (awarding cooperative agreements) rather than a FAR procurement.

- **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.

General Provisions

The 2024 President’s Budget proposes the following general provisions:

- **Distressed Properties Capital Loan Program:** This provision allows HUD to make direct loans to owners of distressed PBRA properties to support rehabilitation or replacement. Properties receiving these loans would agree to extended affordability. (Sec. 233)

- **BBRI for at-risk PBRA properties with health and safety deficiencies:** Some PBRA properties are subject to rent adjustment provisions that result in property revenue inadequate to meet the property’s needs. This addition to MAHRAA provides a mechanism to address these problem situations if the property has health and safety deficiencies. The provision allows HUD to implement a rent adjustment to the lesser of budget-based rents or comparable market rents as necessary to fix identified deficiencies. The provision authorizes the rent adjustment as the necessary companion provision to $3 million requested for this purpose in the PBRA account. (Sec. 234)

- **Accelerate the Remaining Interest Reduction Payment (IRP) Subsidy to Section 236 Program Recipients:** This provision allows HUD to accelerate Interest Reduction Payment (IRP) subsidy payments to the 29 remaining Section 236 IRP properties, so that HUD can end the IRP program and accompanying decoupling program. Accelerating payments to these properties would allow owners to pay their debt service in a lump sum or continue monthly payments as scheduled. This change only modifies the disbursement of the funds, relieving HUD and the owner of administration costs, without altering affordability restrictions on the property. (Sec. 235)
• **Rental Assistance Demonstration (RAD):** This provision makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding funding access, and other technical changes. (Sec. 236) – See descriptions on page two above.

• **Performance-Based Contract Administrators (PBCA) Modifications:** The provision allows the Department to use cooperative agreements to select State and local housing agencies through a Notice of Funding Opportunity as performance-based contract administrators (PBCAs) of Project-Based Rental Assistance contracts. Contract administration is essential to the rental assistance upon which renters and properties rely. (Sec. 237)

• **Sunset the Section 8 Moderate Rehabilitation and McKinney-Vento Single Room Occupancy Programs:** The PBRA account continues to renew approximately 21,000 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 2027 to give owners time to develop plans for transition to one of the two alternative platforms (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. (Sec. 238)

## APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and the language proposed for deletion is bracketed.

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, [$13,537,580,000] $15,504,000,000, to remain available until expended, shall be available on October 1, [2022] 2023 (in addition to the $400,000,000 previously appropriated under this heading that became available October 1, [2022] 2023), and $400,000,000, to remain available until expended, shall be available on October 1, [2023] 2024: 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 [$343,000,000] $448,000,000 shall be available for performance-based contract administrators 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 preceding proviso for performance-based contract administrators 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, 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 preceding 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 pursuant to section 9 of the Act 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 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 of the total amounts provided under this heading, up to $2,000,000 shall 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 converting assistance under the First Component or the Second Component 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): Provided further, That of the total amounts provided under this heading, not less than $25,000,000 shall be available for rent adjustments as authorized by section 515(d) of MAHRAA: Provided further, That of the total amounts provided under this heading, not less than $3,000,000 shall be available for rent adjustments as authorized by section 524(h) of MAHRAA (as added by this title) necessary to address health and safety deficiencies: Provided further, That up to 2 percent of the total amount made available in the previous two provisos 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 eight 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: Provided further, That of the total amounts provided under this heading, not to exceed $25,000,000 shall be available for the cost of direct loans as authorized by section 8A of the Act (as added by this title): Provided further, That such cost, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for the Elderly (Section 202)

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Appropriation</td>
<td>1,033,000</td>
<td>231,984</td>
<td>-</td>
<td>1,264,984</td>
<td>829,904</td>
<td>792,570</td>
</tr>
<tr>
<td>2023 Appropriation</td>
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<td>-</td>
<td>1,504,252</td>
<td>1,108,000</td>
<td>912,000</td>
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<tr>
<td>2024 President's Budget</td>
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<td>-</td>
<td>1,389,252</td>
<td>993,000</td>
<td>1,117,000</td>
</tr>
<tr>
<td>Change from 2023</td>
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<td>(63,000)</td>
<td>-</td>
<td>(115,000)</td>
<td>(115,000)</td>
<td>205,000</td>
</tr>
</tbody>
</table>

a/ 2022 Carryover amount includes $227 million in carryover, $5 million in recoveries, and $2 million in collections. It is net $2 million in transfers to PBRA for RAD Conversions.
b/ 2022 Total Resources includes $8 million in appropriations that was subsequently transferred to PBRA and TBRA for RAD Conversions.
c/ 2023 Carryover amount includes $427 million in estimated carryover and $1.2 million in estimated recoveries. It is net of $4 million in estimated transfers to PBRA and TBRA for RAD Conversions.
d/ 2023 Total Resources includes $26 million in appropriations that are estimated for transfer to PBRA and TBRA for RAD Conversions.
e/ 2024 Carryover amount includes $365 million in estimated carryover and $1 million in estimated recoveries. It is net of $6 million in estimated transfers to PBRA and TBRA for RAD Conversions.
f/ 2024 Total Resources includes $25 million in appropriations that are estimated for transfer 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. 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 a connection to supportive services such as cleaning, cooking, and transportation. Section 202 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 2024 President’s Budget requests $1.023 billion for Housing for the Elderly, which is $52 million less than the 2023 enacted level. This includes:

- $779 million to fund renewals and amendments of Project Rental Assistance Contracts (PRACs) and Senior Preservation Rental Assistance Contracts (SPRACs);
- $10 million for new Capital Advances to increase the supply of affordable housing for seniors by approximately 1,000 units;
- $112 million to fund the renewal of approximately 1,600 existing Service Coordinator and Congregate Housing Services grants; and
- $4 million for administrative and other related expenses.

In addition, to support HUD’s focus on climate resilience, Section 202 property owners who seek to improve their properties may be eligible to receive grants or loans under the forthcoming Green and Resilient Retrofit (GRRP) program, funded by the Inflation Reduction Act.
This program aligns with HUD 2022-2026 Strategic Objectives 2A: *Increase the Supply of Housing* and 4C: *Integrate Healthcare and Housing*.

**JUSTIFICATION**

**PRAC/SPRAC Renewals and Amendments - $797 million**

The requested funding provides $797 million for Section 202 PRAC/SPRAC renewals and amendments. The proposed amount will fully fund the approximately 118,205 units covered by the 2,868 contracts requiring renewal or amendment through December 2024.

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 2024, HUD estimates Section 202 program subsidy inflation at approximately 4.5 percent. During 2024, about 118,205 existing PRAC units will renew or require amendment funds for the first time.

**Service Coordinator/Congregate Housing Services - $112 million**

The requested funding renews approximately 1,600 existing Service Coordinator/Congregate Housing Services grants. These grants support independent living and guard against premature transitions to nursing home care. Older adults living in HUD-assisted housing are more likely, on average, to have multiple chronic conditions than other older adults. 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 or replacement needs of aging properties increase, HUD has noticed a decline in the availability of other sources, such as residual receipts, to cover a portion of service coordination costs, 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 30 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 - $110 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 1,000 new units of Section 202 housing. A small portion of this funding may be used for SPRACs as needed to preserve existing Section 202 senior housing.

The Section 202 program is currently the only federally funded program that expressly addresses the need for affordable elderly housing. Its impact is amplified through leveraging other housing resources such as Low-Income Housing Tax Credits (LIHTC).

The average annual household income for Section 202 PRAC tenants is approximately $15,000. 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 boomer generation continues to age. 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.¹ 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 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 administrative and other related expenses. It does not fund inspections, as it did in prior years. Instead, all inspection funds will come from a single account, Operational Performance Evaluation and Risk Assessments (OPERA).

The OPERA account is proposed in the Budget for the inspection and assessment of rental assistance programs. This new account, previously funded under the Financial and Physical Assessment set-aside within the Public Housing Fund and accounts within the Office of Housing, streamlines the Real Estate Assessment Center (REAC) operations into a centrally funded account that performs inspections, evaluations, and assessments across HUD's housing programs. This centrally funded account will enhance the quality and capabilities of these services to ensure that millions of residents reside in housing that is healthy, safe, and operated at a high level.

Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

### Q2 2023 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 diverse population: **54%** of residents are in a minority group.

<table>
<thead>
<tr>
<th>Asian/Pacific Islander</th>
<th>Black, non-Hispanic</th>
<th>Hispanic</th>
<th>Native American</th>
<th>White, non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>24%</td>
<td>17%</td>
<td>1%</td>
<td>46%</td>
</tr>
</tbody>
</table>

#### What are the characteristics of the heads of household?

<table>
<thead>
<tr>
<th>Female headed families with children</th>
<th>Elderly</th>
<th>Non-elderly disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1%</td>
<td>99%</td>
<td>&lt; 1%</td>
</tr>
</tbody>
</table>

#### How big are the households?

- 1 Person: 92%
- 2 People: 8%
- 3 People: 0%
- 4+ People: 0%

#### How old are the heads of household?

- 24 Years or Less: 0%
- 25 to 50 Years: 0%
- 51 to 60 Years: 0%
- 62 Years or More: 99%
- 85 Years or More: 16%

#### What is the share of rent paid by the tenant and HUD?
- Average household contribution: **$342**
- Average HUD contribution: **$487**

#### What are the income levels of assisted households?
- Tenants make an average gross income of **$15,208**.
- **81%** 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): 77%
- Very low income (30% to 50% AMI): 22%
- Low Income (50% to 80% AMI): 1%

---

Note: Some percentage totals not equal to 100 due to rounding.
Source: HUD PIC and TRACS databases, December 2022 extract.
### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly PRAC/SPRAC Renewals/Amendments</td>
<td>730,000</td>
<td>92,772</td>
<td>822,772</td>
<td>686,507</td>
<td>835,000</td>
<td>128,242</td>
<td>963,242</td>
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<td>Senior Preservation Rental Assistance Contracts SPRAC [Expansion]</td>
<td>500</td>
<td>1,500</td>
<td>2,000</td>
<td>510</td>
<td>[383]</td>
<td>1,107</td>
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<tr>
<td>Service Coordinators/ Congregate Services</td>
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<td>Capital Advance Amendments and Other Expenses</td>
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<td>4,000</td>
<td>12,170</td>
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<tr>
<td>Capital Advance (Expansion)</td>
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<td>55,384</td>
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<td>Intergenerational Dwelling Units</td>
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<td>[5,000]</td>
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<td>Capital Advance Preservation</td>
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<td>6,000</td>
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<tr>
<td>Elderly PRAC/SPRAC Renewals/Amendments (CARES Act)</td>
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<tr>
<td>Support Services/IWISH Demonstration</td>
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<td>14,000</td>
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<td>12,773</td>
<td>-</td>
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<td>Rental Assistance Demonstration (RAD)</td>
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<td>[9,634]</td>
<td>-</td>
<td>[26,000]</td>
<td>[4,000]</td>
<td>[30,000]</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,033,000</strong></td>
<td><strong>231,984</strong></td>
<td><strong>1,264,984</strong></td>
<td><strong>829,904</strong></td>
<td><strong>1,075,000</strong></td>
<td><strong>429,252</strong></td>
<td><strong>1,504,252</strong></td>
</tr>
</tbody>
</table>

**NOTE:** 2022 Carryover into 2023 reflects the following reallocations as reflected in the 2023 Operating Plan:
- Reallocation between SPRAC and Elderly PRAC/SPRAC Renewals/Amendments, and Reallocation between Service Coordinators/Congregate Services (CARES Act) and Elderly PRAC/SPRAC Renewals/Amendments (CARES Act).

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Appropriations Language Changes

The 2024 President’s Budget includes the following changes:

- **Creation of Operational Performance Evaluation and Risk Assessments (OPERA) Account:** The 2024 President’s Budget deletes language for the Real Estate Assessment Center (REAC) and transfers this activity to the centrally funded Operational Performance Evaluation and Risk Assessments (OPERA) account. The OPERA account is proposed to streamline operations that perform inspections, evaluations, and assessments across HUD’s housing programs. Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

- **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 PRACs. This proposal would allow HUD to enter into Section 8 PBRA Housing Assistance Payments (HAP) contracts in lieu of PRACs, which would facilitate non-profit developers’ access to debt and equity financing and reduce the reliance on direct Capital Advance funds.
Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Triennial Recertification:** The Budget reflects the planned submission of authorizing legislation to allow public housing agencies (PHAs) and property owners to verify the income of families living in assisted housing every three years instead of annually, as the statute currently requires.

- **Modification to Rent Increase Procedures for Section 202 Capital Advance Projects:** Currently, contract rents for properties with Section 202 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 reduce administrative burden on property owners and HUD program staff. The use of annual OCAF would eliminate the need for more than 2,800 budget reviews of properties in the PRAC portfolio annually, saving an estimated 18,000 staff hours by allowing sponsors of these properties to use interim OCAF adjustments rather than preparing annual budget submissions, and an estimated 14,200 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.

General Provisions

The 2024 President’s Budget re-proposes the following general provisions:

- **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. (Sec. 206)

- **RAD for SPRAC:** This provision would authorize the budget-neutral conversion for properties assisted under SPRACs under Rental Assistance Demonstration (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 and eventually allow HUD to sunset the SPRAC program. (Sec. 236)

Appropriations Language

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

(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, [$1,075,000,000]$1,023,000,000 to remain available until September 30, [2026] 2027: Provided, That of the amount made available under this heading, up to [$120,000,000]$112,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects: Provided further, That any funding for existing service coordinators under the preceding proviso shall be provided within 120 days of enactment of this Act: 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: ] 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 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] 2027: Provided further, That amounts deposited in this account pursuant to the preceding 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: Provided further, That of the total amount made available under this heading, up to $25,000,000 shall be used to expand the supply of intergenerational dwelling units (as such term is defined in section 202 of the Legacy Act of 2003 (12 U.S.C. 1701q note)) for elderly caregivers raising children: Provided further, That for the purposes of the preceding proviso the Secretary may waive, or specify alternative requirements for, any provision of section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) in order to facilitate the development of such units, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment: Provided further, That of the total amount made available under this heading, up to $6,000,000 shall be used by the Secretary to support preservation transactions of housing for the elderly originally developed with a capital advance and assisted by a project rental assistance contract under the provisions of section 202(c) of the Housing Act of 1959. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for Persons with Disabilities (Section 811)

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Appropriation</td>
<td>352,000</td>
<td>151,162</td>
<td>-</td>
<td>503,162</td>
<td>189,656</td>
<td>220,549</td>
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<tr>
<td>2023 Appropriation</td>
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<td>314,001</td>
<td>-</td>
<td>674,001</td>
<td>243,000</td>
<td>360,000</td>
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<tr>
<td>2024 President's Budget</td>
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<td>-</td>
<td>792,001</td>
<td>282,000</td>
<td>372,000</td>
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<tr>
<td>Change from 2023</td>
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<td>122,000</td>
<td>-</td>
<td>118,000</td>
<td>39,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

a/ 2022 Carryover amount includes $148 million in carryover and $3 million in collections.
b/ 2023 Carryover amount includes an estimated $312.8 million in carryover and $1.2 million in estimated recaptures and collections.
c/ 2024 Carryover amount includes an estimated $431 million in carryover and $5 million in estimated recaptures and collections.

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. Additionally, the Section 811 Project Rental Assistance (PRA) program provides funding to State Housing Finance Agencies (HFAs) for project-based rental operating assistance for extremely low-income persons with disabilities. The primary purpose of the Section 811 PRA Program is to identify, stimulate, and support innovative State-level strategies that will transform and increase housing for extremely low-income persons with disabilities while making available appropriate support and services. HFAs contract with individual owners to provide long-term rental assistance to eligible persons with disabilities.

BUDGET OVERVIEW

The 2024 President’s Budget requests $356 million for the Housing for Persons with Disabilities account, which is $4 million less than the 2023 enacted level. This includes:

- $207 million for Project Rental Assistance Contract (PRAC), Project Assistance Contract (PAC), and State Project Rental Assistance (State PRA) renewals and amendments.
- $148 million for Capital Advance and Project Rental Assistance to increase the supply of affordable, community-based housing for persons with disabilities.
- $1 million for administrative and other related expenses.

In addition, to support HUD’s focus on climate resilience, Section 811 property owners that seek to improve their properties may be eligible to receive grants or loans under the forthcoming Green and Resilient Retrofit (GRRP) program funded by the Inflation Reduction Act.
This program aligns with HUD 2022-2026 Strategic Objectives 2A: *Increase the Supply of Housing* and 4C: *Integrate Healthcare and Housing*.

**JUSTIFICATION**

**PRAC/PAC/PRA Renewals and Amendments - $207 million**

The 2024 Budget provides $207 million for PRAC, PAC, and PRA renewals and amendments to support affordable rental homes for very low-income persons with disabilities. When combined with anticipated carryover, the requested amount will fully fund the approximately 31,249 units under the 2,770 contracts requiring renewal or amendment from January through December 2024.

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 2024, HUD estimates Section 811 program subsidy inflation at approximately 4.5 percent. During 2024, about 420 existing PRAC units will renew or require amendment funds for the first time.

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 Project Rental Assistance - $148 million**

The requested funding will support approximately 1,200 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 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 person with disabilities. 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.

**Capital Advance Amendments and Other Expenses - $1 million**

The Budget provides up to $1 million for administrative and other related expenses. It does not fund inspections, as it did in prior years. Instead, all inspection funds will come from a single account, OPERA.

The Operational Performance Evaluation and Risk Assessments (OPERA) account is proposed in the Budget for the inspection and assessment of rental assistance programs. This new account, previously funded under the Financial and Physical Assessment set-aside within the Public Housing

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Fund and accounts within the Office of Housing, streamlines the Real Estate Assessment Center (REAC) operations into a centrally funded account that performs inspections, evaluations, and assessments across HUD's housing programs. This centrally funded account will enhance the quality and capabilities of these services to ensure that millions of residents reside in housing that is healthy, safe, and operated at a high level.

Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

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. Evaluations of the Department of Health and Human Services (HHS) Money Follows the Person (MFP) program have found that the lack of available affordable housing is a major barrier to transitioning persons with disabilities to independent living. The evaluation concluded that the two most common challenges 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 services 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.

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# Q2 2023 Section 811 Tenant Characteristics

## How many households and people are served?

<table>
<thead>
<tr>
<th>Households</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>34 thousand</td>
<td>34 thousand</td>
</tr>
</tbody>
</table>

## What are the racial characteristics of the tenants?

This program serves a diverse population: 42% of residents are in a minority group.

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian/Pacific Islander</td>
<td>2%</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>29%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>9%</td>
</tr>
<tr>
<td>Native American</td>
<td>1%</td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>58%</td>
</tr>
</tbody>
</table>

## What are the characteristics of the heads of household?

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female headed families with children</td>
<td>3%</td>
</tr>
<tr>
<td>Elderly</td>
<td>27%</td>
</tr>
<tr>
<td>Non-elderly disabled</td>
<td>72%</td>
</tr>
</tbody>
</table>

## How big are the households?

- 1 Person: 92%
- 2 People: 6%
- 3 People: 1%
- 4+ People: 1%

## How old are the heads of household?

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Years or Less</td>
<td>2%</td>
</tr>
<tr>
<td>25 to 50 Years</td>
<td>39%</td>
</tr>
<tr>
<td>51 to 60 Years</td>
<td>32%</td>
</tr>
<tr>
<td>62 Years or More</td>
<td>27%</td>
</tr>
<tr>
<td>85 Years or More</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

## What is the share of rent paid by the tenant and HUD?

- Average household contribution: $305
- Average HUD contribution: $523

## What are the income levels of assisted households?

Tenants make an average gross income of $12,948.

90% of households earn $20,000 or less per year.

## How do household incomes compare to the local area median income?

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely low income (less than 30% AMI)</td>
<td>86%</td>
</tr>
<tr>
<td>Very low income (30% to 50% AMI)</td>
<td>13%</td>
</tr>
<tr>
<td>Low Income (50% to 80% AMI)</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Note: Some percentage totals not equal to 100 due to rounding.*

*Source: HUD PIC and TRACS databases, December 2022 extract.*
SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disabled PRAC/PAC/PRA Renewal/Amendment</td>
<td>190,000</td>
<td>39,227</td>
<td>229,227</td>
<td>187,149</td>
<td>209,000</td>
<td>64,650</td>
<td>273,650</td>
<td>207,000</td>
</tr>
<tr>
<td>Capital Advance and PRA (Expansion)</td>
<td>160,000</td>
<td>94,012</td>
<td>254,012</td>
<td>1,794</td>
<td>148,300</td>
<td>232,294</td>
<td>380,594</td>
<td>148,000</td>
</tr>
<tr>
<td>Capital Advance Amendments and Other Expenses</td>
<td>2,000</td>
<td>9,064</td>
<td>11,064</td>
<td>-</td>
<td>2,700</td>
<td>8,911</td>
<td>11,611</td>
<td>1,000</td>
</tr>
<tr>
<td>Disabled PRAC/PAC/PRA Renewal/Amendment (CARES Act)</td>
<td>-</td>
<td>8,859</td>
<td>8,859</td>
<td>713</td>
<td>-</td>
<td>8,146</td>
<td>8,146</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>352,000</td>
<td>151,162</td>
<td>503,162</td>
<td>189,656</td>
<td>360,000</td>
<td>314,001</td>
<td>674,001</td>
<td>356,000</td>
</tr>
</tbody>
</table>

a/ Table may not reflect complete resources as compared to the 2024 Budget Appendix due to rounding
b/ 2022 Carryover into 2023 reflects the reallocation between Capital Advance and PRA (Expansion) and Disabled PRAC/PAC/PRA Renewal/Amendment as reflected in the 2023 Operating Plan.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President’s Budget includes the following:

**OPERA:** Deletes language for the Real Estate Assessment Center (REAC) and transfers this activity to the centrally funded Operational Performance and Risk Assessments (OPERA) account. The OPERA account is proposed to streamline operations that perform inspections, evaluations, and assessments across HUD's housing programs.

Please see the Operational Performance Evaluation and Risk Assessments Justification for more details.

General Provisions

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 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. (Sec.206)

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process:

- **Triennial Recertification:** The Budget reflects the planned submission of authorizing legislation to allow public housing agencies (PHAs) and property owners to verify the income
of families living in assisted housing every three years instead of annually, as the statute currently requires.

- **Modification to Rent Increase Procedures for 811 Capital Advance Projects:** Allow use of an operating cost adjustment factor to annually adjust operating rents for Section 811 projects as an alternative to budget-based rent increases. The provision would incorporate factor-based rent adjustment into annual rent-setting practices, similar to what is now permitted for Section 8 contracts. The factors for PRACs would vary slightly from current OCAFs in that they would more closely reflect the distribution of operating costs for the PRAC portfolio. This change would allow for significant administrative streamlining, reduce delays in routine rent adjustments, and reduce the potential for variability in budget forecasts. Rents would be updated based on analysis of actual expenditures and proposed costs at least every 5th year. This was included in the 2023 President’s Budget.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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, [[$360,000,000]] to remain available until September 30, [2027]: 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, [2027]: Provided further, That amounts deposited in this account pursuant to the preceding 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing Counseling Assistance

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<td>134,322</td>
<td>117,252</td>
<td>40,287</td>
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<td>74,888</td>
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<td>-</td>
<td>66,000</td>
<td>66,000</td>
<td>60,000</td>
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<tr>
<td>Change from 2023</td>
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<td>(17,388)</td>
<td>-</td>
<td>(8,888)</td>
<td>(10,000)</td>
<td>(30,000)</td>
</tr>
</tbody>
</table>

PROGRAM PURPOSE

The mission of the Office of Housing Counseling (OHC) 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 2024 President’s Budget requests $66 million for the Housing Counseling Assistance program, which is $8.5 million more than the 2023 enacted level. This funding level will support families and consumers, seniors, disaster-impacted families, delinquent homeowners, and renters. Funding at this level will allow more than 4,040 HUD-certified Housing Counselors and 367 Home Equity Conversion Mortgages (HECM)-certified Housing Counselors to assist consumers with professional, quality education, advice, and support to make informed decisions. Assistance provided by HUD-certified counselors, who are trained in homeownership, loss mitigation, disaster preparedness and disaster loss mitigation, homebuying, eviction prevention, homelessness prevention, scam and fraud avoidance, and credit counseling, ensures that each homeowner, resident, or consumer seeking help optimizes their housing situation and financial success.

The requested level of funding will permit OHC, through its network of approximately 1,535 housing counseling agencies, to support more than one million consumers. Funding at this level includes $5 million that will continue to increase the participation of Historically Black Colleges and Universities (HBCUs) and other Minority Serving Institutions (MSIs) in HUD’s Housing Counseling program.

This program aligns with HUD 2022-2026 Strategic Objectives 1A: Advance Housing Justice and 3A: Advance Sustainable Homeownership.
JUSTIFICATION

Grants to Housing Counseling Agencies, Foreclosure Prevention Counseling, Homeownership Counseling, Fraud/Scam Awareness/Prevention

The Budget provides $47.5 million to support approximately 1,535 HUD-approved agencies to provide housing counseling services, as well as training for counselors. From 2021 to 2022, 173 agencies received funding directly from HUD, and 944 affiliate agencies received funding from HUD-approved intermediaries. Funding at this level is projected to serve more than 1 million consumers. 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.

HUD-approved housing counseling agencies provide quality counseling in the following areas: homeownership, financial budgeting, Home Equity Conversion Mortgages (HECM), transitioning from homelessness to housing, rental counseling, wire fraud and scam prevention, eviction prevention, and fair housing counseling to renters and home buyers who experience discrimination. 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.

Grants to Expand HUD’s Partnerships with Historically Black Colleges and Universities and Minority Serving Institutions

The Budget provides $5 million to support housing counseling agencies that partner with Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs) to help them expand sustainable housing opportunities and build generational wealth in their communities. This housing counseling priority facilitates homeownership education for underserved communities of color by bridging the information gap through local agencies focused on community housing counseling service delivery.

In 2022, 19 HBCUs/MSIs applied for grant funding. Of that number, 16 were eligible for funding. The Budget requests an increase in this category to expand program participation by these institutions, which, in turn, are opportunities for closing the racial equity gap and building generational wealth in their communities.

Grants to Expand Services to Historically Underserved Communities with Culturally Sensitive and Linguistically Appropriate Counseling

The Budget provides $6 million to expand outreach to diverse markets and augment counseling services to historically underserved communities including Asian American and Pacific Islander, Hispanic-Latino, Black, Native Alaskan, Tribal, and rural communities. Utilizing culturally sensitive and linguistically appropriate service delivery, materials, and group education, OHC will implement capacity-building initiatives in conjunction with HUD-approved housing counseling agencies across the country that will directly advance the goals of HUD’s Strategic Plan.

Training Grants for Housing Counseling Continuing Education

The Budget provides $3 million to conduct virtual trainings on sustainable, responsible homeownership, building generational wealth and equity, foreclosure/loss mitigation, scam and fraud detection and avoidance, and disaster preparedness and disaster loss mitigation. HUD is committed to assuring consumers receive high quality counseling services. This will be achieved, in part, through counselor training and professional development provided by HUD training grantees.
In 2022, HUD’s five training grantees provided 800 virtual training sessions for more than 33,000 housing counselors.

**Administrative Contract Services**

The Budget proposes $4.5 million to support outreach and awareness efforts to improve data collection, reporting to the Office of Management and Budget, and reduce the 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 examinations, and facilitate the development of study guides. Further, funding for increased data collection and analysis will enhance the department’s ability to strategically target the provision of resources and funding towards areas that can benefit most from the services that OHC provides.

**Information Technology (IT)**

Within the Information Technology Fund, the Budget requests $2 million to support the Housing Counseling Network Management System.

**Housing Counseling Network Management System - $2 million**: The Housing Counseling Network Management System (HCNMS) investment is critical to reducing program risk and automating manual processes to conduct more than 400 agency performance reviews and over 300 grant awards annually, with funds accountability and new agency application processes. The cloud-based FedRamp certified platform will manage risk, monitor agency performance, and track impact and outcomes across all Housing Counseling initiatives in real or near real-time processing. The system will reduce the risk of non-certified counselors providing counseling services, ensure client data is secure and protected from unauthorized release, and increase program effectiveness and analysis through peer-to-peer communications with related partners such as FHFA and GSEs.

For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.
SUMMARY OF RESOURCES BY PROGRAM
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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<td>74,888</td>
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LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2024 Budget supports the following legislative proposal(s) 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 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For contracts, grants, and other assistance excluding loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, {[57,500,000]$66,000,000}, to remain available until September 30, 2024, including up to $4,500,000 for administrative contract services: Provided, That funds shall be used for providing counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Housing
Manufactured Housing Fees Trust Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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<tr>
<td>2022 Appropriation</td>
<td>14,000</td>
<td>10,118</td>
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<td>Change from 2023</td>
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<td>-</td>
<td>(638)</td>
<td>6,315</td>
<td>(1,399)</td>
</tr>
</tbody>
</table>

a/ 2022 Carryover amount includes $9.47 million in carryover, and $644 thousand in recoveries.
b/ 2023 Carryover amount includes $11.74 million in carryover and $352 thousand in estimated recaptures.

PROGRAM PURPOSE

Manufactured housing is a key segment of the affordable housing industry, and manufactured homes accounted for approximately nine percent of the Nation’s single-family housing starts in 2022.1 Additionally, manufactured homes constitute a major source of housing in rural America, where one in seven homes is a manufactured home.2 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 home ownership 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 Office of Manufactured Housing Programs serves a key role in supporting the Administration’s goal of increasing the supply of affordable and equitable housing opportunities across the Nation.

BUDGET OVERVIEW

The 2024 President’s Budget requests $14.0 million for the Office of Manufactured Housing Programs, which is equal to the 2023 enacted level. This includes:3

- $4.6 Million for payments to State Administrative Agencies
- $4.5 Million for Monitoring Primary Inspection Agencies and States
- $2.0 Million for Monitoring Design Approval Agencies
- $825 thousand for Installation Inspection and Enforcement
- $650 thousand for Consumer Information and Dispute Resolution
- $475 thousand Consensus Committee Administering Organization and Support Services
- $950 thousand for Manufactured Housing Programs Meeting Support Services

HUD is also requesting authority to establish a grant program for States and primary inspection agencies to help offset costs associated with implementation and enforcement of new energy technologies.

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1 HUD Policy Development and Research, National Housing Market Survey, 2022 Supply Data.
2 Housing Assistance Council, Rural Research Brief, July 2020.
3 Note: The bulleted summary 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.
manufactured housing fees trust fund

conservation standards for manufactured housing, including those established by the Department of Energy in 2022. The grant would provide up to $7 million in funding for cooperative educational and training programs that are designed to implement and facilitate compliance and uniform enforcement of energy conservation and other standards for manufactured homes, both for the grant recipients and the entities they oversee. The one-time grant, which may be awarded non-competitively in order to quickly reach qualified entities already working with HUD, would be funded from uncommitted carryover balances and thus would not require additional appropriations. This grant program will align with the Administration’s initiatives to modernize building codes, improve climate resilience, and reduce energy costs.

This program aligns with HUD 2022-2026 Strategic Objective 2A: Increase the Supply of Housing and 3A: Advance Sustainable Homeownership.

JUSTIFICATION

As a regulatory office, OMHP is uniquely positioned to assist in meeting several of the Administration’s priorities. Manufactured housing contributes to the supply of safe and affordable housing and can help many Americans realize the dream of homeownership. By enabling low- and moderate-income households to acquire safe, efficient, and affordable homes, OMHP directly supports the objectives of sustainable homeownership and financial stability. Additionally, as a major source of FEMA-provided temporary housing, manufactured homes also support the short- and long-term objectives of disaster recovery.

Funding for OMHP is solely supported from the receipt of HUD manufactured home certification label fees ($100 for each transportable section). Funding will support the Department’s implementation and oversight responsibilities for the national manufactured housing regulatory program, which includes updating construction, safety, and installation standards for manufactured homes nationwide. The 2024 Budget would provide funding for HUD to conduct technical compliance and enforcement activities, as well as support meetings with State partners to increase State engagement and build consensus on national and regional issues. The funding will support State inspection programs, increase State collaboration with OMHP, and fully support Manufactured Housing Consensus Committee (MHCC) and contracted assistance activities that support the rulemaking process. The 2024 Budget will also allow for continued contract assistance to develop more robust cost and benefit analyses for recommended standards and regulation updates, facilitating a more expedient and streamlined rulemaking process.

Equity

This program increases housing choices and offers greater economic opportunity to many underserved populations. As an extremely affordable housing type, manufactured housing is often well suited for low- and extremely-low-income households of all demographics, including people of color, young families, the elderly, and disabled persons. As such, it advances the Administration’s goal of equitably providing safe, affordable, and durable homes.

Funding Impact

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. Manufactured homes produced under the HUD Code also perform better in high wind events due to enhancements to modern manufactured home construction standards. Moreover, financial organizations have been encouraged to offer less expensive financing in the form of home mortgages rather than chattel loans due to the increased lifetime and durability of manufactured homes produced under HUD's program.

HUD has made significant progress in updating 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, and in 2022, HUD published a proposed rule based on the 4th and 5th set of MHCC recommendations. 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. Manufactured homes are particularly important in supporting rural and underserved communities.

Key Assumptions

The costs of executing HUD's statutorily required activities (state payments, monitoring and inspections, consensus committee administration, etc.) 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 Design Approval Primary Inspection Agencies (DAPIAs) and Production Inspection Primary Inspection Agencies (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 36 percent from 2016 to 2022. Also, the number of manufacturing plants has increased from 122 in 2013 to 146 in 2023. Manufacturers pay a $100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2022, HUD collected approximately $18.2 million in fees, an abnormally high amount resulting from production at higher-than-normal rates to catch up from previous years' manufacturing backlogs. HUD projects label fee revenue to decrease to an estimated $16 million in fee collections in 2023 and 2024.

Stakeholders

OMHP has relationships with State Administrative Agencies (SAAs) in 33 States and acts directly as the SAA for the remaining 17 States. SAAs monitor production, installation, and consumer complaints, and they can also conduct production plant record reviews and inspections (for States that don’t perform these functions directly, OMHP funds and oversees contractors who perform them). Manufacturers retain the services of IPIAs and DAPIAs for design reviews and approvals.

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5 Monthly Production Report (HUD-302) reported by manufacturers to HUD in accordance with 24 CFR 3282 Subpart L.
and these inspection functions must be monitored. Some States also serve as IPIAs, DAPIAs, or both. There are also 146 manufacturing plants for over 30 manufacturers currently building manufactured housing to HUD Code.

The MHCC has 22 members – 21 MHCC voting members and a non-voting Designated Federal Official from HUD – that provide recommendations to the Secretary on construction and installation standards and enforcement regulations in proposed rule format with an economic analysis. Committee meetings are held bi-annually or annually, with subject matter subcommittees meeting more frequently, as needed.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
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<tr>
<td>Budget Payments to States &amp; Contracts</td>
<td>14,000</td>
<td>10,118</td>
<td>24,118</td>
<td>12,378</td>
<td>14,000</td>
<td>12,092</td>
<td>26,092</td>
<td>14,000</td>
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<td>Energy Standards Training and</td>
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<td>-</td>
<td>-</td>
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<td><strong>Total</strong></td>
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<td><strong>24,118</strong></td>
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<td><strong>12,092</strong></td>
<td><strong>26,092</strong></td>
<td><strong>21,000</strong></td>
</tr>
</tbody>
</table>

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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] [2024 so as to result in a final fiscal year [2023] 2024 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] 2024 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[.]: Provided further, That of the amounts made available under this heading in this Act and any unobligated balances remaining from funds appropriated under this heading in prior Acts, including recaptures and carryover, up to $7,000,000 may be available for grants and cooperative agreements (which may be awarded on a noncompetitive basis) to States, State Administrative Agencies, Primary Inspection Agencies, interstate agencies, independent institutions, or entities designated to receive and disburse amounts by cooperative agreements among participating States to implement and facilitate improvements or training for compliance with and uniform enforcement of energy conservation and
other standards for manufactured homes, notwithstanding sections 604 and 620 of such Act (42 U.S.C. 5403 and 5419), in addition to amounts otherwise available for such purposes. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – Mutual Mortgage Insurance Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/ Requested</th>
<th>Carry over</th>
<th>Supplemental/ Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
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a/ 2022 Carryover includes $20.2 million in carryover and $28 thousand in recaptures.
b/ 2023 Carryover includes $19.2 million in carryover and $2 million in anticipated recaptures.
c/ 2024 Carryover includes $2.9 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 53.7 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.

BUDGET OVERVIEW

The 2024 President’s Budget requests $165 million for program costs in MMI, which is $15 million more than the 2023 enacted level. It includes $150 million for administrative contract expenses and $15 million for a Small Balance Mortgage demonstration. The Budget also includes $400 billion in loan guarantee commitment authority and $1 million in direct loan authority, both of which are equal to the 2023 enacted level.

The Small Balance Mortgage Demonstration is a new initiative for 2024 which seeks to increase access to small-balance mortgages.

This program aligns with HUD 2022-2026 Strategic Objective 3A: Advance Sustainable Homeownership.
JUSTIFICATION

The 2024 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 Small Balance Mortgage demonstration. It will fund activities including, but not limited to: insurance endorsement of single-family mortgages; the single-family case management system for REO properties; Secretary-held mortgage servicing; HECM counseling tools; the required annual FHA independent actuarial review; the 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 2024 Budget also support Multifamily Housing’s core program functions, including, but not limited to: construction inspections on multifamily projects; 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 two risk categories: forward mortgages and reverse mortgages (HECMs):

- **Forward programs** provide mortgage insurance for the purchase and refinance of homes with one to four units. Loan products under this category include forward mortgages on single family homes, condominiums, homes purchased on Indian and Hawaiian lands, and rehabilitation loans. 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 them to access the equity in their homes to support their financial and housing needs as they age. The program fills a unique role in the national mortgage market. HECM loans provide various distribution options for seniors, including 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 until the homeowner fails to comply with other requirements of the loan, such as payment of property taxes and insurance.

In addition, the Small Balance Mortgage demonstration will aim to increase access to mortgages for lower-priced homes, for which affordably priced mortgages are currently scarce. Despite the fact that lower-priced homes constitute a disproportionate share of the housing stock in some areas of the country, many prospective homebuyers experience difficulty in securing traditional mortgage financing to purchase them. HUD research has found that limited profitability appears to be a primary driver of low origination volume of small mortgage loans to owner-occupant purchasers of lower-priced homes, and that increasing the number of these loans submitted for FHA insurance endorsement may require either a reduction in origination and servicing costs or the provision of additional lender or loan originator compensation sufficient to make small mortgage loans profitable at levels acceptable to lenders. The demonstration may include mortgagee incentives designed to lower the structural barriers that prevent access to these smaller balance mortgages.
Commitment Authority - Up to $400 billion for New Loan Guarantees

The 2024 President’s Budget requests $400 billion in loan guarantee commitment limitation, which is to remain available until September 30, 2025. This limitation includes sufficient authority for insurance of all single-family forward mortgages and HECMs. Total loan volume projected for all MMI programs for 2024 is $232.7 billion. Of that total, $206.4 billion is estimated for standard forward mortgages and $26.3 billion is for HECM. The size and two-year availability for this commitment authority reduces the likelihood of program disruption should there be a continuing resolution or greater-than-expected demand for loan guarantees. To make homeownership more affordable for underserved borrowers, including first-time, low- to moderate-income and minority homebuyers, the FHA is reducing the annual mortgage insurance premiums new borrowers will pay by about one-third. This action, effective in 2023, will save the average FHA borrower approximately $800 in the first year of their mortgage loan and provide continued savings for the duration of the loan.

Negative Subsidy Receipts

The $232.7 billion in loan volume projected for the entire MMI portfolio in 2024 is expected to generate $3.5 billion in negative subsidy receipts, which are transferred to the MMI Capital Reserve account, where they are available to cover any unexpected cost increases for the MMI portfolio.

Commitment Authority - Up to $1 million for Direct Loans

The loan authority requested would provide short-term purchase money mortgages for non-profit and governmental agencies. It would enable these entities to make HUD-acquired single-family properties available for resale to purchasers with household incomes at or below 115 percent of an area’s median income. While this program has been infrequently used in recent years, it 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 request for 2024 will provide funding for contracts necessary to the administration of FHA programs operating under the MMI and GI/SRI funds. This request will fund activities including, but not limited to, insurance endorsement of single-family mortgages; construction inspections on multifamily projects; the required annual FHA independent actuarial review in support of the financial audit; management and oversight of asset disposition; risk analysis; accounting support services; and assistance with claims and premium refund processing.

Total Execution by Fiscal Year - Administrative Contracts

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<thead>
<tr>
<th>Total Execution</th>
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<tr>
<td>FY 2019</td>
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<td>FY 2020</td>
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<tr>
<td>FY 2021</td>
</tr>
<tr>
<td>FY 2022</td>
</tr>
<tr>
<td>FY 2023 (Projected)</td>
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</tbody>
</table>

FHA continues to increase its execution rates and has significantly reduced the amount of carryover each year. FHA anticipates that the carryover funding into 2024 will be less than $3 million based on the increased administrative expenses to manage the portfolio.
Information Technology (IT)

Within the Information Technology Fund, the Budget requests $3.3 million to support the FHA Modernization system.

FHA Modernization (Single Family Housing) - $3.3 million

HUD is carrying out a multi-year investment called FHA Catalyst that began in 2019 to modernize FHA's infrastructure and bring FHA in line with current industry practices. Loan components are already in production, providing lenders with streamlined electronic processes for the submission of FHA case binders, claims, and data on defaulted mortgages. Through this investment, FHA will continue to strengthen internal controls and mitigate outstanding IT audit findings through technological integrations with other Federal systems. The Office of Housing will further develop its underwriting and valuation analytics tools to improve the process for evaluating loan level data. It will also add functionality to its IT systems to enable more flexible and effective loss mitigation policies and lender oversight.

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

<table>
<thead>
<tr>
<th>SUMMARY OF RESOURCES BY PROGRAM</th>
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<tbody>
<tr>
<td>(Dollars in Thousands)</td>
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<tr>
<td>Budget Activity</td>
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<td>Administrative Contract Expenses</td>
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<tr>
<td>Small Balance Mortgage</td>
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<tr>
<td>Demonstration</td>
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<tr>
<td>Total</td>
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</table>

a/ 2022 Carryover includes $20.2 million in carryover and $28 thousand in recaptures.
b/ 2023 Carryover includes $19.2 million in carryover and $2 million in anticipated recaptures.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 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. (Sec. 217)

Legislative Proposals

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization process.
• **PACE priming of FHA-insured Loans:** This proposal would require PACE providers to obtain HUD consent before adding PACE loans to properties with outstanding FHA-insured mortgages.

• **HECM Loan Limits:** This proposal would establish HECM regional loan limits aligned to the limits currently in place for the single-family Forward program.

• **Lender Incentive Payments:** This proposal would authorize FHA to make payments directly to lenders to incentivize such activities, subject to appropriations.

• **Partial Claim Cap Increase:** Under current law, FHA partial claims may not exceed 30 percent of the unpaid principal balance (UPB) of the mortgage. HUD proposes increasing the maximum partial claim amount to 40 percent of UPB for borrowers who previously received a COVID-19 partial claim.

• **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 Budget and Appropriations Acts.

• **Housing Counseling for HECM Refinances:** This proposal would extend the housing counseling requirement to include borrowers who apply for refinances of HECMs obtained within the last five years.

• **HECM Non-Borrowing Spouses:** This proposal would clarify that automatic foreclosure protections apply only to non-borrowing spouses identified at HECM origination, consistent with current policy, while also establishing flexibility to extend further protections at the Secretary's discretion.

• **FHA Lender Suspension Authority:** This proposal would expand FHA's options for penalizing FHA-approved lenders for violations of program requirements without permanently forcing them out of the single-family mortgage insurance program.

• **FHA Civil Money Penalties:** This proposal would strengthen FHA's enforcement authority by eliminating the annual cap on civil money penalties while retaining the per-violation maximum.

• **Removal of Obsolete Language:** This proposal would strike obsolete language related to the use of a 2001 study to set HECM premiums, which has no practical implications for the program.

• **Improvements to Partial Claim Execution:** This proposal would provide HUD with more flexibility in structuring partial claim notes, such as tying them to the first lien and directing lenders to conduct servicing. This flexibility would reduce FHA administrative costs and possibly increase recoveries.

• **Claim adjustments for errors in property disposition:** This proposal would allow downward claim adjustments to FHA claim payments in case 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(k) program statute with consistent terms and definitions to ensure their standardization.
The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

**MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT**

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 preceding proviso shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund: Provided further, That for administrative contract expenses of the Federal Housing Administration, [$150,000,000] $165,000,000, to remain available until September 30, 2024: Provided further, That to the extent guaranteed loan commitments exceed $200,000,000,000 on or before April 1, 2023, an additional $1,400 for administrative contract expenses shall be available for each $1,000,000 in additional guaranteed loan commitments (including a pro rata amount for any amount below $1,000,000), but in no case shall funds made available by this proviso exceed $30,000,000] 2025:

Provided further, That of the amount in the previous proviso, up to $15,000,000, to remain available until September 30, 2026, shall support a demonstration program to increase access to small balance mortgages, as defined by the Secretary, which may include the cost of: (1) guaranteed loans, including the cost of modifying such loans, as defined in section 502 of the Congressional Budget Act of 1974; and (2) technical assistance, mortgagee incentives, and other demonstration activities: 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 [only to the extent that the net credit subsidy cost for such insurance does not exceed zero].

(*Department of Housing and Urban Development Appropriations Act, 2023.*)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – General and Special Risk Insurance Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
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<tr>
<td>2022 Appropriation</td>
<td>-</td>
<td>1,574</td>
<td>-</td>
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<td>2024 President's Budget</td>
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<td>Change from 2023</td>
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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, and hospital facilities;
- Improve access to quality healthcare, reduce the cost of that care, and support the needs of aging populations in communities nationwide;
- Strengthen local economies by playing a countercyclical role in the market;
- Improve the availability and maintenance of rental housing for low- and moderate-income families; and
- Enable private lenders to make loans for important projects in 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 2024 President’s Budget requests $35 billion in loan guarantee commitment authority and $1 million in direct loan authority for the FHA GI/SRI Fund, both of which are equal to the 2023 enacted level. The Budget estimates $434 million in offsetting negative credit subsidy receipts in 2024 from GI/SRI loan guarantees. At the requested level, GI/SRI is projected to issue over $21 billion in loan insurance commitments in 2024, including:

- $575 million in loan guarantees for 39 new Federal Financing Bank (FFB) Risk Sharing loans;
- $16.8 billion in loan guarantees to support 820 apartment housing projects;

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$4.1 billion in loan guarantees for 260 healthcare facilities, including residential care facilities (skilled nursing homes, assisted living facilities, and board & care homes) and hospitals; and

$20 million for 850 Title I manufactured housing and property improvement loans.

This program aligns to HUD 2022-2026 Strategic Objective 2A: Increase the Supply of Housing.

JUSTIFICATION

The 2024 Budget supports mortgage insurance programs that are essential in achieving the Department’s mission of creating strong, sustainable, inclusive communities and quality affordable homes for all.

Mortgage insurance facilitated by the GI/SRI fund encourages private lenders to make loans for new rental housing in a variety of 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 refinance lending to preserve financially healthy housing and healthcare projects by helping them reduce the cost of 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. Insured refinancing through GI/SRI programs also enables properties to undertake needed renovation and rehabilitation for the health and safety of residents.

FHA mortgage insurance enhances a borrower’s credit and provides lenders with better access to capital markets, most notably through Ginnie Mae securities. In exchange for adherence to underwriting and application requirements established by HUD and the payment of required insurance premiums, FHA-approved lenders can file claims with FHA to compensate them for losses arising from a borrower default. Mortgage insurance premiums and specific terms for claim payments vary by program. GI/SRI mortgage insurance programs work in part by helping private lenders access liquidity otherwise unavailable to borrowers developing or operating properties covered by these programs.

The credit enhancement provided by an FHA loan guarantee or insurance enables borrowers to obtain long-term, fully amortizing fixed-rate financing (up to 40 years in the case of new construction/substantial rehabilitation), which can result in substantial cost savings. Access to fixed-rate loans with long-term amortization, which typically are not available through conventional lending sources, 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-insured financing of healthcare facilities reduces costs for operators and contributes to lower healthcare costs for taxpayers and consumers.

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 is used to determine if a loan is an acceptable credit risk to HUD. Large multifamily housing projects and all healthcare facility loans receive secondary review and approval by a national loan committee of senior HUD officials. Once insurance has been
approved, progress on any new construction or renovation is closely monitored by HUD inspectors. HUD asset managers monitor project financial statements on an ongoing basis and periodic physical inspections are conducted by HUD’s Real Estate Assessment Center. Loss mitigation measures, including partial payment of claims based on the policy approved in 2010, are undertaken before a default and full claim on the loan occurs. When a borrower defaults 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 weighs the benefits of renewed capital investment in the community against 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 loan originations include a tiered loan approval structure requiring increasing levels of Loan Committee review based on program and dollar amount of the loan. In addition, HUD staff conduct a thorough underwriting review of each transaction and the Office of Risk Management conducts sampling of post-commitment reviews. Loan origination and default data and trends are monitored by HUD, and lenders are required to obtain third-party quality control reviews on a sampling of loans and for all early claims within four years of final endorsement.

Healthcare facilities are major economic engines and community anchors that are pivotal for economic growth and quality of life within communities nationwide. The healthcare portfolio as of February 2023 included 3,525 insured residential care facilities (assisted living facilities, nursing homes, and board and care homes) in 49 States as well as the District of Columbia, and 61 hospitals within 27 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 results 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, the GI/SRI currently insures over 1.3 million multifamily 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 interagency partnership between HUD, Treasury’s FFB, and HFAs that provided a Ginnie Mae-like financing mechanism for HFA risk-share partners until use of 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 resumed the initiative, with a continued focus 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 is currently scheduled to sunset in 2024. In the interim, HUD is pursuing legislation and working to transition 542(c) participants from FFB financing to Ginnie Mae securitization.

**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 85-90 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 category 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. See next paragraph for the second category.

**Section 232/223(f) Refinancing and Purchase of Existing Residential Care Facilities:** The Section 232/223(f) refinancing program is the second category of budget risk. This 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 loans used to finance manufactured homes, lots on which to set the homes, or the home and lot together.
### GI/SRI Risk Categories and Estimated Volume

<table>
<thead>
<tr>
<th>2024 GI/SRI Programs (Dollars in Millions)</th>
<th>Commitment Volume (projected)</th>
<th>Credit Subsidy Rate</th>
<th>Offsetting Receipts (projected) a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Loans Levels</td>
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<td>-</td>
</tr>
<tr>
<td>FFB Risk Sharing</td>
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<td>49</td>
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<tr>
<td>Guaranteed Loan Levels</td>
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<tr>
<td>Apartments New Construction / Substantial Rehab (221d4)</td>
<td>3,122</td>
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<tr>
<td>Tax Credit Projects (includes Healthcare Tax Credit Projects)</td>
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<tr>
<td>Apartment Refinances (223a7 &amp; 223f)</td>
<td>8,887</td>
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<td>Housing Finance Agency Risk Sharing (542c)</td>
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<td>GSE risk-share</td>
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<td>Other Rental</td>
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<td>Subtotal - Multifamily Programs b</td>
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<td>New Construction and 241(a)/Residential Care Facilities (232(nc), 241(d))</td>
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<td>Refinances (a7 and 223(f))/Residential Care Facility Refinances (232(refi), Operation Loss)</td>
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<td>Hospitals (242)</td>
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<td>Subtotal - Healthcare Programs b</td>
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<td>Title 1 - Property Improvement</td>
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<td>Title 1 - Manufactured Housing</td>
<td>4</td>
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<td>Total - Guaranteed Loan Levels b</td>
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<td>Total - GI/SRI Fund b</td>
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a/ Receipts are recognized as the underlying loans are disbursed.
b/ The subsidy rate is a weighted average.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Carry over Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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<td>Positive Subsidy Appropriation</td>
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<td>-</td>
<td>-</td>
<td>1,574</td>
<td>1,574</td>
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</tbody>
</table>

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Legislative Proposals

The 2024 Budget supports the following new legislative proposals and will seek changes through the authorization process:

- **Re-baseline Basic Statutory Mortgage Limits for Multifamily Housing Programs:** The Basic Statutory Mortgage Limits for Multifamily Housing are a constraining factor in the underwriting of certain multifamily mortgage loans. As designed, those constraints were intended to ensure FHA activity remained centered around its mission of providing safe, decent, and affordable housing. However, with nearly two decades elapsed since the last update, the statutory limits now pose challenges to FHA meeting its mission in many areas. Even with adjustments to reflect inflation and higher-cost areas, the limits effectively preclude FHA as a viable financing tool in the most expensive housing markets, especially along the West Coast and in New England. To ensure FHA remains accessible across a variety of markets, this proposal would update the per-unit dollar amounts specified in statute and provide for an alternate inflation index that better reflects the costs of residential construction. This change is consistent with HUD’s mission.

- **Authorize Ginnie Mae Securitization of HFA-Risk Sharing Loans:** This proposal will authorize Ginnie Mae to securitize FHA Section 542(c) HFA-Risk Sharing loans to address the critical need for affordable housing and to ensure a stable source of capital for the program. An inter-agency partnership between HUD, the Federal Financing Bank (FFB) of the U.S. Department of Treasury, and state housing finance agencies (HFAs) has established an interim Ginnie Mae-like funding mechanism, but a permanent solution is required. Ginnie Mae securitization will ensure a permanent source of lower-cost capital for HFAs to address the critical need for affordable housing.

The 2024 Budget supports the following continuing legislative proposals:

- **Section 232 Loans – Civil Money Penalties:** Clarify that, with respect to residential care facilities, the operators—not just the borrowers—are accountable for regulatory agreement violations and are subject to civil money penalties for such violations. This is needed to correct a legislative gap in the Civil Money Penalties statute. This is an essential tool for addressing performance of operators of nursing homes and other care facilities, which is particularly important since skilled and compliant operator performance plays a pivotal role in the level of risk to the FHA.

- **Modernize Title I Programs:**
  1. **Revise the Title I property improvement loan limits, allow HUD to index the limits administratively, and permit borrowers to use Title I for the construction of new residential structures.** The recasting of property improvement loan limits and the ability to index the limits will allow FHA to remain a viable funding source for low- and moderate-income borrowers seeking to make home improvements, including adding Accessory Dwelling Units and increasing the energy efficiency of aging housing stock.

  2. **Re-baseline the statutory Manufactured Housing loan limits, and allow HUD to index the limits administratively using a data source “as determined by the Secretary.”** Although HUD is currently authorized to adjust the statutory loan limits (and has issued a proposed rule exercising this authority), HUD is limited to using Census Bureau data. Increasing the baseline loan limits to a level commensurate with the current prices of single and multi-unit manufactured homes, and giving HUD flexibility to adjust them using alternate inflation indexes, will ensure the loan limits are calibrated to factors more appropriate and specific to this housing market and will allow FHA to remain a
viable funding source for low-and moderate-income borrowers seeking to purchase or refinance manufactured homes.

3. *Increase the term to maturity of all Title I loans to standard terms.* Providing a more uniform term to maturity of all Title I loans will make the loans more affordable for borrowers and more attractive for lenders to originate by reducing complexity and limitations on the program.

4. *Revise leasehold requirements to allow more flexible terms as determined by the Secretary.* Permitting leaseholds to be adjusted may increase the number of manufactured homes eligible for Title I financing or provide additional borrower protections.

**General Provisions**

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 appropriations bill:

**Prohibition on Insuring Mortgages Subject to Eminent Domain:** This provision prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (Sec. 217)

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

**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] 2025: Provided, That during fiscal year [2023] 2024, 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. *(Department of Housing and Urban Development Appropriations Act, 2023.)*
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Government National Mortgage Association (GNMA)

Mortgage-Backed Securities Program

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<thead>
<tr>
<th></th>
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ADMINISTRATIVE EXPENSES AND COMMITMENT & MULTICLASS FEES
(Dollars in Thousands)

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<tr>
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<th>Carryover</th>
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<th>Budget Authority</th>
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<th>Obligations</th>
<th>Net Outlays</th>
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<td>(1,417,485)</td>
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<td>(133,075)</td>
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<td>(1,643,192)</td>
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<td>(87,899)</td>
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<td>(26,689)</td>
<td>20,600</td>
<td>(89,209)</td>
<td>14,194</td>
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a/ 2022 Budget Authority includes $3 million of earned no-year funds contingent on volume, which is not included in the S&E CJ.

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 increase access to affordable and sustainable housing and homeownership for those that the Federal mortgage programs are intended to serve.

BUDGET OVERVIEW

The 2024 President’s Budget for Ginnie Mae consists of two parts:

1) $550 billion in limitation on new commitments of single class MBS, which is $350 billion less than the 2023 enacted level; and

2) $61 million in spending authority from offsetting collections to cover salaries and expenses (S&E), which is $20.6 million more than the 2023 enacted level.
Commitment Authority

The 2024 President’s Budget requests $550 billion in commitment authority, to remain available until September 30, 2025. 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 HUD’s Federal Housing Administration (FHA) and Public and Indian Housing (PIH) programs, Veterans Affairs (VA), and U.S. Department of Agriculture’s (USDA) Rural Development program — 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 2024 President’s Budget requests $61 million, to remain available until September 30, 2025. Ginnie Mae’s S&E budget is offset by an estimated $150 million in collections from Commitment and Multiclass fees, resulting in net budget authority of -$89 million. Please see the Ginnie Mae S&E Congressional Justification for more details.

This program aligns to HUD 2022-2026 Strategic Objective 3B: Create a More Accessible and Inclusive Housing Finance System.

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).
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 2022, Ginnie Mae supported approximately 2.2 million households in our Nation’s urban, rural, and tribal communities, including underserved segments of the population, service members, and veterans – with nearly 800,000 Americans achieving the dream of homeownership for the first time.
Equity

Ginnie Mae serves in a critical role to support the Administration’s ongoing efforts to ensure the housing finance, homeownership, and affordable rental housing ecosystem is sustainable, equitable, and accessible. By leveraging the Federal mortgage programs to break down longstanding barriers, Ginnie Mae makes access to affordable homeownership and rental housing possible for millions of middle- and lower-income borrowers and renters, many of whom are first-time homebuyers, veterans, and in minority households.

Funding Impact

Ginnie Mae’s commitment authority budget is market-driven to ensure that the lenders can fully meet the borrowers’ demand for Federal mortgage programs, and the extent to which the request is used will be driven by market conditions in the housing finance industry. The requested funding level, if used in full, will provide funding for approximately 2 million loans to borrowers under Federal loan programs, assuming the 2022 average loan amount of $281,631.

Key Assumptions

The commitment authority budget reflects the forecasted reduction in commitment authority sales, because of the decline in loan originations due to a shifting economic environment. Specifically, interest rate increases combined with inflation have dramatically slowed housing purchase and refinance originations, which contributed to the increased demand for commitment authority in 2020 ($877 billion) and 2021 ($999 billion).

The Budget, coupled with forecasted carryover funds, will support uninterrupted operations while still retaining a balance to account for any unforeseen changes to market and economic conditions.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President’s Budget</th>
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<tr>
<td>Commitment Authority</td>
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<td>[1,423,544,718]</td>
<td>[508,301,052]</td>
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<tr>
<td>Total</td>
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<td>[1,423,544,718]</td>
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<td>[900,000,000]</td>
<td>[900,000,000]</td>
<td>[1,800,000,000]</td>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Clarifying S&E Funding Source as Offsetting Collections:** The Budget requests a revision to the appropriations language that clarifies the source of Ginnie Mae’s S&E as receipts from Commitment and Multiclass fees credited as offsetting collections in the program account. It was brought to the Department’s attention that the appropriations language could be interpreted in such a way that Ginnie Mae’s annual S&E is funded through an appropriation instead of, as it was intended, from offsetting collections. The 2024 Budget explicitly provides for offsetting collections as the source of S&E funds.
Legislative Proposals

The 2024 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.

General Provisions

The 2024 President’s Budget reproposes the following general provisions that were enacted in the 2023 appropriations bill:

- **GNMA Legal Services**: 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 for in annual appropriations bills do not preclude Ginnie Mae’s reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds. (Sec. 204)

- **GNMA Securitizations of Risk Share Loans**: This proposal authorizes Ginnie Mae to securitize affordable multifamily loans made by Housing Finance Agencies (HFAs) and insured under FHA’s 542(c) Risk-Sharing program. (Sec. 232)

- **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. (Sec. 205)

- **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. (Sec. 217)

**APPROPRIATIONS LANGUAGE**

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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]$550,000,000,000, to remain available until September 30, [2024] 2025: Provided, That [[$40,400,000]$61,000,000, to remain available until September 30, [2024] 2025, 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 for necessary salaries and expenses of the Government National Mortgage Association: [Provided further, That to the extent that guaranteed loan commitments exceed $155,000,000,000 on or before April 1, 2023, an additional $100 for necessary salaries and expenses shall be available until expended for each $1,000,000 in additional guaranteed loan commitments (including a pro rata amount for any amount below $1,000,000), but in no case shall funds made available by this proviso exceed $3,000,000: ]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. (Department of Housing and Urban Development Appropriations Act, 2023.)]
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Government National Mortgage Association

SALARIES AND EXPENSES
(Dollars in Thousands)

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<tr>
<th></th>
<th>2022*</th>
<th>2023</th>
<th>2024</th>
<th>Carry</th>
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<tr>
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*Includes 2021 carryover

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 HUD, via Federal Housing Administration (FHA) and Public and Indian Housing (PIH) programs, the Department of Veterans Affairs (VA), and the Department of Agriculture (USDA), via Rural Development programs.

BUDGET OVERVIEW

The 2024 President’s Budget requests $61 million for Ginnie Mae, which is $20.6 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $61.5 million, which is $18.5 million above 2023 total funding.

It is critical to emphasize that 2024 will be the initial year Ginnie Mae transitions to supporting all the cost for personnel services strictly from the annual appropriation. Ginnie Mae will also utilize the budget to pay for most of its share of Working Capital Fund (WCF) costs. Contrary to the previous ten years, Ginnie Mae will not have the ongoing supplement of a contingent (no-year) salaries and expenses account balance. The full utilization of contingent resources in 2024 (and inability to meet business volume thresholds in current market environment) directly translates to the loss of $3 million, which was historically used to bolster staffing for the organization. Ginnie Mae will be executing all staffing requirements, both Full-time Permanent and Other Than Full-Time Permanent (OTFTP or Term), based on the funding resources received from the $61 million budget request. This full transition to the two-year account to support personnel services requires a significant funding increase for 2024.

The Budget will enable Ginnie Mae to achieve its mission and purpose to provide liquidity in the housing finance ecosystem, enabling first-time homebuyers, veterans, seniors, and members of...
urban, rural, and tribal communities access to affordable housing. This core function also includes the key operational activity of ensuring the securitization platform supports access to and liquidity for all government-insured mortgage programs (i.e., FHA, VA, USDA, and PIH) and remains stable and reliable through any economic cycle. The requested amount of $61 million will produce meaningful MBS program accomplishments, and an increased focus on current operations. The scope of current operations has expanded and now includes managing a defaulted issuer Home Equity Conversion Mortgages (“HECM”) portfolio, which introduces new/significant risk to the Government.

For allocation of the budget and X-year balances, Ginnie Mae will utilize the S&E two-year appropriation for Personnel Services (PS), and then use remaining balances of S&E X-year funding to pay for Non-Personnel Services (NPS) and a portion of WCF expenses, as discussed below.

**Personnel Services (PS)**

The Budget assumes $60.1 million for PS, which is $17.6 million above the 2023 total funding level. This $60.1 million funding level supports 271 full-time equivalents (FTEs), 70 FTEs above the 2023 total funding level. However, the “net new” 2024 FTE level is only 40 FTEs above 2023 after accounting for the 30 FTEs previously funded from the no-year account in 2023. The Budget also supports a 5.2 percent Federal pay raise. This significant investment will allow Ginnie Mae to continue to afford onboarded staff, backfill critical vacancies, and establish additional management and staffing capacity to assist in mitigating identified risks, address unmet needs, as well as support Departmental strategic goals and key operational initiatives. The Budget supports the following critical objectives:

- **Continuity (base-level), $55.4 million (250 FTE)**
  - Ginnie Mae intends to begin 2024 with 224 Full-Time Permanents (FTP) and 30 Terms onboard to support the existing operational requirements.

- **HUD Strategic Initiatives, $2.4 million (11 FTE)**
  - The organization intends to add a minimum of 22 positions during 2024 based on identified critical skillsets needed to continue to expand on the implementation and development of platforms supporting departmental initiatives and goals.

- **Reverse Mortgage Funding (RMF) Issuer Default(s), $2.2 million (10 FTE)**
  - Ginnie Mae will require at least 20 positions to be onboarded in 2024 to support the unexpected urgent requirements of addressing and resolving the financial as well as operational challenges imposed as a result of the RMF issuer bank default.

Additional information regarding human capital management, including staffing objectives to support the implementation of essential risk management and technology platform improvements, as well as new program initiatives reflecting administration priorities, are further described under the “Key Operational Initiatives” section.

**Non-Personnel Services (NPS)**

The Budget assumes Ginnie Mae will continue to support its 2024 NPS requirements, including travel, training, conferences, contracts and supplies, using carryover balances of contingent spending authority from offsetting collections earned in the Ginnie Mae S&E X-year account.

**Working Capital Fund (WCF)**

The WCF funding level is $2 million, of which $648 will be forward funded in 2023. The 2024 level is $432 thousand more than the 2023 funding level. The WCF cost will be partially funded by balances from the contingent no-year account ($648 thousand) and the remaining $1.4 million will be funded by new authority. This level reflects payments for baseline WCF services (including inflationary
KEY OPERATIONAL INITIATIVES

Ginnie Mae will utilize the appropriation for PS for the following strategic staffing objectives:

Continuity (base-level), $55.4 million (250 FTE)

HUD Strategic Initiatives, $2.4 million (11 FTE)

1. **HUD Strategic Objective 3B: Equity/Underserved**: Funding will be used to focus on developing long-term workforce planning strategies and sponsoring initiatives to promote and achieve a culture of performance excellence and accountability, while supporting diversity, equity, fairness, and inclusion. This Budget makes an investment towards initiatives that advance racial equity and expand affordable homeownership and wealth building opportunities for underserved communities. Initiatives include:
   - *Program Management*: Development of new products/structures/channels will, separately, require staff to implement and manage on an ongoing basis.
   - *Policy Support*: This objective will entail the creation of new security products and delivery structures/channels (such as potentially supporting expanded Title I lending, conversion of multifamily risk share lending to Ginnie Mae securitization, and developing a business channel and securitization product to enhance liquidity for Community Development Financial Institutions (CDFIs)). Ginnie Mae does not currently have the staff to manage expansion research and policy developments on multiple fronts, and even before the formulation of the HUD 2022-2026 Strategic Plan had recognized the establishment of a dedicated unit to oversee major development initiatives as a top organizational priority. Publication of the plan makes this essential.

2. **HUD Strategic Objective 3B: Protect/Enhance Security Value**: As a national leader in financing affordable and first-time homeownership, Ginnie Mae and our securitization programs are vital. By enhancing the value of our MBS through expanded data on Environmental, Social and Governance (ESG) disclosures and implementing new methods of attracting global capital into the American housing finance system, we can ensure that our MBS and programs remain attractive to the global investment community. Furthermore, to increase ease of access for these programs, we are also committed to modernizing Ginnie Mae’s technology and operations platforms -- with planned upgrades to ensure efficient and secure delivery of our MBS, as well as advance digital innovation in our MBS program and the mortgage ecosystem. In an optimized digital environment, all stakeholders including the households our programs serve will have more efficient and streamlined access. Initiatives include:
   - *Dedicated Business Transformation Unit*: The Objective calls for the execution of already-planned initiatives that take advantage of cloud migration to introduce further technology transformation and ensure that the Ginnie Mae securitization platform supports the business needs of Ginnie Mae and its stakeholders. In the last decade, several billion dollars of investment has been made in the Common Securitization Platform (CSP) supporting Fannie Mae and Freddie Mac – the government’s platform cannot be allowed to stagnate relative to the CSP (because failure to modernize our platform would result in a loss of issuance volume, which would raise the relative cost of homeownership for borrowers under the government programs).
• **Digital Collateral:** The HUD Strategic Plan commits Ginnie Mae to “advance the digitalization and optimization of the Ginnie Mae MBS securities platform.” The plan specifically calls for an expansion of the existing pilot program (Digital Collateral) that made possible securitization of eNotes on government loans, addressing a significant disadvantage of the government sector of housing finance relative to the government-sponsored enterprises (GSEs) e.g., Fannie Mae, Freddie Mac.

• **ESG Products/ Disclosure:** The increasing importance of ESG information to capital markets investors provides HUD with the ability to leverage information about the government-backed loans that underly Ginnie Mae securities to materially enhance the value of those securities (and potentially help direct capital to needed areas). Early efforts on this front have been well-received in the market, and an increased focus will establish HUD as a leader on the ESG front in a highly visible way. Additional resources in this space are critical because the ESG sector remains immature, and Ginnie Mae will need to develop its ESG approach and programmatic enhancements in a rapidly evolving sector.

• **Re-securitization (Products & Transaction):** Securitization implementation would significantly improve the supply of stable and low-cost source of capital and enhanced market liquidity.

3. **HUD Strategic Objective 5: Strengthen Internal Capacity** – Ginnie Mae will strengthen internal efficiency to better ensure delivery of its mission by supporting and developing staff, assessing and mitigating risks (e.g., counterparty risk, cyber risk, MBS/HMBS program risk), sound acquisition management, and enabling data-based decision making. Initiatives include:

• **In-sourcing:** While Ginnie Mae’s ability to utilize contracted services is generally a source of strength, recently conducted (at the recommendation of GAO) reviews identified several areas where in-sourcing was appropriate and feasible and could reduce costs. These include monitoring reviews of Ginnie Mae’s largest issues, functions related to the maintenance of the issuer stress testing program, and certain specialized technology functions.

• **Cybersecurity and Counterparty Risk:** The scale and prominence in the capital markets of the Ginnie Mae securitization platform (whose operation is classified as a National Essential Function) necessitates continued investment over the next two years, not least as a result of the requirements of Executive Order 14028. In addition, Ginnie Mae has continued to make strides in the extent to which it uses data and analytics to manage counterparty risk, but significant deficiencies remain and must be addressed with additional resources (such as the inadequacy of the current infrastructure for advance detection of compliance failures that stem from program changes made by the Congress, FHA, VA and USDA).

• **Contract Services Oversight:** GAO’s review of Ginnie Mae’s use of contracted services pointed to ongoing challenges in managing procurement and contracts. Ginnie Mae has subsequently reported to GAO its own opinion that “procurement execution is consistently the top-ranked risk” to the organization, and that “greater dedicated technical contracting expertise in-house” is required. Ginnie Mae is developing a specific plan of internal reforms that will require some budgetary support. GAO’s report also discussed oversight concerns – while the recommendations on this front were directed at Congress, Ginnie Mae is seeking to implement a Federal Advisory Committee Act (FACA)-compliant body that would both improve transparency and support the 3B objective to increase the level of engagement with outside stakeholders. This will require a modest investment in ongoing administration.
• **HMBS Program Management:** Ginnie Mae’s HMBS (reverse mortgage securitization) program has long been regarded as a source of risk disproportionate to its size, owing to the combination of program complexity and a small base of generally lesser capitalized institutions as program participants – with outsized political risk in the bargain. Ginnie Mae has no staff dedicated full-time to this program and seeks to remedy this deficiency.

• **Data Analytics:** Ginnie Mae’s cloud migration initiative will make possible significant advancements in its ability to generate and utilize program data. At present Ginnie Mae employs only a small number of data specialists and will need to increase this investment in order to achieve the objectives discussed above.

**Reverse Mortgage Issuer Default(s), $2.2 million (10 FTE)**

On November 30, 2022, Reverse Mortgage Funding (“RMF”), a mortgage bank specializing in Home Equity Conversion Mortgages (“HECMs”) and a Ginnie Mae HECM MBS (“HMBS”) Issuer with a $21.3 billion portfolio, filed for Chapter 11 bankruptcy. RMF was the largest HMBS Issuer in the Ginnie Mae ecosystem with 40 percent of the total Ginnie Mae reverse portfolio. Ginnie Mae went to great lengths to have the portfolio transferred to an alternative reverse mortgage servicer. Ultimately, a transaction with an alternative mortgage bank was not feasible. As a result, Ginnie Mae seized the RMF portfolio on December 20, 2022. Upon default and seizure, Ginnie Mae assumed the responsibilities of the defaulted issuer. As such, Ginnie Mae must manage the entire acquired reverse mortgage portfolio, ensure appropriate consumer protections, and identify long-term redesign of the HMBS program to ensure future resiliency and sustainability. Furthermore, given the size of RMF’s portfolio and the small number of Issuers (<13) and even smaller number of financiers (handful) in this space, we are monitoring the impact of our acquisition of this portfolio on the sector. Therefore, Ginnie Mae must triage this risk on several fronts. This includes (but is not limited to):

1. Enhancing information technology platforms to track/record/report onboarded portfolio, manage daily cash activities including borrower draws and other funding requests.
2. Work with Master Subservices (MSS) to improve servicing for this portfolio, which also includes planning for a disposition of the asset back to the private sector.
3. Develop policy options that can enhance liquidity for this sector and promote efforts that ensure Ginnie Mae is in the vanguard of financial institutions with respect to counterparty risk policy and oversight; etc.

While Ginnie Mae has the tools and personnel to manage a significant default, those same tools and personnel also perform critical diagnostic work to identify stressed Issuers, determine whether Ginnie Mae can work to avoid an Issuer failure, and monitor and enforce Ginnie Mae rules and regulations generally. These same staff will also need to manage multiple non-financial audits related to the seizure of RMF, our default preparations and processes, among other topics. These responsibilities fall on many of the same personnel working on the RMF portfolio. Thus, Ginnie Mae staff is stretched incredibly thin now managing their general responsibilities and this new complex portfolio.

Ginnie Mae has identified an urgent need for additional positions dedicated to managing its HECM portfolio/program in the following areas:

• **Audit Oversight:** Ginnie Mae is beginning an unprecedented audit cycle, with a very lean audit engagement team in place. Decisioning how we service, diligence, and ultimately dispose of the RMF portfolio requires this same team to provide advice in real time, as we answer important questions of first impression. We understand that the RMF seizure will figure into existing audits that have just begun and will likely merit its own audit, which means that the same small team advising our senior staff must also simultaneously work
with the auditors to get them what they need. Under current staffing this is unworkable and will jeopardize the integrity of Ginnie Mae's work and the visibility of auditors on that work.

- **Governance:** We continue to spot new issues as we take the RMF portfolio in-house. It has become clear that the HECM program requires enhanced governance across how Ginnie Mae makes decisions and across how we assess reverse Issuers and the risks they bring. In other words, because the HMBS program presents a heightened set of operational risks for Ginnie Mae, we require additional staff to work through these issues.

- **MBS Program Policy:** Currently, a handful of policy staff in the Office of the President are rushing to complete urgent All Participant Memorandums that will hopefully result in increased working capital for reverse issuers. This workload was not foreseeable pre-seizure.

- **Asset management:** Ginnie Mae's Office of Portfolio Management (OIPM) lacks a dedicated asset management office with the capacity to handle this new $21 billion highly complex asset. Lack of capacity here will result in a poorer execution for taxpayers and significantly heightened oversight risk. Asset management functions include managing claims to FHA and performance of the MSS in respect to claims submission and resolution, managing the quality of the performance of our MSS in making borrower draws on our behalf, analyzing portfolio for disposition opportunities, etc.

- **Risk Assessment:** As HMBS requires more risk assessment, Ginnie Mae needs additional reverse focused expertise in our Office of Enterprise Risk (OER). This will be critical for understanding the health of reverse issuers in the near term. Moreover, a key driver of risk in this space is that the private capital markets are facing strain; we need to extend our OER scope of work to focus on developing expertise in the Private Label Security (PLS) markets that HMBS issuers depend on. A comprehensive solution in this space requires this situational awareness.

- **Issuer Compliance:** This team is leading the management of the RMF portfolio, which taken alone is a significant undertaking which puts increased pressure on this same team’s ability to monitor compliance and enforce Ginnie Mae rules on Issuers in both the forward and reverse spaces. In addition, enhanced rigor over HMBS issuer monitoring including net worth and liquidity assessment, insurance requirement review, on-site review of compliance with Ginnie Mae Guide, elevated issuer assessment tools and techniques, are clearly needed given the current stress on HMBS Issuers.

- **Securities Operation:** Launching new products and other tools is incredibly work intensive for Ginnie Mae and the decisioning around structure and risk to the Government cannot be done by contractors. This team is also integral to making sure that Ginnie Mae can continue to honor borrower draw requests, which is a unique feature of reverse mortgages that Ginnie Mae has had to quickly learn to manage in order to prevent the failure of RMF from harming reverse borrowers.

- **Financial Operations:** The scope of work and level of effort for multiple financial activities has greatly increased. This includes (but is not limited to) compliance with new financial reporting requirements, additional audit requests, expanded internal controls, major accounting system enhancements, new daily cash collection and payment requirements, ongoing assessment of the sufficiency of funds to meet servicing needs of the onboarded HECM portfolio (e.g., loan buyouts, scheduled and unscheduled draws, etc.), preparation of new financial policies and procedures. These activities are essential to sustaining compliance with financial principles and regulations, as well as, maintaining audit readiness and an unmodified audit opinion.

- **Infrastructure Development:** The Office of Enterprise Data & Technology Solutions (OEDTS) is critical to creating the functionalities that our Capital Markets and Securities Operations team will depend on to stand-up and manage any future products of liquidity facilities.
**Operational Improvements**

Ginnie Mae will work to optimize service delivery and decision making to better meet customer needs by strengthening our workforce, which the Budget ($61.0 million) will permit. Ginnie Mae is committed to bolstering its workforce through hiring, training, opportunities for growth and has initiated efforts to stand-up a Human Capital committee that will provide transparency and accountability in the staffing and human resource management process.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Policy Development and Research
Research and Technology

SUMMARY OF RESOURCES
(Dollars in Thousands)

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<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
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a/ 2022 obligations include $6 million in adjustments to expired accounts.
b/ 2023 Carryover amount includes TA funding for a two-year NOFO.

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 research and evaluation, 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 Fiscal Year 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 2024 Budget provides increased support for agency-wide technical assistance (TA) as this account is the only source of TA resources for many HUD programs. R&T also supports HUD’s eviction protection efforts through grants, research, and TA.

BUDGET OVERVIEW

The 2024 President’s Budget requests $155 million for the Research and Technology Fund, which is $9.6 million more than the 2023 enacted level. This includes:

- $70 million for Core R&T to support the American Housing Survey and other national surveys, knowledge management, data acquisition, research dissemination, housing technology and innovation, housing finance research, research partnerships, and university-based research centers;

- $25 million for Research, Evaluations, and Demonstrations to support experimental demonstrations of innovative policies and programs, evaluations of current programs, and other policy-focused research;

- $50 million for Technical Assistance to ensure that HUD program partners and practitioners have access to research-informed and evidence-based guidance and best practices to improve accountability, efficiency, and outcomes for all of HUD’s programs and customers; and
• $10 million for the Eviction Protection Program which funds grants to organizations that provide legal assistance to low-income tenants at risk of or subject to eviction.

This program aligns to all of the goals and strategic objectives in the HUD 2022-2026 Strategic Plan.

JUSTIFICATION

Investments in Research and Technology play a critical role in supporting HUD’s mission by providing the data, research, and TA needed to ensure that HUD’s housing and community development programs are effective and innovative. The requested funding level for R&T provides support for three critical functions (Core R&T, Research, Evaluations, and Demonstrations, and Technical Assistance) that support innovation and evidence-based policymaking at HUD and improve outcomes for HUD’s program partners. It also continues funding the Eviction Protection Program which is critical to helping low-income Americans facing eviction stay housed.

Core Research and Technology

Core R&T requires the largest share of R&T resources, with a request of $70 million for 2024. Core R&T comprises three components: Housing Data Infrastructure; Knowledge Management, Dissemination, and Outreach; and Technical Expertise and Innovation. The funding request for 2024 allows PD&R to continue to support research partnerships, housing technology research, critical surveys, knowledge management activities, housing finance research, data purchases, and innovation events. Core R&T makes significant contributions to Presidential priorities. It produces reliable data to document the needs of underserved communities and inform policy, advances equity in research through collaborations with Minority Serving Institutions, and invests in housing technology innovations to support greater durability, resilience, energy efficiency, accessibility, and affordability in housing.

Housing Data Infrastructure: The largest component of Core R&T funding supports 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 2022 totaled $3.1 trillion of housing and utilities consumption, and $1 trillion of residential fixed investment, together accounting for 15.8 percent of gross domestic product. 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).

Housing Data Infrastructure also includes the acquisition of private sector data, and other data such as Low-Income Housing Tax Credit (LIHTC) and U.S. Postal Service vacancy data, that are used in PD&R research and for numerous policy-relevant purposes. To make this research and data analysis possible, PD&R utilizes several important information technology systems funded by the IT account. The Policy Analysis and Research Information System (PARIS), the Enterprise Geographic Information System (eGIS), as well as the Geocode Service Center (GSC) system provide shared services for cross-agency missions requiring spatially enabled data. In addition, PD&R’s Office of the Chief Data Officer (OCDO) is strengthening HUD’s data governance, enhancing privacy protections, and generating open data. 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.

The Budget supports the collection of new data to obtain timely information about the experiences of low-income renters and beneficiaries of HUD programs to inform policymaking in close to real time. This information will allow HUD to better understand how the individuals and families that HUD serves experience program and policy changes or larger economic forces, such as the COVID-19 pandemic. This new data will be collected by creating a paid panel survey of individuals using HUD’s programs and parallel panels of intermediaries or providers of HUD services.

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.

Knowledge Management, Dissemination, and Outreach: The second largest 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. This component supports dissemination of research to inform evidence-based policy and ensure equitable access to knowledge, and convenes 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 the 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, and during 2022, users downloaded an average of 630 thousand 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.

Technical Expertise and Innovation: Core R&T also supports housing technology and innovation 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 and Centers of Excellence grants for Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs), HUD is advancing equity in funding for housing research. Research Partnerships support projects on topics that address the Department’s Learning Agenda and draw on novel research approaches, including big data analytics, machine learning and artificial intelligence. Centers for Excellence grants encourage research on topics that address issues or challenges that impact housing, community and economic development, and the built environment in and for underserved communities.

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

Funding Research, Evaluation, and Demonstrations (R&D) at $25 million will allow PD&R to continue multi-year evaluations of programs and initiatives that advance Departmental priorities, as well as 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 Fiscal Year 2022-2026 Learning Agenda, which PD&R developed through extensive consultation with internal and external stakeholders to identify the highest priority needs for research and data to inform evidence-based policymaking. PD&R revisits the Learning Agenda each year to ensure that the Department’s research priorities reflect new legislation, changes in market or environmental conditions, and emerging research.

The R&D funding will allow HUD to support new and ongoing research, evaluations, and demonstrations. HUD will work with the Congress to identify the specific new projects to be supported by the 2024 Budget. One of HUD’s top priorities is to apply and expand innovative approaches to identify trends in housing discrimination by implementing lessons learned from previous research and following up on current solicitations for new identification methods. Other priorities include research on approaches to increase the supply of affordable housing, including through land and zoning reforms, assessing the effectiveness of policies and programs to improve housing quality and address housing needs in rural and tribal areas, and research that supports HUD’s efforts to mitigate the effects of climate change and natural disasters on assisted populations and the housing stock.\(^1\) If the Congress supports the Department’s proposal for a pilot program that allows PHAs in the most challenging markets to use Housing Choice Voucher (HCV) funding to assist tenants with security deposits, utility deposits, and utility arrears, PD&R will evaluate the effect of the pilot on HCV leasing success, funds utilization, and families served.

Technical Assistance

Funding the Technical Assistance (TA) program at $50 million provides resources to meet the critical needs of HUD customers identified by program offices as well as support for cross-cutting priorities.

TA resources provided through this account are the only source of TA funds for most programs at HUD. Every program area at HUD has identified a critical need for TA funds to provide more in-depth implementation support to grantees, including support to:

- Build internal capacity around affordable housing planning and development to increase housing supply, including meeting goals for affordable developments in high opportunity areas, energy efficiency, and climate resiliency in housing supply.
- Develop program designs and operational policies and procedures to expand offerings related to HIV response strategies.
- Support effective training and technical assistance to entities whose primary purpose and expertise is assisting survivors of sexual assault and domestic violence or providing culturally specific services to victims of domestic violence, dating violence, sexual assault, and stalking under the 2022 reauthorization of the Violence Against Women Act (VAWA).

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\(^1\) PD&R anticipates that up to $5 million of the requested R&D funding will be dedicated to climate-related research.
- Provide support for stable tenancy and mortgage support and promote financial health of individual program participants.

- Improve grantee understanding of how to combine Federal, State, and local funding sources to maximize achievement of program goals, reduce barriers to access, and streamline requirements in program implementation.

- Effectively integrate Federal cross-cutting requirements such as Environmental Review, Uniform Relocation Act, and the new Section 3 requirements into programs and projects.

- Provide support for grantees implementing the forthcoming Affirmatively Furthering Fair Housing final rule.²

- Expand resources to support integration and implementation of Limited English Proficiency outreach and language access, cultural sensitivity and racial equity awareness, and the Equal Access Rule.

In addition to meeting these critical needs, this TA funding will support congressionally directed spending for Community Project Funding and the Thriving Communities program, as well as ongoing development of the HUD Exchange website (a central platform for grantees to access resources).

HUD will continue awarding TA funds on a competitive basis through a two-year Community Compass Notice of Funding Opportunity (NOFO) because of the balance it offers between stability, flexibility, and administrative burden. HUD may also award a portion of these funds through a separate NOFO for Distressed Cities TA 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.

Eviction Protection Program

Funding the Eviction Protection Grant Program at $10 million will allow PD&R to continue to fund legal assistance to low-income tenants at risk of or subject to eviction. This competitive grant program was first funded in 2021. There are currently 21 grantees in 19 States. HUD is currently developing a new NOFO to award 2023 enacted funding to additional grantees. As in 2021, HUD expects the number of highly qualified, eligible applicants to far exceed available funding. There is a strong research base demonstrating the effectiveness of legal assistance in preventing eviction and mitigating its most negative impacts. While most landlords are represented during eviction proceedings, most tenants are not. In addition, there is strong evidence that landlords pursue eviction inequitably. This asymmetry leaves tenants more vulnerable to landlords who exploit the scarcity of legal assistance by pursuing extra-legal evictions, filing fraudulent or less justified evictions, raising claim amounts, and expediting evictions without providing proper time for tenants to vacate the property. It also prevents tenants from engaging in informed mediation or accessing proper legal defenses. Finally, legal assistance is an important component of broader eviction diversion and remediation programming that helps struggling tenants access stabilizing resources. HUD’s experience with the program thus far suggests that grantees have been able to provide a robust range of much-needed legal services to underserved populations, including in rural areas. Early data suggests 2 in 3 tenants served by the program have extremely low incomes. In addition, the majority of tenants served are people of color and nearly half are from Black households. With funding for Emergency Rental Assistance running out and evictions once again on the rise, the already high demand for legal assistance and other eviction mitigation services is likely to increase.
in the coming year. In 2022, HUD initiated an evaluation of the Eviction Protection Grant Program to comprehensively analyze implementation successes and challenges, characteristics of grantees and other stakeholders, the types of client services provided, how grantees work with other social service providers, and program outcomes. The final report is expected in fall 2024.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

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<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
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<td><strong>83,267</strong></td>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

#### Appropriations Language Changes

The 2024 President’s Budget includes the following:

- **Funding Research at International Organizations:** This proposal expands PD&R's ability to partner with international organizations by allowing contractual agreements with and/or grants for international organizations for housing and economic development-related research projects.

- **No Research Match Requirement for International Organizations:** This proposal facilitates partnering with international organizations in support of PD&R's research by excluding international organizations from match requirements.

- **Reduce Research Match Requirement:** This proposal will increase opportunities for highly qualified applicants by decreasing the cooperative agreements match requirement from 50 percent to 25 percent, increasing the number of applicants.

#### General Provisions

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 appropriations bill:

- **Unobligated Research Funds:** This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement. (Sec. 219)

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The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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, [$125,400,000]\$145,000,000, to remain available until September 30, [2024] 2025: Provided, That with respect to amounts made available under this heading, the Secretary may enter into agreements with international organizations for housing and economic development-related research projects: Provided further, That with respect to amounts made available under this heading, notwithstanding section 203 of this title, the Secretary may enter into cooperative agreements with philanthropic entities, other Federal agencies, State or local governments and their agencies, Indian Tribes, tribally designated housing entities, [or] colleges or universities, or international organizations for research projects: Provided further, That with respect to the preceding proviso, such partners to the cooperative agreements, \textit{with the exception of international organizations}, shall contribute at least a [50] 25 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: [Provided further, That prior to obligation of technical assistance funding, the Secretary shall submit a plan to the House and Senate Committees on Appropriations on how the Secretary will allocate funding for this activity at least 30 days prior to obligation: Provided further, That none of the funds provided under this heading may be available for the doctoral dissertation research grant program:] Provided further, That an additional [\$20,000,000]\$10,000,000, to remain available until September 30, [2025] 2026, shall be for competitive grants to nonprofit or governmental entities to provide legal assistance (including assistance related to pretrial activities, trial activities, post-trial activities and alternative dispute resolution) at no cost to eligible low-income tenants at risk of or subject to eviction: Provided further, That in awarding grants under the preceding proviso, the Secretary shall give preference to applicants that include a marketing strategy for residents of areas with high rates of eviction, have experience providing no-cost legal assistance to low-income individuals, including those with limited English proficiency or disabilities, and have sufficient capacity to administer such assistance: Provided further, That the Secretary shall ensure, to the extent practicable, that the proportion of eligible tenants living in rural areas who will receive legal assistance with grant funds made available under this heading is not less than the overall proportion of eligible tenants who live in rural areas].
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fair Housing and Equal Opportunity
Fair Housing Activities

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
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a/ 2022 Carryover includes $3.385 million in FHIP 2021-2023 ARP funding and FHAP recaptures of prior year unpaid obligations.
b/ Outlays include mandatory funding from the American Rescue Plan.

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 carries out its work under several civil rights authorities such as the Fair Housing Act (FHA), including enforcement of FHA’s duty to affirmatively further fair housing, Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act, and several others. 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). These programs aim to redress injuries to victims, prevent housing discrimination, and eliminate segregation. The 2024 Budget supports FHEO’s statutory duties, the Administration’s priorities, and the Secretary’s commitment to fair housing and the provision of resources to implement fair housing activities.

BUDGET OVERVIEW

The 2024 President’s Budget is a central component to addressing the Administration’s equity priorities, supporting Departmental goals, and mitigating risk.

The 2024 President’s Budget requests $90 million, which is $3.645 million more than the 2023 enacted level. This includes:

- **Fair Housing Initiatives Program (FHIP):** $58.5 million will support grants to private fair housing organizations for enforcement, and education and outreach on fair housing rights and responsibilities. This is $2.5 million more than the 2023 enacted level.

- **Fair Housing Assistance Program (FHAP):** $27.5 million will support State and local civil rights enforcement agencies with grants, training, and technical assistance. This is $1.5 million more than the 2023 enacted level.

- **Limited English Proficiency Initiative (LEPI):** $1 million will support language assistance services and outreach efforts to increase awareness of fair housing, including HUD program
participants' duty to affirmatively further fair housing, and other HUD programs and services to underserved communities. This is $355 thousand less than the 2023 enacted level.

- National Fair Housing Training Academy (NFHTA): $3 million will support national training on fair housing investigation and conciliation techniques. This is level with 2023 enacted.

This program aligns with HUD 2022-2026 Strategic Objectives 1A: Advance Housing Justice, 1C: Invest in the Success of Communities, 2A: Increase the Supply of Housing, and 4B: Strengthen Environmental Justice.

### FUNDING SUMMARY

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</table>

### JUSTIFICATION

The 2024 FHEO Budget reflects Departmental goals that support the efforts of public and private organizations to provide fair housing enforcement and education and outreach services in addressing currently unmet needs. FHEO has four programs: Fair Housing Initiatives Program (FHIP), Fair Housing Assistance Program (FHAP), Limited English Proficiency Initiative (LEPI), and the National Fair Housing Training Academy (NFHTA). This Budget makes an investment toward eradicating discrimination based on race, national origin, and other protected characteristics from the housing market and ensuring that the Fair Housing Act’s duty to affirmatively further fair housing is fulfilled. 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.¹ 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.² In the rental market, many protected class members face source of income discrimination.

**Fair Housing Initiatives Program (FHIP)**

The Budget requests $58.5 million to expand support for fair housing enforcement activities to underserved areas and increase education and outreach activities to connect with communities where FHIP activities do not traditionally reach. The increase of $2.5 million over the 2023 enacted level is spread to three major initiatives: for the Private Enforcement Initiative (PEI), a $1 million increase in funding is needed for multi-year projects to carry out complaint intake, testing, investigative activities, and legal fees for systemic investigations, as well as to expand these activities to currently underserved and unserved areas; for the Fair Housing Organization Initiative, the increase of $300,000 will accommodate one new fair housing enforcement organization located outside a FHIP-served area to build their capacity to enforce the rights granted under the Fair Housing Act; and for the Education and Outreach Initiative, the increase of $1.2 million will expand geographic coverage and fund more eligible applications.

Funding for the Fair Housing Accessibility FIRST contract is equal to the 2023 enacted level. FIRST provides a comprehensive training curriculum, toll-free information line, and a resource website designed to promote compliance with the Fair Housing Act’s design and construction requirements for people with disabilities.

Many cities with large populations and many rural areas have no FHIP 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 Budget level of $58.5 million will provide support for fair housing activities conducted by more than 128 fair housing organizations and State and local agencies and represents a four percent increase above the 2023 appropriated level. It will allow the program to increase enforcement, education, and outreach activities nationwide and provide additional funding for activities to combat discrimination in the housing market.

There are three major initiatives under FHIP.

**Private Enforcement Initiative (PEI):** 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. The Department will also increase funding under this

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initiative to ensure full enforcement for all claims under the Act's purview. This includes funding to support testing and investigations 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 for FHIP 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 and the scope of covered persons can be expected to increase the demand on FHIP education, outreach, and enforcement services. Further, this increase will help organizations cover the rising labor, administrative and other costs associated with effectively carrying out all enforcement related activities, as well as the geographical expansion of enforcement services in unserved and underserved areas.

**Fair Housing Organization Initiative (FHOI)**: The Budget requests funding for the Fair Housing Organization Initiative 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 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 increasing the knowledge of the fair housing rights of individuals and families and the responsibilities of housing providers and lenders. The Budget will also continue to provide funding to build the enforcement 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 Budget supports five 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 showed that 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, 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 and 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 for low-income persons, harassment against families of color and religious minorities who move into predominantly white residential neighborhoods, and obstacles for people with disabilities seeking 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 Act.

- **EOI Targeted Fair Housing Component.** The Budget also requests funds for an initiative to allocate EOI awards for targeted fair housing education and outreach projects, including 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 fair housing choice in communities.
- **EOI Sexual Orientation and Gender Identity Component.** The 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 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. This 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, equal to the 2023 enacted level. FHEO will expand the scope of training to develop a comprehensive curriculum covering all Federal accessibility standards for architecture schools to increase industry compliance, technical training, and services to disaster-impacted areas.

<table>
<thead>
<tr>
<th>Fair Housing Initiatives Program (FHIP)</th>
<th>2022 Enacted</th>
<th>2023 Enacted</th>
<th>2024 Request</th>
<th>2023 vs. 2024</th>
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<td>FIRST</td>
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<tr>
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<td>$56,000</td>
<td>$56,000</td>
<td>$58,500</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

**Performance Indicators:** FHEO measures success by monitoring: (1) grantee financial management techniques; (2) quality and timeliness of grantee deliverables; (3) number of enforcement actions initiated; and (4) number of people reached through education and outreach efforts. FHEO requires grantees to report quarterly and annual outcomes to gauge grantee performance against target goals. For example, in 2022 HUD-processed cases involving a FHIP agency were less likely to be dismissed than other cases. FHIP-assisted complaints resulted in higher conciliation rates (45.5 percent) than non-FHIP complaints (30 percent).

**Fair Housing Assistance Program (FHAP)**

The Budget requests $27.5 million for FHAP, which is $1.5 million above the 2023 enacted level. This level will allow the program to continue supporting inflationary increases in case processing reimbursement rates and administrative funds. This funding enables State and local FHAP agencies to cover costs associated with increased salaries and expenses and competitive employee recruitment and retention. FHAP agencies continue to report high staff turnover due to retirements, retention challenges, and inflationary strains. The increase proposed for FHAP will also support increases in
FAIR HOUSING ACTIVITIES

Special Enforcement Efforts and Capacity Building funds to admit 2 to 4 agencies, pending review and certification.

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 2022, FHAP agencies processed over 5,700 fair housing complaints and obtained monetary relief totaling more than $3.1 million, in addition to public interest relief such as adoption/revision of nondiscrimination policies, education and outreach efforts, and fair housing training.

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Fair Housing Assistance Program (FHAP)</th>
<th>2022 Enacted</th>
<th>2023 Enacted</th>
<th>2024 President's Request</th>
<th>2023 vs. 2024</th>
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<td>Complaint Processing</td>
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<td>SEE</td>
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<tr>
<td>Partnership Activities</td>
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<tr>
<td>Capacity Building</td>
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<td>360</td>
<td>420</td>
<td>60</td>
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<tr>
<td><strong>FHAP Total</strong></td>
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<td><strong>26,000</strong></td>
<td><strong>27,500</strong></td>
<td><strong>1,500</strong></td>
</tr>
</tbody>
</table>

Performance Indicators: FHEO measures success by monitoring: (1) FHAP agency financial management techniques; (2) FHAP agencies’ ability to meet the nine performance standards and program requirements at 24 CFR §§ 115.206 and 115.307; and (3) number of cases processed by FHAP agencies each year and 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.

Limited English Proficiency Initiative (LEPI)

The Budget requests $1 million for the Limited English Proficiency Initiative (LEPI). 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 materials, services, activities, and programs at no cost to the public. The funding will allow the Department to continue providing language assistance services to the public while improving awareness of fair housing and HUD services to underserved LEP communities.
FAIR HOUSING ACTIVITIES

<table>
<thead>
<tr>
<th>Limited English Proficiency Initiative (LEPI)</th>
<th>2022 Enacted</th>
<th>2023 Enacted</th>
<th>2024 President’s Request</th>
<th>2023 vs. 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEPI</td>
<td>$1,000</td>
<td>$1,355</td>
<td>$1,000</td>
<td>($355)</td>
</tr>
</tbody>
</table>

Performance Indicators: FHEO measures success 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.

National Fair Housing Training Academy (NFHTA)

The Budget requests $3 million for NFHTA. This level will allow NFHTA to increase on-the-ground training opportunities, develop curricula, and deliver regionalized in-person classroom courses on executive leadership and governance, fair lending, appraisal biases, accessibility, architectural design, cultural competency courses on systemic racism and LGBTQI+, and the relevance and use of data. Investment in NFHTA means increased investment in fair housing practitioners’ capacity to educate and enforce the FHA in a thorough, timely, and comprehensive process.

In 2024, 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 regionalized in-person classroom training opportunities should HUD’s protocols and public health conditions allow for in person activities. 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 with 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. NFHTA imbeds Diversity, Equity, Inclusion, and Accessibility-focused elements in all these forums, courses, and other offerings.

<table>
<thead>
<tr>
<th>National Fair Housing Training Academy (NFHTA)</th>
<th>2022 Enacted</th>
<th>2023 Enacted</th>
<th>2024 President’s Request</th>
<th>2023 vs. 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFHTA</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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 conduct quality, timely, and comprehensive investigations that include knowledge of fair housing law and policies, data analysis, knowledge and application of investigative techniques, and conciliation and mediation techniques and application. In the short term, FHEO will evaluate the
quality of the training. 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.

**Stakeholders:** NFHTA’s primary audience is FHIP- and FHAP-funded fair housing organizations.
However, a secondary benefit of NFHTA efforts includes reaching the following stakeholders:
housing counseling agencies; housing providers; state and local governments; the public; academics,
industry, philanthropy, and others.

**Information Technology (IT)**

Within the IT Fund, the Budget requests $4.5 million to support Affirmatively Furthering Fair
Housing Compliance Improvements, Fair Housing Initiative Program Performance Tracking
Database and HUD Enforcement Management System.

**Affirmatively Furthering Fair Housing Compliance Improvements - $2 million:** 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. To facilitate the development of Fair Housing Planning documents
required of the AFFH process, it is necessary to provide funding for two legacy systems that 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) are the capabilities
that must be fully operationalized within HUD. The AFFH-T is online and has been maintained but
was never fully actualized; it provides information at the local level but not at the PHA or State
level. However, to provide more updated maps, better usability, and more information, HUD is
requesting additional funding to make improvements to the tool.

**FHIP - Fair Housing Initiative Program Performance Tracking Database - $1 million:** The Office of
Fair Housing and Equal Opportunity (FHEO) has been monitoring the Fair Housing Initiatives
Program (FHIP), a multi-million-dollar grants program, for almost 20 years without a grants
management system. In 2022, grant funds will be awarded to over 122 organizations. FHEO
anticipates an increase in eligible organizations in future years. This will make it very difficult to
effectively manage the program with multiple, overlapping grants using ad hoc manual
systems. HUD requires a cloud-based grants management system that will provide a centralized
tracking and monitoring system for its open grants.

**HEMS - HUD Enforcement Management System - $1.5 million:** Currently, HEMS is designed and
equipped to handle only Fair Housing Act cases. Under Title VIII, however, there is still a need to
support other types of investigations and reviews, including, but not limited to, Title VI of the Civil
Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973. FHEO currently has no
automated system to hold investigations and reviews done under these authorities; there are only
paper records. While there are differences in what fields would be needed in a system for these
authorities, much of the basic functionality is similar to what is currently in HEMS.

For additional information regarding HUD’s Information Technology investments, please see the
Information Technology Fund justification.
### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carryover Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2022 Appropriation</th>
<th>2022 Carryover Into 2023</th>
<th>2023 Total Resources</th>
<th>2024 President's Budget</th>
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</thead>
<tbody>
<tr>
<td>Fair Housing Initiatives Program (FHIP)</td>
<td>56,000</td>
<td>46,199</td>
<td>102,199</td>
<td>46,999</td>
<td>56,000</td>
<td>55,150</td>
<td>111,150</td>
<td>58,500</td>
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<td>Fair Housing Assistance Program (FHAP)</td>
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<td>30,560</td>
<td>27,224</td>
<td>26,000</td>
<td>3,542</td>
<td>29,542</td>
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<td>829</td>
<td>1,355</td>
<td>472</td>
<td>1,827</td>
<td>1,000</td>
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<td>National Fair Housing Training Academy (NFHTA)</td>
<td>3,000</td>
<td>1,500</td>
<td>4,500</td>
<td>1,500</td>
<td>3,000</td>
<td>3,000</td>
<td>6,000</td>
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<td>16,015</td>
<td>-</td>
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<td><strong>$85,549</strong></td>
<td><strong>$151,904</strong></td>
<td><strong>$90,000</strong></td>
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### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

**General Provisions**

The 2024 President's Budget proposes to continue the following General Provision included in the 2023 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. (Sec. 202)

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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), [\$86,355,000] \$90,000,000, to remain available until September 30, [2024] 2025: 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, [$1,355,000] $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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Lead Hazard Control and Healthy Homes

Lead Hazard Reduction

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Recission</th>
<th>Total Resources</th>
<th>Obligations</th>
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<td>2024 President's Budget</td>
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<td>(18,000)</td>
<td>(18,000)</td>
<td>(90,000)</td>
<td>118,000</td>
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</table>

a/ 2022 obligations include $245 thousand in upward adjustments.

PROGRAM PURPOSE

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) programs protect low-income families, particularly those with children and other vulnerable populations, such as the elderly, from exposures to lead paint, the lead-contaminated dust and soil that lead paint creates, and from multiple health hazards in 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 individually and in collaboration with other HUD offices and/or other agencies. For 2024, these demonstrations would include collaborating on the Healthy Homes and Weatherization Cooperation Demonstration, and Radon Testing and Mitigation Resident Safety Demonstration, and, new in 2024, the Income Eligibility Harmonization and Coordinated Lead Service Line Replacement Demonstrations. 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 are disproportionately impacted by these threats.

BUDGET OVERVIEW

The 2024 President's Budget requests $410 million for OLHCHH, which is equal to the 2023 enacted level.

- **Lead Hazard Reduction Grants:** $160 million in grants to make over 13,300 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:** $125 million in grants under the Healthy Homes Initiative to, as described below, mitigate over 26,000 homes of low-income families of housing-related health and safety hazards and provide grants and contracts to conduct research into associated issues.
  - $35 million in Healthy Homes Supplements to the Lead Hazard Reduction 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 of low-income families (assumes per-unit cost of $3,800).

- $45 million in Healthy Homes Production grants to identify and correct housing-related health and safety hazards besides lead-based paint hazards in 10,000 homes of low-income families (assumes per-unit cost of $4,500).

- $10 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, demonstrate the health and economic benefits of interventions, and conduct and analyze the results of the surveys, providing the basis for the building, housing, scientific, and public health communities to implement effective hazard prevention practices and address the hazards more efficiently and broadly when they occur. The technical studies and assistance activities also include technical support and training, designing and implementing grant management and evaluation tools, and interagency collaboration projects.

- $5 million in Healthy Homes and Weatherization Cooperation Demonstration Supplements to Healthy Homes Production grants to demonstrate, in over 1,000 homes of low-income families, whether the coordination of Healthy Homes remediation activities with weatherization activities achieves cost savings and better outcomes in improving the safety and quality of their homes (assumes per-unit cost of $5,000).

- $30 million in Aging in Place Modification grants to treat housing-related health and safety hazards in 6,000 homes of low-income seniors to help enable them to age in place, of which $10 million is for substantially rural communities (assumes per-unit cost of $5,000).

- **Radon Testing and Mitigation Resident Safety:** $5 million in Radon Testing and Mitigation Resident Safety Demonstration grants for radon testing and mitigation in 1,600 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 (assumes per-unit cost of $3,100).

- **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, designing and implementing grant management and evaluation tools, and interagency collaboration projects.

- **Coordinated Lead Service Line Replacement:** $10 million grants to communities to replace lead service lines to HUD-assisted housing to demonstrate efficient approaches to safely replacing those lead service lines.

**JUSTIFICATION**

**Equity**

Funding in the 2024 Budget will advance equity through enhanced targeting of disadvantaged communities, particularly benefitting low-income communities and communities of color by implementing the Administration’s Justice40 Initiative under Executive Order 14008, and by implementing statutory (e.g., 42 U.S.C. § 4852) and policy-based prioritization of low-income families. OLHCHH will continue partnering with the Office of Policy Development and Research (PD&R) in developing and refining data-driven methods for enhancing targeting of its grants to these communities and families.
Funding Impact

This request will fund making approximately 50,000 homes of low-income families healthy and safe, benefitting over 61,000 children and over 8,000 seniors. This will decrease the number of children in these homes with elevated blood lead levels, asthma, and other illnesses and injuries, reducing societal costs (healthcare, reduced educational achievement, reduced income, etc.).

Key Assumptions

The number of housing units to be treated under this program is estimated based on the commitments by grantees in the respective programs in their 2022 applications for funding.

Outcomes, Performance Indicators, and Other Evidence

OLHCHH’s programs will decrease the number of children in these homes with elevated blood lead levels, asthma, and other illnesses and injuries, reducing societal costs such as related to healthcare, reduced educational achievement, reduced income, etc.\(^1\)\(^2\)\(^3\)

Through the grantees’ solicitation of contractors for identifying housing-related health and safety hazards in homes of low-income families and mitigating those hazards, among other activities under the program, it will support the availability of such contractors for working on homes beyond the scope of the grants, that is, using the infrastructure developed and supported by the program more widely.

The Key Performance Indicator for the implementation of the funding will be the number of housing units made lead safe and/or healthy because of the funded activities. The target number will be specified in the Annual Performance Plan and tracked with reporting in the Annual Performance Report.

Stakeholders

The primary stakeholders of the OLHCHH’s grants and contracts are the grantees within the respective programs, which include State and local governments, as well as tribal governments, nonprofit organizations, research organizations (such as universities, State and local governmental research offices, and private-sector research firms). For OLHCHH’s contracts, the primary stakeholders are specialty contractors, such as for research, training, and outreach activities. Secondary stakeholders include residential environmental assessment professional firms (in a range of disciplines), residential hazard control firms (again, in a range of disciplines), trade groups of categories of such firms and of categories of housing affected by the office’s programs, and residents of the homes on which the office’s hazard evaluation and control projects are conducted.

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Operational Improvements

Under the Income Eligibility Harmonization Demonstration (see Appropriations Language Changes), OLHCHH will significantly reduce the burden on potential beneficiaries of its grant programs, provided they are beneficiaries of the Department of Energy’s Weatherization Assistance Program, the Department of Health and Human Services Low-Income Home Energy Assistance Program, or the Department of Veterans Affairs Supportive Services for Veterans Families Program.

OLHCHH coordinates disparate health and housing agendas, supports key research, targets grant monitoring and regulatory compliance enforcement efforts, and provides tools to build sustainable local programs that mitigate housing-related health hazards. OLHCHH assists State, tribal, 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 nonfederal 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, such as the Departments of Health and Human Services, Agriculture, Energy, and Labor, and the Environmental Protection Agency and Consumer Product Safety Commission. It also collaborates with 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 participates in the President’s Task Force on Environmental Health Risks and Safety Risks to Children (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 Programs

Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America’s children; it is estimated that 29 million homes (44 percent of the homes built before 1978) have significant lead-based paint hazards. OLHCHH’s two main programs are the Lead Hazard Reduction grant program and Lead Hazard Reduction Demonstration grant program, 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 Reduction grant 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, based on Lead Hazard Reduction grant program data.

HUD has rigorously evaluated the effectiveness of the programs, determining them effective in both reducing children’s blood lead levels and proving the long-term effectiveness of the hazard controls. 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.

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Healthy Homes

The Healthy Homes program goes beyond addressing lead-based paint hazards to cover other serious threats to low-income residents’ health and safety. A major portion of the Healthy Homes funding is for Healthy Homes Supplements to the Lead Hazard Reduction and Lead Hazard Reduction Demonstration grants, which allow those grantees to address residential hazards in the same low-income older homes where grantees are controlling lead-based paint hazards. The Healthy Homes Supplement 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 $3,800 per unit. 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, and installing battery-operated smoke alarms yields $18 per dollar invested.

Healthy Homes also funds the Aging in Place Modification program, which provides funding to treat housing-related health and safety hazards in housing of low-income seniors to help enable them to age in place. In 2024, one third of Aging in Place Modification funding will go to substantially rural communities. Healthy Homes and Weatherization Cooperation Demonstration Supplements to Healthy Homes Production 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 OLHCHH program funds support services contracts for a grants management and evaluation tool for OLHCHH’s grants, and for a regulatory information public use tool. The Healthy Homes Grants Management System (HHGMS) uses a commercial 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 need 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.

Technical Studies, Support and Contracts

The 2024 Budget includes $15 million in grants, cooperative agreements, and contracts for Lead and Healthy Homes Technical Studies and Support ($5 million for Lead Technical Studies and $10 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.

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8 Nurmagambetov TA et al. Op. cit.:  
The technical studies conducted to date have helped develop detection, evaluation, and control technologies for lead and other residential hazards, providing the basis for the construction, 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.

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, which develops and evaluates effective interventions and preventive practices to reduce or eliminate health and safety hazards in homes.

As part of the technical studies funding, HUD is proposing to continue to allow OLHCHH to transfer up to $2 million of its funds for research to 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.

OLHCHH’s Lead Technical Studies allocation would also fund $828 thousand for OLHCHH’s Healthy Homes Grants Management System, which includes $346 thousand for annual maintenance and $482 thousand for conducting perfective and adaptive maintenance to automate capture of grant applicant data from GrantSolutions for review and award.

This investment will support maintenance of this system and will provide for enhancements and expanded functionality as business requirements, in particular, for the grant application data intake automation project, or congressional requirements evolve. The HHGMS system, using the Salesforce platform, provides application processing, document management, grant tracking, quarterly progress reporting, and query responses for its users. OLHCHH will continue to need support maintaining this system and failure to address these needs would result in less efficient and effective grant oversight data collection and reporting.

**Demonstration Programs**

For 2024, OLHCHH would collaborate with other HUD offices and other agencies on four demonstrations: the Healthy Homes and Weatherization Cooperation Demonstration, Radon Testing and Mitigation Resident Safety Demonstration, and Consolidated Lead Service Line Replacement Demonstration, described in the Healthy Homes section, above, and the Income Eligibility Harmonization Demonstration, described in the Legislative Proposals and General Provisions section, below.

The Budget also proposes funding for 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 Budget also proposes funding for grants for a demonstration of coordinated replacement of lead service lines to HUD assisted housing. The Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58; also known as the “Bipartisan Infrastructure Law”) funds $3 billion in 2024 for capitalization grants from EPA to the Drinking Water State Revolving Funds for lead service line replacement (less 2.5 percent for EPA salaries and expenses and Inspector General oversight funds) as part of a
five-year, $15 billion dollar lead service line replacement program. That amount, being the single largest investment in water that the Federal Government has ever made, is substantial, but there are an estimated 6 to 10 million lead service lines in cities and towns across the country.\(^\text{10}\) Accordingly, not all lead service lines will be replaced under the IIJA. While the IIJA (at sec. 50105) gives “priority” or “first priority” to “disadvantaged communities based on the affordability criteria [under the Safe Drinking Water Act], low-income homeowners, and landlords or property owners providing housing to low-income renters,” however, this IIJA funding will likely only replace about half of the lead services lines in the Nation\(^\text{11}\). Accordingly, the Budget includes $10 million for grants to communities to replace lead service lines to HUD-assisted housing, with this program’s work to be performed in coordination with activities of the public water systems near such housing units, whether under the IIJA, other provisions of the Safe Drinking Water Act, or State or local acts. This funding is to demonstrate if any such coordination approaches are efficient in replacing those lead service lines, and, if so, which such approaches and to what extent they enhance efficiency.


\(^{11}\) EPA. LSLR Financing Case Studies. [https://www.epa.gov/ground-water-and-drinking-water/lslr-financing-case-studies](https://www.epa.gov/ground-water-and-drinking-water/lslr-financing-case-studies). Data on lead service line replacement financing case studies for Galesburg, IL, and Ashland, WI.
## SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

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<tr>
<th>Budget Activity</th>
<th>2022 Budget Authority</th>
<th>2021 Carry over Into 2022</th>
<th>2022 Total Resources</th>
<th>2022 Obligations</th>
<th>2023 Appropriation</th>
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</table>

\[/ 2022 obligations include $245 thousand in upward adjustments.

#### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

**Appropriations Language Changes**

The 2024 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. 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 proposal is being made for the first time. Stakeholders, which are local jurisdictions and some States, are anticipated to support the proposal for business efficiency reasons.

- **Lead Risk Assessment Demonstration Eligible Activities:** The Budget allows the Lead Risk Assessment Demonstration, enacted by HUD’s 2022 and 2023 appropriation acts (P.L. 117-103 and 117-328), to cover the cost of a risk assessment (to identify lead-based paint hazards in paint, dust, and soil), and the control of identified lead-based paint hazards. The Budget also enables HUD to assess the effects of different strategies for assisting landlords of pre-1978 housing units that families with one or more children under six seek to rent using a housing choice voucher.

- **Coordinated Lead Service Line Replacement Demonstration:** The Budget proposes funding for grants for a demonstration of coordinated replacement of lead service lines supplying drinking water to HUD assisted housing to demonstrate if any such coordination approaches are efficient in replacing those lead service lines, and, if so, which such approaches and to what extent they enhance efficiency. Note the detailed description in the Demonstration Programs section above.

**General Provisions**

The 2024 President’s Budget proposes the following new general provision:

**Expenditure Deadline Extensions:** This provision extends by two years the expenditure period for previously appropriated Lead Hazard Reduction funds. (Sec. 229)

**Legislative Proposals**

The 2024 Budget supports the following legislative proposals and will seek changes through the authorization 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 about $11,300 at the time of enactment would cost, in 2024, 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

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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.

- **Subpoena authority for the Lead Disclosure Statute (42 U.S.C. 4852d(a)):** This proposal would eliminate a statutory gap and allow HUD to obtain documents from rental housing owners suspected of violating this statute and who are not cooperating with the investigation. The Lead Disclosure Statute provides information to families renting or buying older (pre-1978) homes that may have lead-based paint. This subpoena authority relates to owners of pre-1978 housing who have been recalcitrant in providing documents in response to requests from the Department. While HUD and EPA have joint authority for enforcing the statute, only EPA has the authority to issue subpoenas, which it has under the Toxic Substances Control Act (15 U.S.C. § 2610(c)), an EPA authority unavailable to HUD. This legislative proposal would provide HUD with its own subpoena authority, allow HUD to conduct these investigations in a more timely and efficient manner than it can currently, and eliminate HUD’s automatically having to terminate an investigation into a disclosure violation when the owner refuses to provide relevant documents. The subpoena authority authorization is budget-neutral. HUD will consult EPA in drafting proposed authorization language. If enacted, OLHCHH will begin the regulatory development (within 24 CFR 35, subpart A, its lead disclosure rule) to implement the legislation, and will consult with EPA during regulatory development.

- **Authorization for the Healthy Homes program:** Currently, the Healthy Homes program relies on section 501 and 502 of the Housing and Community Development Act of 1970 (12 U.S.C. §§ 1701z-1 and 1701z-2), which provides broad authority for the Department to undertake research, studies, testing, and demonstrations relating to the mission and programs of the Department. This authorization would statutorily establish the Healthy Homes Program by amending the Residential Lead-Based Paint Hazard Reduction Act of 1992 to expand the scope of certain provisions to encompass housing-related health and safety hazards more broadly. It would give consistency to the lead hazard control and the healthy homes processes and findings and facilitate housing owners’ obtaining assistance from a variety of Federal resources.

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the Lead Hazard Reduction Program, as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4852), the Healthy Homes Initiative, pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1 and 1701z–2), and for related activities and assistance, $410,000,000, to remain available until September 30, [2025] 2026: **Provided,** That the amounts made available under this heading are provided as follows: (1) [$290,000,000] $265,000,000 shall be for the award of grants pursuant to such section 1011, of which not less than [$95,000,000] $105,000,000 shall be provided to areas with the highest lead-based paint abatement needs; (2) [$85,000,000] $125,000,000 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

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families, of which— (A) $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; and (B) $30,000,000 shall be for 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 seniors to enable them to remain in their primary residence: Provided, That of the total amount made available under this subparagraph no less than $10,000,000 shall be available to meet such needs in communities with substantial rural populations; (3) $5,000,000 shall be for the award of grants and contracts for research pursuant to sections 1051 and 1052 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4854, 4854a); (4) Up to $2,000,000 in total of the amounts made available under paragraphs (2) and (3) 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; (5) $25,000,000 shall be for a lead-risk assessment demonstration for public housing agencies to conduct lead hazard screenings or lead-risk assessments during housing quality standards inspections of units in which a family receiving assistance under section 8(o) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f(o)) resides or expects to reside, and has or expects to have a child under age 6 residing in the unit, while preserving rental housing availability and affordability; and (6) $10,000,000 shall be for grants to communities for a demonstration to replace lead service lines to HUD-assisted housing: Provided, That up to $1,000,000 of the amounts made available under this paragraph shall be for an evaluation of such demonstration: Provided further, 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, or under the heading "Housing for the Elderly" under prior Appropriations Acts, 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 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 opportunity: 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 amounts made available in paragraph (5) under this heading in prior Acts for a lead-risk assessment demonstration may be available for interim control and abatement of lead-based paint hazards identified by screenings or assessments funded under such demonstration: Provided further, That of the amounts made available in paragraph (3) under this heading in this and prior Acts for research, an aggregate amount of not more than $2,000,000 may be used for an evaluation of such demonstration: Provided further, That amounts made available under this heading, except for amounts in paragraph (2)(B) for home modification repairs and renovations, 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. (Department of Housing and Urban Development Appropriations Act, 2023.)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Salaries and Expenses Overview

SALARIES AND EXPENSES

(Dollars in Thousands)

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<td><strong>$60,508</strong></td>
<td><strong>$1,380,450</strong></td>
<td><strong>$1,440,958</strong></td>
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| Non-Personnel Services: |                |           |            |          |
| Travel                | 5,289          | 1,315     | 13,047     | 14,362   |
| Transportation of Things | 34          | -         | 1,807      | 1,807    |
| Rent and Utilities    | 121,623        | 4,436     | 119,898    | 124,334  |
| Printing              | 819            | 138       | 1,384      | 1,522    |
| Other services/Contracts | 115,729   | 25,482    | 130,400    | 156,422  |
| Training              | 5,787          | 2,228     | 8,910      | 11,138   |
| Supplies              | 1,027          | 92        | 1,994      | 2,086    |
| Furniture and Equipment | 10,559      | 8         | 7,863      | 7,871    |
| Claims and Indemnities | 339           | -         | 1,198      | 1,198    |
| **Total, Non-Personnel Services** | **$261,206** | **$33,699** | **$287,041** | **$320,740** |
| Working Capital Fund  | 61,012         | 11,857    | 45,488     | 57,345   |
| Carryover             | 106,064        | -         | 59,821     | 59,821   |
| **Grand Total**       | **$1,703,497** | **$106,064** | **$1,772,500** | **$1,872,864** |
| FTEs                  | 7,500          | 343       | 7,759      | 8,102    |

*Includes 2021 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 2024 President’s Budget continues to support and expand on the investments proposed in 2023 in the areas of staffing and Information Technology (IT) modernization to best manage and reduce risks associated with this growth.

The 2024 Budget requests $1.9 billion for HUD salaries and expenses (S&E), an increase of $155.2 million from the 2023 enacted level. The Budget reflects total S&E (carryover and new authority) of $1.99 billion, which is $109 million above 2023 total funding. HUD’s mission is critical to achieving the President’s bold vision to ensure our Nation can build toward a brighter future where everyone can live in a safe and stable home in communities that are thriving and just. 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 and addressing challenges our Nation faces, ranging from climate change to housing discrimination to ending homelessness.

**Staffing**

The 2024 President’s Budget (with carryover) supports a total of 8,635 full time equivalents (FTEs) which is an increase of 533 over estimated total 2023 levels. The 2024 funding level seeks to maintain the staffing gains achieved during the last three years in addition to the planned growth in 2023. HUD’s successes since 2020 in increasing staffing levels have been crucial to addressing critical needs, including monitoring, compliance and technical assistance for the Department’s programs, 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. In addition, staffing gains achieved have begun making an impact on HUD’s operations. For instance, the Administrative Support Offices have realized the following recent successes:

- Maintained a clean Financial Audit for two years in a row.
- Executed 2,246 procurement actions (equal to a five percent increase year-over-year) and obligated more than $1.4 billion dollars in support of HUD’s mission and programs.
- Supported the initiatives of the Administration by exceeding all prime small business contracting goals.
- Increased on-time execution of all procurement actions by 10 percent.
- Developed HUD’s first Anti-Harassment policy (AHP), which was touted by the Equal Employment Opportunity Commission (EEOC) as a model policy within the Federal Government.
- Achieved “Advanced” rating on the Office of Personnel Management (OPM) Chief Human Capital Officer Evaluation System in three areas, reaching premiere status: Communication, Leadership Involvement, and Data. OPM has previously only cited GSA, NASA, and the Department of State as premiere agencies.
- Achieved a net gain in hiring employees at the Department for the third year in a row.
- Decreased the time to hire to tentative offer by 6 percent.
- Reduced storage usage in the Federal Records Center by 320 thousand cubic feet generating a savings of $1.6 million per year.
- Reduced deferred maintenance backlog by $3.5 million over the past two years.
- Completed construction of a model workspace that will serve as a template for future renovations in the Weaver Headquarters Building.

However, continued staff growth is essential to address not only the Department’s increasing workload but also build on the successes listed above. 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 2024 will help deliver on 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 2024 also supports a cost-of-living increase of 5.2 percent.

**Account Structure**

To realize efficiencies and flexibilities, the 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). 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.

**Legislative Proposal**

The 2024 Budget proposes General Provision Section 230 to authorize a Nonrecurring Expenses Fund (NEF). The NEF would permit HUD to transfer unobligated balances of expired discretionary funds from 2024 and subsequent years into the NEF account. This proposal requests the authority to authorize the use of such funds for capital acquisitions necessary for the operation of the Department, to include information technology, facilities, space configuration, and building modernization and maintenance.

**Reorganization and Realignments**

To better align and maximize our existing resources, gain efficiencies and more effectively deliver on HUD's mission, the following offices are proposing reorganizations in their individual Congressional Justifications:

- Office of General Counsel
- Office of Chief Information Officer
- Office of Departmental Equal Employment Opportunity
- Office of Chief Financial Officer
- Office of Public and Indian Housing
- Office of Housing
- Office of Fair Housing and Equal Opportunity
- Office of Community Planning and Development

**Working Capital Fund (WCF)**

The Budget proposes two new business lines for incorporation into the WCF: Scanning and Digital Archiving and Space Renovation and Furniture. In addition, a re-proposal for the incorporation of End-User Information Technology Devices and Wireless Support is also included in 2024.

Scanning and Digital Archiving services includes scanning of documents and assignment of metadata for archiving and records, standardized and secured digital assess management, and consistent services from trained Records Managers who oversee and administer related activities. This service complements the WCF's Records Management service line by providing options for HUD Customers to store and maintain their records.

The proposed Space Renovation and Furniture service will be provided to program offices in the Weaver Building and associated National Capital Region Satellite office and supports our move to a more flexible and hybrid working environment. By efficiently using the WCF to deliver this service,
HUD can achieve the following objectives: cost transparency, funding flexibility, and oversight of operations.

IT end-user devices and wireless support are comprised of hardware purchases of standard and high-end laptops, mobile phones, iPads, and MiFis, and include the associated voice and data plans. 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.

**Information Technology (IT) Fund**

The Budget requests $415 million for the IT Fund. Within this request, $374 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. The IT Fund Budget 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 includes $41 million for critical new initiatives for Development, Modernization, and Enhancement 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 invests in projects that have enterprise-wide impact as well as program specific initiatives that support modernization efforts within the Offices of Community Planning and Development, Public and Indian Housing, FHA/Housing, and Fair Housing and Equal Opportunity.

The Budget continues to build on prior investments in cybersecurity and supports critical ongoing initiatives such as Zero Trust and Enterprise Identity Credential Access Management. These investments enable HUD efforts to implement 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)

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*Includes 2021 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 support underserved communities by improving public health and economic opportunities and addressing longstanding systemic challenges. This includes 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 EO’s salaries and expenses (S&E) will assist in ensuring that work can be done.
Executive Offices

Budget Overview

The 2024 President's Budget requests $20.3 million for the Executive Office, which is $1.8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $21.9 million, $1.3 million above 2023 total funding.

Personnel Services (PS)

The Budget assumes total funding of $19.3 million for Executive Office PS, which is $2.6 million more than the total 2023 level. This funding will support 97 full-time equivalents (FTEs), nine FTEs more than the 2023 level. The increased FTEs are primarily attributed to backfilling critical vacancies and establishing additional management and staffing capacity to address unmet needs, support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

Non-Personnel Services (NPS)

The 2024 President's Budget request total funding of $1.8 million for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, and supplies.

Working Capital Fund (WCF)

The 2024 WCF funding level is $823 thousand, which is $205 thousand above the 2023 total funding level. This funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

Information Technology (IT)

Within the IT Fund, the Budget requests $1 million for the Office of Public Affairs Translation of Digital Media.

Translation of Digital Media ($1 million): The purpose of this investment is to provide an enterprise multi-language translation solution that program offices across the Department may use to translate digital content into multiple languages. Implementing a multi-language translation system will enable HUD to reach non-English speaking audiences that need the services that HUD provides but because these audiences are not proficient in English, they are unaware of critical services. The translation system will primarily be used to translate content that currently exists on HUD.gov including web pages and documents into multi-languages. With the increasing use of social media platforms, the translation tool will also be used to translate other digital media such as graphics and content used on social media platforms, thus allowing HUD to reach an even larger audience. The expected outcome is to increase HUD’s reach to communities that need HUD’s services and resources.

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

Key Operational Initiatives

- Provide program and policy guidance, and operations management and oversight in administering all programs, functions, and authorities of the Department;
• 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;

• Help the Department achieve its strategic goals by providing management and support to program offices working with human capital, financial management, procurement, and information technology;

• Coordinate congressional and intergovernmental relations activities involving program offices to ensure the effective and accurate presentation of the Department’s views;

• Coordinate the presentation of the Department’s legislative matters to the Congress, and ensure that all testimony and responses to congressional inquiries are consistent with the Secretary’s and the Administration’s views;

• 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;

• Ensure small businesses are treated fairly and have access and opportunity to participate in HUD contracting by providing outreach, education, and advocacy efforts that advance equity in the Federal marketplace;

• Build partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange, and capacity building programs;

• Sustain a strong Exec Sec program for the Department to maintain continuity through transitions of 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 are representative of the voice and views of the Secretary and the Administration and in line with the Department’s mission;

• Manage the Agency Directives Program to ensure that all policies, handbooks, and other guidance documents are current and cleared in accordance with HUD standards as outlined in the Directives Management Handbook;

**Strategic Objective Alignment**

This program aligns with all HUD 2022-2026 Strategic Objectives. Particularly, the Office of the Secretary and Office of the Deputy Secretary which provide policy guidance and oversight to assist the Department in achieving its overall strategic goals/mission.

EO provides overall leadership, development, implementation, and oversight of the Department’s programs and policy priorities. The goal is to enhance programs that better position the Agency for success, allowing for optimal services to its customers.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of the Secretary

SALARIES AND EXPENSES

(Dollars in Thousands)

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*Includes 2021 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 laws, 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.

Within OSEC is the Executive Secretariat (Exec Sec) which is responsible for the Department’s executive controlled correspondence, directives management, and resources management/administrative support functions. Exec Sec is responsible for maintaining continuity through transitions of Administrations and working closely with other executive offices to ensure consistency in messaging across all platforms are representative of the voice and views of the
Secretary and the Administration in line with the Department’s mission; and managing the agency Directives Program to ensure that all policies, handbooks, and other guidance documents are current and cleared in accordance with HUD standards as outlined in the Directives Management Handbook.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $8.6 million for the Office of the Secretary, which is $1.2 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $9 million, $389 thousand above 2023 total funding.

**Personnel Services (PS)**

The 2024 Budget assumes total funding of $7.1 million for Office of the Secretary PS, which is $585 thousand more than the total 2023 level. This funding will support 37 full-time equivalents (FTEs), three FTEs more than the total 2023 level. The increased FTEs are primarily attributed to backfilling critical vacancies and establishing additional management and staffing capacity to assist in supporting Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The 2024 Budget assumes total funding of $1 million for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, and supplies.

**Working Capital Fund (WCF)**

The 2024 WCF funding level is $823 thousand, which is $205 thousand above the 2023 enacted level. This funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of the Deputy Secretary

SALARIES AND EXPENSES

(Dollars in Thousands)

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*Includes 2021 carryover

PROGRAM PURPOSE

The Office of the Deputy Secretary (DEPSEC) provides program and policy guidance, and operations management and oversight for the Department. The DEPSEC helps the Department achieve its strategic goals by providing management and support to program offices across the Department, including a focus on those working with human capital, financial management, procurement, and information technology. In addition, the DEPSEC leads Disaster Coordination and Management through the Office of Disaster Management, serving to coordinate internally across the Department, with State and local partners and across the Federal Government with FEMA and other agencies as necessary.
BUDGET OVERVIEW

The 2024 President’s Budget requests $2.4 million for the Office of the Deputy Secretary, which is $286 thousand more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $2.6 million, $365 thousand above 2023 total funding.

Personnel Services (PS)

The 2024 Budget assumes total funding of $2.5 million for Office of the Deputy Secretary PS, which is $563 thousand more than the total 2023 level. This funding will support 12 full-time equivalents (FTEs), two FTEs more than the 2023 level. This increase in FTEs will help fill critical vacancies necessary to continue the buildout of the Disaster Management Division. This will address unmet needs, support Departmental strategic goals, and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

Non-Personnel Services (NPS)

The 2024 Budget assumes total funding of $89 thousand for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, and supplies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices
Office of Congressional and Intergovernmental Relations

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 carryover

PROGRAM PURPOSE

The mission of the Office of the Assistant Secretary for Congressional and Intergovernmental Relations (CIR) is to improve the lives of Americans and their families by advancing legislation and maintaining responsive and effective communications with Congress, state, and local government officials.

The CIR coordinates the Department’s activities with the Congress, State, county, and municipal governments. CIR is the Department’s focal point for interactions and engagements with Members of the Congress, authorization committees, and Member Office personal staff. The Assistant Secretary advises the Secretary of the HUD and serves as the Department’s primary point of contact with the Congress. Additionally, 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, local governments, and public and private interest groups. The Assistant Secretary for CIR is responsible for all relations between HUD and State, county, and municipal governments.
**CIR Congressional Affairs:** Congressional Affairs coordinates HUD’s relations and activities with the Congress. Congressional Affairs performs the following activities:

- Maintains responsive communications with the Congress through briefings, hearings, correspondence, reports, site visits, requests for information (RFIs), and other requested services from Members of the Congress.
- Develops and executes the Department’s legislative strategy and priorities and champions them before the Congress.
- Leads the preparation of and manages the Department’s participation in congressional hearings and briefings and accompanies HUD personnel in meetings with Members of the Congress, congressional committees, or staff.
- Coordinates the development of legislation, requests for views and technical support of the Department on pending or proposed legislation to benefit the American public and improve the operations and efficiency of the Department.
- Manages the Department’s Title 38 U.S.C. Congressionally Mandated Reports (CMR) process and transmits those reports to the Congress. These reports do not include reports mandated by appropriations acts.
- Assists in the review of requests from the Office of Management and Budget (OMB) for comments on pending legislation, testimony, draft Statements of Administration Policy, or other material for which OMB requests HUD review.
- Coordinates responses to Congressional Budget Office (CBO) requests.
- Advises HUD senior leadership, in coordination with program office and legal staff, on legislative matters.
- Provides congressional liaison support to Members of the Congress and staff.
- Receives and processes member requests for assistance with constituent and policy inquiries.
- Receives, resolves, and responds to inquiries from Congressional offices.

**CIR Intergovernmental Relations:** The mission is to manage participation in intergovernmental affairs initiatives, including White House-sponsored policy initiatives and events, as well as maintain collaboration with State and local stakeholders regarding policy and delivery of services in their respective jurisdictions. IGR serves as the Department’s point of contact for intergovernmental relations and serves as the primary point of contact with all, State and local government officials. IGR facilitates government to government relations that enhance access to housing.

The primary function of the office is to provide strategic advice, guidance, and information about HUD to foster and enhance government partnerships and act as the liaison between HUD and the White House to further State and local policy. Intergovernmental Relations performs the following activities:

- Serves as the HUD office of primary responsibility for government affairs with states.
- Builds and enhances government partnerships, and communications with Governor’s Offices, and State Legislatures to advance HUD policy initiatives and implementation at state and local levels regarding service delivery.
- Maintains communications and potential policy development with national governmental associations.
- Maintains proactive outreach with Governors' Offices.
- Maintains proactive outreach with State Directors of Housing and the national associations.
EXECUTIVE OFFICES

- Manages SOHUD and other HUD senior leaders interaction with Governors, Mayors, County Supervisors and State Directors of Veterans Affairs.
- Serves as the SOHUD interface with the White House Office of Intergovernmental Affairs as well as Federal agency Intergovernmental Affairs (IGA) counterparts.

BUDGET OVERVIEW

The 2024 President’s Budget requests $2.5 million for the Office of the Congressional and Intergovernmental Relations, which is $141 thousand more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $2.7 million, $200 thousand above 2023 total funding.

Personnel Services (PS)

The 2024 Budget assumes total funding of $2.6 million for Office of the Congressional and Intergovernmental Relations PS, which is $390 thousand more than the total 2023 level. This funding will support 13 full-time equivalents (FTEs), one FTE more than the 2023 level. The additional FTE will support additional management and staffing capacity to assist in supporting Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

Non-Personnel Services (NPS)

The 2024 Budget assumes total funding of $101 thousand for NPS, which is equal to the 2023 total funding level. This funding will support contracts, travel, training, printing, and supplies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Public Affairs

SALARIES AND EXPENSES

(Dollars in Thousands)

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*Includes 2021 carryover

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 2024 President’s Budget requests $3.2 million for the Office of the Public Affairs, which is $450 thousand more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $3.5 million, $416 thousand above 2023 total funding.

Personnel Services (PS)

The 2024 Budget assumes total funding of $3.3 million for Office of Public Affairs PS, which is $716 thousand more than the total 2023 level. This funding will support 18 full-time equivalents (FTEs), three FTEs more than the 2023 level. The increased FTEs are primarily attributed to backfilling critical vacancies and establishing additional management and staffing capacity to support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

Non-Personnel Services (NPS)

The 2024 Budget assumes total funding of $289 thousand for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, and supplies.
**EXECUTIVE OFFICES**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Adjudicatory Services

**SALARIES AND EXPENSES**

(Dollars in Thousands)

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*Includes 2021 carryover

**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 2024 President’s Budget requests $1.8 million for the Office of Adjudicatory Services, which is $57 thousand less than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $2 million, $22 thousand above 2023 total funding.

Personnel Services (PS)

The 2024 Budget assumes total funding of $1.9 million for Office of Adjudicatory Services PS, which is $192 thousand more than the total 2023 level. This funding will support nine full-time equivalents (FTEs), which is the same as the 2023 level. The funding also supports a 5.2 percent Federal pay raise.

Non-Personnel Services (NPS)

The 2024 Budget assumes total funding of $56 thousand for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, and supplies.
Program Purpose

HUD is committed to maximizing contracting opportunities for small businesses including small disadvantaged, woman-owned, HUBZone, and service-disabled veteran-owned small businesses. In support of the Department’s commitment to small business programs, the Office of Small and Disadvantaged Business Utilization (OSDBU) helps HUD meet Federal public policy objectives for procurement equity, small business inclusion, and supplier diversity. OSDBU provides advocacy, education, and outreach to the small business community and works collaboratively across HUD program offices towards equity and inclusion of diverse small businesses to meet HUD's mission and serve 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 Department’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. As part of HUD's newly released Equity Action Plan as required by Executive Order 13985 Advancing Racial Equity and Support for Underserved Communities through the Federal Government (EO 13985), OSDBU broadened its outreach geographically and
diversified efforts to assist new small business entrants. OSDBU collaborates with program offices to identify opportunities for small businesses in HUD’s grant and technical assistance programs to expand presence, build capacity, and develop a pipeline to Federal acquisitions. This will be accomplished by the: 1) expansion of outreach to small business owners in underserved communities; 2) exploration of mechanisms for building the pipeline of qualified small businesses; and 3) continuation of data analyses to identify and address barriers to accessing HUD contracting opportunities.

OSDBU’s efforts helped HUD track progress of its small business goal achievements by relying on several accountability mechanisms and metrics. The Federal small business contracting ecosystem includes the President’s Management Agenda, Small Business Administration (SBA) contracting scorecard (Scorecard) and congressionally mandated reports. HUD’s 2022-2026 Strategic Plan includes improving acquisition practices to increase small business utilization (Goal 5B), conducting small business outreach regionally (Goal 5B) and working with SBA to support Section 3 businesses as they develop the capacities to compete for Federal contracts (Goal 1C).

The Department recognizes that small businesses are of vital importance to job growth and the economic strength of our country. By connecting small businesses with HUD opportunities, OSDBU has helped the Department achieve its mission, meet business needs, and advance equity in the Federal marketplace.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $855 thousand for the Office of Small and Disadvantaged Business Utilization, which is $191 thousand less than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $1.1 million, $157 thousand below 2023 total funding.

**Personnel Services (PS)**

The 2024 Budget assumes total funding of $909 thousand for Office of Small and Disadvantaged Business Utilization PS, which is $43 thousand more than the total 2023 level. This funding will support four full-time equivalents (FTEs), which is the same as the 2023 level. The funding also supports a 5.2 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The 2024 Budget assumes total funding (carryover and new authority) of $146 thousand for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, and supplies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Center for Faith-Based and Neighborhood Partnerships

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 carryover

PROGRAM PURPOSE

The HUD Center for Faith-Based and Neighborhood Partnerships (CFBNP) serves as the Department’s liaison between faith-based and community organizations (FBCOs), HUD program offices and the White House Office of Faith-Based and Neighborhood Partnerships. Fulfilling the mandates of Executive Order 14015, CFBNP provides technical assistance, resources, partnership opportunities, sustained outreach, advocacy, information exchange, and capacity building grant writing training programs. 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. CFBNP also facilitates intra-Departmental and inter-Agency events to reach FBCOs with two-way information sharing, encouraging new partnerships while enhancing communities which HUD and the White House Office of Faith-Based and Neighborhood Partnerships seek to have an impact.
BUDGET OVERVIEW

The 2024 President’s Budget requests $885 thousand for the Center for Faith-Based and Neighborhood Partnerships, which is $29 thousand less than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $985 thousand, $15 thousand above 2023 total funding.

**Personnel Services (PS)**

The 2024 Budget assumes total funding of $949 thousand for the Center for Faith-Based and Neighborhood Partnerships PS, which is $115 thousand more than the total 2023 level. This funding will support four full-time equivalents (FTEs), which is the same as the 2023 level. The funding also supports a 5.2 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The 2024 Budget assumes total funding of $36 thousand for NPS, which is equal to the 2023 funding level. This funding will support contracts, travel, training, printing, rent, and supplies.
## Administrative Support Offices Overview

### SALARIES AND EXPENSES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2022*</th>
<th>2023</th>
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<tr>
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*Includes 2021 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 Departmental Equal Employment Opportunity
- Office of the Chief Information Officer
## SALARIES AND EXPENSES

(Dollars in Thousands)

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<tr>
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*Includes 2021 carryover

## PROGRAM PURPOSE

The Office of the Chief Financial Officer (OCFO) provides leadership in instituting financial integrity, fiscal responsibility, and accountability. The mission of the OCFO is to lead the Department’s headquarters and field office officials towards the understanding and practice of sound financial management in program development and operations, and in the 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. The OCFO supports HUD’s priority projects and Agency-wide efforts to achieve operational excellence. The OCFO also develops, analyzes, and reports on key performance indicators for HUD and Agency priority goals.
The 2024 President's Budget requests $99.5 million for the Office of the Chief Financial Officer (OCFO), which is $9.5 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $99.5 million, $3.1 million above 2023 total funding.

The Budget supports OCFO’s mission in providing sound financial management to protect taxpayer dollars from fraud, waste, and abuse. The funding level positions the Department to disburse funds for intended purposes and target populations. Additionally, it supports OCFO’s effort to achieve compliance with the many laws and regulations governing Federal funds, policies, procedures, and financial systems. The Budget also supports achieving compliance with enterprise fraud and risk management, improving HUD’s customer experience, and expanding strategic planning and performance management capabilities.

**Personnel Services (PS)**

The Budget assumes total funding of $53.1 million for PS, $8.3 million above 2023 total funding. This funding will support 264 full-time equivalents (FTEs), 30 FTEs above the 2023 total level. The funding request supports a 5.2 percent Federal pay raise in 2024. Funding at this level will allow OCFO to continue to backfill critical vacancies and establish additional management and staffing capacity to support the following:

- Effective workforce and succession planning to ensure adequate staffing levels to manage workloads and improve business operations,
- Management, oversight, and training on appropriations law and funds control,
- Strategic planning and performance management capabilities,
- Financial management support for audit coordination, resolution guidance, reporting, and financial policy and procedures, and
- Improve ease, effectiveness, and trust in HUD services through enhanced customer experience.

The current structure within OCFO allocates 205 FTEs in Headquarters and 29 in Field Offices. The requested FTEs would increase Headquarters staffing by 30 FTEs. The increases in additional FTEs are in the following offices:

- **Office of the Appropriations Law Staff**: The Budget provides five additional FTEs in the Office of the Appropriations Law Staff (OALS). Over the last several years, the workload of the OALS has increased dramatically, while it has lost key leadership and staff to retirement. Additional FTEs will ensure adequate staffing for operational efficiency and provides an increased focus on funds control and training.
- **Office of Strategic Planning and Customer Experience**: The Budget proposes a reorganization to establish the Office of Strategic Planning and Customer Experience (OSPCX) consisting of two divisions: Customer Experience Division (CX) and Strategic Planning & Performance Division (SPPD). The Budget provides seven additional FTEs in the OSPCX to ensure compliance with mandates, improve customer experience and increase performance management capabilities.
- **Assistant Chief Financial Officer for Budget**: The Budget provides three additional FTEs for the Assistant Chief Financial Officer for Budget. Additional FTEs will assist with developing, maintaining, and updating budget execution reports and dashboards, budget coordination tasks, and managing workloads.
- **Assistant Chief Financial Officer for Financial Management**: The Budget provides 12 additional FTEs for the Assistant Chief Financial Officer for Financial Management (ACFOFM) to support internal and external audit coordination, resolution guidance,
reporting, technical accounting and process reviews, data analysis, policy development and year-end schedule functions. Additionally, increased staffing will support the governance and oversight of Government Accountability Office (GAO) audits for program offices.

- **Assistant Chief Financial Officer for Systems** – The Budget provides three additional FTEs for the Assistant Chief Financial Officer for Systems (ACFOS) to assist with increased workloads and support for the Build America, Buy America Act (BABA).

**Common Distributable (CD)**

The Budget assumes total funding of $5.1 million for CD, which is equal to 2023 total funding. This funding provides for Workers' Compensation, Unemployment Compensation, and Professional Liability Insurance reimbursements.

**Non-Personnel Services (NPS)**

The Budget assumes total funding of $36.3 million for NPS, $6.5 million below 2023 total funding. This decrease reflects a reduction in Other Services/Contracts for the Payment Integrity Information Act (PIIA) contract. The PIIA contract was awarded as a multi-year contract and does not require additional resources in 2024.

Training, and supply funding remain the same as 2023 total funding. There is a slight decrease of $3 thousand in travel due to carryover upward adjustments for travel. The Budget assumes $47 thousand for printing, $22 thousand above the 2023 printing funding level. This increase supports projected Agency Financial Reporting (AFR) printing costs.

Funding of $33.6 million for OCFO's other services/contracts is necessary to maintain current services and includes:

- $12.6 million for financial management support to assist with agency financial reporting, A-123 compliance, audit remediation, data analytics, and improved financial operations.
- $2.4 million for Enterprise and Fraud Risk Management.
- $5.9 million for Customer Experience.
- $3 million to support OCFO's systems strategy, analysis, remediation, and shared services.
- $9.7 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.

Additionally, funding of $2.1 million will support a new requirement for HUD contributions to GSA for the new Technology Transformation Services (TTS) reimbursable program.

**Working Capital Fund (WCF)**

The WCF funding level is $5 million, which is $1.3 million more than 2023 total funding. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

**Information Technology (IT)**

Within the Information Technology Fund, the Budget requests $3 million for Financial Management Modernization.
LOCCS/Treasury ARC Oracle Federal Financials (OFF) Financial Interface Modernization – $3 million: The Line of Credit Control System (LOCCS) is the Department’s primary disbursement and funds control system for all grants and Office of 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, 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 the Office of Housing’s subsidies projects 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 Agency (PHA) operations must also be completed to be able to decommission HUDCAPS.

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

**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, mitigation of risks, 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. It also supports HUD’s overarching priority to improve customer experience.

**Improve Customer Experience**

OCFO leads HUD’s effort in improving customer experience and improving ease, effectiveness, and trust in HUD Services. The Budget provides $5.9 million for Voice of the Customer, life experiences projects, and customer experience mandates. The Budget supports implementing strong customer experience practices to enhance HUD’s services and achieve compliance with Federal mandates.

**Financial Management Support**

OCFO’s primary goals include providing sound stewardship of taxpayer dollars and achieving a clean audit opinion. Over the last few years, HUD has received additional funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES), American Rescue Plan Act (ARP), and most recently, the Inflation Reduction Act of 2022 (IRA). This has increased the level of effort and efficiency needed for sound financial management, oversight, effective internal controls, and process improvements.

The financial consulting services contract provides support with audit readiness, Agency financial reporting, OMB A-123 fraud and remediation, and improving HUD’s financial operation services. Since acquiring contract services, HUD has been able to improve its financial statements as well as reduce previous significant deficiencies and material weaknesses.
Enterprise and Fraud Risk Management

The Budget provides $2.4 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 siloed 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.

Reorganization

The Budget proposes an OCFO reorganization to improve operational efficiencies, streamline processes, achieve compliance, and manage workloads. OCFO requests authority to make changes within its organizational structure to reflect current functions and increase staffing capacity to effectively manage workloads. The proposed reorganization consists of the Office of Strategic Planning and Customer Experience, Office of the Chief Risk Officer, Assistant Chief Financial Officer for Accounting (ACFOA), Management Staff Division, and Assistant Chief Financial Officer for FM (ACFOFM).

- **Office of Strategic Planning and Customer Experience**: The Budget proposes creating the Office of Strategic Planning and Customer Experience (OSPCX). The OSPCX will be responsible for managing and overseeing HUD’s strategic planning and agency-priority goals and improvements in customer experience.

- **The office will consist of two divisions: Customer Experience Division (CX) and Strategic Planning and Performance Division (SPPD)**: It will be led by the Director of Performance Management and Customer Experience. The OSPCX Director will report to the Deputy CFO. The CX Division will be a new division tasked with ensuring compliance with mandates in delivering excellent, equitable, and secure federal services and customer experience. In addition, the Budget proposes creating two branches: one focused on operations, business intelligence and risk management, and a second focused on policy & program management within the SPPD. This will allow SPPD to increase performance management capabilities commensurate with other Cabinet-level agencies and provide greater support to program offices. The Budget provides 4 additional FTEs for the Customer Experience Division and 3 additional FTEs for Strategic Planning and Performance Division.

- **Office of the Chief Risk Officer**: The Budget proposes creating the Office of the Chief Risk Officer (OCRO) to better align and staff work functions, manage workloads, achieve operational mission and goals, and ensure compliance with regulatory requirements.

The proposed reorganization is required to establish an office to execute the responsibilities of the HUD Department-wide Enterprise and Fraud Risk Management program currently assigned to HUD’s Chief Risk Officer (CRO). The Chief Risk Officer (CRO) will report to the Deputy CFO. The OCRO will provide executive-level management for the EFRM program. The program is necessary to meet the requirements of the Office of Management and Budget (OMB) and Government Accountability Office (GAO). HUD’s CRO provides guidance to HUD executives on the EFRM program that enable program executives to oversee and manage their risk management activities. The OCRO is needed to support and manage risk management activities across HUD. The CRO currently prioritizes activities to meet the immediate demands of the program, leaving significant reporting and monitoring requirements incomplete and the Department vulnerable to unmitigated risk exposures.
Assistant Chief Financial Officer for Accounting: The ACFOA requests to create two branches: Financial Statements, Notes, & Agency Financial Reporting Branch and Internal & External Reporting Branch within the Financial Reporting Division (FRD). Current FRD employees will be reassigned between the proposed branches and FRD. The proposed reorganization is required to balance increased workload due to additional HUD funding, streamline processes, improve operational efficiencies, ensure financial data integrity, and maintain a clean audit opinion. There will be no impact to the total number of FTEs allocated to FRD.

Management Staff Division: Management Staff Division (MSD) proposes a reorganization to improve and streamline business operations for optimal services and efficiency. Currently, MSD provides the OCFO with resource management services including, but not limited to, budget formulation, justification, and execution, acquisition management, staffing and recruitment, employee and labor relations, performance management, employee engagement, space management, and travel management. Increased funding, hiring, and acquisition requirements have increased management and leadership needs to manage and oversee work functions. The proposed reorganization will restructure MSD to the Office of Business and Resource Management (OBRM) with three divisions: Administrative Services Division, Business Management Division, and Travel Management Division. The proposed reorganization requests the restructured office to be led by a SES supported by a SL advisor. There will be no impact to the total number of FTEs currently allocated to this office.

- Administrative Services Division: The Administrative Services Division (ASD) will provide administrative support services such as human capital and human resources support, performance management guidance and oversight, employee engagement, and space management.
- Business Management Division: The Business Management Division (BMD) will manage and oversee the OCFO’s S&E budget including budget formulation, justification, and execution activities. Additionally, the BMD division will manage and execute OCFO’s S&E acquisition portfolio.
- Travel Management Division: The Travel Management Division (TMD) will provide travel management, oversight, and guidance for HUD. The TMD will manage policies and procedures for relocations, travel management system, and travel purchase card program. In addition, the TMD will provide guidance on the Federal Travel Regulation (FTR) and ensures compliance.

Assistant Chief Financial Officer for Financial Management: The ACFOFM requests to rename its current divisions as well as revise functional statements to accurately reflect responsibilities. It will also create a new division: Readiness & Dynamics Division. The renamed divisions and function statements are below:

- Readiness & Dynamic Division (New): The Readiness & Dynamics Division will enhance financial accountability through readiness assessments, root cause analysis, risk exposure activities, and stimulates growth, development and changes through Department-wide financial management training and improvements.
- Analytics & Audit Management Division (currently Audit Liaison Division): The Analytics & Audit Management Division will support program offices by facilitating and monitoring GAO and OIG program audits and find resolution to achieve optimal outcomes for the Department. Additionally, this division will perform fraud analytics to strengthen Department processes to prevent and detect fraud and oversee the Single Audit Act requirements.
o Reliability & Assurance Management Division (currently Risk Management Division): This division will ensure departmental accountability by assisting program offices in documenting processes, determine reliability by validating HUD processes through internal control testing, risk assessments, and analyses, and manage Department-wide financial representations and assurances.

o Fiscal Integrity Division (currently Funds Control Assurance Division): This division will support mission execution by examining and evaluating financial processes, transactions, data, and risks to assess payment life-cycle integrity in the prevention and detection of fraud, waste, and abuse, and facilitate the HUD financial statement audit to achieve optimal results.

o Fiscal Health Division (currently Financial Policies & Procedures Division): This division will report on the Department’s fiscal health by preparing the Agency Financial Report, managing Department-wide financial policies, coordinating the year-end close schedule, and monitoring weakness remediation plans.
## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Administrative Support Offices

### Office of General Counsel

### SALARIES AND EXPENSES

(Dollars in Thousands)

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<th>2023</th>
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<th>Carry Over</th>
<th>President’s Budget</th>
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<tr>
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*Includes 2021 Carryover

### PROGRAM PURPOSE

The General Counsel is the chief legal officer of the Department of Housing and Urban Development (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 HUD 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) helps ensure that HUD programs and HUD’s external partners operate according to program guidelines and regulations. 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 2024 President’s Budget requests $133 million for the Office of General Counsel, which is $8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $140.2 million, $9.6 million above 2023 total funding.

The total OGC funding request in 2024 supports the DEC’s total funding level of $20 million, of which $2 million will be funded through 2023 carryover and $18 million with new authority.

**Personnel Services (PS)**

The Budget reflects total funding (carryover and new authority) of $131.5 million for PS, an increase of $14.4 million above 2023 total PS funding. The funding supports 635 full-time equivalents (FTEs), an increase of 41 FTEs above 2023. The DEC’s staffing level will be increased by 1 to 119 FTEs in 2024 from 118 FTEs in 2023 for the DEC to conduct oversight and monitoring of HUD assets. The funding request supports a 5.2 percent Federal pay raise in 2024.

OGC anticipates utilizing the additional 40 FTEs in 2024, of which 18 FTE are to support its key operations, including increased legal demands for civil rights and fair housing, legislative and regulatory review, personnel support and to support federally-assisted housing programs. The additional 22 FTEs will be targeted for:

- Four FTEs - Fair housing and civil rights attorneys in Headquarters and in OGC’s Regional Offices to support the implementation of the Affirmatively Furthering Fair Housing (AFFH) program and Violence Against Women Act (VAWA);
- Three FTEs - Program counsel for development and implementation of Department-wide initiatives such as Build America Buy America (BABA), and Disaster Relief, and the corresponding regulatory and administrative guidance for Administration priorities;
- Five FTEs - Trial attorneys to support human capital initiatives and personnel support in Headquarters and the field; and
- 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.

**Non-Personnel Services (NPS)**

The Budget reflects total funding (carryover and new authority) of $4.9 million for NPS, an increase of $544 thousand from total 2023 funding, which will continue to support travel, relocation costs, scanning, printing, supplies, contracts, training, and claims and indemnifications (attorney’s fees for adverse parties prevailing in non-program related litigation).

- The $40 thousand increase in travel is due to the anticipation of increased demand for traveling to trainings and conferences. In 2024, OGC will reinstitute the OGC Peer Technical Assistance Program (PTAP). Through this program, OGC managers will conduct 4 to 5 onsite visits to Regional and Field Offices to provide a review of the legal services being provided to the Department and to provide technical assistance to OGC staff in those offices.
• Resources for printing are level with 2023 and supports the Department’s printing costs for the Federal Register and the Code of Federal Regulations.

• The $150 thousand increase in training will add additional capacity to train staff on the new legal requirements associated with program updates and new Administration initiatives, such as AFFH, VAWA and BABA.

• The $194 thousand increase in contracts and other services supports OGC’s access to online legal research and databases. These services include Westlaw, PACER, West LegalEd, CyberFeds, and the Congressional Quarterly.

Working Capital Fund (WCF)

The 2024 WCF funding level is $3.6 million, $1 million above the 2023 funding level, of which $650 thousand was forward funded in 2022. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

KEY OPERATIONAL INITIATIVES

Priority #1: Increase in staffing to support the implementation of Administration priorities, including legislative and regulatory review, fair housing and civil rights, and federally assisted housing programs.

In 2024, OGC expects a significant increase in demand for legal services necessary to implement HUD’s strategic objectives and the President’s Executive Orders and Administration priorities.

Timely and effective legal counsel is integral to the initiation, management and success of HUD programs and initiatives. Over the past two fiscal years, OGC has been stretched to meet the legal needs of the program offices and experienced a measurable increased demand for legal assistance. Based upon the completion of the administrative priorities in 2023, along with the new initiatives in 2024 proposed by program offices, there will be additional demands on OGC for timely and effective counsel, as illustrated above.

The increased demand for legal services will be related to the need for program support and legislative and regulatory review for affordable housing and infrastructure, BABA, fair housing and civil rights, particularly the implementation of the AFFH program and the VAWA reauthorization in 2022.

This increased demand will be in addition to OGC’s critical role in providing transactional legal services in connection with the Department’s various housing programs and the activities of the Federal Housing Administration, as well as advice and guidance on the issuance of mortgage-backed securities and various related financial, capital market, and securitization transactions by the Government National Mortgage Association.

Priority #2: Proposed Realignment of HQ OGC Offices

OGC proposes a realignment of functions within the Headquarters Office to streamline operations. This proposed restructuring will appropriately distribute reporting lines and better align the OGC structure with that of a key client, the Government National Mortgage Association (GNMA).
Priority #3: Increase in staffing to support personnel and litigation demands on the Department

To further the Department’s investment in human capital, OGC will need to provide increased counsel to promote diversity and equity in the workforce of the Department, as well as efforts to hire and retain personnel. Without timely and sound legal to help the Agency hire and retain personnel and to hold them accountable in an ethical manner, HUD’s ability to support this Administration’s agenda will be negatively impacted.

Additional litigation support is critical in supporting and defending the Administration’s agenda. These attorneys handle the most consequential and precedent lawsuits related to HUD programs nationwide. These suits entail litigation risk that could cost the Department millions of dollars. Strong legal support for such litigation is vital for the agency to be good stewards of tax dollars while advocating for the Department and the people it serves.

Priority #4: Departmental Enforcement Center

In 2024, the DEC, an integral part of OGC, will dedicate resources to increase the staffing capacity to 119 FTEs, and backfilling attrition as it occurs. The 119 FTEs are needed to fulfill the DEC’s mission.

- **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. 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 (e.g., Unsupported, ineligible, unallowed and/or unreasonable) are identified. 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 receives 3098 automatic/elective referrals from the Office of Multifamily Housing and the Office of Healthcare Programs in a typical year. 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.

Priority #5: Legal Honors and Succession Planning

The lynchpin of OGC’s succession planning efforts is its Legal Honors Program. The Legal Honors program has been in place for over 50 years. 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 2024 will allow OGC to continue its Legal Honors program and bring a class of at least 10 Legal Honors to start in September 2023 and whose salaries will largely be paid in 2024.

Priority #6: Peer Technical Assistance Program

In 2024, OGC will reinstitute the OGC Peer Technical Assistance Program (PTAP). Through this program, OGC managers will conduct 4 to 5 onsite visits to Regional and Field Offices to provide a review of the legal services being provided to the Department and to provide technical assistance to OGC staff in those offices. The PTAP program is a valuable resource to assist OGC to meet its management goals and provide OGC insight into management operations and legal services. Through the PTAP program in prior years, OGC has gained information to ensure the highest quality of legal services are provided to the various program offices and ensured that OGC operations nationwide are consistent with HUD policies and procedures.

Priority #7: Investment in Training for OGC and Program Offices

In concert with helping our program offices stand up new programs, OGC will need training funds for new FTEs joining the office and for current staff to improve their capacity to meet new needs. Effective and timely counsel requires training on the latest legal developments and case law. Additionally, with program updates and new Administration initiatives, such as AFFH, VAWA and BABA, OGC will also need additional capacity to train program staff on the legal requirements of these new Administration initiatives.
# PROGRAM PURPOSE

The Office of Administration provides the Department of Housing and Urban Development with centralized leadership and oversight for the Department’s procurement, human capital, administrative services, facilities management, disaster management and national security. These services are critical to the mission of the Department, its program offices, and the ability to keep facilities, including the Weaver Headquarters Building, operational. The Office of Administration also fulfills the statutory and Executive Order responsibilities of the Chief Acquisition Officer, Chief Freedom of Information Act Officer, Chief Sustainability Officer, Senior Agency Official for Privacy, and Senior Agency Official for Continuity of Operations.

The 2024 Budget builds on the recent accomplishments of the Office of Administration, which include robust procurement efforts, enhancing small business contracting goals, achieving a net gain in hiring for the Department, and decreasing the time to hire. The Budget continues the strategic investments made in 2023 and supports the positive trajectory in the Department’s Administrative,
Human Capital, and Procurement functions which are critically important to meeting HUD’s operational and programmatic needs.

The 2024 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). 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.

The budget functions and staff were consolidated in 2020, from three offices 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 effort to achieve the Department’s strategic goals and objectives while resolving top management challenges.
- 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 the ability to quickly address changing needs and requirements of the Department.

HUD’s mission is critical to achieving the President’s vision to support underserved communities by improving public health and economic opportunities and addressing longstanding systemic challenges. This includes 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 provide the internal infrastructure to support the delivery of HUD’s critical missions.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $331.1 million for the OA, which is $26.6 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $336.5 million, $9.6 million above 2023 total funding.

With a focus on HUD’s internal institutional capacity to deliver on mission, the goal of this funding is to maintain OA staffing and ability to carry out its mission.

**Personnel Services (PS)**

The Budget assumes total funding of $111.8 million for PS, $5.2 million above 2023 total funding. This supports 575 full-time equivalents (FTEs), which is equal to the 2023 total FTE level. Funding at this level will allow OA to continue to backfill critical vacancies and support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

The current structure within the OA allocates 373 FTEs in Headquarters and 202 in Field Offices.
Common Distributable (CD)

The Budget assumes total funding of $3.2 million for CD, which is $800 thousand less than 2023 total funding. This funding provides for implementation of flexible workplace models, transit subsidy, and the Student Loan Repayment Program.

Non-Personnel Services (NPS)

The Budget assumes total funding of $215.1 million for NPS, $7.1 million above 2023 total funding. The increase includes a Maintain Current Level (MCL) increase to travel, rent, utilities, contracts, training, supplies, furniture, and equipment.

Working Capital Fund (WCF)

The 2024 WCF funding level is $6.4 million, which is $1.2 million more than the 2023 funding level of $5.2 million, of which $2.4 million was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

KEY OPERATIONAL INITIATIVES

The Budget includes funding to address HUD's operational, strategic, compliance, and reporting risks. Funding at this level is critical to address human capital risks impacting core workload, succession planning, and improving overall customer experience, while addressing information technology limitations and acquisitions to meet regulatory requirements for programs. Resources will support key initiatives as outlined under the OCAO, OCPO, and OCHCO justifications.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices
Office of the Chief Administrative Officer

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 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, national security matters, and emergency management functions. The OCAO also oversees HUDs printing, graphics, broadcasting services, and Freedom of Information Act (FOIA) and Privacy programs.

BUDGET OVERVIEW

The 2024 President’s Budget requests $242.5 million for the OCAO, which is $17.5 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $246.1 million, $7.7 million above 2023 total funding.

The goal of this funding is to maintain OCAOs staffing and carry out its mission.
Personnel Services (PS)

The Budget assumes total funding of $46.2 million for PS, $2.1 million above 2023 total funding. This supports 247 full-time equivalents (FTEs), equal to the 2023 total FTE level. Funding at this level will allow OCAO to continue to backfill critical vacancies, support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise.

The current structure within the OCAO allocates 144 FTEs in Headquarters and 103 FTEs in Field Offices.

Non-Personnel Services (NPS)

The Budget assumes total funding of $197.2 million for NPS, $6.6 million above 2023 total funding. This increase includes a Maintain Current Level (MCL) increase to rent, utilities, contracts, training, supplies, furniture, and equipment.

Working Capital Fund (WCF)

The 2024 WCF funding level is $2.7 million, which is $627 thousand more than the 2023 funding level, of which $1.9 million was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

KEY OPERATIONAL INITIATIVES

The Budget includes funding to address HUD operational, strategic, compliance, and reporting risks. Funding at this level is critical to address human capital risks impacting core workload, succession planning, and improve overall customer experience necessary to address information technology limitations and acquisitions to meet regulatory requirements for its programs. Resources will support the following key operational initiatives in 2024:

Move HUD Forward into a Modern Workplace

- Continue to address deferred maintenance at the historic Robert C. Weaver Building (HUD Headquarters) with MCL resources. It is critically important to have adequate funding to address equipment that is either broken, beyond its useful life or a safety risk. Unaddressed, these failures will require closure of the building until repairs or replacement can be accomplished.
  - In 2022, the Weaver Building experienced a major chiller plant failure during the heart of cooling season due to systems that are more than a decade beyond their useful life. Three of four chillers were out of service and the building ran for two and a half months on one 800 ton chiller. Repair parts were eventually acquired though a massive effort that included the Federal Acquisition Service. Currently, three of the four chillers have been repaired. As repair parts are scarce and coolant for the systems is no longer manufactured, there is little confidence in the plants capability to provide sufficient cooling through the next cooling season. This is just one example of a large dollar and high impact requirement that must be managed within the Office of Administration’s resources. To mitigate this risk, HUD continues to explore all possible funding mechanisms to stabilize and/or replace the chillers.
- Expand the current scope of the Energy Savings Performance Contract (ESPC) to include new energy conservation measures (ECM) that will replace outdated technology and increase energy savings in the Weaver Building. This effort will allow us to replace outdated,
inefficient, and unreliable building chillers and other equipment and amortize costs over the remaining 10-year term of the ESPC contract.

- Continue to right size HUD’s facilities by eliminating historical excess space and incorporating further reductions associated with new work flexibilities. The 2024-2028 Capital Plan focuses on creating a modern and supportive environment to accommodate the changing workforce and workplace while reducing operating costs.

- Eliminate under-utilized GSA vehicles and replace the remaining vehicles with more efficient, zero-emission vehicles (ZEV).

- Improve space utilization of the Weaver Building and eliminate the four headquarters satellite offices. OCAO is working closely with GSA to produce a Program of Requirements and a Master Plan for the Weaver Building. These plans will enable HUD to more efficiently house headquarters staff and those staff currently housed in the four satellite offices. GSA is also conducting a Feasibility Study of the Weaver Building’s infrastructure and systems to assist in prioritizing resources in furthering the vitality of the building.

- Strengthen the use of data collection and analysis in decision making. Create a robust electronic records management program. Finalize HUD Forward planning and begin implementation of approved initiatives.

**Invest in HUD's Employees through Strategic Retention, Recruitment, and Development Initiatives**

- Implement the multi-year Capital Plan to modernize and consolidate the headquarters and field offices. The Capital Plan outlines the creation of a premier work environment with flexible floor and furniture plans capable of accommodating the needs of the workforce that will allow HUD to recruit and retain the best talent while eliminating excess space and reducing operating costs.

- Continue to develop a more robust National Security Program including Continuity of Operations and Continuity of Government planning, including moving into a new state-of-the-art alternate continuity facility in 2024. OCAO is committed to being compliant across all National Security programs by the acquisition of required equipment and participating in enhanced training.

**Operational Improvements**

- Implement operational efficiencies and other creative solutions to support mandatory moves (due to expiring leases). Invest in the Capital Plan to relocate, reduce, or renovate office spaces for efficiencies.

- Evaluate the development of a reorganization proposal for submission in 2023 that will propose a consolidation of some overhead functions with the emphasis on generating efficiencies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices
Office of the Chief Human Capital Officer

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 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 2024 President's Budget requests $56.3 million for the OCHCO, which is $4.8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $57.8 million, $407 thousand above 2023 total funding.

The goal of this funding is to maintain OCHCO's staffing and ability to carry out its mission.
Personnel Services (PS)

The Budget assumes total funding of $38.6 million for PS, which is $1.9 million above 2023 total funding. This supports 190 full-time equivalents (FTEs), equal to the 2023 total FTE level. Funding at this level will allow OCHCO to continue to backfill critical vacancies and support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise. The current structure within the OCHCO allocates 138 FTEs in Headquarters and 52 in Field Offices.

Common Distributable (CD)

The Budget assumes total funding of $3.2 million for CD, which is $800 thousand less than 2023 total funding. This funding provides for implementation of flexible workplace models, transit subsidy and the Student Loan Repayment Program.

Non-Personnel Services (NPS)

The Budget assumes total funding of $14.3 million for NPS, $388 thousand above 2023 total funding. The increase supports a MCL increase to contracts, training, supplies, and equipment.

Working Capital Fund (WCF)

The 2024 WCF funding level is $1.7 million, which is $329 thousand more than the 2023 funding level, of which $216 thousand was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

KEY OPERATIONAL INITIATIVES

The Budget includes funding to address HUD's operational, strategic, compliance, and reporting risks. Funding at this level is critical to address human capital risks impacting core workload, succession planning, and improving overall customer experience, while addressing information technology limitations and acquisitions to meet regulatory requirements for programs. Resources will support the following key operational initiatives in 2024.

Move HUD Forward into a Modern Workplace

- Enhance reporting, analytics, and evaluation of OCHCO business practices. OCHCO will begin reviewing business practices to enhance efficiencies, as well as continue to expand HR analytics to allow for data-driven decisions.
- Develop a Workforce Strategy based on robust assessments, encompassing all actions taken to acquire, retain, develop, motivate, and deploy HUD's human capital. This strategy is a whole-of-workforce plan extending over the employment life cycle, allowing leadership to prepare for future workforce and staffing needs. Leverage data, AI, and Survey Governance, reform, and transformation (standards, data warehouse, unified survey platform) to drive workforce insights and drive employee experience interventions, with a focus on employee retention.
- Establish the Human Capital business Partner Model to provide a one-stop resource for customers and stakeholders encompassing all human capital activities.
- Develop a robust marketing strategy, inclusive of branding and participation at recruitment events, to focus on targeted recruiting and ensure the Department has the right skills while supporting a diverse and inclusive workforce.
• Increase employee accountability and engagement by building a performance culture that embraces accountability and recognizes performance.

Invest in HUD’s Employees through Strategic Retention, Recruitment, and Development Initiatives

• Continue the focus on hiring and retention by utilizing technological platforms to facilitate the use of shared certificates, onboarding journeys and employee portals to improve the employee experience.

• Recruit talent with the right skill sets using multi-hurdle job assessments and expansion of talent teams which will partner to develop recruitment strategies and providing hiring managers with the tools to assess applicant competencies more easily.

• Implement improved Employee and Leadership Development programs like the SES Candidate Development Program, microlearning, mentoring/coaching solutions, New Supervisor Bootcamp, and Professional Development Program, to support succession planning, retention, and development of future leaders for the Department.

• Expand early career programs for succession planning (interns, apprentices, fellowships, etc.) to continue to build a pipeline to support future retirements and attrition.

• Continue to update, enhance, and implement the Departmental Employee Engagement Plan to strengthen engagement and improve retention of the high performing workforce.

• Enhance Executive Resources programs to improve the executive experience (SES Induction Ceremony, enhanced onboarding/orientation)

Equity

• Support priorities including diversity, equity and inclusion, staff capacity, data analytics, and automation. OA will develop a more robust Diversity, Equity, Inclusion and Accessibility program to embed these principles into all aspects of the human resources lifecycle.

Operational Improvements

• Evaluate the development of a reorganization proposal for submission in 2023 that will propose a consolidation of some overhead functions with the emphasis on generating efficiencies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices
Office of the Chief Procurement Officer

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 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 program including managing the acquisition workforce and conducting procurement activities. Procurement activities are conducted in support of all HUD program offices in: Washington, DC; Atlanta, GA; Ft. Worth, TX; Denver, CO; Chicago, IL; and Philadelphia, PA.

BUDGET OVERVIEW

The 2024 President’s Budget requests $32.3 million for the OCPO, which is $4.3 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $32.6 million, $1.5 million above 2023 total funding.

The goal of this funding is to maintain OCPOs staffing and ability to carry out its mission.
Personnel Services (PS)

The Budget assumes total funding of $26.9 million for PS, $1.2 million above 2023 total funding. This supports 138 full-time equivalents (FTEs), equal to the 2023 total FTE level. Funding at this level will allow OCPO to continue to maintain the staffing increases achieved in 2023, backfill critical vacancies and support Departmental strategic goals and key operational initiatives. The funding also supports a 5.2 percent Federal pay raise. The current structure within the OCPO allocates 91 FTEs in Headquarters and 47 FTEs in Field Offices.

Non-Personnel Services (NPS)

The Budget assumes total funding of $3.7 million for NPS, $150 thousand above 2023 total funding. This increase includes a MCL increase to travel and contract services.

Working Capital Fund (WCF)

The 2024 WCF funding level is $1.9 million, which is $238 thousand more than the 2023 funding level, of which $256 thousand was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

KEY OPERATIONAL INITIATIVES

The Budget includes funding to address the operational, strategic, compliance, and reporting risks impacting HUD’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 is necessary to address information technology limitations and acquisitions to meet regulatory requirements for its programs. Resources will support the following key operational initiatives in 2024:

Move HUD Forward into a Modern Workplace

- Continue improvements in Acquisition execution by facilitating earlier planning and early engagement between OCPO and the program offices. OCPO has institutionalized the Acquisition Communities of Practice, the Acquisition Community Action Team, and Integrated Acquisition Teams. The communities of practice and Acquisition Community Action Team allow for the passing and sharing of information and best practices across the Department resulting in greater effectiveness in the Acquisition program. The Integrated Acquisition Team brings all the disciplines across the Department with a role in the procurement process together to provide value added input early in the process resulting in better quality procurements and reduced processing times.

- Complete assessment of targeted areas for improvement as part of the HUD Forward initiative. Benchmark HUD’s program policies and procedures against leading practices to simplify, streamline, and automate the acquisition process with the intent to reduce the program office’s time to procure required services.

Invest in HUD’s Employees through Strategic Retention, Recruitment, and Development Initiatives

- Resource an acquisition staff that is properly trained and equipped to support HUD’s mission. Increased funding strengthens the acquisition program, properly resourcing the OCPO to support the entirety of HUD’s procurement needs, reducing the reliance on costly
acquisition assistance, and training the acquisition workforce to equip them with the knowledge and skills necessary to perform their duties.

Streamline Acquisition Management

- Enhance HUD’s portfolio of enterprise-wide strategically sourced contract vehicles to improve the timeliness of procurement services.
- Provide consultation services to the program offices to improve the quality of requirement’s documents and supporting documents, thereby reducing delays in the acquisition process.
- Prioritize staffing for the IT support cadre, Ginnie Mae support division, and the Fort Worth Contracting Operations Division to support growing acquisition portfolios. This will allow for acquisition assistance requirements to be brought back in-house, facilitating cost reductions/avoidance, and allowing program funds to be put to better use. HUD’s program offices paid between $9 and $17 million in assisted acquisition fees each of the last three fiscal years. This initiative eliminates these costs.
- Prioritize staffing for field Contracting Operations divisions to maintain capacity and support the growing PIH and Multi-family NSPIRE program portfolio. This includes the placement and management of strategically sourced vehicles for inspection services as well as program oversight and administrative support services.
- Increase the transparency and accountability for timely execution of program office acquisition plans. Improving OCPO’s data analytics to provide real-time data to inform decisions, identify critical delays and bottlenecks, and improve category management, all of which will reduce the time to procure.

Operational Improvements

- Evaluate the development of a reorganization proposal for submission in 2023 that will propose a consolidation of some overhead functions with the emphasis on generating efficiencies.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Office of Field Policy and Management  

**SALARIES AND EXPENSES**  
(Dollars in Thousands)  

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*Includes 2021 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.
OFFICE OF FIELD POLICY AND 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 2024 President’s Budget requests $70.3 million for the Office of Field Policy and Management, which is $4.8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $75.5 million, $3.6 million above 2023 total funding. Funding at this level provides resources to continue to support Customer Service (CS) and oversight and management functions in accordance with FPM's delegation of authority across the field. 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 Budget assumes total funding of $68.1 million for PS, $7.4 million above total funding. This funding will support 380 full-time equivalents (FTEs), an increase of 24 FTEs above the 2023 total funding. Funding at this level supports a 5.2 percent Federal pay raise and the salaries and benefits for staffing necessary to increase FPM's presence in the community and improve the 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 also assist in mitigating identified risks related to customer service, worker empowerment covered by the Davis Bacon Act (DBA), supporting department-wide coordination and implementation of disaster preparedness, response, and recovery efforts for Presidentially declared disaster locations, and succession planning across the field. This funding will primarily support increases in the number of staff in our entry level, customer facing roles in field offices across the country, and allow FPM to improve data analytics and utilize data to improve service outcomes.

**Non-Personnel Services (NPS)**

The Budget requests $3.1 million for NPS, a decrease of $374 thousand below 2023 total funding.

- **Travel** (a decrease of $200 thousand below 2023 total funding): Aligns with average pre-COVID-19 pandemic levels and supports resources for increased outreach, compliance, and monitoring, and other in-person collaboration across the field.
• **Other Services** (a decrease of $174 thousand below 2023 total funding): Provides funding for general support needs and an electronic payroll subscription service to support Davis-Bacon staff. This critical subscription service automates the payroll review process for construction projects receiving HUD assistance. Requested levels will provide the necessary support to sustain program efficiencies with the utilization of automated processes. Additionally, the Budget supports $250 thousand for HUD's contribution to the Federal Executive Board.

• **Training**: Supports several major training and workforce development opportunities, including diversity, equity, and inclusion (DEI) and significant customer service training to improve the quality of our service delivery. Given the increased risk of retirements, FPM will coordinate and procure group trainings and provide opportunities that incorporate customer service, change management, position-specific technical training, and leadership development.

**Working Capital Fund (WCF)**

The WCF funding is $3 million, which is $580 thousand more than 2023 total funding. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

### KEY OPERATIONAL INITIATIVES

The Budget requests funding to address the program, operational, strategic, compliance, and reporting risks impacting FPM’s work in local communities. 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. FPM has applied an equity analysis and assessment practice across all aspects of our work with communities to increase equitable outcomes internally for FPM employees and externally to HUD’s customers in accessing services and programs. Through FPM’s whole-of-agency lens, this initiative plays a vital role to ensure equity considerations are operationalized and sustainable as FPM engages with HUD customers throughout all 64 field and regional offices. Core FPM activities correlate with HUD’s strategic goals as follows:

<table>
<thead>
<tr>
<th>FPM Core Activities:</th>
<th>Strategic Initiatives &amp; Economic Empowerment</th>
<th>Stakeholder Engagement &amp; Analytics</th>
<th>Operations &amp; Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Goals:</strong></td>
<td>IMPROVE CUSTOMER EXPERIENCE: Serve as HUD's Front Door</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>INCREASE EQUITY: Provide access, build trust, and share information with local communities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Support Underserved Communities</td>
<td>5. Strengthen HUD's Internal Capacity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Ensure Access to and Increase the Production of Affordable Housing</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3. Promote Homeownership</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. Advance Sustainable Communities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 pay a critical role in support of the Department’s mission, this includes but is not limited to:

• **Provide Leadership, Oversight, and Coordination for HUD’s work in Communities**  
  (Collaboration and Support of HUD Program Divisions with Local Stakeholders, Five
Ecosystems, Disaster Support): The Budget supports systems and staffing levels across the field necessary to support FPM’s leadership of Secretarial initiatives, strategic plan goals, and stakeholder outreach.

- **Provide Leadership, Oversight, Collaboration and Coordination for HUD’s work in the Field and Support for Secretary and Deputy Secretary Travel:** The Budget supports improvements to HUD field office operations that will improve oversight of HUD’s work and critical leadership functions.

- **Serve as HUD’s Front Door:** The Budget supports a Customer Relationship Management (CRM) system to collect vital information to improve the customer experience and make service delivery recommendations to improve HUD programs. FPM’s work focuses on managing customer service in the field and local stakeholder experience, to help inform the Departmentwide Customer Experience work.

- **Perform Davis-Bacon and Labor Standards (DBLS)/Section 3/FPM Program Monitoring and Oversight:** The Budget requests funds for staff to meet necessary requirements for Contracting Officer Representative (COR) and information systems duties, and to support the development of staff expertise to track and report on mission-critical data, and the technology needed to identify issues, track outcomes, establish performance trends, monitor program compliance and follow appropriate internal procedures.
PROGRAM PURPOSE

The Office of Departmental Equal Employment Opportunity (ODEEEO), 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 Notifications and Federal Employee Anti-discrimination and Retaliation (No FEAR) Act of 2002, Executive Orders and HUD (Department) policies.

It is the responsibility of ODEEEO 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 Equal Employment Opportunity (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. ODEEEO 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. ODEEEO is responsible for planning, executing, and implementing the Department’s EEO/Affirmative Employment (EEO/AE) activities pursuant to the Federal Regulation at 29 Code of Federal Regulations (C.F.R.) §1614 and other regulations.
management directives. ODEEO works to proactively prevent discrimination within the Department’s workforce.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $5 million for ODEEO, which is $400 thousand more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $5.4 million, $131 thousand above 2023 total funding.

The goal of this funding is to bolster the ODEEO staffing and ability to carry out its mission.

**Personnel Services (PS)**

The Budget assumes total funding of $4.6 million for PS, $480 thousand above 2023 total funding. This funding will support 22 full-time equivalents (FTEs), an increase of one FTE above the 2023 total. Funding at this level will allow ODEEO 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. The Budget also supports a 5.2 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The Budget assumes NPS funding of $600 thousand, an increase of $55 thousand above 2023 total funding. This funding supports an increase in contracts to enable ODEEO to continue to meet its mission to process EEO complaint cases, sustains mandatory training for EEO staff, and provides an increase to support EEO staff travel to train the HUD workforce on senior management initiatives.

**Working Capital Fund (WCF)**

The 2024 WCF funding level is $249 thousand, which is $43 thousand above the 2023 requirement. The 2024 level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

**KEY OPERATIONAL INITIATIVES**

The Budget includes funding to address the operational, strategic, compliance, and reporting risks impacting HUD’s workforce. Funding at this level is critical to 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.

**Equity**

Funding will be used to ensure 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.

**Operational Improvements**

The ODEEO will create a new division (described below) to ensure separation of complaint services from resolution and adjudication, to ensure impartiality in the EEO Complaint process and provide leadership and oversight at the operational intersections of administrative services and dispute resolution services. This action is necessary to better meet the Department’s mission to align with
discrimination policy and procedures and is taken in accordance with the Equal Employment Opportunity Commission’s (EEOC) best practices stated in Management Directive (MD)-110 to keep the Alternative Dispute Resolution (ADR) process separate and apart from EEO complaint processing.

The Equal Opportunity Support Services Division: This new division will perform Alternative Dispute Resolution functions, provide administrative support services, and training and development. The administrative staff will align under the new division. Currently, the ODEEO Admin Division has 4 FTEs assigned to it. When the ADR transitions to the new division, there will be 1 FTE associated with that function. There will be an additional 2 FTEs associated with training and development in the new division. The FTEs associated with this new division are supported within the total funding level assumed in the Budget request. Specifically, the new division will encompass the administration team that will perform the travel, budget, procurement, and other administrative functions required for day-to-day reporting, and strategic initiatives. Secondly, there will be an ADR function based on the operational paragraph above (e.g., the EEOC cites as a best practice to have the ADR function outside of the routine complaints processing function). Finally, the training and development team will be a dedicated resource to facilitate and deliver training throughout HUD on all matters relating to EEO, affirmative employment practices, and civility.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices
Office of the Chief Information Officer

**SALARIES AND EXPENSES**
(Dollars in Thousands)

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<th></th>
<th>2022*</th>
<th>Carryover</th>
<th>Enacted</th>
<th>Total</th>
<th>Carry Over</th>
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*Includes 2021 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, the IT workforce and processes to align with HUD and OCIO mission;
- Create repeatable processes that streamline and improve OCIO through performance and innovation; and
- Strengthen collaboration to deliver customer-focused outcomes.

HUD’s mission is critical to achieving the President’s vision to support underserved communities by improving public health and economic opportunities and addressing longstanding systemic challenges. This includes 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 2024 President’s Budget requests $77.5 million for the OCIO, which is $7.5 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $80.7 million, $3.4 million above 2023 total funding.

The goal of this funding is for OCIO to continue to provide guidance, leadership and coordination for HUD's information management, technology investment and cyber security activities in support of HUD program delivery. This funding will also bolster OCIOs staffing and ability to carry out its mission.

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.

Personnel Services (PS)

The Budget assumes total funding of $59.8 million for PS, $9 million above 2023 total funding. This funding will support 274 full-time equivalents (FTEs), 29 FTEs above the 2023 level. Funding at this level will allow the OCIO 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. OCIO’s PS resources are critical to ensuring HUD can perform mission critical functions related to operations for IT systems and security. OCIOs personnel priorities are as follows:

Budget and IT Resource Management Office (BIRMO), 5 FTEs:
- Eliminate the need for contractor support in risk management and audit management;
- Improve pre and post contract award work activities.

Chief Information Security Officer (CISO), 4 FTEs:
- Increase staff to investigate security incidents and ensure that all HUD employees are following best practices;
- Hire staff to assess and actively manage new and emerging threats.

Chief Technology Officer (CTO), 10 FTEs:
- Hire technical staff to provide in-house operations and maintenance (O&M) and development support for HUD's enterprise solutions;
- Reduce contractor funding in strategic initiatives and organizational support and hire more Federal employees.

Infrastructure and Operations Office (IOO), 10 FTEs:
- Hiring to support data center, cloud, network, and end user in-house;
- Increase staff to improve incident management;
- Improve Diagnostic Services-Operation Security for Continuous Diagnostic Monitoring (CDM) support services/incident response;
- Unify Communication-Network security engineers and network administrators;
- If OCIO contracts are not executed on time, then it increases the risk of going over budget for project deliverables. Also, delayed projects increase the risk of creating vulnerabilities to our infrastructure and operations.
The request assumes an allocation of 190 FTEs in Headquarters (+29 FTEs from 2023) and 55 FTEs in Field Offices (equal to 2023).

Non-Personnel Services (NPS)

The Budget assumes total funding of $17.9 million for NPS, $4.6 million below 2023 total funding. The significant decrease is due to increased staffing, which reduces OCIO’s reliance on contractor support to augment IT staff functions.

The OCIO is reducing and not renewing two contracts with an approximate amount of $4.8 million. The OCIO will maintain existing contracts in the amount of $16.6 million, which are needed to maintain current services.

Working Capital Fund (WCF)

The 2024 WCF funding level is $3 million, which is $892 thousand more than the 2023 funding level, of which $1.4 million was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

Information Technology (IT)

Within the Information Technology Fund, the Budget requests $17 million to support the Enterprise Identity Credential Access (e-ICAM), Zero Trust and Trusted Internet Connection, and Enterprise Service Delivery.

eICAM - Enterprise Identity Credential Access Management ($9 million): The enterprise Identity Credential and Access Management (eICAM) is a critical capability outlined in Executive Order 14028 Improving the Nation’s Cybersecurity. ICAM ensures that the individual attempting access to HUD data is actually the person with those credentials. As required by OMB directive M-19-17, HUD is moving forward with the initial deployment across 15 applications within FHA-Connection in 2023-2025 using TMF funds. The 2024 funds will enable the initial implementation of ICAM capability across the HUD enterprise.

Zero Trust & Trusted Internet Connection ($6 million): These funds will enable the HUD Zero Trust program to continue planning and maintain momentum from 2023 to meet requirements as directed in Executive Order 14028 and OMB-22-09. HUD is currently last across the Federal Civilian Executive Branch in Multi-Factor Authentication (MFA) and these funds will be used to drive MFA across the entire HUD network, applications, and databases. These funds will also be used to procure and implement Zero Trust Architecture (ZTA) required capabilities of data loss prevention, data encryption in transit and at rest, user entity behavior analytics (UBEA), intelligence analytics, and provide and gain HUD capacity in Penetration testing and incident response and mitigation capabilities.

Enterprise Service Delivery ($2 million): The overall Enterprise Service Delivery effort aims to modernize and consolidate several enterprise-wide services onto a single technology platform to gain operational efficiencies, leading to significant cost savings, employee empowerment through self-service tools, and greater compliance posture. The Enterprise Service Delivery investment was initially funded in 2022. The 2024 Budget request will allow HUD to continue its effort to bring on new functionality to the ServiceNow based platform that HUD is in the process of rolling out. For the first phase (2022), HUD has targeted moving or creating a new capability with its IT Help Desk, Facilities & Space Management, IT Budget Formulation, IT Operations Management, and a portion of Human Resources (HR) Transformation.
For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.

**KEY OPERATIONAL INITIATIVES**

As the support office responsible for all IT solutions, OCIO’s staff support the efforts of the entire Strategic Plan and are an essential partner in ensuring mission success. Below are a few specific planned areas of focus and modernization for 2024.

OCIO’s 2024 Budget will directly support the following HUD Strategic Objectives:

**Strategic Objective 1B: Reduce Homelessness**
- HUD plans to improve capacity of Continuums of Care (CoCs) to use existing data to measure and track system performance. OCIO will support these efforts by modernizing the Electronic Special Needs Assistance System (e-snaps) which supports the COC application process.

**Strategic Objective 2A: Increase the Supply of Housing**
- OCIO is supporting HUD’s strategy to support the financing and production of new affordable housing by focusing on modernization and enhancement of multi-family systems including the Integrated Real Estate Management System (iREMS).

**Strategic Objective 2B: Improve Rental Assistance**
- HUD plans to institute the National Standards for the Physical Inspection of Real Estate (NSPIRE). NSPIRE will prioritize the detection and elimination of in-unit health and safety hazards, in accordance with these improved standards.
- To support these strategies to improve rental assistance, OCIO will modernize its information technology systems to use real-time data. Having access to the latest information will allow HUD to identify Multifamily owners with large portfolios and low occupancy rates.

**Strategic Objective 5C: Strengthen Information Technology**
- OCIO will continue to provide tools that are efficient, safe, secure, and resilient through improvements in Information Technology (IT), cybersecurity, and data management that support the Department’s mission.
- Efforts will ensure that there are increased investments in IT infrastructure, cybersecurity improvements, and staff have the necessary knowledge, as well as resources, to succeed. OCIO will continue to focus on decommissioning legacy IT systems.
- OCIO will move to safe, sustainable, and standardized IT platforms that support operations enterprise-wide. OCIO will strengthen its IT and data governance and structure to ensure proper support for program areas, oversight, and management.

**Operational Improvements**

OCIO is proposing a reorganization to strengthen the areas of information technology management, governance, IT acquisition management and operations, cybersecurity, and data management. Additionally, it will improve the effectiveness and efficiency of OCIO’s operations, support the transformation of evolving IT and cybersecurity environments and implement the IT risk-based approach program.
The proposed change will support the realignment of functions to the new organizational structure by: 1) supporting the transformation of OCIO to a modernized and agile IT service-oriented organization that more effectively supports the HUD mission areas; 2) enhancing IT governance and service delivery in order for OCIO to identify the costs savings of HUD’s IT portfolio; 3) implementing the cybersecurity framework (improve HUD’s IT security posture to provide a secure IT environment that enables HUD programs and services); and 4) improving the efficiency of the operations by aligning the relationship between OCIO’s Office functionalities through clearly documented roles, responsibilities, policies, procedures and practices to OCIO’s mission.

OCIO’s reorganization supports enhanced program and project management activities, a robust cybersecurity program and skilled staff that provide a secure network that ensures the safety and privacy of all HUD’s data. The revised organizational structure would enhance OCIO’s ability to be a solution-driven organization. Furthermore, the reorganized structure will remediate and resolve cited audit findings from GAO and HUD OIG. The reorganization will allow OCIO to comply with numerous IT management laws, regulations, practices, directives, policies, and guidance as defined by the Congress, OMB, NIST, etc.

The OCIO proposes to create one new Deputy Chief Information Officer for IT Planning, Policy, and Performance Management that will align the Audit and Knowledge Management Division, Performance and Risk Management Division, and Policy and Planning Division to address IT needs through planning analysis and execution of the IT Strategic Plan. The office will be responsible for ensuring the agency is adhering to the Federal Information Technology Acquisition Reform Act (FITARA), the Clinger-Cohen Act, the Federal Information Security Modernization Act (FISMA), and other Federal IT laws, regulations, practices, directives, and policies. Additionally, this office is responsible for OCIO’s enterprise risk, audit resolution management, knowledge and information management, and policy activities. This Office will support in-house roles for the reduction of audit contract resources and provide oversight management of the enterprise Independent Verification & Validation (IV&V) capability. The Performance and Risk Management Division will help separate and define governance processes and controls, oversee compliance with Federal mandates, coordinate and respond to external inquiries, and operationalize technology acquisitions to manage costs effectively. This office will be charged with establishing targets, measuring progress, coordinating, and implementing policy development, standards, tracking, and overseeing enterprise knowledge and information management to drive improvement towards the achievement of the goals established in HUD’s and OCIOs IT Integrated Risk Management (IRM) Strategic Plans.

The current Chief Technology Officer (CTO) Staff will be renamed to the Office of the Chief Technology Officer (OCTO), which will establish the Application Development and Enterprise Architecture Divisions and realign the functions from the Customer Relationship and Performance Management Office to the Office of the Chief Technology Officer. This will enable the OCTO to have oversight and accountability over specific IT technology divisions and branches to support its role of leading and providing oversight to critical Agency IT needs and resources. Positioning the OCTO at an office level will give the OCTO authority over OCIO technology initiatives and help align the OCIO’s IT development resources and capabilities with business needs and promote collaboration on strategic efforts related to enterprise architecture, customer requirements, and IT tools and technologies. This improves organization agility by assigning resources according to prioritization of solutions and IT products. This office will provide authority in establishing the OCIO’s IT architecture and standards and evaluating, developing, and recommending technology solutions for the organization.

The Chief Digital Services Officer will merge with the OCTO and serve as a senior technical advisor that will enhance decision-making and authority over major technology solutions and reduce the risk of diverting resources and priorities from innovation efforts to operations and maintenance activities.
OCIO proposes to rename the Chief Information Security Staff to Office of the Chief Information Security Officer (OCISO), establishing five Divisions that include: (1) the Security Operations Center (SOC)/Computer Incident and Response Team; (2) Security Architecture and Innovation; (3) Security Governance, Risk, and Compliance; (4) Security Strategic Initiatives; and (5) Security Operations Divisions. OCISO will be responsible for ensuring agency compliance with federal laws by developing, documenting, and implementing an agency-wide cybersecurity program to provide a secure IT environment. OCISO oversees and implements continuous monitoring of all HUD IT assets, incident management, digital forensics, threat intelligence, and data management; the OCISO will include Security Operations. With the proposed structure, OCISO will continuously implement high risk management process to identify, assess, and mitigate the risks associated with the global and distributed nature of Information and Communication Technology (ICT) product and service supply chains. During the last few years, greater risk that malicious perpetrators could exploit vulnerabilities in the ICT supply chain causing disruption to mission operations, harm to individuals, or theft of intellectual property. Without establishing executive oversight of supply chain risk management activities, HUD OCISO is limited in the ability to make risk decisions across the organization about how to effectively secure the ICT product and service supply chains. OCISO will lack the ability to understand and manage risk and reduce the likelihood of that adverse events will occur without reasonable visibility and traceability into supply chains.

The OCIO proposes the name change of the Customer Relationship and Performance Management to the DCIO for Enterprise Project Management Office (EPMO) that oversees three divisions: (1) Program and Project Management; (2) Customer Engagement and Support; and (3) the Governance and Knowledge Management Divisions. The EPMO will be responsible for oversight of the day-to-day program and project delivery of the HUD OCIO IT Investment Portfolio, including managing key project activities, schedule, budget, and resources. The EPMO provides formal and repeatable processes for the planning, execution, monitoring, and control of programs and projects across HUD OCIO. The EPMO will be responsible and accountable for program and project delivery, to include, completing major tasks and deliverables in the Project Planning and Management (PPM) lifecycle activities, project status reporting, and facilitating project risks and issues resolution. The EPMO communicates enterprise-wide priorities and milestones and provides HUD OCIO guidance, governance, standardized processes, and portfolio, program and project management best practices, tools, and techniques.

OCIO proposes renaming the Office of Business and IT Resource Management Office (BIRMO) to Business Management and Operations. This proposal eliminates the Strategic Planning Staff function, aligns the Audit Compliance Branch to the IT Planning, Policy, and Performance office, and establish two new divisions, the Acquisition Management Division and Financial Management Division.

Lastly, OCIO proposes renaming the Infrastructure and Operations Office to the Office of Infrastructure and Operations.

The proposed organizational structure would: 1) bring OCIO up to industry standards; 2) strengthen the IT acquisition processes and procedures; 3) improve program/project management control activities; 4) implement emerging technologies; 5) boost OCIO’s ability to develop in-house technical solutions and operations support; 6) expand the implementation of a comprehensive cybersecurity and risk management framework; 7) reinforce the IT governance framework activities as a part of OCIO’s operations; 8) reduce the reliance on contractor support; and 9) employ, train and retain qualified and experienced Federal personnel.
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 support underserved communities by improving public health and economic opportunities and addressing longstanding systemic challenges. This includes 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 2024 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

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### Personnel Services:

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FTEs: 5,386 257 5,514 5,771 160 5,938 6,098

*Includes 2021 Carryover.
• Office of Fair Housing and Equal Opportunity
• Office of Lead Hazard Control and Healthy Homes
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 public housing agencies (PHAs) and almost 600 sovereign tribal nations to: increase capacity; administer, operate, and improve 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 will improve upon the health and safety of assisted housing, enhance energy and water efficiency in our most distressed low-income communities, 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 spur that work and HUD’s day to day operations forward.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $295 million for PIH Salaries and Expenses (S&E), which is $16.8 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $303.3 million, $7.3 million above 2023 total funding. PIH has implemented hiring strategies, which include recruiting talent, sustaining the workforce, and accelerating hiring, all of which will extend into 2024. These hiring strategies have culminated in a year-over-year net gain of 100 employees at the beginning of 2023, the highest number of employees since 2016. In 2024, PIH will continue to grow staff levels by an additional 115 FTEs.

**Personnel Services (PS)**

The Budget assumes total funding of $293.4 million for PS, $34.5 million above 2023 total funding. This funding will support 1,582 full-time equivalents (FTEs), 115 FTEs above the 2023 total funding level.

This budget supports a 5.2 percent Federal pay increase. The FTE allocations for each PIH program office will be administered based on the criticality of the position to be filled and mission requirements. To fully support the Agency’s commitment to Administration and Departmental goals, PIH will maximize resources that improve the quality, safety, and accessibility of affordable housing for low-income residents and strengthen HUD’s internal institutional capacity and efficiency to deliver on its mission.

**The Office of Field Operations (OFO):** OFO will support the Department’s goals and the Federal Government’s priorities by monitoring and providing technical assistance and guidance to approximately 3,700 PHAs. Local OFO employees are the first point of contact for PHAs, residents, political officials, State and local government officials, and community stakeholders supporting the Department’s goal to ensure delivery of HUD’s mission on the ground. OFO’s current staff is situated in headquarters and 44 field office locations.

In 2024, OFO will carry out its existing responsibilities to provide oversight and monitoring to improve PHA performance and enhance the quality of public housing. The additional staff will sustain program expansion and ensure families continue to have access to safe, decent, and affordable housing. OFO will partner with PHAs to evaluate capital needs and implement mitigation strategies that reduce long-term vacancies; increase Housing Choice Voucher (HCV) utilization; and improve public housing occupancy. All of these efforts directly impact the Department’s goals to increase access to affordable housing for more families; assist PHAs with disaster management and recovery; and manage and oversee the prevention, recovery, and transformation of troubled and high risk PHAs faced with receivership, monitorship, default, financial insolvency, and substandard 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, Alaska Native, and Native Hawaiian families; create economic opportunities for Tribes and their residents in assisted housing; help Tribes plan community development; and ensure fiscal integrity in the operation of the programs.
ONAP administers a full range of programs to tribal communities similarly to those administered to the public at the Department level. ONAP administers 17 programs dedicated to American Indian and Alaska Native communities, and three programs dedicated to Native Hawaiians residing in Hawaii. Over the course of the past few years, several new programs have been created and are administered by ONAP, including those funded by the more than $1 billion enacted in CARES and ARP. Each of ONAP’s programs have unique reporting, grant administration, and monitoring requirements.

Each year, ONAP guarantees thousands of mortgage loans. ONAP staff review each loan to ensure compliance with program statutes, regulations, and guidelines. They also monitor lender performance in order to determine if a lender is eligible for reimbursement in the event a claim is filed for a mortgage default. These critical activities make it possible for the loans to be sold on the secondary market, which ensures continued access to mortgage capital in Indian Country.

In accordance with President Biden’s Memorandum on Strengthening Nation-to-Nation Relations and under the direction of Secretary Fudge, ONAP has launched the Department’s first Tribal Intergovernmental Advisory Committee (TIAC), with inaugural meetings starting in 2023. ONAP has also established the Department’s Tribal Consultation Plan of Action, which calls for deeper engagement with Tribes, and takes the lead by serving on the White House Council on Native American Affairs.

The Office of Public Housing and Voucher Programs (OPHVP): OPHVP supports the Administration’s priority to strengthen and broaden the Federal housing safety net for people in need. OPHVP administers the Housing Choice Voucher (HCV) Program and is also responsible for the development and management of public housing policy (including energy policy, management and operations, and public housing operating funding). Additional OPHVP staff will manage a public housing and HCV program portfolio greater than $30 billion and is responsible for distributing over $3 billion per month to PHAs, which ensures over 3 million families are housed in decent, safe, and affordable units.

Further, the additional staff will support the influx of $565 million to the HCV account which will sustain approximately 50,000 new incremental vouchers, in addition to 130,000 vouchers that could be supported from non-Moving to Work (MTW) and MTW program reserves. The allocation for the incremental vouchers will positively impact rural, suburban, and urban areas that demonstrate extremely low-income and very low-income renter households. This funding will also support the Project Based Voucher program, which has expanded over the past few years, and public housing support initiatives (e.g., funding for PHAs at risk of operating fund shortfalls and for Energy Benchmarking). OPHVP staff will continue to develop and implement major systems: the Enterprise Voucher Management System (eVMS) for HCV and the Operating Fund Portal for public housing. Lastly, funding will be used to implement major regulatory initiatives that fundamentally change the programs, such as the Housing Opportunities Through Modernization Act (HOTMA) final rule(s) on income, assets, and project-based vouchers.

Additionally, the Budget includes a separate mandatory housing proposal to provide $22 billion over 10 years to expand vouchers for extremely low-income veteran households and youth transitioning from foster care (please see the Mandatory Affordable Housing Programs Congressional Justification); the mandatory proposal includes funding for S&E to support the Budget.

The Office of Public Housing Investments (OPHI): OPHI staff analyze, review, and approve transactions that serve to refinance public housing toward the objectives of long-term physical and financial stability. Moreover, staff strengthen and broaden the Federal housing safety net for people in need and further the implementation and operation of self-sufficiency programs designed to
advance economic opportunities for residents in public housing. OPHI staff will support the following program augmentations:

- Continue expansion in size and scope of non-formula Capital Fund grants while addressing increased funding complexity under the Public Housing Capital Fund, including development and implementation of a competitive grant program that is new for 2024.
- HUD issued a Family Self Sufficiency (FSS) Final Rule in June 2022 that expands eligibility to multifamily owners along with public housing and voucher programs. This Rule will be implemented in 2023 with downstream impacts to families, as their eligibility expands beyond the head of household to all adult household members.
- Continue implementation of Choice Neighborhoods, a critically important initiative for comprehensive neighborhood revitalization, with a budget of $185 million.
- Conclude the 100-PHA expansion in the Moving to Work Demonstration program, from 39 agencies to up to 139, representing a 250% percent increase in the program in less than three years.

The Real Estate Assessment Center (REAC): REAC staff supports the expansion of performance evaluation and risk assessment capabilities as described in the Operational Performance Evaluation and Risk Assessment (OPERA) account justification. The expansion includes additional quality assurance inspectors to perform an increased volume of quality assurance and other types of physical inspections, conduct research, analysis and evaluation of program outcomes using evidence-based and scientific principles, resulting in real-time inputs to decision makers throughout the Department. The additional staff levels will also provide oversight and monitoring of major business initiatives, including modernizing PIH's IT systems, making improvements to legacy systems, and transitioning external and internal users from the legacy systems to the new systems.

The Office of Operations (OPS): OPS staff provide operational support to PIH’s five program offices to achieve the Administration’s priorities and effectuate the Department’s goal to strengthen HUD’s internal institutional capacity and efficiency to deliver on its mission. In addition, OPS staff provide the foundational support functions of a $40.7 billion budget and financial management program. OPS supports the following tasks: 1) funds control and execution, 2) compliance oversight, 3) procurement and contract management, 4) cooperative agreements, 5) data analysis, report evaluation and assessment, 6) audit remediation, resolution, and risk reviews, 7) technical assistance oversight, 8) reverse auction program, 9) indirect cost rate analysis, and 10) human resources with an oversight of approximately 1,500 employees. More specific roles and tasks include on-boarding needs and hiring actions, training to include professional development programs, travel, technical assistance, correspondence, performance management, and employee labor relations services. Lastly, staff develops and conducts proactive trainings for managers and supervisors with the objective of avoiding future litigation and provides oversight of settlement and litigation expenses with the intent of reducing the costs associated with those actions.

Non-Personnel Services (NPS)

The Budget assumes total funding of $7 million for PIH’s non-personnel services (NPS), $6.2 million below 2023 total funding. The reduced funding needs in NPS allow PIH to divert needed resources to personnel services sustaining human capital development and strengthen management and communication of program metrics and goals. The NPS funding level requested will support contract services, streamline resources in travel and training, and other NPS to support the Administration's housing goals and PIH's hiring strategy for a more robust investment in additional FTEs as described above. The Budget will continue to provide assistance and advisory services, audits, technical
assistance, program oversight, monitoring and analysis, risk mitigation, and system sustainment and maintenance.

Additionally, the funding will procure contract services for program management support along with effective workforce and succession planning strategies and measures. This will be specifically aimed to help PIH fundamentally retool organizational functions which will improve customer service and reduce operational costs. In addition, the requested NPS will ensure PIH meets the Administration’s priorities in the following ways:

**OFO:** Funding will support specific activities associated with PHAs in receivership, as well as troubled and high-risk PHAs. Contract support will enable 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 and 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 PHAs are meeting intended goals and decrease the amount of time a PHA is in receivership, troubled, or substandard status.

**ONAP:** Funding for ONAP will provide travel and contract support to administer the Indian Housing Block Grant competitive program. Additionally, ONAP staff will conduct onsite monitoring, provide in-person technical assistance, and conduct in-person tribal consultation.

**OPHVP:** Funding for OPHVP procurement actions will support specific activities including improvement to and sustainment of Energy Performance Contracts and Small Rural Frozen Rolling Base application reviews; oversight and monitoring in support of the President’s climate resiliency goals; change management for public housing and HCV programs (e.g., eVMS and the new Operating Fund Web Portal); insurance support and project expense level appeal reviews; comprehensive training for HUD staff to implement 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 communication with customers and stakeholders.

**REAC:** Funding supports non-inspection related travel and for IMS/PIC business support to perform data collection and report generation from HUD field offices and business partners. In addition, funding will be used for on-line access to the Department of Homeland Security, U.S. Citizenship & Immigration Services (USCIS) Systematic Alien Verification of Entitlement (SAVE) Program, Verification Information System (VIS) for confirming citizenship or eligible immigration status of those persons applying for housing assistance.

**Working Capital Fund (WCF)**

The 2024 WCF funding level is $15.7 million, a portion of which is planned to be forward funded in 2023. The 2024 WCF funding level is $2.8 million above the 2023 funding level. The Budget assumes $2.4 million in forward funding in 2024. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices Scanning and Archiving Services business lines.

**Information Technology (IT)**

Within the Information Technology Fund, the Budget requests $3.7 million to support the PIH Modernization (EIV Modernization & HUDCAPS Section 8) and the Disaster Tracking System.
PIH Modernization (EIV Modernization & HUDCAPS Section 8) - $1.1 million: This project encompasses and funds two efforts partially funded in the Consolidated Appropriations Act, 2023: Enterprise Income Verification (EIV) modernization and HUDCAPS Section 8.

The purpose of these investments, by project, are:

- **EIV Modernization - $418 thousand**: EIV modernization will allow HUD to modernize its EIV system which was developed approximately 20 years ago as a custom-built application used to verify both prospective and existing HUD housing applicants’ income and assets to ensure their eligibility for rental assistance. EIV has been a vital system used by Public Housing Agencies (PHAs) and other HUD rental housing providers for HUD’s compliance with the Payments Integrity Information Act (PIIA), of which HUD is non-compliant. Specifically, this investment will allow for the creation of an entirely new application with many new and critical functions including integration with the Housing Information Portal (HIP), which is the replacement for PIH's Inventory Management System-Public Housing Information Center (IMS-PIC) and application programming interfaces (APIs) that will allow for potentially daily data exchanges with partner Federal agencies that provide income and asset data used for income verification, including, but not limited to: the Social Security Administration, Department of Health and Human Services Office of Child Support Enforcement, and the Internal Revenue Service.

- **HUDCAPS Section 8 - $684 thousand**: The HUDCAPS Section 8 IT modernization effort will continue to focus on ensuring key accounting events and the disbursements of subsidy payments are migrated from the HUD Central Accounting Program System (HUDCAPS) and are properly interfaced with HUD’s General Ledger. This is a requirement for retiring HUDCAPS (a legacy, but vital mainframe application). HUDCAPS disburses approximately $27 billion in Housing Assistance Payment (HAP) and Administrative Fees (Admin Fee) for TBRA annually. The IT knowledge base of HUDCAPS (ongoing operations and maintenance support) is extremely limited and shrinking quickly, creating potential risk that HUD may not be able to support HUDCAPS, risking payments to PHAs and owners/landlords of voucher units. This effort will integrate with PIH’s new Enterprise Voucher Management System (EVMS), which automates the calculation, but does not disburse HAP and Admin Fee payments with the recording of the financial activity and the disbursement of funds. The integration of EVMS and this new solution is one element that will enable the Department to reduce its reliance on the legacy HUDCAPS system. This will allow for the Department to move closer to its goal of decommissioning HUDCAPS.

Disaster Tracking System - $2.6 million: There are 150 to 250 disasters that affect HUD-assisted families each year. The existing process for gathering and analyzing data is manual, labor intensive, prone to reporting delays, and fragmented across different parts of HUD. This IT investment will provide an automated, streamlined workflow, reporting, and tracking mechanism. It will enable HUD to better visualize disaster impacts on assisted families and properties across the United States, quickly identify resources such as alternative/temporary housing, and efficiently deploy those resources to mitigate the disasters’ effects. This automated platform could serve as the foundation for a HUD-wide disaster reporting system that shows all HUD-assisted families and properties in one dashboard for a coordinated, agency-wide approach to each disaster.

For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund justification.
KEY OPERATIONAL INITIATIVES

Efficiencies, Initiatives, or other Strategic Operational Improvements

The reorganization of REAC and the development of an Office of Resident Services are PIH’s key operational initiatives.

REAC: provides its customers with independent, actionable assessments that advance risk-informed decisions about the condition of the Nation’s affordable housing portfolio. REAC is modernizing its approach to assessments and portfolio management and is seeking to use adaptations to its structure and job design as levers to institutionalize the changes. The organization is undergoing a human capital assessment to inform a reorganization that aligns with the mission. REAC opted for a phased approach to this effort, in three key areas: 1) Evaluation of the current organization structure and proposed future state; 2) Organization design recommendations for the future state; and 3) Development of a transformation plan that identifies considerations for moving REAC from the current state to the future state. PIH expects the reorganization to be complete by 2025.

Office of Resident Services: In an effort to better promote economic opportunity for HUD-assisted residents by encouraging self-sufficiency and financial stability and better align supportive services functions and workload in HUD, PIH is consolidating the support services offices under a single Deputy Assistant Secretary (DAS) for Resident Services. The elevation of this function to the DAS level allows the coordination of Resident Services not only across PIH but the entire Department. This consolidation includes the following: 1) Community and Supportive Services, and 2) Office of Policy, Program, and Legislative Initiatives (OPPLI). Including OPPLI within this structure provides not only resources dedicated to this work, but also provides policy review through the lens of Resident Services. Planning for this reorganization will start in 2023 and will extend through 2024.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Office Salaries and Expenses

Office of Community Planning and Development

**SALARIES AND EXPENSES**

(Dollars in Thousands)

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*Includes 2021 carryover

**PROGRAM PURPOSE**

The Office of Community Planning and Development (CPD) primarily manages community development, affordable housing, homelessness assistance, disaster recovery, COVID-19, and American Rescue Plan (ARP) related activities that support communities, low-income households, and others requiring assistance. Functions include:

- Policy development
- Grant administration and oversight;
- 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 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.

**BUDGET OVERVIEW**

The 2024 President’s Budget requests $173 million for the Office of Community Planning and Development (CPD), which is $9.6 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $180 million, $7.9 million above 2023 total funding.

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 programs that are helping the American public and that align with the Administration’s priorities. The programs, outlined below, are administered by dedicated CPD staff that require adequate funding levels to perform their duties.

**Grant Programs**

**Office of Grant Programs:** The Office of Grant Programs oversees a large set of community development, affordable housing, and disaster recovery programs, including Community Development Block Grant (CDBG), CDBG-DR (Disaster Recovery), CDBG-CV (CARES Act), HOME Investment Partnerships (HOME), Neighborhood Stabilization Program (NSP), HOME Investment Partnerships American Rescue Plan (HOME-ARP), Section 108 Community Development Loan Guarantee, Recovery Housing Program (RHP), and Housing Trust Fund (HTF).

The Office of Grant Programs will also oversee the two new competitions provided in the 2023 Appropriations Act: Grants to Remove Barriers to Affordable Housing and Preservation and Reinvestment Initiative for Community Enhancement (PRICE). In addition, Grant Programs manages Departmental cross-cutting functions via the Office of Environment and Energy (OEE) and the Office of Real Estate Acquisition and Relocation. The programs administered by the Office of Grant Programs are critical to the recovery of communities across the Nation.

**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. OSN programs include the Continuum of Care (CoC), Emergency Solutions Grants (ESG), Emergency Solutions Grants – CARES Act (ESG-CV), Youth Homelessness Demonstration Program (YHDP) programs, Rapid Re-housing Victims of Domestic Violence Programs, and Housing Opportunities for Persons with AIDS (HOPWA). 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 at risk of or experiencing homelessness.

**Economic Development Programs**

**The Office of Economic Development (OED):** The Office of Economic Development supports economic development and capacity-building for local, State, regional, and national nonprofit organizations.
OED’s Congressional Grants Division (CGD) is responsible for the administration of congressionally-directed grants, the Economic Development Initiative. The Office of Rural Housing and Economic Development is responsible for the oversight and management of the 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.

CPD Field Operations

Office of Field Operations: The Office of Field Operations, approved in the 2023 Appropriations Act, is being established in 2023. CPD’s 43 field offices (currently under the Office of Operations) will be managed under this new office led by a senior executive service (SES) Deputy Assistant Secretary for Field Operations. Ten Regions will be established with 10 Regional CPD Directors reporting directly to the DAS for Field Operations, in addition to a select number of other field offices.

CPD Operations

Office of 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 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 are also all part of Operations and are key contributors to the workflow and the overall operations of CPD. 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. The 2023 Appropriations Act approved a realignment of the Operations Office to establish 3 Divisions to better streamline office functions: Office Budget and Compliance, Office of Resource Management and Office of Technology, Innovation and Evaluation. The realignment process is currently underway and will be completed in 2023.

CPD-wide Programs and Cross-Cutting Programs and Initiatives

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, with the majority of the CARES Act funding allocated to CDBG, ESG, HOPWA, and Technical Assistance.

Supplemental Appropriations Funding: CPD has received supplemental administrative funds from 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 funded by CPD.

- Environmental Support: CPD provides departmental environmental and energy policy and compliance and support for environmental reviews and assistance. Through the Office of Environment and Energy, CPD leads Administration priorities relating to climate resilience, environmental justice, and energy efficiency.
- Relocation: CPD manages the relocation efforts for the entire Department (see description below).

Environment and Energy: CPD's Office of Environment and Energy (OEE) develops departmental environmental and energy policy in alignment with the Administration's climate resilience, environmental justice, and energy efficiency priorities. OEE also has oversight of environmental compliance, including performing environmental reviews to assess the potential environmental impacts of a project and determine whether it meets Federal, State, and local environmental standards. Most HUD-assisted projects must be examined to ensure that it does not negatively impact the surrounding environment and that the site itself will not have adverse effects on end users. OEE has a varied workload, which includes, but is 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 Budget assumes total funding of $166.4 million for PS, $15.3 million above 2023 total funding. This funding would support 928 (FTEs), 43 FTEs above the 2023 total funding level. The Budget supports a 5.2 percent Federal pay raise. CPD intends to distribute the FTE increases equitably in accordance with CPD’s 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 would 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 aggressivelv 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.

Office of Grant Programs:

Office of Block Grant Assistance (OBGA): This office provides annual CDBG grants to more than 1,200 recipients, including large cities, urban counties, States, Puerto Rico and the U.S. Territories. OBGA will need to support technical assistance for all programs and provide policy support for grantees as they approach their expenditure deadlines (beginning in 2023) and, for those that do not meet the deadline, develop expenditure plans. In 2024, OBGA will continue implementation of the pilot program Recovery Housing Program (RHP) while also administering newly-enacted competitive grant programs: Grants to Identify and Remove Barriers to Affordable Housing ($85 million), and Preservation & Reinvestment Initiative for Community Enhancement (PRICE, $225 million).

Office of Disaster Recovery (ODR): ODR’s active grant portfolio of more than $83 billion includes $16.1 billion of relatively new grant funding for a “new business” line for HUD that moves ODR beyond disaster recovery and makes HUD the largest source of Federal funding for State and local government mitigation efforts. ODR relies heavily on several term hires who have term periods that will expire in the next three fiscal years, but who manage workloads that have periods of
performance that are up to 12 years. In 2023, ODR transitioned from a division of OBGA to become an office under the DAS for Grant Programs. The transition from term hires to permanent staff is a main component of building permanency in HUD’s disaster recovery efforts.

Office of Affordable Housing Programs (OAHP): Additional staff is needed to support the White House Housing Supply Initiative and draft legislative proposals, undertake rulemaking, issue policy guidance, and make data system and other modifications to the current HOME program, in addition to providing training and technical assistance.

Office of Environment and Energy (OEE): Additional staff will support rulemaking efforts, policy development, and subject matter expertise/training. Also, FTEs will increase capacity to implement technical assistance, monitoring, and training. Additionally, CPD is requesting FTEs to support the workload relating to Congressional grants, including conducting environmental reviews.

Office of Special Needs:

Office of Special Needs (OSN): FTEs will support the management and oversight of CoC, ESG, ESG-CV, Youth Homelessness Demonstration Program (YHDP) programs, and Rapid Rehousing Victims of Domestic Violence Programs, all of which have been growing rapidly without proportionate staffing resources. OSN continues to serve individuals and families impacted by homelessness and OSN’s workload is at its highest levels; this year, in addition to the annual CoC competition, OSN announced the first-ever awards focused on unsheltered and rural homelessness.

Office of HIV/Housing: Additional staff is required for policy and program administration. In addition, more Notice of Funding Opportunities (NOFOs) are anticipated which require staffing at all stages from drafting the NOFO to scoring, selecting, awarding, training, tracking, and reporting.

Office of Economic Development:

Congressional Grants Division (CGD): In the ten months between March 15, 2022 to December 29, 2022, the Office of Economic Development’s Congressional Grants Division received two appropriations of 2,630 Congressionally-directed grants totaling more than $4.5 billion. More than half of the grantees are nonprofits and most have no previous Federal grant experience. Nonprofits that cannot find a State or municipality to conduct the required environmental review rely on HUD for this service. HUD is not staffed to complete this level of environmental review.

HUD has previously received Congressional directives to hire up to 35 positions in CPD. HUD has continued to staff the CGD and OEE to meet the needs of these grantees. However, there are significant needs above the 35 positions to decrease the number of grantees per grant officer and to secure enough environmental review specialists dedicated to the program.

These positions are for the Office of Economic Development. OEE’s needs are included in that Office’s request above.

CPD Operations Headquarters:

CPD Operations HQ: FTEs will support information technology, management, budget, audit, and field management workload. Specifically, FTEs will: better manage grant agreement processing and service level agreements; provide project management for the HUD Environmental Review Online System (HEROS) and the Integrated Disbursement and Information System (IDIS); support CPD’s workforce in mission critical areas such as training, space management, recruitment, travel, audits, and procurement; manage increased workload relating to the execution of multiple
supplemental budget appropriations and financial-related inquiries; handle audit mitigation, response, and resolution; provide field policy support and more.

**CPD Field Operations:**

**CPD Field Operations:** FTEs within the new Field Operations Office (approved in the 2023 Appropriations Act and currently being established) are needed to meet the basic duties of program oversight, technical assistance, and compliance across 13 formula programs, five competitive programs and nine crosscutting functional areas. Over the past two years, CPD has added four new programs (CDBG-CV, ESG-CV, HOPWA-CV, HOME-ARP) totaling billions of dollars and will now support the $4.5 billion in 2022 and 2023 Congressional Grant projects. These new programs require additional performance evaluation, monitoring, technical assistance, and closeout support. With thousands of new projects, plan amendments, and monitoring to complete over the next ten years due to these new programs, in addition to the increased environmental review responsibility for Congressional Grants, the Self-Help Homeownership Opportunity Program (SHOP) and the Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP), coupled with current workload, additional staff is required.

**Non-Personnel Services (NPS)**

The Budget assumes total funding of $7.8 million for NPS, which is $109 thousand above the 2023 total funding level. The increases are as follows:

- **Travel:** CPD is requesting $835 thousand for travel, $30 thousand above the 2023 total funding level. The funding supports CPD’s travel-related workload for monitoring, capacity building, training, and technical assistance.
- **Training:** CPD is requesting $400 thousand for training, a steady-state compared to the 2023 total funding level. The funding would support CPD training needs relating to managing programmatic functions and would be leveraged to train newly hired staff.
- **Contracts:** CPD is requesting $6.5 million for contracts, $79 thousand above the 2023 total funding level. Funding would support CPD’s ongoing workload needs relating to data analysis contract for the Office of Special Needs, census data, and more.
- **Printing:** CPD is requesting $35 thousand for printing, a steady-state compared to the 2023 total funding level.
- **Supplies:** CPD is requesting $45 thousand for supplies, a steady-state compared to the 2023 total funding level.

**Working Capital Fund (WCF)**

The 2024 WCF funding level is $7.7 million, of which $2 million is forward funded in 2023. The 2024 WCF funding level is $1.5 million above the 2023 funding level. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices Scanning and Archiving Services business lines.

**Information Technology (IT)**

Within the Information Technology Fund, the Budget requests $5 million to modernize the electronic Special Needs Assistance Program (e-snaps).
electronic Special Needs Assistance Program (e-snaps) - $5 million: HUD uses the e-snaps system to automate the $3 billion annual Continuum of Care (CoC) Program Competition, including an online data portal for applicants to submit detailed applications for homeless assistance funding. However, the e-snaps system is almost 16 years old and increasingly unstable, in use far beyond its originally projected technical lifespan. Continued use of e-snaps presents increasing risk to HUD’s ability to make accurate and timely award. Basic system changes and updates required annually for each competition are costly; each change risks the stability of the system. A system failure, or significant drop in performance, will be catastrophic to the CoC Program and detrimental to local communities and homeless assistance providers that would experience significant funding delays.

Beginning with 2023 funding ($3 million) and continuing with 2024 and 2025 funding, this project will replace e-snaps with a modern, reliable, and stable platform improving the efficiency of CoC grants management activities, drastically reducing program risk, and reducing maintenance and licensing costs.

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. 2024 President’s Budget also provides CPD with resources to address the following HUD Strategic Goals. A snapshot is below.

Support Underserved Communities

Community Development Block Grant, CDBG-DR, HOME Investment Partnerships Program, Housing Trust Fund, Section 108, Homelessness Assistance Grants, Housing Opportunities for Persons with AIDS, Self-Help Homeownership Opportunity Program, Rural Capacity Building, and Section 4 Capacity Building, and Veterans Housing Rehabilitation and Modification Pilot Program, and Grants to Identify and Remove Barriers to Affordable Housing.

Tackling the Climate Crisis

According to the National Climate Assessment, low-income individuals and neighborhoods will face a disproportionate impact from climate change. CPD’s OEE is actively addressing the climate crisis. OEE is assigned the overall Departmental responsibility for environmental policies and procedures for compliance with National Environmental Policy Act (NEPA) and 16 other Federal environmental laws and authorities, including floodplain management, noise, toxics and contamination, environmental justice, and other factors related to climate resilience. In addition, OEE provides staff support for the HUD Climate and Environmental Justice Council, which coordinates Departmental work on those issues. CPD has multiple programs, such as CDBG, HOME, Section 108, and HOPWA, that have environmental-related requirements. CDBG provides State and local governments with tools to support the Administration’s climate crisis agenda by targeting funds that can be used for climate resilience and reducing carbon pollution in 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. Further, the Department has invested billions of dollars in activities that combat climate change and mitigate risks from natural hazards that are the result of climate change. For example, CDBG-DR and CDBG-MIT investments
have driven innovation and elevated the national conversation on resilient recovery in housing, infrastructure, and services in neighborhoods and cities across the U.S.

**Ensure Access to and Increase the Production of Affordable Housing**

CDBG, CDBG-DR, Section 108, HOME, HOME-ARP, HTF, SHOP, HAG, HOPWA, and VHRMP.

Examples include:

- CPD’s HOME program is the primary Federal tool of State and local governments used to produce affordable rental and owner-occupied housing for low-income to extremely low-income families, including mixed-income housing and housing for homeless.

- 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 the Nation’s most vulnerable populations, including extremely low-income families.

- CPD’s Veterans Housing Rehabilitation and Modification Program (VHRMP) 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**

HOME, SHOP, Rural Capacity Building, Section 4 Capacity Building. Examples include: 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, CDBG-DR, HOME, Section 108, HOPWA, HAG, VHRMP, Office of Environment and Energy (OEE), Recovery Housing Program.

Examples include:

- 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.

- CPD’s homeless assistance programs demonstrate 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 includes critical support such as housing case management, mental health services, substance abuse treatment, and 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.

Equity

CPD is at the forefront of advancing equity through its programs. CPD’s CDBG, CDBG-DR, HOME, HOME-ARP, HTF, Section 108, HAG, HOPWA, SHOP, VHRMP, Rural Capacity Building, and Section 4 Capacity Building all support expanding equity, particularly in lower income, marginalized, and/or underserved communities. CDBG funds support affirmatively furthering fair housing planning and implementation among CPD grantees.

Operational Improvements

For 2024, CPD is proposing a reorganization of the Office of Special Needs to align functions properly and improve customer service. Currently, CPD is not requesting additional Salaries and Expenses resources in the 2024 Budget to support the reorganization.

CPD will work to strengthen its internal capacity to optimize service delivery and decision making to better meet customer needs through the following operational improvements:

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.
• Improving CPD’s 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.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

SALARIES AND EXPENSES
(Dollars in Thousands)

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*Includes 2021 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. FHA also played a vital role in assisting homeowners facing financial hardship as result of the COVID-19 pandemic.

HUD’s mission is critical to achieving the President’s vision to support underserved communities by improving economic opportunities and addressing longstanding systemic challenges. This includes racial injustice, rising inequality, and the climate crisis. HUD’s work is essential to improving the quality of life of the American people. 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 2024 President’s Budget requests $500 million for the Office of Housing, which is $35 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $509.4 million, $34.2 million above 2023 total funding. The goal of this funding is to provide essential resources for staff to effectively manage subsidized and insured properties and protect the
housing safety net for millions of families nationwide, to increase the supply of affordable housing, and to support equitable homeownership and the national mortgage insurance market.

**Personnel Services (PS)**

The Budget assumes total funding of $479.1 million to support 2,669 full-time equivalents (FTEs). This Budget represents an increase of $39.7 million and 98 FTEs over the 2023 total funding level. The 2024 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 5.2 percent Federal pay raise.

**Office of Multifamily Housing:** This Budget invests additional FTEs in the Office of Multifamily Housing (MFH) 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 provides high quality affordable housing, the number of potentially troubled properties has increased. HUD’s staffing shortage relative to this portfolio reduces the ability to identify property problems and remedy them proactively. Catching property and financial issues early is key to maintaining an affordable housing stock in an acceptable condition while minimizing repair costs.

Increased FTEs within MFH will support a portfolio-wide strategy of external engagement, systems improvement, program changes, and implementation of property rehabilitation funding. Staffing in our regional teams, with support from headquarters, is essential to this approach. If these actions are properly staffed and coordinated, HUD is better able to be a catalyst for change across this portfolio. These actions can reduce service delays in asset management activities as well.

**Office of Single-Family Housing:** To increase and preserve homeownership and achieve equity, especially in underserved communities, Single Family requires more staff resources. One important area of need is additional Program Policy Specialists to develop and analyze origination, servicing, disposition, and asset management policies. In addition, Housing Specialists, Underwriters, and Appraisers are needed to support condominium examinations, policy interpretations, post-endorsement loan reviews, and required appraisal reviews that will help promote equitable and sustainable homeownership.

Further, additional Business and Management Analysts are needed to support ongoing FHA Information Technology (IT) Modernization project to advance FHA’s transition to digital processing using a single platform which aligns with mortgage industry best practices. These additional FTEs would be leveraged to complement the ongoing project management work occurring with OCIO on the FHA Information Technology Modernization project. This modernization effort will open the doors to advanced data and risk analytics, cost-savings, and operational efficiencies, and the ability to provide financing that is sustainable and optimized for long-term homeownership. Analysts also support the FHA Resource Center, which serves as FHA’s main communication vehicle to external partners.

**Office of Finance and Budget:** The Office of Finance and Budget (FAB) requests to maintain its existing staffing level to continue providing essential financial management oversight, accounting, note sales service, claims payment and premium processing, audit oversight, and budgetary formulation and execution services for all of Housing-FHA. This level of staffing will support the management and oversight work within the immediate Office of the Deputy Assistant Secretary for Finance and Budget and FAB’s three core offices; The Office of the FHA Comptroller, The Office of Asset Sales, and the Office of Budget and Field Resources.
Office of Operations: The Office of Housing Operations is requesting additional personnel to provide human capital and acquisition support services in support of Housing-FHA's new and expanded programs, both in headquarters and the field. The additional FTEs will support resources and services that are essential for Housing's program offices relating to: human resources (includes personnel, employee labor relations, workforce plans, and training), procurement, strategic management, business process re-engineering and web administration, correspondence, continuity of operations plan (COOP), and environmental support.

Office of Housing Counseling: The Office of Housing Counseling (OHC) is requesting additional FTEs to increase housing counseling services and capacity through oversight, accountability, grant applications, and grant execution. 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 practice of staff performing additional duties that are outside of their assigned offices and program areas of expertise. The office has accommodated an increasing workload through the creation of teams comprised of staff from across the Office of Housing Counseling. The new staffing levels as proposed here and in OHC's restructuring plan will facilitate greater efficiency and specialization in each program office areas of expertise.

Office of Healthcare Programs: The Office of Healthcare Programs requires additional FTE 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, AEs are servicing between 80 and 123 loans per AE. Further, AEs should be servicing a maximum of 30 troubled assets; however, they are presently servicing up to 50 troubled assets each. Similarly, underwriting and closing requirements have substantially increased. In 2022, The Office of Healthcare Programs completed underwriting of eight hospital loans (including interest rate reductions) valued at $310 million and the staff serviced 87 hospital loans currently in the portfolio valued at approximately $6.3 billion.

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 risks associated with 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 mitigator across program offices. ORMRA will be critical in assisting the Administration by analyzing, modeling, and assessing potential policies and risks that relate to FHA's role in helping the Nation recover from the pandemic.

Office of Manufactured Housing: The Office of Manufactured Housing Programs is requesting additional FTE to support the office's increasing role in providing full-scope support for the regulation of manufactured housing standards that cut across several functional areas within HUD and other Federal Agencies, such as the Department of Energy. In addition to expediting standards updates to better accord with rapidly changing industry trends and standards, the new office will take a more expansive role in areas such as zoning, alternative housing products (Accessory Dwelling Unit, Tiny Homes, etc.), energy efficiency compliance and enforcement, and housing finance policy.
OFFICE OF HOUSING

Non-Personnel Services (NPS)

The Budget assumes total funding of $8 million for Non-Personnel Services (NPS), which is equal to the 2023 total funding level. The NPS funding will primarily be allocated for training, travel, and contracts. Travel is essential to the accomplishment of Housing’s nationwide mission and promise to communities. Training is essential to improve the efficiency and skills of the workforce. Housing strategically allocates funding for training to invest in our current and future workforce by providing mandatory certifications, skill development, and personal empowerment. This results in a more efficient workforce able to adapt to change, maintain all required certifications, communicate effectively, lead by example, and most importantly, meet and exceed the high standard of service required to support our customers and the President’s priorities. For Contracts, Housing will maintain its current services. This funding will continue to support the Office of Multifamily Housing’s Recapitalization contract.

Working Capital Fund (WCF)

The WCF total funding level is $22.4 million, which is $4 million more than the 2023 total funding level. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

Information Technology (IT)

Within the IT Fund, the Budget requests $6.8 million to support the FHA Modernization (Single Family Housing), the Tenant Complaint CRM, and the Housing Counseling Network Management System (HCNMS).

FHA Modernization (Single Family Housing) - $3.3 million: HUD is carrying out a multi-year investment called FHA Catalyst that began in 2019 to modernize FHA’s infrastructure and bring FHA in line with current industry practices. Loan components are already in production, providing lenders with streamlined electronic processes for the submission of FHA case binders, claims, and data on defaulted mortgages. Through this investment, FHA will continue to strengthen internal controls and mitigate outstanding IT audit findings through technological integrations with other Federal systems. The Office of Housing will further develop its underwriting and valuation analytics tools to improve the process for evaluating loan level data. It will also add functionality to its IT systems to enable more flexible and effective loss mitigation policies and lender oversight.

Tenant Complaint CRM - $1.5 million: HUD does not have a system to enable MFH Asset Management staff, Performance-Based Contract Administrators (PBCAs), the Multifamily Clearinghouse call center, and Field Program Management staff, to conduct unified intake, tracking and resolution of tenant contacts related to unsafe and unsanitary property conditions or exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with uncoordinated logging and tracking of information, which significantly limits MFH’s ability to understand, track, and address complaints in a coordinated manner.

Housing Counseling Network Management System (HCNMS) - $2 million: The Housing Counseling Network Management System (HCNMS) investment is critical to reducing program risk and automating manual processes to conduct more than 400 agency performance reviews and over 300 grant awards annually, with funds accountability and new agency application processes. The cloud-based FedRamp certified platform will manage risk, monitor agency performance, and track impact and outcomes across all Housing Counseling initiatives in real or near real-time processing. The system will reduce the risk of non-certified counselors providing counseling services, ensure
client data is secure and protected from unauthorized release, and increase program effectiveness and analysis through peer-to-peer communications with related partners such as FHFA and GSEs.

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

**KEY OPERATIONAL INITIATIVES**

The Office of Housing has several new initiatives and re-organization requests for 2024. The Office of Housing will support initiatives like the Build America, Buy America (BABA) Act, Climate-Related Financial Risk, Budget Based Rent Increases (BBRI)/Distressed Properties, Resilience and Energy Assistance Loan (REAL), New Green Mortgage Insurance Premium (MIP), as well as several re-organizations that will make Housing more efficient.

The Office of Housing is requesting additional personnel resources for the development and implementation of BABA, which was included in the Infrastructure Investment and Jobs Act (IIJA).

Under the Climate-Related Financial Risk initiative, Housing will develop a plan to continue to support work under the Federal Credit Policy Council’s “5c Taskforce,” including dedicating one FTE and approximately $200 thousand in NPS for cleaning and sharing data amongst Agencies in a manner which protects Personally Identifiable Information (PII) and allows for more granular analysis, evaluating options to manage climate-related risks suggested by non-Federal actors, and improving coordination with other Agencies to engage with the public.

**Office of Multifamily Housing**

The BBRIIs for at-risk post-Mark-to-Market properties and other Project-Based Rental Assistance (PBRA) properties with health and safety deficiencies will adjust rents at or below market rate based on a current rent comparability assessment. The Distressed Properties Capital Loan Program will provide loans to support the rehabilitation or replacement of an estimated 12 properties, targeting the most distressed PBRA inventory. Programs such as these are some of the ways MFH is addressing the Nation’s affordable housing preservation needs and reducing housing inequality and insecurity, and this HUD-assisted housing serves historically marginalized and underserved communities.

MFH also seeks to update its headquarters organization structure to better reflect the current functions of each office, improve reporting, rebalance staff across divisions, simplify support office leadership, and better align field work with headquarters. The Associate Deputy Assistant Secretary (ADAS) for MFH supervises five Regional Directors in the field and six Directors for headquarters support offices. This request also includes a plan to reorganize MFH’s Asset Management and Portfolio Oversight branches to deliver improved oversight of strategic initiatives and to rename branches to identify their purposes more clearly. The proposed improvements define the programs in their mission and highlight the intended goals. No additional resources are needed to support the reorganization plans.

**Office of Recapitalization**

The Office of Housing, Multifamily Housing Programs, Office of Recapitalization is proposing a reorganization primarily to accommodate new business needs resulting from the Green and Resilient Retrofit Program (GRRP). This proposed reorganization would establish a staffing and management infrastructure to oversee this work through a new Multifamily Investments Division. In addition, the
reorganization would make minor adjustments to the existing office structure to organize existing functions and divisional responsibilities more effectively.

GRRP was funded through the Inflation Reduction Act of 2022 at $1 billion in appropriations, with up to $4 billion in loan authority. The GRRP will fund retrofit transactions in certain multifamily apartment communities in HUD’s portfolio. The GRRP implementation will require HUD staff to review and rank applicants for participation, evaluate proposed investments and proposed transactions, administer fund obligations and disbursements, and conduct post-award monitoring and program close-out. Many of the award recipients will likely propose complex financial transactions to leverage the GRRP funding, which HUD staff will need to review and underwrite. The Office of Recapitalization will rely on both contract services and staffing to effectively carry out the anticipated work volume.

Office of Healthcare Programs

The New Green Mortgage Insurance Premium (MIP) Initiative for residential care facilities offers lower premiums for properties whose owners make environmental upgrades to the facilities and maintain those standards throughout the mortgage. This program seeks to incentivize improvements that reduce energy and water usage and greenhouse gas emissions in support of the Administration’s climate objectives. This initiative will not only require the underwriting of loans for soundness, but environmental criteria submissions will need to be reviewed as well.

Office of Housing Counseling

The Office of Housing Counseling’s (OHC) proposed staff realignment will transition the program from its initial startup operational model that relied on workload sharing and teams comprised of staff across all OHC offices to a new, data-driven model, with a state-of-the-art program management system that meets program needs moving forward.

This realignment will ensure that staff are reporting against strategic plan goals and outcomes, mitigating risk and setting the foundation for the next decade of growth. It will also support high impact housing counseling that embraces emerging technologies, leverages public and private partnerships, and enhances the role of HUD Certified Housing Counselors in real estate and housing finance. In addition, OHC proposes to update its current structure to add branches within the current divisions to better align staff and demonstrate a more clearly defined reporting structure. Finally, OHC proposes to add the Office of Policy and Grant Administration Division, which will be focused on grant administration and timely grantee utilization. Adding this division will better align the Office of Policy and Grants Administration with OHC’s operating structure and provide the additional support needed to implement new policy initiatives.

Office of Finance and Budget

The Office of Finance and Budget (FAB) is proposing to conduct an office reorganization in 2024 to eliminate one vacant division and one branch: The Analysis and Reporting Division under the Office of Budget and Field Resources and the Audit Tracking Branch that currently reports to the Financial Reporting Division under the Office of the FHA Comptroller. The functions previously performed by both areas are embedded in the daily functions of other accounting and budget areas within FAB, making these two organizations redundant.

Office of Risk Management and Regulatory Affairs

With the separation of the Office of Manufactured Housing Programs (OMHP) from the Office
of Risk Management and Regulatory Affairs (ORMRA) in 2022, there is an opportunity to make several important changes to the ORMRA organizational structure.

**Name Change:** The Office of Risk Management and Regulatory Affairs (ORMRA) should be renamed simply as the Office of Risk Management (ORM), as there is no longer a regulatory function following the departure of the OMHP. Separately, and related to the Office Consolidation step noted below, the name of the Office of Evaluation (OE) should be changed to the Office of Credit Risk Management (OCRM).

**Divisional Formation:** While ORMRA was statutorily defined when it was established in 2010, the functional unit currently operating as the “Office of Risk Management” was never officially established. Additionally, the scope of work of the unit is considerably more akin to that of a division rather than an office. As a result, this functional unit should be formally established and named the “Commercial Loan Analysis Division.” This new division will become a part of the newly renamed Office of Credit Risk Management discussed above.

**Office Consolidation:** ORMRA’s primary risk management function is related to identifying and mitigating risks to the Mutual Mortgage Insurance Fund (MMIF) for the single-family loan portfolio and the General Insurance/Special Risk Insurance (GI/SRI) Fund for the commercial loan (Multifamily and Healthcare) portfolios. As a result of the analogous credit risk functions, the Budget proposes to move the existing Portfolio Analysis Division and the newly formed Commercial Loan Analysis Division under the Office of Evaluation (renamed “Office of Credit Risk Management” as stated above).

**Office of Manufactured Housing Programs**

The Office of Manufactured Housing Programs (OMHP) requests a structure change to the organization to support functions of the office that would be reorganized into three workstream divisions. Each division would have a Division Director and would report to the Deputy Administrator.

- The Standards and Regulations Division would oversee certain aspects of current state work as well as expanded activity that includes expediting rulemaking, innovative housing work, and zoning related initiatives.
- The Compliance and Enforcement Division would have responsibilities related to compliance monitoring and enforcement, as well as expanded duties that include energy efficiency oversight and collaboration.
- The Manufactured Housing Finance Policy Division would have responsibilities that include advising and contributing to analysis and decision-making regarding financing programs and policies for Manufactured Housing, including helping to develop new financing strategies to facilitate the construction and acquisition of more energy-efficient manufactured homes, pursuing modernization and automation of chattel loans, exploring Ginnie Mae loan securitization for FHA Title I loans, and working with the Single-Family Credit Risk Committee on issues related to manufactured housing to minimize risk to HUD and taxpayers.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Policy Development and Research

**SALARIES AND EXPENSES**
(Dollars in Thousands)

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*Includes 2021 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 by: conducting, supporting, and sharing research, surveys, demonstrations, program evaluations, data, innovation and best practices; by supporting technical assistance for all of HUD’s programs; and through grants to legal service agencies to prevent evictions. 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 across the Department. 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.

- **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)** 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 Procurement Management.

HUD’s mission is critical to achieving the President’s vision to support underserved communities by improving public health and economic opportunities and 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 HUD’s policies and programs are informed by data, grounded in research and evidence, support innovation, and deliver impact.

BUDGET OVERVIEW

The 2024 President’s Budget requests $44 million for the Office of Policy Development and Research, which is $4.4 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $47.1 million, which is $2.4 million more than the total 2023 funding level.

The Budget provides the necessary staff and resources to support PD&R’s programmatic goals and objectives, enabling PD&R to provide the data, research, and technical assistance needed to ensure that HUD’s housing and community development programs are effective and innovative.

Personnel Services (PS)

The Budget assumes total funding of $42.4 million for PS, $3.8 million above 2023 total funding. This funding will support 218 full-time equivalents (FTEs), 10 FTEs above the 2023 level and supports a 5.2 percent Federal pay raise. The additional FTEs are allocated as follows:

- One FTE in the Grants Management & University Partnerships Division to support PD&R’s grants management;
- Two FTEs in the Management and Administrative Services Division to support program management;
- Two FTEs in the Priority Projects and Innovation Division to support the Eviction Protection Grants program oversight;
- One FTE in the Budget & Financial Management Division to support PD&R’s Fraud & Risk Management program;
- Two FTEs in the Office of Research, Evaluation and Demonstration to support data analysis; and
- Two FTEs in the Office of the Chief Data Officer to support data management for internal and external data related activities across the Department.

Non-Personnel Services (NPS)

The Budget assumes total funding of $2.7 million for NPS, $269 thousand less than 2023 total funding (carryover and new authority). This decrease is attributed to lower costs in contractual services. Printing costs in 2024, while level with 2023, reflects increases over historical execution to cover increases in cost-per-issue for printing Cityscape and Evidence Matters, along with the number of mailing subscribers. In addition, the number of issues printed annually has increased from 1 to 3 issues each. Additional funds for training are needed to support the 24 FTEs in the Office of Technical Assistance, which transferred from CPD to PD&R in 2023; the increase of 10 FTE in 2024; and for staff to catch up on professional and technical training that was postponed during the pandemic.

The primary cost driver in NPS is the continued contractual services funding for OCDO. This level of funding enables PD&R to continue funding its enterprise data asset solution to meet requirements in the Evidence and Data Act to collect, store and protect agency data for enterprise reporting and analytics. It also allows PD&R to comply with Open Data requirements in accordance with the Evidence Act and OMB M-13-13. In addition to meeting these requirements, the Budget anticipates
$500 thousand for transfer to the Information Technology Fund to fund critical in-house IT systems/software security upgrades for 2023 and 2024.

**Working Capital Fund (WCF)**

The 2024 WCF funding level is $2 million, which is $383 thousand more than the 2023 funding level, of which all but $47 thousand was forward funded in 2022. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

**KEY OPERATIONAL INITIATIVES**

**Evidence Act**

PD&R continues to lead HUD’s full implementation of the Foundations for Evidence-Based Policymaking 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 2024 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 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.
Supporting 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.
- Study eviction prevention and tenant protection policies and programs and identify evidence-based policies and programs to support housing stability prevent evictions for low-income renters.
- 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 regulatory barriers to housing production and preservation and share best practices for state, local and regional agencies to improve land use and zoning regulations and policies.
- 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.
- Contribute to the development of the Shared Appraisal Database by sharing FHA data with FHFA and other federal partners.
- Coordinate the research and data workstream of PAVE to develop the federal research agenda on appraisal bias and develop new measures for detecting and measuring appraisal bias.

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.
- Investigate relocation options for households at risk from natural hazards associated with climate change.
- 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.
- Analyze health risks, inequities, and disparities associated with housing assistance status, including risk from public health crises and opportunities to build resilience.

Strengthen HUD’s internal capacity:

- Lead the development of HUD’s Learning Agenda and institutional evidence-building Capacity Assessment in support of the Evidence Act and HUD’s Strategic Plan.
- Support 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.
- In alignment with the Department’s Fraud and Risk Management Policy, improve and expand PD&R’s internal management funds controls and risk management policies and procedures to ensure optimal risk mitigation.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Program Office Salaries and Expenses
Office Fair Housing and Equal Opportunity

**SALARIES AND EXPENSES**
(Dollars in Thousands)

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<th></th>
<th>2022*</th>
<th>2023</th>
<th>2024</th>
<th>Carryover</th>
<th>President's Budget</th>
<th>Total</th>
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<td><strong>Non-Personnel Services</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Travel</td>
<td>334</td>
<td>60</td>
<td>770</td>
<td>830</td>
<td>-</td>
<td>685</td>
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<td>Transportation of Things</td>
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<tr>
<td>Rent and Utilities</td>
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<td>450</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
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<td><strong>Total, Non-Personnel Services</strong></td>
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<td>$5,935</td>
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<td>-</td>
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<td><strong>Grand Total</strong></td>
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<td>$97,000</td>
<td>$105,690</td>
<td>$6,040</td>
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<td>56</td>
<td>533</td>
<td>589</td>
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<td>610</td>
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*Includes 2021 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, national origin, sex (including gender identity and sexual orientation), 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 injustices. This investment in FHEO’s salaries and expenses will ensure that work is done efficiently and effectively.
The 2024 President’s Budget requests $107.2 million for the Office of Fair Housing and Equal Opportunity, which is $10.2 million more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $113.2 million, $7.6 million above 2023 total funding.

The goal of this funding is to bolster the Office of Fair Housing and Equal Opportunity’s (FHEO) staffing and ability to carry out its mission.

**Personnel Services (PS)**

The Budget assumes total funding of $104.8 million for PS, $14 million above 2023 total funding. This funding will support 647 full-time equivalents (FTEs), 58 FTEs above the 2023 total level. Funding at this level will allow FHEO 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. The Budget also supports a 5.2 percent Federal pay raise.

This Budget will allow FHEO to build on the successes and gains projected to be made in enforcement and Fair Housing Act (FHA) compliance activities in 2023; indeed, FHEO will have the requisite funds available to carry out the sophisticated policy and substantive work ahead of the Agency in 2024. Enforcement and Compliance staff at Headquarters and in field offices will handle the increased workload in compliance and enforcement activities, including, but not limited to, intake assessment and complaint processing and provision of technical assistance to HUD grantees at the State and local level. This funding level will support fair housing and civil rights compliance activities and combat other challenges in HUD-funded programs and projects such as disability discrimination and violence against women participating in HUD programs.

Moreover, this funding level will restore subject matter expertise at FHEO Headquarters that was lost through attrition in prior years. Affirmatively Furthering Fair Housing (AFFH) is a priority of the Administration, and FHEO is charged with implementing these requirements in 2024. HUD continues regulatory proceedings necessary to return to a more comprehensive implementation of the FHA’s mandate to AFFH. Therefore, the HUD budget level includes: five additional subject matter experts (SMEs) at Headquarters to develop policies and guidance on program compliance, accessibility, integration, and nondiscrimination in vulnerable housing communities; seven additional FTEs in the field to make progress toward addressing an existing and growing capacity gap related to increasing workload on nondiscretionary FHA intake and enforcement work, and grants management; five additional FTE for Regulatory Agenda and Policy Development to support the expansion of critical resources to support civil rights compliance across HUD programs and the advancement of the Department’s civil rights regulatory compliance and equity agenda; four additional FTE for the Violence Against Women’s Act (VAWA) enforcement and implementation efforts, and three FTE for the Fair Housing Initiatives Program (FHIP).

FHEO will employ highly skilled staff with specialized capabilities and experience in addressing disparities and discriminatory housing practices, including those in the lending and appraisal industries. FHEO will build on increases from 2023. FHEO is projected to end 2023 at 589 FTEs. The additional 58 FTEs, over the 589 FTEs projected in 2023, will support FHEO’s acquisition plan to hire skilled equity experts. FHEO will continue its practice of maintaining its primary staffing in the field. FHEO currently has more than 70 percent of its staff located in the field.

The 2024 Budget for these initiatives aligns with HUD’s Strategic Objective 1A: *Advance Housing Justice*, by providing essential personnel and non-personnel services to support several workstreams.
driven by the Administration’s policy priorities. To support the foregoing initiatives and activities, the additional FTEs will be allocated as follows:

**AFFH**: The proposed AFFH funding level aligns with the Administration’s priorities and HUD’s Strategic Objective 1A: *Advance Housing Justice*. In 2024, FHEO plans to hire additional FTEs to support this effort. The specific components of FHEO’s AFFH work, all of which require resourcing at an adequate level, include:

- **Technical Assistance (TA)**: To increase the volume and quality of AFFH 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-funded recipients identify barriers to fair housing. AFFH requires improvements to the current AFFH-T tool and may require 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 the Offices of the Chief Information Officer (OCIO) and Policy, Development and Research (PDR) to develop these improvements and interfaces. This expanded capability will allow FHEO to provide relevant data for HUD-funded recipients.

- **Guidance**: FHEO anticipates the need for new and targeted sub-regulatory guidance for AFFH to follow the completion of the rulemaking process. 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 on education and outreach. FHEO plans for a targeted education and outreach strategy on AFFH compliance requirements and benefits. This essential communication function requires additional staffing.

- **Staffing**: Expertise for oversight and review of current voluntary fair housing plan submissions and future fair housing plans are an important aspect of AFFH implementation.

**PAVE Implementation and Fair Lending**: Secretary Fudge and the Office of the Secretary have successfully managed the work of the PAVE Taskforce from its inception through its current stage. The President's directive to the PAVE Taskforce was to quickly utilize the many levers at the Federal Government’s disposal to root out discrimination in the appraisal and homebuying process. These levers include potential enforcement under fair housing laws, regulatory action, and development of standards and guidance in close partnership with industry and State and local governments. On March 23, 2022, the PAVE task force delivered a final action report that: (i) describes the extent, causes, and consequences of undervaluing of properties; and (ii) finalizes and releases a roadmap of consumer facing industry actions and inter and intra agency administrative policy initiatives. An implementation strategy to carry out the 41 commitments established in the action plan are underway and targeted efforts to operationalize the actions are being executed by HUD and other task force member agencies with target dates ongoing in 2024.¹

**Function of the Office of Fair Lending**: The PAVE Action Plan represents the most wide-ranging set of equity reforms to the home appraisal process since the Congress passed landmark financial reform legislation in 1989. The PAVE Action Plan has garnered the attention of a broad base of stakeholders including the House Financial Services Committee, lending and appraisal industry, [1](https://pave.hud.gov/)
and advocacy groups. FHEO is responsible for the implementation of the Action Plan’s commitments, which includes harmonizing and collaborating enforcement efforts with the Department of Justice (DOJ), Federal Housing Finance Agency (FHFA), and the Consumer Financial Protection Bureau (CFPB). As a result of these efforts, FHEO has seen a marked increase in the number of lending and appraisal complaint filings. Additional FTEs will be located at Headquarters to support PAVE and Fair Lending enforcement efforts.

Field Staff: FHEO is proposing an increase of field staff throughout the 10 HUD regions to make progress toward addressing an existing and growing capacity gap related to increasing workload on non-discretionary FHA intake and enforcement work and grants management. FHEO regional staff require robust staffing resources to carry out complicated front-end work and sophisticated compliance investigations on criminal records policy, environmental justice, nuisance ordinances, and program compliance with the Fair Housing Act.

Regulatory Agenda and Policy Development: FHEO is proposing a few additional FTEs in 2024 to support the expansion of critical resources to support civil rights compliance across HUD-programs and the advancement of the Department’s civil rights regulatory compliance and equity agenda. FHEO leads the Department’s activities to eliminate discrimination in HUD programs and is the Department’s primary driver of activities under the President’s Memorandum on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies. Currently, FHEO seeks to establish sufficient protocols and resources to ensure front-end civil rights reviews in Departmental activities that present a high risk of civil rights liability. This includes ensuring the application of longstanding site and neighborhood Standards in newly sited assisted housing projects and reviewing State Action Plans for the distribution of billions of dollars of Federal disaster funds.

National Fair Housing Training Academy (NFHTA): FHEO is proposing to add FTE to support operations of NFHTA. NFHTA provides consistent national training on fair housing laws, emerging fair housing and civil rights issues, and all processes related to comprehensively establishing jurisdiction, investigating, and conciliating fair housing complaints for State and local government agencies and nonprofits participating in FHAP and FHIP programs through a managed training curriculum. A key purpose of NFHTA is to continue to build the capacity and core competencies of investigators and fair housing practitioners to ensure timely, comprehensive investigations and remedies that support enforcement of the Fair Housing Act.

Violence Against Women’s Act (VAWA): The 2022 VAWA reauthorization requires the Secretary of HUD to establish the Office of Gender-Based Violence Prevention, which will be led by the new Violence Against Women Act Director. The Act also creates a new enforcement and implementation structure that relies on FHEO and will require significant additional resources. As proposed in the FHEO reorganization request submitted in January 2023, HUD prefers the VAWA office to be located within FHEO. This will allow the Department to leverage existing FHEO resources, like NFHTA, to support this work. In addition, FHEO staff are already conducting VAWA related investigations as required by law. The four FTEs allocated to the Office of Gender Based Violence Prevention will coordinate with Federal agencies and State and local governments on advancing housing protections and access for survivors as well as ensuring related technical assistance and support, consistent with the authorizing statute and other statutory mandates.

Limited English Proficiency Initiative (LEPI): The proposed LEPI funding level aligns with HUD’s Strategic Objective 1A, and the other overarching priorities discussed herein, which directly or indirectly affect persons with limited English proficiency (LEP). FHEO’s work on LEPI supports the entire Department. LEPI fortifies support for vulnerable populations and underserved communities by ensuring meaningful access to HUD-administered and sponsored programs, services, and activities by persons with LEP.
Fair Housing Initiatives Program (FHIP): The proposed FHIP funding level aligns with HUD’s Strategic Objective 1A for additional Headquarters and regional staff with financial management and grants management skills to provide oversight and TA more effectively and efficiently to our fair housing partners. Effectively managing the voluminous number of grant awards requires ongoing TA and oversight, especially when addressing grants with complex fiscal or grant performance issues.

Risk Management

LEPI: The current staffing level is inadequate to develop and conduct training for approximately 7,400 HUD staff and all HUD-funded recipients. FHEO administers the language assistance services program for the entire Department. Any reduction in FTEs for this Administration priority will hinder the Department’s ability to fully and adequately implement programs that directly benefit grantees and the public.

FHIP: FHIP is currently providing oversight for approximately $47 million in unexpended obligations. Due to the manual program and financial management processes, there is inherent risk with FHEO’s oversight of the grant funds and its ability to validate pre-award and post award performance data. In 2022, FHIP awarded approximately 180 additional grants totaling $56 million. The effective management of these overlapping grants is becoming increasingly difficult to manage without adequate resources and staffing.

AFFH: HUD’s previous AFFH experience and stakeholder feedback make it clear that effective AFFH implementation requires significant resources for staffing, proper training, technological support, and communications expertise.

VAWA Enforcement: From the outset of FHEO’s enforcement of VAWA on October 1, 2022, significant numbers of potential survivors have availed themselves of the new complaint process, creating an unprogrammed level of intake and complaint investigation work for FHEO. FHEO expects this workflow to increase exponentially with the publication of HUD’s VAWA website and public notices, with HUD grantees and recipients more uniformly informing victims of their VAWA rights, and as stakeholder organizations advise victims of the right to file individual complaints with FHEO against any of over 40,000 VAWA-covered housing programs. The timely and effective intake and investigation of jurisdictional VAWA complaints will require significant new resources or FHEO will be forced to divert its scarce resources from enforcing other civil rights authorities.

Non-Personnel Services (NPS)

The Budget assumes total funding of $5.9 million for NPS, $1.1 million above 2023 total funding. The increases and decreases are as follows:

- **Travel**: Decrease in travel by $145 thousand due to multiple mission trainings realized in 2023 but not expected to reoccur in 2024. Funding will be needed in 2024 for litigating cases, undertaking fair housing investigations, conducting compliance reviews, investigating VAWA investigations, and education and outreach efforts.

- **Training**: Substantial training is needed for the disproportionately large number of new employees and to train existing staff on fair housing investigative techniques and mission related skills. Additionally, no staff currently have training on VAWA enforcement, new as of October 1, 2022. Therefore, FHEO must provide VAWA training customized for all its workstreams. Funding provides an increase of $44 thousand above the 2023 level.
• **Contracts:** The FHEO Budget requests $4.7 million to fund new contract requirements and continue renewed contracts, $1.2 million above 2023 total funding. The increase consists mainly of the contracts as detailed below:

<table>
<thead>
<tr>
<th>2024 Renewed Contracts</th>
<th>Funding Level</th>
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</thead>
<tbody>
<tr>
<td>*Grants Management</td>
<td>$550,000</td>
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<tr>
<td><strong>Customer Relationship Management (CRM)</strong></td>
<td>$360,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$910,000</td>
</tr>
</tbody>
</table>

*New procurement
**Increase in funding request for existing procurements.

- Grants Management: This contract supports FHEO’s ability to monitor the financial management of its grantees under the FHIP to assure compliance with applicable financial requirements and provide guidance on corrective measures needed to bring grantees determined to be in noncompliance back into compliance.
- Marketing Cloud and Customer Relationship Management (CRM): This contract supports FHEO’s responsibility of increasing awareness of the public’s fair housing rights and of the housing providers fair housing responsibilities. Also, the contract will increase public engagement through human-centric designed automation to improve HUD customers’ experience.
- In addition to new contract services, FHEO will use the remaining funds to maintain existing procurements in the amount of $3.8 million.

**Working Capital Fund (WCF)**

The WCF funding level for 2024 is $4.3 million, of which $2.9 million will be forward funded in 2023. The 2024 WCF funding level is $1.3 million above the 2023 funding level. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

**Information Technology (IT)**

Within the IT Fund, the Budget requests $4.5 million to support Affirmatively Furthering Fair Housing Compliance Improvements, Fair Housing Initiative Program Performance Tracking Database and HUD Enforcement Management System.

**Affirmatively Furthering Fair Housing Compliance Improvements - $2 million:** 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. To facilitate the development of Fair Housing Planning documents required of the AFFH process, it is necessary to provide funding for two legacy systems that 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) are the capabilities that must be fully operationalized within HUD. The AFFH-T is online and has been maintained but was never fully actualized; it provides information at the local level but not at the PHA or State level. However, to provide more updated maps, better usability, and more information, HUD is requesting additional funding to make improvements to the tool.
FHIP Performance Tracking Database - $1 million: The Office of Fair Housing and Equal Opportunity (FHEO) has been monitoring the Fair Housing Initiatives Program (FHIP), a multi-million-dollar grants program, for almost twenty years without a grants management system. In 2022, grant funds will be awarded to over 122 organizations. FHEO anticipates an increase in eligible organizations in future years. This will make it very difficult to effectively manage the program with multiple, overlapping grants using ad hoc manual systems. HUD requires a cloud-based grants management system that will provide a centralized tracking and monitoring system for its open grants.

HUD Enforcement Management System (HEMS) - $1.5 million: Currently, the HEMS system is designed and equipped to handle only Fair Housing Act cases. Under Title VIII, however, there is still a need to support other types of investigations and reviews, including, but not limited to, Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973. FHEO currently has no automated system to hold investigations and reviews done under these authorities; there are only paper records. While there are differences in what fields would be needed in a system for these authorities, much of the basic functionality is similar to what is currently in HEMS.

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

**Key Operational Initiatives**

The Budget includes funding to address the operational, strategic, compliance, and reporting risks impacting HUD’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 is necessary to address information technology limitations and acquisitions to meet regulatory requirements for its programs.

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); the FHA; and Section 504. In addition to FHEO processing over 1,700 complaints in 2022, the Office also oversaw more than 5,700 complaint investigations conducted by FHAP agencies. Additionally, FHEO now investigates complaints brought under the 2022 Reauthorization of the VAWA. The FHAP agencies investigate approximately 75 percent of the administrative fair housing complaints filed in the country. FHEO also administers and oversees FHIP, through which it funds more than 128 private fair housing groups and non-profits nationally that 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.

**Technical Assistance:** AFFH requires significant allocation of TA funding for HUD funding recipients. This includes, but is not limited to, hands-on training to establish meaningful and actionable goals to eradicate systemic patterns of segregation. FHEO proposes to lead in-person and regional trainings as well as create an interactive catalog of web-based trainings and resources that will be accessible to the public.

**Communications and Guidance:** Communicating a clear and effective message around what AFFH is and is not, is critical for the successful implementation. Setting a clear communications strategy requires a Trust and Safety Taskforce to aggregate and review social media data, create incident reports, and establish mitigation workflows. In addition, HUD will create a tech partnership and civil society outreach program to assist the Department in clearly communicating the benefits of implementing AFFH. The data collected from the Trust and Safety Team will inform efforts.
including but not limited to guidance documents, a comprehensive guidance manual for AFFH, and digital media content. Contractor support will be utilized to enhance these efforts.

**Data and Mapping:** A robust and agile data and mapping tool is an integral part of AFFH. Data that comes from a myriad of internal resources and of HUD funding recipients, can further the collective understanding on ways to improve outcomes for all. However, FHEO currently lacks access to many systems and could use contractor support to determine sources. This tool would take input and coordination with OCIO and PDR, and other program offices. A portion of the funding would be used to begin preliminary data mining as a permanent long-term solution is explored.

**Equity**

Funding will be used to support priorities including diversity, equity and inclusion, staff capacity, data analytics, and automation. This Budget makes an investment toward advancing racial equity and supporting protected class members, underserved communities, and populations.

FHEO’s priorities are in support of the President’s Management Agenda (PMA): Advancing Equity through the Federal Government.

Equity agenda (AFFH and PAVE): Advancing Racial Equity and Support for Underserved Communities under EO 13985 and Appraisal Equity Initiative.

- **IT/Technological Support:** (1) Improving AFFH-T to allow grantees an opportunity to see maps and demographic information from vetted and reliable sources are proposed to assist in their understanding of the unique factors of their jurisdiction; and (2) Building an AFFH User Interface (AFFH-UI) to provide grantees with a portal for digital filings of AFFH reports that will replace a cumbersome paper-based process.

- **Resources (funding and staffing):** Significant investment in staffing, data and mapping tool, and overall infrastructure to manage the work.

- **FHIP (Grants Management Solutions, monitoring, database mapping):** 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.

- **Employee Development:** Increasing training opportunities through the Professional Development Institute and strengthening HUD’s internal capacity and efficiency, while also focusing on ways to support HUD grantees, States, counties, cities, and Tribes to ensure delivery of HUD’s mission on the ground.

- **VAWA technology expansion will:**
  - Make necessary technical expansion to include VAWA intakes and investigations, and related compliance reviews under additional Civil Rights authorities in the HUD Enforcement Management System (HEMS) or develop a new system if integration is untenable.
  - Provide other technological enhancements necessary for enforcement of VAWA issues, such as studying demographics impacted by nuisance and crime free ordinances, facilitating research of municipality ordinances, and other unique features.
  - VAWA enforcement may have higher confidentiality requirements than traditional enforcement, and new systems may need to be developed to address these concerns and adequately protect victims.

**Operational Improvements**

The advancement of housing justice for protected class groups and underserved communities
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

requires FHEO to reorganize and realign its business structure in 2024. The reorganization and realignment will allow FHEO to achieve better operational efficiencies including improved communications, increased accountability, transparency, quality, and improved decision-making by realigning leadership and resources, including dedicated staff in the fair housing space.

Restructuring: As submitted to the committees on January 3, 2023 for approval, FHEO is pursuing the following organizational changes to better align Headquarters operational functions and workload:

- The Office of Field Oversight will be repurposed and renamed the Operations Support Division. This division will fall under the DAS for Operations. The Correspondence Unit will be absorbed into the Operations Support Division.
- Establish the Office of DAS for Field Operations. This DAS will be responsible for the operations of the DAS for Field Operations office, with oversight responsibility for administrative, resource, and execution workloads. The Regional Directors will be realigned to report to DAS for Field Operations.
- The DAS for Operations will rename the Office of Information Services and Communication to the Office of Information and Technology Management.
- Create the Office of Field Development. This Office will fall under the DAS for Field Operations and will be responsible for training staff on FHEO policies and procedures; it will also provide advisory support to the Office of the DAS for Enforcement and DAS for Compliance in facilitating the implementation of policies and procedures.
- The functions of the DAS for Enforcement and Programs will be bifurcated into two offices: Office of the DAS for Enforcement and Office of the DAS for Compliance. The DAS for Enforcement will oversee the Office of Enforcement, Office of Fair Housing Assistance Program, and the Systemic Investigation function – the Office of Systemic Investigations becomes a standalone office. The newly created Office of Fair Lending and the NFHTA Office will be led by the DAS for Enforcement.
- The Office of the DAS for Compliance will oversee the Office of Compliance, the Office of Disability, and the Office of Program Standards currently led by the DAS for Policy, Legislative Initiatives and Outreach.
- The DAS for Policy, Legislative Initiatives and Outreach will absorb the Office of Fair Housing Initiatives Program currently aligned to the DAS for Enforcement and Programs.
- Realignment of the Office of Gender-Based Violence Prevention, which will be led by the Violence Against Women Act Director, will coordinate with Federal agencies and state and local governments on advancing housing protections and access for survivors as well as ensuring related technical assistance and support, consistent with the authorizing statute and other statutory mandates. 34 U.S.C. 12493. The Office of Gender-Based Violence Prevention and the Violence Against Women Act Director will report directly to the General Deputy Assistant Secretary for FHEO.

Without this much-needed reorganization, FHEO’s capacity to further address equity and housing justice will be compromised. As such, FHEO must evolve and ensure FHEO has a modern structure to champion contemporary civil rights issues. As the organization currently exists, at least 75 percent of FHEO’s resources are housed under the Deputy Assistant Secretary for Enforcement and Programs. This exposes FHEO to risk as it is dependent upon one individual to manage the full scope and breadth of the majority of FHEO’s functionality with no additional executive leadership support. Separating the functions of enforcement and compliance and realigning the program offices to support a functional reorganization would allow for more dedicated oversight, resources, and improved efficiency.
### 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 oversight and enforcement of the Lead-Based Paint Hazard Reduction program authorized by Title X of the Housing and Community Development Act of 1992.

The mission of OLHCHH is to provide safe and healthy homes for at-risk families and children, a program with an inherent environmental justice and racial equity foundation, by supporting the identification and mitigation of conditions that threaten the health and safety of vulnerable residents. As part of this mission, OLHCHH coordinates disparate health and housing agendas, supports and conducts key research, targets enforcement efforts, and provides HUD stakeholders with tools to build sustainable local programs that mitigate housing-related health and safety hazards. 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 2024 President’s Budget requests $11.2 million for OLHCHH, which is $100 thousand more than the 2023 enacted level. The Budget reflects total funding (carryover and new authority) of $13.5 million, $440 thousand above 2023 total funding. This increase will enable OLHCHH to
effectively support HUD's request for $410 million for the Lead Hazard Control and Healthy Homes grant and contract programs in 2024.

**Personnel Services (PS)**

The Budget assumes total funding of $10.9 million for PS, which is $1.1 million above the 2023 total funding level. The 2024 level supports 54 FTE, an increase of three FTE above the 2023 total level. These additional three FTE will support OLHCHH’s mission to provide technical assistance and program oversight to the expected increased number of grants to communities for the control of lead-based paint hazards and other health and safety hazards in housing. The Budget also supports a 5.2 percent Federal pay raise.

**Non-Personnel Services (NPS)**

The Budget assumes $300 thousand in NPS, which is $50 thousand below the 2023 total funding level. The slight reduction reflects a stabilization of travel requirements, which are projected to be slightly higher in 2023 compared to 2024.

**Working Capital Fund (WCF)**

The Budget assumes total funding of $764 thousand for WCF requirements, which is $127 thousand above 2023 total funding. This level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the addition of the End-User Devices, Scanning and Archiving Services business lines.

**KEY OPERATIONAL INITIATIVES**

**OLHCHH-Specific Policy Goals in the 2024 President’s Budget**

- **Priority 1 - Implementation of Lead Hazard Reduction and Healthy Homes Grants:** This function, which covers both lead hazard control work and mitigation of housing-related health and safety hazards, is performed by the Lead and Healthy Homes Programs Division and the Grants Services Division. Approximately 60 percent of the NPS travel budget is for the Lead and Healthy Homes Programs Division for on-site grantee monitoring visits for the largest of OLHCHH’s programs.

- **Priority 2 - Expanded enforcement of HUD’s Lead Safe Housing Rule:** This function is performed by the Program and Regulatory Support Division. Approximately 10 percent of the NPS travel budget is for this Division’s on-site investigatory visits to sites of violations of the rule.

- **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 investigatory visits to sites of violations of the rule.

- **Priority 4 - National Lead Safe Housing Campaign:** This function is used to educate key audiences (e.g., housing ownership, maintenance and renovation industries, state and local governments, community development corporations, philanthropies, and the public), about methods and resources available to prevent 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.
Equity

OLHCHH’s S&E funding will be used to support its values, including diversity, equity, and inclusion. This Budget makes an investment toward advancing racial equity and supporting underserved communities and advancing sustainable communities.

- **Support Underserved Communities**: OLHCHH’s Lead Hazard Reduction and Healthy Homes grant programs benefit low-income families and communities in implementing the Justice40 Initiative (Executive Order 14008, sec. 223).

- **Advance Sustainable Communities**: By controlling residential health and safety hazards in the homes of low-income families and communities, OLHCHH grants improve the quality of such housing at no cost to the families, facilitating residents’ ability to remain in their homes, and advancing community sustainability. In addition, OLHCHH incentivizes the employment of workers from within the communities to conduct this in-home work, further investing in the community’s economic wellbeing and sustainability.

Operational Improvements

OLHCHH S&E funding will be used to increase the efficiency of staff in conducting core operations.

- **Strengthen HUD’s Internal Capacity**: OLHCHH is increasing the program implementation and support capacity of staff by streamlining the grants application review process. The office is improving the quality of grant monitoring via enhancement of the online grant monitoring tool, the Healthy Homes Grant Management System, used by grants execution and monitoring staff and grantees.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of the Chief Information Officer
Information Technology Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Appropriation</td>
<td>323,200</td>
<td>78,881</td>
<td></td>
<td>402,081</td>
<td>303,160</td>
<td>311,731</td>
</tr>
<tr>
<td>2023 Appropriation</td>
<td>374,750</td>
<td>117,059</td>
<td></td>
<td>491,809</td>
<td>466,809</td>
<td>348,000</td>
</tr>
<tr>
<td>2024 President's Budget</td>
<td>415,000</td>
<td>41,200</td>
<td></td>
<td>456,200</td>
<td>425,000</td>
<td>361,000</td>
</tr>
<tr>
<td>Change from 2023</td>
<td>40,250</td>
<td>(75,859)</td>
<td></td>
<td>(35,609)</td>
<td>(41,809)</td>
<td>13,000</td>
</tr>
</tbody>
</table>

a/ Carryover column includes recaptures from prior years. Actual carryover and recaptures in 2022 were $52.4 million and $26.4 million. Planned recaptures for 2023 and in 2024 is $10 million.

b/ 2023 carryover includes $6.6 million of Technology Modernization Fund (TMF) transfer funds set aside for Identity Credential and Access Management (ICAM); an additional $6.2 million is included for 2024. The 2023 carryover amount also includes $54K of reimbursable carryover from the Federal Permitting Improvement Steering Council (FPISC) for enhancements to the Tribal Data Assessment Tool (TDAT). The IT Fund also has authority in 2023, not reflected in the table, to receive up to $5 million in transfers from departmental S&E accounts.

c/ The 2024 President's Budget row excludes a planned transfer of $7 million from the Public Housing Fund in both budget authority and outlays. This transfer proposal is discussed in the Appropriations Language Changes section of the Public Housing Fund justification.

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 2024 President’s Budget requests $415 million for the Information Technology Fund, which is $40.3 million more than the 2023 enacted level. This includes $374 million in Operations and Maintenance (O&M) to sustain the foundation of HUD’s IT portfolio. These funds support all current IT systems and applications, 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 planned as part of HUD’s Working Capital Fund (WCF) budget. This WCF proposal will strategically address individual office needs and drive cost efficiencies. 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 $41 million for Development, Modernization and Enhancement (DME) activities to support the Department’s strategic priorities and customer needs. They represent critical IT investments identified across the Department’s program and support offices. The initiatives are designed to improve delivery of HUD’s programs and services, digitize manual processes, and strengthen the stewardship of taxpayer dollars. Resources are also included to expand and strengthen cybersecurity at HUD, while addressing critical security deficiencies related to cyber risk management, governance, and data protection. These include continuing the implementation of a Zero Trust security architecture, which incorporates an enterprise-wide identity, credential, and access management capability.
JUSTIFICATION

The following table summarizes the 2024 President’s Budget IT Fund request by type of investment and O&M vs. DME, as classified on the Federal IT dashboard:

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>O&amp;M</th>
<th>DME</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major</td>
<td>51,774</td>
<td>27,400</td>
<td>79,174</td>
</tr>
<tr>
<td>Non-Major</td>
<td>42,858</td>
<td>13,600</td>
<td>56,458</td>
</tr>
<tr>
<td>Standard</td>
<td>278,514</td>
<td>-</td>
<td>278,514</td>
</tr>
<tr>
<td>eGovernment</td>
<td>854</td>
<td>-</td>
<td>854</td>
</tr>
<tr>
<td>Total IT Fund</td>
<td>374,000</td>
<td>41,000</td>
<td>415,000</td>
</tr>
</tbody>
</table>

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.

Operations and Maintenance (O&M)

The Budget includes $374 million for existing O&M infrastructure, services and applications that support HUD’s program and administrative offices and provide necessary cybersecurity. A three-year breakout of O&M obligations by investment category follows, in Table 1. The planned 2023 obligations are higher than the 2024 request due to contracting delays from 2022 and other actions related to contract timing or transition. The 2023 obligations are funded by the $350.8 million enacted budget and $39.1 million of carryover from 2022, including realized recaptures. When comparing new budget authority and excluding the carryover that is allocated to the requirements mentioned above, the 2024 request is $23.2 million higher than the 2023 enacted budget. This increase is primarily due to increased infrastructure for cybersecurity, network, and end user support and expanded use of modernized systems.
Table 1: O&M Obligations by Year

<table>
<thead>
<tr>
<th>Investment</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O&amp;M</td>
<td>O&amp;M</td>
<td>O&amp;M</td>
</tr>
<tr>
<td><strong>Major</strong></td>
<td>50,176</td>
<td>74,020</td>
<td>63,055</td>
</tr>
<tr>
<td>Enterprise Grants Management</td>
<td>8,830</td>
<td>9,241</td>
<td>9,714</td>
</tr>
<tr>
<td>Financial Management Support</td>
<td>9,108</td>
<td>16,296</td>
<td>11,281</td>
</tr>
<tr>
<td>Multifamily Housing and Healthcare Facilities</td>
<td>5,487</td>
<td>6,398</td>
<td>5,934</td>
</tr>
<tr>
<td>Public and Assisted Housing Oversight</td>
<td>3,771</td>
<td>8,929</td>
<td>9,767</td>
</tr>
<tr>
<td>Single Family Housing</td>
<td>19,890</td>
<td>30,066</td>
<td>22,393</td>
</tr>
<tr>
<td>Unisys Migration</td>
<td>3,090</td>
<td>3,090</td>
<td>3,966</td>
</tr>
<tr>
<td><strong>Non Major</strong></td>
<td>19,100</td>
<td>35,699</td>
<td>29,077</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>405</td>
<td>206</td>
<td>403</td>
</tr>
<tr>
<td>Communications Support</td>
<td>1,948</td>
<td>6,062</td>
<td>4,310</td>
</tr>
<tr>
<td>Contact Center</td>
<td>1,908</td>
<td>4,014</td>
<td>4,134</td>
</tr>
<tr>
<td>Data Management Services</td>
<td>3,356</td>
<td>6,106</td>
<td>3,690</td>
</tr>
<tr>
<td>Document Management</td>
<td>2,331</td>
<td>7,733</td>
<td>4,064</td>
</tr>
<tr>
<td>Geospatial Services</td>
<td>1,268</td>
<td>1,734</td>
<td>1,785</td>
</tr>
<tr>
<td>Human Resources Services</td>
<td>3,305</td>
<td>3,834</td>
<td>3,732</td>
</tr>
<tr>
<td>Legal Oversight</td>
<td>2,892</td>
<td>3,729</td>
<td>3,655</td>
</tr>
<tr>
<td>Regulatory Enforcement</td>
<td>1,687</td>
<td>2,281</td>
<td>3,304</td>
</tr>
<tr>
<td><strong>Standard</strong></td>
<td>214,266</td>
<td>279,236</td>
<td>281,014</td>
</tr>
<tr>
<td>Application</td>
<td>5,056</td>
<td>6,604</td>
<td>6,427</td>
</tr>
<tr>
<td>Data Center and Cloud</td>
<td>103,813</td>
<td>126,324</td>
<td>124,000</td>
</tr>
<tr>
<td>End User1</td>
<td>57,146</td>
<td>91,230</td>
<td>89,870</td>
</tr>
<tr>
<td>IT Management</td>
<td>400</td>
<td>890</td>
<td>902</td>
</tr>
<tr>
<td>IT Security Services</td>
<td>27,275</td>
<td>30,833</td>
<td>33,021</td>
</tr>
<tr>
<td>Network</td>
<td>20,576</td>
<td>23,355</td>
<td>26,794</td>
</tr>
<tr>
<td>eGov</td>
<td>966</td>
<td>960</td>
<td>854</td>
</tr>
<tr>
<td><strong>Total Portfolio</strong></td>
<td>284,508</td>
<td>389,915</td>
<td>374,000</td>
</tr>
</tbody>
</table>

Note: Individual investment descriptions are shown in Appendix A.

1 Excludes $11.8 million that is budgeted in the Working Capital Fund in 2024.

The O&M Budget includes $92.1 million to fund the business applications in Major and Non-Major investments. This supports over 80 IT systems and services across 18 program areas. HUD continues 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 O&M Budget includes $281 million for IT Infrastructure and enterprise capabilities in Standard investments, which includes:

- IT Infrastructure includes such items as data center and end user hardware and support services, annual tech refresh, network and communications, and cloud operations and infrastructure. The request allows HUD to maintain operational readiness and support program office transitions to modernized technologies with minimal impact to mission operation. This also includes remediating infrastructure-related gaps within HUD’s
cybersecurity framework and overcoming operational risks due to dependency on contractor-owned assets associated with multiple legacy contract vehicles.

- Enterprise Capabilities includes enterprise software licenses and tools that range from office applications and databases to robust cloud-based software platforms. This is critical to support agile development, solution engineering, and continuous product delivery in a modern and efficient way. In 2024, further expanded use of Service Now and Salesforce licenses are planned to support new low-code/no-code services and applications.

- HUD’s cybersecurity program is strengthened in 2024 by continuing to mature the 24x7 Enterprise Security Operations Center/Computer Incident Response capability, with expanded tools and a focus on advanced threat intelligence and automation. It expands the scope of HUD’s data protection capabilities by leveraging emerging technologies to defend against HUD’s threat landscape and with data protection governance. The cybersecurity program continues to implement the Zero Trust initiative started in 2023. It includes funding for intelligence analytics capabilities and to strengthen Multi-Factor Authentication (MFA), where HUD trails the other Federal Agencies. HUD’s cybersecurity posture will be transformed quickly and at a reasonable cost. This also includes remediating infrastructure-related gaps within HUD’s cybersecurity framework (e.g., supply chain risks).

Within the Operations and Maintenance allocation, the Budget assumes sufficient O&M funding to fully operate and maintain new and modernized applications that will be placed in service in 2023 and 2024. This includes the FHA and PIH modernization workstreams as they are completed.

Development, Modernization, and Enhancement (DME)

The Budget includes $41 million for new capabilities that will allow HUD to continue to modernize its outdated IT infrastructure, strengthen cybersecurity and provide new capabilities to make programs more effective, efficient, and customer friendly. A breakout of DME’s new capabilities, by major and non-major categories, is in Table 2.

### Table 2: 2024 DME New Capabilities with Costs

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>New Capability</th>
<th>Program Office</th>
<th>Investment Name</th>
<th>2024 Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>electronic Special Needs Assistance (e-snaps)</td>
<td>Office of Community Planning and Development</td>
<td>Enterprise Grants Management</td>
<td>5,000</td>
</tr>
<tr>
<td>PIH Modernization (EIV Modernization &amp; HUDCAPS Section 8)</td>
<td>Office of Public and Indian Housing</td>
<td>Public and Assisted Housing Oversight</td>
<td>1,102</td>
</tr>
<tr>
<td>eICAM - Enterprise Identity Credential Access Management</td>
<td>Office of the Chief Information Officer</td>
<td>IT Security Services</td>
<td>9,000</td>
</tr>
<tr>
<td>LOCCS/Treasury ARC Oracle Federal Financials (OFF) Financial Interface Modernization</td>
<td>Office of the Chief Financial Officer</td>
<td>Financial Management Support</td>
<td>3,000</td>
</tr>
<tr>
<td>Zero Trust &amp; Trusted Internet Connection</td>
<td>Office of the Chief Information Officer</td>
<td>Network</td>
<td>6,000</td>
</tr>
<tr>
<td>FHA Modernization</td>
<td>Single-Family Housing</td>
<td>Single Family Housing</td>
<td>3,298</td>
</tr>
<tr>
<td>Non-Major</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant Complaint CRM</td>
<td>Multi-Family Housing</td>
<td>Multifamily Housing and Healthcare Facilities</td>
<td>1,500</td>
</tr>
<tr>
<td>Affirmatively Furthering Fair Housing Compliance Improvements</td>
<td>Office of Fair Housing and Equal Opportunity</td>
<td>Regulatory Enforcement</td>
<td>2,000</td>
</tr>
<tr>
<td>FHIP - Fair Housing Initiative Program Performance Tracking Database</td>
<td>Office of Fair Housing and Equal Opportunity</td>
<td>Regulatory Enforcement</td>
<td>1,000</td>
</tr>
</tbody>
</table>
### INFORMATION TECHNOLOGY FUND

<table>
<thead>
<tr>
<th>HEMS - HUD Enforcement Management System</th>
<th>Office of Fair Housing and Equal Opportunity</th>
<th>Regulatory Enforcement</th>
<th>1,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Counseling Network Management System (HCNMS)</td>
<td>Office of Housing Counseling</td>
<td>Single Family Housing</td>
<td>2,000</td>
</tr>
<tr>
<td>Translation of Digital Media</td>
<td>Office of Public Affairs</td>
<td>Communications Support</td>
<td>1,000</td>
</tr>
<tr>
<td>Disaster Tracking System</td>
<td>Office of Public and Indian Housing</td>
<td>Data Management Services</td>
<td>2,600</td>
</tr>
<tr>
<td>Enterprise Service Delivery</td>
<td>Office of the Chief Information Officer</td>
<td>Application</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>TOTAL Portfolio</strong></td>
<td></td>
<td></td>
<td><strong>41,000</strong></td>
</tr>
</tbody>
</table>

**DME Classifications:** For 2024, the Department proposes the above classifications for DME projects within the major or non-major categories based on certain criteria. These criteria are similar to the definitions used for the overall IT investment portfolio (see page 3). However, these DME specific designations also apply to projects within the standard investment type and such investments will be categorized as major or non-major consistent with the criteria below.

Projects are considered as major based on any of the following criteria:

- **Lifecycle DME Cost** – Planned DME costs exceeds $5 million, including prior year and anticipated future year costs.
- **Mission impact** – Regardless of size, project will have a significant impact to the HUD mission and strategic priorities.
- **Executive visibility** – Regardless of size project is of particular interest to the HUD leadership or is part of a Federal Government-wide initiative.

Projects that are not designated as major are considered to be non-major for the purposes of applying the proposed 2024 appropriations language.

In summary, the requested new capabilities 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 also include continuing modernization efforts. The projects directly support HUD’s strategic goals and mission objectives to deliver cost effective services to citizens and increase operational efficiency and cybersecurity. They address new legal requirements and reduce reliance on outdated, duplicative, and expensive-to-maintain systems and manual processes and allow greater sharing of data between systems.

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.
### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

**General Provisions**

The 2024 President’s Budget re-proposes the following general provision that was enacted in the 2023 appropriations law:

**Information Technology Transfer Authority:** This provision, as modified in the Budget, allows for the transfer and merger of up to $10 million in S&E funds to the Information Technology Fund. (Sec. 228)

### APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed. For implementation of this appropriations language, the list and definitions of major projects are in Table 2 and the DME Classifications section above.

For Department-wide and program-specific information technology systems and infrastructure, [$374,750,000] $415,000,000, to remain available until September 30, [2025, of which up to $23,950,000 shall be for development, modernization, and enhancement projects, including planning for such projects] 2026: Provided, that not more than 10 percent of the funds made available under this heading for development, modernization, and enhancement may be obligated for any major modernization project until the Secretary submits [and [a plan for such project to the House and Senate Committees on Appropriations [approve a plan that—] [(1) identifies for each development, modernization, and enhancement project to be funded from available balances, including carryover—] [(A) plain language summaries of the project scope;] [(B) the estimated total project cost; and] [(C) key milestones to be met; and] [(2) identifies for each major modernization project—] [(A) the functional and performance capabilities to be delivered and the mission benefits to be realized;] [(B) the estimated life-cycle cost;] [(C) key milestones to be met through the project end date, including any identified system decommissioning;] [(D) a description of the procurement strategy and governance structure for the project and the number of HUD staff and contractors supporting the project; and] [(E) certification from the Chief Information Officer that each project is compliant with the Department’s enterprise architecture, life-cycle management and capital planning and investment control requirements:]] [Provided further, That not later than 30 days after the end of each quarter, the Secretary shall submit an updated report to the Committees on Appropriations of...}
the House of Representatives and the Senate summarizing the status, cost and plan for all modernization projects; and for each major modernization project with an approved project plan, identifying—][1] results and actual expenditures of the prior quarter;][2] any variances in cost, schedule (including procurement), or functionality from the previously approved project plan, reasons for such variances and estimated impact on total life-cycle costs; and][3] risks and mitigation strategies associated with ongoing work. (Department of Housing and Urban Development Appropriations Act, 2023.)
<table>
<thead>
<tr>
<th>Investment</th>
<th>Investment of Type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Grants Management</td>
<td>Major</td>
<td>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.</td>
</tr>
<tr>
<td>Multifamily Housing and Healthcare Facilities</td>
<td>Major</td>
<td>This investment provides systems to support programs that provide mortgage insurance to multifamily housing and health care facilities and project based rental assistance. It includes services such as financial operations, asset management, and moving existing loan origination systems to modern technology platforms.</td>
</tr>
<tr>
<td>Public and Assisted Housing Oversight</td>
<td>Major</td>
<td>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.</td>
</tr>
<tr>
<td>Single Family Housing</td>
<td>Major</td>
<td>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.</td>
</tr>
<tr>
<td>UNISYS Migration Program</td>
<td>Major</td>
<td>Unisys Migration modernized the code base and accelerated 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 were expensive to maintain and required functional system enhancements to be built in the antiquated mainframe environment, deepening the technical debt associated with the decommissioning of the platform. Remaining activity is to finish repaying the Technology Modernization Fund in 2024.</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>Non-Major</td>
<td>Enables HUD to control, manage 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.</td>
</tr>
<tr>
<td>Communications Support</td>
<td>Non-Major</td>
<td>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.</td>
</tr>
<tr>
<td>Service</td>
<td>Level</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Contact Center</td>
<td>Non-Major</td>
<td>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.</td>
</tr>
<tr>
<td>Data Management Services</td>
<td>Non-Major</td>
<td>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.</td>
</tr>
<tr>
<td>Document Management</td>
<td>Non-Major</td>
<td>Enables HUD to support the generation, management, and distribution of intellectual capital and electronic media across the business and extended enterprise. This includes content management, document management, and records management.</td>
</tr>
<tr>
<td>Financial Management Support</td>
<td>Non-Major</td>
<td>Provides support for HUD enterprise financial management systems, including interface with shared service core financial system.</td>
</tr>
<tr>
<td>Geospatial Services</td>
<td>Non-Major</td>
<td>Provides automated capabilities that support visualization services, analysis, knowledge discovery, and business intelligence for optimal decision-making and evaluation.</td>
</tr>
<tr>
<td>Human Resources Automated Services</td>
<td>Non-Major</td>
<td>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.</td>
</tr>
<tr>
<td>Legal Oversight</td>
<td>Non-Major</td>
<td>Enables HUD to maintain guidance to implement laws; developing and tracking, and amendments to public laws.</td>
</tr>
<tr>
<td>Regulatory Enforcement</td>
<td>Non-Major</td>
<td>Enables HUD the ability to track, monitor, and report on enforcement activities which involves activities aimed at direct monitoring and oversight of HUD sponsored programs.</td>
</tr>
<tr>
<td>Application</td>
<td>Standard</td>
<td>IT investment for the provisioning of an enterprise-wide shared application capability.</td>
</tr>
<tr>
<td>Data Center and Cloud</td>
<td>Standard</td>
<td>An IT investment for the provisioning of an enterprise-wide data center and/or cloud capability.</td>
</tr>
<tr>
<td>End User</td>
<td>Standard</td>
<td>An IT investment for the provisioning of an enterprise-wide end user capability.</td>
</tr>
<tr>
<td>IT Management</td>
<td>Standard</td>
<td>This investment ensures that all technology resources and associated employees FTEs are utilized properly and in a manner that provides value for the organization, and are managed according to Departmental priorities and needs.</td>
</tr>
<tr>
<td>IT Security Services</td>
<td>Standard</td>
<td>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.</td>
</tr>
<tr>
<td>Network</td>
<td>Standard</td>
<td>An IT investment for the provisioning of an enterprise-wide-area network (WAN), local-area network (LAN), and metropolitan-area network (MAN) capabilities.</td>
</tr>
<tr>
<td>Disaster Assistance Improvement Plan</td>
<td>eGov</td>
<td>This is a government wide eGov initiative. The managing partner is FEMA.</td>
</tr>
<tr>
<td>eRulemaking Docket</td>
<td>eGov</td>
<td>This is a government wide e-Gov initiative. The managing partner for this initiative is the Environmental Protection Agency.</td>
</tr>
<tr>
<td>GovBenefits.gov</td>
<td>eGov</td>
<td>This is a government wide e-Gov initiative. The managing partner for this initiative is the Department of Labor.</td>
</tr>
</tbody>
</table>
INFORMATION TECHNOLOGY FUND

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

Note: Investments are in the same order as the New Capability table by major and non-major project on page 6.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>electronic Special Needs Assistance (e-snaps)</td>
<td>Office of Community Planning and Development</td>
<td>$3 million</td>
<td>$5 million</td>
<td>$2 to $4 million</td>
</tr>
</tbody>
</table>

1. Project Summary

HUD uses the e-snaps system to automate the $3 billion annual Continuum of Care (CoC) Program Competition, including an online data portal for applicants to submit detailed applications for homeless assistance funding. However, the e-snaps system is almost 16 years old and increasingly unstable, in use far beyond its originally projected technical lifespan. Continued use of e-snaps presents increasing risk to HUD's ability to make accurate and timely award. Basic system changes and updates required annually for each competition are costly; each change risks the stability of the system. A system failure, or significant drop in performance, will be catastrophic to the CoC Program and detrimental to local communities and homeless assistance providers that would experience significant funding delays.

Beginning with 2023 funding ($3 million) and continuing with 2024 and 2025 funding, this project will replace e-snaps with a modern, reliable, and stable platform improving the efficiency of CoC grants management activities, drastically reducing program risk, and reducing maintenance and licensing costs.

2. Mission Benefits

The modernized e-snaps will streamline the competitive grant competition, including the CoC grant application, review, scoring and selection, award, technical submission, and grantee reporting processes for grantees and HUD staff. HUD staff will no longer employ continuous manual interventions to overcome functional gaps in the system. Improved efficiency of grants management activities should reduce administrative burdens for grantees as well as HUD staff, streamline and reduce disbursement delays for renewals, and reduce cost, time, and effort associated with system configurations required each year to meet new policy directives and program strategies to address homelessness. The new platform will shorten the time to award, and free staff time currently spent on administrative tasks towards program oversight, policy, technical assistance, or analytics. Where possible, the new e-snaps system will improve data and workflow integration between pre-award steps and post-award performance or accomplishment reporting, improving HUD’s ability to measure program performance. Finally, these efficiencies better position HUD to quickly implement special initiatives like the Youth Homelessness Demonstration Program.

50-10
3. **Target Functionality**

- Improved system performance and stability. Eliminate the risk of total system failure and the negative impacts this would have to local communities and families, veterans, youth, and individuals experiencing or at risk of homelessness.

- Reduced time to award. Streamlined scoring and selection processes, as well as improved access to system data will reduce the duration in days between competition close and award announcement. This saves HUD staff time, while faster awards reduce risk to the ability of service providers to support homeless individuals and families.

- Improved business automation such as data analytics/availability and financial system interface, which may potentially improve timeliness and data accuracy for generating ad hoc as well as canned reports for HUD management and Congress.

- Improved integration with HUD Financial systems will simplify and automate steps required for HUD to load funding, make commitments and obligations, or for grantees to make electronic funds draws.

- Improved credentialling and authentication of users will allow for granular administrative controls which allows role-based Administrator privileges to be assigned to each user account. This enables organizations to distribute administration duties without having to provide full administrative permissions.

- Customized architecture anticipating the range of system configurations required to automate each annual competition, driven by dynamic changes over time in program strategy and policy focus.

4. **Cost Savings**

A modernized system will reduce some operations and maintenance costs, which currently approach $2 million annually. In addition, there is a cost avoidance of $200,000 or more in annual licensing (currently assumed by the HUD Infrastructure contract). A modernized e-snaps will reduce the substantial staff cost associated with manual interventions performed by HUD staff, Technical Assistance providers, HUD infrastructure staff, and grantees resulting from functional and data handling gaps in the current system, the troubleshooting of performance issues, and the repetitive reporting and aggregating of data in multiple systems.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIH Modernization</td>
<td>Office of Public and Indian Housing</td>
<td>$6.6 million</td>
<td>$1.1 million</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>• EIV Modernization</td>
<td>PIH</td>
<td>$2.5 million</td>
<td>$418,000</td>
<td>None</td>
</tr>
<tr>
<td>• HUDCAPS Section 8</td>
<td>OCFO</td>
<td>$4.1 million</td>
<td>$684,000</td>
<td>$1.5 million</td>
</tr>
</tbody>
</table>

1. **Project Summary**

This project encompasses and funds two efforts partially funded in the Consolidated Appropriations Act, 2023: Enterprise Income Verification (EIV) modernization and HUDCAPS Section 8. The purpose of these investments, by project, are:

**EIV Modernization:** EIV modernization will allow HUD to modernize its EIV system which was developed approximately 20 years ago as a custom-built application used to verify both prospective and existing HUD housing applicants’ income and assets to ensure their eligibility for rental assistance. EIV has been a vital system used by Public Housing Agencies (PHAs) and other HUD rental housing providers for HUD’s compliance with the Payments Integrity Information Act (PIIA), of which HUD is non-compliant. Specifically, this investment will allow for the creation of an entirely new application with many new and critical functions including
integration with the Housing Information Portal (HIP), which is the replacement for PIH's Inventory Management System-Public Housing Information Center (IMS-PIC) and application programming interfaces (APIs) that will allow for potentially daily data exchanges with partner Federal Agencies that provide income and asset data used for income verification, including, but not limited to, the Social Security Administration, Department of Health and Human Services Office of Child Support Enforcement, and the Internal Revenue Service.

**HUDCAPS Section 8:** The HUDCAPS Section 8 IT modernization effort will continue to focus on ensuring key accounting events and the disbursements of subsidy payments are migrated from the HUD Central Accounting Program System (HUDCAPS) and are properly interfaced with HUD’s General Ledger. This is a requirement for retiring HUDCAPS (a legacy, but vital mainframe application). HUDCAPS disburses approximately $27 billion in Housing Assistance Payment (HAP) and Administrative Fees (Admin Fee) for TBRA annually. The IT knowledge base of HUDCAPS (ongoing operations and maintenance support) is extremely limited and shrinking quickly, creating potential risk that HUD may not be able to support HUDCAPS, risking payments to PHAs and owners/landlords of voucher units. This effort will integrate with PIH’s new Enterprise Voucher Management System (EVMS), which automates the calculation, but does not disburse HAP and Admin Fee payments with the recording of the financial activity and the disbursement of funds. The integration of EVMS and this new solution is one element that will enable the Department to reduce its reliance on the legacy HUDCAPS system. This will allow for the Department to move closer to its goal of decommissioning HUDCAPS.

2. **Mission Benefits**

**EIV Modernization:** Currently, income and asset information are provided by HUD’s partner Agencies through electronic, but offline data exchanges that occur quarterly and sometimes less frequently. This results in income and asset data being often out of date, increasing the risk of improper payments. This modernization effort will help HUD comply with PIIA requirements, substantially improve the timeliness of income and asset data used to determine program participant eligibility, and ultimately substantially reduce improper payments. Additionally, by better identifying program participants’ eligibility, HUD housing providers will be able to better extend housing opportunities to eligible households that may be waiting for this assistance in their communities.

**HUDCAPS Section 8:** This effort will benefit HUD in multiple ways, specifically it will ensure that financial activity is accurately recorded, and disbursements will continue to be made timely. The underlying platform will be a more modern, economical, and stable IT platform and removing a constraint to retiring a costly mainframe application that becomes increasingly more challenging to support every year. The latter benefit could also result in long-term cost savings to HUD, but the primary benefit will be to ensure the ongoing ability for HUD to make and account for timely HAP and Admin Fee payments.

3. **Target Functionality**

**EIV Modernization:**

- Multiple APIs for EIV that will allow for the more seamless (potentially daily as opposed to quarterly) exchange of income and asset data between HUD and other Federal Agencies that maintain this data.

- Seamless integration with HIP, which will create a less burdensome operational requirement for Public Housing Agencies and other providers of HUD housing because they will be able to check income data directly from HIP and/or toggle between the two systems within a single interface. Today, many agencies print out tenant data maintained in IMS-PIC and then compare it offline while logged into EIV.
A general API for EIV that can take advantage of both public (State and local governments) and private third-party income data sources (e.g., the Work Number, which is used by many PHAs).

**HUDCAPS Section 8:**
- Ensure appropriate recording of financial activity related to PIH subsidies.
- Migrating TBRA payment disbursements off of HUDCAPS, which is one element necessary to enable the retirement of HUDCAPS.
- Stabilizing and creating a long-term solution for providing TBRA payments to PHAs.
- Integration with EVMS creating more seamless data exchange between the calculation and disbursement of payments. Currently EVMS generates a flat file that must still be uploaded into HUDCAPS to record financial events and process payments, and this will eliminate that manual handoff. This integration will also facilitate reconciliation between funding calculations and disbursements which is critical to property accounting.

4. **Projected Cost Savings**

Potential long-term cost savings of eliminating IBM mainframe applications at HUD.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>eICAM - Enterprise Identity Credential Access Management</td>
<td>Office of the Chief Information Officer</td>
<td>$14.6 million*</td>
<td>$9 million</td>
<td>None</td>
</tr>
</tbody>
</table>

*$4.6 million has been received from the Technology Management Fund (TMF). An additional $10.2 million from the TMF is planned.

1. **Project Summary**

The enterprise Identity Credential and Access Management (eICAM) is a critical capability outlined in Executive Order 14028 Improving the Nation’s Cybersecurity. ICAM ensures that the individual attempting access to HUD data is actually the person with those credentials. As required by OMB directive M-19-17, HUD is moving forward with the initial deployment across 15 applications within FHA-Connection in 2023-2025 using TMF funds. The 2024 funds will enable the initial implementation of ICAM capability across the HUD enterprise.

2. **Mission Benefits**

Enterprise Identity and Credential Access Management will enable HUD to start meeting the Zero Trust functionality as directed by EO 14028 and OMB circulars. For the first time, HUD network, applications, and database users and system administrators will be able to incorporate the industry and government best practice of least privilege access to information. Providing the least privilege which provides access to specific information employees require for their duties, and only access to that information, provides security against the loss of personal identifiable information (PII) to personnel who should not have access to such information. This is an industry and government best practice and functionality across the enterprise will support information and operational security requirements.

3. **Target Functionality**

The ICAM capability will enable the HUD CIO and CISO team to ensure proper authentication by each user to access specific data required by their work role. This Role-Based Access is critical to ensure the proper use, transmission, and storage of data by only those HUD employees who are authorized to access, transmit, and store such data. This eICAM capability will provide security and data protection for personal identifiable information, personal health information, Federal tax information, etc.
4. **Projected Cost Savings**

   No cost savings will be realized. This investment provides a required security functionality.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCCS/Treasury ARC</td>
<td>Office of the Chief Financial Officer</td>
<td>$3 million</td>
<td>$3 million</td>
<td>None</td>
</tr>
<tr>
<td>Oracle Federal Financials (OFF) Financial Interface Modernization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **Project Summary**

   The Line of Credit Control System (LOCCS) is the Department’s primary disbursement and funds control system for all grants and Office of 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, 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 Office of Housing’s subsidies projects 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 Agency (PHA) operations must also be completed to be able to decommission HUDCAPS.

2. **Mission Benefits**

   This initiative improves the reliability and quality of financial data, streamlines, and strengthens financial management and allow 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.

3. **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.

4. **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, and disbursement of Section 8 subsidies is migrated to an alternative system, then the Department can begin the necessary steps to decommission HUDCAPS and the IBM mainframe.
1. Project Summary

These funds will enable the HUD Zero Trust program to continue planning and maintain momentum from 2023 to meet requirements as directed in Executive Order 14028 and OMB-22-09. HUD is currently last across the Federal Civilian Executive Branch in Multi-Factor Authentication (MFA) and these funds will be used to drive MFA across the entire HUD network, applications, and databases. These funds will also be used to procure and implement Zero Trust Architecture (ZTA) required capabilities of data loss prevention, data encryption in transit and at rest, user entity behavior analytics (UBEA), intelligence analytics, and provide and gain HUD capacity in Penetration testing and incident response and mitigation capabilities.

2. Mission Benefits

As outlined in EO 14028 and OMB-22-09, the benefits of ZTA are clearly delineated in providing identity (HUD eICAM program), devices, networks, databases, and applications. ZTA comprises multiple capabilities across each of these functional areas and HUD's strategic plan for implementing ZTA is being developed for approval in 2023. The objective is to provide a secure, operable, and defensible network which follows industry and government best practices.

3. Target Functionality

These funds will be used specifically to complete the HUD-wide MFA capability across the enterprise; increase data loss prevention capability (DLP) across the HUD-wide enterprise, provide UBEA HUD-wide, procure and implement Penetration Team and Incident Response team capabilities within HUD CISO, procure intelligence analytics, and provide data encryption capability for data in transit and at rest; all in accordance with EO 14028 and OMB-22-09.

4. Projected Cost Savings

No projected cost savings. These capabilities will provide information security across HUD-wide networks, applications, and databases for the future in accordance with EO 14028 and OMB directives, which should result in an approximate 40 percent lower risk of data breach or intrusion into HUD networks.

### New/Ongoing Investment Name

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Trust &amp; Trusted Internet Connection</td>
<td>Office of the Chief Information Officer</td>
<td>$4.9 million</td>
<td>$6 million</td>
<td>$10 million</td>
</tr>
</tbody>
</table>

1. **Project Summary**

HUD is carrying out a multi-year investment called FHA Catalyst that began in 2019 to modernize FHA's infrastructure and bring FHA in line with current industry practices. Loan components are already in production, providing lenders with streamlined electronic processes for the submission of FHA case binders, claims, and data on defaulted mortgages. Through this investment, FHA will continue to strengthen internal controls and mitigate outstanding IT audit findings through technological integrations with other Federal systems. The Office of Housing will further develop its underwriting and valuation analytics tools to improve the process for
evaluating loan level data. It will also add functionality to its IT systems to enable more flexible and effective loss mitigation policies and lender oversight.

2. Mission Benefits

This investment will support FHA in modernizing its IT systems and mitigating critical IT-related program risks. The investment will support the performance of the Mutual Mortgage Insurance Fund through enhanced IT analytics and data collection. It will allow FHA to better support borrowers who are delinquent in their mortgage payments by offering more flexible policies that are currently unavailable due to IT limitations and more efficient and effective oversight of HUD mortgages.

3. Target Functionality

HUD will modernize its origination, servicing support, and lender management practices. Increased functionality will include strengthened flexibility to administer claim payments to mortgagees in the partial claim process. Additional analytics tools will be used to evaluate loans and collect data, including for the Title I Manufactured Homes program. HUD will enhance integrations with other Federal internal controls systems, including Treasury’s Do Not Pay system.

4. Projected Cost Savings

These changes will improve operating efficiency for FHA while mitigating financial risks to the Mutual Mortgage Insurance Fund through improved internal controls and analytics. FHA’s business partners are also expected to experience reduced operational costs resulting from FHA’s modernized user processes and streamlined user experience.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant Complaint CRM</td>
<td>Multi-family Housing</td>
<td>N/A</td>
<td>$1.5 million</td>
<td>None</td>
</tr>
</tbody>
</table>

1. Project Summary

HUD does not have a system to enable Multifamily Housing (MFH) Asset Management staff, Performance-Based Contract Administrators (PBCAs), the Multifamily Clearinghouse call center, and Field Program Management staff to conduct unified intake, tracking and resolution of tenant contacts related to unsafe and unsanitary property conditions or exigent health and safety conditions in Multifamily-assisted properties. The various parties maintain multiple systems with uncoordinated logging and tracking of information, which significantly limits MFH’s ability to understand, track, and address complaints in a coordinated manner.

2. Mission Benefits

An integrated tenant complaint logging and tracking system would allow HUD to assess and act swiftly upon a wide variety of complaints regarding properties in its portfolio and take a coordinated approach regardless of the point of intake. All parties would be able to track and update progress toward resolution in real time and be more responsive to tenants while avoiding duplicative work on the same issue. This integrated 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.
INFORMATION TECHNOLOGY FUND

3. **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, including the following:

- 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.

4. **Projected Cost Savings**

Saves PBCAs and other contractors from having to invest in standalone system(s) to address this need and avoids uncoordinated responses. In addition, an integrated platform would result in better awareness of issues in the MFH portfolio, reduced duplication of effort and full awareness of issues across all responsible parties. Improved tracking will facilitate early intervention to address arising physical condition and safety issues at properties, resulting in quicker and better outcomes for tenants and greater protection of HUD's investment in the underlying assets.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affirmatively Furthering Fair Housing Compliance Improvements</td>
<td>Office of Fair Housing and Equal Opportunity</td>
<td>N/A</td>
<td>$2 million</td>
<td>$0.5 million</td>
</tr>
</tbody>
</table>

1. **Project Summary**

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. To facilitate the development of Fair Housing Planning documents required of the AFFH process, it is necessary to provide funding for two legacy systems that 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) are the capabilities that must be fully operationalized within HUD. The AFFH-T is online and has been maintained but was never fully actualized; it provides information at the local level but not at the PHA or State level. However, to provide more updated maps, better usability, and more information, HUD is requesting additional funding to make improvements to the tool.

2. **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. Additional funding is requested to add new data points and enhance customer usability. 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 use the information provided in the data and mapping tool we will increase the successful implementation and execution of the AFFH Notice of Proposed Rulemaking (NPRM). 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.

3. 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-U1 solution shall provide a basic reporting module to monitor the submissions and review processes.
- The AFFH-U1 solution will have routing, tracking, and other data management functions to incorporate reporting both for end users and management.

4. 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. It will also promote electronic record management requirements as well as adhere to the Paperwork Reduction Act (PRA) of 1980 that establishes a broad mandate for agencies to perform their information activities in an efficient, effective, and economical manner.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
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<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHIP - Fair Housing Initiative Program Performance Tracking Database</td>
<td>Office of Fair Housing and Equal Opportunity</td>
<td>N/A</td>
<td>$1 million</td>
<td>None</td>
</tr>
</tbody>
</table>

1. Project Summary

The Office of Fair Housing and Equal Opportunity (FHEO) has been monitoring the Fair Housing Initiatives Program (FHIP), a multi-million-dollar grants program, for almost twenty years without a grants management system. In 2022, grant funds will be awarded to over 122 organizations. FHEO anticipates an increase in eligible organizations in future years. This will make it very difficult to effectively manage the program with multiple, overlapping grants using ad hoc manual systems. HUD requires a cloud-based grants management system that will provide a centralized tracking and monitoring system for its open grants.

2. Mission Benefits

The system would be used daily to manage and monitor grants for three Fair Housing Initiatives Programs. It would retain data for FHIP’s grantees, particularly for tracking fair housing enforcement and outreach outcomes, allowing FHEO to efficiently respond to inquiries from the Congress and other stakeholders. It will also allow more efficient management of the budget using aggregated performance and financial data to make informed decisions.

3. Target Functionality

Support the following key components:

- Ability to send notifications to grantees as their applications progress through the process during the pre-award/award stages, and notification of acceptance or deficiencies of deliverables during the post-award monitoring process.
• Ability to leverage system capabilities such as workflow, reporting and dashboard capabilities, interface and data sharing with related systems, and forms creation and management.
• Payment capabilities (i.e., possible interfacing with LOCCS to disburse funds to grantees).

4. Projected Cost Savings

   The proposed grants management system will support FHIP's overall mission as identified below:

   • Will save staff time and reduce the burden for grantee reporting and move towards eliminating paperwork in lieu of electronic records.
   • Ensure budgetary requests are based on accurate performance and financial data.
   • Ensure that data is consistently stored, shared, and used across the organization based on roles, needs, and permissions.
   • Potentially reduce the need for additional data requests and reduce burden to staff and grantees in support of the HUD strategic plan.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEMS - HUD Enforcement Management System</td>
<td>Office of Fair Housing and Equal Opportunity</td>
<td>N/A</td>
<td>$1.5 million</td>
<td>None</td>
</tr>
</tbody>
</table>

1. Project Summary

   Currently, the HUD Enforcement Management System (HEMS) is designed and equipped to handle only Fair Housing Act cases. Under Title VIII, however, there is still a need to support other types of investigations and reviews, including, but not limited to, Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973. FHEO currently has no automated system to hold investigations and reviews done under these authorities; there are only paper records. While there are differences in what fields would be needed in a system for these authorities, much of the basic functionality is similar to what is currently in HEMS.

2. Mission Benefits

   Enhancements to HEMS for Other Authority Cases and Reviews would eliminate duplication of case information that has already been entered in HEMS. Implementation of additional FHEO and FHAP Letters will decrease the time necessary to investigate and process Fair Housing Act cases and will also greatly reduce errors in creation of case correspondence.

3. Target Functionality

   • Improved data management and utilization, as well as improvements to system access and utilization across devices and platforms
   • Electronic Case File Creation and uploading of investigation documents and compliance reviews.
   • Improving forms creation and management and electronic case tracking.

4. Projected Cost Savings

   Improvements will strengthen HUD's Enforcement line of business as executed by FHEO and OGC. These enhancements will increase operational efficiencies, allowing staff a greater degree of access to the investigative files. This would not only streamline the process but provide better business analytics and more accurate calculation of complaint processing time. This would allow
HUD Program staff to focus on complaint content and merit and provide more accurate, complete, and timely information.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Counseling Network Management System (HCNMS)</td>
<td>Office of Housing Counseling</td>
<td>N/A</td>
<td>$2 million</td>
<td>None</td>
</tr>
</tbody>
</table>

1. **Project Summary**

The Housing Counseling Network Management System (HCNMS) investment is critical to reducing program risk and automating manual processes to conduct more than 400 agency performance reviews and over 300 grant awards annually, with funds accountability and new agency application processes. The cloud-based FedRamp certified platform will manage risk, monitor agency performance, and track impact and outcomes across all Housing Counseling initiatives in real or near real-time processing. The system will reduce the risk of non-certified counselors providing counseling services, ensure client data is secure and protected from unauthorized release, and increase program effectiveness and analysis through peer-to-peer communications with related partners such as FHFA and GSEs.

2. **Mission Benefits**

The cloud-based system will:

- Analyze real-time agency counseling session datapoints for compliance with program requirements prior to acceptance into the HUD database.
- Provide custom management-level reports immediately upon closure of agency reporting periods versus waiting months to complete the process.
- Conduct data analytics of transmitted data to assist management with program resource allocation.
- Provide staff level dashboards regarding individual portfolio performance in real-time.

3. **Target Functionality**

- Provides a comprehensive grants management platform that will allow electronic transfer of data points from HUD’s grant solutions platform directly into HCNMS.
- Computes a grant score for each eligible applicant, analyzing past grantee performance and grant utilization. Issues deficiency notifications to agencies not meeting application requirements.
- Computes applicant’s grant amount and generates grant award agreements with digital signatures upon approval.
- Manages grants during the period of performance and communicates with LOCCS system for real-time monitoring of agency funds utilization and reporting.

4. **Projected Cost Savings**

The new cloud-based system will automate and streamline current manual processes to save significant processing and staff time. This system will save approximately 6,000 staff hours annually, streamlining and automating agency-required monitoring and system cross-checking information about agencies through shared services. Finally, it is increasingly costly to modify or make changes to the current system to capture impact data when new initiatives are implemented.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation of Digital Media</td>
<td>Office of Public Affairs</td>
<td>N/A</td>
<td>$1 million</td>
<td>None</td>
</tr>
</tbody>
</table>
1. Project Summary

The purpose of this investment is to provide an enterprise multi-language translation solution that program offices across the Department may use to translate digital content into multiple languages. Implementing a multi-language translation system will enable HUD to reach non-English speaking audiences that need the services that HUD provides but because these audiences are not proficient in English, they are unaware of critical services. The translation system will primarily be used to translate content that currently exists on HUD.gov including web pages and documents into multi-languages. With the increasing use of social media platforms, the translation tool will also be used to translate other digital media such as graphics and content used on social media platforms, thus allowing HUD to reach an even larger audience. The expected outcome is to increase HUD's reach to communities that need HUD’s services and resources.

2. Mission Benefits

Part of HUD's mission is to create inclusive communities and quality affordable homes for all. Title VI of the Civil Rights Act of 1964 prohibits discrimination based on race, color, and national origin in programs and activities receiving Federal financial assistance. National origin discrimination includes, among other things, failing to provide meaningful access to individuals who are limited English proficient (LEP). Executive Order 13166, the title "Improving Access to Services by Person with Limited English Proficiency," required Federal Agencies to assess and address the needs of eligible persons seeking access to federally conducted programs and activities which, due to LEP, cannot fully and equally participate in or benefit from those programs and activities. By implementing a multi-language digital translation system, HUD will increase its reach and inclusivity of multi-language communities that will benefit from HUD's resources and services.

3. Target Functionality

Translation of web pages, documents, and digital assets into multiple languages.

4. Projected Cost Savings

The multi-language translation system is intended to be an enterprise solution that all of HUD will be able to use to translate digital content, thus reducing the burden on individual program offices to hire translators.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disaster Tracking System</td>
<td>Office of Public and Indian Housing</td>
<td>N/A</td>
<td>$2.6 million</td>
<td>$1.4 million</td>
</tr>
</tbody>
</table>

Note: This project is a separate initiative from the PD&R Disaster Recovery Portal that received funding in 2022. The PD&R project is intended to facilitate the data transfer between FEMA and HUD to inform several key data points related to disaster survivors, HUD assisted status prior to the disaster, informing supplemental disaster funding allocations, and addressing duplication of benefits issues. While separate, the projects collectively benefit each mission in that the PIH Disaster Tracking System will use data gathered by the PD&R Disaster Recovery Portal to help inform and enhance efforts being made by HUD to help rehouse families.

1. Project Summary

Each year, there are 150 to 250 disasters that affect HUD-assisted families. The existing process for gathering and analyzing data is manual, labor intensive, prone to reporting delays, and fragmented across different parts of HUD. This IT investment will provide an automated, streamlined workflow, reporting, and tracking mechanism. It will enable HUD to better visualize disaster impacts on assisted families and properties across the United States, quickly identify resources such as alternative/temporary housing, and efficiently deploy those resources to mitigate the disasters’ effects. This automated platform could serve as the foundation for a HUD-
wide disaster reporting system that shows all HUD-assisted families and properties in one dashboard for a coordinated, agency-wide approach to each disaster.

2. Mission Benefits

The system would result in HUD-assisted families displaced by disasters being rehoused faster, which is fundamental to HUD’s mission to help meet the need for quality affordable rental homes and utilize housing as a platform for improving quality of life. The project would expedite the delivery of urgently needed emergency and disaster updates for impacts to families and public housing agencies (PHAs) as well as expedite the processing of multiple types of administrative requests. In addition, the proposed project would assist PHAs to house families, as well as substantially enhance Field Office staff’s ability to monitor the long-term impacts of a disaster. Furthermore, it would enable HUD to collaborate more effectively with other Federal Agencies, like the Federal Emergency Management Agency (FEMA), to coordinate the Federal response.

3. Target Functionality

- This workflow automation process will digitally streamline disaster management and response across an array of areas including communication, coordination, and tracking to assess and document impacts in one location.
- This system will enable timely, visual, geo-located requests to each HUD field office both before and after a disaster to notify them which properties and PHAs to reach out to and when reporting is due.
- The system will show the unimpacted PHAs near disaster areas with vacant public housing or housing choice voucher disaster waitlist preferences for field office staff to use to contact about relocation opportunities, enabling quicker re-housing of impacted families.
- The system will make disaster tracking, compliance, and audits broadly accessible within the agency to provide data-driven answers to complex questions in one location and just a few clicks away.

4. Projected Cost Savings

Successful adoption of this system would save thousands of hours of HUD headquarters and field staff and PHA staff time with a more targeted, coordinated approach to assist PHAs and families after a disaster. It would reduce reporting burdens and inconsistencies by streamlining the submission of 100 – 200 Preliminary Impact Assessments a year from PIH field offices. It would also reduce reporting burden and staff hours by auto-generating approximately 250 PIH Situation Reports per year on active disasters impacting PIH families and properties. HUD can expect a conservative estimate of $1.25 million saved by automation over a 5-year period.

<table>
<thead>
<tr>
<th>New/Ongoing Investment Name</th>
<th>Organization</th>
<th>Prior Year Funding</th>
<th>2024 Request</th>
<th>Known Outyear DME Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Service Delivery</td>
<td>Office of the Chief Information Officer</td>
<td>$3.05 million</td>
<td>$2 million</td>
<td>$3 million</td>
</tr>
</tbody>
</table>

1. Project Summary

The overall Enterprise Service Delivery effort aims to modernize and consolidate several enterprise-wide services onto a single technology platform to gain operational efficiencies, leading to significant cost savings, employee empowerment through self-service tools, and greater compliance posture. The Enterprise Service Delivery investment was initially funded in 2022. The 2024 Budget request will allow HUD to continue its effort to bring on new functionality to the ServiceNow based platform that HUD is in the process of rolling out. For the first phase (2022), HUD has targeted moving or creating a new capability with its IT Help Desk, Facilities & Space Management, IT Budget Formulation, IT Operations Management, and a
portion of Human Resources (HR) Transformation capability onto the platform. With the continuing funds HUD is targeting build out of the complete HR Transformation, IT Hardware and Software Asset Management, and the start of the Governance, Risk, and Compliance (GRC) capabilities.

2. **Mission Benefits**

HUD will be able to further its goals to consolidate many of its major internal operational capabilities onto the ServiceNow platform. The specific funding requested for this period will be used for completing a holistic HR Transformation which will empower HUD employees by providing them more visibility and self-service abilities for their employment matters. The funds will also be used to build out HUD's asset management capabilities around both IT software and hardware which is expected to benefit HUD in maintaining compliance, having greater visibility into asset spend, and help inform the budgeting process.

3. **Target Functionality**

- A comprehensive portal which modernizes the full employee HR lifecycle.
- Ability to track IT hardware and software assets in an integrated fashion which will allow HUD to proactively track the full lifecycle of hardware assets and software usage.

4. **Projected Cost Savings**

The overall Enterprise Service Delivery initiative is expected to allow HUD to retire legacy systems. This will help defray the cost of the transition to and maintenance of a ServiceNow based platform but will not likely result in a net cost savings. However, HUD expects substantial operational associated cost savings in the applications that sit upon the platform. For example, having a full-fledged IT Asset Management system will allow HUD to properly track the hardware and software usage and ensure HUD is only purchasing and maintaining IT assets that are being fully utilized. HUD expects that the operational savings and higher productivity will exceed the investment needed to build out Enterprise Service Delivery.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of the Chief Financial Officer
Working Capital Fund

SUMMARY OF RESOURCES
(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Enacted/Requested</th>
<th>Carryover</th>
<th>Supplemental/Rescission</th>
<th>Total Resources</th>
<th>Obligations</th>
<th>Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 Appropriation</td>
<td>56,685</td>
<td>16,750</td>
<td>-</td>
<td>73,435</td>
<td>56,685</td>
<td>56,685</td>
</tr>
<tr>
<td>2023 Appropriation</td>
<td>61,383</td>
<td>24,769</td>
<td>-</td>
<td>86,152</td>
<td>61,383</td>
<td>61,383</td>
</tr>
<tr>
<td>2024 President's Budget</td>
<td>76,904</td>
<td>14,769</td>
<td>-</td>
<td>91,673</td>
<td>76,904</td>
<td>76,904</td>
</tr>
<tr>
<td>Change from 2023</td>
<td>15,521</td>
<td>(10,000)</td>
<td>-</td>
<td>5,521</td>
<td>15,521</td>
<td>15,521</td>
</tr>
</tbody>
</table>

a/ Amounts in the Outlays column reflects gross outlays.

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 HUD’s 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, HR processing, and Printing. 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 2024 President’s Budget requests a total operations level of $77 million for the WCF, which is $15.5 million more than the 2023 enacted level. The 2024 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 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, economy, and transparency that can be achieved through the WCF.

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)

<table>
<thead>
<tr>
<th>Working Capital Fund Services</th>
<th>2022 Actual</th>
<th>2023 Enacted</th>
<th>2024 President's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management, Procurement, &amp; Travel Services</td>
<td>24,429</td>
<td>26,340</td>
<td>27,603</td>
</tr>
<tr>
<td>Human Resources Processing</td>
<td>20,538</td>
<td>21,786</td>
<td>22,832</td>
</tr>
<tr>
<td>Human Resources Systems</td>
<td>1,747</td>
<td>1,811</td>
<td>1,902</td>
</tr>
<tr>
<td>Payroll Processing</td>
<td>1,328</td>
<td>1,703</td>
<td>1,789</td>
</tr>
<tr>
<td>Records Management</td>
<td>6,658</td>
<td>4,331</td>
<td>4,401</td>
</tr>
<tr>
<td>IT End-User Devices and Wireless Support*</td>
<td>-</td>
<td>-</td>
<td>11,800</td>
</tr>
<tr>
<td>Printing Service</td>
<td>-</td>
<td>3,467</td>
<td>3,720</td>
</tr>
<tr>
<td>Scanning and Digital Archiving</td>
<td>-</td>
<td>-</td>
<td>860</td>
</tr>
<tr>
<td>Space Renovation &amp; Furniture</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Working Capital Fund Operations</td>
<td>1,985</td>
<td>1,945</td>
<td>1,997</td>
</tr>
<tr>
<td><strong>Total Operating Budget</strong></td>
<td><strong>$56,685</strong></td>
<td><strong>$61,383</strong></td>
<td><strong>$76,904</strong></td>
</tr>
</tbody>
</table>

* Reproposed from 2023 Budget

Current Activities:
- Financial management, procurement, and travel services provided by the Department of the Treasury’s Administrative Resource Center (ARC)
- Human resources processing services provided by ARC
- Human resources platforms provided by the Department of the Treasury’s Shared Services Programs (TSSP)
- National Finance Center (NFC) payroll processing
- Records Management services by the National Archive and Records Management
- Printing Services by the Government Publishing Office
- WCF Operations to fully recover the operational costs of the WCF

New Activities Proposed in 2024:
- IT end-user devices and wireless support
- Scanning and Digital Archiving
- Space Renovation and Furniture

**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 of 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 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.

New Business Lines Proposed in 2024

The 2024 Budget reproposes IT end-user devices and wireless support from the 2023 Budget and
expands business line offerings with the inclusion of Scanning and Digital Archiving services, and
Space Renovation & Furniture.

IT End-User Devices and Wireless Support: Funding select IT Operations and Maintenance
expenses out of the WCF aligns with 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 to 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 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 2 below.

### Table 2

<table>
<thead>
<tr>
<th>Component</th>
<th>2024 End-User Devices - Base</th>
<th>2024 Allocation – End-User Devices</th>
<th>Realignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMIN</td>
<td>-</td>
<td>502,148</td>
<td>502,148</td>
</tr>
<tr>
<td>CPD</td>
<td>-</td>
<td>1,106,915</td>
<td>1,106,915</td>
</tr>
<tr>
<td>EO</td>
<td>-</td>
<td>199,022</td>
<td>199,022</td>
</tr>
<tr>
<td>FHEO</td>
<td>-</td>
<td>1,080,506</td>
<td>1,080,506</td>
</tr>
<tr>
<td>GNMA</td>
<td>-</td>
<td>330,388</td>
<td>330,388</td>
</tr>
<tr>
<td>LHCHH</td>
<td>-</td>
<td>89,811</td>
<td>89,811</td>
</tr>
<tr>
<td>HSNG</td>
<td>-</td>
<td>3,285,641</td>
<td>3,285,641</td>
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<tr>
<td>OCFO</td>
<td>-</td>
<td>379,632</td>
<td>379,632</td>
</tr>
<tr>
<td>OCHCO</td>
<td>-</td>
<td>242,826</td>
<td>242,826</td>
</tr>
<tr>
<td>OCIO</td>
<td>-</td>
<td>752,369</td>
<td>752,369</td>
</tr>
<tr>
<td>OCPO</td>
<td>-</td>
<td>136,731</td>
<td>136,731</td>
</tr>
<tr>
<td>ODEEO</td>
<td>-</td>
<td>30,272</td>
<td>30,272</td>
</tr>
<tr>
<td>FPM</td>
<td>-</td>
<td>629,682</td>
<td>629,682</td>
</tr>
<tr>
<td>OGC</td>
<td>-</td>
<td>832,724</td>
<td>832,724</td>
</tr>
<tr>
<td>OBT</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PDR</td>
<td>-</td>
<td>284,390</td>
<td>284,390</td>
</tr>
<tr>
<td>PIH</td>
<td>-</td>
<td>1,916,943</td>
<td>1,916,943</td>
</tr>
<tr>
<td>IT Fund</td>
<td>11,800,000</td>
<td>-</td>
<td>-11,800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,800,000</strong></td>
<td><strong>11,800,000</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Scanning and Digital Archiving Services: Scanning and Digital Archiving services include scanning of documents and assignment of metadata for archiving and records, standardized and secured digital asset management, and consistent services from trained Records Managers who oversee and administer related activities.

This service complements the WCF’s Records Management service line by providing options for HUD Customers to store and maintain their records. Records that are properly scanned and archived no longer need to be kept either physically onsite or in NARA storage facilities. The records become easily accessible and searchable for future use. The value to HUD’s operation is increased efficiency, effectiveness, and costs savings due to reduced paper storage costs over time with National Archives. The Department will be able to support electronic information management needs in a standardized, compliant fashion which addresses security, records privacy, and search requirements. This initiative will increase transparency and equip employees with the tools they need to succeed. This proposed Scanning and Digital Archiving services represents a budget-neutral realignment for the Department of $860 thousand; 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 one ADMIN employee that will be funded via the WCF.

For a detailed shift in the budget-neutral realignment of budget authority, please see Table 3 below.
**WORKING CAPITAL FUND**

**TABLE 3**

<table>
<thead>
<tr>
<th>Component</th>
<th>2024 Scanning &amp; Digital Archiving - Base</th>
<th>2024 Allocation - Printing</th>
<th>Realignment - Printing</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMIN</td>
<td>860,000</td>
<td>25,472</td>
<td>-834,528</td>
</tr>
<tr>
<td>CPD</td>
<td>-</td>
<td>94,314</td>
<td>94,314</td>
</tr>
<tr>
<td>EO</td>
<td>-</td>
<td>7,731</td>
<td>7,731</td>
</tr>
<tr>
<td>FHEO</td>
<td>-</td>
<td>62,531</td>
<td>62,531</td>
</tr>
<tr>
<td>GNMA</td>
<td>-</td>
<td>20,363</td>
<td>20,363</td>
</tr>
<tr>
<td>LHCHH</td>
<td>-</td>
<td>5,383</td>
<td>5,383</td>
</tr>
<tr>
<td>HSNGL</td>
<td>-</td>
<td>285,581</td>
<td>285,581</td>
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<tr>
<td>OCFO</td>
<td>-</td>
<td>24,282</td>
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<tr>
<td>OCHCO</td>
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<td>28,166</td>
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<tr>
<td>OCPO</td>
<td>-</td>
<td>13,609</td>
<td>13,609</td>
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<tr>
<td>ODEEO</td>
<td>-</td>
<td>1,838</td>
<td>1,838</td>
</tr>
<tr>
<td>FPM</td>
<td>-</td>
<td>38,581</td>
<td>38,581</td>
</tr>
<tr>
<td>OGC</td>
<td>-</td>
<td>67,359</td>
<td>67,359</td>
</tr>
<tr>
<td>PDR</td>
<td>-</td>
<td>17,489</td>
<td>17,489</td>
</tr>
<tr>
<td>PIH</td>
<td>-</td>
<td>151,329</td>
<td>151,329</td>
</tr>
<tr>
<td>Total</td>
<td>860,000</td>
<td>860,000</td>
<td>-</td>
</tr>
</tbody>
</table>

**Space Renovation & Furniture:** The proposed Space Renovation and Furniture service will be provided to program offices in the Weaver Building and associated National Capital Region Satellite office. It supports HUD’s move to develop a more flexible and hybrid working environment. Additionally, funding this service will provide more flexibility in financing, optimize operations by managing the budget, reduce the complexity of contracting in-between annual appropriations, and allow Space Management to focus their efforts on important areas such as regulatory compliance and providing ergonomic designs and furnishings that foster a safe and healthy work environment.

The proposed service will align with the Department’s goal to strengthen HUD’s internal capacity and efficiency. The service has the potential to realize long-term savings through office consolidation, increase customer visibility into costs, and provide efficiency in budget utilization. The funding for this proposal will initially come from program office carryover as part of a pilot transition period, with no FTE impact. Future fiscal years will incorporate longer term planning and cost modeling as part of HUD’s longer term space utilization planning efforts.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

**Appropriations Language Changes**

The 2024 President’s Budget includes the following:

The 2024 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 operations and risk mitigation. The Budget would mitigate risk by allowing the WCF to establish and operate a proper operating reserve, in line with peer WCFs across the Federal Enterprise. Some immediate benefits would be improved management of fixed versus variable expenses and smoother operations during continuing resolution periods.

APPROPRIATIONS LANGUAGE

The 2024 President’s Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the working capital fund [for the Department of Housing and Urban Development] (referred to in this paragraph as the "Fund"), established pursuant[, in part,] to section 7(f) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(f)), amounts transferred, including reimbursements [pursuant to section 7(f)], to the Fund under this heading shall be available, [only for Federal shared services used by offices and agencies of the Department, and for any such portion of any office or agency’s printing, records management, space renovation, furniture, or supply services the Secretary has determined shall be provided through the Fund, and the operational expenses of the Fund] 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 [amounts within the Fund shall not be available to provide services not specifically authorized under this heading: Provided further, That upon a determination by the Secretary that any other service (or portion thereof) authorized under this heading shall be provided through the Fund, amounts made available in this title for salaries and expenses under the headings "Executive Offices", "Administrative Support Offices", "Program Offices", and "Government National Mortgage Association", for such services shall be transferred to the Fund, to remain available until expended: Provided further, That the Secretary shall notify the House and Senate Committees on Appropriations of its plans for executing such transfers at least 15 days in advance of such transfers] expenses of operation under such section 7(f) shall include operational reserves. (Department of Housing and Urban Development Appropriations Act, 2023.)
## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**Program Office Salaries and Expenses**

**Office of Inspector General**

### SALARIES AND EXPENSES

*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2022*</th>
<th>Carry Over</th>
<th>2023</th>
<th>Enacted</th>
<th>Total</th>
<th>Carry Over</th>
<th>2024</th>
<th>Enacted</th>
<th>Total</th>
<th>President’s Budget</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Services:</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>105,153</td>
<td>-</td>
<td>109,777</td>
<td>109,777</td>
<td>-</td>
<td>115,780</td>
<td>115,780</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Personnel Services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>785</td>
<td>-</td>
<td>1,421</td>
<td>1,421</td>
<td>-</td>
<td>1,507</td>
<td>1,507</td>
<td></td>
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</tr>
<tr>
<td>Transportation of Things</td>
<td>2</td>
<td>-</td>
<td>5</td>
<td>5</td>
<td>-</td>
<td>5</td>
<td>5</td>
<td></td>
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</tr>
<tr>
<td>Rent and Utilities</td>
<td>6,882</td>
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<td>6,896</td>
<td>6,896</td>
<td>-</td>
<td>6,833</td>
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<tr>
<td>Printing</td>
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<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td>Other services/Contracts</td>
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<td>22,417</td>
<td>22,417</td>
<td>-</td>
<td>24,840</td>
<td>24,840</td>
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<tr>
<td>Training</td>
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<td>561</td>
<td>561</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Supplies</td>
<td>271</td>
<td>-</td>
<td>325</td>
<td>325</td>
<td>-</td>
<td>345</td>
<td>345</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>4,251</td>
<td>-</td>
<td>4,377</td>
<td>4,377</td>
<td>-</td>
<td>3,877</td>
<td>3,877</td>
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<td>Claims and Indemnities</td>
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<td>-</td>
<td>250</td>
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<td>250</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total, Non-Personnel Services</strong></td>
<td>34,207</td>
<td>-</td>
<td>36,223</td>
<td>36,223</td>
<td>-</td>
<td>38,220</td>
<td>38,220</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Working Capital Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryover</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>139,360</td>
<td>-</td>
<td>146,000</td>
<td>146,000</td>
<td>-</td>
<td>154,000</td>
<td>154,000</td>
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<tr>
<td>FTEs</td>
<td>518</td>
<td>-</td>
<td>520</td>
<td>520</td>
<td>-</td>
<td>525</td>
<td>525</td>
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<td></td>
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</tr>
</tbody>
</table>

*Includes 2021 carryover

### PROGRAM PURPOSE

The Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD), is an independent and objective organization, conducting and supervising audits, evaluations, investigations, and reviews relating to the Department’s programs and operations. OIG promotes economy, efficiency, and effectiveness in these programs and operations while also preventing and detecting fraud, waste, abuse, and mismanagement. OIG is committed to keeping the HUD Secretary, the Congress, and its stakeholders fully and currently informed about problems and deficiencies within the programs of the Department and the necessity for and progress of corrective action. Beyond ensuring proper stewardship of Federal funds, through timely and influential oversight, OIG aims to protect HUD’s beneficiaries and ensure that HUD’s critical programs are efficiently administered to the vulnerable communities and populations who need them most.

The work of the OIG is important to the Department’s ability to achieve its strategic goals, as its oversight provides an independent perspective on how HUD’s management challenges affect the Department. The OIG aligns staff and work to most efficiently deploy resources to provide comprehensive oversight over HUD’s major operations and address the issues and concerns most critical to the Department. Providing impactful oversight, OIG models stewardship of taxpayer resources by enhancing operational efficiency and effectiveness through innovative solutions and leveraging data, technology, and insights from its dedicated workforce.
BUDGET OVERVIEW

The 2024 President’s Budget requests $154 million for the OIG, which is $8 million more than the 2023 enacted 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 oversight, notably audits of HUD’s financial statements, evaluations of the maturity of HUD’s cybersecurity operations under the Federal Information Security Management Act (FISMA), and the Payment Integrity Information Act (PIIA).

The Budget represents a 5.5 percent increase from the 2023 enacted level to 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.

Inspector General Act Budget Requirements

In accordance with the requirements of the Inspector General Act of 1978, as amended, OIG is including the following details:

- OIG’s 2024 Budget request is for $154 million in support of an estimated 525 full-time equivalents (FTE) with an additional 12 FTE estimated to be supported using supplemental funding (Harvey, Irma, Maria, and other Disaster supplemental appropriations for a total of 537 FTE).
- The amount included in this request to support external training costs is $561.4 thousand, $32 thousand above 2023 enacted.
- The amount included in this request to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE) is $647 thousand, $34 thousand above 2023 enacted.

Personnel Services (PS)

The Budget assumes total funding of $115.8 million for PS, $6 million above 2023 total funding. This funding will support 525 FTEs, five FTEs above the 2023 enacted level. The requested FTE level and PS resources will support OIG’s oversight of critical HUD programs and business functions.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2023 PS Obligations (including reimbursable)</th>
<th>2023 Annualization / 2024 COLA Inflation</th>
<th>2023 Benefit Cost Inflation</th>
<th>FTE Increase / Decrease</th>
<th>One Extra Compensable Day</th>
<th>Other PS Adjustments (works comp, PLI, etc.)</th>
<th>Reimbursable Adjustment</th>
<th>2024 Total PS Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024 Budget</td>
<td>109,777,301</td>
<td>3,781,489</td>
<td>811,633</td>
<td>1,076,341</td>
<td>433,138</td>
<td>-</td>
<td>(100,000)</td>
<td>115,779,901</td>
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</table>

<table>
<thead>
<tr>
<th>FY 2023 Enacted FTE</th>
<th>FY 2024 Requested FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>520.0</td>
<td>525.0</td>
</tr>
</tbody>
</table>
The increase of $6 million above the 2023 enacted level includes:

- $1.1 million to support 5 FTEs above the 2023 enacted funding level. These positions would be allocated to oversight that promotes HUD’s mission of providing safe and sanitary conditions in HUD-assisted housing. The resulting investigations, audits, and evaluations conducted will advance the IG’s initiative to protect HUD beneficiaries from health and safety risks and hazards, and from fraud schemes perpetrated against vulnerable populations. This includes, but is not limited to, oversight of unsafe and unsanitary living conditions, hazards like lead-based paint, and predatory landlords that abuse vulnerable tenants by committing acts of sexual misconduct or executing schemes to exploit tenants financially.

- $4.6 million in inflationary increases for compensation and benefits, including the budget year 5.2 percent projected COLA ($2.9 million), annualization of the 2023 COLA inflation ($900 thousand), and 2024 benefit cost inflation ($800 thousand).

- $433 thousand increase in requirements to account for one extra compensable day in 2024.

- $100 thousand decrease in requirements based on projected increase to reimbursable offsets.

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 shifting and the prioritization of its oversight resources towards HUD programs and operations identified in the OIG’s Top Management Challenges report. Specifically, the OIG will dedicate resources to address the areas of greatest concern:

- Ensuring access to and availability of affordable housing
- Mitigating counterparty risks in mortgage programs
- Eliminating hazards in HUD-assisted housing
- Managing human capital
- Increasing efficiency in procurement
- Improving IT modernization and cybersecurity
- Sustaining progress in financial management
- Administering disaster recovery
- Grants management
- Fraud risk management

Additional details outlining priorities for OIG’s personnel are in the Organizational Initiatives section of this document.

**Workforce Planning:** The OIG is using its priority oversight and strategic planning processes to determine the optimal mix of skillsets within the 525 FTE total, taking advantages of staffing opportunities to increase some aptitudes and talents to address emerging or more predominant HUD challenges. The OIG continuously calibrates the human capital resources within the differing oversight groups to ensure consistent and appropriate coverage of all program areas by the appropriate personnel. This has resulted in cadres of experienced oversight professionals whose work is dedicated to key Department programs and operations, while maintaining the flexibility to address emerging issues and focus on the Inspector General’s initiatives to protect HUD beneficiaries.

Additionally, the OIG seeks to enhance all oversight functions by continuing to add specialized support services and skill sets to our teams. This includes science and technology skillsets like digital forensics analysts and data scientists who can increase the speed and quality with which we identify the best oversight objectives or investigative leads and then execute field work to complete those engagements. Equally, to continue building a deep base of knowledge within the OIG, the office plans to recruit individuals with housing finance, financial market, and direct HUD program
experience. By increasing its talent base in these areas, the OIG will be better positioned to oversee the Department’s vast and complex programs, including the intersectionality between HUD and the broader housing industry, grantees, and other HUD partners. As mission support is a critical component of operational success, the OIG has prioritized building a foundation of talent within the Office of Information Technology to ensure sufficient cybersecurity and infrastructure expertise to foster continuity in long-term IT infrastructure planning.

Overall, the 2024 Budget FTE level provides for minimal new personnel investment while supporting the current service needs of the OIG and allows for sufficient positioning of the office’s resources to successfully carry out its mission.

### OIG FTE FROM OTHER FUNDING SOURCES

<table>
<thead>
<tr>
<th>Appropriation Type</th>
<th>2022 FTE</th>
<th>2023 FTE</th>
<th>2024 FTE</th>
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<tbody>
<tr>
<td>All Disaster Supplemental Funding</td>
<td>13.1</td>
<td>13.0</td>
<td>11.7</td>
</tr>
<tr>
<td>CARES Act</td>
<td>12.4</td>
<td>2.5</td>
<td>-</td>
</tr>
</tbody>
</table>

### Non-Personnel Services (NPS)

The OIG’s 2024 non-personnel services (NPS) requirements, including the cost of the consolidated financial statement audit, are $38.2 million or $2 million more than 2023 enacted level. The total increase represents a combination of adjustments to the base and new investments.

<table>
<thead>
<tr>
<th>NPS Category</th>
<th>Adjustments to Base</th>
<th>New Investment (+)</th>
<th>Total Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>71,058</td>
<td>14,348</td>
<td>85,407</td>
</tr>
<tr>
<td>Transportation of Things</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rent and Utilities</td>
<td>(62,878)</td>
<td>-</td>
<td>(62,878)</td>
</tr>
<tr>
<td>Printing</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Services/Contracts</td>
<td>1,223,598</td>
<td>1,200,000</td>
<td>2,423,598</td>
</tr>
<tr>
<td>Training</td>
<td>26,478</td>
<td>5,347</td>
<td>31,825</td>
</tr>
<tr>
<td>Supplies</td>
<td>16,250</td>
<td>3,281</td>
<td>19,531</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims and Indemnities</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,274,506</td>
<td>1,222,976</td>
<td>2,497,483</td>
</tr>
</tbody>
</table>

- **Other Services / Contracts:** The 2024 adjustments to the base in the other services category represent the cost to support current services based on the most recent cost information available to the OIG with some investments in information security.

  Adjustments to Base: +$1.2 million

  o **IT operations:** Requirements associated with IT operations are the largest increase in this category. The cost to support OIG IT infrastructure is increasing by $2 million over 2023 requirements. Most of the increased expenditures are associated with OIG’s business operations support needs. OIG’s primary business operations support service was recompeted and awarded in late 2022. As part of that process, the contract was converted to a firm fixed price model which increased the overall annual cost. This was done as a risk mitigation action to diminish the budget risk from unexpected contractor cost overruns and have the possibility to strain resources, crowding out other necessary spending. Additionally, OIG requires increased services to support systems development, network engineering, and other critical IT needs.
The OIG is also projecting higher annual costs to support its cloud computing infrastructure.

- Non-IT operations: The remaining adjustments to base are a combination of requirements that represent a total net decrease of $764 thousand. OIG is expecting reduced space services costs based on decreased GSA forced move requirements in 2024 compared to enacted 2023. Projected costs associated with Bureau of the Fiscal Service (BFS) support and strategic assessment and planning services are also declining from 2023 levels. These decreases are balanced against an expected increase in the cost of the financial statement audits, CIGIE related expenses, personnel background investigation shared services, and other minor contracts.

New Investment: +$1.2 million

- Security Operations Center: This new investment would support access to the services of a Security Operations Center (SOC). Currently, the OIG is out of compliance with OMB M-19-02, which requires Agencies to complete SOC maturation, consolidation, and migration to SOC as a service (SOCaaS), allowing the OIG to better defend against unauthorized activity within our computer networks. The OIG operates an IT network independently from HUD and will need to procure monitoring services separate from HUD's contract to meet this requirement. The additional funding will allow OIG to invest in the DOJ SOCaaS, which is the most cost-effective solution to procure 24/7 security monitoring of the HUD OIG network. SOC related requirements will be reassessed for cost effectiveness going forward after the initial investment in 2024 with expected annual costs to continue at the same initial investment level of $1.2 million.

- Furniture and Equipment: The OIG expects a net decrease of $500 thousand in equipment spending category requirements in 2024. This is due to reduced GSA forced moves and other space projects expected to take place during 2024. Additionally, the OIG projects IT operational equipment needs to decline due to reduced hardware needs. These decreases are balanced against increases in GSA leased vehicle costs and other equipment needs such as ammunition or body vests for investigative personnel.

- Travel: The OIG projects inflationary costs for travel to equal $71 thousand in 2024, with an additional 14 thousand in new spending to support additional FTEs above the 2023 enacted level. The OIG has fully returned to pre-pandemic travel volume for many personnel and mission activities. Beginning in April 2023, OIG employees will be in our office space three days per week and will conduct regular travel for in-person engagement. The OIG will balance in-person engagements with virtual meetings to enhance employee engagement and collaboration.

- Rent and Utilities: OIG continues to seek efficiencies and to strategically align our real estate portfolio with our oversight priorities. Overall, U.S. General Services Administration rent requirements and other costs covered in this spending category have a net reduction of $63 thousand. Part of this approach includes HUD OIG partnering with other OIGs to share space where possible.

- Training: The OIG projects inflationary costs for training of $26 thousand in 2024, with an additional $5 thousand in new investment to support additional FTEs above the 2023 enacted level. This requirement supports all law enforcement, oversight, support, and leadership development training needs for the OIG.

- Supplies: The OIG projects inflationary costs for supplies of $16 thousand in 2024, with an additional $3 thousand in new investment to support additional FTEs above the 2023 enacted level.
Financial Statement Audits

The OIG currently utilizes two contracts to support required audits of HUD, specifically the consolidated financial statement audit and the component audits of Ginnie Mae and the Federal Housing Administration (FHA). The 2023 projected total cost to support the financial statement audit is $6.1 million (included in contractual costs identified in the NPS section of this CJ). The OIG plans to recompete the financial audit contract as one unified procurement during 2023 with the winning bidder performing the 2024 financial statement audit. Our current projection for the total cost to support the 2024 audit is $6.2 million or $100 thousand more than the 2023 enacted level.

Information Technology (IT)

The 2024 Budget provides necessary funding to support adjustments to the base associated with the OIG’s IT current services and investment in mandated cyber security services. This includes the necessary costs of business operations services, cyclical replacement of IT assets, network infrastructure, and other equipment as part of normal operations and maintenance activities. Overall, the OIG plans to expend a lower percentage of our appropriation on IT current services than in both 2021 and 2022.

The OIG has made a concerted effort to bring all IT systems in compliance with Cybersecurity and Infrastructure Security Agency (CISA) requirements over the previous few fiscal years, with this effort continuing into 2024. Some examples include:

- Planning to implement Trusted Internet Connection (TIC) compliant internet connections at both the primary and disaster recovery data centers.
- Actively procuring technology that will allow for 72-hour Packet Transfer capabilities.
- Investing in the Department of Homeland Security (DHS) Continuous Diagnostic and Mitigation program which allows the OIG to procure additional information security services and equipment with cost sharing through DHS.
- Purchasing HCI Data-At-Rest Encryption technology which provides additional server capability with built in information security features required by CISA.

Beyond cybersecurity, the OIG continues to invest in management information systems that create efficiencies and maximize the oversight capabilities of mission personnel, while providing OIG leadership with better insight with which to direct the Agency. For example:
• SAS is allowing the OIG’s data analytics teams to take huge data sets that can be dissected to identify potential criminal activity or grantees that need additional oversight – this information allows for more productive and efficient oversight engagements, saving time and resources.

• The eCase Oversight Project Tracking Information Management System (OPTIMUS) replaced the OIG’s previous outdated and under-functioned system. OPTIMUS is a cohesive oversight workload management system that integrates data from all non-investigative OIG components, allowing for more efficient oversight and resource input analysis.

• The Research and Analysis Portal replaces an array of systems with a new tool supporting cross-agency legal, investigatory, and other data gathering needs. Additionally, the acquisition into a combined product decreased overall costs and improved functionality.

• Modernization of the OIG’s Records Management System has allowed for more thorough and quicker responses to congressional requests, improved responsiveness to FOIA requests, enhanced accessibility, and better overall central management of records.

KEY OPERATIONAL INITIATIVES

IG Priorities to Protect Vulnerable Populations from Unsafe and Hazardous Conditions

Under the leadership of Inspector General Oliver Davis, the OIG is dedicating oversight resources to focus on protecting the most vulnerable of HUD beneficiaries. The OIG will use both the personnel and non-personnel requirements outlined in this Budget to initiate more audits, investigations, and reviews into the communities where OIG has identified an increased risk that public housing agencies (PHA), contract administrators, and landlords are not in compliance with HUD’s requirements of providing safe living conditions in housing units receiving HUD rental assistance. Additionally, the OIG has received allegations of unscrupulous individuals and entities seeking to exploit HUD beneficiaries through financial fraud schemes or through sexual misconduct.

The Inspector General’s vision calls for holistic reviews of programs and operations at the national, regional, and local level, and taking a targeted, data-driven, and risk-based approach to deploying oversight resources. The goal of these efforts is to assist HUD in identifying ways to increase compliance by PHAs and landlords with HUD’s requirements designed to provide decent, safe, and sanitary housing to beneficiaries. OIG also intends to identify ways HUD can enhance its monitoring capabilities to better ensure PHAs and landlords are following HUD requirements going forward, and improve the experiences for HUD’s stakeholders. Finally, the OIG will work with Federal, State, and local law enforcement partners, including outreach and education to HUD communities and beneficiaries, to root out participants engaged in fraud schemes that abuse vulnerable HUD beneficiaries. Additional staffing resources will provide the appropriate capacity to help the OIG to do additional oversight over these critical programs and the entities and individuals who implement them. Below are descriptions of the Inspector General’s priorities and our work to address them.

Identifying and Mitigating Lead Hazards: The OIG is dedicating oversight capacity to tackle lead-based hazards, which is one of the greatest housing-related threats to children in the United States. There are approximately half a million children in the United States, ages 1-5, with blood lead levels above the level at which the Centers for Disease Control and Prevention recommend that public health actions be initiated.

OIG is identifying and mitigating lead hazards through a multi-pronged oversight approach. First, OIG is assessing whether HUD and its partners have the authorities, capacity, and capabilities needed to effectively carry out the responsibilities to provide housing that is lead-safe. Second, OIG is promoting accountability for HUD in carrying out its program responsibilities and oversight of its program participants. Third, OIG is enhancing compliance with and enforcement of Federal lead
hazard laws. The OIG is confident that dedicating resources to drive compliance up at the national and local levels will correlate directly with a decrease in lead poisonings for HUD-assisted families. This has resulted in OIG dedicating oversight resources to address systemic weaknesses, an iterative approach at the PHA level to drive compliance up and identify and investigate individuals who defraud or undermine HUD’s lead programs and endanger the health and safety of HUD beneficiaries.

This multi-pronged approach has yielded results and can be expanded with additional investments. OIG audit work has revealed significant challenges in HUD’s programs. OIG has found that HUD did not have adequate oversight of public housing agencies’ compliance with the Lead Safe Housing Rule, including appropriately determining when units are exempted from the rule. A recent Management Alert highlighted that HUD does not require PHAs and other property owners to document or maintain evidence to support those determinations, a significant gap that limits HUD’s ability to oversee lead-based paint hazards. OIG also found that HUD had limited requirements for multifamily properties concerning lead in the drinking water, and did not require property owners or agents to take action to address the potential for lead in the drinking water. Through addressing these and similar issues identified by OIG oversight, HUD and its partners make a positive impact on the vulnerable communities they serve.

In addition to these systemic gaps, investigative efforts have uncovered serious misconduct that left HUD-assisted families at risk. An OIG investigation found that since at least 2013 the New York City Housing Authority had extensively violated EPA’s lead abatement regulations when conducting hundreds of abatements a year. This investigation has become a model that the OIG is expanding across the country and has yielded results. An OIG investigation resulted in a contractor in Indiana being sentenced to 16 months in Federal prison for failing to follow Federal lead paint laws and obstructing justice. While performing work at HUD-funded renovations sites, including a residence inhabited by a child with elevated blood lead levels, the defendant’s company performed work that resulted in lead-based paint chips being scattered throughout the properties and not being cleaned up timely or properly. After being subpoenaed by a grand jury investigating this matter, the contractor falsified documents to conceal that his employees had not received proper training on lead-safe work practices. The OIG will continue to investigate PHAs, landlords, contractors, and inspectors who knowingly fail to perform maintenance or lead hazards reduction work safely, putting HUD’s beneficiaries at risk.

Additional, iterative, risk-based audit work is underway to determine whether large PHAs in Pennsylvania, Ohio, and California adequately managed lead-based paint hazards in their public housing units. The audits will focus on whether PHAs are properly disclosing lead hazards to tenants, properly conducting annual assessments, acting appropriately following confirmed cases of elevated blood lead levels in children, and documenting the PHAs lead hazard mitigation and other work. With commensurate resources, the OIG can expand this approach and continue implementing similar audits for at-risk HUD-assisted housing across the country.

Improving Living Conditions in Assisted Housing Units: The OIG is also examining how problems identified during physical inspections of HUD-assisted housing units are being addressed. The OIG is currently auditing HUD’s process for overseeing corrective actions taken by property owners, both PHAs and landlords, to address inspection findings and particularly those identified as emergency health and safety concerns. Additionally, the OIG is auditing the process by which HUD program offices oversee PHA and landlord remediation of problems found during inspections. The OIG plans

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1 Southern District of Indiana | Richmond Contractor Sentenced to over 1 Year for Violating Federal Lead Paint Laws and Obstructing Justice | United States Department of Justice
to initiate additional reviews of PHAs and landlords to assess their compliance with HUD's requirements to maintain housing units in safe and sanitary conditions.

In addition, the OIG will continue to dedicate the resources of the Office of Investigation to identify PHAs, landlords, and property managers who are failing to uphold their responsibilities to provide safe and sanitary living condition in HUD-assisted housing. To further these efforts, the OIG has expanded outreach to housing advocates, community groups, and environmental justice organizations to identify additional allegations of fraud, waste, and abuse that exposes HUD beneficiaries to dangerous hazards in their homes. Additionally, OIG regularly develops fraud bulletins and other public service announcements to help educate and protect HUD's stakeholders from common fraud schemes, and use a data-driven approach to applying limited oversight resources to where the greatest threats exist.

Additional information about the OIG's recent and ongoing work can be found below.

Protecting Vulnerable Tenants from Abuse: The OIG has identified several significant instances of landlords engaging in fraud or abuse of vulnerable tenants, and is committing resources to ferreting out other instances of this conduct in HUD’s programs. Abuse can occur through physical violence, sexual harassment and misconduct, or through financial fraud schemes that steal money from low-income households. Increasing the OIG’s capacity to investigate these schemes has been an integral part of our oversight strategy.

Together with the Department of Justice and our other law enforcement partners, HUD OIG recently obtained the largest settlement of its kind against a landlord who sexually abused HUD-assisted tenants and potential tenants. The settlement will go towards compensating the people who suffered as a result of the landlord’s actions. Having adequately trained personnel dedicated to undertaking these taxing investigations will make a direct, meaningful impact on the lives of HUD’s beneficiaries and provide a deterrent effect to others.

Another area where OIG has observed landlords preying upon vulnerable HUD-assisted tenants is by charging them more for rent or utility fees than they do other tenants. Under HUD rules, HUD’s low-income Section 8 voucher holders are required to pay up to 30 percent of their income, which can represent a substantial amount for families given their limited means. However, under HUD rules, landlords cannot bilk both HUD and the tenant by charging them more for rent than they do other non-HUD-assisted renters. They rely on the fact that the tenants are in need of housing, do not always have alternative options, and that HUD’s local partners at Public Housing Authorities will pay the remainder of the rent.

OIG investigations and other oversight can and will positively change the lives of those in need, who depend on access to and the effectiveness of HUD assistance. OIG’s ability to affect positive change is dependent on resources. OIG staffing resources and non-personnel support are at the heart of OIG’s initiatives to fight fraud and abuse that negatively affects HUD programs and beneficiaries. The personnel and non-personnel requirements outlined in this request support this important operational initiative and allow the OIG to continue building on recent successes.

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2 More information can be found at: [https://www.hudoig.gov/fraud/notices-alerts/public-program-participants](https://www.hudoig.gov/fraud/notices-alerts/public-program-participants)
Comprehensive Oversight of HUD's Key Functions

Over the past several years, the OIG has repositioned staff to provide more comprehensive oversight over critical programs and operations of HUD, including expanding oversight into areas of HUD operations where the historic oversight footprint was not commensurate with the importance of the program to HUD and the public. To ensure that OIG’s oversight is influential and most impactful for HUD and its stakeholders, the OIG has aligned its oversight planning and key reports to the priorities established in HUD’s strategic plan. The OIG has reoriented oversight teams from being primarily regionally based to a model that allows dedicated audit and evaluation teams develop and leverage deeper program expertise. Further, OIG’s teams of investigators, who for operational efficiency maintain primarily regional coverage, can leverage the focused audit and evaluation teams through cross-component collaboration and planning.

This approach has led to significant results for OIG. Last fiscal year, OIG audits found over $7 billion in funds that could be put to better use, almost $12 million in questioned costs, and saw over $18 million in collections. Similarly, investigations resulted in over $40 million in restitutions and judgments, with over $10 million total recoveries and receivables ordered to HUD programs. While OIG measures success also in the positive impact on HUD’s beneficiaries, from the taxpayer’s perspective the return on investment in OIG is clear.

To ensure comprehensive oversight of HUD’s key functions, OIG work addresses what it has independently determined to be the top management and performance challenges facing the Department. Each challenge is tied to HUD’s strategic plan and is informed by past OIG oversight findings, the views of Department leadership, the work of the office’s oversight partners such as GAO, and input from key external stakeholders. For 2023, OIG has determined HUD’s Top Management Challenges to be:

- Ensuring access to and availability of affordable housing
- Mitigating counterparty risks in mortgage programs
- Eliminating hazards in HUD-assisted housing
- Managing human capital
- Increasing efficiency in procurement
- Improving IT modernization and cybersecurity
- Sustaining progress in financial management
- Administering disaster recovery
- Grants management
- Fraud risk management

Additionally, OIG recently issued its first Priority Open Recommendations Resource identifying the OIG recommendations that, if closed, would have the largest positive impact on HUD’s programs and the communities and individuals served. The report focuses the attention of the Department, the Congress, and the public on key weaknesses that would yield large, tangible benefits if addressed. The report has already had an impact, as the Department took action to close three recommendations related to contaminated sites upon being informed which recommendations were to be on the priority list, and recently closed a fourth priority open recommendation that HUD enforce the requirement for all HUD web applications and services to be approved and authorized by OCIO.

OIG will continue to work with the Department to expeditiously address these priority recommendations and to keep the Congress and the public informed about the Department’s progress in doing so.

OIG auditors, evaluators, and investigators orient their work toward addressing a top management challenge within the HUD programs or geographical areas they are responsible for. This multistage
process has resulted in OIG providing deliberate, targeted oversight over the most critical of HUD’s programs and resulted in actionable recommendations that provide a roadmap for HUD and its stakeholders to achieve program improvements. It has also ensured that OIG’s investigative work will yield the greatest deterrent possible, and provide accountability where the taxpayer or HUD beneficiaries are most at risk.

The Department will continue to face challenges in administering and monitoring the use of funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the American Rescue Plan (ARP) Act, and other dedicated pandemic-related funding. The office has done considerable work to provide timely and targeted oversight to help the Department effectively stand up its program, including through the use of agile work products, lessons learned reports, audits of grantee challenges, and fraud risk inventories and risk assessments. The OIG also examined how well the Department was communicating with FHA-insured homeowners and, with its counterparties, providing pandemic relief. While OIG has exhausted the supplemental appropriation it received to perform oversight of the pandemic, the work in this area is far from over.

While by no means exhaustive, the below snapshot of the OIG oversight portfolio shows that completed, ongoing, and recently announced oversight work has and will make meaningful, positive impacts on the Department’s core operations.

**Addressing Counterparty Risk/ Protecting HUD’s Insurance Funds**

**Approximately 31,500 FHA-Insured Loans Did Not Maintain the Required Flood Insurance Coverage in 2020**

OIG’s audit objective was to determine whether borrowers of FHA-insured loans maintained proper flood insurance coverage. OIG found FHA insured at least 31,500 loans serviced during calendar year 2020 for properties in SFHA flood zones that did not maintain the required flood insurance coverage. OIG found loans that had private flood insurance instead of the required NFIP coverage, NFIP coverage that did not meet the minimum required amount, or no coverage during calendar year 2020. As a result, the FHA insurance fund was potentially exposed to greater risk from at least $4.5 billion in loans that did not maintain adequate NFIP coverage. OIG recommends that FHA develop a control to detect loans that did not maintain the required flood insurance to avoid potential future costs to the FHA insurance fund from inadequately insured properties, and make any necessary adjustments to the forward mortgage and HECM handbooks.

**HUD Did Not Have Adequate Controls in Place to Track, Monitor, and Issue FHA Refunds Owed to Homeowners**

The OIG audited HUD oversight of FHA refunds based on a hotline complaint alleging that HUD was trying to make it difficult for claimants to obtain refunds or discourage them from pursuing the refunds, which are due to eligible homeowners from the unearned portion of the upfront mortgage insurance premium paid. The audit found the allegations from the hotline complaint had some merit. Also, HUD did not have adequate controls in place to ensure that refunds were appropriately tracked, monitored, and issued. For example, HUD did not ensure that the homeowner information for at least 23,579 loans with unpaid refunds totaling approximately $15.8 million was included in its public listing of unpaid refunds. HUD did not adequately track the status of refunds, and lacked policies and procedures for various stages of the refund process. As a result, HUD could not ensure that it implemented a consistent refund process, and homeowners and third-party tracers were not able to search for all refunds HUD owed, which may have reduced the chance for homeowners for at least 23,579 loans to obtain approximately $15.8 million in refunds.

**FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers**
The OIG audited FHA's oversight of this COVID-19 forbearance option. Several media reports and complaints filed with the Consumer Finance Protection Bureau indicated instances when servicers did not properly administer or offer COVID-19 forbearance. The audit found borrowers were not always made aware of their right to a COVID-19 forbearance under the CARES Act. Based on a statistical sample, at least one-third of the nearly 335,000 borrowers who were delinquent on their FHA-insured loans and not on forbearance in November 2020, were either not informed or misinformed about the COVID-19 forbearance. As a result, many of these borrowers experiencing a hardship due to COVID-19 did not benefit from the COVID-19 forbearance. Additionally, servicers did not always properly administer the COVID-19 forbearance. Based on a statistical sample, they improperly administered the forbearance for at least one-sixth of the nearly 815,000 borrowers on forbearance plans in November 2020, with the most common errors being unnecessary document requirements, improper periods for forbearance, and credit reporting. Servicers also performed excessive communication and collection efforts for borrowers who were already in forbearance. As a result, these borrowers experienced additional burdens from improperly administered forbearance.

Ongoing Oversight:

- **COVID-19 Loss Mitigation**: OIG's audit will determine whether delinquent borrowers of FHA-insured loans received all available options to stay in their homes after COVID-19 forbearance ended. The OIG will review a statistical sample of FHA servicers' actions taken during the COVID-19 pandemic for delinquent borrowers.

- **COVID-19 Loss Mitigation**: OIG's audit is reviewing a nationwide mortgage servicing company that provides servicing and origination for FHA loans to determine if the servicer provided all available options to borrowers with FHA insured loans to help them stay in their homes after the COVID-19 forbearance ended.

- **FHA Appraiser Roster**: OIG’s audit will review whether Single Family’s FHA appraiser roster, which is the list of individuals approved to conduct valuations for FHA-insured properties, is accurate and contains only eligible appraisers. HUD’s appraiser roster is the foundation for these valuations and consists of approximately 40,000 different appraiser IDs.

- **Temporary Endorsement Policy Related to COVID-19 Forbearance Activity**: OIG’s audit will determine whether HUD’s administration of its temporary endorsement policy related to COVID-19 forbearance was properly followed by mortgagees, review HUD’s plan to monitor and enforce the indemnification agreements, and review HUD’s decision to end the policy. The temporary policy allowed mortgagees to endorse mortgages that were placed into forbearance prior to endorsement as long as they met certain requirements and executed a two-year partial indemnification agreement.

- **Audit Series - Quality Control Programs for Originating and Underwriting FHA Loans**: OIG is auditing four large and mid-sized mortgage originators’ quality control programs for originating and underwriting loans, including the companies’ reviews of rejected mortgage applications. The lenders were selected following a risk assessment using origination, default, monitoring, and complaint data from HUD, HUD OIG, and the Consumer Finance Protection Bureau.

Impactful Investigations:

- **Salem Man Sentenced to Four Years in Prison for Decade-Long Mortgage Fraud Scheme**: A Salem, Massachusetts real estate developer was sentenced to four years in prison in connection with a decade-long mortgage fraud scheme involving at least two dozen loan transactions, totaling $6.5 million, that resulted in more than $3.8 million in losses to lenders.
- **Real Estate Agent and Her Husband Sentenced for Fraud Using Stolen Personal Identifying Information**: A Merrifield, Virginia couple was sentenced for stealing at least nine people's identities and using the stolen personal identifying information (PII) to fraudulently buy a luxury vehicle, lease high-end residences, and obtain loans and credit. The couple even impersonated victims in State court eviction proceedings to prolong their stay in residences they fraudulently leased.

- **California Mortgage Lender Agrees to Pay More Than $1 Million to Resolve Fraud Allegations**: A mortgage lender based in Brea, California agreed to pay $1,037,145 to resolve allegations that it improperly and fraudulently originated government-backed mortgage loans insured by FHA. The settlement resolves allegations that between December 2011 and March 2019, the mortgage lender knowingly underwrote certain FHA mortgages and approved for insurance certain mortgages that did not meet FHA requirements or qualify for insurance, resulting in losses to the United States when the borrowers defaulted on those mortgages. The settlement further resolves allegations that the mortgage lender knowingly failed to perform quality control reviews that it was required to perform.

- **United States Files Complaint Against Bob Dean Jr. and Affiliated Corporate Entities for Financial Misconduct Stemming from Evacuation of Nursing Homes During Hurricane Ida**: The United States filed a complaint under the National Housing Act of 1934 (NHA) against the owner and operator of nursing homes and several affiliated corporate entities for misappropriating and misusing the assets and income of four FHA-insured nursing homes in Louisiana before and after Hurricane Ida’s landfall in August 2021. To encourage lenders to make loans to such facilities, FHA mortgage insurance provides lenders with protection against losses that result from borrowers defaulting on their mortgage loans. The United States' complaint alleges that, from 2016 to 2021, the owner required the nursing homes to pay “rent” on an industrial warehouse the owner had acquired supposedly to serve as a hurricane evacuation center. The rent, which totaled more than $1 million, was paid to one of the owner's corporate entities. Rather than using the funds to prepare the warehouse for a hurricane, the owner funneled much of that money into personal bank accounts. In the days leading up to Hurricane Ida’s expected landfall in August 2021, the owner evacuated the residents of the four nursing homes to the warehouse. After residents arrived, sanitation was not maintained, and the nursing homes’ staff did not prepare sufficient food, provide wound care, or ensure adequate medical care and support for the residents. As a result, on Sept. 2, 2021, the Louisiana Department of Health removed the residents from the evacuation center and revoked Dean’s nursing home licenses. The complaint further alleges that after the residents had been evacuated and the licenses revoked, the owner and related corporate entities continued to misdirect and misspend the nursing homes’ assets and income. Specifically, the owner directed a bookkeeper to sweep all of the nursing homes’ bank accounts and transfer the millions of dollars of funds to the owner’s personal accounts. The United States alleges that the owner did not use these funds to operate or maintain the nursing homes, which at this point were not operating because of the hurricane, and instead used this money to purchase personal goods and services, including antiques, firearms, and cars, and to fund allowances for the owner’s family members. The complaint alleges that, in total, the owner misspent and misallocated more than $4 million of the nursing homes’ assets and income.

**Fair Housing**

**FHEO’s Oversight of State and Local Fair Housing Enforcement Agencies**

OIG’s evaluation reviewed whether FHEO is providing the necessary oversight to ensure that Fair Housing Assistance Program agencies meet performance standards to maintain certification from FHEO. OIG determined that FHEO could provide more guidance related to FHEO’s performance
assessment process to improve its oversight of State and local fair housing enforcement agencies participating in FHAP. The FHAP Division has provided guidance that FHEO regional staff responsible for monitoring and overseeing FHAP agency performance (HUD reviewers) does not consistently follow. HUD reviewers expressed a desire for more definitive guidance as to what level of compliance was acceptable and concrete examples of what constituted compliance and noncompliance. Additionally, the evaluation found that regional offices often did not place FHAP agencies with repeat deficiencies on Performance Improvement Plans (PIPs), and FHEO regional directors use different criteria when deciding to issue a PIP.

**HUD and FHAP Agencies Can Better Document Decisions Not To Investigate Fair Housing Complaints**

OIG audited HUD’s Fair Housing complaint intake data and jurisdictional determinations recorded in the HUD Enforcement Management System (HEMS). OIG assessed HUD’s process for complaint inquiries that resulted in fair housing complaints filed and inquiries that were closed during the intake stage. We found that HUD and FHAP agencies adequately documented decisions to convert inquiries to complaints in HEMS. However, we found gaps in documentation for decisions to close inquiries, jurisdictional determinations, and letters properly notifying claimants when HUD lacked jurisdiction to pursue their allegations. OIG recommended that HUD update its handbook chapter and regional intake policies and procedures, and develop a process for overseeing allegations of housing discrimination that FHAP agencies closed during the intake stage to ensure that closure and jurisdictional determinations are consistent with the Fair Housing Act.

**Ongoing Oversight:**

- Assessment of FHEO’s Fair Housing and Civil Rights Compliance Reviews: FHEO has authority to conduct compliance reviews to determine whether a recipient of HUD funds was following applicable civil rights laws and implementing regulations. OIG’s audit will assess how the Department, through FHEO and its partners, performed compliance reviews.

- Timeliness of FHEO’s Investigations for Title VIII Complaints: Title VIII of the Civil Rights Act of 1968 requires that HUD complete investigations of each Fair Housing complaint within 100 days of the date it was filed unless it is impracticable to do so. OIG’s objective is to assess challenges faced by FHEO in meeting the 100-day investigation requirement.

**Impactful Investigations:**

- **Justice Department Obtains $4.5 Million Settlement from a New Jersey Landlord to Resolve Claims of Sexual Harassment of Tenants:** A landlord who has owned hundreds of rental units in and around Elizabeth, New Jersey, has agreed to pay $4.5 million in monetary damages and a civil penalty to resolve a Fair Housing Act lawsuit concerning his sexual harassment of tenants and housing applicants for more than 15 years. This settlement, which still must be approved by the U.S. District Court for the District of New Jersey, is the largest monetary settlement the department has ever obtained in a case alleging sexual harassment in housing. The monetary damages awarded under the proposed consent decree will compensate numerous women and men who were sexually harassed by Centanni.

**Disaster Recovery and Mitigation**

**Opportunities Exist To Improve CPD’s Oversight of and Monitoring Tools for Slow-Spending Grantees**

OIG assessed CPD’s monitoring, and oversight tools related to the progress of grant expenditures and determined the status of grants and impacts of COVID-19 grantee spending. OIG found
opportunities for CPD to improve its oversight and monitoring for slow-spending CDBG-DR grantees. CPD can enhance its (1) monthly CDBG-DR grant financial report, (2) use of DRGR system flags, (3) use of grantee expenditure projections, (4) documentation of quality performance report reviews, and (5) documentation for monitoring reviews. OIG made nine recommendations for CPD to (1) identify, define, and track slow spenders, (2) update policies and procedures to address variances between actual and projected expenditures, and (3) resolve the red flags identified in the report.

Ongoing Oversight:

- Audit Series: Key Steps in HUD’s implementation of its CDBG-DR and CDBG-MIT Programs: OIG is conducting four audits of key aspects HUD’s CDBG-DR and CDBG-MIT programs, including HUD’s oversight of Low- and Moderate-Income Requirement, Grantee Use of Program Income, Program Timing, and Preventing Duplication of Benefits.

- Assessment of Puerto Rico CDBG-DR Grantee’s Fraud Risk Management Practices: OIG is auditing the Puerto Rico Department of Housing’s control activities to prevent, detect, and respond to fraud when administering the over $20 billion in grants it received for the 2017 disasters.

- U.S. Virgin Islands Monitoring of 2017 CDBG-DR: OIG is auditing the USVI’s Housing Finance Authority’s monitoring of its 2017 CDBG Disaster Recovery funds following HUD awarding USVI $1.14 billion in CDBG-DR funds to address unmet needs following hurricanes Irma and Maria. OIG will determine whether the Authority effectively monitored its CDBG-DR funded activities administered by itself and by subrecipients to ensure the national objectives and performance measures were met.

- State of GA Monitoring of CDBG DR Harvey, Irma, and Maria (HIM) Grants Activities and Subrecipients: OIG is auditing the State of Georgia’s monitoring of its CDBG-DR hurricane Harvey, Irma, and Maria grants’ activities and subrecipients. OIG will determine whether the State was effectively monitoring its CDBG-DR HIM grants’ activities and subrecipients to ensure that the activities address the unmet long-term recovery needs.

Impactful Investigations:

- Former West Haven Employee and State Representative Admits Stealing COVID Relief and Other City Funds: A State Representative who was also employed by the City of West Haven, most recently serving as the Administrative Assistant to the City Council, plead guilty to conspiracy charges stemming from involvement in schemes that resulted in the theft of more than $1.2 million dollars in COVID relief funds and other funds from the City of West Haven. The individual conspired with others to steal the funds through the submission of fraudulent invoices, and subsequent payment, for COVID relief goods and services that were never provided. The individual agreed to pay restitution of $1,216,541.80, and plead guilty to three counts of conspiracy to commit wire fraud, an offense that carries a maximum term of imprisonment of 30 years on each count.

- Former Prattsville Town Supervisor Sentenced for Grant Fraud: A former Town Supervisor of Prattsville, New York, was sentenced to one year of probation, and ordered to pay a $5,000 fine and $24,915 in restitution to the State of New York, for committing wire fraud in connection with a grant extended to Prattsville in the wake of Hurricane Irene.
Grants Management

HUD Could Improve Its Tracking and Monitoring of Continuum of Care Grantee Spending Levels

OIG audited HUD’s monitoring and tracking of Continuum of Care (CoC) grantees that have been slow to spend their grant funds to determine whether HUD was effectively tracking and monitoring CoC grant spending and to determine the impact of COVID-19 on CoC grantee spending. HUD generally tracked and monitored its grantees; however, it did not prioritize grantees that encountered challenges in spending their CoC grant funds before the grants expired. This condition occurred because HUD did not have written guidance that detailed how field offices should review grantees for spending issues. Between 2017 and 2020 HUD recaptured nearly $257 million from CoC grantees that had not fully spent their funds. While several factors outside of HUD’s control contributed to the spending challenges, improved tracking and monitoring could help ensure that the grantees timely address those factors and mitigate their impact. Without proactive measures, grantee spending challenges will likely continue, leading to unused funds that could otherwise have gone toward addressing homelessness. Our recommendation that HUD implement written procedures to ensure consistency among field offices in reviewing spending could potentially preventing up to an estimated $47 million in annual CoC recaptures.

Emergency Solutions Grants CARES Act Implementation Challenges

OIG audited HUD’s Emergency Solutions CARES Act (ESG-CV) program to determine what challenges ESG-CV grant recipients faced in implementing the program and using grant funds. OIG surveyed questionnaire to gather feedback and insight directly from the 362 recipients of ESG-CV grants. At the time we initiated this audit in July 2021, ESG-CV grant recipients had spent $563,178,336 of available $3.96 billion grant funds. OIG found that ESG-CV grant recipients faced challenges in implementing the program and using grant funds. The grant recipients needed an extension beyond the spending deadline of September 30, 2022, to use a majority or all of their ESG-CV funds, which HUD subsequently provided. The top challenges identified included staff capacity and coordinating with other sources of pandemic-related funding. In addition, a majority of the grant recipients that provided ESG-CV funds to subrecipients stated that the pandemic impacted their ability to effectively monitor their ESG-CV subrecipients. HUD can use the results of our survey questionnaire to potentially improve the continued implementation of the ESG-CV program and to inform its risk assessment of ESG-CV grantees.

The Los Angeles Homeless Services Authority, Los Angeles, CA, Did Not Always Administer Its Continuum of Care Program in Accordance With HUD Requirements

OIG audited the Los Angeles Homeless Services Authority’s CoC program to determine whether the Authority met the goals and objectives of housing and helping the homeless become self-sufficient through its CoC program and administered the program in accordance with HUD requirements. OIG found that the Authority did not fully meet the goals and objectives of the program and did not always follow program requirements. The Authority (1) did not use $3.5 million in CoC grant awards and left the funds to expire, (2) did not support Homeless Management Information System and planning grant costs, and (3) did not submit timely annual performance reports (APR). As a result, the unused CoC funds represent a missed opportunity to meet the program’s goals of assisting the homeless, and HUD does not have assurance $879,847 in salary and rent costs were for the CoC grants. We recommend that HUD require the Authority to ensure that grant agreements are executed in a timely manner and effective monitoring is performed to prevent similar occurrences of grant funds going unused, (2) support payroll and rent costs or repay its CoC grants of $879,847 from non-Federal funds, and (3) ensure APRs are submitted in a timely manner and personnel are routinely trained on the grant closeout process.
Impactful Investigations:

Conspirators Sentenced for Scheme To Defraud Local Housing Programs

A housing specialist and three associates were collectively sentenced in U.S. District Court to 51 months and one day incarceration, eight years supervised release, and three years’ probation. For more than two years, the housing specialist defrauded his employer, a nonprofit corporation funded in part through HUD’s HOME Investment Partnerships and ESG programs, by falsely representing that the three associates were landlords eligible to receive funds dedicated to the nonprofit’s Homeless Prevention and Rapid Rehousing and Clean and Sober programs. The housing specialist created fake rental agreements by using the names and personal identifying information of other individuals, who had applied legitimately for services with the nonprofit, and falsely identified the associates as the landlords. The housing specialist used these fake rental agreements and other documentation to cause the nonprofit to generate 34 checks payable to the three associates, who then cashed the checks and split the proceeds with him. The housing specialist was sentenced in connection with his earlier guilty plea to conspiracy to commit wire fraud and aggravated identity theft and was ordered to pay jointly and severally with the three associates $101,053 in restitution to the nonprofit and an insurance company. The three associates previously pleaded guilty to conspiracy to commit wire fraud, and one also pleaded guilty to wire fraud.

Ginnie Mae

Ginnie Mae Did Not Ensure That All Pooled Loans Had Agency Insurance

OIG performed a corrective action verification examining whether Ginnie Mae had successfully resolved 2016 audit findings that it had improperly allowed uninsured loans to remain in MBS pools. OIG found that Ginnie Mae established a maximum time single-family loans could remain pooled without insurance and established a process for requiring removal of pooled loans that remained uninsured after that time. However, the loan-matching process did not ensure that pooled loans would be insured by an agency of the Federal Government as required by the MBS Guide. As a result, at least 3,206 pooled loans with a principal balance of at least $903 million were not matched to Agency insurance data files before the certification date. Because Ginnie Mae relied on the Federal guarantee of insured loans to prevent or limit losses when loans defaulted, not knowing whether a loan was insured increased the risk of financial loss. Also, loans that were not matched to Federal insurance increased the risk of prepayment. OIG recommended that Ginnie Mae update and synchronize its procedures to include notifications that provide issuers with unmatched loans adequate time to take corrective action to comply with the requirements of the MBS Guide.

Ongoing Oversight:

- **Ginnie Mae Process and Guidance for Troubled Issuers:** OIG is auditing Ginnie Mae’s guidance and processes for troubled issuers, including to assess whether Ginnie Mae’s guidance and processes provide reasonable assurance that the risks and challenges identified by Ginnie Mae and HUD OIG of its use of rapid relocation extinguishments have been addressed.

- **Ginnie Mae Financial Crisis Readiness:** To ensure its mission, GNMA must be prepared for a broad range of crises, including financial crises, that could impact itself or its issuers. OIG’s
audit will determine whether GNMA implemented a financial crisis readiness program that met industry best practices.5

Financial Management

**HUD Compliance with the Payment Integrity Information Act of 2019 (PIIA)**

OIG audited HUD’s 2021 compliance with PIIA and implementation of OMB guidance on preventing and reducing improper payments. OIG’s objectives were to assess (1) whether HUD had met all requirements of PIIA and OMB Circular A-123, Appendix C-Requirements for Payment Integrity Improvement and (2) HUD’s efforts to prevent and reduce improper and unknown payments. OIG found that, while making some progress, HUD was noncompliant with PIIA in FY 2021. Significant efforts are needed to bring the Office of Public and Indian Housing’s Tenant-Based Rental Assistance (PIH-TBRA) and Office of Multifamily Housing Programs’ Rental Subsidy programs into compliance. For HUD’s noncompliant programs, OIG recommended that HUD (1) develop and implement a sampling methodology that allows for the timely testing of the full payment cycle and (2) consult with OMB on the appropriate reporting for untested portions of the payment cycle.

OIG recommended that HUD develop and implement a plan that ensures adequate internal controls over the PIH-TBRA program to detect and prevent improper payments, which can be implemented in a virtual environment. OIG also recommended that HUD work with grantees to better identify the risks of improper and unknown payments throughout the payment cycle in its Office of Community Planning and Development programs and ensure that its risk assessments and improper and unknown payment estimates fully consider these risks.

**Improvements are Needed in HUD’s Fraud Risk Management Program**

OIG audited the maturity of HUD’s fraud risk management program at the enterprise and program-office levels, including control activities to prevent, detect, and respond to fraud. OIG found that in all four phases, HUD’s fraud risk management program was in the early stages of development, or at an “ad hoc” maturity level.6 HUD’s program is still in its infancy because HUD had not previously dedicated sufficient resources to lead and implement fraud risk management activities. Although HUD had recently taken steps to mature its program, HUD needs to commit resources to enhancing antifraud controls and promoting a culture of fraud risk management. Without improvements to its program, HUD may miss opportunities to identify and eliminate fraud vulnerabilities, leaving its funds and reputation at risk. OIG recommended HUD take several actions to assess and improve the maturity of HUD’s fraud risk management program, as well as develop policies, procedures, and strategies for collecting and analyzing data to identify fraud within HUD’s programs, promote fraud awareness, and develop antifraud risk mitigation tools. OIG also recommends that the Chief Financial Officer determine and seek to fulfill an appropriate level of dedicated staff resources to administer HUD’s enterprise and fraud risk management programs effectively and increase fraud risk awareness and strengthen antifraud controls in HUD’s program offices.

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5 According to GAO, best management practices refer to the processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization’s performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency.

6 The Antifraud Playbook established by the Chief Financial Officers Council and the U.S. Department of the Treasury assess maturity of an agency’s fraud risk management program in four phases: (1) culture, (2) identifying and assessing fraud, (3) preventing and detecting fraud, and (4) turning insight into action.
Audit of HUD’s Fiscal Years 2022 and 2021 Financial Statements

OIG contracted with the independent public accounting firm of CliftonLarsonAllen LLP (CLA) to audit the financial statements of HUD as of and for the fiscal years ended September 30, 2022 and 2021, and to provide reports on HUD’s 1) internal control over financial reporting; and 2) compliance with laws, regulations, contracts, and grant agreements and other matters, including whether financial management systems complied substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA). In its audit of HUD, CLA reported:

- The financial statements as of and for the fiscal years ended September 30, 2022 and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- One material weakness for 2022 in internal control over financial reporting, based on the limited procedures performed. The material weakness was related to (a) FHA’s financial accounting and reporting controls over borrowing authority and loan receivables and (b) HUD’s financial reporting controls over grant accruals and Public and Indian Housing’s cash management process.
- Two reportable matters for 2022 of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.
  - Noncompliance with Federal financial management system requirements, Federal accounting standards, and the U.S. Standard General Ledger at the transaction level.
  - Noncompliance with the Single Audit Act.

Ongoing Oversight:

- HUD’s Compliance with the PIH of 2019 for 2022: Our audit will assess (1) whether HUD has met all requirements of PIH and OMB Circular A-123, Appendix C-Requirements for Payment Integrity improvement and (2) HUD’s efforts to prevent and reduce improper payments. We will also review and collect evidence of the internal controls HUD has in place to identify, prevent, detect, and recapture improper payments, including, but not limited to, controls in place related to Single Audit Act requirements.

Ensuring Assisted Housing is Habitable and Hazard-Free

Management Alert: Action Needed to Ensure That Assisted Property Owners Comply with the Lead Safe Housing Rule

While conducting an ongoing audit of the Philadelphia Housing Authority’s (Authority) management of lead-based paint hazards in its public housing units, OIG identified a significant gap in HUD’s program requirements related to safe work practices. The Authority had determined a substantial percentage of maintenance and hazard reduction work performed on surfaces with lead-based paint in its public housing units was “de minimis”, which exempted the work from HUD’s rules requiring safe work practices. However, HUD does not require assisted property owners like PHAs to maintain evidence supporting that the work was minor. This impedes HUD’s ability to conduct meaningful oversight of property owners’ compliance with HUD’s requirements for safe work practices, and limits HUD’s and OIG’s ability to verify that the de minimis exemption is being properly applied. OIG believes HUD should take immediate steps to mitigate the risk that the exemption is being applied too broadly and thereby increasing the potential for residents and maintenance staff to be exposed to lead-based paint hazards.

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7 HUD OIG contracted with CLA to audit the financial statements of Ginnie Mae and FHA, as well.
HUD Did Not Sufficiently Flag Unacceptable Physical Condition Scores To Assess Its Controlling Participants

OIG’s audit examined whether HUD accurately identified the risks to assess its controlling participants. Specifically, OIG focused our review on the physical conditions of multifamily housing projects and HUD’s use of REAC scores in identifying potential risks associated with controlling participants. During OIG’s initial review, the office was unable to identify a universe of controlling participants with a history of poor physical inspection scores that were later approved for additional participation in multifamily business. Instead, OIG reviewed whether HUD properly flagged properties that received poor physical inspection scores.

HUD uses flags in the Active Partners Performance System (APPS) system to assess risk associated with participants in Office of Multifamily Housing program projects. A flag does not automatically exclude an applicant from participation in HUD’s programs; however, flags are considered risk factors that require appropriate mitigation, where possible. OIG found 13 properties with consecutive REAC scores below 60 that were missing the required flags in APPS for unacceptable physical condition. HUD did not have a quality control program to ensure that the account executives manually entered the flags into APPS and there was no automated process for flagging a property once it received the second consecutive below-60 REAC score. As a result, HUD relied on incomplete previous participation information to make decisions about future participation. Not having sufficient information to assess its controlling participants could potentially impact the health and safety of residents at multifamily properties. OIG recommends that HUD implement a quality control review to ensure that successive below-60 physical inspection score flags are entered into APPS and update APPS to automatically flag a property that receives successive below-60 physical inspection scores.

HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing

OIG audited HUD to assess HUD’s oversight of lead-based paint hazard remediation in public housing. The audit found HUD established procedures in the Lead Safe Housing Rule (LSHR) in 1999 to eliminate lead-based paint hazards, as far as practicable, in public housing. However, it did not have a plan to manage lead-based paint and lead-based paint hazards in public housing. Additionally, HUD generally did not monitor whether public housing agencies had implemented lead-based paint hazard reduction and documented the activities at their public housing developments. OIG found HUD relied on public housing agencies to implement their own methods to achieve lead-safe housing, which should have included implementing lead-based paint hazard reduction. Further, instead of monitoring public housing agencies for compliance with the lead-based paint hazard reduction procedures in the LSHR, HUD relied on public housing agencies’ annual certifications of compliance. Without a plan to manage lead-based paint and lead-based paint hazards in public housing and ensure that public housing agencies implemented lead-based paint hazard reduction, HUD lacked assurance that (1) families with children under six years of age residing in public housing were not exposed to lead-based paint hazards and, thus, protected from lead exposure and (2) its procedures for eliminating lead-based paint hazards in public housing were effective.

We recommend that REAC, in coordination with the Office of Field Operations, (1) develop a plan to manage lead-based paint and lead-based paint hazards in public housing, (2) determine whether public housing agencies identified as having lead-based paint in their housing developments maintain and implement a plan for controlling lead-based paint, and (3) assess the lead-based paint hazard reduction activities performed at the 19 developments associated with 18 public housing agencies reviewed that did not implement interim controls or adequately document that lead-based paint had been abated or treated with interim controls. If those reduction activities did not fully abate the lead-based paint, HUD should ensure that the public housing agencies implement interim controls and ongoing maintenance and reevaluation programs.
**Risk Indicators of Lead-Based Paint Hazards in Public Housing Agencies**

In the first of a two-part evaluation, OIG found that as of March 2022, REAC was establishing the Environmental Shared Services office (ESS) to improve its risk assessment and inspection capabilities for health and safety hazards, including lead-based paint hazards. As part of its purpose, ESS will rank risks related to four environmental hazards—carbon monoxide, mold, lead, and radon. In establishing its risk-ranking model, ESS identified five indicators for its lead risk ranking. Using the best available data collected from both HUD and sources external to HUD, OIG identified nine indicators of potential risk for lead-based paint hazards in public housing.

Based on analysis of these nine risk indicators, OIG identified five HUD regions and six States within those regions—New York, Pennsylvania, Georgia, Kentucky, Illinois, and Texas—with the most potential risk of having PHAs with lead-based paint hazards. In addition, OIG’s analysis identified eight other States that, while not measuring as the most at-risk State in their respective regions, also have a higher potential risk of having lead-based paint hazards. Although HUD has identified its own risk indicators for lead-based paint hazards, of which four overlap with our indicators, this report may be helpful to HUD as it continues identifying and evaluating risk indicators and evaluating how well those indicators are identifying potential issues of lead-based paint in HUD-assisted public housing.

**HUD Did Not Have Adequate Policies and Procedures for Ensuring That Public Housing Agencies Properly Processed Requests for Reasonable Accommodation**

OIG audited HUD’s oversight of PHA’s reasonable accommodation policies and procedures to determine whether HUD had adequate policies and procedures for ensuring that PHAs properly addressed, assessed, and fulfilled requests for reasonable accommodation, including COVID-19 related requests. OIG initiated this audit because we identified an increase in housing discrimination complaints based on a failure to provide a reasonable accommodation, even as the total number of all housing discrimination complaints was decreasing.

HUD did not have adequate policies and procedures for ensuring that PHAs properly addressed, assessed, and fulfilled requests for reasonable accommodation. HUD also did not perform civil rights front-end reviews as required. OIG found HUD did not include in its compliance monitoring guidance a requirement for personnel to review PHAs’ reasonable accommodation policies and procedures, had not updated its guidance to ensure that it was centralized, and did not believe it was responsible for conducting civil rights front-end reviews. As a result, PHAs did not receive consistent oversight in this area, may not be properly implementing existing requirements, or may not understand all their responsibilities related to requests for reasonable accommodation. Also, HUD did not have the benefit of the information the reviews would have collected and FHEO could not use the information to address issues that may have been identified or to pursue any corrective action.

Ongoing Oversight:

- **Audit Series – PHA Management of Lead Based Paint in Public Housing**: OIG is currently auditing three large PHAs in Pennsylvania, Ohio, and California to determine whether the PHAs adequately managed lead-based paint and lead-based paint hazards in their public housing. The audits will focus on whether PHAs are properly disclosing lead hazards to tenants, properly conducting annual assessments, acting appropriately following confirmed cases of elevated blood lead levels in children, and documenting the PHAs’ lead hazard mitigation and other work.

- **Carbon-Monoxide in HUD-Assisted Housing**: OIG is evaluating HUD’s plan to ensure all PHAs and owners of certain HUD-assisted housing comply with the requirements for carbon monoxide detector installation in accordance with the Consolidated Appropriations Act of
2021. The evaluation will also determine HUD’s progress in implementing its plans and developing guidance for PHAs to educate residents; and determine what barriers PHAs experience in implementing the requirements.

- **HUD’s Oversight of Multifamily Housing Properties with Failing REAC Scores or EH&S Deficiencies**: OIG is auditing HUD’s oversight of multifamily housing properties with failing REAC scores or exigent health and safety deficiencies (EH&S). OIG will assess whether HUD has adequate oversight for (1) multifamily properties that failed the most recent REAC inspection and (2) multifamily properties with EH&S deficiencies.

- **Audit Series - HUD’s Oversight of the Physical Conditions of PBRA and FHA-insured PBV Units Under RAD & non-FHA Insured PBV Units Under RAD**: OIG is conducting two audits of HUD’s oversight of the physical conditions of units converted under the RAD program. The first will focus on PBRA and FHA-insured project-based voucher units converted under the RAD program. The second will focus on non-FHA insured project-based voucher units converted under the RAD program. The audits will assess whether HUD and PHAs have adequate oversight of the physical conditions of the units converted under RAD. They will also determine if the physical conditions of the RAD units improved, remained the same, or declined.

**Impactful Investigations:**

- **Apex Waukegan LLC and Integra Affordable Management LLC Fined for Breach of Contract**: Apex Waukegan LLC (Apex), a multifamily housing landlord receiving rental assistance subsidies from the U.S. Department of Housing and Urban Development (HUD), and Integra Affordable Management LLC (Integra), Apex’s affiliated management agent, were ordered to pay $1,258,671 in civil money penalties for breaching their Housing Assistance Payment Contract by knowingly failing to maintain housing units in a decent, safe, sanitary manner.

- **NYCHA Superintendents Sentenced to Prison for Accepting Bribes**: Two superintendents were sentenced in U.S. District Court to 33 months in prison and 15 months in prison, respectively, for accepting bribes in exchange for awarding no-bid contracts at the New York City Housing Authority (“NYCHA”) facilities where they worked. One superintendent also obstructed justice in the weeks before his sentencing. Each superintendent previously pled guilty to one count of solicitation and receipt of a bribe.

- **Former Rochester Housing Authority Chair Going To Prison For Fraud, Money Laundering And Lying To The FBI**: The former housing authority chair who was convicted by a Federal jury for his role in defrauding three nonprofit organizations – Rochester Housing Charities (RHC), which provides housing to the elderly and disabled; the North East Area Development (NEAD), which assists low-income residents in the northeast quadrant of Rochester; and Quad A for Kids, which provided after-school and extended-day learning programs at some elementary schools in the Rochester City School District – was sentenced to serve 78 months in prison in U.S. District Court. The former chair, who was also the Chairman of the Board of Commissioners of the Rochester Housing Authority (RHA), was convicted of mail, wire, and tax fraud, Federal program fraud, money laundering, and lying to the FBI.

- **La Joya Residents Sentenced for Fraud Schemes**: The former mayor of La Joya and two others have been ordered to Federal prison for wire fraud. The Former mayor pleaded guilty July 19, 2021, while his daughter and another individual both admitted to their guilt June 17, 2021. The former mayor was sentenced to 33 months in prison, while his daughter was ordered to serve a 39-month-term of imprisonment and the other individual received nine
Three Family Members of the Former Director of the St. Clair Housing Commission Plead Guilty to Conspiracy and to Defrauding HUD

Three family members of the former executive director of the St. Clair Housing Commission pleaded guilty to various Federal offenses due to their involvement in the former executive director’s fraudulent scheme to steal money from HUD. The former executive director (now deceased) had previously pleaded guilty and been sentenced to prison for conspiring with several family members to steal Federal funds provided to the St. Clair Housing Commission by HUD to administer low-income housing programs within St. Clair County. As part of her scheme, the former executive director stole approximately $336,000 in Federal funds, including money earmarked for HUD’s Housing Choice Voucher program, commonly known as Section 8 housing, which allows low-income families to lease privately owned rental properties with the assistance of HUD rental subsidies. As part of their guilty pleas, the defendants paid the remaining restitution owed to HUD. The total amount of restitution paid today was $99,835.29. In total, $336,340.22 in restitution has been repaid to HUD as a result of the prosecutions of the family members.

Enterprise-wide Support Functions: Information Technology, Cybersecurity, Human Capital Management, and Procurement

Additionally, the OIG reoriented our Office of Evaluation (OE) to focus their expertise as management analysts on the enterprise-wide, management support challenges the Department faces. OE has, and will continue, its robust oversight over all aspects of HUD’s information technology programs and operations. That will include not only HUD’s cybersecurity posture but also how HUD and its components manage information technology investments and initiatives. First and foremost, OE will continue to perform the statutorily mandated FISMA evaluation, as well as conduct critical penetration testing and threat analyses of HUD’s IT systems. The Office of Evaluations will also focus on other critical HUD operations that support the success of the program offices, including procurement and human capital management. HUD’s most recent Strategic Plan shows how the Department has dedicated considerable effort to strengthening its internal capacity. OIG’s oversight has and will provide actionable recommendations that HUD can act upon to further those efforts.


In this year’s FISMA evaluation, we found that although HUD is addressing weaknesses and closing unresolved recommendations, HUD must take additional actions to overcome the significant challenges the Department still faces. Notably, through the annual FISMA evaluation, HUD OIG

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8 The FISMA report is not publicly available. Additional information from the report can be found in the recent Top Management Challenges report.
found HUD’s information security program to be at an ineffective maturity level of “defined.” The 2022 FISMA evaluation focused on OMB-identified “core” cybersecurity metrics that address the most critical areas of priority for the Administration and other highly valuable controls for agencies’ information security programs. HUD dropped from the consistently implemented to the defined maturity level. Within those core metrics, HUD was able to increase maturity in 3 of the 20 core metrics, remaining at the same maturity level for 16 of the 20 core metrics, and dropping in maturity for 1 core metric. HUD also continues to make significant progress in addressing our prior years’ recommendations, closing 21 recommendations in 2022 alone. HUD must continue to focus its efforts on addressing known cybersecurity issues to make progress in addressing this management challenge.

Ongoing Oversight:

- **Robotic Processing Automation Program**: OIG’s evaluation will assess the maturity of HUD’s RPA activities and determine whether HUD implemented related controls to address technology and program management risks.

- **HUD’s Employee Retention**: OIG’s evaluation will determine whether HUD has a high voluntary separation rate relative to similar agencies, and which program offices or demographic groups, if any, have high rates. The evaluation will also determine what retention-relevant programs HUD employs, the extent to which program offices use them, and where HUD’s retention strategies align with best practices.

- **HUD FY 2023 FISMA Evaluation**: HUD is conducting the FY 2023 evaluation of HUD’s information security program and practices to assess the maturity of the program and practices based on the annual IG FISMA reporting metrics.

**Increasing OIG Hotline Capacity**

In 2020 the OIG entered into a shared service agreement with the National Inter-Agency Support Center (NISC) at Louisiana State University to support OIG’s national Hotline function. This allowed the OIG to rapidly increase the capacity and quality of our complaint intake process at a low cost (~$350 thousand annually). Importantly, this arrangement has increased the OIG’s ability to reach HUD beneficiaries who have information about fraud, waste, or abuse in HUD’s programs, as NISC contractors field complaints from the public over the phone. NISC staff then provide certain complaints to OIG oversight professionals for additional assessment and referral to our oversight components. This arrangement has been incredibly successful and allowed the OIG to vastly increase the number of actionable complaints that we intake.

The OIG Hotline has seen a tripling of complaints over the past few years. In FY 2019, OIG received a total of 4,822 complaints. For 2021 and 2022 OIG received over 13,000 complaints. The OIG Hotline’s multi-stage process to intake, triage, analyze, and act upon is resource intensive. Whistleblowers are a critical source of actionable information for oversight components. Not only do hotline complaints lead to direct, actionable information for our investigators, but they also provide valuable data that all oversight components can use when establishing which proposed oversight work will address areas of greatest risk. In addition, if the complainant is requesting assistance but is not alleging fraud, waste, or abuse, the OIG Hotline can and will refer administrative complaints from constituents to the HUD program office that is best equipped to service the complaint.

With the expectation that OIG will receive complaints at the current or an increased rate, the OIG must have the resources to properly manage that pipeline of information. If the OIG does not have adequate trained staff and resources to properly process the anticipated volume of complaints, including high priority and sensitive complaints, then there is a heightened risk that it may not have the capability to identify and address reported allegations of abuse, health hazards, or uninhabitable
conditions. Additionally, the OIG needs to resource the quantitative analysis of complaints to seek out patterns or other predictive data that could guide future proactive investigations and programmatic oversight.

The 2024 Budget provides the personnel resources necessary to continue building the capacity of OIG staff to connect the information received via the Hotline to the investigators, auditors, and evaluators who can employ that information to intervene where HUD beneficiaries are being victimized or to identify and review potential programmatic deficiencies. Considering the array of high priority personnel and non-personnel needs in the 2024 Budget, funding below the 2024 Budget level increases risks inadequate support for the full cadre of staffing and other needs to process and address the information flowing through the Hotline. This could delay or hamper the OIG’s ability to intervene and address the threats against HUD beneficiaries and programs.

Operational Improvements

**Data Literacy and Analytics:** To support the OIG’s Data Literacy Initiative, in 2021, the agency purchased the SAS software tool on an enterprise platform to satisfy both current and future organization needs for data analytics. SAS is a software platform that is used for data management, advanced analytics, multivariate analysis, business intelligence, criminal investigation, and predictive analytics. The acquisition, deployment, and training of this tool to over 135 HUD OIG users (approximately 25 percent of OIG staff) is a major accomplishment in the OIG’s data decision upskilling efforts. This furthers the agency’s vision for Data Literacy— to enable data driven decision-making to bring awareness of HUD’s toughest challenges in our oversight mission and more efficiently deploy the OIG’s limited resources.

One of the many data analytics products created by the OIG’s Integrated Data Analytics Division (iDAD) is a simple and easy-to-consume Power BI tool that allows investigators, evaluators, and auditors to apply critical financial risk metrics against HUD’s Multifamily Housing portfolio, including properties that receive rental assistance subsidy and/or have HUD-insured mortgage loans. The properties with HUD-insured mortgages also extend to healthcare facilities like nursing homes and hospitals. The tool allows the user to select any of the 34 risk factors (developed by HUD and HUD OIG) that impact the entire MF portfolio to include those with FHA insurance, assistance contracts, and all other program types. One of the specific uses for the tool that assists agency oversight efforts is that iDAD has identified, with research and support of the mission components, major factors indicative to equity skimming to include 1) negative surplus cash, 2) financial risk score, and 3) borrowing project funds. This allows the agency to target specific participants of the MF program for additional oversight. In future iterations of this technology iDAD is hoping to use machine learning functionality that allows users to determine if there is a statistical relationship between the risk factors and the likelihood of criminal equity skimming occurring.

As a strategic operational improvement initiative, building a data literate workforce that can wield tools like SAS to better study HUD programs and target oversight resources is a top priority for the OIG. The smart investments made in past fiscal years are improving oversight research and execution in a way that makes the organization a better and more efficient steward of future fiscal resources. The OIG hopes to continue making investments in initiatives like this one in both the short- and long-term.
SEC. 201. SECTION 8 SAVINGS.— Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) shall be [rescinded] cancelled or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not [rescinded] cancelled or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not [rescinded] cancelled or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

Explanation of this Section: This provision 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 [during fiscal year 2023] 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 provision 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. Unless otherwise provided for in this Act or through a reprogramming of funds, no part of any appropriation for the Department of Housing and Urban Development shall be available for any program, project or activity in excess of amounts set forth in the budget estimates submitted to Congress.]

SEC. [206] 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] 2024 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. 207. The Secretary shall provide quarterly reports to the House and Senate Committees on Appropriations regarding all uncommitted, unobligated, recaptured and excess funds in each program and activity within the jurisdiction of the Department and shall submit additional, updated budget information to these Committees upon request.]

[SEC. 208. None of the funds made available by this title may be used for an audit of the Government National Mortgage Association that makes applicable requirements under
the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).]

SEC. [209] 206. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.
(a) Notwithstanding any provision of law, subject to the conditions listed under this section, for fiscal years [2023] 2024 and [2024] 2025, 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-Gonzalez 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. [210] 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. [211] 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.
**GENERAL PROVISIONS**

**Explanation of this Section:** This provision directs block grant funds awarded to each Tribe to be allocated to those entities that received funding in fiscal year 2005.

SEC. [212] 209. MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY PROJECTS.— Notwithstanding any other provision of law, in fiscal year [2023] 2024, 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 (in this section “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 provision governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

SEC.[213] 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 provision permits small PHAs with 400 or fewer units to elect not to operate under asset management.

SEC. [214] 211. ASSET MANAGEMENT REQUIREMENTS FOR CAPITAL 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 provision 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. [215] 212. DESIGNEATED 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 salaries and expenses (S&E) accounts has a trained allotment holder.

SEC. [216] 213. NOFO PUBLICATION.— The Secretary shall, for fiscal year [2023] 2024, 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] 2024, the Secretary may make the NOFO available only on the Internet at the appropriate Government website 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. 217. Payment of attorney fees in program-related litigation shall be paid from the individual program office and Office of General Counsel salaries and expenses appropriations.]

SEC. [218] 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", or “Government National Mortgage Association—Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account” to any other such office [under such headings]: 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 [under such headings] shall be increased or decreased by more than 10 percent or $5,000,000, whichever is less, [without prior written approval of the House and Senate] unless such Committees [on
Appropriations: Provided further, That the Secretary shall provide notification to such Committees 3 business days in advance of any such transfers under this section up to 10 percent or $5,000,000, whichever is less] are notified in writing 10 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. The Budget expands the transfer authority to Ginnie Mae and amends the Congressional approval requirement.

SEC. [219] 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 failing score under the Uniform Physical Condition Standards (UPCS) [score of 59 or less] or successor standard; or

(2) fails to certify in writing to the Secretary within 3 days that all Exigent Health and Safety deficiencies, or those deficiencies requiring correction within 24 hours, identified by the inspector at the project have been corrected. 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] passing score, 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 semi-annually on all properties covered by this section that are assessed through the Real Estate Assessment Center and have [UPCS] failing 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. The first report shall be submitted to the Senate and House Committees on Appropriations not later than 30 days after the enactment of this Act, and the second report shall be submitted within 180 days of the transmittal of the first report.

Explanation of this Section: This provision enhances HUD's ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It has been updated to allow it to continue to function when HUD implements the new NSPIRE standards.

SEC. [220] 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] 2024.

**Explanation of this Section:** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

[Sec. 221. None of the funds made available by this Act and provided to the Department of Housing and Urban Development may be used to make a grant award unless the Secretary notifies the House and Senate Committees on Appropriations not less than 3 full business days before any project, State, locality, housing authority, Tribe, nonprofit organization, or other entity selected to receive a grant award is announced by the Department or its offices: *Provided, That such notification shall list each grant award by State and congressional district.*]

SEC. [222] 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 Association, or the Department of Housing and Urban Development to insure, securitize, or establish a Federal guarantee of any mortgage or mortgage backed security that refines 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:** This provision prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

SEC. [223] 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:** This provision prohibits HUD from taking an action that would remove a community from entitlement status for Community Development Block Grants.

SEC. [224] 219. UNOBLIGATED RESEARCH FUNDS.— Amounts made available by this Act that are appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research of the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and that are unexpended at the time of completion of a contract, grant, or cooperative agreement, may be deobligated and shall immediately become available and may be reobligated in that fiscal year or the subsequent fiscal year for the research, evaluation, or statistical purposes for which the amounts are made available to that Office subject to reprogramming requirements in section [405] 404 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. [225] 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. [226] 221. MATCHING REQUIREMENTS.— With respect to grant amounts awarded under the heading "Homeless Assistance Grants" for fiscal years 2015 through [2023] 2024 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. [227] 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. [228] 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 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. 229. None of the amounts made available in this Act may be used to consider Family Self-Sufficiency performance measures or performance scores in determining funding awards for programs receiving Family Self-Sufficiency program coordinator funding provided in this Act.]

SEC. [230] 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, 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. [231] 225. PROHIBITION ON LIMITING LEAD-BASED PAINT GRANTS.— 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. 232. None of the funds made available by this title may be used to issue rules or guidance in contravention of section 1210 of Public Law 115-254 (132 Stat. 3442) or section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155).]

SEC. [233] 226. CHOICE NEIGHBORHOODS EXTENSION.—


(b) 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.

(c) 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.

(d) 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.

(e) 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.
Explanation of this Section: This provision extends by one year the expenditure period for previously appropriated Choice Neighborhoods funds.

[SEC. 234. None of the funds made available by this Act may be used by the Department of Housing and Urban Development to direct a grantee to undertake specific changes to existing zoning laws as part of carrying out the final rule entitled "Affirmatively Furthering Fair Housing" (80 Fed. Reg. 42272 (July 16, 2015)) or the notice entitled "Affirmatively Furthering Fair Housing Assessment Tool" (79 Fed. Reg. 57949 (September 26, 2014)).]

SEC. [235] 227. FORMULA GRANT ALLOCATION ADJUSTMENTS.— For fiscal year [2023] 2024, if the Secretary determines or has determined, for any prior formula grant allocation administered by the Secretary through the Offices of Public and Indian Housing, Community Planning and Development, or Housing, 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: 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 the 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. 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—

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"(1) demonstrates that—
   "(A) project income is insufficient to operate and maintain the project, and no
   rehabilitation is currently needed, 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 in the event the owner or
   purchaser fails to implement the rehabilitation as required by the Secretary, the
   Secretary may take such action against the owner or purchaser as allowed by law; 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 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 for and during such extended term."; and
   (b) in section 579, by striking "October 1, 2022" each place it appears and inserting in
   lieu thereof "October 1, 2027".]

SEC. [237] 228. INFORMATION TECHNOLOGY TRANSFER AUTHORITY.— [The Secretary
may transfer from] Of the amounts made available for salaries and expenses under all headings
in this title (excluding amounts made available under the heading "Office of Inspector General"), a total
of up to [[$500,000 from each office] $10,000,000 may be transferred to and merged with amounts
made available in this title under the heading "Information Technology Fund" [for information
technology needs, including for additional development, modernization, and
enhancement, to remain available until September 30, 2025: Provided, That the total
amount of such transfers shall not exceed $5,000,000: Provided further, That this
transfer authority shall not be used to fund information technology projects or
activities that have known out-year development, modernization, or enhancement costs
in excess of $500,000: Provided further, That the Secretary shall provide notification to
the House and Senate Committees on Appropriations no less than three business days
in advance of any such transfer].

Explanation of this Section: This provision, as modified in the Budget, allows for the
transfer and merger of up to $10 million in S&E funds to the Information Technology Fund.

SEC. [238] 229. LEAD HAZARD REDUCTION EXPENDITURE EXTENSION.—
(a) Funds previously made available in the Consolidated Appropriations Act, [2019] 2017
(Public Law [116-6]115-31) for “Lead Hazard Reduction” that were available for obligation
through fiscal year [2020] 2018 are to remain available through fiscal year [2027] 2025 for the
(b) Funds previously made available in the Consolidated Appropriations Act, 2018 (Public Law 115-141) for “Lead Hazard Reduction” that were available for obligation through fiscal year 2019 are to remain available through fiscal year 2026 for the liquidation of valid obligations incurred in fiscal years 2018 through 2019.

(c) Funds previously made available in the Consolidated Appropriations Act, 2020 (Public Law 116-94) for “Lead Hazard Reduction” that were available for obligation through fiscal year 2022 are to remain available through fiscal year 2029 for the liquidation of valid obligations incurred in fiscal years 2020 through 2022.

**Explanation of this Section:** This provision extends by two years the expenditure period for previously appropriated Lead Hazard Reduction funds.

[SEC. 239. The Secretary shall comply with all process requirements, including public notice and comment, when seeking to revise any annual contributions contract.]

[SEC. 240. None of the funds appropriated or otherwise made available in this or prior Acts may be used by the Department to carry out customer experience activities within the Office of the Assistant Chief Financial Officer for Budget.]

SEC. 230. NONRECURRING EXPENSES FUND.—There is hereby established in the Treasury of the United States a fund to be known as the "Department of Housing and Urban Development Nonrecurring Expenses Fund" (the Fund): Provided, That unobligated balances of expired discretionary funds appropriated in this or any succeeding fiscal year from the General Fund of the Treasury to the Department of Housing and Urban Development by this or any other Act may be transferred (not later than the end of the fifth fiscal year after the last fiscal year for which such funds are available for the purposes for which they were appropriated) into the Fund: Provided further, That amounts deposited in the Fund shall be available until expended, in addition to such other funds as may be available for such purposes, for capital needs of the Department, including facilities infrastructure and information technology infrastructure, subject to approval by the Office of Management and Budget: Provided further, That amounts in the Fund may be obligated only after the Committees on Appropriations of the House of Representatives and the Senate are notified at least 15 days in advance of the planned use of funds.

**Explanation of this Section:** This provision establishes a nonrecurring expenses fund (NEF) and authorize the transfer of unobligated balances of expiring discretionary funds appropriated in 2024 and subsequent years to the NEF, to remain available until expended, for capital needs of the Department.

SEC. 231. FLEXIBILITY FOR TRIBES.—(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 this and prior Acts and under section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (42 U.S.C. 11364a),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 give Indian tribes the flexibility needed to successfully participate in the Continuum of Care (CoC) program as recipients and as Continuums of Care.

SEC. 232. GNMA SECURITIZATION OF RISK SHARE LOANS.— 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 its text to read as follows:

"(6) 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. Authorizing securitization in support of this multifamily housing program would provide a permanent source of stable and low-cost capital and enhanced market liquidity for this critical form of affordable housing.

SEC. 233 CAPITAL FOR DISTRESSED MULTIFAMILY PROPERTIES.— The United States Housing Act of 1937 is amended by adding after section 8 the following new section and renumbering the subsequent sections accordingly:

"SECT. 8A. CAPITAL ASSISTANCE FOR MULTIFAMILY DISTRESSED PROPERTIES.

“(a) AUTHORITY.—To such extent or in such amounts as provided in appropriations Acts, the Secretary may provide direct loans, which may be forgivable, for the purpose of making
necessary physical improvements, to owners of multifamily properties that have deficiencies that cause the property to be at risk of physical obsolescence or economic non-viability.

“(b) LOAN TERMS AND CONDITIONS.—

“(1) ELIGIBILITY.—Owners of multifamily housing projects that meet each of the following requirements are eligible for loan assistance under this section:

“(A) The property has deficiencies that cause the property to be at risk of physical obsolescence or economic non-viability.

“(B) The actual rents received by the owner of the distressed property would not adequately sustain the debt needed to make necessary physical improvements.

“(C) Any such additional eligibility criteria as the Secretary determines to be appropriate, including factors that contributed to the property’s distressed state.

“(2) USE OF LOAN FUNDS.—Each recipient of loan assistance under this section may only use such loan assistance for eligible uses, as determined by the Secretary, that result in the necessary physical improvements to a distressed property to return it to a position of economic viability.

“(3) EXTENDED AFFORDABILITY PERIOD.—Each recipient of loan assistance under this section shall agree to an extended affordability period for the property that is subject to the loan by extending any existing affordable housing use agreements for an additional 30 years or, if the property is not currently subject to a use agreement establishing affordability requirements, by establishing a use agreement for 30 years.

“(4) ADDITIONAL LOAN CONDITIONS.—The Secretary may establish additional conditions for loan eligibility provided under this section as the Secretary determines to be appropriate.

“(c) DEFINITION.—As used in this section, the term “multifamily housing project” means a project consisting of more than four dwelling units assisted, insured, or with a loan held by the Secretary or a State or State agency in part or in whole pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), not including subsection (o)(13) of such section.

“(d) IMPLEMENTATION.—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section.”.

**Explanation of this Section:** This provision allows HUD to make direct loans to owners of distressed PBRA properties to support rehabilitation or replacement. Properties receiving these loans would agree to extended affordability.

**SEC. 234. BUDGET-BASED RENT INCREASES.—** The Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended 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..."
**Explanation of this Section:** Some PBRA properties are subject to rent adjustment provisions that result in property revenue inadequate to meet the property's needs. This addition to MAHRAA provides a mechanism to address these problem situations if the property has health and safety deficiencies. The provision allows HUD to implement a rent adjustment to the lesser of budget-based rents or comparable market rents as necessary to fix identified deficiencies. The provision authorizes the rent adjustment as the necessary companion provision to $3 million requested for this purpose in the PBRA account.

Sec. 235. LUMP-SUM INTEREST REDUCTION PAYMENTS.—

(a) Section 236 of the National Housing Act (12 U.S.C. 1715z-1) is amended—

(1) in subsection (c), by—

(A) designating the existing subsection (c) as (c)(1);

(B) by inserting “, except as described in (c)(2),” before “in an amount not exceeding”; and

(C) by inserting after (c)(1), as redesignated above, the following new paragraph:

“(2) During the term of the interest reduction payments, a project owner, including an owner subject to (e)(2) below, may request to combine the remaining interest reduction payments described in (c)(1) which the project owner would be eligible to receive under this section into one lump-sum payment, and the Secretary will pay this lump-sum amount to a mortgagee on behalf of the project owner provided the project owner agrees to remain subject to such binding commitments and affordability restrictions as projected prior to such lump-sum payment.”; and

(2) in subsection (e)(1), by—

(A) inserting “including the lump sum payment available under (c)(2),” after “As a condition for receiving the benefits of interest reduction payments,”; and

(B) inserting “If a project owner that receives a lump-sum payment under (c)(2) fails to operate the project in accordance with requirements prescribed by the Secretary for the full period that would have been covered by monthly payments under (c)(1), all or a portion of such lump-sum payment will be subject to repayment to the Secretary.” after the first sentence.

(b) The Secretary of Housing and Urban Development may implement the amendments made in subsection (a) by notice or other administrative means, including by providing alternative requirements to regulations implementing section 236 of the National Housing Act, other than provisions related to fair housing, nondiscrimination, labor standards, and the environment.

**Explanation of this Section:** This provision allows HUD to accelerate Interest Reduction Payment (IRP) subsidy payments to the 29 remaining Section 236 IRP properties, so that HUD can end the IRP program and accompanying decoupling program. Accelerating payments to these properties would allow owners to pay their debt service in a lump sum or continue monthly payments as scheduled. This change only modifies the disbursement of the funds, relieving HUD and the owner of administration costs, without altering affordability restrictions on the property.

Sec. 236 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 117–103, 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’, ‘Housing for the Elderly’,” 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) after the twenty-third proviso, as reordered above, by inserting the following proviso: “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”;
(f) in the twenty-eighth proviso, as reordered above, by inserting “, section 811 of the American Homeownership and Economic Opportunity Act of 2000,” after “Housing Act of 1959”; and

(g) in the thirty-third proviso, as reordered above, by striking “any section 202 project rental assistance contract or section 811 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 makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding funding access, and other technical changes. Please see the Project-Based Rental Assistance justification for more details on these changes.

Sec. 237. PBCA MODIFICATIONS.— Notwithstanding sections 3(b) and 8 of the United States Housing Act of 1937 (the Act) and chapter 63 of title 31, United States Code, amounts made available to the Secretary in this or any prior Act under the headings “Project-Based Rental Assistance” or “Housing Certificate Fund” for performance-based contract administrators to carry out section 8 of the Act (42 U.S.C. 1437f), as implemented by the Secretary in chapter VIII of title 24, Code of Federal Regulations, may be awarded through a Notice of Funding Opportunity not subject to procurement laws or regulations: Provided, That such awards shall be deemed for all purposes to be cooperative agreements: Provided further, That for purposes of such Notice, eligible applicants are public housing agencies as defined by section 3(b)(6)(A) of the Act and nonprofits of such agencies when operating outside of the State or territory in which such agency is established: Provided further, That the Secretary shall award one cooperative agreement for each State or territory, except that the Secretary may award more than one cooperative agreement for a State or territory if the population of such State or territory exceeds 25,000,000: Provided further, That the Secretary may select the best qualified applicant regardless of whether it operates within the jurisdiction of the State or territory served: Provided further, That if the Secretary does not select a qualified applicant under such Notice, the Secretary may utilize a procurement contract subject to all procurement laws and regulations to assist in carrying out such section 8.

**Explanation of this Section:** The provision allows the Department to use cooperative agreements to select state and local housing agencies through a Notice of Funding Opportunity as performance-based contract administrators (PBCAs) of Project-Based Rental Assistance contracts. Contract administration is essential to the rental assistance upon which renters and properties rely.

SEC. 238 MOD REHAB AND SRO SUNSET.— 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:** The PBRA account continues to renew approximately 21,000 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 2027 to give owners time to develop plans for transition to one of the two alternative platforms (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.