

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROGRAM OFFICE SALARIES AND EXPENSES
OFFICE OF HOUSING**

(Dollars in Thousands)

	FY 2017 Actuals	FY 2018 Annualized CR	FY 2019 President's Budget
Personnel Services	\$348,817	\$343,786	\$337,528
Non-Personnel Services			
Travel	3,837	6,172	4,171
Rent and Utilities	2	2	2
Printing	11	15	15
Other services/Contracts	4,655	28,101	3,208
Training	1,376	1,364	1,364
Supplies	130	140	140
Claims and Indemnities	66	100	100
Non-Personnel Services Subtotal	\$10,077	\$35,894	\$9,000
Working Capital Fund	\$10,642	\$9,658	\$12,920
Grand Total	\$369,536	\$389,338	\$359,448
Associated FTE	2,533	2,406	2,339

1. Program Purpose and Fiscal Year 2019 Budget Overview

The Office of Housing facilitates the Department of Housing and Urban Development (HUD) efforts to provide vital public services through its nationally administered programs. It oversees the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing industry business. The Office of Housing, through its insurance programs, plays a countercyclical role in the market, as evidenced by the last housing crisis, and operates as a Partner in Opportunity with its stakeholders.

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The missions of the Office of Housing are to:

- Contribute to building and preserving healthy neighborhoods and communities;
- Maintain and expand homeownership, rental housing and healthcare opportunities;
- Stabilize credit markets in times of economic disruption;
- Operate with a high degree of public and fiscal accountability; and
- Recognize and value its customers, staff, constituents and partners.

In addition to Executive Direction and supporting offices that work on finance, budget and operations, there are five program offices within the Office of Housing. These consist of the Office of Multifamily Housing Programs, the Office of Healthcare Programs, the Office of Risk Management and Regulatory Affairs, the Office of Single Family Housing Programs and the Office of Housing Counseling. The request reflects the current structure for Housing.

Office of Multifamily Housing Programs: HUD's Office of Multifamily Housing's programs serve the nation's renters with a focus on underserved communities and market segments. The Office of Multifamily Housing Programs provides mortgage insurance and administers the Section 202, Section 811, Section 8 Project-Based Rental Assistance, and Rental Assistance Demonstration (RAD) programs, among others.

Office of Healthcare Programs: HUD's Healthcare programs provide mortgage insurance on loans that finance the construction, renovation, acquisition, or refinancing of healthcare facilities such as hospitals and residential care facilities. Healthcare Asset Management includes all activities associated with monitoring, loan servicing, claim prevention and (if a claim occurs) asset recovery in the insured hospital and residential care facility loan portfolio. Healthcare Production and Processing activities are associated with pre-application and full review of applications for mortgage insurance for hospitals and residential care facilities.

Office of Risk Management and Regulatory Affairs: The major objectives of the Office of Risk Management and Regulatory Affairs are to conduct analysis and recommend actions to reduce exposure to FHA insurance funds while meeting FHA's housing mission, ensure that FHA operates in compliance with statutory capital requirements, and promote a well-controlled operational infrastructure. The scope of the risk management staff encompasses Program Area (Single Family, Multifamily and Healthcare) activities conducted at headquarters and the field offices. The office also administers the Manufactured Housing Program, which the Department proposes to fund exclusively from fees for Program operations.

Office of Single Family Housing Programs: HUD's Single-Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, and reverse mortgages under the Home Equity Conversion Mortgage (HECM) program. Single Family Housing monitors credit risk and various operational risks to 1) ensure the Mutual Mortgage Insurance Fund maintains its statutorily mandated capital reserve ratio and 2) to ensure FHA supports sustainable

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homeownership. To mitigate risks, Single Family Housing is focused on improving credit risk management, operational efficiency, enhancing loan level quality assurance, and improving Real Estate Owned (REO) recoveries through a variety of actions, including:

- Comprehensive management of FHA's credit risk by continual monitoring of risk factors that could impact the MMI Fund.
- Maximizing Single Family FHA recovery rates for foreclosed properties by implementing alternative asset disposition options and continual monitoring of asset manager contractor performance.
- Continuing loss mitigation efforts to prevent foreclosures.
- Replacing or significantly enhancing antiquated systems with improved information technology, to meet industry standards and reduce operational vulnerability.
- Evaluating policy regarding servicing and issuing appropriate Mortgagee Letters on any revisions necessary to revise FHA guidance.
- Reviewing quality assurance framework to provide clarity and transparency in FHA's policies for mortgagees.

Office of Housing Counseling: HUD's Housing Counseling program provide counseling through intermediaries to consumers on seeking, financing, maintaining, renting, or owning a home. HUD's Housing Counseling program provides support to a nationwide network of Housing Counseling Agencies (HCAs) and counselors. HCA's are trained and approved to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs considering their financial situations.

Office of Finance and Budget: The Office of Finance and Budget provides critical financial and budgetary oversight for the Office of Housing. The office is responsible for all Housing-FHA accounting records, the preparation of the annual audit and Housing's budget formulation and execution activities, timely and accurate financial management reports prepared in conformity with generally accepted accounting principles, the sale and disposition of FHA mortgage notes, and managing Housing's IT investment portfolio. The office serves in an advisory role on all issues involving financial management, budgetary and accounting policy.

The office serves as the principal advisor to the FHA Commissioner on fiscal and budgetary matters and has primary leadership responsibilities for the financial integrity of the Office of Housing-FHA programs. Finance and Budget staff are responsible for the integrity of transactional data and internal controls within Housing programs. In collaboration with the Office of the Chief Financial Officer, this office works closely with Congressional Appropriation Committees on Housing's budgetary matters and assists the program offices with reviewing and interpreting program legislation language and policies for human capital and other resource needs.

Office of Operations: The Office of Housing Operations provides resources and services that are essential for Housing's program offices relating to: Human Resources (includes personnel, Employee Labor Relations, workforce plans, and training), Procurement,

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Strategic management, business process re-engineering and Web Administration, correspondence, Continuity of Operations Plan (COOP), and Environmental support.

Executive Direction: The Office of Assistant Secretary for Housing-Federal Housing Commissioner establishes and administers policy and manages operations for the Federal Housing Administration's Single Family, Multifamily and Healthcare insurance portfolios, as well as other programs that support safe and affordable rental housing. It also oversees core offices that provide risk management, finance and budget activities, operations, housing counseling, and regulation of the construction of manufactured homes.

The fiscal year 2019 President's Budget of \$359,448K is \$29,890K less than the fiscal year 2018 Annualized CR level.

Personnel Services (PS): The Office of Housing requests \$337,528K to support 2,339 Full-Time Equivalent (FTE). This request represents a decrease of \$6,258K and 67 FTE from fiscal year 2018 CR level. The reduction in FTE will be achieved through attrition.

Non-Personnel Services (NPS): The Office of Housing is requesting \$9,000K for NPS and primarily supports travel, contracts, and training.

Working Capital Fund (WCF): The Office of Housing requests \$12,920K to support WCF fees for its use of shared services and other investments as directed by the Secretary.