



Fiscal Year 2021

CONGRESSIONAL JUSTIFICATIONS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
2021 CONGRESSIONAL JUSTIFICATIONS
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CONGRESSIONAL JUSTIFICATIONS
INTRODUCTION

The following table summarizes the Department's funding and staffing requests for 2019 through 2021:

	(Dollars in Millions)		
	2019	2020	2021
	<u>ACTUAL</u>	<u>ENACTED</u>	<u>PRESIDENT'S BUDGET</u>
<u>BUDGET AUTHORITY</u>			
Discretionary (Gross)	\$57,893	\$56,536	\$47,958
Offsetting Receipts	<u>(9,533)</u>	<u>(6,619)</u>	<u>(8,851)</u>
Discretionary (Net)	48,360	49,917	39,107
Mandatory (Net)	<u>8,411</u>	<u>2,739</u>	<u>8,099</u>
Total Budget Authority (Net)	56,771	52,656	47,206
<u>BUDGET OUTLAYS</u>			
Discretionary	\$44,235	\$51,388	\$54,091
Mandatory	<u>(15,042)</u>	<u>(15,339)</u>	<u>(1,697)</u>
Total Budget Outlays	29,193	36,049	52,394
<u>FULL-TIME EQUIVALENTS</u>			
FTE Staff	7,394	7,670	7,784
(includes S&E, OIG, WCF)			

NOTES: Line items may not match President's Budget due to rounding.

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
DISCRETIONARY PROGRAMS			
PUBLIC AND INDIAN HOUSING			
Tenant-Based Rental Assistance (TBRA)			
Section 8 Contract Renewals.....	\$20,313	\$21,502	\$16,958
Administrative Fees.....	1,886	1,977	1,465
Section 8 Rental Assistance (Tenant Protection Vouchers).....	85	75	100
Advanced Appropriation for FY 2017.....	[4,000]	-	-
Advanced Appropriation for FY 2018.....	[4,000]	-	-
Advanced Appropriation for FY 2019.....	[(4,000)]	[4,000]	-
Advanced Appropriation for FY 2020.....	[...]	[(4,000)]	[4,000]
Advanced Appropriation for FY 2021.....	[...]	[...]	[4,000]
Veterans Affairs Supportive Housing.....	40	40	-
Tribal HUD VASH.....	4	1	-
Mainstream Voucher Renewals.....	225	229	310
Rental Assistance Demonstration (transfer).....	89	52	64
Family Unification Program.....	20	25	-
Mobility Demonstration.....	25	25	-
Disaster Displacement.....	-	(6)	-
FSS Coordinators.....	-	-	-
Lead Risk Assessment.....	-	-	[30]
Total, TBRA.....	22,687	23,920	18,897
Self-Sufficiency Program			
Family Self-Sufficiency.....	-	130	190
Resident Opportunity and Supportive Services (ROSS).....	80	[80]	[90]
Jobs Plus Demonstration.....	-	[35]	...
Total Self-Sufficiency Program.....	-	[15]	[100]
Total Self-Sufficiency Program.....	80	130	190
Public Housing Capital Fund			
Formula Grants.....	2,655	2,745	-
Emergency/Disaster Reserves.....	20	20	-
Safety and Security.....	10	10	-
Administrative Receivership.....	...	35	-
Financial and Physical Assessment.....	14	14	-
Administrative and Judicial Receivership.....	1	1	-
Technical Assistance.....	-	-	-
Resident Opportunity and Support Services (ROSS).....	35	-	-
Lead-Based Hazards.....	25	25	-
Lead-Based Water Pipe Testing Grants.....	-	20	-
Jobs Plus.....	15	-	-
Rental Assistance Demonstration (transfer).....	(35)	(31)	-
Total, Public Housing Capital Fund.....	2,740	2,839	-

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
Choice Neighborhoods.....	\$150	\$175	-
Public Housing Fund (Formerly Public Housing Operating Fund)			
Operating Subsidy.....	4,653	4,524	3,404
Shortfall Protection.....	-	25	-
Public Housing Demolition.....	-	-	30
Emergency Disaster.....	-	-	10
Financial and Physical Assessment.....	-	-	23
Administrative and Judicial Receiverships.....	-	-	40
Lead-Based Paint Hazards Competitive Grants.....	-	-	35
Lead-Based Water Pipe Testing Grants.....	-	-	30
Rental Assistance Demonstration (transfer).....	(105)	(62)	(128)
Total, Public Housing Fund.....	4,548	4,487	3,444
Moving to Work.....	-	-	5,185
Native American Programs			
Formula Grants.....	646	646	600
Technical Assistance.....	5	5	-
National or Regional Organization.....	2	2	-
Competitive Grants.....	100	100	-
Indian Community Block Grants.....	-	70	-
Title VI Federal Guarantees for Tribal Housing Activities			
Program Account.....	2	2	-
Loan Guarantee Limitation.....	[18]	[18]	[18]
Total, Native American Housing Block Grants.....	755	825	600
Indian Housing Loan Guarantee Fund			
Loan Guarantee Credit Subsidy.....	1	1	1
Administrative Expenses.....	-	1	1
Limitation Level.....	[1,190]	[1,190]	-
Total, Indian Housing Loan Guarantee.....	1	2	2
Native Hawaiian Loan Guarantee Fund			
Credit Subsidy.....	-	-	(2)
Limitation Level.....	[16]	[...]	[...]
Native Hawaiian Housing Block Grants.....	2	2	-
Subtotal, Public and Indian Housing.....	30,963	32,380	28,316
 COMMUNITY PLANNING AND DEVELOPMENT			
Community Development Fund			
Entitlement/Non-entitlement.....	3,293	3,393	-
Insular Area CDBG.....	7	7	-
Indian Tribes.....	65	-	-
Disaster Assistance.....	4,109	-	-
Recovery Housing (PL 115-271)	-	25	-
Total, CDBG.....	7,474	3,425	-

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
HOME Investment Partnerships Program			
Formula Grants.....	\$1,248	\$1,347	-
Insular Areas.....	3	3	-
Total, HOME.....	1,250	1,350	-
Community Development Loan guarantees (Section 108)			
Loan Guarantee Limitation.....	[300]	[300]	-
Self-Help and Assisted Homeownership (SHOP)			
SHOP.....	10	10	-
Section 4 Capacity Building.....	35	36	-
Capacity Building for Rural Housing.....	5	5	-
SHOP for Veterans.....	4	4	...
Total, SHOP.....	54	55	...
Homeless Assistance Grants			
Competitive Grant Renewals (Shelter Plus Care and Supportive Housing).....	2,219	2,350	2,486
Emergency Solutions Grants.....	280	290	280
National Homeless Data Analysis Project.....	7	7	7
Youth Demonstration.....	75	70	-
Youth Technical Assistance.....	5	10	-
Rapid Rehousing for DV Victims.....	50	50	-
Total, Homeless.....	2,636	2,777	2,773
Housing Opportunities for Persons with AIDS (HOPWA)			
Formula Grants.....	\$354	\$369	\$297
Competitive Grants.....	\$39	41	33
Total, HOPWA.....	393	410	330
Subtotal, Community Planning and Development.....	11,807	8,017	3,103
HOUSING PROGRAMS			
Project-Based Rental Assistance			
Section 8 Contract Renewals.....	11,319	12,010	12,056
Contract Administrators.....	245	345	350
Advanced Appropriation for FY 2017.....	[400]	-	-
Advanced Appropriation for FY 2018.....	[400]	-	-
Advanced Appropriation for FY 2019.....	[(400)]	[400]	[...]
Advanced Appropriation for FY 2020.....	[...]	[(400)]	[400]
Advanced Appropriation for FY 2021.....	[...]	[...]	[(400)]
Tenant Resources Network.....	3	2	6
Mod Rehab and SRO.....	180	213	230
Rental Assistance Demonstration (transfer).....	54	40	64
Total, Project-Based Rental Assistance.....	11,801	12,610	12,706
Housing Counseling Assistance			
Housing Counseling Assistance.....	46	49	41
Administrative Contract Services.....	5	5	5
Total, Housing Counseling Assistance.....	50	53	45

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
Supportive Housing for the Elderly (Section 202)			
PRAC Renewals/Amendments.....	\$524	\$590	\$641
Service Coordinators/Congregate Housing Service Program.....	90	100	95
Capital Advance/SPRAC.....	51	90	100
Other Expenses.....	3	3	3
Wish Demonstration Expenses.....	-	-	14
Aging in Place Home Modification Grants Expenses.....	10	10	-
Total, Supportive Housing for the Elderly Housing.....	678	793	853
Housing for Persons with Disabilities (Section 811)			
PRAC/PAC Amendments/Renewal.....	152	162	170
Capital Advance.....	30	-	-
Other Expenses.....	2	40	82
Total, Disabled Housing.....	184	202	252
FHA Funds			
Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds			
Management Housing Insurance (CMHI)			
Administrative Expenses.....	130	130	130
Direct Loan Limitation.....	[1]	[1]	[1]
Loan Guarantee Limitation Level.....	[400,000]	[400,000]	[400,000]
Total, MMI/CMHI.....	130	130	130
General Insurance and Special Risk Insurance Funds			
Direct Loan Limitation.....	[1]	[1]	[1]
Loan Guarantee Limitation Level.....	[30,000]	[30,000]	[30,000]
Total, FHA Funds.....	130	130	130
Manufactured Fees Trust Fund			
Payments to States.....	\$4	\$5	\$5
Contracts.....	8	8	10
Total, Manufactured Housing Standards Program.....	12	13	14
Other Assisted Housing			
Rent Supplement.....	3	-	-
Rental Housing Assistance (Sec 236).....	2	3	-
Rental Assistance Demonstration Transfer.....	(4)	-	-
Total, Other Assisted Housing.....	1	3	-
Rental Assistance Demonstrations.....	-	-	100
Subtotal, Housing Programs.....	12,856	13,804	14,100
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
Guarantees of Mortgage-Backed Securities			
GNMA - Salaries and Expenses.....	30	34	31
MBS Guarantee Limitation.....	[500,000]	[500,000]	[550,000]
POLICY DEVELOPMENT AND RESEARCH			
Research and Technology.....	96	98	95

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
FAIR HOUSING & EQUAL OPPORTUNITY			
Fair Housing Initiative Program.....	\$40	\$45	\$40
Fair Housing Assistance Program.....	24	24	24
Fair Housing Training Academy.....	2	2	2
Total, Fair Housing Activities.....	65	70	65
OFFICE OF LEAD HAZARD CONTROL AND HEALTHY HOMES			
Lead-Based Paint Hazard Reduction			
Lead Hazard Control Grants.....	70	76	145
Technical Studies.....	5	5	5
Healthy Homes	45	50	45
Lead Hazard Control Demonstration Program.....	95	95	95
Lead Hazard Reduction Neighborhood Grants.....	64	64	-
Resident Safety Demonstrations in rental assistance portfolio	-	-	70
Total, OLHCHH.....	279	290	360
MANAGEMENT AND ADMINISTRATION			
Salaries and Expenses, HUD.....	1,384	1,425	1,497
Salaries and Expenses, OIG.....	128	138	133
Information Technology Fund.....	285	280	258
Working Capital Fund.....	[39]	[42]	[99]
Subtotal, Management and Administration.....	1,797	1,843	1,888
Subtotal, HUD Discretionary Budget Authority (Gross).....	57,893	56,536	47,958
Offsetting Receipts			
MMI Capital Reserve.....	(6,887)	(4,665)	(6,976)
GNMA Receipts.....	(140)	(132)	(129)
GNMA Capital Reserve.....	(1,987)	(1,184)	(1,207)
GI/SRI Negative Subsidy.....	(504)	(622)	(523)
Manufactured Housing Fees Trust.....	(15)	(16)	(16)
Total receipts.....	(9,533)	(6,619)	(8,851)
Total, HUD Discretionary Budget Authority (Net).....	48,360	49,917	39,107

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)**

	2019 <u>ACTUAL</u>	2020 <u>ENACTED</u>	2021 <u>PRESIDENT'S BUDGET</u>
MANDATORY PROGRAMS			
Indian Housing Loan Guarantee.....	\$22	\$2	-
Native Hawaiian Housing Loan Guarantee.....	5	2	-
Housing Trust Fund.....	248	298	18
FHA General and Special Risk Program Account.....	1,284	792	-
FHA General and Special Risk Liquidating Account.....	25	25	25
FHA Mutual Mortgage Insurance Capital Reserve Account.....	6,887	4,665	6,976
Housing for the Elderly or Handicapped Fund Liquidating Account.....	...	(139)	(110)
Guarantees of Mortgage-backed Securities Capital Reserve.....	1,987	1,184	1,207
Subtotal, Gross Mandatory Budget Authority.....	10,458	6,829	8,116
Mandatory Receipts.....	(2,047)	(4,090)	(17)
Total, Net Mandatory Budget Authority.....	8,411	2,739	8,099
Total, Net HUD Budget Authority.....	56,771	52,656	47,206

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
BUDGET OUTLAYS BY PROGRAM
COMPARATIVE SUMMARY, 2019-2021
(Dollars in Millions)

	2019 ACTUAL	2020 ENACTED	2021 PRESIDENT'S BUDGET
DISCRETIONARY PROGRAMS			
PUBLIC AND INDIAN HOUSING			
Rental Assistance Demonstration.....	-	-	100
Tenant-Based Rental Assistance.....	22,208	24,349	19,792
Housing Certificate Fund.....	132	29	56
Public Housing Capital Fund.....	2,150	2,418	2,553
Public Housing Fund (Formerly Public Housing Operating Fund).....	4,458	4,520	3,656
Moving to Work.....	-	-	4,322
Choice Neighborhoods.....	109	168	179
Revitalization of the Severely Distressed.....	13	18	1
Self-Sufficiency Programs (Formerly Family Self-Sufficiency).....	71	78	112
Native American Programs (Formerly Native American Block Grants).....	657	641	685
Native Hawaiian Housing Block Grants.....	1	3	3
Indian Housing Loan Guarantee Fund.....	2	2	2
Subtotal, Public and Indian Housing.....	29,801	32,226	31,461
COMMUNITY PLANNING AND DEVELOPMENT			
Housing Opportunities for Persons with AIDS (HOPWA).....	358	386	429
Community Development Fund.....	5,178	7,427	9,573
HOME Investment Partnerships Program.....	939	1,104	1,214
Self-Help Homeownership Opportunity/Habitat.....	41	53	54
Homeless Assistance Grants.....	2,169	2,248	2,637
Community Development Loan Guarantees.....	1	2	-
Permanent Supportive Housing.....	-	5	-
Brownfields Redevelopment.....	-	2	2
Subtotal, Community Planning and Development.....	8,686	11,227	13,909
HOUSING PROGRAMS			
Project-Based Rental Assistance.....	12,207	10,836	13,773
Housing for the Elderly (Section 202).....	735	848	917
Housing for Persons with Disabilities (Section 811).....	187	206	303
Housing Counseling Assistance.....	43	52	56
Other Assisted Housing.....	86	120	60
FHA Funds:			
Mutual Mortgage Ins. and Coop. Management Housing Ins. Funds:			
Program Account.....	112	109	135
General Insurance and Special Risk Insurance Funds:			
Program Account.....	-	-	-
Subtotal, FHA Funds.....	112	109	135
Manufactured Housing Standards Program.....	12	11	13
Flexible Subsidy.....	(39)	(36)	(34)
Subtotal, Housing Programs.....	13,343	12,146	15,223
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
Mortgage-Backed Securities Program Account.....	(112)	(98)	(98)

POLICY DEVELOPMENT AND RESEARCH

Research and Technology.....	76	85	91
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FAIR HOUSING & EQUAL OPPORTUNITY

Fair Housing Activities.....	60	65	68
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LEAD HAZARD CONTROL

Lead Hazard Reduction.....	95	178	212
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MANAGEMENT AND ADMINISTRATION

Salaries and Expenses, HUD.....	1,306	1,534	1,559
Salaries and Expenses, OIG.....	127	131	140
Information Technology Fund.....	240	379	267
Working Capital Fund.....	(1)	-	(19)
Subtotal, Management and Administration.....	1,672	2,044	1,947

HUD Transformation Initiatives.....	7	2	-
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Subtotal, HUD Discretionary Outlays (Gross).....	53,628	57,875	62,813
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Offsetting Reciepts (Discretionary).....	(519)	(638)	(539)
Reclassification of MMI Receipts.....	(6,887)	(4,665)	(6,976)
GNMA Receipts.....	(1,987)	(1,184)	(1,207)

Total, HUD Discretionary Outlays (Net).....	44,235	51,388	54,091
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MANDATORY PROGRAMS

Indian Housing Loan Guarantee Fund.....	22	2	-
Native American Housing Block Grants.....	-	-	-
Native Hawaiian Housing Loan Guarantee.....	5	2	-
Neighborhood Stabilization Program.....	20	59	59
Housing Trust Fund.....	81	141	198
FHA MMI Program Account.....	1,267	1,219	-
FHA MMI Liquidating.....	5	6	10
FHA MMI Capital Reserve Account.....	(18,152)	(13,336)	(1,220)
FHA GI/SRI Program.....	1,284	792	-
FHA GI/SRI Funds Liquidating.....	(93)	(57)	(23)
Rental Housing Assistance Fund.....	(3)	(2)	(2)
Housing for the Elderly or Handicapped Fund Liquidating Account.....	(176)	(137)	(110)
Guarantees of Mortgage-Backed Securities.....	3,268	528	100
Guarantees of Mortgage-Backed Securities Liquidating Account.....	(3)	-	-
Guarantees of Mortgage-Backed Securities Capital Reserve Account.....	(520)	(466)	(692)
Subtotal, HUD Mandatory Outlays (Gross).....	(12,995)	(11,249)	(1,680)

Deductions for Offsetting Receipts (Mandatory).....	(2,047)	(4,090)	(17)
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Total, HUD Mandatory Outlays (Net).....	(15,042)	(15,339)	(1,697)
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Total, HUD Outlays.....	29,193	36,049	52,394
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Note: Line items may not match President's Budget due to rounding

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

	2019	2020			2021		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
Salaries and Expenses	6,711	109	6,876	6,985	50	7,056	7,106
Other Funds:							
Working Capital Fund.....	5	-	6	6	-	15	15
GNMA.....	138	-	148	148	-	161	161
Office of Inspector General.....	540	531	531	531	-	502	502
Subtotal.....	683	531	685	1,216	-	678	678
							-
Total, HUD FTEs.....	7,394	640	7,561	7,670	50	7,734	7,784

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Overview of Rental Assistance Programs

In 2019, 79 percent of HUD's discretionary appropriations were set aside for rental assistance.¹ Rental assistance is a major part of HUD's mission, and because of this, HUD continues to examine its programs to achieve greater effectiveness and efficiency. The 2021 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted, while also proposing the following reforms to ensure the long-term fiscal sustainability of rental assistance. The 2021 Budget requests \$41.3 billion for rental assistance programs across HUD or 86 percent of the request and will serve nearly 4.6 million families.

Program	Families Served	Percent of Rental Assistance
Project-Based Rental Assistance	1,217,552	27
Public Housing Fund	914,529	20
Other Assisted Housing	187	-
Housing for the Elderly (Sec. 202)	124,472	3
Housing for Persons with Disabilities (Sec. 811)	32,414	1
Tenant-Based Rental Assistance	2,297,789	50
Total, Families Served by Rental Assistance Programs in 2019	4,586,943	

RENT REFORM

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

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

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

¹ Rental Assistance, as defined by HUD, includes Moving to Work, Tenant-Based Rental Assistance, the Public Housing Fund, Project-Based Rental Assistance, Housing for the Elderly, Housing for Persons with Disabilities, and Other Assisted Housing.

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

In addition, the 2021 Budget continues to propose uniform work requirements for households with non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

THE FUTURE OF PUBLIC HOUSING

The President's Budget recognizes that the current public housing funding model continues to present an unsustainable way to preserve the nearly one million public housing units across the Nation. Public Housing has an approximately \$26 billion capital needs backlog, and affordable units are lost each year due to severe disrepair. Neither federal appropriations nor state and local contributions have met the growing capital needs to prevent the loss of these units. Further, the cumbersome structure of the Public Housing program constrains the ability for PHAs to swiftly and adequately address the significant preservation needs in their portfolios using all available resources. Furthermore, the existing tools available to PHAs to deal with their rapidly deteriorating inventory, such as the Rental Assistance Demonstration (RAD), Section 18 Demolition and Disposition, and Voluntary Conversion, are currently limited in their scope and ability to preserve affordable housing for the future.

To address these challenges, the 2021 Budget proposes an expansion of RAD as well as other tools that empower PHAs to make local decisions about how best to use their properties to meet the needs of their communities. This strategy is focused on making the tools more accessible to PHAs of all sizes; simplifying administrative requirements where possible; and encouraging PHAs to transition public housing to more sustainable platforms. The Budget requests \$100 million to support RAD.

HUD has made changes to other transitional tools, including demolition and disposition requirements and streamlining voluntary conversions, which will enable PHAs to more easily transition and preserve Public Housing. The Budget is requesting a set-aside of \$30 million for demolition grants to assist PHAs in removing unsafe and uninhabitable units from HUD's public housing inventory and \$40 million for grants to at-risk PHAs to recapitalize and reposition units.

Creation of the Public Housing Fund

HUD proposes to extend the ability to utilize Capital and Operating Funds interchangeably to all PHAs, regardless of troubled status and the condition of a PHA's public housing portfolio. Currently, only small PHAs (those agencies with fewer than 250 units) that are not designated troubled and that operate public housing in a safe, clean, and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20 percent of the Operating Fund to the Capital Fund, and vice versa. Thus, HUD proposes full flexibility for all PHAs to use 2021 Public Housing grants and prior year funding from both the Capital and Operating Funds. The enhanced flexibility would enable PHAs to focus limited federal resources on local priorities without being constrained by the statutory limitations placed on each fund. The Budget proposes merging the Capital Fund and Operating Fund into a single account, the Public Housing Fund, for PHAs to utilize this flexibility.

PHA Relief

HUD recognizes the large burdens placed on local governments and PHAs. Therefore, in the 2021 Budget, HUD proposes several initiatives to decrease burdens, increase flexibilities, and encourage innovation.

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

The 2021 Budget proposes a new provision which would allow specific indicators of Section Eight Management Assistance Program (SEMAP), to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration.

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

MOVING TO WORK

The Budget requests a separate Moving to Work (MTW) account for Public Housing Authorities (PHAs) participating in the MTW demonstration program. The MTW demonstration program is a federal demonstration program that provides PHAs waiver authority and flexibility in designing and testing non-traditional policies and programs that better address the issues surrounding low-income housing in their local communities. An MTW-designated PHA may apply such funding for eligible MTW uses, regardless of normally applicable restrictions on the originating funding source, provided that the agency continues to serve substantially the same number of families as it would have served absent the MTW demonstration. Additionally, MTW PHAs have the flexibility to modify existing requirements to meet one of the three MTW statutory objectives: increase cost-effectiveness of federal expenditures, encourage self-sufficiency, and increase housing choice among participants. Finally, MTW PHAs also have the authority to use their funds to implement innovative policies that go beyond the traditional Public Housing and Housing Choice Voucher (HCV) forms of assistance to better serve low-income families.

Under the current funding structure, MTW agencies have flexibility in what their Public Housing funds and HCV funds are used for, but these funds retain their original identity. This structure creates administrative burden for both MTW PHAs and HUD because separate funding accounts must be managed and reconciled in a manner that is disconnected from the purpose of MTW. It is difficult for both HUD and MTW PHAs to track Public Housing and HCV funding from the original source to the ultimate use, as required, to ensure sound financial practice. Furthermore, tracking the different obligation and expenditure timeframes for Public Housing and HCV funding is complicated for MTW PHAs. A separate MTW account will simplify these processes for the MTW PHAs.

Funding MTW agencies through this new MTW account has many advantages. The MTW Fund would, first, eliminate administrative burden for both MTW PHAs and HUD by reducing the number of funding accounts that must be managed and reconciled for these agencies. Second, it would simplify the tracking of funds, since all funds would be traced back to the MTW account. Funding under an MTW account would be identified as no-year money, eliminating expenditure requirements tied to individual program income sources. Fourth, it will provide greater transparency regarding the funding needs of the MTW demonstration program.

Please see the Moving to Work justification for additional information.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Tenant-Based Rental Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	22,598,000	906,252 ^a	-	23,504,252	22,640,106	22,208,044
2020 Appropriation	23,874,050	916,638 ^b	(5,782) ^d	24,784,906	24,784,906	24,349,000
2021 President's Budget	18,833,000	63,525 ^c	-	18,896,525	18,896,525	19,792,000
Change from 2020	(5,041,050)	(853,113)	5,782	(5,888,381)	(5,888,381)	(4,557,000)

a/ Includes \$8 million in recaptured prior year unpaid obligations and \$89.2 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversion.

b/ Includes an estimated \$52.5 million transferred from the Public Housing Operating Fund and Capital Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

c/ Includes an estimated \$63.5 million transferred from the Public Housing Fund for the purpose of Rental Assistance Demonstration (RAD) conversions.

d/ Includes a rescission of \$5.8 million recovered funds originally awarded for the Disaster Housing Assistance Program under per P.L. 110-329. This rescission is authorized per the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

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 2,200 public housing agencies (PHAs). Tenant-Based Rental Assistance (TBRA), commonly known as the HCV program seeks to provide greater access to housing choice and better housing opportunities for very low- and extremely low-income families; reduce the number of chronically homeless individuals, families, and veterans; and maximize the federal investment and the number of families assisted through HUD's rental housing assistance programs through comprehensive monitoring of voucher utilization. The program currently serves approximately 2.3 million families.

BUDGET OVERVIEW

The 2021 President's Budget requests \$18.8 billion for TBRA, which is approximately \$5 billion less than the 2020 enacted level. The 2021 Budget and estimated need for TBRA has been adjusted to reflect HUD's proposed single Moving to Work (MTW) account, as well as proposals described further below. Under this proposal, MTW Public Housing Agencies (PHAs) will receive their HCV funding and public housing funding through a single funding source. Accordingly, the 2021 Budget for contract renewals and administrative fees for MTW agencies (both the existing 39 MTW agencies and the expansion MTW agencies anticipated to be under the demonstration at the start of calendar year 2021) has been moved from the TBRA and Public Housing Fund accounts to the MTW account. For more details, please see the MTW account narrative.

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

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

Contract Renewals - \$17 billion

The 2021 Budget provides funding to renew expiring HCV program Housing Assistance Payments (HAP) funding increments on a calendar year basis. The TBRA account provides funding for the HCV program, which is HUD's largest rental assistance program. HUD is requesting a separate appropriation for the MTW account in 2021. The contract renewal amount that will be directly appropriated to the MTW account will be \$4.2 billion; therefore, the budget for TBRA contract renewal for non-MTW is \$17 billion, totaling to \$21.1 billion for contract renewals for both MTW and non-MTW agencies. Contract renewals include funding for special purpose vouchers (SPVs), which PHAs must reissue only to qualifying participants upon turnover, either from their waiting lists or referrals. Some of these voucher categories are HUD VASH (Veterans Affairs Supportive Housing), Family Unification Program (FUP), and Tenant Protection Vouchers (TPV). Contract renewals also include up to \$4 million for renewal of rental assistance and associated administrative costs appropriated under the Tribal HUD-VASH demonstration program in prior acts. The requested funding level assumes both program-specific savings policies and savings from proposed legislative reforms.

Administrative Fees - \$1.5 billion

Administrative fees are a vital component of the HCV program, providing PHAs with the resources necessary to administer the requested rental assistance for approximately 1.9 million families. The 2021 Budget provides a total of \$1.8 billion in administrative fees for the HCV program resulting in a proration of 70 percent. After considering the MTW direct appropriation of \$340 million, the Administrative fees for non-MTW is \$1.5 billion. These fees are paid to PHAs to perform fundamental program responsibilities such as admitting households, conducting housing quality inspections, completing tenant income certifications, and paying salaries and costs incurred in managing the HCV program. The estimated prorated administrative fee funding for the existing and expansion MTW agencies has also been shifted to the new MTW account.

Tenant Protection Vouchers - \$100 million

TPVs are provided to families impacted by housing conversion actions beyond their control, such as public housing demolition, disposition and conversions, and when private owners of multifamily developments choose to leave the project-based program or convert to long-term Section 8 contracts.

Section 811 Mainstream Renewals - \$310 million

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

Lead Risk Assessment Demonstration - \$30 million

Currently, HUD uses a visual inspection process and a presumption of lead-based paint in pre-1978 HCV units to evaluate units for lead-based paint hazards. The Lead Risk Assessment Demonstration would add a lead hazards screening to the HCV leasing process. This study would respond to current Government Accountability Office (GAO) recommendations and multiple,

bipartisan directives from Congress. The study would be a collaboration between TBRA and the Lead Hazard Office. The study's funding is located in the Lead Hazard Control account

JUSTIFICATION

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

HCV assistance is primarily tenant-based assistance, which means the assistance is not permanently associated to a unit or project, but rather to an individual family. The family is responsible for finding a suitable rental unit with an owner who is willing to participate in the program. The PHA pays a monthly housing assistance payment directly to the owner on behalf of the family. That payment helps cover the affordability gap between what very low-income families can afford to pay for rent, and the actual rent charged. The HCV program relies on private sector partnerships to effectively and efficiently provide affordable housing opportunities in the local community instead of depending on direct government intervention to do so.

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

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

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

The HCV program has proven to be effective at meeting the housing needs of our most vulnerable citizens compared to other approaches. For example, in October 2016, HUD published the results of the Family Options Study². Launched in 2008, the study's goal was to determine which housing and services interventions work best for families with children experiencing homelessness. Reports published in July 2015 and October 2016 presented evidence regarding the effects of giving families in emergency shelters priority access to HCVs, "usual care" homeless and housing services, rapid re-housing, or project-based transitional housing. The study team followed the families for 3 years and measured outcomes in five domains of family well-being: (1) housing stability, (2) family preservation, (3) adult well-being, (4) child well-being, and (5) self-sufficiency. The study determined that the HCV program was the most effective intervention of the approaches tested. HCV

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

² HUD's *The Family Options Study*,
https://www.huduser.gov/portal/family_options_study.html

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.

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

The 2021 Budget for TBRA supports the strategic plan goals of enhancing rental assistance, reducing homelessness, and advancing economic opportunity.

Rent Reform

The 2021 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted while proposing reforms to ensure the long-term fiscal sustainability of HUD's rental assistance programs.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; large administrative burdens for PHAs, private owners, and tenants; significant and increasing costs to the Federal Government; and a one-size-fits-all approach that cannot offer the flexibility to meet the needs of households in communities across the nation.

Thus, with the MAHWA submitted to Congress in April 2018, HUD proposed reforming rental assistance with the following goals:

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

In addition, the 2021 Budget continues to propose uniform work requirements for households with non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Contract Renewals	20,313,000	98,120	20,411,120	20,362,430	21,502,000	48,690	21,550,690	16,958,000
Administrative Fees	1,886,000	192,161	2,078,161	1,903,838	1,977,000	174,323	2,151,323	1,465,000
Section 8 Rental Assistance	85,000	142,244	227,244	117,434	75,000	109,810	184,810	100,000
Veterans Affairs Supportive Housing (VASH) Program	40,000	8,099	48,099	4,645	40,000	43,454	83,454	-
Tribal HUD-VASH	4,000	8,235	12,235	2,153	1,000	10,082	11,082	-
Section 811 Mainstream Renewals	225,000	309,824	534,824	128,812	229,050	406,012	635,062	310,000
Rental Assistance Demonstration	-	111,761	111,761	90,827	-	73,426	73,426	-
Family Unification Program (FUP)	20,000	30,000	50,000	29,967	25,000	20,033	45,033	-
Mobility Demonstration	25,000	-	25,000	-	25,000	25,000	50,000	-
Disaster Displacement	-	5,782	5,782	-	-	-	-	-
FSS Coordinators	-	26	26	-	-	26	26	-
Lead Risk Assessment	-	-	-	-	-	-	-	[30,000]
Total	22,598,000	906,252	23,504,252	22,640,106	23,874,050	910,856	24,784,906	18,833,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President’s Budget has the following changes to appropriations language from the 2020 enacted bill:

- MTW Fund Proposal:** HUD requests language to add a separate MTW account. This new MTW account would provide the annual funding for the MTW agencies out of a single account, rather than through separate accounts (Public Housing Fund and TBRA – for both HCV contract renewals and administrative fees). The shift to the MTW account will not change the methodology used to calculate the MTW agencies’ funding eligibility. The funding eligibility for MTW agencies will continue to be determined in accordance with the terms and conditions of the MTW agreements or Operations Notice for the Expansion of the MTW Demonstration Program, as applicable. MTW PHAs would be subject to the same proration and inflation of non-MTW PHAs. Please see the MTW account narrative for more detailed information.

- **Continued MTW PHA Eligibility for the Set-Asides and a New Eligibility Category for MTW Expansion Agencies:** As discussed above, under the 2021 Budget, MTW agencies would receive their HCV contract renewal funds and administrative fees from a new MTW account. However, the MTW agencies would continue to be eligible to apply for and receive set-aside funding from the TBRA account for any of the eligible set-aside categories. In addition, HUD is proposing to expand the eligibility categories for the set-aside for the expansion MTW agencies. Currently, one of the set-aside categories allows HUD to make adjustments to a PHA's renewal funding for vouchers that are not used during the previous 12-month period to fulfill a PBV commitment. Because an expansion MTW agency may use its flexibility to develop affordable housing outside of the PBV program, HUD is proposing to amend this category to also allow adjustments for an expansion MTW agency for a funding obligation to develop affordable housing. The proposed change reinforces HUD's commitment to recognizing and encouraging the use of the MTW flexibilities by the expansion MTW agencies while maintaining the same basic renewal funding structure that applies to non-MTW agencies in accordance with the MTW Operations notice.
- **Lead Risk Assessment Demonstration:** HUD requests \$30 million for a demonstration which would add a lead hazards screening to the HCV leasing process. Currently, HUD uses a visual inspection process and a presumption of lead-based paint in pre-1978 HCV units to evaluate units for lead-based paint hazards. This study would respond to current Government Accountability Office (GAO) recommendations and multiple, bipartisan directives from Congress. As part of the study, HUD would seek to determine whether PHAs can effectively incorporate a lead screening into the Housing Quality Standards (HQS) or future inspection process and improve the detection of lead-based paint hazards, while preserving rental housing availability and affordability. The study will also include an analysis of PHAs that have already added similar lead hazard testing to their leasing process to comply with State or local lead-based paint laws. The study would be a collaboration between TBRA and the Lead Hazard Office. The study's funding is located in the Lead Hazard Control account.
- **Mainstream Vouchers Shortfall:** HUD requests the authority to establish a modest set-aside of up to \$10 million within the Mainstream Voucher Program (Section 811) account to provide funding adjustments to PHAs that (1) despite taking reasonable cost savings measures are facing a Mainstream shortfall that would require them to terminate families or (2) have experienced a significant increase in Mainstream renewal costs resulting from unforeseen circumstances. Currently, HUD has the authority to provide shortfall funding for all other vouchers in the HCV program through the TBRA renewal account set-aside. However, Mainstream vouchers receive renewal funding through a separate appropriation and there is no authority for HUD to establish a set-aside and make funding adjustments to the PHAs' Mainstream renewal allocations. Given the growth of the Mainstream vouchers with the issuance of tens of thousands of vouchers in 2018 and 2019, HUD needs similar flexibility to assist PHAs administering Mainstream vouchers. This change is reflected in the proposed appropriation language.

General Provisions

The 2021 President's Budget re-proposes the following general provision that was enacted in the 2020 appropriations bill:

- **Voucher Assistance for Students at Institutions of Higher Education:** This provision clarifies the eligibility for assistance under section 8 of the United States Housing Act of 1937 (2021 President's Budget, Section 207).

- **Management and Disposition of Certain Multifamily Projects:** This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties (2021 President's Budget, Section 208).

The 2021 President's Budget proposes the following new general provision:

- **Tenant-Based Rental Assistance Flexibilities:** This provision, which would be further defined in Federal Register notice, would allow specific indicators of the Section 8 Management Assessment Program (SEMAP) to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration (2021 President's Budget, Sec. 225).

Legislative Proposals

The 2021 Budget supports the following legislative proposals and will seek changes through the authorization process rather than the appropriations process:

- **Mainstream Voucher Flexibility:** HUD requests statutory flexibilities in line with those available to HUD-VASH for separate waiting lists, reduced screening criteria, and direct referrals from supportive services agencies. Those flexibilities have made it easier to assist a "difficult to serve" population, with complex needs. This would ease administrative burden on PHAs and clients and make it easier to serve persons referred directly from service organizations, and who are often best in a position to assess whether an individual is a candidate for successful program participation. This added program and funding flexibility for the Mainstream Vouchers would encourage partnerships with service organizations and encourage faster lease-ups.
- **PBV Replacement Housing Exceptions:** This proposal would amend the Housing Opportunities Through Modernization Act of 2016 (HOTMA) provision that allows certain formerly federally assisted projects to be exempt from the normally applicable project-based voucher PHA program cap and income-mixing requirements. It would provide PHAs with greater flexibility to use PBV new construction as a resource to preserve affordable housing. The proposed change would allow a PBV new construction project to be eligible for PBV replacement housing exceptions and project cap exemptions regardless of whether the project is built on a different site from the formerly federally assisted housing it is replacing.
- **PBV Supportive Services Exceptions:** Section 106(a)(3) of HOTMA amended section 8(o)(13)(D) of the United States Housing Act of 1937. Section 8(o)(13)(D) limits the number of units within a project that may receive project-based assistance to the greater of 25 units or 25 percent of the units in the project. There are several exceptions provided to this income mixing requirement, including units exclusively made available to households eligible for supportive services. However, in order for the supportive services exception to apply to the project, the supportive services must be made available to all the assisted residents of the project. Under this proposal, the project could designate a certain number of PBV units as supportive services units. Those units would not count against the PBV project cap provided they were occupied by families eligible to receive the services and those services were made available to all families occupying the designated supportive service units. For example, a project would be able to designate a certain number of units for supportive housing for persons with disabilities and those units would be excepted from the cap on the overall

number of PBV assisted units in the project. However, the PHA could also attach project-based voucher assistance to other units in the project (which would be subject to the income mixing requirements) which could be leased to families that would not need and would not be eligible for the supportive services without jeopardizing the exception for the designated supportive service units.

Further, the Budget continues to support legislative reforms as reflected in the Making Affordable Housing Work Act of 2018 and uniform work requirements.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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.) ("the Act" herein), not otherwise provided for, [\$19,874,050,000]*\$14,833,000,000*, to remain available until [expended] *September 30, 2023*, shall be available on October 1, [2019] *2020* (in addition to the \$4,000,000,000 previously appropriated under this heading that shall be available on October 1, [2019] *2020*), and \$4,000,000,000, to remain available until [expended] *September 30, 2024*, shall be available on October 1, [2020] *2021*: Provided, That the amounts made available under this heading are provided as follows:

(1) [\$21,502,000,000]*\$16,958,000,000* shall be available for renewals of expiring section 8 tenant-based annual contributions contracts (including renewals of enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act) and including renewal of other special purpose incremental vouchers, *in addition to amounts made available for this purpose under the heading "Moving to Work"*: Provided, That notwithstanding any other provision of law, from amounts provided under this paragraph and any carryover *and amounts made available for this purpose under the heading "Moving to Work"*, the Secretary for the calendar year [2020] *2021* funding cycle shall provide renewal funding for each public housing agency based on validated voucher management system (VMS) leasing and cost data for the prior calendar year and by applying an inflation factor as established by the Secretary, by notice published in the Federal Register, and by making any necessary adjustments for the costs associated with the first-time renewal of vouchers [under this paragraph] including tenant protection and Choice Neighborhoods vouchers: *Provided further, That costs associated with any foregone 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 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 MTW demonstration, which are instead governed by the terms and conditions of their MTW agreements:] 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) *and under paragraph (1) under the heading "Moving to Work"*, prorate each public housing agency's allocation otherwise established pursuant to this paragraph: Provided further, That except as provided in the following provisos, the entire amount specified under this paragraph (except as otherwise modified under this paragraph) shall be obligated to the public housing agencies based on the allocation and pro rata method described above, and the Secretary shall notify public housing agencies of their annual budget by the latter of 60 days after enactment of this Act or March 1, [2020] *2021*: 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 [pursuant to] *in*

accordance with the requirements of the MTW demonstration program and their MTW agreements, if any, and shall be subject to the same pro rata adjustments under the previous provisos: Provided further, That the Secretary may offset public housing agencies' calendar year [2020] 2021 allocations based on the excess amounts of public housing agencies' net restricted assets accounts, including HUD-held programmatic reserves (in accordance with VMS data in calendar year [2019] 2020 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 [2020]2021 MTW funding allocation: Provided further, That the Secretary shall use any offset referred to in the previous two provisos throughout the calendar year to prevent the termination of rental assistance for families as the result of insufficient funding, as determined by the Secretary, and to avoid or reduce the pro- ration of renewal funding allocations: Provided further, That up to \$100,000,000 shall be available only: (1) for adjustments in the allocations for public housing agencies, *including agencies participating in the MTW demonstration*, after application for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in renewal costs of vouchers resulting from unforeseen circumstances or from portability under section 8(r) of the Act; (2) for vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the Act, *or an adjustment for a funding obligation not yet expended in the previous calendar year for an 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 (Public Law 114–113)*; (3) for adjustments for costs associated with HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers; and (4) for public housing *agencies including agencies participating in the MTW demonstration* that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate rental assistance for families as a result of insufficient funding [; (5) for adjustments 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; and (6) for public housing agencies that have experienced in- creased costs or loss of units in an area for which the President declared a disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170 et seq.)]: Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary;

(2) [\$75,000,000]\$100,000,000 shall be for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to section 18 of the Act, conversion of section 23 projects to assistance under section 8, the family unification program under section 8(x) of the Act, relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency, enhanced vouchers under any provision of law authorizing such assistance under section 8(t) of the Act, 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 when a public housing development is submitted for demolition or disposition under section 18 of the Act, the Secretary may provide section 8 rental assistance when the units pose an imminent health and safety risk to residents: Provided further, That the Secretary may only provide replacement vouchers for units that were occupied within the previous 24 months that cease to be available as assisted housing, subject only to the availability of funds: [Provided further, That of the amounts made available under this paragraph, up to \$5,000,000 may be available to provide tenant protection assistance, not otherwise provided under this paragraph, to residents residing in low vacancy areas and who may have to pay

rents greater than 30 percent of household income, as the result of: (A) the maturity of a HUD-insured, HUD-held or section 202 loan that requires the permission of the Secretary prior to loan prepayment; (B) the expiration of a rental assistance contract for which the tenants are not eligible for enhanced voucher or tenant protection assistance under existing law; or (C) the expiration of affordability restrictions accompanying a mortgage or preservation program administered by the Secretary: *Provided further*, That such tenant protection assistance made available under the previous proviso may be provided under the authority of section 8(t) or section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)): *Provided further*, That the Secretary shall issue guidance to implement the previous provisos, including, but not limited to, requirements for defining eligible at-risk households within 60 days of the enactment of this 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 provide section 8 rental assistance from amounts made available under this paragraph for units assisted under a project-based subsidy contract funded under the "Project-Based Rental Assistance" heading under this title where the owner has received a Notice of Default and the units pose an imminent health and safety risk to residents: *Provided further*, That to the extent that the Secretary determines that such units are not feasible for continued rental assistance payments or transfer of the subsidy contract associated with such units to another project or projects and owner or owners, any remaining amounts associated with such units under such contract shall be recaptured and *such recaptured amounts, in an amount equal to the cost of rental assistance provided pursuant to the previous proviso, up to the total amounts recaptured, shall be transferred and merged with amounts* [used to reimburse amounts used] under this paragraph: [for rental assistance under the preceding proviso:] *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;*

(3) [~~\$1,977,000,000~~]~~\$1,465,000,000~~ shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, *in addition to amounts made available for this purpose under the heading "Moving to Work"*, of which up to [~~\$30,000,000~~]~~\$10,000,000~~ shall be available to the Secretary to allocate to public housing agencies, *including agencies participating in the MTW demonstration*, that need additional funds to administer their section 8 programs, including fees associated with section 8 tenant protection rental assistance, the administration of disaster related vouchers, HUD-VASH vouchers, and other special purpose incremental vouchers: *Provided*, That no less than [~~\$1,947,000,000~~]~~\$1,455,000,000~~ of the amount provided in this paragraph *and all amounts for this purpose under the heading "Moving to Work"* shall be allocated to public housing agencies for the calendar year [2020] *2021* 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 *in addition to amounts for this purpose provided under the heading "Moving to Work"* are insufficient to pay the amounts determined under the previous proviso, the Secretary may decrease the amounts allocated to agencies by a uniform percentage applicable to all agencies receiving funding under this paragraph or may, to the extent necessary to provide full payment of amounts determined under the previous proviso, utilize unobligated balances, including recaptures and carryovers, remaining from funds appropriated to the Department of Housing and Urban Development under this heading 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 [pursuant to] *in accordance with the requirements of the MTW demonstration program and their MTW agreements, if any*, and shall be subject to the same uniform percentage decrease as under the previous proviso: *Provided further*, That amounts provided under

this paragraph shall be only for activities related to the provision of tenant-based rental assistance authorized under section 8, including related development activities;

(4) [~~\$229,050,000~~]~~\$310,000,000~~ for the renewal of tenant-based assistance contracts under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), including necessary administrative expenses: Provided, That 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 (1) for adjustments in the allocations for public housing agencies, after applications for an adjustment by a public housing agency that experienced a significant increase, as determined by the Secretary, in Mainstream renewal costs resulting from unforeseen circumstances, and (2) for public housing agencies that despite taking reasonable cost saving measures, as determined by the Secretary, would otherwise be required to terminate the rental assistance for Mainstream families as a result of insufficient funding: Provided further, That the Secretary shall allocate amounts under the previous proviso based on need, as determined by the Secretary:* Provided further, That upon turnover, section 811 special purpose vouchers funded under this heading in this or prior Acts, or under any other heading in prior Acts, shall be provided to non-elderly persons with disabilities;

(5) *Of the amounts provided under paragraph (1) up to [~~\$1,000,000~~]~~\$4,000,000~~ [shall] may be for rental assistance and associated administrative fees for Tribal HUD-VASH to serve Native American veterans that are homeless or at-risk of homelessness living on or near a reservation or other Indian areas: Provided, That such amount shall be made available for renewal grants to recipients that received assistance under prior Acts under the Tribal HUD-VASH program: Provided further, That the Secretary shall be authorized to specify criteria for renewal grants, including data on the utilization of assistance reported by grant recipients: Provided further, That such assistance shall be administered in accordance with program requirements under the Native American Housing Assistance and Self-Determination Act of 1996 and modeled after the HUD-VASH program: Provided further, That the Secretary shall be authorized to waive, or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the use of funds made available under this paragraph (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective delivery and administration of such assistance: Provided further, That grant recipients shall report to the Secretary on utilization of such rental assistance and other program data, as prescribed by the Secretary: Provided further, That the Secretary may reallocate, as determined by the Secretary, amounts returned or recaptured from awards under prior Acts to existing recipients under the Tribal HUD-VASH program; and*

[(6) \$40,000,000 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;]

[(7) \$25,000,000 shall be made 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 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) \$20,000,000 shall be for new incremental voucher assistance to assist eligible youth as defined by such section 8(x)(2)(B): 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 \$10,000,000 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 previous 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 previous 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) \$25,000,000 shall be made available for 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; 133 Stat. 465), of which up to \$5,000,000 shall be for new incremental voucher assistance and the remainder of which shall be available to provide mobility-related services to families with children, including pre- and post-move counseling and rent deposits, and to offset the administrative costs of operating the mobility demonstration: Provided, That incremental voucher assistance made available under this paragraph shall be for families with children participating in the mobility demonstration and shall continue to remain available for families with children upon turnover: Provided further, That for any public housing agency administering voucher assistance under the mobility demonstration 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 demonstration; and]

[(9)](6) the Secretary shall separately track all special purpose vouchers funded under this heading. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Housing Certificate Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	-	158,572	-	158,572 ^a	118,187	131,327 ^a
2020 Appropriation	-	72,384	-	72,384 ^b	20,000	29,000
2021 President's Budget	-	84,000	-	84,000 ^c	10,000	56,000
Change from 2020	-	11,616	-	11,616	-	27,000

a/ Resources include \$142.4 million in carryover, adjusted downward by \$11.8 million. It includes \$49.3 million in recoveries from prior obligations collected during 2019, minus \$21.4 million from sources 1974 and prior that are withdrawn and reflecting \$12.3 million from source years 1975-1987 that were cancelled and an equal amount appropriated. Outlays differ from the Budget Appendix due to rounding.

b/ Resources include \$40.4 million in carryover, plus \$68 million in anticipated recoveries from prior obligations estimated to be collected during 2020, minus \$36 million from sources 1974 and prior that are withdrawn. It also reflects \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.

c/ Resources assume \$52 million in carryover, plus \$68 million in anticipated recoveries from prior obligations estimated to be collected during 2021, minus \$36 million from sources 1974 and prior that are withdrawn. It reflects \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.

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 (long-term, up to 40-year) PBRA contracts that were funded in advance. These funds continue to pay for contract expenses as they come due.
- As original contract terms draw to completion, annual renewals subsequently take place in the PBRA account, thus slowly depleting the inventory of projects and contracts in HCF, while increasing the number of projects in PBRA.
- Any undisbursed funds remaining on contracts at termination are recaptured and either cancelled or re-appropriated (depending on the source year). Eligible uses of recaptures include PBRA renewals, amendments, and administrative fees for multifamily housing programs.

BUDGET OVERVIEW

The 2021 President’s Budget request for HCF reflects the use of anticipated carryover and recaptures from previous years. No additional budget authority is requested. Continuing appropriations language for HCF provides that recaptures from source years 1975 through 1987 will be cancelled and an amount of additional budget authority equal to the amount cancelled will be appropriated. Recaptures of contract authority originating in 1974 and prior are cancelled. HUD anticipates using available residual funding from the HCF account to supplement appropriations in the PBRA account. Currently, HUD estimates this need at \$10 million but may use more based on actual operational need. The recaptures in 2021, along with funds remaining from prior year HCF recoveries, are anticipated to support Performance Based Contract Administrators (and/or successor

contracts) and contract renewals in the PBRA program, providing an offset to new appropriations needed in the PBRA account.

JUSTIFICATION

For more detailed information, please see the PBRA justification.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Contract Administrators	-	128,572	128,572	88,207	-	72,384	72,384	-
Renewal of Expiring Section 8 Contract	-	30,000	30,000	29,980	-	-	-	-
Total	-	158,572	158,572	118,187	-	72,384	72,384	-

Notes(s):

- For 2019, resources include \$142.4 million in carryover, adjusted downward by \$11.8 million. It includes \$49.3 million in recoveries from prior obligations collected during 2019, minus \$21.4 million from sources 1974 and prior that are withdrawn and reflecting \$12.3 million from source years 1975-1987 that were cancelled and an equal amount appropriated.
- For 2020, resources include \$40.4 million in carryover, plus \$68 million in anticipated recoveries from prior obligations estimated to be collected during 2020, minus \$36 million from sources 1974 and prior that are withdrawn. It also reflects \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.
- For 2021, resources assume \$52 million in carryover, plus \$68 million in anticipated recoveries from prior obligations estimated to be collected during 2021, minus \$36 million from sources 1974 and prior that are withdrawn. It reflects \$26 million from source years 1975-1987 that will be cancelled and an equal amount appropriated.

APPROPRIATION LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

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 [2020] *2021* 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 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, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Public Housing Capital Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental / Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	2,775,000	52,650	-	2,827,650 ^a	2,725,705	2,150,459
2020 Appropriation	2,869,894	74,545	-	2,944,439 ^b	2,945,000	2,418,000
2021 President's Budget	-	-	-	-	-	2,553,000
Change from 2020	(2,869,894)	(74,545)	-	(2,944,439)	(2,945,000)	135,000

a/ Carryover and total resources for fiscal year 2019 are shown net of \$34 million transferred from the Public Housing Capital Fund for subsidy payments for units converting under the Rental Assistance Demonstration (RAD).

b/ Carryover and total resources for fiscal year 2020 are shown net of \$31 million transferred for RAD.

PROGRAM PURPOSE

Public Housing Capital Fund is a formula grant program designed to address capital repairs and replacement needs in Public Housing properties.

BUDGET OVERVIEW

The 2021 President's Budget requests no funding for the Public Housing Capital Fund. The following set-asides have been transferred to the Public Housing Fund: emergency disaster reserves, financial and physical assessments, administrative and judicial receiverships, and lead-based hazards. The Jobs-Plus and the Resident Opportunity Self-Sufficiency programs were transferred to the Self-Sufficiency account in the 2020 enacted appropriations, and the Budget continues this presentation. The Budget proposes to direct all carryover balances and recaptures from Capital Modernization grants to the Public Housing Fund for distribution to Public Housing Authorities (PHAs) through the Public Housing Fund formula.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Public Housing Formula Grants	2,655,000	8,704	2,663,704	2,624,321	2,745,244	6,755	2,751,999	-
Emergency Disaster	20,000	897	20,897	8,995	20,000	11,716	31,716	-
Safety and security	10,000	53	10,053	5,223	10,000	5,445	15,445	-
PHA Under Receiverships	-	-	-	-	34,650	-	34,650	-
Financial and Physical Assessment	14,000	1,433	15,433	12,518	14,000	3,038	17,038	-
Administrative and Judicial Receivership	1,000	2,334	3,334	1,645	1,000	1,676	2,676	-
Technical Assistance	-	672	672	200	-	375	375	-
Resident Opportunity - ROSS	35,000	35,649	70,649	30,781	-	39,631	39,631	-
Lead-Based Hazards	25,000	6,631	31,631	27,764	25,000	5,183	30,183	-
Other Health Hazards	-	-	-	-	20,000	-	20,000	-
Jobs-Plus	15,000	30,602	45,602	14,258	-	31,345	31,345	-
Rental Assistance Demonstration	-	(34,325)	(34,325)	-	-	(30,619)	(30,619)	-
Total	2,775,000	52,650	2,827,650	2,725,705	2,869,894	74,545	2,944,439	-

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

[For the Public Housing Capital Fund Program to carry out capital and management activities for public housing agencies, as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the "Act") \$2,869,893,812, to remain available until September 30, 2023: Provided, That notwithstanding any other provision of law or regulation, during fiscal year 2020, 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) 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 of the total amount made available under this heading, up to \$14,000,000 shall be to support ongoing public housing financial and physical assessment activities: Provided further, That of the total amount made available under this heading, up to \$1,000,000 shall be to support the costs of administrative and judicial receiverships: Provided further, That of the total amount provided under this heading, not to exceed \$64,650,000 shall be available for the Secretary to make grants, notwithstanding section 203 of this Act, 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 2020, of which \$34,650,000 shall be available for public housing agencies under administrative and judicial receiverships or under the control of a Federal monitor: Provided further, That of the amount made available under the previous proviso, not less than \$10,000,000 shall be for safety and security measures: Provided further, That in addition to the amount in the previous proviso for such safety

and security measures, any amounts that remain available, after all applications received on or before September 30, 2021, for emergency capital needs have been processed, shall be allocated to public housing agencies for such safety and security measures: Provided further, That for funds provided under this heading, 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 previous 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 previous 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 heading, the Secretary shall provide bonus awards in fiscal year 2020 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: Provided further, That of the total amount provided under this heading, \$45,000,000 shall be available for competitive grants to public housing agencies to evaluate and reduce lead-based paint hazards and other housing-related hazards including carbon monoxide and mold in public housing: Provided further, That of the amounts available under the previous proviso, no less than \$25,000,000 shall be for competitive grants to public housing agencies to evaluate and reduce lead-based paint hazards in public housing by carrying out the activities of risk assessments, abatement, and interim controls (as those terms are defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851b)): Provided further, That for purposes of environmental review, a grant under the previous two provisos 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 for funds made available under the previous three provisos, the Secretary shall allow a PHA to apply for up to 20 percent of the funds made available under the first two provisos and prioritize need when awarding grants.] *Unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading in prior fiscal years, excluding set asides, shall be transferred to the heading "Public Housing Fund" for distribution to public housing agencies pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations.*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Public Housing Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	4,653,116 ^{a/}	293,642	-	4,946,758 ^{b/}	4,874,160	4,458,229
2020 Appropriation	4,549,000 ^{a/}	19,409	-	4,568,409 ^{c/}	4,569,000	4,520,000
2021 President's Budget	3,572,000	(128,000)	-	3,444,000 ^{d/}	3,444,000	3,656,000
Change from 2020	(977,000)	(147,409)	-	(1,124,409)	(1,125,000)	(864,000)

a/ In 2019 and 2020, the amount was enacted under the heading "Public Housing Operating Fund" for Operating Subsidies.

b/ Carryover and Total Resources for fiscal year 2019 are shown net of \$105 million transferred from the Public Housing Operating Fund for subsidy payments for units converting under the Rental Assistance Demonstration (RAD).

c/ Carryover and Total Resources for fiscal year 2020 are shown net of \$62 million transferred for RAD.

d/ Carryover and Total Resources for fiscal year 2021 are shown net of \$128 million transferred for RAD.

PROGRAM PURPOSE

The Public Housing Fund supports the Public Housing program by providing federal grants to Public Housing Agencies (PHAs) to operate, maintain and manage affordable public housing for approximately 915,000 families. The Budget proposes to rename the "Public Housing Operating Fund" to the "Public Housing Fund" to emphasize that the Budget provides flexibility for PHAs to use this funding for capital improvements as well.

The public housing stock serves an important role in the nation's housing system, 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 preferences for the elderly, disabled, homeless persons, as well as the working poor.

Households served by the public housing program have an average income of \$15,624 and pay an average rent of \$371. Approximately one third of all households earn wages, and over half of all households are fixed-income seniors or people with disabilities. Extremely low-income families (families earning less than 30 percent of an area's median income) comprise 60 percent of households in public housing units, and about 36 percent of all households served include children.

BUDGET OVERVIEW

The 2021 President's Budget requests \$3.57 billion for the Public Housing Fund, which is \$977 million less than the 2020 enacted level under the Public Housing Operating Fund. The Budget moves \$672 million to the Moving to Work Account for Public Housing purposes, which is not included in the \$3.57 billion. After factoring in savings achieved through the Administration's proposed rent reform policies, this funding level represents a 100% proration against formula eligibility for operating grants.

The total 2021 Budget of \$3.57 billion for the Public Housing Fund supports the following activities:

- \$3.4 billion for Public Housing Fund grants distributed based on the Operating Fund formula;

- \$40 million for Administrative and Judicial Receiverships technical assistance grants for high risk PHAs to address shortfall prevention, recovery and transformation;
- \$10 million for Emergency and Natural Disaster Reserve;
- \$23 million for Financial and Physical Assessment Support;
- \$30 million for competitive Demolition Grants;
- \$35 million for competitive Lead-Based Paint Grants; and
- \$30 million for competitive Full Lead Service Line Replacement Grants.

The 2021 Public Housing Fund assumes a total of \$672 million for MTW agencies: \$650 million of funding supporting approximately 89,000 public housing units for the current 39 MTW demonstration program PHAs and \$22 million of funding supporting approximately 5,000 units for the 30 PHAs that will be designated as MTW in 2020. These PHAs are funded in a separate, stand-alone MTW account. Please see the “Moving to Work” justification for more information. Further, the Budget assumes savings through HUD’s proposed rental reforms and work requirements of approximately \$394 million.

JUSTIFICATION

The Public Housing Fund provides payments to nearly 3,000 PHAs for the operation, management, maintenance, and capital needs of publicly owned affordable rental housing throughout the United States and its territories. PHA eligibility for a grant from the Public Housing Fund is based on the Operating Fund formula established through negotiated rulemaking in 2007 and codified at 24 CFR 990. Funding provided through the Public Housing Fund covers day-to-day operational expenses associated with public housing and program implementation expenses that PHAs are required to undertake under the 1937 Housing Act and existing program regulations, and supplements state and local investments for public housing capital needs. This includes, but is not limited to:

Public Housing Operation

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

Public Housing Program Implementation

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

Capital Needs

- Development, financing and modernization of public housing projects
- Vacancy reduction
- Addressing deferred maintenance
- Planned code compliance
- Management improvements including support of resident participation

- Demolition and replacement
- Resident relocation
- Capital expenditures for addressing emergency/disaster and security and safety needs.

Although funding at this level is projected to be sufficient to cover public housing operating expenses, funding under this account will also be available to address program capital needs. Given the challenges faced by PHAs to address capital needs, the Budget seeks to provide expanded authority for PHAs. Such authority includes the ability to use these funds, as well as operating reserves and prior year capital funds, flexibly for operating or capital purposes under a general provision in this Budget. The Administration encourages PHAs to work with state and local governments to supplement the federal appropriation with non-federal funding to address additional public housing capital needs.

Prevention, Recovery, and Transformation of High-Risk PHAs (Administrative and Judicial Receiverships)

HUD is proposing to broaden the reach of the receivership set-aside to allow HUD to proactively address the needs of high-risk PHAs before they go into receivership. The Budget includes up to \$40 million to support the costs of addressing the needs of these high-risk PHAs. Specifically, the set-aside will support (1) the costs of administrative and judicial receiverships, (2) competitive grants for asset improvement, repositioning, or recapitalization to PHAs in receivership, designated troubled or substandard, or otherwise at risk, and (3) non-competitive grants to PHAs experiencing insolvency. Funding will be used to address deteriorated physical conditions and financial challenges to prevent high risk and troubled PHAs from entering into receiverships and preserve affordable housing for the future.

As evidenced by HUD's Real Estate Assessment Center (REAC) financial and physical data, there are more than 700 developments with approximately 140,000 units in poor physical condition where the PHA does not have resources to address physical needs. The data also identifies over 1,400 developments representing 116,000 units with a limited remaining useful life with failing or trending to fail physical scores. During any given 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, non-competitive funding from the set-aside would support PHAs with immediate operating shortfalls. HUD data on operating reserves show that approximately 60 PHAs have negative operating reserves totaling \$20 million. Similar to the annual set-aside in the Housing Choice Voucher appropriation, funding awarded under this set-aside 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 would require PHAs receiving such funds to enter into targeted corrective actions in order to determine the causes of PHA shortfalls, and to address such causes on a case-by-case basis. Through this process, HUD can also evaluate whether additional long-term policy changes are necessary.

Activities will also include technical assistance and administrative costs which 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.

Emergency and Natural Disaster Reserve

The Budget includes up to \$10 million for grants to PHAs for capital needs arising from emergency situations or non-Presidentially declared natural disasters.

PHAs whose properties suffer damage because of 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 emergencies and disasters 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.

Financial and Physical Assessment

The \$23 million for Financial and Physical Assessments (FPA) is essential to complete the physical inspections of 7,000 plus public housing properties and to assess the financial condition of approximately 3,100 PHAs that receive HUD funds to manage and operate public housing units. Additionally, the Real Estate Assessment Center's (REAC) new physical inspection standards, National Standards for the Physical Inspection of Real Estate (NSPIRE), will move from design to full implementation in fiscal year 2021; the Budget will support this transition. It is anticipated that the inspection costs will be higher under NSPIRE due to additional unit sampling resulting in increased inspection duration and level of effort. The Budget will provide the Department with improved capabilities necessary to meet its oversight responsibilities and to more accurately determine if HUD assisted and insured properties are meeting minimal compliance thresholds for safe and habitable housing. HUD also expects with NSPIRE's increased emphasis on health and safety hazards within the residents' units, property owners will prioritize the repair of defects that pose a risk to residents over those related to function or condition and appearance, reducing potential harm to residents living in HUD housing. Further, the department is also using the implementation of NSPIRE as an opportunity to incorporate the Consolidated Appropriations Act of 2016 directive to implement a single inspection protocol for Public Housing and Housing Choice Voucher (HCV) units, and the Economic Growth Regulatory Relief and Consumer Protection Act (Economic Growth Act) provisions that apply to small and rural PHAs. HUD will use this funding to provide the capabilities necessary to receive, process, analyze, and manage a volume of data and information unlike anything within the previous, Uniform Physical Condition Standards (UPCS) inspection model. Similarly, HUD will also incorporate resident input into its physical assessment process, requiring new capabilities to collect, process, and analyze this data and information.

The Budget also supports REAC's Public Housing Assessment System (PHAS) - the custom-designed and built management tool for effectively and fairly measuring the performance of a PHA's essential housing operations. As the centralized system, REAC's iNtegrated Assessment Subsystem (NASS) electronically collects individual subsystem scores, produces a composite PHAS score and communicates the results that represent a PHA's performance. NASS creates timely scores for 3100+ PHAs for fiscal years ending 3/31, 6/30, 9/30 and 12/31. Scores address adjustments, assess late penalty points, and judiciously review information collected by a PHA's unaudited and audited financial submissions. Despite this high level of scrutiny and analysis, REAC releases an average 7,000 scores per year. With the roll out of NSPIRE's new physical inspection standards and a review of the PHAs' financial assessments due to the new accounting standards, the REAC will focus on developing requirements to revamp the 20-year old PHAS scoring model and move in the direction to incorporate the necessary changes.

The REAC Research & Development's (R&D) dedicated analytical services support the physical and financial assessments. R&D generates over 3,100 "PHA Prevalence of Defects Report," which provides each PHA with its customized entity-wide "Top 20 List of Defects" in ranked order based on projected counts (taking into account all buildings and units in properties, not just sampled buildings and units, via statistical estimation). This state-of-the-art diagnostic tool is based on data modeling of inspection data, i.e., the observed deficiencies recorded by the inspector pursuant to the established inspection protocol. The Prevalence Reports support robust portfolio management as

PHAs use the holistic information to improve performance outcomes, better plan for the next round of inspections, and augment the condition of their physical plants to ensure “decent, safe, and sanitary housing in good repair.”

Public Housing Demolition Grants

The 2021 Budget includes \$30 million in funding to PHAs for competitive grants for demolition of physically obsolete public housing projects. The public housing portfolio has a significant backlog of capital needs, rendering many residential units beyond repair. Many of these units are in such a state of obsolescence or deterioration that rehabilitation of the property is entirely cost-prohibitive, and demolition is the only practical solution. Funding for public housing demolition is critical because:

- Physically obsolete and distressed units create health and safety hazards for residents;
- Once vacated, these properties may become sources of criminal activity, affecting the surrounding community; and
- It is needed to eliminate funding obstacles for PHAs that already have HUD approval to demolish obsolete properties; and
- It can provide the opportunity to offer vacant land marketable for future affordable housing development.

Funding at the \$30 million anticipates per-unit funding of up to \$9,000, including \$6,000 for demolition and \$3,000 per occupied unit in relocation and mobility counseling costs, expected to cover costs for 3,000 to 4,000 total units. It will also provide a significant opportunity for small to mid-sized PHAs to acquire funds for such actions—enabling each PHA grantee to request funding up to \$2.5 million and facilitating demolition of 250 to 325 housing units per PHA.

Lead-Based Paint Hazards Grants

The Budget includes \$35 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 is a critical need as most public housing units were constructed prior to 1978 and have extensive potential for lead-based painted surfaces. These grants are a successful tool to advance the health and welfare of public housing residents nationwide, particularly for children under the age of six who are most at risk of suffering the devastating effects of lead poisoning.

Full Lead Service Line Replacement Grants

The Budget proposes \$30 million in competitive funding to PHAs to reduce the amount of lead in drinking water for public housing residents. This funding will address at least 30 public housing developments assuming a per development replacement cost of \$1 million or less. The Environmental Protection Agency (EPA) estimates that drinking water can represent up to 20 percent or more of a person’s total exposure to lead. An estimated 144,400 children live in public housing units built before 1986, where lead pipes (or pipes with lead solder) are more likely to be found.

The Environmental Defense League estimates that 16 states have proactive policies to support efforts to remove lead-service-lines, and that 108 communities have set a target to replace their lead-service-lines, but that only seven communities have finished replacement. Communities that have large estimated need and are actively trying to replace lead-service-lines include places like Cincinnati, OH, Denver, CO, and Newark, NJ. This indicates that there are numerous communities

where PHAs would have community support for their efforts to replace lead-service-lines, but where there is a need for funding.

Many of the efforts to target lead pipes in low-income housing are focused on homeowners or providing loans and grants for amounts insufficient to address a PHA's need. If PHAs are able to use HUD funding to work with their local governments to replace lead-service-lines, not only will this impact the low-income-residents of public housing, but it will allow water utilities and localities to allocate additional resources to other low-income housing.

Priority for funding will be given to PHAs whose local water authority is actively replacing the lead service pipelines leading to public housing developments, verified through an approved local capital improvement plan with dedicated funding. Grants would be targeted to areas with the greatest needs, based on the number of children living in the development, the level of lead in the drinking water, demonstrated need to replace water pipes within the development (i.e. the existence of lead pipes or lead solder in other types of pipes), and local water system involvement.

Rent Reform

The 2021 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted while proposing reforms to ensure the long-term fiscal sustainability of HUD's rental assistance programs.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; large administrative burdens for PHAs, private owners, and tenants; significant and increasing costs to the Federal Government; and a one-size-fits-all approach that cannot offer the flexibility to meet the needs of households in communities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD has proposed reforming rental assistance with the following goals:

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

In addition, the 2021 Budget continues to propose uniform work requirements for non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an

PUBLIC HOUSING FUND

evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Public Housing Formula Grants	4,653,116	399,170	5,052,286	4,874,160	4,524,000	81,799	4,605,799	3,404,000
Shortfall Prevention	-	-	-	-	25,000	-	25,000	-
Public Housing Demolition	-	-	-	-	-	-	-	30,000
Emergency Disaster	-	-	-	-	-	-	-	10,000
Financial and Physical Assessment	-	-	-	-	-	-	-	23,000
High-Risk PHAs (Receiverships)	-	-	-	-	-	-	-	40,000
Lead-Based Paint Hazards Competitive Grants	-	-	-	-	-	-	-	35,000
Full Lead Service Line Replacement Grants	-	-	-	-	-	-	-	30,000
Rental Assistance Demonstration (transfer)	-	(105,528)	(105,528)	-	-	(62,390)	(62,390)	-
Total	4,653,116	293,642	4,946,758	4,874,160	4,549,000	19,409	4,568,409	3,572,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2020 President's budget has the following changes to appropriations language from the 2020 enacted bill:

- **MTW Fund Proposal:** HUD requests language to add a separate MTW Fund account. This new MTW Fund account would provide the annual funding for the MTW agencies out of a single account, rather than through separate accounts (Public Housing Fund and Tenant-Based Rental Assistance – both Housing Choice Voucher and Administrative Fees). The reform to the MTW Fund account will not change the methodology used to calculate the MTW agencies' funding eligibility. The funding eligibility for MTW agencies will continue to be determined in accordance with the terms and conditions of the MTW agreements or Operations Notice for the Expansion of the MTW Demonstration Program, as applicable. MTW PHAs would be subject to the same proration and inflation of non-MTW PHAs. Please see the MTW Fund narrative for more detailed information.

General Provisions

The 2021 President's Budget re-proposes the following general provisions that were enacted in the 2020 appropriations bill:

- **PHA Executive Compensation:** This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale (2021 President's Budget, Section 213).
- **Physical Needs Assessments:** Prohibits funds from being used to require or enforce the physical needs assessment (PNA) (2021 President's Budget, Section 214).

The 2021 President's Budget proposes the following new general provisions:

- **Public Housing Flexibilities:** The proposal would allow HUD to waive or provide alternative requirements for energy audits, community service requirements, and PHA Annual Plans. However, this waiver authority would not prevent a PHA from opting to fulfill a current requirement that they believe is useful in the administration of their program. PHAs are required to conduct energy audits at least once every five years regardless of whether the PHA expects to have resources to implement any of the suggested changes from the energy audit. Thus, the cost of the energy audit is, in many cases, expended without any expected benefit to the program. HUD also proposes to extend the regulatory relief for the PHA Annual Plan available to "Qualified Agencies" to all PHAs. Specifically, HUD would eliminate the requirement that nonqualified PHAs complete and submit an annual plan; but would still require all PHAs to hold an annual hearing with residents and the public to discuss and gather feedback on the PHA's planned activities for the upcoming year (2021 President's Budget, Sec. 224).
- **Capital and Operating Fund Flexibility:** HUD proposes to extend to all PHAs the ability to utilize the previous Capital and Operating Funds interchangeably, regardless of troubled status and the condition of a PHA's public housing portfolio. Today, only small PHAs (those with fewer than 250 units) that are not troubled and operate public housing in a safe, clean and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20 percent of the Operating Fund to the Capital Fund and vice versa. HUD proposes full flexibility for all PHAs to use 2021 operating subsidies and prior year funding from the previous Capital and Operating Funds. This option would enable PHAs to focus limited federal resources on local priorities without being constrained by the statutory limitations of each fund (2021 President's Budget, Sec. 226).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For [2020]2021 payments to public housing agencies (*PHAs*) for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)), [\$4,549,000,000]*\$3,572,000,000*, to remain available until September 30, [2021]2022 (*except as otherwise specified under this heading*), *in addition to amounts for this purpose under the heading "Moving to Work": Provided*, That [of the total amount available under this heading, \$25,000,000 shall be available to the Secretary to allocate pursuant to a need-based application process notwithstanding section 203 of this title and not subject to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations to public housing agencies that experience financial insolvency, as determined by the Secretary: *Provided* further, That after all such insolvency needs are met, the Secretary may distribute any remaining funds to all public

housing agencies on a pro-rata basis pursuant to the Operating Fund formula at part 990 of title 24, Code of Federal Regulations]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 the formula at 24 CFR Part 990: Provided further, That of the total amount available under this heading, up to \$30,000,000 shall be available until September 30, 2024 for competitive grants to PHAs including agencies participating in the Moving to Work (MTW) demonstration for demolition, and the associated relocation and administrative costs, of the most distressed public housing units: Provided further, That of the total amount made available under this heading, up to \$23,000,000 shall be available until September 30, 2022 to support ongoing Public Housing Financial and Physical Assessment activities: Provided further, That of the total amount made available under this heading, up to \$40,000,000 shall be available until September 30, 2024 to support the costs of administrative and judicial receiverships and for competitive grants to PHAs including agencies participating in the MTW demonstration in receivership, designated troubled or substandard, or otherwise at risk, as determined by the Secretary, for costs associated with public housing asset improvement, repositioning, or recapitalization, in addition to other amounts for that purpose provided under any heading under this title; and for non-competitive grants to PHAs experiencing insolvency, as determined by the Secretary: Provided further, That of the total amount made available under this heading, up to \$10,000,000 shall be available until September 30, 2022 for the Secretary to make grants, notwithstanding section 203 of this Act, to PHAs including agencies participating in the MTW demonstration for emergency capital needs resulting from unforeseen or unpreventable emergencies and natural disasters excluding Presidentially declared emergencies and natural disasters under the Robert T. Stafford Disaster Relief and Emergency Act (42 U.S.C. 5121 et seq.) occurring in fiscal year 2021: Provided further, That of the total amount made available under this heading, \$35,000,000 shall be available until September 30, 2023 for competitive grants to PHAs including agencies participating in the MTW demonstration to evaluate and reduce lead-based paint hazards in public housing: Provided further, That of the total amount made available under this heading, up to \$30,000,000 shall be available until September 30, 2023 for competitive grants to PHAs, including agencies participating in the MTW demonstration, for full lead service line replacement, with eligibility limited to PHAs where the relevant public water system will undergo or has recently undertaken a comprehensive water main replacement program: Provided further, That for purposes of environmental review, a grant under the previous two provisos 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. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Moving to Work

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation ^a	-	-	-	-	-	-
2020 Appropriation ^a	-	-	-	-	-	-
2021 President's Budget	5,185,300	-	-	5,185,300	5,185,300	4,322,000
Change from 2020	5,185,300	-	-	5,185,300	5,185,300	4,322,000

a/ Funding for Moving to Work agencies were drawn from the Tenant Based Rental Assistance, the Public Housing Operating Fund, and Public Housing Capital Fund accounts in 2019 and 2020.

PROGRAM PURPOSE

This is the Department's first request for a separate Moving to Work (MTW) account for Public Housing Authorities (PHAs) participating in the MTW demonstration program since it was enacted in 1996. The MTW demonstration program is a federal demonstration program that provides PHAs waiver authority and flexibility in designing and testing non-traditional policies and programs that better address the issues surrounding low-income housing in their local communities. An MTW-designated PHA may apply such funding for eligible MTW uses, regardless of normally applicable restrictions on the originating funding source, provided that the agency continues to serve substantially the same number of families as it would have served absent the MTW demonstration. Additionally, MTW PHAs have the flexibility to modify existing requirements to meet one of the three MTW statutory objectives: increase cost-effectiveness of federal expenditures, encourage self-sufficiency, and increase housing choice among participants. Finally, MTW PHAs also have the authority to use their funds to implement innovative policies that go beyond the traditional Public Housing and Housing Choice Voucher (HCV) forms of assistance to better serve low-income families.

BUDGET OVERVIEW

The 2021 President's Budget requests \$5.2 billion for the MTW demonstration account. This funding will serve over 450,000 families at the MTW PHAs. These agencies previously received funding separately through the Public Housing and Housing Choice Vouchers (HCV) accounts. This request is based on the total combined Public Housing and HCV (both Housing Assistance Payments and Administrative Fees) need for MTW agencies. It will fund both the current 39 MTW PHAs and the approximately 30 PHAs that will receive MTW designation in 2020 through the first cohort of the MTW expansion.

The Budget does not request additional funds for MTW agencies compared to non-MTW PHAs. The PHAs will receive the same amount of funding that they would have received, as if they had still been funded through the separate Public Housing and Tenant-Based Rental Assistance (TBRA) accounts, and the Public Housing and TBRA accounts have been reduced to reflect the separate funding of these MTW agencies. The methodology used to calculate the MTW account does not change the method used to compute the MTW agencies' funding eligibility for the individual program funds, but rather combines the total funding for the MTW agency into a single account.

The Budget requests for the MTW account to be a single, no-year account capitalized by direct appropriation. In order to provide equal proration between MTW PHAs and non-MTW PHAs, the legislative language would provide for two-way transfer authority from the MTW Account to and

from the Public Housing and TBRA accounts. The two-way transfer authority is required to ensure that MTW and non-MTW agencies have equal prorations, as required by the MTW Demonstration statute. During the year, HUD may need to execute small transfers between the accounts to ensure that it funds all PHAs at an equal proration.

JUSTIFICATION

Under the current funding structure, MTW agencies have flexibility in what their Public Housing funds and HCV funds are used for, but these funds retain their original identity. This structure creates administrative burden for both MTW PHAs and HUD because separate funding accounts must be managed and reconciled in a manner that is disconnected from the purpose of MTW. It is difficult for both HUD and MTW PHAs to track Public Housing and HCV funding from the original source to the ultimate use, as required, to ensure sound financial practice. Furthermore, tracking the different obligation and expenditure timeframes for Public Housing and HCV funding is complicated for MTW PHAs. A separate MTW account will simplify these processes for the MTW PHAs.

The Budget level for the MTW Fund of \$5.2 billion incorporates funding through the Public Housing Fund in the amount of \$672 million serving 94,491 families and HCV funding (HAP and Administrative Fees) in the amount of \$4.5 billion serving 373,937 families.

MTW ACCOUNT SOURCES

(Dollars in Thousands)

	Pre-MTW	MTW Transfer	2021 PB Proposal
Public Housing	4,076,000	(672,000)	3,404,000
TBRA HAP	21,131,300	(4,172,900)	16,958,000
TBRA Admin	1,805,000	(340,400)	1,465,000
MTW	-	5,185,300	5,185,300
Total	27,012,300	-	27,012,300

The current 39 MTW PHAs' portion of HCV amounts to \$4.1 billion in HAP and \$332 million in Administrative Fees serving 364,296 families, and HCV funding for the approximately 30 new PHAs designated through the expansion amounts to \$65 million in HAP and \$7 million in Administrative Fees serving 10,579 families. The current 39 MTW PHAs' portion of the Public Housing Fund amounts to \$650 million serving 89,270 families, and for the new 30 PHAs designated through the expansion, the Public Housing Fund will amount to \$22 million serving 5,221 families.

The 2021 Budget is a compilation of funding estimations based on projected amounts that would otherwise be requested separately through the Public Housing Fund and TBRA accounts. The 2021 Budget request will enable the current 39 MTW PHAs and the approximately 30 PHAs of the MTW expansion the ability to continue serving extremely low- to very low-income families served under Public Housing, HCV, and local, non-traditional housing programs.

These funding levels assume that amounts appropriated to MTW PHAs receive the same level of proration as non-MTW PHAs. Funding would still be bound by the existing terms and conditions of the MTW demonstration program, such as the requirement that all MTW agencies receive no less funding than if they had not joined the demonstration, and that the expansion MTW agencies receive no more funding than they otherwise would have received absent the MTW designation. The funding eligibility for the existing MTW PHAs, which were designated prior to the MTW expansion statute in December 2015, will continue to be determined in accordance with the terms and conditions of their MTW agreements. The funding eligibility for the expansion MTW PHAs, which will be designated

pursuant to the MTW expansion statute, will be determined in the manner set forth in the Operations Notice for the Expansion of the MTW Demonstration Program.

HUD remains committed to ensuring that substantially the same number of households will receive public housing and voucher assistance had the MTW agencies not participated in the MTW Demonstration Program. Robust third-party studies are in place to evaluate the current 39 MTW PHAs. The expansion MTW PHAs will be rigorously evaluated by cohort, as required by the 2016 Appropriations Act.

Program-wide performance indicators will be established for the three MTW statutory objectives:

- Cost Effectiveness (for example, asking how MTW participation impacts the reduction of costs, the effect of MTW flexibility on the administrative costs per household served, and the MTW agency's use MTW funding flexibility);
- Self-Sufficiency (for example, asking if tenants and participants of MTW agencies work more hours or earn more income when compared to non-MTW agencies, and whether MTW flexibility affects the average length of tenancy); and
- Housing Choice (for example, asking whether MTW flexibility changes locational outcomes of tenants and participants, and measuring the costs and efforts incurred in undertaking activities to increase housing choice).

The MTW demonstration improves customer service by removing burdensome processes and regulations for MTW agencies, allowing them to focus more on their mission. The MTW account would primarily benefit MTW PHAs, as it would simplify and streamline their financial practices. This would, in turn, benefit the residents and communities they serve, since MTW enables PHAs to forge and preserve local and private-sector partnerships, which allow MTW agencies to further address local housing needs through opportunities such as linking rental assistance with supportive services and case management, in pursuit of meeting the demonstration's three statutory objectives. Additionally, the MTW account would benefit policymakers as it would more clearly demonstrate the amount of funding MTW PHAs receive compared to non-MTW PHAs.

Funding MTW agencies through this new MTW account has many advantages. The MTW Fund would, first, eliminate administrative burden for both MTW PHAs and HUD by reducing the number of funding accounts that must be managed and reconciled for these agencies. Second, it would simplify the tracking of funds, since all funds would be traced back to the MTW account. Funding under an MTW account would be identified as no-year money, eliminating expenditure requirements tied to individual program income sources. Third, it will provide greater transparency regarding the funding needs of the MTW demonstration program.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Moving to Work Demonstration	-	-	-	-	-	-	-	5,185,300
Total	-	-	-	-	-	-	-	5,185,300

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

In 2021, HUD requests the following proposals for the Moving to Work program account:

- **MTW Account:** HUD requests account language to add an MTW account.

- **Prior-Year(s) Reserves:** HUD includes language in the MTW account that allows PHAs to use reserves, held prior to designation under the MTW demonstration program, for MTW eligible uses. MTW PHAs would be permitted to use prior-year(s) reserves flexibly, for the purpose(s) under Section 8 and 9 and other eligible uses, as authorized under the demonstration. This will ensure that expansion MTW agencies are allowed to use their reserves for MTW purposes.
- **TBRA Set-Aside:** HUD requests language be added to the TBRA account that will (1) ensure MTW PHAs will continue to be able to access the TBRA set-aside for the specified adjustment purposes and (2) add an eligible category for expansion MTW PHAs for vouchers not in use during the previous 12-month period to fulfill a project-based voucher (PBV) commitment. Please refer to the TBRA justification for more information.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the Moving to Work Demonstration program (MTW demonstration) authorized under section 204 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134) and section 239 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016 (Public Law 114-113), \$5,185,300,000, to remain available until expended: Provided, That the amounts made available under this heading are provided as follows:

(1) \$4,172,900,000 shall be for renewals of expiring section 8 tenant-based annual contributions contracts authorized under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) (the Act herein) (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, in addition to amounts made available for these purposes under paragraph (1) under the heading Tenant-Based Rental Assistance;

(2) \$340,400,000 shall be for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program under the Act, in addition to amounts made available for these purposes under paragraph (3) under the heading Tenant-Based Rental Assistance; and

(3) \$672,000,000 shall be for 2021 payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the Act (42 U.S.C. 1437g(e)), in addition to amounts made available for these purposes under the heading Public Housing Fund: Provided further, That amounts made available under this heading shall be allocated to public housing agencies participating in the MTW demonstration in accordance with the terms and conditions specified under paragraphs (1) and (3) under the heading Tenant-Based Rental Assistance, and under the heading Public Housing Fund, respectively: Provided further, That the Secretary shall transfer and merge, to the extent necessary to equalize proration of funding allocations across all public housing agencies for the respective purposes and programs described herein, such amounts as may be necessary from amounts provided under this heading to the heading Tenant-Based Rental Assistance, or from such heading to this heading, and from this heading to the heading Public Housing Fund, or from such heading to this heading: Provided further, That any public housing agency designated as a Moving to Work agency pursuant to such section 239 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 104134), notwithstanding the purposes for which such funds were appropriated.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Choice Neighborhoods

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	150,000	134,406	-	284,406	120,662	109,225
2020 Appropriation	175,000	163,000	-	338,000	163,000	168,000
2021 President's Budget	-	175,000	-	175,000	175,000	179,000
Change from 2020	(175,000)	12,000	-	(163,000)	12,000	11,000

PROGRAM PURPOSE

Choice Neighborhoods redevelops severely distressed public and/or HUD-assisted housing and makes broader investments in communities. Through this program, HUD provides two types of federal grants in the Choice Neighborhoods Program: 1) planning and action grants supporting the development of strategies that transform neighborhoods along with community improvement projects; and 2) implementation grants, which are directed towards neighborhood revitalization.

As of December 2019, there were 20 active Planning Grants and 23 active Implementation Grants. HUD will continue to monitor current grantees and provide existing projects with assistance as needed.

BUDGET OVERVIEW

The 2021 President's Budget requests no funding for the Choice Neighborhoods program. The 2021 Budget recognizes a greater role for state and local governments, the private sector, and non-profits to address community and economic development needs in localities across the nation. Thus, HUD will continue to seek ways to partner with these governmental and private entities to adopt policies and reduce regulatory barriers that would allow communities to transform neighborhoods and unlock the potential of their residents.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Choice Neighborhood Grants	150,000	134,406	284,406	120,662	175,000	163,000	338,000	-
Total	150,000	134,406	284,406	120,662	175,000	163,000	338,000	-

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and 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), 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, \$175,000,000, to remain available until September 30, 2022: Provided, That grant funds may be used for resident and community services, community development, and affordable housing needs in the community, and for conversion of vacant or foreclosed properties to affordable housing: Provided further, That the use of funds made available under this heading shall not be deemed to be public housing notwithstanding section 3(b)(1) of such Act: Provided further, That grantees shall commit to an additional period of affordability determined by the Secretary of not fewer than 20 years: Provided further, That 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 authorities, and nonprofits: 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 under this heading shall be subject to the regulations issued by the Secretary to implement such section: Provided further, That of the amount provided, not less than \$87,500,000 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 no more than \$5,000,000 of funds made available under this heading may be provided as grants to undertake comprehensive local planning with input from residents and the community: Provided further, That unobligated balances, including recaptures, remaining from funds appropriated under the heading "Revitalization of Severely Distressed Public Housing (HOPE VI)" in fiscal year 2011 and prior fiscal years may be used for purposes under this heading, notwithstanding the purposes for which such amounts were appropriated: Provided further, That the Secretary shall issue the Notice of Funding Availability for funds made available under this heading no later than 90 days after enactment of this Act: Provided further, That the Secretary shall make grant awards no later than one year from 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, obligate any available unobligated balances made available under this heading in this, or any prior Act.](Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Self-Sufficiency Programs

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation ^a	80,000	75,000	-	155,000	75,538	70,637
2020 Appropriation	130,000	79,000	-	209,000	130,000	78,000
2021 President's Budget	190,000	79,000	-	269,000	190,000	112,000
Change from 2020	60,000	-	-	60,000	60,000	34,000

a/ In 2019, FSS was funded in this account while Jobs-Plus and ROSS were funded in the Public Housing Capital Fund account. For 2019, this table only shows FSS; for 2019 obligations and outlays for Jobs-Plus and ROSS, please refer to the Public Housing Capital Fund justification.

PROGRAM PURPOSE

The programs included in this justification promote economic opportunity for HUD-assisted residents by encouraging self-sufficiency and financial stability.

Family Self-Sufficiency (FSS) provides funds for FSS coordinators' salaries. These funds leverage an array of services provided by other state and local programs for training, counseling, and other supportive services that expand employment opportunities for the purpose of economic self-sufficiency.

The Jobs-Plus Initiative is an evidence- and place-based strategy for increasing the employment opportunities and earnings of public housing residents. It accomplishes this through a three-pronged program of employment services, rent-based work incentives, and community support for work. As PHAs reposition public housing to Section 8, there is an increasing need to expand supportive services programs beyond public housing. Due to the ongoing success of the Jobs-Plus Initiative, HUD is proposing to expand the model to other place-based forms of rental housing assistance, such as Project-Based Vouchers (PBV) and Project-Based Rental Assistance (PBRA), thereby increasing economic mobility to a wider range of HUD-assisted families.

BUDGET OVERVIEW

The 2021 President's Budget requests for Self-Sufficiency Programs is \$190 million (\$90 million for the FSS program and \$100 million for the Jobs-Plus), which is \$60 million more than the 2020 enacted appropriation. With funding at this level, FSS would be able to fund approximately 1,500 coordinators to support over 84,000 families, including those assisted through Project-Based Rental Assistance (PBRA). For the Jobs-Plus Initiative, the Budget would allow the agency to fund up to 35 new grantees in addition to the current 35 grantees the program funds. The Budget expands eligibility for Jobs-Plus beyond Public Housing to properties assisted through Project-Based Rental Assistance and Project-Based Vouchers.

The 2020 enacted levels combined the FSS program, Resident Opportunity and Self-Sufficiency (ROSS), and the Jobs-Plus program into one Self-Sufficiency Programs account. The request continues that consolidation and does not propose funding for ROSS.

JUSTIFICATION

Family Self-Sufficiency

With an increase in funding from \$80 million to \$90 million, the Department will be able to renew all current grants meeting performance requirements and provide new grants to expand the program to PBRA residents. The Department will expand the annual grant competition to owners or sponsors of multifamily properties with PBRA contracts who wish to initiate FSS programs at their properties, as well as allow PHAs to enroll local PBRA residents in PHA FSS programs, in partnership with project owners. This request will fully fund existing grantees and will fund approximately 200 to 250 new FSS coordinators, serving 5,000 to 10,000 additional HUD-assisted households.

FSS grants are for one year and are renewable in subsequent years; grants fund only the coordinator's salary, while all services are provided by community partners. The grant funds FSS coordinators to help participants achieve employment goals, increase earnings, and accumulate assets. Participants typically sign a five-year contract to participate in the program. The FSS coordinators in each local program build partnerships with employers and service providers in the community to help participants obtain jobs and supportive services. These services may include childcare, transportation, basic adult education, job training, employment counseling, substance/alcohol abuse treatment, financial literacy, asset-building skills, and homeownership counseling, among others. The role of the FSS coordinator is essential to the success of the FSS program.

The overarching goals of the FSS program include:

- Increased employment and educational attainment leading to increased earnings;
- Engagement in financial empowerment activities leading to debt reduction, improvement in credit scores and increased savings; and
- Participants graduating from the program do not require Temporary Assistance to Needy Families (TANF) assistance and their need for rental assistance is decreased or eliminated.

The success of the FSS program in promoting the economic security and self-sufficiency of Public Housing and Housing Choice Voucher (HCV) participants is demonstrated by local communities achieving the following outcomes from July 2018 to June 2019:

- Over 70,000 households actively participated in the program; 5,409 families successfully completed their FSS contracts and graduated; 100 percent of graduating families did not require temporary cash assistance (TANF/welfare); 41 percent of graduates had escrow savings at graduation, at an average of approximately \$6,700; 59 percent of participants earned escrow while in the program and were allowed to use it while in the program toward reaching their self-sufficiency goals;
- 1,859 FSS program graduates (33 percent of graduates) exited rental assistance within one year of leaving the FSS program; and
- 604 FSS program graduates (11 percent of graduates) went on to purchase a home.

To improve performance outcomes of the FSS grantees, HUD developed a performance measurement system that provides an analysis of each PHA's FSS program by examining three factors: earnings performance, graduation rate, and participation rate. The scores combine to determine a "composite score." No new reporting will be required to implement the performance score; HUD will analyze data collected through the Public Housing Information Center (PIC) to calculate FSS performance scores for each FSS program that received an FSS coordinator grant in one or more of the past three fiscal years' Notice of Funding Availability (NOFA) competitions.

In fiscal years 2020 and 2021, the Department will implement a new monitoring and technical assistance plan that will create a menu of individual and group technical assistance to improve

program performance. Higher-performing programs will be reviewed to determine best practices that will be shared. The Department has offered FSS program design and policy training to more than 150 FSS practitioners in five states in fiscal year 2019, with plans for continued outreach.

In support of this effort to rigorously evaluate the impact of the program, HUD commissioned MDRC in March 2012 to conduct a national impact evaluation of FSS. The national evaluation was set to end in September 2018, allowing for roughly 36 months of post-random assignment follow up. However, the timeframe of the evaluation has now been extended to cover the full five years of a standard FSS contract of participation with a final report due in 2022. Draft findings for the first 36 months do not indicate a statistically significant change in earned income for FSS participants compared to the control group; however, they do show a significantly higher uptake of services in the FSS group, which may translate into more stable employment and potential for earned income over the longer term (including the additional two years of the study).

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

Jobs-Plus Initiative

The Budget Request for the Jobs-Plus Initiative is \$100 million to allow this highly successful employment services and support program to be expanded beyond traditional public housing communities to other HUD-assisted project-based communities (either PBV or PBRA). With the Department's Strategic Objective of repositioning Public Housing units to greater financial sustainability and programmatic viability, PHAs have converted Public Housing communities to Section 8 assistance through the Rental Assistance Demonstration (RAD) Program or other methods. As a result, it has become increasingly important for Jobs-Plus to be a program that is not limited to Public Housing. The proposed expansion of the Jobs-Plus Initiative would be accompanied by program design and policy changes needed to implement Jobs-Plus in PBV and PBRA communities.

Among the key accomplishments for the Jobs-Plus Initiative from 2014 through September 2019:

- Since its inception, Jobs-Plus sites report placing 4,174 residents into part-time or full-time employment;
- Nearly 1,500 individuals have been continuously employed for at least 180 days after placement; and
- Through the Jobs-Plus Earned Income Disregard, residents have saved over \$21.3 million in rent payments.

The following key performance indicators are reported on a quarterly basis:

- Cumulative Number of Individuals Assessed;
- Cumulative Number of Individuals Receiving a Post-Assessment Service;
- Cumulative Number of Households with Earnings Disregarded due to Jobs-Plus Earned Income Disregard;
- Employment Rate of Work-Able Residents; and
- Number of Assessed Residents Continuously Employed for at Least 180 days.

The original Jobs-Plus demonstration was launched in 1998. Of the six sites that were part of the demonstration, only three fully implemented the model. When fully implemented, the model increased tenants' earned income by 16 percent. The Jobs-Plus model was replicated in 2011 in San Antonio, TX, and Bronx County, NY, through the Social Innovation Fund (SIF).

HUD commissioned a study to begin documenting the expansion of Jobs-Plus in its nine original sites. An interim report was released in September 2017, and it found that the nine grantees in the

first cohort sites have implemented the model more quickly and fully than the original demonstration and the SIF replication sites. Within the first 18 months, all nine sites had begun structuring their programs, building partnerships, and implementing the core components of the Jobs-Plus model. The final report was released in November 2019.¹

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Family Self-Sufficiency Program	80,000	75,000	155,000	75,538	80,000	79,000	159,000	90,000
Resident Opportunity and Self-Sufficiency (ROSS) ^{a/}	[35,000]	-	-	-	35,000	-	35,000	-
Jobs Plus Initiative ^{a/}	[15,000]	-	-	-	15,000	-	15,000	100,000
Total	80,000	75,000	155,000	75,538	130,000	79,000	209,000	190,000

a/ ROSS and Jobs Plus Initiative were appropriated into the Capital Fund program in 2019.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President's Budget proposes the following changes to appropriations language from the 2020 enacted bill:

- **Account Structure and Transfers:** The Department seeks to continue the self-sufficiency consolidation in the appropriations account language that was in the 2020 enacted. HUD also seeks to add provisions in the 2021 request that would allow for recaptured funds from prior year appropriations for self-sufficiency programs in the Public Housing Capital Fund to be transferred to this account for purposes of Jobs Plus activities.
- **Expanded Eligibility:** The Budget proposes to expand Jobs Plus eligibility to Project-Based Rental Assistance and Project-Based Voucher developments; currently only residents assisted through Public Housing are able to participate in this program.
- **Earned-Income Disregard:** The Budget contains language in the Tenant-Based Rental Assistance, Public Housing Fund, and Project-Based Rental Assistance accounts that addresses the Jobs-Plus Earned Income Disregard. The proposal shifts the cost of the disregard to those accounts, allowing the Jobs-Plus grants to focus on funding services.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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, 2023 (*except as otherwise specified under this heading*), [\$130,000,000] *\$190,000,000*: *Provided*, That the amounts made available under this heading are provided as follows:

(1) [\$80,000,000] *\$90,000,000* shall be for the Family Self-Sufficiency program to support family self-sufficiency coordinators under section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u), to promote the development of local strategies to coordinate the use of assistance under sections 8

¹ HUD's Jobs Plus Pilot Program for Public Housing Residents: Ongoing Implementation Experiences. (<https://www.huduser.gov/portal/publications/JobsPlusReport.html>)

and 9 of such Act with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency: *Provided*, That the Secretary may, by Federal Register notice, waive or specify alternative requirements under subsections (b)(3), (b)(4), (b)(5), or (c)(1) of section 23 of such Act in order to facilitate the operation of a unified self-sufficiency program for individuals receiving assistance under different provisions of the Act, as determined by the Secretary: *Provided further*, That an owner or sponsor of a multifamily property receiving project-based rental assistance under section 8 shall be eligible to receive awards from the Secretary under this paragraph to support family self-sufficiency coordinators: *Provided further*, That owners or sponsors of a [privately owned] multifamily property [with a section 8 contract] receiving project-based rental assistance under section 8 may voluntarily make a Family Self-Sufficiency program available to the assisted tenants of such property in accordance with procedures established by the Secretary: *Provided further*, That such procedures established pursuant to the previous proviso shall permit participating tenants to accrue escrow funds in accordance with section 23(d)(2) and shall allow owners to use funding from residual receipt accounts to hire coordinators for their own Family Self-Sufficiency program;

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

(2[3]) [\$15,000,000] *\$100,000,000* shall be available *until September 30, 2024* 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 a unit assisted under a project-based section 8 contract (including section 8(o)(13) of the United States Housing Act of 1937), obtain employment [and] or increase earnings, or both: *Provided further*, That applicants must demonstrate the ability to provide services to *such* residents or tenants, partner with workforce investment boards, and leverage service dollars: *Provided further*, That the Secretary may allow public housing agencies to request exemptions from rent and income limitation requirements under sections 3 and 6 of the United States Housing Act of 1937 (42 U.S.C. 1437a, 1437d), as necessary to implement the Jobs-Plus program, on such terms and conditions as the Secretary may approve upon a finding by the Secretary that any such waivers or alternative requirements are necessary for the effective implementation of the Jobs-Plus initiative as a voluntary program for residents: *Provided further*, That the Secretary shall publish by notice in the Federal Register any waivers or alternative requirements pursuant to the preceding proviso no later than 10 days before the effective date of such notice: *Provided further*, That the costs of any rent incentives as authorized pursuant to such waivers or alternative requirements shall not be charged against the competitive grant amounts made available under this paragraph: *Provided further*, That amounts made available for the Jobs-Plus initiative in prior acts under the heading "Public Housing Capital Fund" that remain available or are subsequently recaptured shall be transferred to this account and shall be available for the purposes of this paragraph. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Native American Programs¹

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental / Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	755,000	123,790 ^b	-	878,790	663,268	657,017
2020 Appropriation	825,000	215,522 ^b	-	1,040,522	928,000	641,000
2021 President's Budget	600,000	112,522	-	712,522	702,000	685,000
Change from 2020	(225,000)	(103,000)	-	(328,000)	(226,000)	44,000

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

b/ In 2019, and 2020 \$1 million was transferred each year to the Salaries and Expenses account for necessary cost of administering and over-seeing the obligation and expenditure of the additional amount authorized for the Native American Housing Block Grants program.

PROGRAM PURPOSE

The three programs funded under this account are the Indian Housing Block Grant (IHBG) program, the Federal Guarantees for Financing Tribal Housing Activities program, also known as the Title VI Loan Guarantee program, and the Indian Community Development Block Grant (ICDBG) program. The IHBG program funds a wide range of affordable housing activities in Indian Country. The Title VI Loan Guarantee program assists IHBG recipients to finance affordable housing construction and related community development. 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 persons.

BUDGET OVERVIEW

The 2021 President's Budget requests \$600 million for the IHBG program, which is \$225 million less than the 2020 enacted level. The IHBG program is the principal means by which the United States fulfills its trust obligations to low-income American Indian and Alaska Natives by providing them with resources for safe, decent, and sanitary housing. Eligible IHBG recipients are federally recognized, Indian tribes, and tribally designated housing entities (TDHEs), and a limited number of State-recognized Indian tribes. The request does not include funding for training and technical assistance for Indian tribes within this account. Instead, technical assistance and training will be provided in fiscal year 2019 through the Department's Research and Technology account.

While the 2021 request does not include funding for Title VI Loan Guarantee subsidy, it includes up to \$30 million in loan commitment authority which will be utilized against remaining unobligated credit subsidy provided in prior years. The Title VI Loan Guarantee program encourages private

¹ In the 2020 Enacted, Congress changed the title of the "Native American Housing Block Grants" account to "Native American Programs" and included funding for the Indian Community Development Program in this account for the first time. The account title in the 2021 President's Budget was revised this year to align with this new account structure for purposes of consistency with the 2020 Enacted.

lenders to finance tribal housing development activities. An Indian tribe or TDHE pledges a share of its IHBG grant as security to leverage critical private financing to fund large-scale housing projects.

Similar to budget requests from recent years, the 2021 President's Budget requests no funding for the ICDBG program as it duplicates, in part, HUD's larger IHBG program and other Federal programs.

JUSTIFICATION

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

The IHBG formula allocation, developed in consultation with Indian tribes under statutorily mandated negotiated rulemaking, is based on need and the number of existing housing units that were funded under the U.S. Housing Act of 1937 (before the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) was enacted). Need is calculated using several weighted factors, such as the local population's income levels, condition of existing housing, and level of local housing costs.

Since the inception of the IHBG program, recipients have built or acquired almost 41,000 affordable housing units and rehabilitated nearly 97,000 units. In fiscal year 2019, IHBG funds were used to build or acquire over 520 affordable housing units and substantially rehabilitate nearly 3,640 units. Additionally, Indian tribes used IHBG funds to operate, maintain, and renovate over 39,500 units originally developed under the U.S. Housing Act of 1937. Since 2013, the program has also helped more than 4,500 families become homeowners by funding such costs as down payment assistance and closing costs.

Federal investment in the IHBG program is critical to ensure the health and safety of tribal communities. In January 2017, HUD published *Housing Needs of American Indians and Alaska Natives in Tribal Areas*², a report was based on the results of the most comprehensive, national study of housing needs in Indian Country conducted since the enactment of NAHASDA. The study found that the physical housing problems for Indian households in tribal areas are much more severe than for U.S. households on average. It estimated that between 42,000 and 85,000 Native Americans are "doubled up." This means they are living with family or friends because they have no place else to stay and would otherwise be staying in a homeless shelter, a place not meant for human habitation, or living on the streets. In tribal areas, homelessness often translates into overcrowding, and 68,000 units of new affordable housing are needed to replace substandard or overcrowded units. With few exceptions, American Indian and Alaska Native communities rank below other groups when comparing statistical indicators of social and economic well-being, including poverty rates.

The 2017 study also found that, under NAHASDA, Indian tribes have matched or exceeded the previous rate of assisted housing production that was accomplished under predecessor HUD

² *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, (<https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>)

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

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

Title VI Loan Guarantee Program

As of September 30, 2019, a cumulative total of 104 loans worth over \$252 million have been guaranteed to fund affordable housing and housing-related community development projects. Throughout the history of the program, the average Title VI loan guarantee has been \$2.4 million. In the first quarter of 2020, HUD has guaranteed two loans, and has issued two additional firm commitments, and has several additional loans in the pipeline.

The 2021 President's Budget does not request additional budget authority. Due to the availability of unobligated credit subsidy, no additional budget authority is needed, and the Budget requests \$30 million in additional commitment authority should allow the program to meet all program demand in 2021.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Formula Grants	646,000	13,349	659,349	649,975	646,000	11,522	657,522	600,000
Loan Guarantee - Title VI (Credit Subsidy)	2,000	3,591	5,591	1,442	2,000	4,000	6,000	-
Technical Assistance	5,000	4,850	9,850	7,851	5,000	2,000	7,000	-
National or Regional Organization NAIHC	2,000	2,000	4,000	4,000	2,000	-	2,000	-
Competitive Grants	100,000	100,000	200,000	-	100,000	198,000	298,000	-
Indian Community Development Block Grants	-	-	-	-	70,000	-	70,000	-
Total	755,000	123,790^b	878,790	663,268	825,000	215,522^b	1,040,522	600,000

a/ The table above reflects only discretionary budget authority; mandatory authority for upward credit re-estimates is excluded. In the 2020 Enacted, Congress changed the title of the "Native American Housing Block Grants" account to "Native American Programs" and included funding for the Indian Community Development Program in this account for the first time. The account title in the 2021 President's Budget was revised this year to align with this new account structure for purposes of consistency with the 2020 Enacted.

b/ In 2019, and 2020, \$1 million was transferred each year to the Salaries and Expenses account for necessary cost of administering and over-seeing the obligation and expenditure of the additional amount authorized for the Native American Housing Block Grants program.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2021 Budget supports the following legislative proposal(s) and will seek changes through the authorization process rather than the appropriations process:

- HUD seeks to modify its authority to address unexpended IHBG funds, hearing procedures, and misallocated funds, resulting in programmatic improvements. HUD will seek the changes through the authorization process rather than the appropriations process. HUD intends to seek these legislative changes as part of the ongoing Native American Housing Assistance and Self-Determination Act Reauthorization process.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For [activities and assistance] *the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4111 et seq.), [title I of the Housing and Community Development Act of 1974 with respect to Indian tribes (42 U.S.C. 5306(a)(1)), and related training and technical assistance, \$825,000,000] \$600,000,000, to remain available until September 30, [2024] 2025*], unless otherwise specified: *Provided*, That the amounts made available under this heading are provided as follows:]

[(1) \$646,000,000 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 Department will notify grantees of their formula allocation within 60 days of the date of enactment of this Act;]

[(2) \$2,000,000 shall be] *funds made available in prior Acts for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA, are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, up to \$30,000,000: Provided further*, That such costs, including the costs of modifying such notes and other obligations, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended [: *Provided further*, That these funds are available to subsidize the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed \$32,000,000;]

[(3) \$100,000,000 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 this additional amount for competitive grants to eligible recipients authorized under NAHASDA that apply for funds: *Provided further*, That in awarding this additional amount, the Secretary shall consider need and administrative capacity, and shall give priority to projects that will spur construction and rehabilitation: *Provided further*, That a grant funded pursuant to this paragraph shall be not greater than \$10,000,000: *Provided further*, That up to 1 percent of this additional amount may be transferred, in aggregate, to "Program Offices-Public and Indian Housing" for necessary costs of administering and overseeing the obligation and expenditure of this additional amount and of additional amounts provided in prior years, to remain available until September 30, 2025: *Provided further*, That any funds transferred pursuant to the previous proviso in prior Acts may also be used for the purposes described in the previous proviso;]

[(4) \$70,000,000 shall be available for grants to Indian tribes for carrying out the Indian Community Development Block Grant program under title I of the Housing and Community Development Act of 1974, notwithstanding section 106(a)(1) of such Act, of which, notwithstanding any other provision of law (including section 203 of this Act), up to \$4,000,000 may be used for emergencies that constitute imminent threats to health and safety: *Provided*, That not to exceed 20 percent of any grant made with funds appropriated under this paragraph shall be expended for planning and management development and administration: *Provided further*, That funds provided under this paragraph shall remain available until September 30, 2022; and]

[(5) \$7,000,000 shall be available for providing training and technical assistance to Indian tribes, Indian housing authorities and tribally designated housing entities, to support the inspection of Indian housing units, contract expertise, and for training and technical assistance related to funding provided under this heading and other headings under this Act for the needs of Native American families and Indian country: *Provided*, That of the funds made available under this paragraph, not less than \$2,000,000 shall be available for a national organization as authorized under section 703 of NAHASDA (25 U.S.C. 4212): *Provided further*, That amounts made available under this paragraph may be used, contracted, or competed as determined by the Secretary: *Provided further*, That

[(6) notwithstanding the provisions of the Federal Grant and Cooperative Agreements Act of 1977 (31 U.S.C. 6301-6308), the amounts made available under this paragraph may be used by the Secretary to enter into cooperative agreements with public and private organizations, agencies, institutions, and other technical assistance providers to support the administration of negotiated rulemaking under section 106 of NAHASDA (25 U.S.C. 4116), the administration of the allocation formula under section 302 of NAHASDA (25 U.S.C. 4152), and the administration of performance tracking and reporting under section 407 of NAHASDA (25 U.S.C. 4167): *Provided further*, That of the funds made available under this paragraph, not more than \$1,000,000 shall be available to support utilization, outreach, and capacity building with tribes and tribal housing organizations for the Tribal HUD-VASH program]. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Indian Housing Loan Guarantee Fund (Section 184)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	1,440	7,751	(99)	9,092	1,438	1,357
2020 Appropriation	1,600	7,919	-	9,519	2,000	2,000
2021 President's Budget	2,000	7,019	-	9,019	2,000	2,000
Change from 2020	400	(900)	-	(500)		

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

PROGRAM PURPOSE

The Indian Housing Loan Guarantee Fund (also known as the Section 184 program) is a loan guarantee program that facilitates homeownership and increases access to capital for American Indian and Alaska Native families, Tribes, and tribally designated housing entities (TDHEs).

The Section 184 program provides an incentive for private lenders to make market-rate home mortgages available to Native Americans by guaranteeing 100 percent of the unpaid principal and interest due in the event of a loan default. By providing the loan guarantee, the Section 184 program helps increase the supply of housing, which, in turn, helps relieve overcrowding in Indian Country.

BUDGET OVERVIEW

The 2021 President's Budget requests \$2.0 million for the Section 184 program, which is \$400 thousand more than the 2020 enacted appropriation.

The request includes \$1.5 million for credit subsidy and \$500 thousand for administrative contract expenses. The budget requests a total of \$1.0 billion in commitment authority in 2021, which includes \$500.0 million against new credit subsidy budget authority at a subsidy rate of .30 percent, and also grants commitment authority for unobligated credit subsidy balances from prior years.

The administrative contract expenses will support data integrity efforts to resolve outstanding Office of Inspector General findings, costs associated with data management for subsidy rate analysis, contractual needs for legal information services, operational task orders related to existing operational software Computerized Homes Underwriting Management System (CHUMS), and interim data dashboards for management analysis.

JUSTIFICATION

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

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

In January 2017, HUD published *Mortgage Lending on Tribal Land*¹, a report showing that the Section 184 program has helped address the functional market barrier to private lending presented by tribal trust land. Historically, Native Americans have had limited retail banking opportunities and limited access to private mortgage capital primarily because of the remoteness and 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 majority of Section 184 lending is fee simple, but HUD routinely collaborates with the Department of the Interior to make continual improvements to communication, break down silos, and reduce administrative barriers.

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

In 2019, program demand remained steady. Lenders requested guarantees for almost 3,000 loans. Of these, HUD guaranteed 2,028 loans in 2019, and an additional 849 loans in the first quarter of 2020. Since the inception of the program in 1992, HUD has obligated funds to guarantee approximately 46,000 loans with a cumulative loan level of \$7.7 billion.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Loan Guarantee Credit Subsidy	1,440	3,986	5,426	1,426	1,100	4,470	5,570	1,500
Skilled Workers Loan Credit Subsidy	-	1,727	1,727	-	-	1,727	1,727	-
Administrative Expenses	-	1,939	1,939	12	500	1,722	2,222	500
Land Title Report Commission	-	99	99	(99)	-	-	-	-
Total	1,440	7,751	9,191	1,339	1,600	7,919	9,519	2,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2021 Budget supports the following legislative proposal(s) and will seek changes through the authorization process rather than the appropriations process:

- HUD seeks to add authority to improve the performance and accountability of the Section 184 program, including indemnification from lenders participating the loan guarantee program and to allow lenders to be terminated from the program. Like the Federal Housing Administration (FHA), lenders participating in the Section 184 program can underwrite loans for closing without prior HUD review. When lenders close loans that do not comply

¹ Mortgage Lending on Tribal Land: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs
(<https://www.huduser.gov/portal/publications/NAHSC-Lending.html>)

with Section 184 requirements, indemnification authority would give HUD the option of requiring them to indemnify HUD for any losses suffered. Lenders could also be terminated from the program if it is determined that they pose an unacceptable risk to the program. HUD will seek these changes as part of the ongoing Native American Housing Assistance and Self-Determination Act reauthorization process. These changes will ensure HUD has sound business practices similar to those of FHA and address Inspector General (IG) findings.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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), [~~\$1,100,000~~] *\$1,500,000*, to remain available until expended: *Provided*, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That an additional \$500,000, to remain available until expended, shall be available for administrative contract expenses including management and systems processes to carry out the loan guarantee program: *Provided further*, That [the Secretary may subsidize total loan principal, any part of which is to be guaranteed, up to \$1,000,000,000, to remain available until expended: *Provided further*, That for any unobligated balances (including amounts of uncommitted limitation) remaining from amounts made available under this heading in Public Law 115–31, Public Law 115–141, and Public Law 116–6, and for any recaptures occurring in fiscal year 2019 or in future fiscal years of amounts made available under this heading in prior fiscal years, the second proviso of each such heading shall be applied as if "these funds are available to" was struck and "the Secretary may" was inserted in its place] *funds made available in this and prior Acts for the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), that are unobligated are available to subsidize total loan principal, any part of which is to be guaranteed, up to \$1,000,000,000. (Department of Housing and Urban Development Appropriations Act, 2020).*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Public and Indian Housing
Native Hawaiian Housing Block Grant

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	2,000	88	-	2,088	2,036	1,013
2020 Appropriation	2,000	52	-	2,052	2,000	3,000
2021 President's Budget	-	-	-	-	-	3,000
Change from 2020	(2,000)	(52) ^a	-	(2,052)	(2,000)	-

a/ Differs from the Budget Appendix due to rounding.

PROGRAM PURPOSE

The Native Hawaiian Housing Block Grant (NHHBG) program funds a wide range of affordable housing activities on Hawaiian homelands, and the sole recipient is the State of Hawaii's Department of Hawaiian Home Lands (DHHL).

BUDGET OVERVIEW

The 2021 President's Budget requests no funding for the NHHBG program, which is \$2 million less than the 2020 enacted level. In recent years, DHHL has reduced its significant balances of unexpended funds. However, DHHL still has approximately \$16 million in unexpended NHHBG funds, and are expected to continue to spend these balances in fiscal year 2020.

JUSTIFICATION

Between 2002 and 2019, DHHL used NHHBG funds to help build, acquire, and rehabilitate 706 affordable homes and develop infrastructure improvements to approximately 693 lots to construct affordable homes. Funds have also been used to rehabilitate community centers, provide housing counseling, financial literacy training, and self-help home repair training to over 2,200 families.

HUD projects that DHHL will have enough funding resources to continue planned projects in 2021. Accordingly, the 2021 President's Budget requests no funding for the NHHBG program.

According to HUD's *Housing Needs of Native Hawaiians*¹ report, in 2015, Native Hawaiians and other Pacific Islanders accounted for 39 percent of the State's overall homeless population, although they represented only 10 percent of the State's population. In addition, Native Hawaiians have lower incomes, higher poverty rates, and lower educational attainment rates than other residents of Hawaii.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Grants	2,000	-	2,000	2,000	2,000	-	2,000	-
Technical Assistance	-	88	88	36	-	52	52	-
Research and Technology (transfer)	-	-	-	-	-	-	-	-
Total	2,000	88 a/	2,088	2,036 a/	2,000	52	2,052	-

a/ Differs from the Budget Appendix due to rounding.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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. 4111 et seq.), \$2,000,000, to remain available until September 30, 2024: Provided, That notwithstanding section 812(b) of such Act, the Department of Hawaiian Home Lands may not invest grant amounts provided 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. (Department of Housing and Urban Development Appropriations Act, 2020.)]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Public and Indian Housing

Native Hawaiian Loan Guarantee Fund (Section 184A)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental / Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	-	5,926	-	5,926	-	-
2020 Appropriation	-	5,926	-	5,926	-	-
2021 President's Budget	-	5,926	(2,000)	3,926	-	-
Change from 2020	-	-	(2,000)	(2,000)	-	-

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

BUDGET OVERVIEW

The 2021 President's Budget does not request any new credit subsidy budget authority for this program and rescinds \$2 million in previously appropriated credit subsidy. The Section 184A program continues to guarantee loans on a negative subsidy basis.

JUSTIFICATION

The Section 184A program expands the market for private lenders and ensures access to private-market mortgages for a traditionally underserved population. Private financing is used to cover construction or acquisition costs, while Federal funding is used to guarantee payment in the event of a default. Eligible borrowers include Native Hawaiian families who are eligible to reside on the Hawaiian homelands, the Department of Hawaiian Home Lands (DHHL), the Office of Hawaiian Affairs, and organizations experienced in the planning and development of affordable housing for Native Hawaiians.

The existence of the Hawaiian homelands is a distinctive feature of the housing situation for members of the Native Hawaiian community. The homelands are managed by DHHL with oversight provided by the U.S. Department of the Interior. Hawaii established a homesteading program in 1921 to support the self-sufficiency and well-being of 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 are inalienable and cannot be used as collateral. The Section 184A program helps to address this problem by providing a 100 percent guarantee to lenders in cases of default.

In 2019, 44 loans worth approximately \$12.6 million were guaranteed. As of September 30, 2019, approximately 700 loans worth \$174.8 million have been guaranteed. In 2021, an estimated 55 loans worth approximately \$14.9 million will be guaranteed.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Loan Guarantee Credit Subsidy	-	5,926	5,926	-	-	5,926	5,926	(2,000)
Total	-	5,926	5,926	-	-	5,926	5,926	(2,000)

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2021 Budget supports the following legislative proposal and will seek changes through the authorization process rather than the appropriations process:

- HUD seeks to add authority to improve the performance and accountability of the Section 184A program, including indemnification from lenders participating the loan guarantee program and to allow lenders to be terminated from the program. Like the Federal Housing Administration (FHA), lenders participating in the Section 184A program can underwrite loans for closing without prior HUD review. When lenders close loans that do not comply with Section 184A requirements, indemnification authority would give HUD the option of requiring them to indemnify HUD for any losses suffered. Lenders could also be terminated from the program if it is determined that they pose an unacceptable risk to the program. HUD will seek these changes as part of the ongoing Native American Housing Assistance and Self-Determination Act reauthorization process. These changes will ensure HUD has sound business practices similar to those of FHA.

General Provisions

The 2021 President's Budget proposes the following new general provision:

- **Cancellation of Funds:** This provision would cancel \$2 million from unobligated balances, including recaptures and carryover. As this program is a negative subsidy program, subsidy is not needed to issue loans:

CANCELLATION OF FUNDS.--Of the unobligated balances, including recaptures and carryover, available from amounts appropriated under the heading "Native Hawaiian Housing Loan Guarantee Fund Program Account" for the cost of guaranteed loans, \$2,000,000 shall be cancelled: Provided, That this cancellation shall not limit the authority to commit new loan guarantees under loan guarantee limitations provided in prior appropriations Acts. (2021 President's Budget, Section 228)

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

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	393,000	172,702	-	565,702	437,635	357,918
2020 Appropriation	410,000	128,066	-	538,066	398,997	386,431
2021 Request	330,000	139,069	-	469,069	394,760	429,283
Change from 2020	(80,000)	11,003	-	(68,997)	(4,237)	42,852

*The 2019 Appropriation Carryover column includes \$42,732 in recaptured competitive grant funds.

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The 2021 President's Budget requests \$330 million for HOPWA, which is \$80 million less than the 2020 Enacted level.

JUSTIFICATION

At \$330 million, communities will be able to prevent homelessness and sustain housing stability for approximately 48,110 economically vulnerable households living with HIV infection by providing housing assistance. This level of assistance is an anticipated decrease from the 2020 housing

assistance projection by 12,673 households; HUD will provide Technical Assistance to help grantees adjust to the lower funding level.^{1,2,3,4}

The requested budget level for HOPWA would provide:

- 22,520 Permanent Supportive Housing households: Support of these households with tenant-based rental assistance and facility-based housing, the latter of whom face significant health and life challenges that impede their ability to live independently.
- 21,998 Transitional/Short-Term Supportive Housing households: Support for households with homeless prevention efforts through the provision of STRMU assistance and transitional/short-term housing facilities.
- 5,427 Permanent Housing Placement households: One-time support for first month rent and deposits to secure permanent housing.
- 20,276 Supportive Services and Case Management households: These additional households will receive supportive services through the HOPWA program; these households may be on the local HOPWA waitlist in their community or receiving other non-HOPWA housing assistance (for example, a church shelter or Section 8 voucher), but need supportive services to stabilize them to the fullest extent possible in their current living situation.

Anticipated Outcomes and Performance Metrics:

Preventing Homelessness: The number of households assisted depends not only on funding level but also on grantees' allocation decisions between permanent supportive housing, transitional short-term housing assistance activities, and other forms of HOPWA assistance.

Annually, 90 percent of the HOPWA appropriation is allocated to qualifying states and metropolitan areas under a statutory formula based on living HIV/AIDS cases, poverty rates, and local housing costs. The remaining 10 percent is designated for competitive grants to support innovative model projects that address special issues or populations through the award of Special Projects of National Significance grants, although since 2010 the 10 percent is almost entirely utilized for renewal of expiring competitive grants. Please see the Legislative Proposals section below for the Budget's proposal to remove this priority for expiring grants and allow more funding for new, innovative projects.

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 organizations that link beneficiaries to medical services and other related services. Supportive

¹ The numbers of households assisted varies by community depending on the type of assistance activities provided and is also dependent upon funding levels, attrition levels, and grantee program design. Some households receive more than one type of housing support in a reporting year.

² The method used in calculating the projected household numbers (above) is as follows: To obtain projected cost per unit, a 1.69 percent housing cost inflation rate provided by the Office of Policy Development and Research for years 2019, 2020, and 2021 was applied to the current per unit cost of \$4,565.82, as reported for 2018. To obtain the estimate for housing assistance, the most recent report (2018) indicated that 70 percent of HOPWA funding was used for housing costs; this percentage was applied to the 2020 Enacted and 2021 Budget.

³ The numbers of households assisted varies by community depending on the type of assistance activities provided and is also dependent upon funding levels, attrition levels, and grantee program design. Some households receive more than one type of housing support in a reporting year.

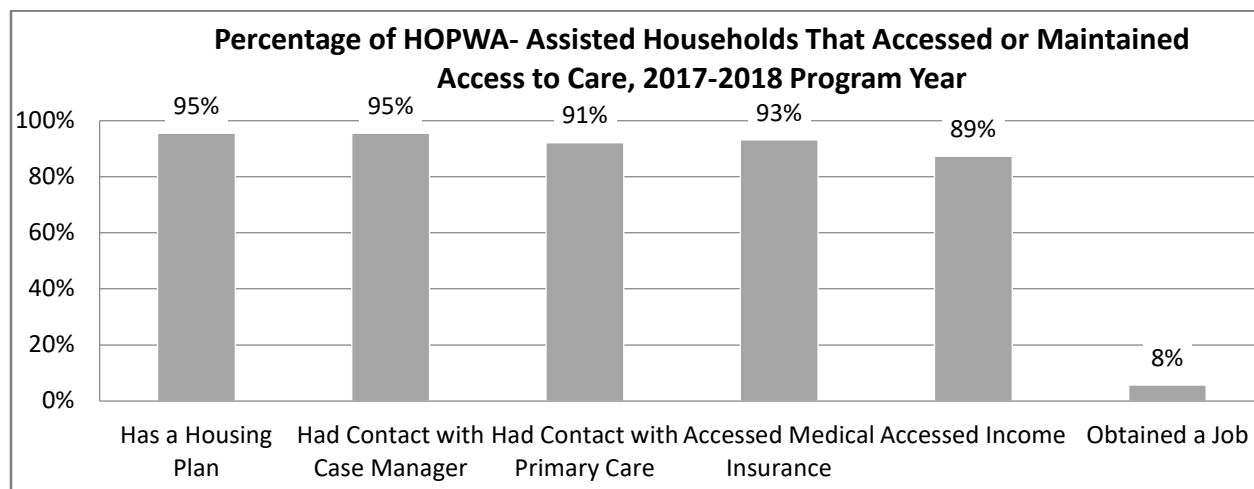
⁴ The method used in calculating the projected household numbers (above) is as follows: To obtain projected cost per unit, a 1.69 percent housing cost inflation rate provided by the Office of Policy Development and Research for years 2019, 2020, and 2021 was applied to the current per unit cost of \$4,565.82, as reported for 2018. To obtain the estimate for housing assistance, the most recent report (2018) indicated that 70 percent of HOPWA funding was used for housing costs; this percentage was applied to the 2020 Enacted and 2021 Budget.

services include critical supports such as housing case management, mental health services, substance abuse treatment, or employment training, that sustain housing stability, promote better health outcomes, and increase quality of life. These critical supports promote self-sufficiency efforts for those able to transition to the unsubsidized private housing market or other affordable housing that does not provide the same level of supportive services, including placement in public housing.

Housing Stability: Housing stabilization can lead to reduced-risk behavior and reduced HIV transmission, a significant consideration for federal HIV prevention efforts. HOPWA demonstrates improved program beneficiary outcomes with respect to access to care and support resulting in a foundation for increased housing stability and better health outcomes. In 2018:

- 95 percent of clients receiving tenant-based rental assistance achieved housing stability.
- 95 percent placed in a permanent housing facility achieved housing stability.
- 73 percent of clients receiving transitional or short-term housing facilities assistance achieved housing stability.
- 48 percent receiving STRMU assistance achieved housing stability.

Access to Care: HOPWA data shows high levels of connection to care, with 91 percent of households served during 2018, compared to 86 percent during 2014, having contact with primary health care.



Utilizing Evidence-based Research: Multiple studies have found the lack of stable housing to be one of the most significant factors limiting the use of antiretrovirals (ARVs), regardless of insurance, substance abuse, and other factors. Housing interventions improve stability and connection to care, providing the essential foundation for participating in ARV treatment and achieving an undetectable viral load. Research shows that when people living with HIV attain and maintain an undetectable viral load, it is virtually impossible for them to transmit HIV.⁵

The HUD-CDC joint Housing and Health study was a multi-site randomized trial undertaken to examine the health, housing, and economic impacts of providing HOPWA assistance to homeless and unstably housed persons living with HIV/AIDS. As published in peer-reviewed journals, findings from the study demonstrated that HOPWA housing assistance serves as an efficient and effective

⁵ Rodger AJ, Cambiano V, Bruun T, et al; PARTNER Study Group. Sexual activity without condoms and risk of HIV transmission in serodifferent couples when the HIV-positive partner is using suppressive antiretroviral therapy. *Journal of the American Medical Association (JAMA)*. 2016;316:171-181.

Rodger AJ, Cambiano V, Bruun T, et al; PARTNER Study Group. Sexual activity without condoms and risk of HIV transmission in serodifferent couples when the HIV-positive partner is using suppressive antiretroviral therapy. *Journal of the American Medical Association (JAMA)*. 2016;316:171-181.

platform for improving the health outcomes of persons living with HIV/AIDS and their families. The Housing and Health study of HOPWA and other supportive housing programs for persons living with HIV/AIDS found that housing was associated with 41 percent fewer visits to emergency departments, a 23 percent reduction in detectable viral loads, and a 19 percent reduction in unprotected sex with partners whose HIV status was negative or unknown.⁶

Stable housing is one of the most cost-effective strategies for driving down national HIV/AIDS costs. The number of persons living with HIV in the United States continues to grow annually. Estimates put the annual direct costs of HIV medications at between \$17,000 and \$41,000 per person per year, depending on the severity of an individual's infection.⁷ Lifetime treatment costs per person are estimated to be \$415,000.⁸ Homeless or unstably housed persons living with HIV/AIDS have been shown to be more likely to demonstrate frequent and prolonged use of high-cost, hospital-based emergency or inpatient services, as compared to persons living with HIV/AIDS who are stably housed. Research conducted in Chicago has shown that homeless persons living with HIV/AIDS had significantly improved medication adherence, health outcomes, and viral loads when provided with HOPWA housing assistance, as compared to persons who remained homeless or unstably housed. Moreover, substantial cost savings were achieved by reducing emergency care and nursing services for this population.⁹ HOPWA assistance is an important aspect of safeguarding the national investment in HIV care.

Stakeholders and Collaborations

The Office of HIV/AIDS Housing is involved in multi-year collaboration projects with the Health Resources and Services Administration HIV/AIDS Bureau, with investment of resources from the Health and Human Services Minority AIDS Initiative Fund. One of these collaborative projects seeks to improve service coordination, housing stability, and health outcomes for persons living with HIV/AIDS via integrated data systems between Ryan White HIV/AIDS program recipients and HOPWA providers. Another collaborative project focuses on operationalizing HUD's Getting to Work employment training curriculum to support the design, implementation, and evaluation of innovative interventions that coordinate HIV primary care, housing, and employment services in communities to improve health outcomes for people living with HIV.

Presidential Initiative Partnership

In his State of the Union Address on February 5, 2019, President Donald J. Trump announced his Administration's goal to end the HIV epidemic in the United States within 10 years. To achieve this goal and address the ongoing public health crisis of HIV, the proposed *Ending the HIV Epidemic: A Plan for America* will leverage the powerful data and tools now available to reduce new HIV infections in the United States by 75 percent in five years and by 90 percent by 2030. The Initiative is led by the Department of Health and Human Services (HHS); operationalizing of the initiative started within the branches of HHS including CDC and the Health Resources Services Administration HIV/AIDS Bureau shortly after its announcement. The Office of HIV/AIDS Housing began planning and data sharing discussions with HHS on the initiative in August 2019. HUD will

⁶ Kidder, Daniel. (2009). The Housing and Health Study: Background, Methods, and Outcomes. Presentation at National AIDS Housing Coalition Conference.

⁷ Schackman, B.R., Gebo, K.A., Walensky, R.P., Losina, E., Muccio, T., Sax, P.E., Weinstein, M.C., Seage, G.R.III, Moore, R.D., Freedberg, K.A. (2006). The lifetime cost of current human immunodeficiency virus care in the United States. *Med Care*, 44, 990-997, updated to 2009 dollars.

⁸ Ibid.

⁹ Sadowski, L., Kee, R., VanderWeele, T., Buchman, D. (2009). Effect of a housing and case management program on emergency department visits and hospitalization among chronically ill homeless adults. *Journal of the American Medical Association (JAMA)*, 301(17), 1771-1778.

be an important partner within the 57 identified states and counties targeted by the initiative and is working through approaches to ensure that HOPWA resources are accessible and available to the fullest extent possible to support this Presidential Initiative.

Technical Assistance

In 2017, HOPWA formula funds began to be allocated under a modernized formula that is being phased in over five years with a stop loss/stop gain provision; 2021 will be the last year in which the HOPWA formula must be allocated so that no award is five percent less or 10 percent more than the share of the total available formula funds that the grantee received in the preceding fiscal year. This provision was enacted to help avoid highly volatile shifts in either direction for any one jurisdiction.

An extensive technical assistance effort is focused on 35 highly impacted communities of HOPWA formula modernization, including grantees, advocates, and stakeholders. This technical assistance effort covers the complete span of the HOPWA Modernization five-year stop loss period and is a combination of onsite and remote technical assistance, with an assessment of the current situation in each of the identified communities, as well as tools and products, guidance and support to successfully manage their HOPWA grants and programs. The technical assistance is targeted to assist impacted communities in developing strategies to prevent homelessness and to use HOPWA funding efficiently, based on local needs. HUD technical assistance is also engaged to ensure grantees and other stakeholders understand the coming end of the stop loss/stop gain provision and what that might mean for their allocation in various funding scenarios.

Operational Improvements

The HOPWA program is working collaboratively on initiatives across all Community Planning and Development (CPD) program offices to streamline processes including grantee risk analysis, monitoring, grant making, and tracking. In addition, the Office of HIV/AIDS Housing has begun work on a HOPWA data strategic planning project to streamline the flow of quality data between systems and processes: from planning, through the drawing of grant funds, and to accomplishment reporting. This effort includes working with the systems contractors on improvements to the current data collection functionality to enhance the quality of data received from grantees.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Formula Grants	353,700	151,417	505,117	412,899	369,000	92,217	461,217	297,000
Competitive Grants	39,300	21,285	60,585	24,736	41,000	35,849	76,849	33,000
Total	393,000	172,702	565,702	437,635	410,000	128,066	538,066	330,000

Impact of Formula Modernization with the 2021 Requested Budget Amount

The modernization of the HOPWA formula by the Housing Opportunity Through Modernization Act (HOTMA) of 2016, Public Law 114-201, continues to advance the program's ability to target funding to the areas of highest need. The year 2021 is the fifth year of the five-year stop loss/gain provision (in which no award is 5 % less or 10 % more than the share of the total available formula funds that the grantee received in the preceding fiscal year). The chart below reflects estimated distribution of funds to HOPWA formula Grantees in 2021.

STA	Name	FY18: Actual	FY19: Actual	FY20: Actual	FY21: Request
AL	Alabama	\$1,975,929	\$2,232,232	\$2,514,357	\$2,035,525
AL	Birmingham	1,244,128	1,365,496	1,444,186	1,169,157
AR	Arkansas	721,555	815,150	918,174	743,318
AR	Little Rock	438,569	495,457	558,076	451,797
AZ	Arizona	309,509	349,656	393,848	318,844
AZ	Phoenix	2,378,741	2,687,294	3,026,933	2,450,487
AZ	Tucson	589,416	665,871	750,028	607,193
CA	Anaheim	1,988,481	2,246,413	2,530,330	2,048,456
CA	Bakersfield	496,350	560,733	631,602	511,320
CA	California	3,355,813	3,732,882	3,977,981	3,220,418
CA	Fresno	499,903	564,747	636,124	514,981
CA	Los Angeles	17,618,957	18,729,211	19,812,205	16,039,188
CA	Oakland	2,835,545	2,954,193	3,078,240	2,492,023
CA	Riverside	2,587,369	2,922,984	3,292,411	2,665,407
CA	Sacramento	1,177,649	1,330,405	1,498,551	1,213,168
CA	San Diego	3,686,397	4,164,570	4,690,917	3,797,583
CA	San Francisco	7,162,248	7,130,734	7,067,229	5,721,353
CA	San Jose	1,131,945	1,278,773	1,440,393	1,166,086
CA	Santa Rosa	433,139	437,814	447,881	362,587
CO	Colorado	567,866	641,526	722,607	584,994
CO	Denver	2,017,134	2,278,782	2,566,790	2,077,973
CT	Bridgeport	958,450	954,233	958,576	776,026
CT	Connecticut	246,668	263,259	265,668	215,074
CT	Hartford	1,147,501	1,164,315	1,179,158	954,600
CT	New Haven	1,076,899	1,092,032	1,105,207	894,732
DC	District Of Columbia	11,221,025	11,171,652	11,072,159	8,963,588
DE	Delaware	270,436	300,043	314,048	254,241
DE	Wilmington	772,728	789,218	802,435	649,620
FL	Cape Coral	537,792	607,551	647,910	524,523
FL	Deltona	494,929	553,042	584,577	473,251
FL	Florida	4,037,467	4,176,829	4,323,564	3,500,189
FL	Ft Lauderdale	7,209,708	7,177,985	7,114,059	5,759,265
FL	Jacksonville	2,645,991	2,634,349	2,610,888	2,113,673
FL	Lakeland	655,670	676,595	704,854	570,622

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

STA	Name	FY18: Actual	FY19: Actual	FY20: Actual	FY21: Request
FL	Miami	11,680,308	11,628,915	11,572,054	9,368,283
FL	North Port	\$580,347	\$608,118	\$622,663	\$504,084
FL	Orlando	3,841,118	4,059,257	4,319,150	3,496,615
FL	Palm Bay	433,389	443,527	460,844	373,081
FL	Port St Lucie	667,025	683,109	704,629	570,440
FL	Tampa	3,864,852	3,985,513	4,176,687	3,381,283
FL	West Palm Beach	3,257,585	3,243,252	3,214,368	2,602,227
GA	Atlanta	23,101,950	23,000,301	22,795,464	17,430,190
GA	Augusta-Richmond County	1,059,712	1,055,049	1,045,653	803,824
GA	Georgia	3,040,147	3,434,493	3,868,568	3,131,842
HI	Hawaii	258,770	266,237	268,035	216,991
HI	Honolulu	567,630	635,213	653,774	529,270
IA	Iowa	561,946	634,838	715,073	578,895
IL	Chicago	9,009,631	10,038,656	10,570,599	8,557,544
IL	Illinois	1,535,465	1,734,635	1,953,870	1,581,777
IN	Indiana	1,250,586	1,412,803	1,591,363	1,288,305
IN	Indianapolis	1,253,901	1,416,548	1,595,581	1,291,720
KS	Kansas	512,927	572,576	606,673	491,139
KY	Kentucky	700,717	791,609	891,658	721,852
KY	Louisville	757,786	856,081	964,278	780,642
LA	Baton Rouge	2,577,040	2,565,701	2,542,851	1,944,351
LA	Louisiana	1,743,146	1,969,254	2,218,142	1,795,721
LA	New Orleans	3,891,572	3,874,449	3,839,944	3,062,982
MA	Boston	2,588,781	2,894,494	3,089,167	2,500,869
MA	Lowell	1,416,588	1,600,338	1,802,600	1,459,315
MA	Massachusetts	274,934	310,596	349,851	283,226
MA	Springfield	585,390	661,323	694,040	561,868
MA	Worcester	587,285	635,000	651,256	527,231
MD	Baltimore	8,417,340	8,380,304	8,305,670	6,351,705
MD	Frederick	1,462,887	1,518,159	1,596,078	1,292,122
MD	Maryland	519,457	517,529	548,628	444,148
MI	Detroit	2,723,332	2,825,867	2,903,135	2,350,265
MI	Michigan	1,408,774	1,591,510	1,792,656	1,451,264
MI	Warren	683,903	772,614	870,262	704,530
MN	Minneapolis	1,361,885	1,538,539	1,732,990	1,402,961
MN	Minnesota	198,445	224,186	252,520	204,430
MO	Kansas City	1,419,904	1,604,084	1,734,155	1,403,904
MO	Missouri	701,900	792,945	893,163	723,070
MO	St Louis	1,824,610	2,061,285	2,321,805	1,879,643
MS	Jackson	1,453,290	1,446,896	1,434,010	1,160,919
MS	Mississippi	1,313,577	1,483,965	1,671,519	1,353,197

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

STA	Name	FY18: Actual	FY19: Actual	FY20: Actual	FY21: Request
NC	Charlotte	2,529,408	2,725,653	2,860,489	2,315,740
NC	Durham	\$379,840	\$429,110	\$483,344	\$391,296
NC	Greensboro	419,625	474,056	533,970	432,281
NC	North Carolina	2,836,965	3,204,956	3,610,021	2,922,532
NC	Wake County	716,346	809,265	911,546	737,952
NE	Nebraska	478,117	540,135	608,401	492,538
NJ	Camden	925,922	1,046,026	1,105,706	895,136
NJ	Jersey City	2,422,186	2,411,528	2,390,051	1,934,892
NJ	New Jersey	1,474,771	1,584,668	1,640,701	1,328,248
NJ	Newark	5,867,175	5,841,359	5,789,337	4,686,821
NJ	Paterson	1,608,136	1,682,883	1,756,316	1,421,845
NM	Albuquerque	433,596	489,104	527,699	427,205
NM	New Mexico	374,630	423,224	476,714	385,929
NV	Las Vegas	1,516,285	1,712,967	1,929,464	1,562,019
NV	Nevada	327,032	369,452	416,146	336,896
NY	Albany	637,488	679,993	693,147	561,145
NY	Brookhaven Town	2,088,333	2,121,337	2,173,110	1,759,265
NY	Buffalo	720,135	798,764	819,189	663,183
NY	New York	2,620,159	2,630,423	2,633,044	2,131,610
NY	New York City	44,228,148	44,033,544	43,641,388	35,330,365
NY	Rochester	890,163	958,466	975,953	790,093
NY	Syracuse	378,183	389,331	399,497	323,417
OH	Cincinnati	896,793	1,013,119	1,141,164	923,842
OH	Cleveland	1,241,586	1,402,636	1,579,911	1,279,034
OH	Columbus	1,109,448	1,253,358	1,411,766	1,142,911
OH	Dayton	379,368	428,577	482,744	390,811
OH	Ohio	1,287,527	1,454,536	1,638,370	1,326,360
OK	Oklahoma	327,506	369,988	416,750	337,385
OK	Oklahoma City	702,611	793,749	894,069	723,803
OK	Tulsa	466,513	527,026	593,635	480,584
OR	Oregon	500,140	557,084	586,236	474,594
OR	Portland	1,409,247	1,592,044	1,717,254	1,390,222
PA	Allentown	382,682	432,321	486,961	394,225
PA	Bensalem Township	676,562	763,072	805,694	652,258
PA	Harrisburg	382,447	432,055	468,583	379,347
PA	Pennsylvania	1,698,390	1,918,693	2,152,398	1,742,497
PA	Philadelphia	7,375,786	7,343,333	7,277,934	,891,931
PA	Pittsburgh	948,891	1,071,974	1,140,292	923,136
PR	Puerto Rico	2,034,912	2,168,495	2,203,742	1,784,064
PR	San Juan Municipio	6,234,828	6,207,395	6,152,113	4,942,135
RI	Providence	1,133,603	1,180,379	1,219,459	987,226

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

STA	Name	FY18: Actual	FY19: Actual	FY20: Actual	FY21: Request
SC	Charleston	641,987	725,261	816,925	661,351
SC	Columbia	\$1,406,384	\$1,475,403	\$1,517,489	\$1,228,500
SC	Greenville	475,984	537,725	605,686	490,340
SC	South Carolina	1,824,610	2,061,285	2,321,805	1,879,643
TN	Memphis	3,547,703	3,532,093	3,500,637	2,743,347
TN	Nashville-Davidson	1,216,011	1,373,743	1,547,366	1,252,687
TN	Tennessee	1,243,245	1,404,510	1,582,022	1,280,743
TX	Austin	1,469,160	1,659,729	1,869,497	1,513,472
TX	Dallas	6,645,116	7,058,692	7,477,149	6,053,208
TX	El Paso	492,798	556,720	627,082	507,661
TX	Fort Worth	1,332,758	1,505,634	1,695,926	1,372,956
TX	Houston	9,738,444	9,882,076	10,315,585	8,351,095
TX	San Antonio	1,606,272	1,814,626	2,043,971	1,654,719
TX	Texas	3,914,680	4,422,464	4,981,406	4,032,752
UT	Salt Lake City	472,196	533,446	600,867	486,438
UT	Utah	197,972	223,652	251,411	203,533
VA	Richmond	1,050,009	1,186,209	1,336,130	1,081,679
VA	Virginia	962,389	1,087,223	1,224,634	991,416
VA	Virginia Beach	1,524,127	1,721,826	1,939,442	1,570,097
WA	Seattle	2,302,251	2,600,883	2,929,601	2,371,691
WA	Washington	955,996	1,080,001	1,216,499	984,830
WI	Milwaukee	768,917	868,655	978,442	792,108
WI	Wisconsin	614,044	693,693	781,367	632,564
WV	West Virginia	453,725	512,579	577,362	467,410
Total Formula		\$337,500,000	\$353,700,000	\$369,000,001	\$297,000,000
Total Competitive		\$37,500,000	\$39,300,000	\$40,999,999	\$33,000,000
Total Appropriation		\$375,000,000	\$393,000,000	\$410,000,000	\$330,000,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President's Budget has the following changes to appropriations language from the 2020 enacted bill:

- HUD requests the removal of the priority renewal provision for permanent housing competitive grants in the account language. Removal of this mandate will allow new delivery models to be implemented in line with disease trends and national goals and also allow for funding competition, as the appropriation levels generally do not allow enough funding for a traditional competition after the priority renewal demand is satisfied. Currently 82 HOPWA competitive grants remain eligible for priority renewal. These same 82 renew their same projects year after year, some of which have been in place for more than 20 years. This situation not only limits the ability of renewal grantees to update program design, but also limits opportunity for any other community to receive HOPWA funding via a competitive

process for innovative programs and unmet need. Of the 82 renewal grants, 22 are anticipated to be eligible for renewal in 2021 at approximately \$24 million.

The Department requested the removal of the priority renewal language for the 2020 Budget; while the House Appropriations Committee did not recommend the change in its 2020 report, it directed the Department to work with communities to prepare to implement this change in the future. The Office of HIV/AIDS Housing has met in person with AIDS Housing advocates, community stakeholders, and more than a dozen competitive renewal grantees to address this possible change in the competitive grant process. HUD has received and analyzed community and grantee feedback based on the Committee directive; this feedback will inform the implementation of the competitive grant changes. Specific areas of concern will be addressed in the competitive Notice of Funding Availability (NOFA) process including competitive funding for states and territories that do not receive HOPWA formula funds, consideration for development projects where HOPWA renewal funds have already been committed for longer terms, and requiring formula grantees to collaborate with renewal projects transitioning to a competitive process. The 2020 Committee Recommendation affirmed that *holding projects accountable for their ability to demonstrate effectiveness through performance data is essential to getting the most out of limited Federal resources*. The Department strongly agrees with this statement. The Office of HIV/AIDS Housing and HUD CPD field office staff adhere to risk analysis and monitoring protocols to ensure grantees are held accountable for performance and compliance; however, renewal grants based on outdated models are limited in demonstrating effectiveness to meet current need.

Legislative Proposals

The 2021 Budget supports the following legislative proposal and will seek changes through the authorization process rather than the appropriations process:

- **Short-term rental assistance:** Allow HOPWA grantees the flexibility to provide short term housing payments assistance to (a) people who are currently homeless and (b) people assessed to require rent or utilities payments up to 24 months instead of the statutory limit of 21 weeks. Budgetary impacts are not anticipated as a result of this flexibility. The Budget supports this legislative proposal, but HUD will seek the change through the authorization process rather than the appropriations process.

HOPWA statutory requirements under “AIDS short-term supported housing and services” for Housing Payments Assistance limits this activity to 21 weeks during any 52 week period. The Department is again requesting a change to allow grantees flexibility to provide a maximum of 24 months of housing payments assistance, with a requirement for on-going needs assessment in addition to intake assessment when the flexibility is applied. In addition, the Department requests flexibility to allow for providing this assistance to eligible households that are currently homeless; the statute now requires that Housing Payments Assistance can only assist with homelessness prevention. These flexibilities will give communities greater latitude in addressing housing needs for those living with HIV who are homeless or at severe risk of homelessness. The current limit for short term housing assistance is 21 weeks during a 52-week period, with no mention of assessment or planning.

Stakeholder support is high for this provision, which is 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 homeless cannot receive short term housing payments assistance through HOPWA.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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.), \$[410,000,000]*330,000,000*, to remain available until September 30, [2021]*2022*, except that amounts allocated pursuant to section 854(c)(5) of such Act shall remain available until September 30, [2022]*2023*: Provided, That the Secretary shall renew all expiring contracts for permanent supportive housing that initially were funded under section 854(c)(5) of such Act from funds made available under this heading in fiscal year 2010 and prior fiscal years that meet all program requirements before awarding funds for new contracts under such section: Provided further, That the Department shall notify grantees of their formula allocation within 60 days of enactment of this Act].

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Community Planning and Development

Community Development Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	3,365,000	29,244,705	4,108,500 ^{a/}	36,718,205	5,022,699	5,177,625
2020 Appropriation	3,425,000	31,695,335	-	35,120,335	16,666,242	7,427,421
2021 President's Budget	-	18,454,093	-	18,454,093	16,392,624	9,572,973
Change from 2020	(3,425,000)	(13,241,242)	-	(16,666,242)	(273,618)	2,145,552

^{a/} Does not include \$2.5 million transferred to Salaries and Expenses from P.L. 115-254.

PROGRAM PURPOSE

Community Development Block Grant (CDBG) funds are used for a range of activities from municipal infrastructure projects, to housing rehabilitation, to public services.

BUDGET OVERVIEW

The 2021 President's Budget does not request funding for CDBG. The Budget proposes devolving community and economic development activities to the state and local levels and redirects federal resources to higher priority activities.

The CDBG program is not well-targeted and is used for a wide range of activities that would be better performed by state and local governments. HUD remains committed to supporting the housing needs of vulnerable populations, including those experiencing homelessness, the elderly, and persons with disabilities. In addition, HUD is committed to using the resources appropriated by Congress for its programs, including CDBG, in the most effective and efficient ways possible.

JUSTIFICATION

Because state and local governments are better positioned to serve their communities' needs, the budget request discontinues funding for less targeted programs in favor of locally driven public-private partnership programs with stronger private leverage. CDBG funds from previous fiscal years – allocated to more than 1,200 grantees – will continue to outlay through 2027. The Department will continue to administer the CDBG Program until all existing grant funds are disbursed, program income and real property are accounted for, required benefits are documented, and grants are closed.

Prior year supplemental appropriations relying on the CDBG Program and overseen by HUD staff include:

- CDBG-Disaster Recovery (CDBG-DR), including more than \$39 billion appropriated since September 2017.

- Neighborhood Stabilization Program (NSP), including \$7 billion appropriated during 2008-2010 (approximately \$1.9 billion in program income earned to date, with approximately \$150 million unexpended in open grants).

Given the scope of recent CDBG-DR funding, some grants in the portfolio will remain open through 2030 and beyond. HUD is working to close out NSP grants and will oversee projects assisted with NSP grant funds until the end of their required affordability and land bank wind-down periods.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Entitlement/Non-Entitlement	3,293,000	1,159,294	4,452,294	3,904,361	3,393,000	544,524	3,937,524	-
Insular Area CDBG Program	7,000	6,047	13,047	6,989	7,000	6,058	13,058	-
Indian Tribes	65,000	65,980	130,980	65,498	-	65,482	65,482	-
Special Purpose (Section 107) Grants	-	336	336	-	-	336	336	-
Administration, Operations, and Management for Disasters	-	-	-	-	-	-	-	-
Economic Development Initiative Grants	-	177	177	-	-	177	177	-
Economic Resilience	-	15	15	-	-	15	15	-
Disaster Assistance	4,108,500	28,012,738	32,121,238	1,045,838	-	31,078,636	31,078,636	-
Section 805 Economic Development training	-	118	118	13	-	107	107	-
Recovery Housing (SUPPORT)	-	-	-	-	25,000	-	25,000	-
Total	7,473,500	29,244,705	36,718,205	5,022,699	3,425,000	31,695,335	35,120,335	-

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Since 2005, Federal disaster assistance has totaled at least \$450 billion, with nearly half of that amount provided by the Congress within the last five years. The special treatment of disaster assistance in the Balanced Budget and Emergency Deficit Control Act (BBEDCA) was intended to support greater discipline and transparency on Federal spending, while acknowledging the unpredictable nature of disasters. However, in reality, substantial amounts of disaster spending are routinely designated as emergency funding under BBEDCA rather than making appropriate tradeoffs within the disaster cap. In fiscal years 2017 and 2018 alone, Congress provided \$104 billion as emergency funding for disasters declared pursuant to the Stafford Act outside of the disaster relief cap adjustment. The current trajectory of Federal disaster spending is unsustainable and at times wasteful.

Based on the past decade's experience with CDBG-DR, there is a need to comprehensively evaluate and reform disaster recovery programs across Federal agencies. HUD does not propose a specific

alternative for redesign; however, to be successful, future reforms must address current inadequacies (for example, unsustainable levels of spending, proliferation in the number and complexity of Federal programs that adds to interagency coordination challenges, overlap and lack of clarity in authorization legislation, misalignment of incentives to mitigate or recover from extreme events, distortion of risk perceptions, unclear triggers for funding, and misalignment of expertise between agencies and programs at all levels). A comprehensive examination of all Federal disaster relief and recovery programs is urgently needed to consider how the nation can best (1) speed up recovery and improve long-term outcomes for individuals and communities, (2) balance stakeholder incentives with responsibilities for creating and assuming risk, and (3) reduce costs to the Federal Government and taxpayers.

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

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	-	-	-	-	-	518
2020 Appropriation	-	-	-	-	-	447
2021 President's Budget	-	-	-	-	-	-
Change from 2020	-	-	-	-	-	(447)

PROGRAM PURPOSE

The Section 108 Loan Guarantee Program has historically provided federal guarantees to private lenders to assist communities in undertaking large community or economic development projects.

BUDGET OVERVIEW

The 2021 President's Budget does not request additional loan guarantee authority for the Community Development Loan Guarantee program, also known as the Section 108 program, which is \$300 million less than the 2020 enacted level. Since 2016, with the implementation of the congressionally approved fee structure, the Section 108 program has not required an appropriated credit subsidy. While this program operates without appropriated funds, it remains inextricably linked to the Community Development Block Grant (CDBG) program, both with respect to programmatic requirements and as a source of security and payment for debt. The 2021 Budget devolves community and economic development activities to the state and local level and proposes to eliminate CDBG, which would effectively eliminate the Section 108 program as an additional financing source for communities.

As of December 2019, the Section 108 program supports 552 unpaid loans in communities across the country, with an outstanding loan balance of approximately \$1.1 billion. Existing loan guarantee commitments could extend up to 25 years into the future, as borrowers have up to five years to make their first advance and the 20-year loan commitment does not begin until the first advance is made. The Section 108 office will continue to ensure timely repayment of these loans on a quarterly basis as well as continue to provide regulatory and programmatic oversight.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Loan Guarantee Subsidy	-	-	-	-	-	-	-	-
Loan Commitment Level	[300,000]	-	[300,000]	-	[300,000]	-	[300,000]	-
Total	[300,000]	-	[300,000]	-	[300,000]	-	[300,000]	-

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

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	1,250,000	502,305 ^a	-	1,752,305	1,512,710	938,271 ^b
2020 Appropriation	1,350,000	238,826	-	1,588,826	1,367,337	1,103,758
2021 President's Budget	-	221,489	-	221,489	215,568	1,214,284
Change from 2020	(1,350,000)	(17,337)	-	(1,367,337)	(1,151,769)	110,526

^{a/} This carryover number includes \$11.167 million in funds recaptured in 2019.

^{b/} Differs from the Budget Appendix due to rounding.

PROGRAM PURPOSE

The HOME Investment Partnerships Program provides formula grants to states and units of general local governments to acquire, rehabilitate, and construct affordable housing and provide rental assistance for low- and very low-income households.

BUDGET OVERVIEW

The 2021 President's Budget requests no funding for the HOME Investment Partnerships Program. This program has provided formula grants to states and units of general local governments to acquire, rehabilitate, and construct affordable housing and provide rental assistance for low- and very low-income households since 1992. Stagnant incomes, complex housing market dynamics, including local land use, zoning, and other regulations that create barriers to housing development, all contribute to significant housing cost burdens for households across the country, especially for lower income families. Further exacerbating this problem is the current fragmented, overlapping, and inefficient system for funding affordable housing production, as well as challenges to measuring the collective performance. Many of these issues cannot be solved by the federal government or the subsidization of housing construction alone. State and local governments are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems. To support those efforts, the Administration has established the White House Council on Eliminating Regulatory Barriers to Affordable Housing¹ to help communities address, reduce, and remove the multitude of overly burdensome regulatory barriers that artificially raise the cost of housing development and contribute to the lack of housing supply.

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

- There are currently \$3.54 billion of undisbursed HOME funds from 2019 and earlier grants.
- Funds obligated from 2019 grants are available for expenditure until September 30, 2027.
- Approximately 17,475 rental projects containing 182,835 HOME-assisted units and 79,499 homebuyer projects are currently under compliance agreements that maintain affordability.

¹ Executive Order 13878, 84 Fed. Reg. 30853 (June 28, 2019).

HOME INVESTMENT PARTNERSHIPS PROGRAM

- Approximately 7,671 projects are currently underway and will be placed into service upon completion.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Formula Grants	1,247,500	502,011	1,749,511	1,509,923	1,347,300	238,819	1,586,119	-
Insular Areas	2,500	-	2,500	2,500	2,700	-	2,700	-
HOME/CHDO Technical Assistance	-	287	287	287	-	-	-	-
Management Information Systems	-	3	3	-	-	3	3	-
Housing Counseling	-	4	4	-	-	4	4	-
Total	1,250,000	502,305^a	1,752,305	1,512,710	1,350,000	238,826	1,588,826	-

^{a/} This carryover number includes \$11.167 million in funds recaptured in 2019.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Self-Help and Assisted Homeownership Opportunity Program

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	54,000	73,700	-	127,700	62,430	41,259
2020 Appropriation	55,000	65,270	-	120,270	120,270	52,609
2021 President's Budget	-	-	-	-	-	53,916
Change from 2020	(55,000)	(65,270)	-	(120,270)	(120,270)	1,307

PROGRAM PURPOSE

Within the Self-Help and Assisted Homeownership Opportunity Program account, there are several programs. The Self-Help Homeownership Opportunity Program (SHOP) awards grant funds to eligible national and regional non-profit organizations and consortia to purchase home sites and develop or improve the infrastructure for affordable non-luxury housing for low-income persons. The Capacity Building for Affordable Housing and Community Development Program, also known as the Section 4 program, was originally authorized under Section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) to enhance the capacity and ability of Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDOs) to carry out community development and affordable housing activities that benefit low-income persons. The Rural Capacity Building Program (RCBP) awards funds to national organizations to enhance the capacity of ability of local governments, Indian tribes, housing development organizations, rural CDCs, and rural CHDOs to carry out community development and affordable housing activities that benefit low-and moderate-income families and persons in rural areas. The Veterans Housing Rehabilitation and Modification (VHRM) Pilot Program awards grants to nonprofit veterans' service organizations to rehabilitate and modify the primary residence of disabled or low-income veterans.

BUDGET OVERVIEW

The 2021 President's Budget requests no funding for Self-Help and Assisted Homeownership Opportunity Program. Stagnant incomes, complex housing market dynamics, including local land use, zoning, and other regulations that create barriers to housing development, all contribute to significant housing cost burdens for households across the country, especially for lower income families. Further exacerbating this problem is the current fragmented, overlapping, and inefficient system for funding affordable housing production, as well as challenges to measuring collective performance. Many of these issues cannot be solved by the federal government or the subsidization of housing construction alone. Therefore, HUD devolves affordable housing activities to state and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems.

HUD will continue to administer the program until all existing grants funds are disbursed.

SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
SHOP	10,000	20,000	30,000	20,000	10,000	10,000	20,000	-
Section 4- Capacity Building	35,000	35,000	70,000	35,000	36,000	35,000	71,000	-
Rural Capacity Building	5,000	5,000	10,000	-	5,000	10,000	15,000	-
VHRM Pilot	4,000	13,700	17,700	7,430	4,000	10,270	14,270	-
Total	54,000	73,700	127,700	62,430	55,000	65,270	120,270	-

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Community Planning and Development
Homeless Assistance Grants

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	2,636,000	2,540,159 ^a	-	5,176,159	2,597,012	2,168,084 ^d
2020 Appropriation	2,777,000	2,914,197 ^b	-	5,691,197	2,768,000	2,248,000
2021 Request	2,773,000	2,973,197 ^c	-	5,746,197	3,013,000	2,637,000
Change from 2020	(4,000)	59,000	-	55,000	245,000	389,000

^a Per Sec. 231 of Public Law 116-94, carryover includes Rental Assistance recaptures of \$56 million.

^b Per Sec. 231 of Public Law 116-94, carryover includes Rental Assistance recaptures of an estimated \$340 million.

^c Per Sec. 231 of Public Law 116-94, carryover includes Rental Assistance recaptures of an estimated \$50 million.

^d Differs from the Budget Appendix due to rounding.

PROGRAM PURPOSE

Homeless Assistance Grants (HAG) are key to addressing homelessness nationwide, which has declined by 12 percent between 2010 and 2019.¹ 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 re-housing, transitional housing, and permanent supportive housing.

BUDGET OVERVIEW

The 2021 President's Budget requests \$2.773 billion for Homeless Assistance Grants (HAG), which is \$4 million less than the 2020 enacted level. This request includes \$2.486 billion for the Continuum of Care (CoC) Program, which will allow HUD to continue to serve over 750,000 people experiencing homelessness each year. It also includes \$280 million for Emergency Solutions Grants (ESG), which supports over 350,000 persons in emergency shelter each year; and \$7 million for Homeless Management Information System (HMIS) Technical Assistance through the National Homeless Data Analysis Project.

JUSTIFICATION

While HUD and our federal, national, and local partners have learned a lot about what works to solve homelessness, it still affects nearly 568,000 adults and children on any given day. To track progress and continue learning about individuals and families experiencing homelessness, HUD uses data from local Homeless Management Information System (HMIS), Point-in-Time Count (PIT), and Housing Inventory Count (HIC) data reported in the Annual Homeless Assessment Report to Congress (AHAR).² The longitudinal data is collected both as a "snapshot" of the number and

¹ Department of Housing and Urban Development. The 2019 Annual Homeless Assessment Report to Congress, Part 1.

² Part 1 of the 2019 AHAR can be accessed online at <https://www.hudexchange.info/resource/5948/2019-ahar-part-1-pit-estimates-of-homelessness-in-the-us/> and Part 2 of the 2017 AHAR can be accessed online at <https://www.hudexchange.info/resource/5769/2017-ahar-part-2-estimates-of-homelessness-in-the-us/>.

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 most recent AHAR shows that homelessness increased slightly between January 2018 and January 2019. The number of people experiencing homelessness nationwide increased by 3 percent (14,885 people). This increase was driven by a 9 percent (16,826 persons) increase in unsheltered persons overall, but more specifically largely due to the unsheltered homeless individuals in California increasing by 21 percent (nearly 19,000 more people). Between 2007 and 2019, the number of people experiencing homelessness on a single night in January has decreased by 12 percent (79,543 people). Unsheltered homelessness declined by 17 percent (44,564 fewer people) over the same period. The number of veterans experiencing homelessness declined by two percent between 2018 and 2019 and has dropped by almost 50 percent since 2009.

Continuum of Care Program (\$2.486 billion)

The Continuum of Care (CoC) program is HUD's largest program targeted to adults and children experiencing homelessness. Funds are awarded to nearly 6,800 projects through a national competition. In the 2018, CoC program competition, over 86 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 provided by Congress through 2020.

Fiscal Year	Estimated Renewal Need (in millions)
2020	\$2,294 - \$2,436
2021	\$2,412 - \$2,561
2022	\$2,522 - \$2,678
2023	\$2,576 - \$2,735
2024	\$2,631 - \$2,794
2025	\$2,796 - \$2,969

For over 15 years, HUD has prioritized permanent supportive housing, which serves people with the highest levels of housing and service needs, especially people experiencing chronic homelessness. In 2018, HUD allocated over \$1.54 billion --71 percent of its competitive funds -- to permanent supportive housing projects. More recently, as more evidence has emerged about the cost effectiveness of rapid re-housing relative to certain other interventions, HUD has created incentives for communities to use their ESG and CoC resources to expand rapid re-housing.

The recent rise in unsheltered homelessness among unaccompanied individuals highlights the need to help individuals move quickly off the streets and into housing. The Administration plans to begin a new initiative to reduce unsheltered homelessness. Funding would support comprehensive and coordinated interventions to reduce street homelessness and would be targeted to select cities that have experienced the largest increases in unsheltered homelessness in recent years.

Emergency Solutions Grants Program (\$280 million)

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

- emergency shelter for people in crisis;
- street outreach and other essential services to engage people who may be living on the streets;
- rapid re-housing to provide time-limited permanent housing and stabilization services; and homelessness prevention for individuals and families.

National Homeless Data Analysis Project (\$7 million)

The National Homeless Data Analysis Project provides critical resources to communities to improve data collection and reporting, integrate data collection efforts in HMIS with other federal funding streams, use software as a service for data integration and to enhance the ability for HUD and communities to report and analyze data about persons experiencing homelessness, produce standards and specifications for data entry and reporting for all HMIS-generated reports, analyze point-in-time and longitudinal data to produce the Annual Homeless Assessment Report (AHAR), and provide direct technical assistance to CoCs on HMIS implementation.

Key Partners and Stakeholders

HUD continues to prioritize key partnerships with local, state, and federal stakeholders to prevent and end homelessness. HUD and the Department of Veterans Affairs (VA) are committed to end 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 170,000 veterans being housed since 2008, and continue to improve the efficacy of

the program. HUD, VA, and USICH continue to collaborate on innovative strategies to reduce veteran homelessness, including the use of rapid resolution, a problem-solving technique that helps veterans reunify with family members or find other creative housing options. This partnership has been critical in reducing homelessness by nearly 50 percent since 2009.

HUD, Department of Education (ED), and the Department of Health and Human Services (HHS) share the joint goal of ending homelessness among children, families, and youth. Currently, HUD, ED, and HHS are collaborating with the U.S. Interagency Council on Homelessness (USICH) to further develop and promote a national framework to end family and youth homelessness. Through HUD's Youth Homelessness Demonstration Program (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, in coordination with HHS, is aiding communities to reduce duplication of healthcare services by ensuring that homeless assistance is coordinated with state Medicaid programs and other mainstream healthcare initiatives. Additionally, HUD, HHS, and the Department of Justice (DOJ) jointly fund the federal Domestic Violence and Housing Technical Assistance Consortium (the Consortium) – an innovative, collaborative approach to providing training, technical assistance, and resource development at the critical intersection of domestic and sexual violence, homelessness, and housing. HUD is also working with the Department of Labor to help communities better connect people experiencing homelessness to employment opportunities.

Research-based Evidence of Effectiveness

With the rise of unsheltered homelessness over the past few years, it is critical that HUD focus on solutions that are appropriate for this population. A recent report published by the California Policy Lab analyzed the characteristics of the people experiencing unsheltered homelessness.³ The researchers found that health and behavioral health and trauma are significant contributing factors to loss of housing, particularly for unsheltered women. Unsheltered people continue to experience major and worsening health conditions while homeless. People with the longest experiences of homelessness, most significant health conditions, and greatest vulnerabilities are not being served 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. 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.⁴

³ Roundtree, Janey, Nathan Hess, and Austin Lyke. 2019. "Health Conditions among Unsheltered Adults in the U.S." <https://www.capolicylab.org/health-conditions-among-unsheltered-adults-in-the-u-s/>.

⁴ See Culhane, Dennis P., Stephen Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." *Housing Policy Debates* 13(1): 107-63. See also, Cunningham, Mary. 2009. "Preventing and Ending Homelessness-Next Steps." *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless

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.⁵ With this growth in the aged population there will be an increase in service use and costs, including for hospital and nursing home stays.

Technical Assistance

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

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

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.

Adults.” *Psychiatric Services* 57(7): 992–99; Basu, Anirban, Romina Kee, David Buchanan, and Laura S. Sadowski. 2012. “Comparative Cost Analysis of Housing and Case Management Program For Chronically Ill Homeless Adults Compared to Usual Care.” *HSR* 47(1): 523-543; Sadowski, Laura, Romina Kee, Tyler VanderWeele, David Buchanan. 2009. “Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations Among Chronically Ill Homeless Adults: A Randomized Trial.” *JAMA* 301(17): 1771-8; Larimer, Mary, Daniel Malone, Michelle Garner, et al. 2009. Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems.” *JAMA* 301(13): 1349-57; Cunningham, Mary. 2009. “Preventing and Ending Homelessness-Next Steps.” *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. “Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults.” *Psychiatric Services* 57(7): 992–99; Tsemberis, Sam, Leyla Gulcur, and Maria Nakae. 2004. “Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with Dual Diagnosis.” *American Journal of Public Health* 94:651.

⁵ Culhane, Dennis, Thomas Byrne, Stephen Metraux, Randall Kuhn, Kelly Doran, Eileen Johns, and Maryanne Schretzman. 2019. “The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded by Avoidance of Excess Shelter, Hospital, and Nursing Home Costs?” <https://www.aisp.upenn.edu/wp-content/uploads/2019/01/Emerging-Crisis-of-Aged-Homelessness-1.pdf>.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Continuum of Care	2,219,000	2,254,028 ^d	4,473,025	2,165,436	2,350,000	2,641,032 ^e	4,991,032	2,486,000
Emergency Solutions Grants	280,000	101,225	381,225	331,962	290,000	49,263	339,263	280,000
National Homeless Data Analysis Project	7,000	12,000	19,000	16,000	7,000	3,000	10,000	7,000
Youth Demonstration	75,000	122,763	197,763	52,763	70,000	150,000	220,000	-
Youth Technical Assistance	5,000	-	5,000	-	10,000	-	10,000	-
Technical Assistance	-	80	80	-	-	333	333	-
Pay for Success Demonstration	-	62	62	2	-	1,127 ^f	1,127	-
Housing Needs for Human Trafficking Victims	-	[14,916]	-	-	[14,916]	291	291	-
Rapid Rehousing for Victims of Domestic Violence	50,000	50,000	100,000	30,849	50,000	69,151	119,151	-
Total	2,636,000	2,540,158	5,176,158	2,597,012	2,777,000	2,914,197	5,691,197	2,773,000

^{d/} Per Sec. 231 of Public Law 116-94, the allocation of the Rental Assistance recaptures of \$56 million will be determined at a later date.^{e/} Per Sec. 231 of Public Law 116-94, the allocation of the estimated Rental Assistance recaptures of \$340 million will be determined at a later date.^{f/} Funding includes from recaptures.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2021 President's Budget re-proposes the following general provisions that were enacted in the 2020 appropriations bill:

- **Participation in the Performance Partnerships Pilots:** This provision allows Homeless Assistance Grant recipients to participate in Performance Partnership Pilots. This provides flexibility for communities to seek waivers and partner with other federal agencies to address youth homelessness issues. (2021 President's Budget, Section 218)
- **Allow Continuum of Care grants to count program income towards matching requirements:** This provision allows Homeless Assistance Grant recipients to count program income as an eligible match for CoC program funds. (2021 President's Budget, Section 219)
- **Continuum of Care Transition Grants:** This provision allows CoC grantees to receive one-year transition grants to transition from one CoC program component to another. (2021 President's Budget, Section 220)

The 2021 President's Budget proposes the following new general provision:

- **Homeless Assistance Grants Recaptured Funds:** HUD proposes to add this provision that will modify the existing authority, uses of and conditions for Homeless Assistance

Grants recaptures by deleting the current funding minimum for rural grants and the reporting requirement. Further, consistent with the Administration's goal of reducing duplication and improving efficacy across all Federal disaster recovery programs, the President's Budget does not propose to use recaptured funds for major disasters. In addition to funds provided by the Federal Emergency Management Agency, under the Community Development Block Grants for Disaster Recovery – a program that provides substantially more funding for long-term recovery needs – HUD requires its CDBG-DR grantees to consider and address the shelter and housing needs of persons who are homeless and at-risk of homelessness. (2021 President's Budget, Section 221)

Legislative Proposals

The 2021 Budget supports the following legislative proposals and will seek changes through the authorization process rather than the appropriations process:

- Rental Flexibility. HUD proposes to allow additional flexibility in CoC grantees in how rental assistance is calculated. This flexibility will make it easier for both HUD and communities to calculate their eligible rental assistance amount and to avoid error, reducing unnecessary administrative actions that may delay access to funding.
- Rural Communities and Homelessness. HUD proposes to allow additional capacity building activities, repairs, and other short-term activities that help rural homeless communities address barriers to transitioning homeless individuals and families to permanent housing. This flexibility recognizes that solutions to homelessness in rural communities are unique to urban areas and allows rural communities activities that address rural-specific issues.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the Emergency Solutions Grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the Continuum of Care program as authorized under subtitle C of title IV of such Act; and the Rural Housing Stability Assistance program as authorized under subtitle D of title IV of such Act [~~\$2,777,000,000~~] *\$2,773,000,000*, to remain available until September 30, [2022] *2023: Provided* [further], That not less than [~~\$290,000,000~~] *\$280,000,000* of the funds appropriated under this heading shall be available for such Emergency Solutions Grants program: Provided further, That not less than [~~\$2,350,000,000~~] *\$2,486,000,000* of the funds appropriated under this heading shall be available for such Continuum of Care and Rural Housing Stability Assistance programs: [Provided further, That of the amounts made available under this heading, up to \$50,000,000 shall be made available for grants for rapid re-housing projects and supportive service projects providing coordinated entry, and for eligible activities the Secretary determines to be critical in order to assist survivors of domestic violence, dating violence, sexual assault, or stalking: Provided further, That 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 up to \$7,000,000 of the funds appropriated under this heading shall be available for the national homeless data analysis project: Provided further, That for all match requirements applicable to funds made available under this heading for this fiscal year and prior 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 provided under this heading shall be available to provide funding for new projects, except for projects created through reallocation, unless the Secretary determines that the continuum of care has demonstrated that projects are evaluated and ranked based on the degree to which they improve the continuum of care's system performance: Provided further, That the Secretary shall prioritize funding under the Continuum of Care program to continuums of care that have demonstrated a capacity to reallocate funding from lower performing projects to higher performing projects: Provided further, That the Secretary shall provide incentives to create projects that coordinate with housing providers and healthcare organizations to provide permanent supportive housing and rapid rehousing services: Provided further, That any unobligated amounts remaining from funds appropriated under this heading in fiscal year 2012 and prior years for project-based rental assistance for rehabilitation projects with 10-year grant terms may be used for purposes under this heading, notwithstanding the purposes for which such funds were appropriated: [Provided further, That all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account and transferred to this account shall be available, if recaptured, for Continuum of Care renewals in fiscal year 2020: Provided further, 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 within 60 days of enactment of this Act: Provided further, That up to \$80,000,000 of the funds appropriated under this heading shall be to implement projects to demonstrate how a comprehensive approach to serving homeless youth, age 24 and under, in up to 25 communities with a priority for communities with substantial rural populations in up to eight locations, can dramatically reduce youth homelessness: Provided further, That of the amount made available under the previous proviso, up to \$10,000,000 shall be available to provide technical assistance on improving system responses to youth homelessness, and collection, analysis, use, and reporting of data and performance measures under the comprehensive approaches to serve homeless youth, in addition to and in coordination with other technical assistance funds provided under this title: Provided further, That the Secretary may use up to 10 percent of the amount made available under the previous proviso to build the capacity of current technical assistance providers or to train new technical assistance providers with verifiable prior experience with systems and programs for youth experiencing homelessness:] *Provided further*, That amounts made available for the Continuum of Care program under this heading in this and 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: Provided further, That youth aged 24 and under seeking assistance under this heading shall not be required to provide third party documentation to establish their eligibility under 42 U.S.C. 11302(a) or (b) to receive services: Provided further, That unaccompanied youth aged 24 and under or families headed by youth aged 24 and under who are living in unsafe situations may be served by youth-serving providers funded under this heading: 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 when awarding funds under the Continuum of Care program, the Secretary shall not deviate from the FY 2018 Notice of Funding Availability with respect to the tier 2 funding process, the Continuum of Care application scoring, and for new projects, the project quality threshold requirements, except as otherwise provided under this Act or as necessary to award all available funds or consider the most recent data from each Continuum of Care.].

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Community Planning and Development

Housing Trust Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	244,927	113,923	2,577 ^a	361,427	293,937	80,621
2020 Appropriation	301,000	67,490	(2,574) ^b	365,916	320,598	140,682
2021 President's Budget	-	45,318	17,759	63,077	63,077	197,664
Change from 2020	(301,000)	(22,172)	15,185	(302,839)	(257,521)	56,982

^{a/} This number consists of sequestered funds (6.2 percent of budget authority (\$15.185 million)) made temporarily unavailable per the *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2019*, plus the \$17.762 million sequestered from 2018 that became available in 2019.

^{b/} This number consists of expected sequestered funds (5.9 percent of estimated 2020 budget authority (\$17.759 million)) that would be temporarily unavailable per the *OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2020* plus the \$15.185 million previously sequestered that became available in 2020.

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The 2021 President's Budget proposes to eliminate the assessments on Fannie Mae and Freddie Mac, thereby discontinuing any new funding of the Housing Trust Fund. The Budget devolves some affordable housing activities to State and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems. To support those efforts, the Administration has established the White House Council on Eliminating Regulatory Barriers to Affordable Housing¹ to help communities address, reduce, and remove the multitude of overly burdensome regulatory barriers that artificially raise the cost of housing development and help to cause the lack of housing supply.

HUD anticipates receiving approximately \$301 million from the calendar year 2019 collection, which will be distributed to the states in 2020. The Department will continue to administer the program until all existing grant funds are disbursed and closed, and oversee projects assisted with these grant funds until the end of their affordability periods (maximum 30 years).

¹ Executive Order 13878, 84 Fed. Reg. 30853, (June 28, 2019).

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Formula Grants	244,927	113,923	361,427	293,937	301,000	67,490	365,916	-
Total	244,927	113,923	361,427 ^a	293,937	301,000	67,490	365,916 ^b	-

^{a/} The 2019 Total Resources column includes \$2.577 million in net sequestered funds.^{b/} The 2020 Total Resources column includes \$(2.574) million in net sequestered funds.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Project-Based Rental Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	11,747,000	418,717	-	12,165,717 ^a	11,961,761	12,207,000
2020 Appropriation	12,570,000	302,956	(650)	12,872,306 ^b	12,706,000	10,836,000
2021 President's Budget	12,642,000	287,306	-	12,929,306 ^c	12,706,000	13,773,000
Change from 2020	72,000	(15,650)	-	57,000	-	2,937,000

a/ Resources, obligations, and outlays for 2019 Appropriation include \$297 million in carryover of unobligated balances, \$63 million from recaptures in 2019, \$50 million transferred from the Public Housing Operating Fund and Capital Fund for the Rental Assistance Demonstration (RAD), and \$9 million from Other Assisted Housing for RAD conversions.

b/ Resources, obligations, and outlays for 2020 Appropriation include \$204 million in carryover of unobligated balances, an estimated \$58 million from recaptures in 2020, and \$41 million of transfer from the Public Housing Operating Fund and Capital Fund for RAD conversions. Additionally, unobligated balances from PBRA Disaster Assistance (P.L. 110-329 as amended by P.L. 111-32) are permanently cancelled, as reflected in the "Supplemental/Rescission" column.

c/ Resources, obligations, and outlays for the 2021 request include \$166 million in carryover of unobligated balances, an estimated \$57 million from recaptures in 2021, \$64 million of transfer from the Public Housing Fund for RAD conversions.

PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides over 1.2 million 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 good condition. More than 5,500 PBRA properties carry financing issued by FHA, while many others are backed by bonds issued by state housing finance agencies. Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases by providing employment, increasing the buying power of assisted tenants in support of local businesses, and increasing local tax bases.

BUDGET OVERVIEW

The 2021 President's Budget requests \$12.6 billion, which is \$72 million more than the 2020 enacted level. This includes:

- \$12 billion for contract renewals, including public housing properties that converted to PBRA via the Rental Assistance Demonstration (RAD).
- Up to \$6 million to support the tenant capacity building activities.
- \$110 million for contract amendments.
- \$230 million for Mod Rehab and SRO renewals.
- \$350 million for Performance-Based Contract Administration (PBCA).

JUSTIFICATION

Contract Renewals and Amendments - \$12.4 billion

The budget provides \$12.4 billion, consisting of two components. The first component, \$12.4 billion, will provide continuing rental assistance to approximately 1.2 million low-income households at approximately 17,200 multifamily housing properties. This component includes \$12.0 billion for

PROJECT-BASED RENTAL ASSISTANCE

renewal funding, including for public housing properties that converted to PBRA via the RAD program, \$230 million for renewals in the Section 8 Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab SRO program), and \$110 million for contract amendments that are used when long-term project-based contracts require additional funding.

The second component includes up to \$6 million to assist tenant groups, nonprofit groups, and public entities with addressing tenant concerns within at-risk properties and improving tenant access to community services that support self-sufficiency. Section 514(f) of Multifamily Assisted Housing Reform and Affordability Act (MAHRA) authorizes the Secretary to utilize PBRA appropriations for tenant capacity building and technical assistance. The requested funds will support improvements aligned with the President's Management Agenda (PMA) to improve the customer experience and develop a workforce for the 21st century.

Contract Administration Support - \$350 million

The budget provides for Performance-Based Contract Administrators (PBCAs) and other supportive services contractors, which are integral to the Department's efforts to be more effective and efficient in the oversight and monitoring of the PBRA program and are typically responsible for conducting on-site management reviews of assisted properties; adjusting contract rents; and reviewing, processing, and paying monthly vouchers submitted by owners. This program will use the funding from within the Housing Certificate Fund (HCF) to supplement needs not provided by annual appropriations in the PBRA account. Currently, HUD estimates this need as at least \$10 million, but will access the level of funding that will ensure that regardless of the timing or outcome of new procurements, critical contract administration services will continue without interruption. Given that protests and litigation may slow the execution of new contract awards, the request considers multiple budgetary scenarios. Continued extension of the existing PBCA agreements is estimated to cost up to \$370 million in 2021. Actual cost is dependent on changes in Fair Market Rents, the number of Housing Assistance Payment (HAP) contracts assigned to each PBCA, and the number of management and occupancy reviews completed. Should the Department successfully execute new awards in 2021, the request will allow for a partial year extension of existing PBCA agreements, with remaining funds anticipated to be placed on the base-year of the new contracts.

The PBRA program provides over 1.2 million low-income families with decent, safe, and affordable housing. The program maintains and protects the long-term federal investment in these assets. Nationally, only 58 affordable units are available per 100 low-income renters.¹ 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 homelessness. Approximately 49 percent of assisted households are headed by elderly persons, 16 percent by persons with disabilities, and 24 percent are families with children.

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 good condition. 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. Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases 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

¹ National Low-Income Housing Coalition (2019). *The Gap: A Shortage of Affordable Rental Homes*. Analysis based on tabulations of 2017 American Community Survey Public Use Microdata Sample data. Available at: <https://reports.nlihc.org/gap>

PROJECT-BASED RENTAL ASSISTANCE

and retention in the fields of property management, maintenance, general construction, contract work such as landscaping, pest control, security, snow removal, equipment servicing, legal representation, and property insurance. PBRA contracts also act as a critical credit enhancement for project financing, allowing owners to leverage private debt and equity to permit refinancing and recapitalization. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements.

Rent Reform

The 2021 President's Budget funding level across HUD rental assistance programs would support the same number of households currently assisted while proposing reforms to ensure the long-term fiscal sustainability of HUD's rental assistance programs.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; large administrative burdens for PHAs, private owners, and tenants; significant and increasing costs to the Federal Government; and a one-size-fits-all approach that cannot offer the flexibility to meet the needs of households in communities across the nation.

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

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

In addition, the 2021 Budget continues to propose uniform work requirements for non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

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

PROJECT-BASED RENTAL ASSISTANCE

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Contract Renewals and Amendments	11,319,000	303,441	11,622,441	11,451,114	12,010,000	226,771	12,236,771	12,056,000
Contract Administrators	245,000	43	245,043	245,043	345,000	-	345,000	350,000
Tenant Information and Outreach	3,000	-	3,000	-	2,000	3,000	5,000	6,000
Vouchers for Disaster Relief – (P.L. 111-32)	-	650	650	-	-	-	-	-
Rental Assistance Demonstration	-	66,315	66,315	56,131	-	53,740	53,740	-
Mod Rehab and SRO Renewals	180,000	48,268	228,268	209,473	213,000	18,795	231,795	230,000
Research and Technology (transfer)	-	-	-	-	-	-	-	-
Total	11,747,000	418,717	12,165,717	11,961,761	12,570,000	302,306	12,872,306	12,642,000

Note(s):

- For 2019, resources, obligations, and outlays for 2019 Appropriation include \$297 million in carryover of unobligated balances, \$63 million from recaptures realized in 2019, \$50 million transferred from the Public Housing Operating Fund and Capital Fund for the Rental Assistance Demonstration (RAD), and \$9 million from Other Assisted Housing for RAD conversions.
- For 2020, resources, obligations, and outlays for 2020 Appropriation include \$204 million in carryover of unobligated balances, an estimated \$58 million from recaptures in 2020, and \$41 million of transfer from the Public Housing Operating Fund and Capital Fund for RAD conversions. Additionally, unobligated balances from PBRA Disaster Assistance (P.L. 110-329 as amended by P.L. 111-32) are permanently cancelled.
- For 2021, resources, obligations, and outlays for the 2021 request include \$166 million in carryover of unobligated balances, an estimated \$57 million from recaptures in 2021, \$64 million of transfer from the Public Housing Fund for RAD conversions.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2021 President's Budget re-proposes the following general provisions that were enacted in the 2020 appropriations bill:

- Section 8 Savings:** The President's Budget continues the provision on the sharing of savings from refunding bonds for certain Section 8 contracts (2021 President's Budget, Section 201).
- Transfers of Assistance, Debt, and Use Restrictions:** This General Provision currently 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 (2021 President's Budget, Sec. 206).
- Management and Disposition of Certain Section 8 Properties:** This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties (2021 President's Budget, Section 208).
- Physical Conditions Requirement:** This general provision enhances HUD's ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It makes minor edits and additions to increase the options available to the Secretary and clarify his role and responsibilities (2021 President's Budget, Section 212).

PROJECT-BASED RENTAL ASSISTANCE

The 2021 President's Budget proposes the following new general provisions:

- **Rent Adjustments:** This General Provision will enable the Department to suspend the requirement to provide annual rent adjustments for fiscal year 2021 to multifamily property owners (2021 President's Budget, Sec. 223).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and 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, \$12,170,000,000] *\$12,242,000,000*, to remain available until [expended] September 30, 2023, shall be available on October 1, [2019] *2020* (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, [2019] *2020*), and \$400,000,000, to remain available until [expended] September 30, 2024, shall be available on October 1, [2020] *2021: Provided*, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this paragraph: *Provided further, That the amount of any foregone 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 [\$345,000,000] *\$350,000,000* shall be available for performance-based contract administrators *or contractors* for section 8 project-based assistance, for carrying out 42 U.S.C. 1437(f): *Provided further*, That the Secretary may also use such amounts in the previous proviso for performance-based contract administrators *or contractors* for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959. (Public Law 86-372; 73 Stat. 667): *Provided further*, That amounts recaptured under this heading, the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund", may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators *or contractors*, notwithstanding the purposes for which such amounts were appropriated: *Provided further*, That, notwithstanding any other provision of law, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based Housing Assistance Payments contract that authorizes HUD or a Housing Finance Agency to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: *Provided further*, That amounts deposited pursuant to the previous proviso shall be available in addition to

PROJECT-BASED RENTAL ASSISTANCE

the amount otherwise provided by this heading for uses authorized under this heading. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Rental Assistance Demonstration

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	-	-	-	-	-	-
2020 Appropriation	-	-	-	-	-	-
2021 President's Budget	100,000	-	-	100,000	100,000	100,000
Change from 2020	100,000	-	-	100,000	100,000	100,000

PROGRAM PURPOSE

The Rental Assistance Demonstration (RAD) aims to preserve and improve HUD's affordable housing stock, specifically by converting public housing and other HUD-assisted properties to long-term, Section 8 project-based rental assistance (PBRA) and project-based vouchers (PBV). These conversions ensure properties remain affordable, provide for robust resident protections, and allow public housing authorities (PHAs) and other owners to leverage financing to address properties' immediate and future capital needs.

BUDGET OVERVIEW

The 2021 President's Budget requests \$100 million for the RAD program, which is \$100 million more than the 2020 enacted level. These funds would be used to support the costs of conversion for public housing properties that are unable to convert using only the funds currently provided through public housing appropriations.

The Budget also requests new budget-neutral authority that would:

- Eliminate the statutory cap of 455,000 units and the deadline for application submission so that any public housing property that could convert under RAD without additional subsidy would have the opportunity to do so;
- Authorize the conversion of certain voucher assistance to PBRA to increase and improve budget-neutral conversions under RAD;
- Authorize the budget-neutral conversion of Section 811 Project Rental Assistance Contracts (PRACs) through RAD;
- Authorize the budget-neutral conversion of Section 202 Senior Preservation Rental Assistance Contracts (SPRACs) through RAD; and
- Provide greater flexibility for the conversion of Section 202 PRACs and, if authorized, Section 202 SPRACs so that following conversion, owners can continue to provide and coordinate critical services to these vulnerable residents.

JUSTIFICATION

As of December 2019, without any new Congressional appropriations, PHAs and multifamily housing owners have used RAD to preserve and improve over 162,500 units in properties formerly assisted through the public housing, Moderate Rehabilitation (Mod Rehab), Moderate Rehabilitation for Single Room Occupancy (Mod Rehab SRO), Rent Supplement (Rent Supp), and Rental Assistance Payment (RAP) programs. This total includes over 128,000 public housing units that have secured

public and private debt and equity to implement over \$8.1 billion in construction to improve or replace this critical affordable housing resource. Under RAD, HUD also preserved the remaining Rent Supp properties (completed in 2018) and RAP properties (completed in 2019).

Despite the success of RAD, many public housing properties are unable to leverage the public and private capital needed for property improvements with subsidy levels based only on available appropriated funds. In 2010, the 1.1 million units in the Public Housing program had a documented capital needs backlog of approximately \$26 billion and the public housing inventory was losing an average of 10,000 units annually through demolition or property disposition. By most accounts, the capital needs backlog in the inventory that has not converted under RAD has increased steadily since then. There are many properties in the public housing stock where rent levels, based on current appropriations, are too low to support the financing necessary to address the capital needs at the property. To the extent public housing appropriations on which the RAD rents are based and are further constrained, many of the currently viable conversions will become infeasible.

In the absence of a RAD-based rehabilitation or recapitalization strategy, distressed public housing units continue to decline. At some point, many of these units will require replacement funding with Tenant Protection Vouchers (TPVs) at a greater overall subsidy cost to HUD (the RAD subsidized rents are, on average, roughly 75 percent of the per unit TPV subsidized rents). HUD has already mitigated the need for future 100 percent replacement funding through the more budget-intensive TPVs by allowing public housing authorities to combine a limited number of TPVs in predominantly RAD conversions that require the additional subsidy. RAD has also successfully facilitated the rehabilitation and redevelopment of distressed public housing using the Low-Income Housing Tax Credits, but these resources are inherently limited.

To maintain the current capacity of RAD to address capital backlog needs and to minimize the need for alternative tools available for public housing which entail greater subsidy costs, HUD requests \$100 million to support the cost-effective conversion of public housing properties – particularly those in Opportunity Zones or areas with more limited access to capital, such as small and rural communities – that are unable to convert using only the funds provided through existing appropriations. This investment would permit public housing authority stakeholders who want to participate in the program to convert approximately 30,000 units under RAD that could not otherwise participate. This investment would also permit public housing authorities to generate an estimated \$1.8 billion in capital markets financing for improvements to these properties.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
RAD	-	-	-	-	-	-	-	100,000
Total	-	-	-	-	-	-	-	100,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2021 President's Budget proposes the following new general provisions:

- **Eliminate the cap on the number of public housing units allowed to convert under RAD and eliminate the sunset date for participation in RAD:** This provision would eliminate the unit cap on the number of public housing conversions that can be completed relying solely on existing public housing funding levels. The proposal also eliminates the statutory application deadline. Such changes will ensure that HUD can maximize the

number of public housing properties that can be preserved without additional funding (i.e., without the \$100 million requested in this budget) (2021 President's Budget, Sec. 222).

- **Conversion of Tenant Protection Vouchers (TPV) to PBRA in limited circumstances:** PHAs sometimes use RAD in combination with another authority (Section 18) in order to access the higher funding levels associated with the new vouchers that HUD issues. However, those new vouchers can currently only result in a Project-Based Voucher (PBV) contract. This general provision would provide authority for a PHA to have HUD convert TPV assistance to PBRA, in lieu of the PHA receiving new vouchers, in limited cases where this flexibility would result in a property fully assisted via PBRA, instead of partially assisted by PBRA and partially assisted through the Housing Choice Voucher Program. Without any new cost, this proposal would help expand the number of properties that could successfully convert through RAD, while simplifying administration by HUD, PHAs, and owners (2021 President's Budget, Sec. 222).
- **Authorize budget-neutral conversion of Section 811 PRACs:** Much like 202 PRACs, the 30,000 units assisted through Section 811 PRACs are an aging stock with growing capital needs, but with limited access to private and public financing. These properties also experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements, all of which will be recognized in the planned conversion process (2021 President's Budget, Sec. 222).
- **Authorize budget-neutral conversion of Section 202 SPRACs:** 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 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 (2021 President's Budget, Sec. 222).
- **Exempting properties converting on a budget-neutral basis from Section 202 PRACs and, if authorized, Section 202 SPRACs, from initial rent setting provisions of the Section 8 statute in order to continue critical services for the elderly and prevent a reduction of project funding:** Properties assisted through Section 202 PRACs and Section 202 SPRACs receive funding for the provision and coordination of services within their current contracts. However, initial contract rents under Section 8 are subject to a Fair Market Rent (FMR) cap designed for contracts that only support shelter costs and do not anticipate the cost of these critical services. As properties from these programs convert at budget-neutral levels, this provision would allow HUD to exempt such conversion from the FMR cap to ensure that the conversion does not put at risk the ongoing provision and coordination of services or result in a reduction in project subsidy (2021 President's Budget, Sec. 222).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For continuing activities under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55), as amended, \$100,000,000, to remain available through September 30, 2025, for targeted supplemental subsidy to properties seeking to convert from assistance under section 9 of the United States Housing Act of 1937

(42 U.S.C. 1437g) where the section 9 assistance is insufficient to support conversion of the property under the demonstration, in accordance with procedures established by the Secretary.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for The Elderly (Section 202)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	678,000	216,694 ^a	-	894,694	639,450	734,470 ^d
2020 Appropriation	793,000	255,244 ^b	-	1,048,244	833,000	848,307
2021 President's Budget	853,000	215,443 ^c	-	1,068,443	888,000	917,069
Change from 2020	60,000	(39,801)	-	20,199	55,000	68,762

a/ Amount includes \$204.3 million in carryover balances, \$7.3 million in recoveries and \$6.4 million in collections.

b/ Amount includes \$1 million in estimated recoveries.

c/ Amount includes \$1 million in estimated recoveries.

d/ Differs from the Budget Appendix due to rounding.

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 housing for very low-income elderly tenants. Housing through Section 202 provides seniors with options that allow them to live independently and in an environment that provides connection to supportive services such as cleaning, cooking, and transportation.

BUDGET OVERVIEW

The 2021 President's Budget requests \$853 million for Housing for the Elderly, which is \$60 million more than the 2020 enacted level. Affordable senior housing developments that were built with Section 202 funds continue to provide housing and services to their residents. Project-based rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution toward rent.

This funding provides:

- \$641 million to fully fund renewals and amendments of Project Rental Assistance Contracts (PRACs) and Senior Preservation Rental Assistance Contracts (SPRACs);
- \$100 million for Capital Advances to increase the supply of affordable housing for seniors by approximately 600 units;
- \$95 million to fund renewal of approximately 1,600 existing service coordinator grants;
- \$14 million for an extension of the Supportive Services IWISH Demonstration; and
- \$3 million for other expenses related to property inspections and Capital Advance amendments.

JUSTIFICATION

PRAC/SPRAC Renewals and Amendments - \$641 million

The requested funding level of \$641 million will provide continuing annual rental assistance to approximately 114,000 households headed by seniors for contracts expiring through September 2021. Increases in gross needs for Section 202 PRAC/SPRAC renewals and amendments are driven mainly by increased project operating costs, inflationary factors, and by funding needed to support units that are renewing or need amendment funding for the first time. For 2021, HUD projects inflation at

approximately 5 percent and estimates that about 3,500 existing PRAC units will renew or require amendment funds for the first time. Approximately 11,200 units under Section 202 PRACs will continue to receive payments from balances remaining on initial contract awards and are not expected to require additional funding in 2021. The Budget recognizes that processing renewals is logistically difficult in the first few months of the fiscal year and, as a result, proposes the ability to renew contracts for longer than one year. For a portion of the contracts that renew in October, November, and December, this will give HUD the option to provide a one-time longer contract that will move them to a schedule of having their annual renewal occur in the second quarter of the fiscal year rather than the first.

Service Coordinator/Congregate Housing Services - \$95 million

The Budget requests \$95 million to fully fund the renewal of approximately 1,600 existing service coordinator grants and Congregate Housing Services grants. A service coordinator is a social service staff person who is responsible for ensuring that residents are connected to the specific supportive services provided by local community agencies and through other state and federal programs that they need to continue living independently and age in place. The service coordinator may also provide case management, act as an advocate or mediator, coordinate group programs, or train housing management staff. Service Coordinator grants pay the salary and fringe benefits of the service coordinator and cover related program administration costs. Service Coordinator grants are to be used by the recipient to meet a critical need, and in cases where no other funding source is available. Should grantee utilization of funds improve in 2020, resulting in an increased grant requirement for 2021, HUD will use a portion of available collections from residual receipt accounts to ensure full funding of continuation grant awards in 2021. The Budget proposes giving HUD the authority to use balances transferred from the Rental Housing Assistance / Other Assisted Housing account for this purpose as well

In addition, the Congregate Housing Services Program (CHSP) is a legacy program that now only funds renewals. CHSP subsidizes the cost of supportive services that are provided on-site and in the participant's home, which may include, but are not limited to, congregate meals, housekeeping, personal assistance, transportation, and case management.

Extension of the Supportive Services Demonstration - \$14 million

HUD is currently implementing a randomized controlled trial on the impact of an enhanced service coordination model on healthcare utilization and continued independent living among seniors in assisted housing. The demonstration is known as the Integrated Wellness in Supportive Housing (IWISH) demonstration. The 2021 Budget requests \$14 million to provide an extension of the demonstration, allowing for collection of additional data, which will significantly strengthen the reliability of the research findings on the outcomes from this investment in the well-being of older low-income tenants.

Capital Advance - \$100 million

The Budget requests \$100 million in new capital advances that expand the affordable housing supply for vulnerable low-income seniors. The award of these funds will provide construction funding and operating assistance for approximately 600 units in additional Section 202 projects.

Capital Advance Amendments and Other Expenses - \$3 million

The Budget includes \$3 million for property inspections, capital advance amendments, and other administrative costs.

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 the leverage of other housing

resources such as Section 8 and Low-Income Housing Tax Credits (LIHTC). The average annual household income for Section 202 PRAC households is approximately \$12,000.

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 into retirement. In addition to demand outpacing investments in elderly housing, there is a growing increase in the number of older Americans with worst-case housing needs. HUD's *Worst Case Housing Needs: 2017 Report to Congress*¹ found that 1.85 million households headed by an elderly person had worst-case housing needs in 2015. The proportion of elderly, very low-income renters with worst-case needs was 39.8 percent in 2015, representing a 2.6 percentage point increase since 2013. 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.

The 2020 enacted level will fully fund all 202 PRAC/SPRAC renewal contracts that expire October 2019 through September 2020. There will be no rent reform savings realized in 2021; however, \$18 million in program savings will be realized via an inflationary freeze on rents effective at the start of 2021. Gross contract renewal needs in 2021 will be offset by approximately \$7 million in residual receipt collections; and approximately 3,500 units within the current PRAC portfolio will require renewal or amendment funding for the first time in 2021.

Rent Reform

The 2021 President's Budget funding levels across HUD rental assistance programs would support the same number of households currently assisted while proposing reforms to ensure the long-term fiscal sustainability of HUD's rental assistance programs.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; large administrative burdens for PHAs, private owners, and tenants; significant and increasing costs to the Federal Government; and a one-size-fits-all approach that cannot offer the flexibility to meet the needs of households in communities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD has proposed reforming rental assistance with the following goals:

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

¹ *Worst Case Housing Needs: 2017 Report to Congress*
(<https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>)

3. Increase local control and choice: Empower PHAs and property owners to choose alternative rent structures, approved by the Secretary, that would best serve the needs of households in localities across the nation. These alternative rent structures must incur the same overall program costs and would provide a structure to encourage resident self-sufficiency.

In addition, the 2021 Budget continues to propose uniform work requirements for households with non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Capital Advance Amendments, Other Expenses and Initial PRAC	3,000	9,399	12,399	1,689	3,000	10,710	13,710	3,000
Elderly PRAC/SPRAC Renewals/Amendments	524,000	64,630	588,630	544,000	590,000	44,630	634,630	641,000
Service Coordinators/Congregate Housing Service Program	90,000	27,665	117,665	93,761	100,000	23,904	123,904	95,000
Capital Advance (Expansion)	51,000	115,000	166,000	-	90,000	166,000	256,000	100,000
Supportive Services/IWISH Demonstration	-	-	-	-	-	-	-	14,000
Aging in Place Home Modification Grants	10,000	-	10,000	-	10,000	10,000	20,000	-
Total	678,000	216,694	894,694	639,450	793,000	255,244	1,048,244	853,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President’s Budget has the following changes to appropriations language from the 2020 enacted bill:

- **Extension of IWISH Demonstration:** As described above, this provision within the Housing for the Elderly account language allows the extension of the IWISH demonstration. This would allow the collection of additional data and significantly strengthen the findings of the randomized controlled trial currently underway.
- **Other Assisted Housing - Using Unobligated Balances for Section 202 Capital Advance:** An additional legislative proposal would allow HUD to transfer resources from the Other Assisted Housing account to the Housing for the Elderly account for capital advances and service coordinators. For further information, please see the Other Assisted Housing narrative.

General Provisions

The 2021 President’s Budget proposes the following new general provisions:

- **Rent Adjustments:** This General Provision will enable the Department to suspend the requirement to provide annual rent adjustments for 2021 to multifamily property owners (2021 President's Budget, Section 223)

Legislative Proposals

The 2021 Budget supports the following legislative proposal, and will seek changes through the authorization process rather than the appropriations process:

- **Five Year PRAC Renewals:** The Budget proposes a transition to five-year PRAC renewals, subject to availability of annual appropriations and utilization of an operating cost adjustment factor. The current annual budget-based process is burdensome for both owners and for HUD, especially as the PRAC portfolio has continued to grow; this will offer significant administrative streamlining. Providing that owners renew for five-year increments, while subject to a forty-year Capital Advance Use Agreement, would materially reduce administrative burdens for property owners and HUD. Projects in the Project-Based Rental Assistance (PBRA) program that serve exclusively seniors are currently funded this way, with no apparent negative effects on building operations. This proposal has no direct budgetary impact in 2021 as funding would still be initially set at a budget-based level. Going forward, funding would continue to be obligated in annual increments, similar to PBRA. Proposed changes in the Housing for the Elderly account language would work in concert with a planned submission of modest revisions to authorizations for the program in the National Housing Act of 1959, as amended.

APPROPRIATION LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

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, as amended, 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 1-year term], for senior preservation rental assistance contracts, including renewals, as authorized by section 811(e) of the American Housing and Economic Opportunity Act of 2000, as amended, and for supportive services associated with the housing, [\$793,000,000] *\$853,000,000*, to remain available until September 30, [2023] *2024: Provided*, That of the amount provided under this heading, up to [\$100,000,000] *\$95,000,000* shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects: *Provided further*, That amounts under this heading shall be available for Real Estate Assessment Center inspections and inspection-related activities associated with section 202 projects: *Provided further*, That the Secretary may waive the provisions of section 202 governing the terms and conditions of project rental assistance, except that the initial contract term for such assistance shall not exceed 5 years in duration: *Provided further*, That upon request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 202 project rental assistance contract, and that upon termination of such contract are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to remain available until September 30, [2023] *2024: Provided further*, That amounts deposited in this account pursuant to the previous proviso shall be available, in addition to the amounts otherwise provided by this heading, for the purposes authorized under this heading: *Provided further*, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be available for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated: [*Provided further*, That of the total amount provided under this heading, \$10,000,000 shall be for a program to be established by the Secretary to make grants to

experienced non-profit organizations, States, local governments, or public housing agencies for safety and functional home modification repairs to meet the needs of low-income elderly homeowners to enable them to remain in their primary residence: *Provided further*, That of the total amount made available under the previous proviso, no less than \$5,000,000 shall be available to meet such needs in communities with substantial rural populations: *Provided further*, That beneficiaries of the grant assistance provided in the previous two provisos under this heading in the Department of Housing and Urban Development Appropriations Act, 2019 (Public Law 116–6) shall be homeowners.] *Provided further*, That of the total amount provided under this heading, up to \$14 million may be used by the Secretary to continue demonstration programs to test housing with services models for the elderly that demonstrate the potential to delay or avoid the need for nursing home care. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for Persons with Disabilities (Section 811)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	184,155	168,493 ^a	-	352,648	162,727	186,819
2020 Appropriation	202,000	190,462 ^b	-	392,462	280,000	206,000
2021 President's Budget	252,000	113,462 ^c	-	365,462	292,000	303,000
Change from 2020	50,000	(77,000)	-	(27,000)	12,000	97,000

a/ Amount includes \$161.6 million in carryover balances, \$4.1 million in collections, and \$2.7 million in recoveries.

b/ Amount includes \$1 million in estimated recoveries.

c/ Amount includes \$112 million in estimated carryover and \$1 million in estimated recoveries.

PROGRAM PURPOSE

The Housing for Persons with Disabilities Program 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. The assistance supports very low- or extremely low-income persons with disabilities to live independently by providing them with affordable rental housing integrated into their local communities. 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.

BUDGET OVERVIEW

The 2021 President's Budget requests \$252 million for the Section 811 program, which is \$50 million more than the 2020 enacted level. The Budget provides:

- \$170 million for contract renewals and amendments;
- \$80 million for new Capital Advances and Project Rental Assistance to expand the supply of housing for persons with disabilities by approximately 400 units to support living independently in the community; and
- \$2 million for expenses related to property inspections and Capital Advance Amendments.

The budget fully funds renewals and amendments of Project Rental Assistance Contracts (PRACs) and Project Assistance Contracts (PACs) through December 2021.

JUSTIFICATION

PRAC/PAC/PRA Renewals and Amendments - \$170 million

The budget provides continuing annual rental assistance to over 30,000 units at approximately 2,550 housing properties under contracts expiring through calendar year 2021. Increases in gross needs for 811 PRAC/PAC renewals and amendments are driven mainly by increased project operating costs and other inflationary factors, and new units that need support from renewals and amendments. Approximately 3,430 units under Section 811 PRACs will continue to receive payments from

balances remaining on initial contract awards and are not expected to require additional funding in 2021. Additionally, a portion of existing State PRA contracts will exhaust initial funding increments in 2021, and the budget provides adequate annual amendment funds for this purpose. The budget provides continuing annual rental assistance to over 30,000 units at approximately 2,550 housing properties under contracts expiring through calendar year 2021. Increases in gross needs for 811 PRAC/PAC renewals and amendments are driven mainly by increased project operating costs and other inflationary factors, and new units that need support from renewals and amendments. Approximately 3,430 units under Section 811 PRACs will continue to receive payments from balances remaining on initial contract awards and are not expected to require additional funding in 2021.

Capital Advance and State Project Rental Assistance - \$80 million

The budget funds new awards to expand the supply of affordable housing for low-income persons with disabilities to live independently in the community with connections to critical supportive services, as an alternative to costly institutional care. The awards will provide construction funding through Capital Advances with operating assistance to not-for-profit owners and new Project Rental Assistance (PRA) awards to State Housing Finance Agencies (HFAs) and other eligible entities. This funding level is expected to produce approximately 400 new units.

Capital Advance Amendments, Other Expenses and Initial PRAC - \$2 million

This request provides up to \$2 million for physical inspections and required related costs.

The Housing for Persons with Disabilities Program addresses the unmet housing needs of very low-income renters with disabilities who cannot find affordable accessible housing and may experience severe housing problems. HUD's *Worst Case Housing Needs: 2017 Report to Congress*¹ showed that 1.39 million renter households with worst case needs included one or more non-elderly people with disabilities, an increase of 28 percent since 2013. People with disabilities often require accessible housing and supportive services to live independently and avoid institutionalization. Finding affordable housing that accommodates these needs is very challenging.

Nationally, there are an estimated 188,000 non-elderly Medicaid beneficiaries with disabilities who live in nursing homes and could potentially be transitioned to a Section 811 unit.² The *Genworth 2019 Cost of Care Survey* estimates the national average cost of a semi-private room in a nursing home is \$90,156 per year.³ A shortage of affordable housing has been a key barrier to helping persons with disabilities transition to independent living according to evaluations of the Department of Health and Human Services (HHS) Money Follows the Person (MFP) program.⁴ In an evaluation report on MFP, most grantees reported at least one challenge in securing housing for MFP participants. The two most reported challenges in 2016 were an insufficient supply of affordable and accessible housing, and an insufficient supply of rental vouchers. Under the Americans with

¹ *Worst Case Housing Needs 2017 Report to Congress* (<https://www.huduser.gov/portal/publications/Worst-Case-Housing-Needs.html>)

² Irvin, C.V., Denny-Brown, N., Morris, E., Postman, C. (2016). *Pathways to Independence: Transitioning Adults Under Age 65 From Nursing Homes to Community Living*. Available at: <https://www.mathematica-mpr.com/our-publications-and-findings/publications/pathways-to-independence-transitioning-adults-under-age-65-from-nursing-homes-to-community-living>

³ Genworth (2019). *Genworth Cost of Care Survey 2019*. Available at: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

⁴ Coghlin, R., Ward, J., Denny-Brown, N., Hagen, B., Maurer, K., Morris, E., Smoot, J., Steiner, A., Perez, B. (2017). *Money Follows the Person Demonstration: Overview of State Grantee Progress, January to December 2016*. Cambridge MA: Mathematica Policy Research.

Disabilities Act and the Supreme Court's *Olmstead* decision,⁵ states are legally obligated to favor community-based and integrated settings over institutional settings for persons with disabilities. State Medicaid Agencies are making efforts to comply with this mandate through Medicaid home and community-based "waiver" programs administered by the HHS Centers for Medicare and Medicaid Services. They find themselves limited 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.

Key Assumptions

- 2020 appropriations are expected to fully fund all 811 PRAC/PAC renewal contracts that expire during calendar year 2020, January through December;
- Gross contract renewal needs will be offset by approximately \$5 million in residual receipt collections;
- Approximately 670 existing PRAC units to renew, or require amendment funds, for the first time; and
- The 2021 request does not include any projected savings from implementing the Making Affordable Housing Work Act (MAHWA); it does include \$5 million in savings attributable to a freeze on inflationary rent increases.

Rent Reform

The 2021 President's Budget funding levels across HUD rental assistance programs would support the same number of households currently assisted while proposing reforms to ensure the long-term fiscal sustainability of HUD's rental assistance programs.

The current rent structure in HUD's rental assistance programs creates disincentives to employment; large administrative burdens for PHAs, private owners, and tenants; significant and increasing costs to the Federal Government; and a one-size-fits-all approach that cannot offer the flexibility to meet the needs of households in communities across the nation.

Thus, with the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD has proposed reforming rental assistance with the following goals:

1. Simplify program administration: Simplify rent calculations by determining rents using gross rather than adjusted income.
2. Reduce federal taxpayer costs while encouraging work and stable family formation: Limit income recertification for all households to once every three years, which encourages work by deferring increases in tenant rent payments as a result of increased wages. In addition, the law would establish higher expectations for work-able tenants by setting tenant rent contributions at 35 percent of gross income, while setting a lower rent of 30 percent of gross income for those unable to work, notably the elderly and persons with disabilities. Additionally, current elderly and persons with disabilities would be temporarily held harmless from rent increases reflected in

⁵ *Olmstead v. L.C.* (1999).
(https://www.ada.gov/olmstead/olmstead_about.htm)

the proposed legislation. Moreover, HUD would also maintain the hardship exemption for tenants who, in certain circumstances, are unable to pay their rents.

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

In addition, the 2021 budget continues proposes uniform work requirements for households with non-elderly, non-disabled tenants able to work. HUD will continue exploring ways to leverage existing enforcement and compliance mechanisms without adding burdens on PHAs and private multifamily property owners. HUD also will continue to support work requirement demonstration evaluations to build an evidence base from the experiences of Moving to Work PHAs on effective ways to promote self-sufficiency.

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

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Capital Advance (Expansion), Capital Advance Amendments, Other Expenses and Initial PRAC	32,155	105,223	137,378	1,354	42,000	136,024	178,024	82,000
Disabled PRAC/PAC/PRA Renewal/Amendment	152,000	61,494	213,494	161,373	160,000	53,028	213,028	170,000
Project Rental Assistance Demonstration (PRAD)	-	1,410	1,410	-	-	1,410	1,410	-
PIH Amendment/Renewal of Mainstream Vouchers (Tenant-Based)	-	366	366	-	-	-	-	-
Total	184,155	168,493	352,648	162,727	202,000	190,462	392,462	252,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions

The 2021 President’s Budget re-proposes the following general provision that was enacted in the 2020 appropriations bill:

- **Transfers of Assistance, Debt, and Use Restrictions:** This General Provision currently 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. The budget proposes a minor change to better accommodate properties impacted by state/federal integration mandates for persons with disabilities (2021 President’s Budget, Sec. 206).

The 2021 President's Budget proposes the following new general provisions:

- **RAD for 811 PRAC:** The budget includes a General Provision to authorize preservation of Section 811 Capital Advance properties and rental assistance contracts through budget neutral RAD conversions. Much like Section 202 PRACs, Section 811 PRACs face preservation challenges. These properties also experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements, all of which will be recognized in the planned conversion process (2021 President's Budget Sec. 222).
- **Rent Adjustments:** This General Provision will enable the Department to suspend the requirement to provide annual rent adjustments for fiscal year 2021 to multifamily property owners (2021 President's Budget, Sec. 223).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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), as amended, 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 section 202(h) of the Housing Act of 1959 (Public Law 86–372; 73 Stat. 667), including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 1-year term, for project rental assistance to State housing finance agencies and other appropriate entities as authorized under section 811(b)(3) of the Cranston-Gonzalez National Housing Act, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, [~~\$202,000,000~~] *\$252,000,000*, to remain available until September 30, [2023] *2024: 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, [2023] *2024: Provided further*, That amounts deposited in this account pursuant to the previous proviso shall be available in addition to the amounts otherwise provided by this heading for the purposes authorized under this heading: *Provided further*, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be used for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing Counseling Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	50,000	40,301 ^a	-	90,301	82,010	42,997
2020 Appropriation	53,000	7,350	-	60,350	53,000	52,000
2021 President's Budget	45,000	7,000	-	52,000	45,000	56,000
Change from 2020	(8,000)	(350)	-	(8,350)	(8,000)	4,000

a/ Carryover into 2019 includes recaptures totaling \$0.69 million.

PROGRAM PURPOSE

The Housing Counseling Assistance Program supports a network of Housing Counseling Agencies and counselors to assist consumers in improving their housing quality and affordability through budgeting, saving, use of credit, and understanding the rights and responsibilities of homeownership and tenancy. HUD provides grants to counseling agencies and training for counselors to assist current and prospective homebuyers, homeowners, and tenants on a variety of topics including the purchase and rental of housing, budgeting, credit counseling, foreclosure or eviction prevention, home maintenance, fair housing laws, identifying and reporting predatory lending practices, and requirements and guidance regarding the Home Equity Conversion Mortgage program. In addition, the Office of Housing Counseling (OHC) uses administrative contracts to support education and outreach, enhance agency oversight and grantee compliance, and conduct congressionally mandated activities, including the housing counselor certification testing and validation system. OHC also uses administrative contracts to support the statutorily required Home Equity Conversion Mortgage (HECM) program.

BUDGET OVERVIEW

The 2021 President's Budget requests \$45 million for Housing Counseling, which is \$8 million less than the 2020 enacted level.

This budget supports the program priorities with the following funds available for:

- Grants for Housing Counseling Agencies and Training - \$40.5 million; and
- Administrative Contract Services - \$4.5 million.

JUSTIFICATION

The requested level of funding will permit OHC, through its network of approximately 1,750 housing counseling agencies, to support 930,000 consumers at a cost of approximately \$48 per person.¹ Housing Counseling Agencies generally leverage about six dollars for every appropriated dollar. This would continue service levels requested in the 2020 Budget. Specifically, the request supports the following activities:

¹ The projection methodology involves analyzing previous years actual data to see how well it would have predicted client volume. The percentage difference between actual and projected clients are calculated, and the variance is applied to the desired future fiscal year to estimate total clients served. The current projection methodology uses data from 2013 to the present.

Grants for Housing Counseling Agencies and Training

This funding will support competitive to grants to approximately 1,200 HCAs in HUD's national network to support the direct provision of a holistic range of housing counseling and education services appropriate to local market conditions and individual consumer needs. In addition, training funds will support and strengthen the quality of housing counseling through training for organizations and counselors to increase subject matter expertise. Training grants are competitive and open to nonprofit and government organizations with experience providing housing counseling education. Often training grant providers are national organizations that manage a network of housing counseling agencies and provide education on wide range of affordable housing issues. Training is offered to ensure that housing counseling agencies and counselors are qualified to provide effective tools to consumers to assist them in making responsible choices to address their housing needs. This will address emerging housing needs such as preventing reverse mortgage defaults and disaster prevention and recovery. OHC proposes using up to 10 percent of program dollars, or approximately \$4.05 million, for training grants to allow flexibility to support training.

Administrative Contract Services

This will be used to support outreach and awareness efforts, to improve data and reporting, and reduce administrative burden on counseling agencies and HUD. In addition, funding will enhance agency oversight, ensure program compliance, and support congressionally mandated activities where funding permits, including the housing counselor certification testing and validation system and the provision of HECM and HECM default counseling. HUD also uses administrative contracts to support the Housing Counseling Federal Advisory Committee. The amount proposed for administrative contracts, \$4.5 million, is a maximum figure and may be reduced to respond to administration priorities or market needs.

This funding will support OHC's continued efforts to develop an on-line business improvement interface which will streamline HUD's internal processes, modernize its reporting and analysis capabilities, and document the outcomes of counseling services. OHC will implement the proposed initiatives with guidance from HUD Office of the Chief Information Officer (OCIO) and within its operating policies and procedures. Funding for administrative contracts will also assist OHC to reduce risk in the program by augmenting expertise on financial and program oversight, streamlining HUD compliance activities, and creating a knowledge management system to ensure program information is accurate, consistent, and easily accessible. Administrative contract services continue to support efforts to improve the accuracy of reporting and the efficiency of services provided by housing counseling agencies, with the goal of reducing the administrative burden of agencies and consumers. Administrative contracts are vital to HUD's ability to meet Congressional mandates.

Program Impact

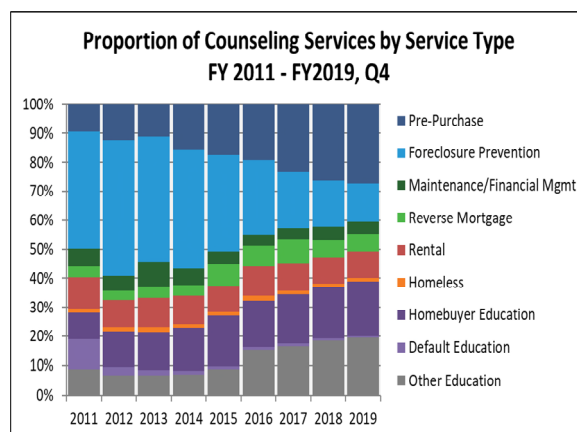
Data collected by HUD through agency quarterly reporting shows the impact of the program, including the positive outcomes clients experience such as improving their housing situation or developing a sustainable budget. The data also reveals shifts in the volume and type of services consumers demand, allowing OHC to assess the benefits to clients and use that information to manage the program and deliver services more effectively.

Through the fourth quarter of 2019, approximately 1,015,911 consumers received individual counseling and education services. Of those, approximately 52 percent were racial minorities (38 percent black/African American and 10 percent multiple race), 18 percent were Hispanic, and approximately 57 percent were low- to moderate-income.

- Pre-purchase counseling continues to show a slight upward trend, from 23 percent of all housing counseling activities in the fourth quarter of 2017, to 26 percent in the fourth quarter of 2018, and to 27 percent in the fourth quarter of 2019.
- Delinquency and foreclosure prevention counseling decreased slightly as a percentage of all other services offered. These services represented 13 percent of all services through the fourth quarter of 2019 as compared to 16 percent the fourth quarter of 2018 and 19 percent the fourth quarter of 2017.
- Approximately 12,900 households received homeless assistance counseling and 10,350 homeless or potentially homeless households obtained temporary or permanent housing;
- Counselors helped approximately 360,000 households develop sustainable budgets;
- More than 152,370 households improved their financial capacity (e.g. increased discretionary income, decreased debt load, increased savings, and increased credit score); and more than 149,813 households gained access to resources to help them improve their housing situation (e.g. down payment assistance, rental assistance, and utility assistance).
- Agencies served 113,423 clients in rural areas.
- Research conducted by third parties supports the effectiveness of housing counseling. HUD has reviewed approximately 50 studies of the program and most show a positive correlation between housing counseling and better credit, reduced debt, greater savings, higher satisfaction with the mortgage process and fewer foreclosures.²

Counselor Certification

By August 1, 2020, all housing counselors are required to be certified by HUD to provide quality housing counseling services. The certification requirement is Congressionally mandated. To comply with this mandated certification, Housing Counseling has created a landing page to increase awareness to the certification deadline³. The landing page provides information on the examination process, application to certification, tracking page of agencies meeting this goal, best practices and success stories, frequently asked questions about the final rule, and a countdown to the deadline. Housing Counseling will continue tracking and making this final rule visible for housing counselors requiring certification.



Key Partners and Stakeholders

HUD continues to work on issues affecting seniors with the Consumer Financial Protection Bureau (CFPB), Treasury Department (Treasury), and the National Reverse Mortgage Lenders Association. HUD also works on default prevention with the Financial Services Roundtable, the HOPE NOW alliance, the Mortgage Bankers Association, the Coalition of HUD Intermediaries, the National Housing Resource Center, as well as other federal agencies including the CFPB, Treasury, Federal Housing Finance Agency, and the Government-Sponsored Enterprises. Also, OHC has worked with mortgage industry leaders and real estate trade associations to incorporate and pay for counseling as part of the home purchase process. The Housing Counseling Federal Advisory Committee (with 12 members representing the mortgage companies, housing counseling agencies, real estate sectors, and clients) has been highly engaged and effective. In response to the Committee's recommendations,

² Marina Myhre PH. D Social Science Analyst, Program Evaluation Division, HUD Office of Policy Development and Research in comments before the October 4th Financial Education and Literacy Committee (FLEC) chaired by the Secretary of Treasury

³ Housing Counselor Certification

<https://www.hudexchange.info/programs/housing-counseling/certification/>

HUD has successfully launched activities to expand visibility and awareness of the program, provided social media training for housing counseling agencies, and identified program models for public and private partnerships. The Office of Housing Counseling is now a member of the Financial Literacy and Education Executive Committee (FLEC). HUD's Office of Housing Counseling will have primary responsibility for coordinating FLEC's housing related efforts, including adopting metrics to demonstrate the effectiveness of housing counseling.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Housing Counseling Assistance	45,500	35,811	81,311	78,645	48,500	2,850	51,350	40,500
Administrative Contract Services	4,500	4,490	8,990	3,365	4,500	4,500	9,000	4,500
Total	50,000	40,301	90,301	82,010	53,000	7,350	60,350	45,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2021 Budget supports the following legislative proposal and will seek changes through the authorization process rather than the appropriations process:

- **Tribal Entities:** The 2021 Budget supports a legislative change that adds Indian tribes and tribally designated housing entities to the list of eligible grantees under Housing Counseling.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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, [\$53,000,000] *\$45,000,000*, to remain available until September 30, [2021] *2022*, including up to \$4,500,000 for administrative contract services [and up to \$3,000,000 for the certification of housing counselors as required under 12 U.S.C. 1701x: Provided, That grants made available from amounts provided under this heading shall be awarded within 180 days of enactment of this Act]: Provided [further], 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 providing such grants from amounts provided under this heading, the Secretary may enter into multiyear agreements, as appropriate, subject to the availability of annual appropriations. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Other Assisted Housing

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	5,000	82,902 ^a	-	87,902	1,452	85,981
2020 Appropriation	3,000	114,650 ^b	-	117,650	4,000	120,000
2021 President's Budget	-	139,650 ^c	-	139,650	4,000	60,000
Change from 2020	(3,000)	25,000	-	22,000	-	(60,000)

a/ Amount includes \$73 million of Section 236 Rental Housing Assistance Payments (RAP) and Section 235 combined carryover and \$19 million in combined recoveries. It also includes \$5 million transferred to Project-Based Rental Assistance (PBRA) for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.

b/ Amount includes \$86.4 million in RAP and Section 235 combined carryover and \$28.2 million in estimated recoveries.

c/ Amount includes \$113.6 million in RAP and Section 235 combined carryover and \$26 million in estimated recoveries.

PROGRAM PURPOSE

The Rental Housing Assistance Program (RAP) was established by the Housing and Community Development Act of 1974 to provide additional rental assistance subsidy to property owners on behalf of very low-income tenants. HUD stopped issuing new RAP contracts with the introduction of Section 8. Rent Supplement (Rent Supp) contracts were available to Section 221(d)(3) Below Market Interest Rates, Section 231, Section 236 (insured and non-insured), and Section 202 properties to provide rental assistance to low-income tenants for the life of the mortgage. Funds in this account are used to provide extension or amendment funding to existing Rent Supp or RAP contracts or are available for transfer to the PBRA account as Rent Supp or RAP contracts have converted through the Rental Assistance Demonstration (RAD).

The last Rent Supp contract eligible for amendment funding expired in 2017, and the last extension/amendment of a RAP contract was executed in August 2019. Many of these properties converted to long-term Section 8 contracts through RAD.

BUDGET OVERVIEW

The 2021 President's Budget does not request funding for the Other Assisted Housing Program, which is \$3 million less than the 2020 enacted level. HUD is not requesting any funding because the last extension/amendment was executed in August 2019; and no additional funding is needed for transferring unobligated balances to the PBRA account to support Rent Supp and RAP project conversions through RAD.

The 2021 President's Budget also requests new authority that would authorize the transfer of any remaining funds in this account to the "Housing for the Elderly" account to be used for capital advance contracts for new housing for the elderly or for service coordinators for elderly residents.

JUSTIFICATION

HUD has successfully preserved the last remaining Rent Supp properties via a conversion to a Section 8 contract through RAD in December 2018 and the last remaining RAP properties completed conversion in December 2019. In total, over 28,000 deeply affordable units will have been preserved

and placed on a long-term assistance contract, while phasing out an outdated program. Accordingly, HUD no longer has a need for funding in this account.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Rent Supplement	2,500	5,671	8,171	-	-	2,656	2,656	-
Rental Housing Assistance (Sec 236)	2,500	77,231	79,731	1,452	3,000	111,994	114,994	-
Rental Assistance Demonstration (Transfer)	[(4,250)]	[(4,612)]	[(8,862)]	-	-	-	-	-
Total	5,000	82,902^a	87,902	1,452	3,000	114,650^b	117,650	-

a/ Amount includes \$73 million of Section 236 Rental Housing Assistance Payments (RAP) and Section 235 combined carryover and \$19 million in combined recoveries. It also includes \$5 million transferred to Project-Based Rental Assistance (PBRA) for subsidy payments for units converting under the Rental Assistance Demonstration (RAD) program.

b/ Amount includes \$86.4 million in RAP and Section 235 combined carryover and \$28.2 million in estimated recoveries.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President's Budget has the following changes to appropriations language from the 2020 enacted bill:

- **Using Unobligated Balances for Section 202 Capital Advance:** There is no use for the remaining balances left in this account after 2020. HUD requests authority to use unobligated balances in the Rental Housing Assistance Program account for new Section 202 Capital Advance projects or for service coordinators for elderly residents.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

[For amendments to contracts under section 236(0)(2) of the National Housing Act (12 U.S.C. 1715z-1) in State-aided, noninsured rental housing projects, \$3,000,000, to remain available until expended: *Provided*, That such amount, together with unobligated] *Unobligated* balances from recaptured amounts appropriated prior to fiscal year 2006 from terminated contracts under [such section of law] *section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1)*, and any unobligated balances, including recaptures and carryover, remaining from funds appropriated under this heading after fiscal year 2005, shall also be available for extensions of up to one year for expiring contracts under such section[of law]: *Provided, That the Secretary may transfer funds remaining from amounts appropriated under this heading in the prior fiscal year to the "Housing for the Elderly" to be used for capital advance contracts for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects. (Department of Housing and Urban Development Appropriations Act, 2020.)*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Manufactured Housing Fees Trust Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	12,000	6,321	-	18,321	13,040	11,817
2020 Appropriation	13,000	5,298	-	18,298	12,624	11,476
2021 President's Budget	14,000	5,674	-	19,674	13,630	13,152
Change from 2020	1,000	376	-	1,376	1,006	1,676

PROGRAM PURPOSE

One of 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 of affordable manufactured homes and to increase homeownership for all Americans.”¹ Manufactured housing is a key segment of the affordable housing industry, and manufactured homes provided approximately 11 percent of the nation’s single-family housing starts in 2018². Additionally, manufactured homes constitute a major source of housing in rural America, where one in five homes is a manufactured home³.

BUDGET OVERVIEW

The 2021 President's Budget requests \$14 million for the Office of Manufactured Housing Programs, which is \$1 million more than the 2020 enacted level. Funding for this program is solely supported from the receipt of HUD’s certification label fee that is \$100 for each transportable section. The requested funds will support the Department’s implementation and oversight responsibilities for the nationwide building regulatory program including updating of the construction, safety, and installation standards of manufactured homes. The \$9.5 million in funding requested for contracts will support: partnerships with state partners; HUD-approved state and private third-party inspection agencies to ensure program compliance with construction and safety standards; dispute resolutions between manufacturers, retailers, and installers; installation programs; and activities of the Manufactured Housing Consensus Committee (MHCC).

This request includes up to \$4.5 million for payments to states, including State Administrative Agencies (SAAs). HUD intends to reassess both its current SAA payment structure and the revised payment structure proposed in 2016 in order to ensure a more equitable distribution of funds among states and to increase state participation in program administration. The increased funding will provide flexibility to HUD in designing a payment structure that meets these objectives and

¹ 42 USC Section 5401(b)

² HUD Policy Development and Research, National Housing Market Survey, 2018 Supply Data

³ US Census Bureau, American Housing Survey, 2017.

implementing a final rulemaking as soon as practicable. Some portion of the \$4.5 million may be used for technical assistance to states taking on administrative activities for the first time. In total, the funding will help ensure state partners can provide effective oversight of compliance with the construction and safety standards, and installation standards; to resolve consumer complaints; and to assist in other federal and state partnership activities for consumer protections.

Program Operation Area	2021 President's Budget (Dollars in Thousands)
Payments to States	4,500
Contracts	
Contract for Monitoring Primary Inspection Agencies and States	4,500
Contract for Monitoring Design Approval Agencies	1,500
Contract for Installation Inspection and Enforcement	1,000
Contract for Dispute Resolution Enforcement	400
Contract for Consensus Committee Administering Organization and Support Services	750
Contract for Manufactured Housing Consensus Committee (MHCC)/State Administrative Agency (SAA) and Primary Inspection Agency (PIA) Meeting and Support Services	1,350
Subtotal, Contracts	9,500
Total	14,000

Note: The table provides estimates by contract type for reference only and the contract types should not be considered as individual programs, projects, or activities for reprogramming purposes, instead the Payments to States and Contracts (Subtotal) are the relevant amounts for such purposes.

JUSTIFICATION

Funding Impact

HUD's construction and safety standards preempt state and local laws and apply to all manufactured homes produced after June 15, 1976. While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and elderly households with fixed incomes. About 17.5 million people live in manufactured homes⁴. In 2017, the median household income of manufactured homeowners was about \$30,000, making it a key component of affordable housing. In calendar year 2018, the average sales price of a manufactured home was \$78,600.⁵

The request will cover payments made to 33 HUD-approved SAAs to offset their costs for resolving consumer complaints and overseeing notification and correction related activities, as outlined in the federal manufactured home regulations, among other actions. It is also anticipated that with a redesigned payment structure, additional states may choose to partner with HUD. The request will also cover the contractual costs for monitoring program compliance and enforcing program regulations. In addition, the funding will:

- *Address non-conformances with the Construction and Safety Standards for homes manufactured or located in states without an SAA. This may require manufacturers to notify consumers of a defect; or, in the event of a serious problem, require the manufacturers to*

⁴ US Census Bureau, American Housing Survey, 2017.

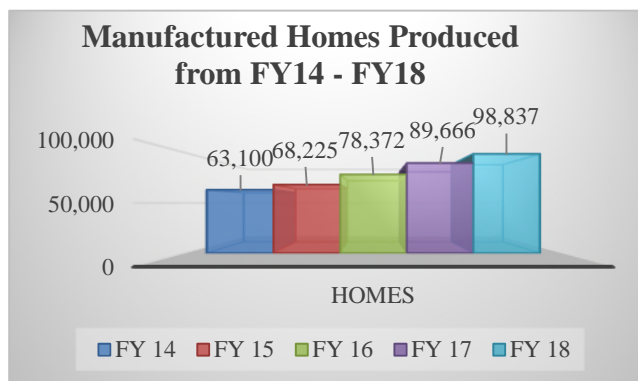
⁵ [US Census, Manufactured Housing Survey Data, January 2020.](#)

repair or replace manufactured homes. HUD is responsible for direct oversight in the 17 states without SAAs and performs these functions with assistance from the contractor for Monitoring Primary Inspection Agencies and States.

- *Enable HUD to continue to monitor the manufacturer's compliance with the Construction and Safety Standards.* HUD monitors 17 third-party agencies who approve manufacturers' designs (5 Design Approval Primary Inspection Agencies - DAPIAs) and agencies who inspect construction and quality programs in the plants (12 Production Inspection Primary Inspection Agencies - IPIAs). These agencies ensure program compliance to HUD's standards from approximately 135 manufacturing plants nationwide. In addition, the HUD contractor monitors the performance of and supports partnerships and joint monitoring teams with SAAs.
- *Continue oversight of the Model Installation Standards in all states.* The OMHP is responsible for installation oversight nationwide and the licensing and training of installers in many states. OMHP has implemented a Federally administered program in 14 states that have no installation programs and oversees state-administered programs in 36 states that are HUD-approved.
- *Continue administration of the Dispute Resolution Program* to resolve disputes between manufacturers, retailers, and installers of manufactured homes. OMHP manages a Federally administered program in 25 states without dispute resolution programs and oversees state-administered programs in 25 states.
- *Facilitate coordination of activities of the Manufactured Housing Consensus Committee (MHCC)* through an Administering Organization (AO). The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the Federal Advisory Committee process. The AO supports the MHCC in providing recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in a Proposed Rule format with an economic analysis. The contractor also provides technical support by compiling cost and benefit data and providing analysis that will be useful in required impact analyses.
- *Increase collaboration and cooperation of all stakeholders* through meetings with partners in the Federal Manufactured Housing Program. These meetings are held with all program stakeholders to ensure it operates in a consistent and collaborative manner. These meetings bring stakeholders together including meetings of the MHCC, meetings with In-plant and Design approval agencies, and meetings at a national and regional level with state partners, as well as meetings with other Federal agencies.

Key Assumptions

The costs of these programmatic activities are rising steadily, year-after-year, due to inflation, and increases in the production of manufactured homes and the steady increase in the number of production facilities nationwide. HUD is responsible for overseeing the DAPIAs and IPIAs to ensure the quality assurance programs are working properly so that consumer safety is not compromised. This is critical as manufactured homes are inspected by the IPIA in only one stage of production. The number of manufactured homes produced has increased by nearly 57 percent from 2014-2018. Also, the number of manufacturing plants has increased from 122 in 2013 to 135 in 2019. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2019, HUD



collected approximately \$14.5 million in fees and projects \$16.0 million in fee collections during 2021.

Outcomes, Performance Indicators, and Other Evidence

Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved, and its affordability has been maintained. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD standards became effective. Manufactured homes produced under the HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards. Moreover, financial organizations have been encouraged to offer home mortgages instead of chattel financing due to the increased lifetime and durability of manufactured homes produced under HUD's program.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Payments to States*	3,600	1,374	4,974	3,228	4,600	2,120	6,720	4,500
Contracts	8,400	4,947	13,347	9,812	8,400	3,178	11,578	9,500
Total	12,000	6,321	18,321	13,040	13,000	5,298	18,298	14,000

*Actual funding for Payments to States will be determined by the payment structure in place at the time those payments are calculated.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

As noted above, HUD intends to reassess both its current SAA payment structure and the revised payment structure proposed in 2016 in order to ensure a more equitable distribution of funds among states and to increase state participation in program administration. As part of this, HUD may consider proposing an amendment or clarification to the existing statutory language regarding Payments to States⁶. HUD will assess the extent to which this language constrains HUD's ability to structure state fees in a manner that is equitable to states and representative of the effort necessary to execute state responsibilities for HUD's state partners.

While HUD intends to pursue rulemaking as soon as practicable, it proposes to delete the following requirement from the FY20 appropriations in order to facilitate the reassessment discussed above: "That the Secretary of Housing and Urban Development shall issue a final rule to complete rulemaking initiated by the proposed rule entitled "Manufactured Housing Program: Minimum Payments to the States" published in the Federal Register on December 16, 2016 (81 FR 91083).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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 [\$13,000,000] *\$14,000,000*, to remain available until expended, of which [\$13,000,000] *\$14,000,000* is to be derived from the Manufactured

⁶ 42 USC 5419(e)(3), PL 93-383 Title IV, 621(e)(3)

Housing Fees Trust Fund: *Provided*, That not to exceed the total amount appropriated under this heading shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund pursuant to section 620 of such Act: *Provided further*, That the amount made available under this heading from the general fund shall be reduced as such collections are received during fiscal year 2020 2021 so as to result in a final fiscal year [2020] 2021 appropriation from the general fund estimated at zero, and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year [2020] 2021 appropriation: [*Provided further*, That the Secretary of Housing and Urban Development shall issue a final rule to complete rulemaking initiated by the proposed rule entitled "Manufactured Housing Program: Minimum Payments to the States" published in the Federal Register on December 16, 2016 (81 Fed. Reg. 91083):] *Provided further*, That for the dispute resolution and installation programs, the Secretary may assess and collect fees from any program participant: *Provided further*, That such collections shall be deposited into the Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620, for necessary expenses of such Act: *Provided further*, That, notwithstanding the requirements of section 620 of such Act, the Secretary may carry out responsibilities of the Secretary under such Act through the use of approved service providers that are paid directly by the recipients of their services.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – Mutual Mortgage Insurance Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	130,000	37,326 ^a	-	167,326	113,994	111,866
2020 Appropriation	130,000	50,746 ^b	-	180,746	155,196	109,240
2021 President's Budget	130,000	28,732 ^c	-	158,732	157,632	135,389
Change from 2020	-	(22,014)	-	(22,014)	2,436	26,149

a/ Includes \$1.6 million in recoveries of prior year obligations.

b/ Includes \$3.2 million in anticipated recoveries; but does not include \$5.8 million that expired at the end of 2019.

c/ Includes \$3.2 million in anticipated recoveries.

PROGRAM PURPOSE

Under FHA Single Family Housing programs, the MMI Fund has insured over 49.5 million home mortgages since 1934. It provides mortgage insurance on single family mortgage loans made by FHA-approved lenders throughout the United States and its territories. 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 the FHA guarantee, 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.

Through the MMI Fund, the Department offers several types of single-family forward (traditional) mortgage insurance products and Home Equity Conversion Mortgages (HECMs) for seniors. Activity for the Cooperative Management Housing Insurance (CMHI) Fund—which insures mortgages for multifamily cooperatives—is also reported together with the MMI Fund.

BUDGET OVERVIEW

The 2021 President's Budget requests \$130 million for FHA Administrative Contract Expenses, \$400 billion in loan guarantee commitment authority and \$1 million in Direct Loan authority, which is equal to the 2020 enacted level.

JUSTIFICATION

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

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

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

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

The 2021 Budget requests \$400 billion in loan guarantee commitment limitation, which is to remain available until September 30, 2022. This limitation includes sufficient authority for insurance of single-family forward mortgages and HECMs. Total loan volume projected for all MMI programs for 2021 is \$210.7 billion. Of that total, \$200 billion is estimated for standard forward mortgages and \$10.7 billion is for HECM. The size of the request and two-year availability for this commitment authority reduces the likelihood of program disruption under a continuing resolution or greater than expected volume.

Negative Subsidy Receipts

The \$210.7 billion in loan volume projected for the entire MMI portfolio in 2021 is expected to generate \$6.9 billion in negative subsidy receipts, which are transferred to the MMI Capital Reserve account, where they are available to cover any unexpected cost increases for the MMI portfolio.

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

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

Administrative Contract Appropriations - \$130 million

The \$130 million request for 2021 will provide funding for contracts necessary in the administration of FHA programs operating under MMI and General Insurance and Special Risk Insurance (GI/SRI). This request will fund activities including, but not limited to: insurance endorsement of single-family mortgages, construction inspections on multifamily projects, the required annual FHA independent actuarial review in support of the financial audit and other mandated requirements, management and oversight of asset disposition, risk analysis, accounting support services, and assistance with claims and premium refund processing.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Administrative Contract Expenses	130,000	37,326	167,326	113,994	130,000	50,746	180,746	130,000
Total	130,000	37,326	167,326	113,994	130,000	50,746	180,746	130,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONSLegislative Proposals

The 2021 Budget supports the following legislative proposals, and will seek changes through the authorization process rather than the appropriations process:

- HECM - Waiver of Counseling Requirement (Sec. 255 of the National Housing Act (12 U.S.C. 1715z-20)):** Provides HUD the authority to mandate counseling for all HECM transactions. Currently, housing counseling is required for all HECMs except that the National Housing Act provides that Housing Counseling can be waived in a refinance transaction if less than five years have passed since the closing date of the current HECM and the application date of the new refinanced HECM loan. Counseling for HECMs provides seniors the tools to understand a complex financial transaction that affects them and their heirs. While working to stabilize the HECM program, HUD has made and continues to make programmatic changes to the HECM program. Counseling would be both beneficial to aiding seniors in understanding the impact of the HECM program on their finances and estate planning and has also been identified as a key factor in reducing the risk of tax and insurance defaults as seniors age in place. There is no immediate budgetary impact, but this provision would be beneficial to the health of the MMI Fund if approved.
- Mortgagee Review Board (MRB) actions authorized-sanctions (12 U.S. Code § 1708—Federal Housing Administration Operations Section(c)(3)(C)).** The statutory change is requested because the current statute mandates that the MRB may suspend a lender for a minimum of six months, not to exceed 12 months, and permits a one-time six-month extension. For many lenders, a minimum six-month suspension will result in the lender winding down its business because it cannot sustain itself for the six-month period. The removal of the six-month minimum would permit the MRB to use this sanction more effectively by permitting the imposition of a shorter suspension period, which in turn would effectuate a change at the lender level and permit the lender to remain in business. This statutory change is being sought as part of the goal to bring enforcement of housing policy back to the Office of Housing. Currently, the suspension sanction is rarely used because it has the same practical effect as a withdrawal of FHA authority. Giving the MRB the authority to sanction a lender for a shorter period than six months would strengthen it as an enforcement tool for the MRB. There is no immediate budgetary impact, but this provision would be beneficial to the health of the MMI Fund if approved.
- Civil money penalties against mortgagees, lenders, and other participants in FHA program (12 U.S. Code § 1735f-14-(a)(2)).** The MRB's civil money penalty (CMP) statute provides the MRB with a maximum CMP for each violation, with an annual cap. Currently, the maximum civil money penalty per violation is \$ 9,819 and the annual cap \$1,963,870. The maximum per violation dollar amount is adequate to meet the MRB's enforcement needs but the annual cap is an impediment to effective enforcement. The current annual cap halts any further enforcements once the cap is reached. Changing the cap will allow the MRB to

assess more penalties on an annual basis. There is no immediate budgetary impact, but this provision would be beneficial to the health of the MMI Fund if approved.

- **Down payment Assistance from Government Entities (Sec. 203(b)(9)(c) of the National Housing Act 12 USC 1709).** In response to the need to strike the appropriate balance between making FHA-insured mortgages available to qualified borrowers and reducing programmatic risk, FHA has recognized the need to provide insurance for mortgages where borrowers require assistance in providing the minimum required cash investment. While FHA sought, and Congress enacted, restrictions to prohibit the source of such assistance from entities that financially benefit from the transaction, FHA continues to evaluate how such financial benefit should be interpreted when applied towards government entities that are providing such assistance. This change is intended to clarify what is meant by “financial benefit” in the transaction. There is no budgetary impact of this proposal.
- **Cap on number of HECM loans (Sec. 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)).** This provision would permanently remove the limitation placed on the number of Home Equity Conversion Mortgages (HECMs) that can be insured by the FHA. The Budget continues the 2020 enacted appropriations provision suspending the HECM loan cap through 2021.
- **HECM - Credit for Premiums Paid (Sec. 255 of the National Housing Act (12 U.S.C. 1715z-20)).** The current statutory language requires HUD to utilize an actuarial analysis conducted in 2001 to determine the adequacy of its HECM insurance premiums in reducing the initial mortgage insurance premium charged at the time a mortgage is being refinanced, in the establishment of a single national limit on the benefits of insurance in the HECM program and on the combined effect of reduced insurance premiums and a single national limitation on insurance authority. Due to the passage of time, FHA does not believe that the 2001 study remains adequate for these purposes. In connection with changes in home prices and other market forces, HECM has increasingly become a challenge to maintaining a healthy Mutual Mortgage Insurance Fund (MMIF). Utilizing the most recent FHA Actuarial study, which provides in-depth modeling of the MMIF, provides the best benchmark to set premiums in order to manage the impact to that Fund. Additionally, with the continued volatility in the HECM program, allowing the Commissioner the flexibility to utilize a study that is conducted at their discretion will allow FHA the maximum flexibility to address risk to the taxpayer. There is no immediate budgetary impact, but this provision would be beneficial to the health of the MMI Fund if approved.
- **PACE Subordination Legislation:** This proposal would prevent Residential Property Assessed Clean Energy (PACE) liens from priming, or moving ahead of, mortgages insured, guaranteed or held by HUD. A PACE assessment on a property generally has lien priority on par with other tax liens, placing it above the FHA-insured mortgage lien and thereby increasing the risk of losses to the MMI Fund. In December 2017, as a first step to address this concern, FHA issued guidance that prohibited new FHA-insured financing on properties encumbered with outstanding PACE assessments. The proposed legislation would protect FHA from first-lien PACE assessments obtained after a mortgage is insured by FHA. This proposal is consistent with the HUD Housing Finance Reform Plan submitted to the President on September 5, 2019.
- **HECM Spousal Survival Amendments.** This provision gives the Department discretion to make deferrals on HECM loans and provides program flexibility to exempt lenders who would otherwise be required to immediately foreclose upon a living spouse.

- **HECM regional loan limits.** This provision authorizes the Department to establish loan limits for HECM loans insured under section 255 of the National Housing Act based on the geographic area in which the property securing the HECM is located.

Housing Finance Reform: FHA looks forward to working with Congress to draft statutory provisions that reflect the implementation of the Housing Finance Reform Plan released pursuant to the Presidential Memorandum issued on March 27, 2019. FHA will also continue to take administrative actions as soon as practicable to accomplish the objectives outlined in the report.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

New commitments to guarantee single family loans insured under the Mutual Mortgage Insurance Fund shall not exceed \$400,000,000,000, to remain available until September 30, [2021]2022: *Provided*, That during fiscal year [2020]2021, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed \$1,000,000: *Provided further*, That the foregoing amount in the previous proviso shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund: *Provided further*, That for administrative contract expenses of the Federal Housing Administration, \$130,000,000, to remain available until September 30, [2021]2022: [*Provided further*, That to the extent guaranteed loan commitments exceed \$200,000,000,000 on or before April 1, 2020, 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:]*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 [2020]2021 the Secretary may insure and enter into new commitments to insure mortgages under *such* section 255[of the National Housing Act only to the extent that the net credit subsidy cost for such insurance does not exceed zero: *Provided further*, That for fiscal year 2020, the Secretary shall not take any action against a lender solely on the basis of compare ratios that have been adversely affected by defaults on mortgages secured by properties in areas where a major disaster was declared in 2017 or 2018 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)]. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

FHA – General and Special Risk Insurance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	-	1,574	-	1,574	-	-
2020 Appropriation	-	1,574	-	1,574	-	-
2021 President's Budget	-	1,574	-	1,574	-	-
Change from 2020	-	-	-	-	-	-

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. They provide the necessary liquidity so that communities can:

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

Credit programs under the FHA GI/SRI Fund include:

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

BUDGET OVERVIEW

The 2021 President's Budget requests no subsidy budget authority for the Federal Housing Administration's (FHA) General Insurance and Special Risk Insurance (GI/SRI) Fund, \$30 billion in loan guarantee commitment authority, and \$1 million in direct loan authority, which is equal to the 2020 enacted level. The Budget estimates \$523 million in offsetting negative credit subsidy receipts in 2021 from GI/SRI loan guarantees. GI/SRI's mortgage insurance programs are designed to operate without the need for subsidy appropriations, with fees set to cover anticipated losses.

At the requested level, GI/SRI is projected to issue almost \$20 billion in loan insurance commitments in 2021, including:

- Approximately \$15 billion in loan guarantees to support 820 housing apartment projects;
- Approximately \$5 billion in loan guarantees for 320 healthcare facilities, including skilled nursing homes, assisted living facilities, board and care homes, and hospitals; and

- Approximately \$51 million for 2,500 Title I manufactured housing and property improvement projects.

JUSTIFICATION

The 2021 President's Budget supports mortgage insurance programs that are essential in achieving the Department's mission of providing decent, safe, and affordable housing as a safety net for those who need it the most.

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

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

GI/SRI RISK CATEGORIES AND ESTIMATED VOLUME

(Dollars in Millions)

GI/SRI Programs	2021		
	Commitment Volume (projected)	Credit Subsidy Rate	Offsetting Receipts (projected) ^a
Direct Loans Levels			
FFB Risk Sharing ^b	-	-10.84%	\$23
Guaranteed Loan Levels			
Apartments New Construction/Substantial Rehab(221d4)	\$3,520	-1.19%	\$44
Tax Credits	\$3,900	-2.27%	\$88
Apartment Refinances (223a7 & 223f)	\$6,700	-2.43%	\$173
Housing Finance Agency Risk Sharing (542c)	\$346	-1.32%	\$5
Qualified Participating Entity Risk Sharing (542b)	\$0	-1.31%	\$0
Other Rental (207MHP, 231 and 220)	\$339	-2.27%	\$7
Subtotal - Multifamily Programs ^c	\$14,805	-2.06%	\$316
Residential Care Facilities (232_nc)	\$231	-6.32%	\$14
Residential Care Facility Refinances (232_refi)	\$3,864	-2.70%	\$122
Hospitals (242)	\$802	-5.81%	\$47
Subtotal - Healthcare Programs ^c	\$4,897	-3.38%	\$182
Title 1 - Property Improvement	\$45	-2.45%	\$1
Title 1 - Manufactured Housing	\$6	-6.20%	\$0
Total - Guaranteed Loan Levels ^c	\$19,753	-2.39%	\$500
Total - GI/SRI Fund	\$19,753	-2.39%	\$523

a/ Receipts are recognized as the underlying loans are disbursed; FY 2021 projected receipts include amounts for pre-2021 loan commitments. Subtotals do not add to the total due to rounding at each level.

b/ The FFB Risk Sharing program ceased accepting new applications after December 31, 2018. Existing obligations will be honored, but no new commitments are projected for 2021.

c/ The subsidy rate is a weighted average.

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

With each mortgage it insures, FHA carefully considers the benefits to the community along with financial risks to the government. Cognizant of the risks associated with FHA's role in the housing market, the Department has launched several new initiatives aimed at appropriately managing the risk involved with multifamily loans. Risk mitigation procedures for Multifamily Housing originations include a tiered loan approval structure requiring increasing levels of Loan Committee

review based on program and dollar amount of each loan. In addition, HUD staff conduct a thorough underwriting review of each transaction and the Office of Risk Management conducts sampling of post-commitment reviews. Loan origination and default data and trends are monitored by HUD, and lenders are required to obtain third-party quality control reviews on a sampling of loans and for all early claims within four years of final endorsement.

Healthcare facilities are major economic engines and community anchors that are pivotal for economic growth and quality of life within communities nationwide. The healthcare portfolio as of the end of 2019 included 3,808 insured residential care facilities (assisted living facilities, nursing homes, and board and care homes) in all 50 states as well as the District of Columbia, and 64 hospitals within 29 states and territories including Puerto Rico. Through proactive risk management, HUD has maintained extremely low claim rates of under two percent in both programs.

FHA's effectiveness is demonstrated by the tangible result of its programs. Quality housing and healthcare facilities are made possible and more affordable throughout the country due to the FHA mortgage guarantee. For example, over the last 10 years, GI/SRI insurance has supported over 1.7 million multifamily housing units and nearly 500,000 residential care facility beds.

Multifamily Risk Categories

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

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

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

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

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

Section 542(c) Risk Sharing with Housing Finance Agencies (HFAs). Section 542(c) provides mortgage insurance of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by state and local HFAs. FHA insurance enhances HFA bonds to investment grade and provides capital for affordable housing construction. HFAs may elect to share from 10 to 90 percent of the loss on a loan with HUD. Section 542(c) insured projects often include low-income housing tax-credits, in which case they are reported under GI/SRI's risk category for Tax Credit Projects.

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

Tax Credit Projects. Projects assisted with Low-Income Housing Tax Credits (LIHTC) may be insured under several FHA multifamily programs but are grouped together in a single budget risk category. These loans have a lower risk of default than similar projects without tax credits and require borrowers to pay lower FHA mortgage insurance premiums.

Healthcare Risk Categories:

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

Section 232/223(f) Refinancing and Purchase of Existing Residential Care Facilities. The Section 232/223(f) refinancing program, the second of the two budget risk categories of the section 232 program, enables existing facilities to take advantage of refinancing at low-interest rates with loan terms of up to 35 years. For a refinance, maximum mortgage amounts are up to 85 percent of the appraised value (90 percent if the borrower is a non-profit organization). For acquisitions, mortgages are insured up to 85 percent of the acquisition price plus transaction costs (90 percent of acquisition price if the borrower is a non-profit organization). Equity cash-out transactions are prohibited under this program. Section 223(a)(7) refinances of existing Section 232 loans are also reported under this risk category.

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

Single Family Risk Categories

Title 1 Property Improvement. The Title I Property Improvement program insures loans for repairs and other improvements to residential and non-residential structures, as well as new construction of non-residential buildings.

Title 1 Manufactured Housing. Under Title I, HUD provides mortgage insurance for individuals to finance manufactured homes and lots on which to set the homes.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Positive Subsidy Appropriation	-	1,574	1,574	-	-	1,574	1,574	-
Total	-	1,574	1,574	-	-	1,574	1,574	-

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

General Provisions:

The 2021 President's Budget re-proposes the following general provisions related to GI/SRI:

- **Management and Disposition of Certain Multifamily Housing Projects:** This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties. (2021 President's Budget, Section 208)
- **Prohibition on Insuring Mortgages Subject to Eminent Domain:** Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain. (2021 President's Budget, Section 215)

Legislative Proposals:

The 2021 Budget supports the following legislative proposal and will seek changes through the authorization process rather than the appropriations process:

- **Amend Title I Manufactured Housing Loan Limits:** Provides HUD with authority to base manufactured housing loan limits on the number of sections in a home, and to establish those limits using data sources as determined by the Secretary.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

New commitments to guarantee loans insured under the General and Special Risk Insurance Funds, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z–3 and 1735c), shall not exceed \$30,000,000,000 in total loan principal, any part of which is to be guaranteed, to remain available until September 30, [2021]*2022: Provided, That* during fiscal year [2020]*2021*, 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, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Government National Mortgage Association

Mortgage-Backed Securities Program

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	550,000,000	500,000,000	-	1,050,000,000	455,601,208	-
2020 Appropriation	550,000,000	550,000,000	-	1,100,000,000	463,000,000	-
2021 President's Budget	550,000,000	550,000,000	-	1,100,000,000	400,000,000	-
Change from 2020	-	-	-	-	(63,000,000)	-

ADMINISTRATIVE EXPENSES AND COMMITMENT & MULTICLASS FEES

(Dollars in Thousands)

	Carryover	Spending authority from offsetting collections	Budget Authority	Precluded	Obligations	Net Outlays
2019 Appropriation	733,827	140,254	30,000 ^a	(844,081)	28,514	(111,740)
2020 Appropriation	844,081	132,000	33,500 ^a	(942,581)	30,000	(98,000)
2021 President's Budget	942,581	129,000	31,479	(1,040,102)	34,000	(98,000)
Change from 2020	98,500	(3,000)	(2,021)	(97,521)	4,000	-

^{a/} Budget Authority for 2019 and 2020 include \$3 million of no-year funds contingent on volume.

PROGRAM PURPOSE

The Government National Mortgage Association (Ginnie Mae) makes affordable housing a reality for millions of households across America by channeling global capital into the nation's housing markets while minimizing the risk to the U.S. taxpayer. Specifically, the Ginnie Mae guarantee (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) allows mortgage lenders to obtain a better price for their MBS in the U.S. secondary mortgage market and increases total funding available for lenders to offer such mortgages. This, in turn, increases access to affordable and sustainable homeownership for eligible borrowers.

BUDGET OVERVIEW

The 2021 President's Budget requests \$550 billion in commitment authority for Ginnie Mae, which is equal to the 2020 enacted level.

Ginnie Mae's 2021 President's Budget requests consists of two parts:

- 1) \$550 billion (non-cash) in limitation on new commitments of single class MBS; and
- 2) \$31.5 million in spending authority from offsetting collections to cover personnel compensation and benefits and non-personnel services expenses.

Commitment Authority

Ginnie Mae is requesting \$550 billion in commitment authority, to remain available until September 30, 2022, to issue guarantees of MBS to meet the credit access and housing needs of Americans across the single-family housing, multifamily housing, and healthcare facility segments of the market. This request provides ample commitment authority given volume estimates of mortgage insurance and guarantee activity of the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), HUD's Office of Public and Indian Housing (PIH), and the U.S. Department of Agriculture (USDA).

Salaries and Expenses

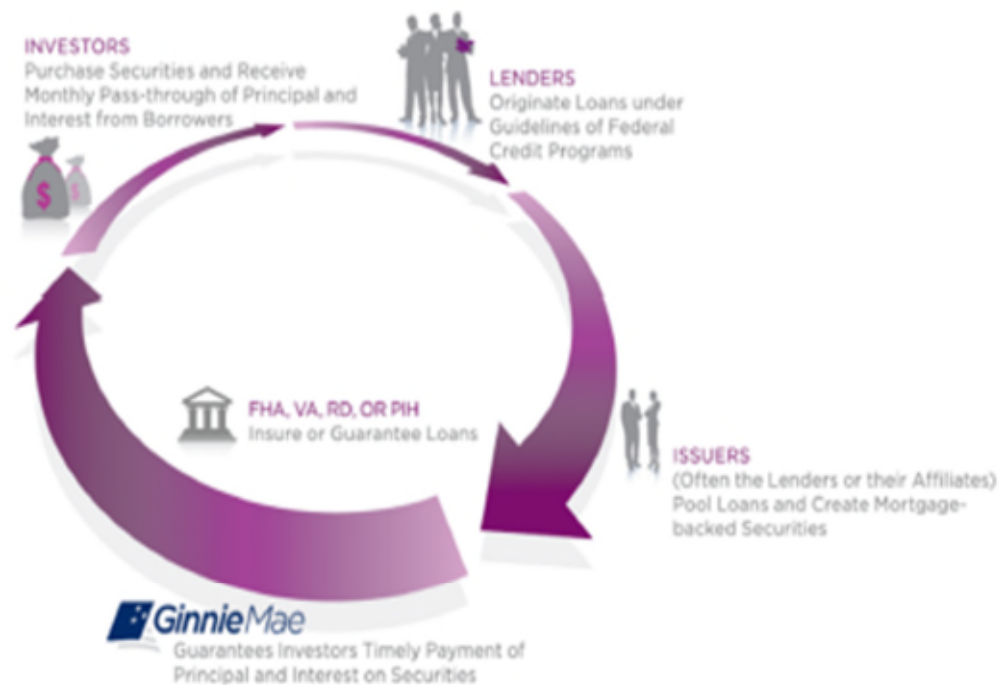
The 2021 President's Budget requests of \$31.5 million, to remain available until September 30, 2022, is \$1 million more than the 2020 enacted two-year level and \$2 million below total S&E funding (including no-year funds). Ginnie Mae's salaries and expenses (S&E) request is offset by an estimated \$129 million in collections from multiclass and commitment fees, resulting in net budget authority of \$97.5 million. Please see the Ginnie Mae S&E Congressional Justification for more details.

JUSTIFICATION

Ginnie Mae, authorized by Title III of the National Housing Act, as amended (P.L. 73-479; codified at 12 U.S.C. 1716 et seq.), does not make or purchase mortgage loans, nor does it buy, sell, or issue securities. Instead, Ginnie Mae supports liquidity in the mortgage market by guaranteeing timely payment of pass-through income to investors of MBS pooled by mortgages insured and guaranteed by the Federal government. The agency collects fees for commitment authority sold to approved issuers. Issuers use that authority to pool their eligible federal government insured loans into securities and issue Ginnie Mae 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 guarantee fee.

The Ginnie Mae guarantee, 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 mortgage loans at attractive interest rates to borrowers. The ongoing cycle (as depicted in Figure 1) helps to lower financing costs and supports increased access to capital for housing finance across the single-family, multifamily, and healthcare facility markets. 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 as we experienced with the withdrawal of major banks from the origination space.

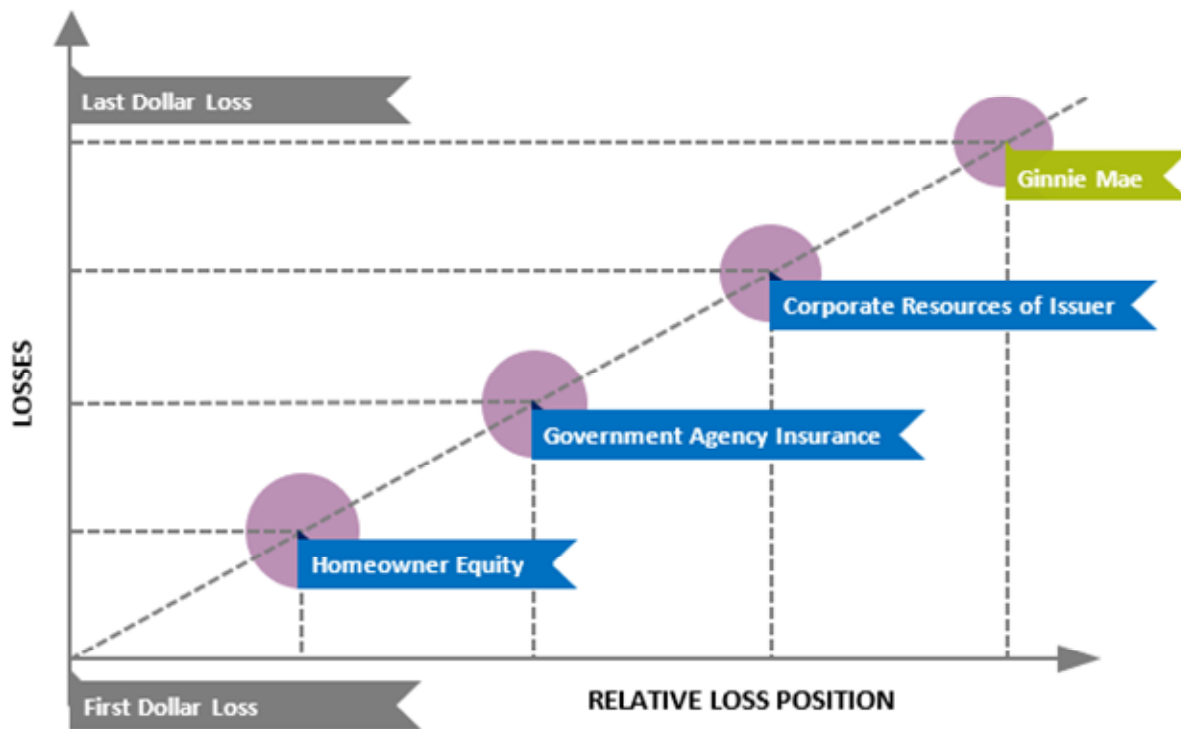
In 1970, Ginnie Mae created and issued the first MBS in the U.S. as a financial tool to help bring funds from worldwide investors into the U.S. housing market. Ginnie Mae's countercyclical role (Figure 1) ensures that mortgage financing is available for homeownership and rental properties regardless of the economic climate.

Figure 1: Capital Flow of Ginnie Mae Guaranteed Securities

For over 50 years, Ginnie Mae has provided market stability and liquidity to America's housing finance system, and it is a major outlet for providing global capital to the housing market, ensuring a steady source of funding for the vast majority of the government-insured or guaranteed loans offered. Ginnie Mae's outstanding MBS portfolio has grown substantially since the 2008 housing crisis, increasing from less than \$445 billion at the start of the 2008 housing crisis to over \$2 trillion at the end of 2019.

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

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

Figure 2: Protecting the Ginnie Mae Guarantee

Ginnie Mae's role from the beginning has been to provide access to capital for affordable housing for millions of Americans, and by guaranteeing \$451.6 billion in MBS in 2019¹ Ginnie Mae supported approximately 1.8 million units of housing for individuals and families.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Commitment Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Commitment Limitation	550,000,000	500,000,000	1,050,000,000	455,601,208	550,000,000	550,000,000	1,100,000,000	550,000,000
Total	550,000,000	500,000,000	1,050,000,000	455,601,208	550,000,000	550,000,000	1,100,000,000	550,000,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

The 2021 President's budget has the following changes to appropriations language from the 2020 enacted bill:

- Clarifying S&E Funding Source as Offsetting Collections:** Ginnie Mae requests a revision to the appropriations language that clarifies the source of Ginnie Mae's S&E as receipts from Commitment and Multiclass fees credited as offsetting collections in the program account. In April 2018, a concern was raised that the appropriations language could be interpreted in such a way that Ginnie Mae's annual S&E is funded through an

¹ Commitment authority issuances totaled \$455.6 billion.

appropriation instead of, as it was intended, from offsetting collections. The 2021 Budget explicitly provides for offsetting collections as the source of S&E funds.

General Provisions

The 2021 President's Budget re-proposes the following general provisions that were enacted in the 2020 appropriations bill:

- **Administrative Expenses Fiscal Year Limitations:** 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 (2021 President's Budget, Section. 204).
- **Government Corporations Control Act:** 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 (2021 President's Budget, Section 205).
- **Prohibition on Insuring Mortgages Subject to Eminent Domain:** Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain (2021 President's Budget, Section 215).

These provisions are described further in the "Explanation of General Provisions" section.

Legislative Proposals

The 2021 Budget supports the following legislative proposals and will seek changes through the authorization process rather than the appropriations process:

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

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

Ginnie Mae is requesting that the permissible guarantee fee be established within a range. Once this statutory authority is provided, Ginnie Mae would establish an administrative process through which an adjustment could be made. Through fee setting, Ginnie Mae could better manage its risk to ensure reserves are in place to protect both the Agency and taxpayers, based on sound economic forecasting. Ginnie Mae is revising certain financial models to demonstrate a basis for identifying a reasonable range of guarantee fee changes. The model enhancements allow Ginnie Mae to compute a hypothetical "model guarantee fee" that varies depending on several input factors such as loan characteristics, creditworthiness of issuers, and economic forecasts. Ginnie Mae's proposed approach is to use the model to

generate data showing how the model guarantee fee could and can be thought to have been changing in recent times, thus providing quantitative support for fee-setting flexibility.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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 \$550,000,000,000, to remain available until September 30, [2021]2022: Provided, That [\$30,500,000]\$31,479,000, to remain available until September 30, [2021]2022, *to be derived from fees credited as offsetting collections to this account, including balances of fees collected and credited in prior fiscal years*, shall be available for necessary salaries and expenses of the Office of Government National Mortgage Association: [Provided further, That to the extent that guaranteed loan commitments exceed \$155,000,000,000 on or before April 1, 2020, 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, as amended, shall be credited as offsetting collections to this account. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Government National Mortgage Association

SALARIES AND EXPENSES*
(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$24,895	-	\$28,132	\$28,132	-	\$31,479	\$31,479
Non-Personnel Services:							
Other Services/Contracts	-	147	-	147	113	-	113
Total, Non-Personnel Services	-	\$147	-	\$147	\$113	-	\$113
Working Capital Fund	980	978	-	978	2,255	-	2,255
Carryover	1,125	-	2,368	2,368	-	-	-
Grand Total	\$27,000	\$1,125	\$30,500	\$31,625	\$2,368	\$31,479	\$33,847
FTEs	138	-	148	148	-	161	161

*Excludes GNMA No-Year S&E

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 domestic and global capital into that market. Ginnie Mae fulfills its mission by providing a mortgage-backed securities (MBS) guarantee platform to lenders issuing MBS and attracting investors to the sale of the MBS, which provides the liquidity that keeps funds flowing to lenders that originate loans under the Federal Housing Authority (FHA), Veterans Affairs (VA), Rural Housing Services (RHS) and Public and Indian Housing (PIH) programs. At the heart of the demand for the Ginnie Mae MBS is the explicit government guaranty that effectively removes credit risk for investors, making Ginnie Mae MBS a valuable international commodity.

Ginnie Mae provides potential investors with the U.S. Government's guarantee that they will receive timely payments from participating issuers while they remain in good standing in the Ginnie Mae program. Due to its critical role in providing liquidity to lenders and the housing market, Ginnie Mae is designated by the federal government as a Nationally Essential Function (NEF) for protecting and stabilizing the Nation's economy and ensuring public confidence in its financial system. Ginnie Mae's ability to fulfill its NEF role effectively and seamlessly is a direct function of its ability to conduct timely and efficient business operations and transactions and oversee and manage complex program and issuer risks.

BUDGET OVERVIEW

The 2021 President Budget's request of \$31.5 million is \$1 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$33.8 million, \$2.2 million above 2020 total funding.

Ginnie Mae's core activities surround its guarantee of timely payment on Ginnie Mae guaranteed-MBS securities. These core activities include the key operational functions of approving and monitoring the mortgage lenders who can issue and service the Ginnie Mae MBS and maintaining the platform over which the MBS is issued, and investors receive payment.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$31.5 million for GNMA PS, \$3.3 million above 2020 total funding. This funding will support 161 full-time equivalents (FTEs), 13 FTEs above 2020. The 2021 PS request will be required to support the planned 2020 end-of-year onboard staffing level and to implement a critical pay hiring strategy. PS funding will also support an increase in awards spending above 2020 levels of not less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Finally, the amount requested in the President's Budget also supports the implementation of a Critical Pay authority pilot, described further under "Key Operational Initiatives section."

Non-Personnel Services (NPS)

The Budget reflects total funding of \$113 thousand (carryover only) which is \$34 thousand less than 2020. The Budget does not request new authority for NPS in 2021 due to the majority of NPS being funded by contingent spending authority from offsetting collections earned in the GNMA S&E X-year account.

Working Capital Fund (WCF)

The Budget reflects total funding of \$2.3 million (carryover only) for WCF, \$1.3 million more than 2020 total funding. The increase in WCF level primarily is attributable to the new WCF business lines of IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

Housing Finance Reform Support

The Salaries and Expense requested level of support is necessary for Ginnie Mae to pursue the agenda directed in the HUD Housing Finance Reform Plan published in September 2019, pursuant to the Presidential Memorandum issued March 27, 2019. The Plan, which updated and reaffirmed agency commitments previously described in the Ginnie Mae 2020 white paper (as well as other public communications), calls for Ginnie Mae to undertake (or continue) a number of substantial reforms centered on counterparty risk management and securitization platform modernization. These reforms will endow Ginnie Mae with specific capabilities that it does not possess today (or possesses only in limited fashion) that are necessary to better serve and protect borrowers, investors, issuers and taxpayer in an environment that has changed dramatically in the decade since the financial crisis.

Examples of these specific capabilities are:

- The conversion of the securitization platform from pool-level to loan-level denomination;
- The ability to accept for securitization notes and other instruments that exist only in digital form;
- The completion of a comprehensive stress test modeling program; and
- The enhanced use of analytics to evaluate servicing cash flows and the adequacy of the Ginnie Mae guaranty fee.

In many cases, these reforms have been detailed in Requests for Information (RFIs) or externally published documents, and progress will be monitored by a variety of stakeholders. The counterparty risk management initiatives are the subject of stepped-up collaboration with a group of governmental entities that includes the Federal Housing Finance Agency, the Conference of State Banking Supervisors, and the Financial Stability Oversight Council. Moreover, needed reforms (which include the strengthening of Ginnie Mae's financial administration infrastructure) have also been addressed by the Government Accountability Office, most recently in its April 2019 Report "Ginnie Mae: Risk Management and Staffing-Related Challenges Need to Be Addressed." The 2021 request, along with use of Ginnie Mae's accumulated no-year funding, will allow the agency to meet these priorities while managing a growing and changing portfolio as well as increasing business complexity and risk.

Critical Pay Flexibility

Ginnie Mae's 2021 President's Budget supports its Critical Pay Authority hiring strategy. The existing Critical Pay authority permits an agency to set a higher rate of basic pay than would otherwise be payable for a position that requires expertise of an extremely high level in a scientific, technical, professional, or administrative field and is critical to the successful accomplishment of an important mission. Ginnie Mae is pursuing the use of Critical Pay authority to attract and retain mission critical employees with specialized skills that understand the mortgage securitization market.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Policy Development and Research

Research and Technology

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	96,000	40,763	-	136,763	115,685	76,000
2020 Appropriation	98,000	21,078	-	119,078	119,091	84,700
2021 President's Budget	94,650	-	-	94,650	94,650	91,000
Change from 2020	(3,350)	(21,078)	-	(24,428)	(24,441)	6,300

PROGRAM PURPOSE

The Research and Technology (R&T) account administered by the Office of Policy Development and Research (PD&R) provides fundamental evidence to support the mission of the Department through policy analysis, research, surveys, and program evaluations, as authorized in Title V of the Housing and Urban Development Act of 1970, as amended. R&T funds the research and evaluation function and leverages it through data infrastructure development, information management, and technical assistance. PD&R's work enables the Secretary, Congress, and principal staff at HUD and other agencies to make informed decisions on budget and legislative proposals and strengthen housing and community development policy. In addition to sustaining Core R&T data collection and research dissemination, the request level reflects increased PD&R responsibilities for implementing the Foundations for Evidence-Based Policymaking Act (Evidence Act) enacted in January 2019.

BUDGET OVERVIEW

The 2021 President's Budget requests \$94.7 million for R&T, which is \$3.4 million less than the 2020 enacted level. The requested funding level for R&T provides support for three critical functions with growing importance:

- 1) Core R&T includes \$50 million to support the American Housing Survey and other national surveys, knowledge management, data acquisition, research dissemination, building technology and public-private research;
- 2) Research, Evaluation, and Demonstrations includes \$17.7 million to support experimental demonstrations of innovative program concepts, evaluations of current programs, and other policy-focused research; and
- 3) Technical Assistance includes \$27 million to ensure that HUD program partners and practitioners have access to research-informed guidance in effective practice for better accountability, efficiency, and outcomes for all of HUD's programs and customers.

The requested amount for R&T will enable PD&R to more fully address priority research needs by successfully completing evaluations of ongoing program demonstrations, implementing the HUD Research Roadmap more fully, and strengthening systematic evidence-building for the Department as envisioned by the Evidence Act.

JUSTIFICATION

Core Research and Technology

Core R&T requires the largest share of R&T resources, totaling \$50 million for 2021, and comprises three components that are each described below: Housing Data Infrastructure; Knowledge Management, Dissemination, and Outreach; and Technical Expertise and Innovation.

Housing Data Infrastructure: This largest component of Core R&T supports the surveys that constitute the nation's housing data infrastructure. Reliable and well-structured housing datasets inform policymakers about homeowner and rental units, HUD-assisted and unassisted populations, and the nature of affordable housing problems. These data sources are utilized widely within the private sector and are essential for an efficient housing market—which in 2018 totaled \$2.7 trillion of real estate, rental, and leasing activity and almost \$750 billion of residential fixed investment, together accounting for 13.4 percent of the national economy. 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. Funding will support ongoing development of a Housing Insecurity index and AHS survey module. Other surveys funded under Core R&T provide important data necessary to monitor housing finance and local housing market conditions, including the Survey of Construction (SOC), Survey of Market Absorption of Apartments (SOMA), Manufactured Homes Survey (MHS), and Rental Housing Finance Survey (RHFS).

Housing Data Infrastructure also includes the acquisition of private sector data, and other data such as Low-Income Housing Tax Credit and U.S. Postal Service vacancy data, that are used in PD&R research and for numerous policy-relevant purposes. The Policy Analysis and Research Information System (PARIS) and the Enterprise Geographic Information System (eGIS) support HUD-wide objectives, and the Geocode Service Center (GSC) provides shared services for cross-agency missions.

HUD's survey activities are overseen by HUD's Statistical Official.¹ PD&R's staff expertise leverages the housing data assets by facilitating linkage with administrative data and external surveys and by conducting analysis to provide key program parameters such as income limits and fair market rents and to inform key policy initiatives. PD&R will continue to collaborate with HUD's Chief Data Officer and federal agencies to develop and utilize administrative data linkages, strengthen privacy protections, generate open data, and support data licensing to leverage the value of public investments.

Knowledge Management, Dissemination, and Outreach: PD&R uses this second component of Core R&T to disseminate research to inform evidence-based policy as well as convene stakeholders for shared learning opportunities. Key beneficiaries of knowledge management activities include HUD grantees, program staff, external experts, international entities, and policy makers. 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 an in-depth look at economic, demographic, and housing inventory trends of specific housing markets to guide builders, lenders, and others. During 2019, there were an average of one million downloads per month from the HUDUSER.gov research portal.

¹ As required by the Foundations for Evidence-Based Policymaking Act, HUD appointed a Statistical Official, Evaluation Officer, and Chief Data Officer in August 2019. See <https://data.hud.gov/eac.html>.

Technical Expertise and Innovation: The third component of Core R&T is the generation of evidence and provision of technical, evidence-based guidance. Housing finance research reduces risk to the FHA fund and supports housing finance reform discussion. The Research Partnerships program complements HUD's direct research efforts by providing matching funds for external researchers—in 2021 including those from Historically Black Colleges and Universities—who present unique research opportunities.

Technical innovation addresses the areas of building technologies and state and local land use practices that are crucial to increasing availability of high-quality affordable housing, as well as disaster preparedness and mitigation issues. Stakeholders for these efforts include HUD program offices, federal agencies, state and local policy makers, researchers and practitioners, and the housing industry. PD&R also is launching innovation award competitions to engage external expertise and incentivize bold solutions to housing policy challenges.

Research, Evaluation, and Demonstrations

R&T funding of \$17.7 million for Research, Evaluation, and Demonstrations will focus on strengthening HUD's programs and policy. PD&R seeks to prioritize these resources 1) to successfully complete multi-year program demonstrations and evaluations, 2) to inform and evaluate existing Departmental initiatives, and 3) to advance strategic evidence-building priorities established in the agency learning agenda, the HUD Research Roadmap.

Consistent with the Evidence Act, during 2020 HUD is developing a new Research Roadmap through an extensive process of consulting with internal and external stakeholders to ensure that the research function is forward-looking, systematic, and well-structured. The 2020 Roadmap provides the framework, articulates core evaluation principles and practices, and identifies critical research questions and data collection needs to guide HUD's evidence-building investments four or more years in the future. HUD's Evaluation Officer has oversight of the development and implementation of annual evaluation plans from the Roadmap as well as periodic assessments of HUD's capacity to develop and use evidence of all types. PD&R will also complete a 2021 Evaluation Plan during 2020.

In addition to priorities established in the Research Roadmap, new areas of research that PD&R is exploring include partnering with other agencies to explore innovative models for the provision of childcare services in support of economic opportunity. Working, low-income households have unique childcare challenges related to non-standard working hours, unstable work schedules, and limited transportation options that might be addressed through more effective local partnerships between housing providers, service providers, and employers. PD&R also plans to collaborate with our federal partners, including the U.S. Interagency Council on Homelessness to identify evidence-building needs related to evictions prevention and a more effective response to unsheltered homelessness.

Technical Assistance

Funding of \$27 million for the Technical Assistance (TA) program will equip HUD's partners and customers with the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and policies and be effective stewards of federal funding. HUD-wide TA will address growing needs related to the massive influx of capital for Opportunity Zones, the implementation of EnVision Centers, and support for removing regulatory barriers to affordable housing. HUD will continue awarding TA funds on a competitive basis through a two-year Community Compass Notice of Funding Availability (NOFA) because it offers a good balance between stability, flexibility, and administrative burden. In addition to the departmental TA in this Research and Technology account, the Community Compass NOFA includes TA funding from several accounts across HUD, including Public Housing Administrative Receivership and Native American Housing Assistance and Self Determination Act (NAHASDA). The assistance will take the form of needs assessment, direct TA, tools and products, training, data analysis, and knowledge management.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Core R&T	50,000	4,555	54,555	49,472	54,375	5,083	59,458	50,000
Technical Assistance	29,000	28,000	57,000	55,497	29,875	1,503	31,378	27,000
Research, Evaluations, and Demonstrations	17,000	8,208	25,208	10,716	13,750	14,492	28,242	17,650
BJA Pay for Success	-	-	-	-	-	-	-	-
Total	96,000	40,763	136,763	115,685	98,000	21,078	119,078	94,650

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONSGeneral Provisions

The 2021 President's Budget re-proposes the following general provision.

- **Unobligated Research Funds:** This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement. (2021 President's Budget, Section 216).

In addition, PD&R's appropriations language allows the Office of Lead Hazard Control and Healthy Homes (OLHCHH) to transfer up to \$2 million of its funds for research into PD&R. This will allow part of the Lead and/or Healthy Homes research funds to be awarded as cooperative agreements through PD&R, allowing those research funds to be awarded in a quicker and more targeted manner. Currently, all Lead research cooperative agreements must be distributed via a Notice of Funding Availability (NOFA), which prevents HUD from partnering with specific researchers on specific projects that could benefit HUD's efforts to end Lead poisoning and reduce housing-related health and safety hazards.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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, [\$98,000,000]*\$94,650,000*, to remain available until September 30, [2021] *2022: Provided*, That with respect to amounts made available under this heading or *transferred under the final proviso*, notwithstanding section 203 of this title, the Secretary may enter into cooperative agreements with philanthropic entities, other Federal agencies, State or local governments and their agencies, Indian tribes, tribally designated housing entities, or colleges or universities for research projects: *Provided further*, That with respect to the previous proviso, such partners to the cooperative agreements must contribute at least a 50 percent match toward the cost of the project: *Provided further*, That for non-competitive agreements entered into in accordance with the previous two provisos, the Secretary of Housing and Urban Development 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) with respect to documentation of award decisions: *Provided further*, *That up to \$2,000,000 of the amounts provided*

under the heading "Lead Hazard Reduction" for the purposes of conducting research and studies may be transferred to this heading for use in accordance with the previous three provisos for non-competitive agreements [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 it 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]. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Fair Housing and Equal Opportunity

Fair Housing Activities

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	65,300	48,012	-	113,312	67,312	59,248 ^a
2020 Appropriation	70,300	45,987	-	116,287	107,536	64,896
2021 President's Budget	65,300	8,629	-	74,051	66,800	68,207
Change from 2020	(5,000)	(37,358)	-	(42,236)	(40,736)	3,311

^{a/} Differs from the Budget Appendix due to rounding.

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's cardinal duty, therefore, is to create equal housing and credit opportunities for all persons living in America. The Fair Housing Program funds four activities: (1) Fair Housing Initiatives Program (FHIP); (2) Fair Housing Assistance Program (FHAP); (3) Limited English Proficiency Initiative (LEPI); and (4) the National Fair Housing Training Academy (NFHTA). Along with the work of FHEO, these programs work in concert to redress injuries to victims, prevent housing discrimination, and eliminate segregation.

BUDGET OVERVIEW

The 2021 President's Budget request for Fair Housing Programs is \$65.3 million, which is \$5 million less than the 2020 enacted level. The request funds the following programs:

- Fair Housing Initiatives Program: \$39.6 million supports grants to private fair housing organizations and education and outreach on fair housing rights and responsibilities
- Fair Housing Assistance Program: \$23.9 million supports state and local civil rights enforcement agencies with grants, training, and technical assistance
- Limited English Proficiency Initiative: \$300 thousand supports English translation and interpretation services
- National Fair Housing Training Academy: \$1.5 million supports national training on fair housing investigation and conciliation techniques

Fair Housing Programs	2019 Enacted	2020 Appropriation	2021 Request	Inc./Dec.
Fair Housing Initiatives Program (FHIP)	\$39,600,000	\$44,950,000	\$39,600,000	(\$5,350,000)
Fair Housing Assistance Program (FHAP)	23,900,000	23,500,000	23,900,000	400,000
Limited English Proficiency (LEPI)	300,000	350,000	300,000	(50,000)
National Fair Housing Training Academy (NFHTA)	1,500,000	1,500,000	1,500,000	0
Program Total	\$65,300,000	\$70,300,000	\$65,300,000	(\$5,000,000)

JUSTIFICATION

Fair Housing Initiatives Program (FHIP)

For FHIP, this request provides \$39.6 million to support critical fair housing enforcement work throughout the United States, as well as education and outreach to the general public about their rights and responsibilities under the Fair Housing Act. This is accomplished through the interplay of three major components: The Private Enforcement Initiatives (PEI), the Fair Housing Organization Initiatives (FHOI), and the Education Outreach Initiatives (EOI). PEI supports high quality, effective investigations and testing by 98 private fair housing organizations. The second major initiative, FHOI, enhances the capacity of existing organizations to provide fair housing enforcement services and creates new organizations in areas of the country which are underserved, unserved or those areas with large concentrations of protected classes. Through EOI, FHIP grantees conduct education and outreach activities that help inform people of their rights under the Fair Housing Act, as well as educate housing industry staff about the kind of actions that violate the Fair Housing Act. Each year, the Department awards local and regional grants to private fair housing groups, state and local governments, and other public or private entities that fund local education and outreach activities. In addition, the Department awards a national fair housing education and outreach grant to disseminate a broad national fair housing message. A separate education program, Fair Housing Accessibility FIRST, educates builders, designers, architects, and planners on the Fair Housing Act's accessibility requirements.

The FHIP request provides support for fair housing activities conducted by approximately 165 organizations. The request consists of:

- \$30,750,000 in PEI grants to private fair housing organizations to conduct intake and testing, investigate complaints, and provide litigation support for local compliance with the Fair Housing Act;
- \$7,850,000 in EOI grants for a variety of education and outreach activities, including a national media campaign;
- \$500,000 in FHOI grants to build capacity of private fair housing organizations
- \$500,000 to continue the Fair Housing Accessibility FIRST project, which trains industry professionals on the design and construction requirements of the Fair Housing Act.

Fair Housing Initiatives Program (FHIP)	2019 Enacted	2020 Enacted	2021 Request	Inc./Dec.
Private Enforcement Initiative (PEI)	\$30,750,000	\$36,350,000	\$30,750,000	(\$5,600,000)
Education and Outreach Initiative (EOI)	7,850,000	7,350,000	7,850,000	500,000
Fair Housing Organization Initiative (FHOI)	500,000	750,000	500,000	(250,000)
FIRST	500,000	500,000	500,000	0
Program Total	\$39,600,000	\$44,950,000	\$39,600,000	(\$5,350,000)

Fair Housing Assistance Program (FHAP)

For FHAP, the request provides \$23.9 million to continue support to approximately 77 state and local government civil rights agencies to investigate and prosecute housing discrimination within their jurisdictions. FHAP agencies often serve as the principal civil rights enforcers in their

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respective jurisdictions and investigate most administrative fair housing complaints filed in the country. They plan the investigations, interview parties and witnesses, gather and analyze evidence, facilitate resolution, and render determinations. Further, these agencies ensure compliance with settlement agreements and, where necessary, litigate complaints to address violations. Funding will maintain HUD's commitment to a coordinated intergovernmental partnership to protect the fair housing rights of individuals and families. This level of funding will:

- Provide for the investigation and remedy of complaints of discrimination;
- Deter willful violators through increased severity, immediacy, or probability of penalties; and
- Educate potential victims both to assert their civil rights and to seek remedies.

Fair Housing Assistance Program (FHAP)	2019 Enacted	2020 Enacted	2021 Request	Inc./Dec.
Complaint Processing	\$17,000,000	\$15,540,000	\$16,100,000	\$560,000
Administrative Costs	4,700,000	4,500,000	4,740,000	240,000
Training	2,000,000	1,700,000	2,000,000	300,000
Capacity Building	0	160,000	160,000	0
Special Enforcement Efforts (SEE)	100,000	100,000	100,000	0
Partnership Activities	100,000	1,500,000	800,000	(700,000)
Program Total	\$23,900,000	\$23,500,000	\$23,900,000	\$400,000

Limited English Proficiency Initiative (LEPI)

For LEPI, the request provides \$300,000 for Department-wide interpretation and translation services. LEPI is a direct initiative to ensure HUD's compliance with Executive Order 13166, which requires federal agencies to assess and address the needs of eligible persons seeking access to federally-conducted programs and activities who, due to limited English proficiency (LEP), cannot fully and equally participate in or benefit from those programs and activities. FHEO manages HUD's Language Access Services program, which includes the LEP program. LEPI allows HUD staff to communicate and interact with LEP individuals at no cost to the individual.

This funding level allows for the continuation of current LEPI activities, including:

- Department-wide language services contracts that support all HUD program offices' efforts to fulfill their mission-critical work, including the Offices of the Secretary and Deputy Secretary, Office of Administration, Field Policy & Management, HUD Emergency Operations Center, Office of Housing Counseling, Office of Public Affairs, Public and Indian Housing, Office of Housing, and the Office of Lead Hazard Control and Healthy Homes in their efforts to address the needs of the public regarding civil rights, housing opportunities, and disaster recovery. For example, the LEPI funds ensured that over 600 documents were translated for the public, including many to address the hurricane disaster recovery work.
- Support for FHEO's responsibility to investigate housing discrimination complaints, conduct compliance reviews of HUD-funded recipients, and provide fair housing civil rights information to the public.

FAIR HOUSING PROGRAMS

Limited English Proficiency Initiative (LEPI)	2019 Enacted	2020 Enacted	2021 Request	Inc./Dec.
Limited English Proficiency Initiative (LEPI)	\$300,000	\$350,000	\$300,000	(\$50,000)

National Fair Housing Training Academy (NFHTA)

For NFHTA, the request provides \$1.5 million to train current and future generations of fair housing professionals to combat housing discrimination. Working within state and local government agencies (FHAP agencies) and partner fair housing organizations (FHIP recipients), fair housing professionals are on the front line investigating housing discrimination and enforcing fair housing laws. The Academy will create and deliver innovative curricula, tools, and resources to inspire and prepare fair housing professionals to achieve success. Understanding the diversity of students' learning styles, the Academy will offer different training delivery options, such as peer-to-peer mentoring, online instruction, and in-person hands-on training where students solve real-world challenges together. Because of the Academy, fair housing professionals will have the tools necessary to lead fair housing organizations, engage their communities around eliminating housing discrimination, and enforce fair housing law. FHEO has made Academy funds available through HUD's Community Compass Technical Assistance and Capacity Building Notice of Funding Availability (NOFA). NFHTA was awarded under this NOFA for the first time with the 2018-19 Community Compass NOFA. As the selected vendors begin to operate, the Academy will provide up-to-date training for fair housing professionals across the country.

National Fair Housing Training Academy (NFHTA)	2019 Enacted	2020 Enacted	2021 Request	Inc./Dec.
National Fair Housing Training Academy (NFHTA)	\$1,500,000	\$1,500,000	\$1,500,000	\$0

Outcomes, Performance Indicators, and other evidence

FHEO uses performance indicators and measures outcomes to determine the success of its programs.

FHAP agencies investigate the majority (approximately 80 percent) of the administrative fair housing complaints filed in the country. For FY 2019, FHAP agencies handled approximately 6,125 fair housing complaints and obtained monetary relief totaling more than \$3.76 million, in addition to public interest relief such as adoption/revision of non-discrimination policies, education and outreach efforts, and fair housing training.

The recent case of *David Jackson v. CFU Shelton Knoll, LLC*, from Charlotte-Mecklenburg County, NC, FHAP Agency, exemplifies the kind of success FHAP agencies achieve. Complainant David Jackson requested a reasonable accommodation related to his accessible parking spot. The complainant alleged that due to landscape water and mud runoff, his accessible spot continuously filled up with mud and debris, making it hazardous. He made numerous requests for the landscape drainage to be modified so that his space would not be dangerous, or for the housing provider to move his accessible parking space. He alleged his requests were denied or ignored, and he further alleged retaliation when he received a lease nonrenewal after the housing provider became aware that he filed a complaint with the Charlotte-Mecklenburg FHAP Agency.

The FHAP agency successfully conciliated the complaint and obtained individual relief and public interest relief including, but not limited to, the following:

- \$10,000 in damages, as well as two years' free rent;

- Correction of the drainage issues with regard to the accessible parking space;
- Upgrades to unit, including \$1,000 for storage expenses associated with upgrades;
- Revision of reasonable accommodation/reasonable modification policy, including policy on assistance animals;
- Rescission of existing policy that required persons with disabilities to submit new documentation every 90 days to evaluate their disability; and
- Fair Housing Training.

FHIP requires grantees to use sound methodologies for recording quarterly and annual successes and positive outcomes, as well as requiring sound financial and management systems that accurately measure performance. Quarterly and final reports are used to gauge grantee performance against stated metrics. For example, in 2019, cases filed with HUD involving a FHIP agency were less likely to be dismissed than other cases. FHIP-assisted complaints resulted in higher conciliation rates (46 percent) than non-FHIP complaints (29 percent).

HUD will evaluate the effectiveness of the NFHTA through short and long-term measures. In the short term, HUD will evaluate training quality (which may include pre- and post-tests). Over the long term, HUD will evaluate how training enhances the quality of FHAP and FHIP-funded agencies' performance. Among many potential measures, this may include improvement in the quality of fair housing investigations, an enhanced ability to conciliate or mediate cases, greater performance consistency, and demonstrated adherence to HUD policy guidance. Finally, in accordance with requirements for Community Compass Technical Assistance and Capacity Building cooperative agreements, HUD will require the awardee(s) of training academy funds to submit financial and program performance reports to HUD.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Fair Housing Initiatives Program	39,600	39,600	79,200	39,593	44,950	39,600	84,550	39,600
Fair Housing Assistance Program	23,900	6,658	30,558	24,305	23,500	6,250	29,750	23,900
Limited English Proficiency Initiative	300	254	554	418	350	137	487	300
National Fair Housing Training Academy	1,500	1,500	3,000	2,996	1,500	-	1,500	1,500
Total	65,300	48,012	113,312	67,312	70,300	45,987	116,287	65,300

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2021 President's Budget re-proposes the following general provision that was enacted in the 2020 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. (2021 President's Budget, Section 202)

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, ~~[\$70,300,000]~~ *\$65,300,000*, to remain available until September 30, ~~[2021]~~ *2022: Provided, [That grants made available from amounts provided under this heading shall be awarded within 180 days of enactment of this Act: *Provided further,**] That notwithstanding 31 U.S.C. 3302, the Secretary may assess and collect fees to cover the costs of the Fair Housing Training Academy, and may use such funds to develop on-line courses and provide such training: *Provided further,* That no funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant, or loan: *Provided further,* That of the funds made available under this heading, ~~[\$350,000]~~ *\$300,000* shall be available to the Secretary of Housing and Urban Development 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, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Lead Hazard Control and Healthy Homes

Lead Hazard Reduction

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	279,000	217,755	-	496,755	468,667	95,657
2020 Appropriation	290,000	28,088	-	318,088	318,088	177,754
2021 President's Budget	360,000	-	-	360,000	306,000	212,010
Change from 2020	70,000	(28,088)	-	41,912	(12,088)	34,256

PROGRAM PURPOSE

The 2021 President Budget request for the Office of Lead Hazard Control and Healthy Homes (OLHCHH) program is \$360 million, which is \$70 million more than the 2020 enacted level. The program protects low-income families, particularly those with children, from exposures to lead from house paint and the lead-contaminated dust and soil it creates, while concurrently addressing multiple health hazards in these homes that contribute to such conditions as asthma, cancer, and/or unintentional injuries. OLHCHH funds grants that reduce lead-based paint hazards and other housing-related health and safety hazards, enforces lead-based paint regulations, provides outreach and technical assistance, and funds technical studies to develop and evaluate cost-effective methods to protect children and their families from health and safety hazards in the home. OLHCHH also conducts demonstrations of programs that identify and remediate housing-related hazards on their own and in collaboration with other HUD offices and/or other agencies. For 2021, these demonstrations would include collaborating with other HUD offices on the Carbon Monoxide Alarms Resident Safety Demonstration, Radon Testing and Mitigation Resident Safety Demonstration, and Housing Choice Voucher Lead Risk Assessment Demonstration.

BUDGET OVERVIEW

At the 2021 Budget level, the OLHCHH will make funds available to achieve results under the following programs:

- Lead Hazard Control Grants: \$145 million in grants to make 12,100 unassisted low-income older homes free of lead-based paint hazards.
- Lead Hazard Reduction Demonstration: \$95 million in grants to make 8,200 unassisted low-income older homes free of lead-based paint hazards.
- Healthy Homes Grants and Support:
 - \$28 million in Healthy Homes Supplements to the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration grant programs, above, to mitigate multiple health hazards that contribute to asthma, cancer, and unintentional injuries in 9,300 homes.
 - \$17 million in grants and contracts to identify and correct housing-related health and safety hazards besides lead-based paints, further the understanding of housing

conditions and their connections to resident health, identify effective interventions and preventive practices, demonstrate the health and economic benefits of interventions, conduct surveys, provide technical support and training, grant management and evaluation tools, and manage and evaluate demonstration programs.

- Lead Technical Studies and Support: \$5 million to develop detection, evaluation, and control technologies regarding lead and other residential hazards, and provide the basis for the building, housing, scientific, and public health communities to address the hazards more efficiently and broadly. The technical studies and assistance activities are conducted through grants, cooperative agreements, and contracts, and include technical support and training, grant management and evaluation tools, and interagency collaboration projects.
- Carbon Monoxide Alarms Resident Safety Demonstration: \$35 million for the installation and replacement of carbon monoxide alarms or of combination smoke detector-carbon monoxide alarm devices in high-risk units, as defined by the Secretary. The demonstration would support consideration of supplementing HUD's current carbon monoxide safety requirements and guidelines, which require that assisted housing units not have dangerous levels of carbon monoxide and encourages a carbon monoxide alarm installation requirement where not required by the state or local government, but does not include an explicit alarms installation requirement. This demonstration will help further reduce the risk of dangerous carbon monoxide levels in HUD-assisted housing. OLHCHH will coordinate with HUD program offices to make funds available to target high-risk units in HUD-assisted housing programs.
- Radon Testing and Mitigation Resident Safety Demonstration: \$5 million for radon testing and mitigation in public housing units with radon levels at or above the Environmental Protection Agency (EPA)'s radon action level, in areas identified by the EPA or a state or local government as having high potential for elevated indoor radon levels.
- Housing Choice Voucher Lead Risk Assessment Demonstration: \$30 million for public housing agencies that administer housing choice voucher programs to conduct lead hazard screens or risk assessments in pre-1978 units in which children under age 6 reside or are expected to reside. Because adding a risk assessment requirement could affect the leasing process and the availability and affordability of units, this demonstration would examine whether these are disruptive, and, if so, to what extent, to help inform Congressional decision-making regarding possible enactment of a lead hazard screen/lead risk assessment requirement.

JUSTIFICATION

OLHCHH's mission is to provide safe and healthy homes for at-risk families and children by supporting the identification and mitigation of conditions that threaten the health of residents. OLHCHH coordinates disparate health and housing agendas, supports key research, targets enforcement efforts, and provides tools to build sustainable local programs that mitigate housing-related health hazards. OLHCHH assists states and local governments, both directly and through collaboration with other HUD Offices, in remedying 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 healthy homes arenas. OLHCHH has strong collaborations with other federal agencies, e.g., the Department of Health and Human Services, the EPA, and the U.S. Department of Agriculture, such as its chairing of the Healthy Homes Working Group and its participation in the Children's Environmental Health Task Force, Asthma Disparities Working Group, and Federal Bedbug Working Group.

Lead Hazard Reduction

Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America's children, with over 22 million homes (34 percent of the homes built before 1978) having significant lead-based paint hazards.¹ OLHCHH's two main programs are the Lead Hazard Control and Lead Hazard Reduction Demonstration grant programs, which share the same goal to make privately owned low-income housing lead-safe. The main distinction between the two programs' is that the Lead Hazard Reduction Demonstration grant program (begun in 2003) focuses on cities, counties, parishes, or other units of local government with the most pre-1940 rental housing and highest rates of childhood lead poisoning cases, while the original Lead Hazard Control program (begun in 1993) is open to a broader range of States, Native American Tribes, and communities. Funding is projected to make the housing units enrolled in the programs lead-safe at an average of \$12,000 per unit.

HUD has rigorously evaluated the effectiveness of the programs, determining them effective in both the pure outcome measure (i.e., reducing children's blood lead levels)² and the long-term effectiveness of the hazard controls.³ 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.⁴

Healthy Homes

The Healthy Homes program goes beyond addressing lead-based paint hazards to cover other serious threats to residents' health and safety. While grantees can use Lead Hazard Control and Reduction Demonstration funds to remove or repair the lead paint in a residence (as authorized by Title X of the Housing and Community Development Act of 1992), those grants cannot address mold clean up, smoke detector installation, lead-containing water supply component replacement, or other unsafe or unhealthy conditions present in those same houses. The major portion of the Healthy Homes funding is for Healthy Homes Supplements to the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration grants, which allow grantees to address residential hazards other than the lead-based paint hazards in the same low-income older homes where grantees are controlling lead-based paint hazards. The Healthy Homes Supplement approach is efficient in that the outreach, recruitment, enrollment, and monitoring processes for getting work done in the home have already been developed and implemented for the lead hazard control work, so that smaller, incremental efforts are needed to assess for and mitigate hazards other than lead-based paint. Funding for Healthy Homes Supplements is projected to make homes healthy at an average cost of \$3,000 per unit. Note that, with heightened national interest in lead in residential water, Healthy Homes Supplement funds may increasingly be used for lead service line and interior lead plumbing replacement (about \$2,000 - \$5,000 per housing unit); this may increase the average per-unit Supplement cost and decrease the number of housing units to which the Supplements can be applied.

¹ As determined by OLHCHH's American Healthy Homes Survey I (Dewalt FG et al. Prevalence of Lead Hazards and Soil Arsenic in U.S. Housing. *J. Env. Health.* 78(5):22-29 (2015))

² Clark S, et al. Effects of HUD-supported lead hazard control interventions in housing on children's blood lead. *Env. Research.* 111(2):301–311 (2011)

³ Dixon SL, et al. Window replacement and residential lead paint hazard control 12 years later. *Env. Research.* 113(1):14-20 (2012)

⁴ Gould E., Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control. *Env. Health Perspectives.* 117(7):1162-7 (2009)

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,⁵ and installing battery-operated smoke alarms yields \$18 per dollar invested.⁶

Healthy homes program funds also support contracts for national surveys, training, and public education programs that help State, local, and nongovernmental agencies, housing industry stakeholders, and the public to understand the issues; and the Healthy Homes Technical Studies Grant Program (discussed below), which develops and evaluates effective interventions and preventive practices to reduce or eliminate health and safety hazards in homes.

Technical Studies and Support

The 2021 Budget includes \$10 million for Lead and Healthy Homes Technical Studies and Support (\$5 million for Lead Technical Studies and \$5 million from within the Healthy Homes Program). The funding will continue HUD's significant progress furthering the national understanding of housing conditions and their connections to resident health, which includes identifying effective interventions and preventive practices and demonstrating the health benefits of interventions to reduce or eliminate health and safety hazards in homes.

The technical studies conducted to date have helped develop detection, evaluation, and control technologies regarding lead and other residential hazards and have provided the basis for the building, housing, scientific, and public health communities to address the hazards more efficiently and broadly. The technical studies and support activities are conducted through grants, cooperative agreements, and contracts, and include technical assistance and training, grant management and evaluation tools, and interagency collaboration projects.

In addition, HUD is proposing to allow OLHCHH to transfer up to \$2 million of its funds for research to the Office of Policy Development and Research (PD&R). Part of the Lead and/or Healthy Homes research funds can then be awarded as cooperative agreements through PD&R, allowing those funds to be awarded in a faster and more targeted manner. Currently, all lead research cooperative agreement funds must be distributed via a Notice of Funding Availability (NOFA), which prevents HUD from partnering with specific researchers on projects they have proposed that could benefit HUD's efforts to end lead poisoning and reduce housing-related health and safety hazards.

Demonstration Programs

For 2021, the OLHCHH would collaborate with other HUD offices on three demonstrations: the Carbon Monoxide Alarms Resident Safety Demonstration, Radon Testing and Mitigation Resident Safety Demonstration, and Housing Choice Voucher Lead Risk Assessment Demonstration, described as follows:

⁵ Nurmagambetov TA et al., 2011. Economic Value of Home-Based, Multi-Trigger, Multicomponent Interventions with an Environmental Focus for Reducing Asthma Morbidity: A Community Guide Systematic Review. *American Journal of Preventive Medicine*. 41(2S1): S33–S47. (2011)

⁶ Children's Safety Network/Pacific Institute for Research and Evaluation. *Injury Prevention: What Works? A Summary of Cost-Outcome Analysis for Injury Prevention Programs* (2014 Update)

Carbon Monoxide Alarms Resident Safety Demonstration

HUD's Housing Quality Standards (24 CFR 982.401) require housing assisted under the HOME Investment Partnership, Continuum of Care, Shelter Plus Care, Housing Choice Voucher, and Project Based Voucher programs (parts 92, 578, 582, 982, and 983, respectively) to be free from dangerous levels of carbon monoxide (section 982.401(i)(2)(i)).

Grants under the carbon monoxide alarms resident safety demonstration would support consideration of supplementing the current carbon monoxide program requirements through the installation and replacement of carbon monoxide alarms or of combination smoke detector-carbon monoxide alarm devices in high-risk units, as defined by the Secretary. The starting point for the development of the definition of high-risk unit would be the presence of a combustion-based appliance in the housing unit or building, or the unit having an attached garage with an opening between the garage and the unit. Housing assistance programs to be considered for inclusion in the demonstration would be those covered by HUD's Housing Quality Standards and the project-based rental assistance and public housing programs (parts 880 to 886, and 965, respectively).

OLHCHH would implement this demonstration in collaboration with the Offices of Public and Indian Housing, Multifamily Housing, and Community Planning and Development. Work would include the development of one or more grants, contracts, or other funding vehicles, and execution and management of the funding vehicles, with each Office providing its technical, managerial, and administrative skills to their respective portions of the demonstration.

Radon Testing and Mitigation Resident Safety Demonstration

HUD currently requires testing (with suitable exceptions) and mitigation of radon levels in indoor air when the EPA's radon action level (of 4 picoCuries per liter)⁷ is equaled or exceeded, for a range of new and refinanced Multifamily Housing mortgages.⁸ For the public housing program, the current radon guidance⁹ strongly encourages public housing agencies to proactively plan and complete radon testing and follow-up with mitigation strategies. The 2015 American Housing Survey¹⁰ indicates that about 7% of homes have radon levels that are above the radon action level. The proposed Radon Demonstration would be part of fulfilling HUD's commitment to examining ways that radon testing and mitigation may be further incorporated into HUD-assisted housing program requirements.¹¹

Specifically, in support of strategy 1.1 of the National Radon Action Plan,¹² a federal-nonprofit collaborative document that HUD co-authored, to "work with government ... housing finance

⁷ U.S. Environmental Protection Agency Office of Air and Radiation. Technical Support Document for the 1992 Citizen's Guide to Radon. EPA-400-R-92-011. May 1992. Available through <https://nepis.epa.gov>.

⁸ See HUD Office of Multifamily Development Radon Policy Notice H 2013-03 and Mortgagee Letter 2013-07, January 31, 2013. www.hud.gov/sites/documents/13-03hsgn.pdf, and www.hud.gov/sites/documents/13-07ml.pdf, respectively.

⁹ See HUD Office of Public and Indian Housing's Radon Information for PIH Programs (Notice PIH 2013-06), February 4, 2013. www.hud.gov/sites/documents/13-06pihn.pdf.

¹⁰ U.S. Census Bureau. 2015 American Housing Survey. National - Health and Safety Characteristics - All Occupied Units. www.census.gov/programs-surveys/ahs/data/interactive/ahstablecreator.html?s_areas=00000&s_year=2015&s_tablename=TABLES01.

¹¹ HUD Office of Public and Indian Housing. Radon Information for PIH Programs. Op cit.

¹² U.S. Environmental Protection Agency. The National Radon Action Plan: A Strategy for Saving Lives. EPA 402/R-15/001. November 10, 2015. www.epa.gov/sites/production/files/2019-05/documents/nrap-a_strategy_for_saving_lives_-_final.pdf.

organizations to encourage radon testing and mitigation as a standard practice,” HUD would conduct this public housing radon testing and mitigation resident safety demonstration to help the Department assess the feasibility of large-scale testing and the response to test results by public housing agencies. The demonstration would target the installation of radon detectors in public housing units and the mitigation of units with radon levels at or above the radon action level, in areas identified as having high potential for elevated indoor radon levels according to either the EPA’s Map of Radon Zones or a more recent state or local government radon map or testing program. This demonstration would set the stage for public housing agencies to mitigate elevated radon levels and provide HUD with implementation information for consideration of subsequent steps in addressing radon in public housing. OLHCHH would 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.

Housing Choice Voucher Lead Risk Assessment Demonstration

HUD does not have statutory authority to require in its Housing Choice Voucher housing units (nor other tenant-based rental assisted units) built before 1978 more than a visual assessment for deteriorated paint and paint stabilization when deteriorated paint is found. Moreover, those limited actions are only required when a child under age 6 resides in or expects to reside in the unit.¹³ HUD’s Housing Quality Standards for such units (24 FR 982.401(j)) invoke the Lead Safe Housing Rule (24 CFR part 35, subparts A, B, M, and R) for how the visual assessment and paint stabilization are to be conducted. For all Housing Choice Voucher units, including those built after 1977 or without a child under age 6 residing, the Housing Quality Standards require that ceilings, walls, and floors not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage (24 CFR 982.401(g)(2)(i)).

Because the visual assessment does not include environmental sampling of dust, soil or paint, that assessment will not identify some lead-based paint hazards, if present. If the hazards are identified, through a lead hazard screen or a lead risk assessment (24 CFR 35.110), they must be controlled for the unit to meet the Housing Quality Standards, which may lengthen the leasing process and increase landlords’ outlays, and may, therefore, reduce their willingness to participate in the Housing Choice Voucher program, as Congress has noted. Because adding a risk assessment requirement could, therefore, impact the leasing process for families and their ability to find suitable housing, a demonstration of whether it is disruptive, and, if so, to what extent, would help inform Congressional decision-making regarding possible enactment of a lead hazard screen / lead risk assessment requirement.

¹³ The Residential Lead-Based Paint Hazard Reduction Act of 1992 (“Title X”), authorizes requiring lead risk assessments only for pre-1978 housing suitable for families that “is covered by an application for [HUD] mortgage insurance or housing assistance payments ... or otherwise receives more than \$5,000 in [Federal] project-based assistance. (42 U.S.C. § 4822(a)(1)) For tenant-based assistance programs, such as the Housing Choice Voucher program, HUD is not authorized to require risk assessments. In addition, Senate Report 102-332, issued as part of the development of Title X and that act’s legislative history, made it clear this Congressional exclusion was intentional:

“Housing receiving tenant based rental assistance would also be exempt from [Title X and the law that it amended]. Due to the tendency of this housing to pass in and out of federal assistance programs, the Committee considers it unworkable, and in some [re]spects inequitable, to impose greater burdens on owners of this housing than on private landlords.”

LEAD HAZARD REDUCTION

Lead hazard screens are faster and less costly than lead risk assessments. If a lead hazard screen detects the likelihood or presence of lead-based paint hazards, a lead risk assessment would be required to find all the lead-based paint hazards. Participating landlords would generally be responsible for funding and/or performing the lead hazard control using the HUD Lead Safe Housing Rule required controls. The public housing agency may assist with the costs of the post-work clearance exam. Landlords of Housing Choice Voucher units in the service area of OLHCHH lead hazard control grantees would be eligible to enroll their units in that grant program, which would cover the costs of lead-based paint inspection, risk assessment, lead hazard control, and clearance before re-occupancy. The Housing Choice Voucher Lead Risk Assessment Demonstration will evaluate how state or local requirements are implemented and contrast results between units located in and outside of the service area of current OLHCHH lead hazard control grantees.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Lead Hazard Control Grants	70,000	177,400	247,400	247,400	76,000	-	76,000	145,000
Lead Technical Studies and Support	5,000	1,842	6,842	2,881	5,000	3,961	8,961	5,000
Healthy Homes Grants and Support	45,000	38,513	83,513	61,441	50,000	22,072	72,072	45,000
Lead Hazard Reduction Demonstration	95,000	-	95,000	94,899	95,000	101	95,101	95,000
Lead Hazard Reduction Neighborhood Grants	64,000	-	64,000	62,046	64,000	1,954	65,954	-
Carbon Monoxide Alarms Resident Safety Demonstration	-	-	-	-	-	-	-	35,000
Radon Testing and Mitigation Resident Safety Demonstration	-	-	-	-	-	-	-	5,000
Housing Choice Voucher Lead Risk Assessment Demonstration	-	-	-	-	-	-	-	30,000
Total	279,000	217,755	496,755	468,667	290,000	28,088	318,088	360,000

LEGISLATIVE PROPOSALS

Legislative Proposals

The 2021 Budget supports the following legislative proposals, and will seek changes through the authorization process rather than the appropriations process:

- An increased threshold for lead abatement under the Lead Safe Housing statute (42 U.S.C. 4822(a)(1)) to reflect inflation since the 1992 enactment of that statute.**
 The lead abatement threshold is met when federal rehabilitation assistance is greater than the fixed amount of \$25,000 per unit (42 U.S.C. 4822(a)(1), enacted under Section 1012 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 ("Title X")). Inflation since the 1992 enactment of Title X (when the dollar threshold was established) means that a rehabilitation project of \$13,800 at the time of enactment would now cost over \$25,000. As a result, the abatement of units is required for projects with much less real-dollar rehabilitation assistance than Congress intended. This can induce local funding agencies to not rehabilitate many of the units they would have in previous years, leaving them to continue exposing young children to avoidable health risk. To restore the real-world meaning of the abatement threshold, adjusting the threshold for inflation is necessary. The proposed

statutory amendment would authorize the Secretary to, annually, use a publicly available inflation index to determine the abatement threshold.

- **Subpoena authority for enforcement of the Lead Disclosure Statute (42 U.S.C. 4852d).** Under current law, HUD and the Environmental Protection Agency (EPA) have joint authority for enforcing compliance with the Lead-Based Paint Disclosure Statute (“Disclosure Statute”) in (almost all) pre-1978 housing being sold or leased (42 U.S.C. 4852d, enacted under Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (“Title X”). However, while EPA has the authority to issue subpoenas for enforcing under a separate statute (15 U.S.C. § 2610(c), enacted under the Toxic Substances Control Act (TSCA)), HUD does not have Disclosure Statute subpoena authority under Section 1018 nor elsewhere in or outside of Title X. Currently, in cases where HUD is the primary or sole investigator, HUD must rely solely on EPA’s availability and agreement to issue a subpoena. However, EPA lacks the staffing resources to accommodate HUD’s requests for adding to its enforcement workload. This section will provide HUD with the subpoena authority. HUD will continue to request initially that a residential property owner and/or manager provide documents or permit entry to HUD staff in order to view and copy the documents, on a voluntary basis. HUD will use the subpoena authority provided by this section only when the owner and/or manager does not provide the documents. This section will not affect EPA’s ability to exercise its existing authorities under TSCA or Section 1018.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For ~~[the]~~*activities and assistance related to* Lead Hazard Reduction ~~[Program]~~ *and Healthy Homes*, [as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, \$290,000,000]*\$360,000,000*, to remain available until September 30, ~~[2022]~~*2023*~~],]: Provided, That \$245,000,000 of the amounts made available under this heading shall be for the Lead Hazard Reduction Program, as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992: Provided further, That of the total amount made available under the previous proviso, an amount to be determined by the Secretary shall be made available on a competitive basis for areas with the highest lead paint abatement needs: Provided further, That each recipient of funds provided under the previous proviso shall contribute an amount not less than 25 percent of the total: Provided further, That [of which \$50,000,000]~~*\$45,000,000 of the amounts made available under this heading 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: 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 under this heading or under prior appropriations Acts for such purposes under this heading, shall be considered to be funds for a special project for purposes of section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994: [Provided further, That not less than \$95,000,000 of the amounts made available under this heading for the award of grants pursuant to section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 shall be provided to areas with the highest lead-based paint abatement needs: Provided further, That \$64,000,000 of the funds appropriated under this heading shall be for the implementation of projects in not more than ten communities to demonstrate how intensive, extended, multi-year interventions can dramatically reduce the presence of lead-based*

paint hazards in those communities: *Provided further*, That each project shall serve no more than four contiguous census tracts in which there are high concentrations of housing stock built before 1940, in which low-income families with children make up a significantly higher proportion of the population as compared to the State average, and that are located in jurisdictions in which instances of elevated blood lead levels reported to the State are significantly higher than the State average: *Provided further*, That such projects shall be awarded not less than \$6,000,000 and not more than \$9,000,000: *Provided further*, That funding awarded for such projects shall be made available for draw down contingent upon the grantee meeting cost-savings, productivity, and grant compliance benchmarks established by the Secretary: *Provided further*, That each recipient of funds for such projects shall contribute an amount not less than 10 percent of the total award, and that the Secretary shall give priority to applicants that secure commitments for additional contributions from public and private sources: *Provided further*, That grantees currently receiving grants made under this heading shall be eligible to apply for such projects, provided that they are deemed to be in compliance with program requirements established by the Secretary: *Provided further*, That of the amount made available for the Healthy Homes Initiative, \$5,000,000 shall be for the implementation of projects in up to 5 communities that are served by both the Healthy Homes Initiative and the Department of Energy weatherization programs to demonstrate whether the coordination of Healthy Homes remediation activities with weatherization activities achieves cost savings and better outcomes in improving the safety and quality of homes:]*Provided further*, That \$35,000,000 of the amounts made available under this heading shall be for a carbon monoxide alarms resident safety demonstration (the CO demonstration), including analytical studies of such demonstration: *Provided further*, That grants under the CO demonstration shall be for activities supporting the installation and replacement of carbon monoxide alarms or of combination smoke detector-carbon monoxide alarm devices in high-risk units, as defined by the Secretary: *Provided further*, That, where required by state, tribal, or local law, the manner or extent of installation of carbon monoxide alarms or combination alarms shall conform to such requirement: *Provided further*, That \$5,000,000 of the amounts made available under this heading shall be for a radon testing and mitigation resident safety demonstration program (the radon demonstration) in public housing: *Provided further*, That the testing method, mitigation method, or action level used under the radon demonstration shall be as specified by applicable state or local law, if such law is more protective of human health or the environment than the method or level specified by the Secretary: *Provided further*, That \$30,000,000 of the amounts made available under this heading 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 United States 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: *Provided further*, That each applicant shall certify adequate capacity that is acceptable to the Secretary to carry out the proposed use of funds pursuant to a notice of funding availability: *Provided further*, That amounts made available under this heading in this or prior appropriations Acts, 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, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Salaries and Expenses Overview

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carryover	Enacted	Total	Carryover	President's Budget	Total
Personnel Services:							
Personnel Services	1,046,368	17,420	1,137,826	1,155,246	8,012	1,203,009	1,211,021
Common Distributable	12,263	-	12,900	12,900	-	12,400	12,400
Total, Personnel Services	\$1,058,631	\$17,420	\$1,150,726	\$1,168,146	\$8,012	\$1,215,409	\$1,223,421
Non-Personnel Services:							
Travel	14,695	1,900	14,302	16,202	1,752	13,660	15,412
Transportation of Things	415	6	537	543	-	367	367
Rent and Utilities	118,508	42	122,794	122,836	-	118,342	118,342
Printing	625	200	905	1,105	75	901	976
Other Services/Contracts	80,503	32,288	86,309	118,597	11,059	93,581	104,640
Training	6,654	765	6,176	6,941	900	5,726	6,626
Supplies	2,019	115	1,199	1,314	177	913	1,090
Furniture and Equipment	7,819	-	6,036	6,036	-	5,507	5,507
Claims and Indemnities	335	62	568	630	151	304	455
Total, Non-Personnel Services	\$231,573	\$35,378	\$238,826	\$274,204	\$14,114	\$239,301	\$253,415
Working Capital Fund	38,540	24,003	17,910	41,913	25,507	73,490	98,997
Carryover	76,801	-	47,633	47,633	-	-	-
Grand Total	\$1,405,545	\$76,801	\$1,455,095	\$1,531,896	\$47,633	\$1,528,200	\$1,575,833
FTEs	6,854	109	7,030	7,139	50	7,232	7,282

NOTE: Totals in chart and associated narrative include GNMA and exclude OIG.

SALARIES AND EXPENSES OVERVIEW

Consistent with the President's Management Agenda (PMA), and to continue to mitigate risk and improve operations, the 2021 President's Budget strategically invests in critical areas of HUD's operations for staffing, Financial Transformation, and the Data Analytics and Customer Care initiatives. The 2021 Budget requests \$1.5 billion for HUD salaries and expenses (S&E), an increase of \$20.8 million from the 2020 enacted level.¹ The Budget reflects total S&E (carryover and new authority) of \$1.6 billion, which is level with 2020 total funding.

Staffing

Until recently, HUD's staffing level was in a steep, years-long decline. For example, in the ten-year period from 2009 to 2018, HUD full-time equivalents (FTEs) fell from 8,661 to 7,011, a reduction of 19 percent. This decline posed challenges to HUD in providing the full scope of necessary coverage in

¹ The 2021 President's Budget includes \$52.3 million, which was realigned from the Information Technology (IT) Fund to support IT and Computer Devices paid via the Working Capital Fund. Adding this \$52.3 million to the 2020 base results in the net increase of \$20.8 million year over year.

various areas throughout the Department. Further, these limitations adversely impacted long-term productivity improvements and innovation within HUD's programs. In 2019, HUD leadership made increasing HUD's staffing levels a top priority across the Department. As a result of this focus, HUD ended the year with a slightly higher number of employees than at the beginning of the year for the first time since 2011. In 2020, HUD's enacted funding levels will support this continued focus on increased staffing, with the goal of achieving an end of year staffing level of approximately 7,200 full-time employees. Using workforce succession strategies, the Department intends to execute this increase to ensure the right people are allocated to the right jobs, resulting in the biggest impact to achieving HUD's priorities.

The 2021 President's Budget will provide the Department the funding required to support and slightly increase its 2020 staffing levels. The requested funding incorporates a cost of living increase of 1 percent and an increased Federal Employee Retirement System agency contribution of 1.3 percent. Consistent with the PMA Workforce Cross Agency Priority Goal, and other performance management objectives, the funding level requested will also support a one percentage point increase in awards spending above 2020 levels as a share of non-Senior Executive Service (SES) and Senior Leader (SL) salary spending in 2021.

HUD will prioritize 2020 and 2021 hiring in support of the following areas:

- Enhanced oversight of HUD's Community Development Block Grant-Disaster Recovery (CDBG-DR) portfolio;
- Risk management of FHA's guaranteed loan portfolio;
- Implementation of deregulatory actions, including requirements in Executive Order 13771; and
- Establishment of the Office of the Chief Data Officer (discussed further below).

The 2021 Budget proposes the following account structures, reorganizations, and realignments:

- Establish an Assistant Secretary of Administration (ASA) account which includes an Immediate Office of the Assistant Secretary for Administration account and consolidates funding for the following Administrative Support Offices:
 - Office of the Chief Human Capital Officer (OCHCO);
 - Office of the Chief Administrative Officer (OCAO); and
 - Office of the Chief Procurement Officer (OCPO)
- Within the Office of the Chief Financial Officer (OCFO) a reorganization of the Assistant CFO for Budget is proposed which would involve the following:
 - Establish a Federal Credit Branch in the ACFOB Program Budget Development Division (PBDD)
 - Rename the Assisted Housing, Mortgage, Credit and Direct Loans Branch to the Assisted Housing Branch
 - Rename the ACFOB Staff Resource Management and Analysis Division to the Resource Planning and Reporting Division (RPRD)
 - Realign the Budget and Legislation Coordination Branch from the PBDD to the RPRD and rename it the Budget Coordination Branch
 - Combine the existing Productivity Analysis and Support Branch and Systems and Procedures Branch in the RPRD into one branch, and name it the Reporting and Procedures Branch
- Realign the Appropriations Liaison Division which is currently located in OCFO to the Executive Offices, specifically within the Congressional Intergovernmental Relations (CIR) office

- Realign the Executive Secretariat Division from the Office of Administration to the Executive Offices

Financial Transformation

To protect taxpayers, support data, accountability, and transparency, the Department has developed a five-year plan for Financial Transformation. This budget provides up to \$15 million to support the third year of this effort. This funding is critical to maintaining the viability of the agency, maintaining the trust of taxpayers, and mitigating risk and fraud. To date the Financial Transformation initiative has made substantial progress in mitigating and reducing the Department's material weaknesses and significant deficiencies. In 2021, Financial Transformation efforts will continue to focus on:

- Developing a financial management strategy that bridges policies, procedures, processes/controls, and related accounting standards to HUD's mission and strategic goals;
- Advancing streamlined and transparent planning, performance, and budgeting functions aligned to HUD's mission;
- Align available resources of time, funds, assets, and people to a program and innovation portfolio that support broader strategic and financial goals;
- Enhancing a control environment that enhances accountability and transparency while integrating HUD's enterprise and fraud risk management strategies;
- Improving IT to make financial management, budget, and accounting processes more efficient, effective, and secure.

Data Analytics Initiative

The Office of the Chief Data Officer (CDO), which was established under the mandate of H.R. 4174, Foundations for Evidence Based Policymaking (FEBP) Act of 2018, is a newly established organization within Policy Development and Research. This office will be the primary organization responsible for performing the activities outlined under the Evidence Act. The budget provides up to \$6 million to support this initiative. The CDO will have 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 will lead HUD's effort to construct a comprehensive data inventory metadata of data assets across the agency and identify those considered public data assets. CDO will also support the design of data integration solutions across HUD as well as between HUD and other federal/non-federal agencies

Customer Experience Initiative

The Office of Field Policy and Management will lead the management, oversight and implementation of the Customer Experience initiative. The budget provides up to \$4.5 million to support this initiative. The initiative seeks to improve on the effectiveness, efficiency and responsiveness to HUD's customers across the department. In 2021 FPM, in collaboration with GSA, will complete the development and implementation of a Voice of the Customer (VoC) listening practice at HUD with the capability to continuously listen and respond to customer feedback.

Working Capital Fund (WCF)

In 2021, two new business lines are incorporated into the WCF: Information Technology (IT) Devices and Records Management Services.

IT Customer Devices are comprised of end-user IT equipment, including computers and laptops, mobile phones, peripherals, required network and support infrastructure, and Microsoft Office 365 licenses. Moving customer devices to a WCF model encourages HUD Program Offices to better manage customer device usage that may result in cost savings.

Records Management Services are comprised of services provided through the National Archives and Records Administration (NARA) and services provided by the HUD Office of Records and Information Management. Services include records transportation to NARA facilities, retention and storage of records, transfers and recall, refiling, and records disposal. Moving Records Management into the WCF model aligns with HUD's WCF existing authorization and appropriations language, encourages greater compliance with retention and disposal policies, and promotes potential long-term savings.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$11,078	\$462	\$12,792	\$13,254	\$412	\$15,452	\$15,864
Non-Personnel Services:							
Travel	302	565	-	565	-	794	794
Transportation of Things	-	6	-	6	-	5	5
Rent and Utilities	2	40	-	40	-	40	40
Printing	2	45	-	45	-	46	46
Other Services/Contracts	465	877	-	877	605	420	1,025
Training	7	85	-	85	-	95	95
Supplies	33	79	-	79	-	79	79
Total, Non-Personnel Services	\$811	\$1,697	-	\$1,697	\$605	\$1,479	\$2,084
Working Capital Fund	415	437	-	437	408	728	1,136
Carryover	2,596	-	1,425	1,425	-	-	-
Grand Total	\$14,900	\$2,596	\$14,217	\$16,813	\$1,425	\$17,659	\$19,084
FTEs	70	3	77	80	3	90	93

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 which includes accomplishing the Department's goals of modernizing the Information Technology platform, providing data, accountability, and transparency, creating a modern workforce, and promoting economic opportunity for HUD-assisted residents.

- **Modern information technology (IT)** will function as the backbone of how government serves the public in ways that meet their expectations and keep sensitive data and systems secure.
- **Data, accountability, and transparency** will provide the tools to deliver visibly better results to the public and hold agencies accountable to taxpayers.
- **A modern workforce** builds on the Administration's proposed civil service reforms to empower senior leaders and front-line managers to align staff skills with evolving mission needs.
- **Promote economic opportunity for HUD-assisted residents** by encouraging self-sufficiency and financial stability, as measured by increasing the proportion of households who exit HUD-assisted housing for positive reasons.

BUDGET OVERVIEW

The 2021 President's Budget requests \$17.7 million for EO, \$3.4 million more than the 2020 enacted level. The Budget reflects total EO funding (carryover and new authority) of \$19.1 million, \$2.3 million above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$15.9 million for EO PS, \$2.6 million above 2020 total funding. This funding will support 93 full-time equivalents (FTEs), 13 FTEs above 2020. Increases in FTEs are primarily attributable to the Department realigning the Appropriations Liaison Division (ALD) from the Office of Chief Financial Officer to the Office of Congressional and Intergovernmental Relations (CIR), and the Executive Secretariat's Division from the Office of Administration to the Office of the Secretary. PS funding will also support an increase in awards spending of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$2.1 million for EO NPS, \$387,000 above 2020 total funding. Funding will support contracts, travel, training, and supplies.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$1.1 million for EO's contribution to the WCF, \$699,000 above 2020 total funding. WCF funding will support EO use of Shared Services and other investments as determined by the Secretary. The \$699,000 increase from 2020 is primarily attributable to two new services being added to the WCF in 2021: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

- Provide program and policy guidance and operations management and oversight in administering all programs, functions and authorities of the Department;
- Educate and enforce federal Fair Housing law and advise the President concerning housing, community development, and equal housing opportunity;
- Develop recommendations for policy in the areas of housing and community development and homelessness;
- Serve as the nerve center for all HUD activities and steer the Department's mission to create strong, sustainable, and inclusive communities and quality affordable homes for all;
- Provide program and policy guidance, and operations management and oversight;
- Help the Department achieve its strategic goals by providing management and support to program offices working with human capital, financial management, procurement, and information technology;
- Coordinate congressional and intergovernmental relations activities involving program offices to ensure the effective and accurate presentation of the Department's views;
- Collaborate with the Office of General Counsel and program offices in developing the Department's position on relevant legislative matters;
- Coordinate the presentation of the Department's legislative matters to Congress, and ensure that all testimony and responses to congressional inquiries are consistent with the Secretary's and the Administration's views;

- Educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all;
- Pursue media outreach to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals;
- Conduct hearings and make determinations regarding formal complaints or adverse actions initiated by HUD, based upon alleged violations of federal statutes and implementing regulations;
- Provide small business program design and outreach to the business community in its efforts to assist small and disadvantaged business in providing services to the federal government and the American people;
- Build partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange and capacity building programs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of the Secretary

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$2,955	\$462	\$3,246	\$3,708	\$412	\$4,931	\$5,343
Non-Personnel Services:							
Travel	136	195	-	195	-	250	250
Printing	1	5	-	5	-	5	5
Other Services/Contracts	332	532	-	532	605	-	605
Training	1	20	-	20	-	20	20
Supplies	23	20	-	20	-	20	20
Total, Non-Personnel Services	\$493	\$772	-	\$772	\$605	\$295	\$900
Working Capital Fund	415	437	-	437	408	728	1,136
Carryover	1,671	-	1,425	1,425	-	-	-
Grand Total	\$5,534	\$1,671	\$4,671	\$6,342	\$1,425	\$5,954	\$7,379
FTEs	18	3	20	23	3	29	32

PROGRAM PURPOSE

The Immediate Office of the Secretary (OSEC) provides program and policy guidance and operations management and oversight in administering all programs, functions and authorities of the Department. OSEC educates and enforces Federal Fair Housing law and advises the President concerning housing, community development, and equal housing opportunity. OSEC also develops recommendations for policy in the areas of housing and community development and homelessness. OSEC serves as the nerve center for all HUD activities and steers the Department's mission to create strong, sustainable, and inclusive communities and quality affordable homes for all.

The 2021 President's Budget requests \$6 million for OSEC, \$1.3 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$7.4 million, \$1.0 million more than 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$5.3 million for OSEC PS, \$1.6 million above 2020 total funding. This funding will support 32 FTEs, 9 FTEs above 2020. This FTE increase is due to realigning the Executive Secretariat Division from the Office of Administration.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$900,000 for OSEC NPS, \$128,000 above 2020 total funding. This funding will support contracts, travel, printing, training, and supplies.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$1.1 million for OSEC WCF requirements, \$699,000 above 2020. Funding will support EO's use of Shared Services and other investments as determined by the Secretary via the WCF. The funding increase above 2020 is primarily attributable to two new services being added to the WCF: IT Devices and Records Management Services.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of the Deputy Secretary

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$617	-	\$851	\$851	-	\$939	\$939
Non-Personnel Services:							
Travel	37	65	-	65	-	110	110
Training	-	10	-	10	-	15	15
Supplies	1	10	-	10	-	10	10
Total, Non-Personnel Services	\$38	\$85	-	\$85	-	\$135	\$135
Working Capital Fund	-	-	-	-	-	-	-
Carryover	85	-	-	-	-	-	-
Grand Total	\$740	\$85	\$851	\$936	-	\$1,074	\$1,074
FTEs	4	-	6	6	-	6	6

PROGRAM PURPOSE

The Office of the Deputy Secretary (DEPSEC) provides program and policy guidance, and operations management and oversight under the direction of the Office of the Secretary. The DEPSEC helps the Department achieve its strategic goals by providing management and support to program offices working with human capital, financial management, procurement, and information technology.

BUDGET OVERVIEW

The 2021 President's Budget requests \$1.1 million for DEPSEC, which is \$223,000 more than the 2020 enacted level. The Budget reflects total DEPSEC funding (carryover and new authority) of \$1.1 million, \$138,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$939,000 for DEPSEC PS, \$88,000 above 2020 total funding. This funding will maintain the same FTE level from 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$135,000 for DEPSEC NPS, \$50,000 above 2020 total funding. Funding will support travel, training, and supplies. The increase from 2020 primarily due to projected increased travel requirements.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Congressional and Intergovernmental Relations

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$1,924	-	\$1,944	\$1,944	-	\$2,381	\$2,381
Non-Personnel Services:							
Travel	20	75	-	75	-	104	104
Transportation of Things	-	1	-	1	-	-	-
Printing	1	-	-	0	-	1	1
Other Services/Contracts	1	65	-	65	-	70	70
Training	2	5	-	5	-	5	5
Supplies	3	4	-	4	-	4	4
Total, Non-Personnel Services	\$27	\$150	\$0	\$150	-	\$184	\$184
Working Capital Fund	-	-	-	-	-	-	-
Carryover	150	-	-	-	-	-	-
Grand Total	\$2,101	\$150	\$1,944	\$2,094	-	\$2,565	\$2,565
FTEs	13	-	13	13	-	16	16

PROGRAM PURPOSE

The Office of Congressional and Intergovernmental Relations (CIR) is responsible for coordinating congressional and intergovernmental relations activities involving program offices to ensure the effective and accurate presentation of the Department's views. It collaborates with the Office of General Counsel and program offices in developing the Department's position on relevant legislative matters. The Assistant Secretary for CIR is the principal advisor to the Secretary, Deputy Secretary and senior staff with respect to legislative affairs, congressional relations, and policy matters affecting federal, state and local governments and public and private interest groups.

CIR is responsible for coordinating the presentation of the Department's legislative matters to Congress. It monitors and responds to the HUD-related activities of the Department's congressional oversight and authorizing committees. It is also the principal departmental advocate before Congress regarding HUD's legislative initiatives and other legislative matters. In this regard, CIR is responsible for ensuring that all testimony and responses to Congressional inquiries are consistent with the Secretary's and the Administration's views.

BUDGET OVERVIEW

The 2021 President Budget's requests \$2.6 million for CIR, \$621,000 more than the 2020 enacted level. The Budget reflects total CIR funding (carryover and new authority) of \$2.6 million, \$471,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$2.4 million for CIR PS, \$437,000 above 2020 total funding. This funding will support 16 FTEs, 3 FTEs above 2020. The increase in FTEs due to the proposed realignment of the Appropriations Liaison Division in the Office of the Chief Financial Officer to CIR in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$184,000 for CIR NPS, \$34,000 above 2020 total funding. The funding will support other services, training, printing and travel.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Public Affairs

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$2,817	-	\$3,060	\$3,060	-	\$3,334	\$3,334
Non-Personnel Services:							
Travel	69	90	-	90	-	150	150
Transportation of Things	-	5	-	5	-	5	5
Other Services/Contracts	58	185	-	185	-	225	225
Training	-	10	-	10	-	10	10
Supplies	2	10	-	10	-	10	10
Total, Non-Personnel Services	\$129	\$300	-	300	-	\$400	\$400
Working Capital Fund	-	-	-	-	-	-	-
Carryover	300	-	-	-	-	-	-
Grand Total	\$3,246	\$300	\$3,060	\$3,360	\$0	\$3,734	\$3,734
FTEs	18	-	17	17	-	19	19

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, inclusive communities and quality affordable homes for all. By pursuing media outreach, OPA works to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals. Using communication tools such as press releases, press conferences, the Internet, media interviews, new media and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

OPA is responsible for managing the Department's web products and provides direction, policies, and guidance for all web products within the Department. OPA strives to educate and keep the American people informed about the Department's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. By pursuing media outreach, OPA works to ensure homeowners, renters, and those living in subsidized housing hear directly from key officials about the Department's latest initiatives and goals. Using communications tools such as press releases, press conferences, the Internet, media interviews, New Media and community outreach, OPA provides Americans with information about housing policies and programs that are important to them.

BUDGET OVERVIEW

The 2021 President Budget's requests \$3.7 million for OPA, \$674,000 more than the 2020 Enacted level. The Budget reflects total OPA funding of (carryover and new authority) of \$3.7 million, \$374,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$3.3 million for OPA PS, \$274,000 above 2020 total funding. This funding will support 19 FTEs, 2 FTEs above 2020. The increase in FTEs is attributable to the annualized costs of positions projected to be filled late in 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$400,000 for OPA NPS, an increase of \$100,000 above 2020 total funding. Funding will support other services, training, supplies and travel. The \$100,000 increase from 2020 is primarily due to projected increases in contract and travel requirements.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Adjudicatory Services

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$1,386	-	\$1,705	\$1,705	-	\$1,752	\$1,752
Non-Personnel Services:							
Travel	10	50	-	50	-	70	70
Other Services/Contracts	40	75	-	75	-	80	80
Training	-	10	-	10	-	15	15
Supplies	2	15	-	15	-	15	15
Total, Non-Personnel Services	\$52	\$150	-	\$150	-	\$180	\$180
Working Capital Fund	-	-	-	-	-	-	-
Carryover	150	-	-	-	-	-	-
Grand Total	\$1,588	\$150	\$1,705	\$1,855	\$0	\$1,932	\$1,932
FTEs	8	-	9	9	-	9	9

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 are guided by the rules applicable to trials in federal court. In each case, the judge seeks to make a fair and impartial decision based upon the law and the facts established by the evidence.

BUDGET OVERVIEW

The 2021 President's Budget requests \$1.9 million for OAS, \$227,000 more than the 2020 enacted level. The Budget reflects total OAS funding of \$1.9 million, \$77,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$1.8 million for OAS PS, \$47,000 above 2020 total funding. This funding supports 9 FTEs, the same as in 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$180,000 for OAS NPS, \$30,000 above 2020 total funding. This funding will support other services, training, supplies and travel.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Office of Small and Disadvantaged Business Utilization

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$581	-	\$691	\$691	-	\$731	\$731
Non-Personnel Services:							
Travel	16	30	-	30	-	45	45
Rent and Utilities	2	20	-	20	-	20	20
Printing	-	20	-	20	-	20	20
Other Services/Contracts	34	10	-	10	-	35	35
Training	3	20	-	20	-	20	20
Supplies	2	10	-	10	-	10	10
Total, Non-Personnel Services	\$57	\$110	-	\$110	-	\$150	\$150
Working Capital Fund	-	-	-	-	-	-	-
Carryover	110	-	-	-	-	-	-
Grand Total	\$748	\$110	\$691	\$801	-	\$881	\$881
FTEs	3	-	3	3	-	3	3

PROGRAM PURPOSE

The Office of Small and Disadvantaged Business Utilization (OSDBU) provides small business program design and outreach to the business community in its efforts to assist small and disadvantaged business in providing services to the federal government and the American people. The OSDBU is responsible for ensuring that small businesses are treated fairly and that they have an opportunity to compete and be selected for a fair amount of the Agency's prime and sub-contracting opportunities. The OSDBU also serves as the Department's central referral point for small business regulatory compliance information as required by the Small Business Regulatory Enforcement Fairness Act of 1996.

The Secretary of Housing and Urban Development is committed to providing universal access to both small and large businesses. The Department recognizes that small businesses are of vital importance to job growth and the economic strength of the country. A successful and strong business community is an integral component of the Department's overall mission of job creation, community empowerment and economic revitalization.

BUDGET OVERVIEW

The 2021 President's Budget requests \$881,000 for OSDBU, \$190,000 more than the 2020 enacted level. The Budget reflects total OSDBU funding (carryover and new authority) of \$881,000, \$80,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$731,000 for OSDBU PS, \$40,000 above 2020 total funding. This funding will support 3 FTEs, the same level as 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$150,000 for OSDBU NPS, \$40,000 above 2020 total funding. This funding will support other services, training, supplies and travel.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Executive Offices

Center for Faith-Based and Neighborhood Partnerships

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$798	-	\$1,295	\$1,295	-	\$1,384	\$1,384
Non-Personnel Services:							
Travel	14	60	-	60	-	65	65
Rent and Utilities	-	20	-	20	-	20	20
Printing	-	20	-	20	-	20	20
Other Services/Contracts	-	10	-	10	-	10	10
Training	1	10	-	10	-	10	10
Supplies	-	10	-	10	-	10	10
Total, Non-Personnel Services	\$15	\$130	-	\$130	-	\$135	\$135
Working Capital Fund	-	-	-	-	-	-	-
Carryover	130	-	-	-	-	-	-
Grand Total	\$943	\$130	\$1,295	\$1,425	-	\$1,519	\$1,519
FTEs	6	-	8	8	-	8	8

PROGRAM PURPOSE

With Executive Order 13498, the Office of Faith-Based and Neighborhood Partnerships was established to address the needs of communities hardest hit by the economic and housing crisis. The faith-based “centers” at 13 federal agencies, including the Center for Faith-Based and Community Initiatives (CFBI) at HUD, are tasked with building partnerships between faith-based and neighborhood organizations and the government to help meet these needs. HUD’s CFBI plays a vital role in actively supporting both the White House faith-based office and HUD’s overall mission and strategic objectives as it relates to providing discrimination-free affordable housing and building sustainable, inclusive Executive Offices 36-13 communities. It does so by building partnerships with faith-based and secular nonprofit organizations through grant writing training, sustained outreach, convening events, information exchange and capacity building programs. Further, the CFBI has gained a national reputation for grant writing training and capacity building expertise. CFBI facilitates intra-departmental and inter-agency cooperation to reach nonprofits with two-way information sharing, technical assistance, and training opportunities; it encourages new partnerships to more effectively reach communities where HUD and the White House office of Faith-Based and Neighborhood Partnerships seek an impact.

BUDGET OVERVIEW

The 2021 President Budget's requests \$1.5 million for CFBI, \$224,000 more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$1.5 million, \$94,000 above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$1.4 million for CFBI PS, \$89,000 above 2020 total funding. This funding supports 8 FTEs, the same level as 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$135,000 for CFBI NPS, \$5,000 above 2020 total funding. This funding will support travel, rent, other services, printing and training.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	277,091	5,450	306,946	312,396	1,640	329,224	330,864
Common Distributable	12,263	-	12,900	12,900	-	12,400	12,400
Total, Personnel Services	\$289,354	\$5,450	\$319,846	\$325,296	\$1,640	\$341,624	\$343,264
Non-Personnel Services:							
Travel	5,324	65	6,670	6,735	750	5,057	5,807
Transportation of Things	383	-	537	537	-	362	362
Rent and Utilities	118,493	-	122,779	122,779	-	118,285	118,285
Printing	465	140	701	841	75	646	721
Other Services/Contracts	69,918	23,131	80,845	103,976	10,197	75,594	85,791
Training	3,268	30	3,474	3,504	900	2,320	3,220
Supplies	1,742	6	971	977	177	566	743
Furniture and Equipment	7,786	-	6,021	6,021	-	5,492	5,492
Claims and Indemnities	189	62	454	516	151	189	340
Total, Non-Personnel Services	\$207,568	\$23,434	\$222,452	\$245,886	\$12,250	\$208,511	\$220,761
Working Capital Fund	10,790	4,905	7,190	12,095	-	28,778	28,778
Carryover	33,789	-	13,890	13,890	-	-	-
Grand Total	\$541,501	\$33,789	\$563,378	\$597,167	\$13,890	\$578,913	\$592,803
FTEs	1,716	32	1,788	1,820	10	1,862	1,872

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.

Administrative Support Offices include:

- Office of the Chief Financial Officer
- Office of the General Counsel
- Office of the Assistant Secretary for Administration
- Office of Field Policy and Management
- Office of Departmental Equal Employment Opportunity
- Office of the Chief Information Officer

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Financial Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	29,387	215	35,246	35,461	-	37,858	37,858
Common Distributable	6,210	-	6,000	6,000	-	6,300	6,300
Total, Personnel Services	\$35,597	\$215	\$41,246	\$41,461	-	\$44,158	\$44,158
Non-Personnel Services:							
Travel	175	-	150	150	-	150	150
Printing	14	-	46	46	-	46	46
Other Services/Contracts	16,138	14,150	23,397	37,547	5,697	20,421	26,118
Training	186	-	195	195	-	195	195
Supplies	34	-	45	45	-	45	45
Total, Non-Personnel Services	\$16,547	\$14,150	\$23,833	\$37,983	\$5,697	\$20,857	\$26,554
Working Capital Fund	3,120	771	2,786	3,557	-	5,761	5,761
Carryover	15,136	-	5,697	5,697	-	-	-
Grand Total	\$70,400	\$15,136	\$73,562	\$88,698	\$5,697	\$70,776	\$76,473
FTEs	184	1	206	207	-	215	215

PROGRAM PURPOSE

The Office of the Chief Financial Officer (OCFO) provides HUD-wide leadership to support HUD's mission through sound financial management in programs and operations. OCFO leads HUD in practicing financial integrity, financial responsibility, accountability, and stewardship of public resources. While advising the Secretary and HUD leadership on all aspects of financial management and budget, OCFO works to ensure that HUD meets established financial management goals and complies with pertinent legislation and directives. In addition, OCFO analyzes budgetary implications of policy and legislative proposals and oversees budget activities throughout HUD.

BUDGET OVERVIEW

The 2021 President's Budget requests \$70.8 million for the OCFO, which is \$2.8 million less than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$76.5 million, \$12.2 million below 2020 total funding. With this Budget, OCFO will continue its mission to provide sound stewardship of taxpayer funds by improving financial and internal controls through the Financial Transformation, Enterprise and Fraud Risk Management initiatives, and Centers of Excellence for Customer Experience.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$37.9 million for OCFO PS, \$2.4 million above 2020 total funding. This funding will support 215 full-time equivalents (FTEs),

eight FTEs above 2020. Of the 215 FTEs, 24 FTEs are stationed in the Fort Worth field office. The increase in FTEs is primarily attributed to hires supporting the following:

- Assistant Chief Financial Officer (ACFO) for Budget – The ACFO for Budget requests additional FTEs with specialized experience in Federal Credit Reform to ensure proper budgeting of HUD’s credit programs and to support a new budget formulation system and improve workforce succession planning.
- The Chief Risk Officer request four FTEs to sustain the growth of the Enterprise and Fraud Risk Management program.

Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary in 2021.

Common Distributable

The budget requests \$6.3 million in Personnel Services to support payments for Professional Liability Insurance, Workers’ Compensation and Unemployment Compensation, which is approximately \$300 thousand more than projected 2020 expenditures.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$26.6 million for OCFO NPS, \$11.4 million below 2020 total funding. Funding will support Travel, Printing, Contracts/Other Services, Training and Supply requirements. Of this amount, \$5.9 million will be available to support and maintain OCFO’s current contract requirements for E-Gov Initiatives, Accounting Services, Fair Share Interagency Agreements (CFO Council Funding and Cross Agency Priority Goals), systems security controls and compliance, and computer matching for employment/income verification. The Budget requests resources for Enterprise and Fraud Risk Management (\$2.5 million) and Data Analytics (\$1.3 million). In addition, 2021 funding includes up to \$16 million to support the Financial Transformation initiative.

Working Capital Fund

The Budget reflects total funding (carryover and new authority) of \$5.8 million for OCFOs contribution to the WCF, \$2.2 million above 2020 total funding. This funding will support OCFOs use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

OCFO’s mission and key operational initiatives support Goal II: Protect Taxpayer Funds of HUD’s 2018 – 2022 Strategic Plan. These key operational initiatives include the following:

- The Agency-Wide Integrity Task Force: Established in 2018, the Agency-Wide Integrity Task Force is led by HUD’s Chief Financial Officer and consists of the heads of HUD’s component offices. The mission of this task force is to align the policies, processes, and people responsible for financial reporting to protect taxpayer’s funds. There are 8 project management offices tasked with executing HUD’s effort in Financial Transformation, Grants Management, Enterprise and Fraud Risk Management, Acquisition Management, Hiring Process Improvements, Regulatory Reform, Technology Modernization Fund, and HUD’s Center of Excellence (CoE).

- **Financial Transformation:** The financial transformation initiative will streamline and improve financial management across HUD to reduce material audit weaknesses, increase transparency and ensure strong stewardship of federal resources. This initiative requires investment in HUD's people, processes, and technology. In 2019, significant improvements were made to HUD's governance, financial controls and streamlining of operations. These improvements are attributed to strengthened cross collaboration throughout the Department as well as work groups focused on process improvements to ensure financial integrity and compliance. Additionally, improvements were made to HUD's technology and processes through intelligent automation. Significant progress was made in remediating material weaknesses related to internal controls for reporting, compliance with accounting standards, and IT systems.

As this initiative continues through 2021, OCFO will continue assessing its current structure, business operations, working environment, and staffing for gaps, process improvements and function realignments. Upon the assessment's conclusion, a financial management strategy to bridge policies, procedures, controls, and accounting standards to HUD's mission and strategic goals will be implemented ensuring overall improvement of HUD's financial controls and compliance with financial laws and regulations.

- **Enterprise and Fraud Risk Management:** OCFO's Enterprise and 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. OCFO's Enterprise and Risk Management requires four FTEs to support and sustain the growth this initiative. Contract support will enable the program to integrate existing silo programs into a comprehensive program that complies with federal internal control requirements. In addition, this program will support risk mitigation, Front End Risk Assessments (FERA), and Management Control Reviews (MCRs).
- **Organizational Assessment:** An organizational assessment will be conducted during the financial transformation. This assessment will assess OCFO's current function statements to encompass new and revised functions; streamline offices for efficiency and collaboration on closely related tasks; and develop new business operations to realign internal and external skills.
- **Reorganization within ACFO for Budget (ACFOB) Office:** The ACFOB is requesting the authority to make changes within its organizational structure to reflect current workloads. The creation of a Federal Credit Support branch will enable ACFOB to develop a team of five, including three existing staff members, that are specialized Federal Credit Reform Act experts to ensure the proper budgeting of HUD's credit programs. HUD maintains the largest credit authority in the government, and ACFOB requires a sufficient level and focus of resources to provide oversight of that portfolio. A GS-15 supervisory position and a GS-9-13 position--as part of a five-member team--will be created to meet this need.

The current Staff Resource Management and Analysis Division's (SRMAD) responsibilities have shifted since the discontinuation of the TEAM workload system. To better reflect this evolved mission, the ACFOB is requesting to change the division's name to the Resource Planning and Reporting Division (RPRD). The RPRD will focus on budget planning and reporting for all of HUD's budget, both program and operational.

The Budget and Legislation Coordination (BLC) branch will be realigned from the Program Budget Development Division to the RPRD in the ACFOB and will be renamed the Budget Coordination Branch. The BLC supports more than just the program budget and will better align with the RPRD, which will support both program and operations budgets.

The existing Productivity Analysis and Support Branch and Systems and Procedures Branch in ACFOB for Budget will be combined into one branch, the Reporting and Procedures Branch, in the RPRD. The existing branch structure does not align well with current workload. The new branch will focus specifically on reporting and procedures across ACFOB.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of General Counsel

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$89,431	\$1,785	\$96,448	\$98,233	-	\$101,210	\$101,210
Non-Personnel Services:							
Travel	1,307	-	1,550	1,550	250	950	1,200
Transportation of Things	11	-	175	175	-	-	-
Printing	335	140	455	595	75	400	475
Other Services/Contracts	1,504	300	1,245	1,545	500	1,000	1,500
Training	489	-	535	535	400	100	500
Supplies	274	-	374	374	177	50	227
Claims and Indemnities	187	62	414	476	151	149	300
Total, Non-Personnel Services	\$4,107	\$502	\$4,748	\$5,250	\$1,553	\$2,649	\$4,202
Working Capital Fund	1,529	446	1,167	1,613	-	5,185	5,185
Carryover	2,733	-	1,553	1,553	\$1,553	-	-
Grand Total	\$97,800	\$2,733	\$103,916	\$106,649	\$1,553	\$109,044	\$110,597
FTEs	524	10	533	543	-	545	545

PROGRAM PURPOSE

The General Counsel is the chief legal officer of the Department and is the legal advisor to the Secretary and other principal staff in the Department. The General Counsel provides legal opinions, advice, and services with respect to all programs and departmental activities. The General Counsel defends the Department and enforces the Fair Housing Act and HUD's program requirements. The General Counsel oversees the Departmental Enforcement Center (DEC), an organization of financial and enforcement analysts that enforces HUD program requirements and protects the Department's assets.

BUDGET OVERVIEW

The 2021 President's Budget requests \$109 million for the Office of General Counsel (OGC), which is \$5.1 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$110.6 million, \$4 million above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$101.2 million for OGC PS, \$3 million above 2020 total funding. This funding will support 545 full-time equivalents (FTEs), two FTEs above 2020. The additional FTEs secured in 2020 and sustained in 2021 will continue to provide resources to the DEC to increase oversight and monitoring of HUD-funded or HUD-insured

assets to ensure the health, safety and fiscal soundness of HUD activities. In 2021, OGC will backfill DEC positions and continue to conduct oversight and monitoring of HUD assets. Funding provided in this request will maintain this level of effort by the DEC. OGC anticipates utilizing three FTEs in fiscal year 2021 to support the President's Management Agenda and OGC's Key Operational Initiatives.

PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$4.2 million for OGC NPS, \$1 million below 2020 total funding. OGC will obtain this decrease by minimizing NPS costs in 2021 in order to maintain their FTE levels. The 2020 carryover and 2021 President's Budget for NPS funding will support travel, relocation costs, printing, supplies, contracts, training, and claims and indemnifications (attorney's fees for adverse parties prevailing in non-program related litigation). Printing funding supports the Department's printing costs for the *Federal Register* and the Code of Federal Regulations. NPS funding also supports OGC's access to online legal research and databases. These services include Lexis/RELX Inc., PACER, West LegalEdcenter, CyberFeds, the Congressional Quarterly, and a contract with a vendor to assist with review of regulatory comments.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$5.2 million for OGC WCF, \$3.6 million above 2020 total funding. The increase primarily supports the new WCF business lines of IT devices and records management services. Additionally, WCF funding will support existing shared services such as financial management, human resources, HR systems, the National Finance Center (NFC) payroll processes, and other investments as determined by the Secretary.

Program Office Priorities

OGC Priorities

Priority 1: eDiscovery and FOIA. OGC manages the Department's eDiscovery program. This includes not only handling eDiscovery for litigating attorneys and responses to congressional oversight data requests, but also data collections for the FOIA and OIG programs. Based on trends that include historical and 2019 data, in 2021 OGC forecasts requests to collect an average of 19 custodians per workday, or 380 custodians per month (19 custodians per day times 20 workdays). This is a 73 percent increase in collection volume scope from the 2019 average of 11 custodians per workday.

Priority 2: Insured Loan Closings and Transfers of Physical Assets. In addition to increasing the number of FTEs to handle the Rental Assistance Demonstration and Project Rental Assistance Contract conversion workload increases, OGC must maintain and backfill attrition for the approximately 125 OGC FTEs who are dedicated to performing or supporting insured loan closings for multifamily housing, healthcare facilities, and hospitals. In 2019, OGC closed insured loans valued at over \$11.8 billion and performed legal reviews of 277 transfers of physical assets valued at over \$2.6 billion.

Priority 3: Legal Honors and Succession Planning. Currently, 129 of OGC's current employees are eligible for full retirement. This represents 25 percent of OGC's current workforce. The lynchpin of OGC's succession planning efforts is its Legal Honors Program. The Legal Honors program is over 50 years old. OGC backfills attorney attrition with Legal Honors at the GS-11 level and then invests in their training and professional development. Maintaining this program is a top priority.

Due to the uncertainty of personnel funding in 2018, OGC put a 1-year hold on its program and did not onboard a class in September 2018, which hampered OGC's succession planning efforts. The 2019 funding allowed OGC to restart the program and onboard 15 Legal Honors in September 2019. OGC anticipates onboarding up to 10 Legal Honors in September 2020, with their salaries to be paid largely from 2021 funding. OGC's funding request in 2021 will allow OGC to continue its Legal Honors program and bring a class of at least 15 Legal Honors to start in September 2021 and whose salaries will largely be paid in 2022.

In 2021, OGC DEC will be in its 23rd year and most of the employees who started with the DEC when it was created will be retiring. Many have over 40 years of service. Resources will be dedicated to maintaining the additional 21 FTEs hired in 2019 and backfilling attrition.

Priority 4: Performance-Based Contract Administrator (PBCA) Litigation. Contract administrators manage all aspects of the Office of Housing's Section 8 Project-Based Rental Assistance program. Historically, under this program, the contract administrators (PHAs) received renewal funding pursuant to an annual contributions contract. Pursuant to a court order, the Office of Housing will have to procure a contractor to assist in administering the program. It is anticipated that the process of awarding new contracts will be surrounded by significant litigation, and HUD anticipates that costs associated with that litigation will be incurred through the budget window.

President's Management Agenda

Regulatory Reform. In January and February 2017, the President issued two EOs (Executive Order 13771, Reducing Regulation and Controlling Regulatory Costs; and Executive Order 13777, Enforcing the Regulatory Reform Agenda) directing deregulation and other regulatory reforms. OGC helps drive these reforms at HUD, provides legal advice to HUD's Regulatory Task Force, and serves as the Regulatory Reform Officer. OGC facilitates and drafts the deregulatory actions as identified by HUD's Regulatory Reform Task Force. Deregulatory actions will need to be published in the *Federal Register*. OGC manages the *Federal Register* printing for the Department and the 2021 request includes \$475 thousand to support departmental deregulatory efforts and other printing in the *Federal Register* and Code of Federal Regulations. One FTE will be dedicated to managing and streamlining regulatory and process requirements across HUD program offices.

HUD/Agency Priority Goals

OGC provides legal support to the key initiatives of the Secretary, including the Advancing Economic Opportunity Task Force and the Agency-Wide Integrity Task Force. Assistance includes providing legal support for homeownership opportunities for borrowers while safeguarding the housing finance system; enhancing the rental assistance programs; facilitating housing recovery and creating resilient housing and communities; enforcing Section 3; reducing homelessness; and supporting the objective of the White House Council on eliminating regulatory barriers to affordable housing, of which Secretary Carson serves as chair.

Priority 1: Rental Assistance Demonstration and Project Rental Assistance Contracts (PRAC) 202 Conversions. In March 2018, Congress raised the statutory unit cap on the RAD program to 455,000 units from 225,000 units. For 2020, 831 RAD transactions, with approximately 94,763 units, are expected based on RCCs awaiting closing (91 transaction with 10,574 units), Financing Plans under review (84 transactions with 8,002 units) and CHAPS approved (656 transactions with 76,187 units). This level of activity will greatly increase OGC's legal reviews.

Congress also authorized the conversion of the 202 PRAC portfolio with 2,875 properties with 125,062 units. The increase in the cap and the addition of the 202 PRAC portfolio will significantly increase OGC's legal review activity.

Priority 2: Enforcement and CDBG-DR. The Departmental Enforcement Center (DEC) will expand their monitoring and program enforcement efforts to ensure compliance with contractual obligations related to the long-term disaster recovery funded by the Community Development Block Grants-Disaster Recovery (CDBG-DR). OGC will provide legal support to CPD and the DEC to increase effectiveness and accountability in disaster recovery.

KEY OPERATIONAL INITIATIVES

Priority 1: Legal Support to the Department. OGC continues to provide a full array of legal support to the Department, including defending the Department's programs against over \$808.4 million in claims; defending against \$58 million in tort claims; reviewing Ginnie Mae Multiclass Securities transactions valued at over \$73.8 billion; issuing charges of discrimination under the Fair Housing Act; handling bid protests and procurement claims at the Civilian Board of Contract Appeals; reviewing over \$646 million of departmental procurements; managing the Department's ethics program for over 2,500 financial disclosure filers; defending the Department in personnel and labor actions; processing regulatory waivers; drafting legislative amendments, reviewing draft interagency legislative documents; drafting *Federal Register* documents; reviewing and drafting sub-regulatory directives; drafting regulations; reviewing transfers of physical assets; reviewing interest rate reduction documents; representing the Department's interests in Multifamily foreclosures; and reviewing FOIA packages and handling FOIA appeals; collecting over \$4 million in debts owed to the Department; and handling over 11,000 legal actions to protect the single-family inventory. OGC plans to utilize two FTEs in fiscal year 2021 to handle the legal work associated with Secretarial and departmental key operational initiatives.

Priority 2: Enforcement and Protection of HUD Assets. OGC leads the Department's efforts to enforce HUD program requirements and protect HUD assets. In 2019, OGC's enforcement efforts returned over \$69.4 million to the FHA Fund and returned almost \$3 million to PIH and CPD programs and activities. In 2019, the DEC suspended 40 irresponsible parties from participation in federal programs and debarred 98 irresponsible parties from participation in all federal programs. The DEC obtained over \$9.1 million in recoveries for the Multifamily Housing Program.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Assistant Secretary for Administration

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	\$72,352	-	\$76,364	\$76,364	-	\$80,796	\$80,796
Common Distributable	6,053	-	6,900	6,900	-	6,100	6,100
Total, Personnel Services	\$78,405	-	\$83,264	\$83,264	-	\$86,896	\$86,896
Non-Personnel Services:							
Travel	1,839	-	2,300	2,300	-	2,131	2,131
Transportation of Things	315	-	362	362	-	362	362
Rent and Utilities	118,493	-	122,779	122,779	-	118,285	118,285
Printing	113	-	193	193	-	193	193
Other Services/Contracts	45,017	4,007	48,112	52,119	-	43,681	43,681
Training	2,244	-	1,548	1,548	-	1,310	1,310
Supplies	1,349	-	436	436	-	355	355
Furniture and Equipment	7,786	-	6,021	6,021	-	5,492	5,492
Claims and Indemnities	2	-	10	10	-	10	10
Total, Non-Personnel Services	\$177,158	\$4,007	\$181,761	\$185,768	-	\$171,819	\$171,819
Working Capital Fund	3,500	2,731	1,096	3,827	-	7,543	7,543
Carryover	6,738	-	-	-	-	-	-
Grand Total	\$265,801	\$6,738	\$266,121	\$272,859	-	\$266,258	\$266,258
FTEs	470		471	471	-	482	482

PROGRAM PURPOSE

The funding level supports the Office of the Assistant Secretary for Administration (OASA), Office of Chief Administrative Officer (OCAO), Office of the Chief Human Capital Officer (OCHCO), and Office of the Chief Procurement Officer (OCPO).

BUDGET OVERVIEW

The 2021 President's Budget requests \$266.3 million for the Office of the Assistant Secretary for Administration, \$137 thousand more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$266.3 million, \$6.6 million below 2020 total funding.

The budget will have a significant impact on OASA's ability to improve its effectiveness in organizing and delivering services. To meet its key operational initiatives, OASA proposes to invest resources in the following:

- COOP Operations and Buildout
- Feasibility Study and Asset Management Plan
- A shared services provider, recruitment, and hiring
- Human Resource Business Partner Reskilling Project

- Integrated Talent Management Solution
- Improvements to OCPO service delivery and reporting capabilities

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$80.8 million for OASA PS, \$4.4 million above 2020 total funding. This funding will support 482 full-time equivalents (FTEs), 11 FTEs above 2020; however, 17 FTEs funded by the Office of Administration in 2020 are not supported in the 2021 OASA budget due to the following proposed realignments:

- 11 FTEs in the Executive Secretariat Division are realigned to the Executive Offices
- 6 FTEs in the Records Management Services Branch will be funded through the Department's Working Capital Fund

As a result, actual FTE increase in 2021 will be 28 and will be invested in the following areas:

- Disaster Management and National Security
- Acquisition workforce in order to revamp the acquisition planning process to facilitate more long-range planning which will result in better execution
- HR resources to support OCHCO priorities in the areas of talent management, hiring, improved business partnerships, reskilling the HR Business Partners (HRBPs) transactional processes streamlining, and other areas.

Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Common Distributable

PS funding includes \$6.1 million in Common Distributable (CD) funding, \$800 thousand below 2020, to support transit subsidy, student loan program, and administrative fees for flexible spending accounts.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$171.8 million for OASA NPS, \$13.9 million below 2020 total funding. This decrease will be achieved in part by a reduction in rent, as we continue to Freeze the Footprint. Additionally, there are multiple efforts such as contracting support, furniture and renovations requirements that are one-time costs which will not be recurring in 2021.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$7.5 million for the WCF, \$3.7 million above 2020. The increase is primarily attributable to the addition of two new WCF business lines, IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

OASA will work to optimize service delivery and decision making to better meet customer needs through the following three key operational initiatives:

Major Initiative: Improve Hiring Process & Develop a Workforce for the 21st Century

- Execute strategies to increase candidate quality and streamline hiring processes, including improving its partnerships with program offices;
- Increase employee accountability and engagement by building a performance culture;
- Improve succession planning strategies; and
- Enhance reporting, analytics and evaluation of OCHCO business practices.

Major Initiative: Streamline Acquisition Management

- Prioritize procurement services by category and create a more customer focused environment.
- Hiring – securing enough staff resources to support the workload
- Improving the Acquisition Process through training of the acquisition workforce, and providing resources to enhance transparency and accountability in the process; and
- Improving Acquisition planning by facilitating earlier planning and early engagement of the Integrated Acquisition Teams.

Major Initiative: Improve Service Delivery of Administrative Support Services

- Spearhead effort to improve organization effectiveness by supporting restructuring of the three subordinate organizations. Reach a “target organization” with fewer layers, larger spans of control, and a more strategic distribution of grades through better position management and natural attrition.
- Hiring – Secure sufficient staff resources to support the workload
- Enhance reporting, analytics and evaluation of OASA business practices
- Improve Space and Rent Efficiencies by Modernizing HQ and Reducing HUD’s Footprint
- COOP Operations and Buildout

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**Administrative Support Offices****Immediate Office of the Assistant Secretary for Administration****SALARIES AND EXPENSES**

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	-	-	-	-	-	\$1,669	\$1,669
Non-Personnel Services:							
Travel	-	-				20	20
Other Services/Contracts	-	-	-	-	-	625	625
Training	-	-	-	-	-	5	5
Supplies	-	-	-	-	-	5	5
Total, Non-Personnel Services	-	-	-	-	-	\$655	\$655
Grand Total	-	-	-	-	-	\$2,324	\$2,324
FTEs	-	-	-	-	-	10	10

PROGRAM PURPOSE

The 2021 President's Budget's request for the Immediate Office of the Assistant Secretary for Administration (ASA) is \$2.3 million.

BUDGET OVERVIEW

The funding level will support the immediate staff of the ASA, which includes the Office of Transformation, which is responsible for implementing change-management principles within OASA as a key part of implementing OASA priorities and key operational initiatives, including the consolidation of the three support offices into one organizational entity.

Personnel Services

Personnel Services requirements in 2021 are \$2.3 million and funds 10 FTEs. These FTEs include the Assistant Secretary for Administration (ASA) and immediate support staff.

Non-Personnel Services

Non-Personnel Services requirements in 2021 are \$655 thousand. These funds will primarily support the Millennium Services Contract which provides consulting services to the ASA on efficiencies to workflow processes and organization.

KEY OPERATIONAL INITIATIVES

OASA will work to optimize service delivery and decision making to better meet customer needs through the following key operational initiative:

OASA Major Initiative: Improve Service Delivery of Administrative Support Services

- Spearhead effort to improve organization effectiveness by supporting restructuring of the three subordinate organizations. Reach a “target organization” with fewer layers, larger spans of control, and a more strategic distribution of grades through better position management and natural attrition.
- Hiring – secure sufficient staff resources to support the workload.
- Enhance reporting, analytics and evaluation of OASA business practices.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**Administrative Support Offices****Office of the Chief Administrative Officer****SALARIES AND EXPENSES**

(Dollars in Thousands)

	2019	2020			2021		
	Actual	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$33,923	-	\$35,973	\$35,973	-	\$36,316	\$36,316
Non-Personnel Services:							
Travel	1,586	-	1,811	1,811	-	\$1,811	\$1,811
Transportation of Things	315	-	362	362	-	362	362
Rent and Utilities	118,492	-	122,779	122,779	-	118,285	118,285
Printing	94	-	163	163	-	163	163
Other Services/Contracts	38,168	3,179	39,351	42,530	-	36,986	36,986
Training	87	-	231	231	-	230	230
Supplies	1,136	-	238	238	-	238	238
Furniture and Equipment	7,715	-	5,941	5,941	-	5,421	5,421
Claims and Indemnities	2	-		-	-	-	-
Total, Non-Personnel Services	\$167,595	\$3,179	\$170,876	\$174,055	-	\$163,496	\$163,496
Working Capital Fund	1,302	1,481	-	1,481	-	3,524	3,524
Carryover	4,660	-	-		-	-	-
Grand Total	\$207,480	\$4,660	\$206,849	\$211,509	-	\$203,336	\$203,336
FTEs	229	-	230	230	-	226	226

PROGRAM PURPOSE

The Office of the Chief Administrator Offices (OCAO) plays a critical role in supporting HUD by providing a wide range of administrative services, including management and operation of buildings nationwide, providing administrative services to all field offices, managing information throughout its life cycle, overseeing HUD broadcasting services, and coordinating agency responses to disasters and emergencies.

BUDGET OVERVIEW

The 2021 President's Budget requests \$203.3 million for the OCAO, \$3.5 million less than 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$203.3 million, \$8.2 million below 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (new authority and carryover) of \$36.3 million for OCAO PS, \$343 thousand above 2020 total funding. While this FTE level is a decrease of four FTEs, a total of

17 FTE supported in 2020 are not funded via the OCAO in 2021 based on the following realignments:

- 11 FTEs in the Executive Secretariat Division are realigned under the Executive Offices. These FTEs essentially only support the Secretary and Executive Offices staff and as a result it is appropriate that they should be realigned to and funded by the Executive Office's appropriation.
- Six FTEs in the Records Management Services Branch will be funded via the Working Capital Fund.

Additionally, 10 FTEs included in OCAO's 2020 funding are realigned into the Immediate Office of the Assistant Secretary for Administration. Together, these realignments provide the OCAO with an actual net increase of 23 FTEs in 2021. OCAO intends to invest the additional FTEs to support the following:

- Disaster Management and National Security services
- Customer Service in both the Headquarters and Field Support Services: additional resources will be used to improve operations and customer service activities by providing more timely and accurate information and developing a dashboard that will provide near real-time insight in the status of facility and administrative request as they move through the process.

Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than one percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding of \$163.5 million for OCAO NPS, \$10.6 million less than 2020 total funding. This decrease will be achieved in part by reduction in rent, as we continue to Freeze the Footprint. Additionally, there are multiple effort such as furniture and renovations requirements that are one-time costs which will not be recurring in 2020.

Funding will support improvements to COOP operations and buildout. Additionally, this funding will provide a Feasibility Study and Asset Management Plan. The purpose is to create a study and plan to manage the Department's real property investments in the DC area. This plan will begin to provide HUD with funding for office consolidation and real property footprint reductions. Creating this plan will provide a thorough roadmap for HUD to follow that could potentially eliminate approximately \$12 million annually from the rent budget.

Working Capital Fund (WCF)

The Budget reflects total funding of \$3.5 million for OCAO WCF requirements, \$2 million above 2020 total funding. The increase is primarily attributable to two new business lines in the WCF, IT devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

OCAO will streamline operations to organize and deliver services more effectively through the following three operational initiatives:

- **COOP Operations and Buildout**
HUD's Office of Disaster Management and National Security (ODMNS) will utilize funds to build out an alternative COOP location and the operation costs would go to staffing and for

purchasing and maintenance of equipment.

- **Improve Space and Rent Efficiencies by Modernizing HQ and Reducing HUD's Footprint:**

- **Modernizing Headquarters:** Just as the nature of work has changed since 1968, so has space and technology requirements for employees. The Robert E. Weaver Federal Building, which was completed in 1968 and added to the National Register of Historic Places in 2008, has outlived its lifespan and is outdated. It no longer helps its occupants the same way it did when first built. One of OCAO's top priorities is to continue modernizing Headquarters – physically and mechanically – to accommodate staff in the National Capital Region. Most of HUD's deferred maintenance needs address systems well past their useful life that fall under HUD's responsibility per the GSA Delegation Agreement. HUD's top priority will be working with GSA on health and safety deferred maintenance items on the GSA Building Engineering Report as well as deficiencies reported by HUD. In 2021, GSA will change the Delegation of Authority agreements, and some work currently performed by GSA will revert to the tenant agency. The 2021 Budget will support additional operating expenses anticipated to accommodate these new responsibilities.
- **Continue to Freeze the Footprint:** HUD has identified further space reduction opportunities of 83,891 square feet in 2020 and 86,543 square feet in 2021 as OCAO continues its effort to meet the goals outlined in OMB Memorandum M-12-12, Section 3, "Freeze the Footprint." Between 2015 and 2019, HUD has realized an actual space reduction of 133,822 square feet.
 - **Undertake Feasibility Study and Asset Management Plan** – A Real Property Asset Management Plan will assist the Department in taking a strategic approach to asset management decision making and identifying key roles and responsibilities, resource needs, obstacles, and strategies for overcoming obstacles. The Plan will help mitigate risks associated with real property costs by viewing funds spent on space and operations as investment decisions that align with agency goals and desired outcomes. The Department currently spends approximately \$12 million annually for satellite office space in the DC region for employees who can potentially fit in the Weaver Building if necessary renovations can be completed throughout the building. The Plan will outline the costs of future workspace renovations and allow for millions in savings in excess rent in perpetuity.
 - **Eliminate Satellite Administrative Support Offices** – Renovating the Weaver Building to accommodate staff and administrative law judges housed at the Washington Office Center will reduce the HUD footprint by 34,443 square feet and reduce annual rent by \$1.56 million per year. This project was postponed in prior fiscal years due to a GSA imposed work stoppage resulting in a new Programmatic Agreement for interior design and renovations among GSA, the DC State Historic Preservation Office, and HUD. This Programmatic Agreement will serve as the template for consolidation projects in upcoming fiscal years.
 - **Reduce Field Office Footprint:** Providing administrative services to the 66 field offices, where two-thirds of HUD's personnel execute the mission, is an important function of OCAO. In 2021, OCAO will dedicate approximately \$18.9 million of its non-rent and utilities budget for field support services, which are delivered through a consolidated approach and are funded centrally in OCAO. In 2021, major space reductions and consolidations are planned for the Atlanta, Hartford, Honolulu, Richmond, and Wilmington offices, with anticipated space reduction, starting in 2022

of 67,868 square feet and an annual rent savings of \$3.2 million. This will enable HUD to leverage savings through economies of scale and increased efficiencies.

- **Improve Service Delivery of Administrative Support Services**
 - **Customer Service:** OCAO continues to review and improve customer service activities, including gathering customer input early, obtaining ongoing feedback, providing more timely and accurate information, and working with customers to identify the most cost effective and efficient way to meet their needs. OCAO will create dashboards that will provide near real-time insight in the status of facility and administrative requests as they move the process along with other key performance indicators which will increase transparency and accountability and aid in streamlining the process by increasing awareness throughout the Department.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**Administrative Support Offices****Office of the Chief Procurement Officer****SALARIES AND EXPENSES**

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	\$16,354	-	\$17,270	\$17,270	-	\$18,886	\$18,886
CD		-			-		
Total, Personnel Services	\$16,354	-	\$17,270	\$17,270	-	\$18,886	\$18,886
Non-Personnel Services:					-		
Travel	124	-	124	124	-	50	50
Other Services/Contracts	528	-	\$647	\$647	-	270	270
Training	170	-	170	170	-	75	75
Supplies	138	-	138	138	-	37	37
Total, Non-Personnel Services	\$960	-	\$1,079	\$1,079	-	\$432	\$432
Working Capital Fund	1,149	117	1,096	1,213	-	1,852	1,852
Carryover	117	-	-	-	-	-	-
Grand Total	\$18,580	\$117	\$19,445	\$19,562	-	\$21,170	\$21,170
FTEs	104		105	105	-	112	112

PROGRAM PURPOSE

The Office of the Chief Procurement Officer (OCPO) provides quality, timely, innovative, and compliant acquisition and business solutions to support the creation of strong, sustainable, inclusive communities and quality, affordable homes for all. OCPO is responsible for all matters related to the Department's acquisition-related needs and activities, including managing the acquisition workforce, in addition to conducting procurement activities. Procurement activities are conducted in Washington DC, Atlanta, GA; Ft Worth, TX; Denver, CO; Chicago, IL; and Philadelphia, PA in support of all HUD program offices.

BUDGET OVERVIEW

The 2021 President's Budget's requests \$21.2 million for the OCPO, \$1.7 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$21.2 million, \$1.6 million above the 2020 total funding. The increased funding in 2021 will provide additional staff to improve processes and provide quality compliant acquisitions support, including quality requirement packages, to meet the demand of the Department and its programs.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$18.9 million for OCPO PS, \$1.6 million above 2020 total funding. The funding will support 112 FTEs, an increase of seven FTEs above 2020.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$432 thousand, \$647 less than 2020 total funding. This decrease is achieved due to the increase in FTEs which will require OCPO to be less reliance on contract services support in 2021.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$1.9 million, \$639 thousand above 2020 total funding. The increase is primarily attributable to the addition of two new WCF business lines, IT Devices and Records Management services in 2021.

KEY OPERATIONAL INITIATIVES

OCPO has three priorities to meet its operational initiatives:

- Hiring – securing sufficient staff resources to support the workload
- Improving the Acquisition Process through training of the acquisition workforce, and providing resources to enhance transparency and accountability in the process; and
- Improving Acquisition planning by facilitating earlier planning and early engagement of the Integrated Acquisition Teams.

Improving acquisitions is HUD's second priority objective. OCPO is supporting this objective by hiring new talent into key positions within OCPO in order to foster operational excellence and drive cultural change across the enterprise. In the area of processes, OCPO is revamping the acquisition planning process to facilitate more long-range planning and early engagement of stakeholders, resulting in better execution, lower administrative cost, and a reduction in "bridges" and sole source awards. OCPO is working with the HUD program offices to increase the use of Tier 1 and higher vehicles such as program office, Departmental, and government-wide contracts to meet HUDs contracting demands. This initiative not only supports improving the way HUD does business, but also supports the PMA, CoE and government-wide category management agendas. In the area of technology, OCPO is creating dashboards that will provide near real-time insight in the status of acquisitions as they move through the process along with other key performance indicators which will increase transparency and accountability and aid in streamlining the process by increasing awareness throughout the Department. OCPO has also initiated a robotics project through partnership with OCFO that will support the automation of data mining and analysis. This project is aligned to the PMA of moving from low-value to high-value work and is intended to allow OCPO to recapture and repurpose thousands of hours to higher-value, higher-priority work.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Human Capital Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:							
Personnel Services	\$22,075	-	\$23,121	\$23,121	-	\$23,925	\$23,925
CD	6,053	-	6,900	6,900	-	6,100	6,100
Total, Personnel Services	\$28,128	-	\$30,021	\$30,021	-	\$30,025	\$30,025
Non-Personnel Services:							
Travel	129	-	365	365	-	250	250
Rent and Utilities	1	-			-		
Printing	19	-	30	30	-	30	30
Other Services/Contracts	6,321	828	8,114	8,942	-	5,800	5,800
Training	1,987	-	1,147	1,147	-	1,000	1,000
Supplies	75	-	60	60	-	75	75
Furniture and Equipment	71	-	80	80	-	71	71
Claims and Indemnities	-	-	10	10	-	10	10
Total, Non-Personnel Services	\$8,603	\$828	\$9,806	\$10,634	-	\$7,236	\$7,236
Working Capital Fund	1,049	1,133	-	1,133	-	2,167	2,167
Carryover	1,961	-	-	-	-	-	-
Grand Total	\$39,741	\$1,961	\$39,827	\$41,788		\$39,428	\$39,428
FTEs	136		136	136		134	134

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 the Department of Housing and Urban Development (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 2021 President's Budget requests \$39.4 million for the OCHCO, \$400 thousand less than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$39.4 million, \$2.4 million less than 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$23.9 million for OCHCO PS, \$800 thousand above 2020 total funding. This funding will support 134 FTEs, 2 FTEs less than 2020.

Common Distributable (CD)

The Budget reflects total funding (carryover and new authority) of \$6.1 million for OCHCO CD. CD funds support the Department-wide Transit Subsidy Benefits Program, the Student Loan Repayment Program, and the administrative fees for the Flexible Spending Account.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$7.2 million for OCHCO NPS, \$3 million below 2020 total funding. This funding provides continued support of recurring contracts, travel expenditures of personnel and equipment, general supplies, and employee training.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$2.2 million for OCHCO WCF, \$1.1 million above 2020 total funding. The funding supports WCF fees for shared services and other investments determined by the Secretary. The increase is primarily attributable to the addition of two new WCF business lines, IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

OCHCO has four priorities to meet its operational initiatives:

- Execute strategies to increase candidate quality and streamline hiring processes, including improving its partnerships with program offices;
- Increase employee accountability and engagement by building a performance culture;
- Implement succession planning strategies; and
- Enhance reporting, analytics, and evaluation of OCHCO business practices.

OCHCO is taking a strategic approach to addressing long-standing challenges with hiring, employee accountability and succession planning. This budget request will be used to support OCHCO's ability to execute strategies to support candidate quality and streamline processes; increase employee accountability and engagement; and implement succession planning strategies. OCHCO has priorities that address HUD's HR challenges. The budget will be used to support these priorities which include talent management; hiring; improved business partnership; reskilling the HR Business Partners (HRBPs); transactional process streamlining; performance culture enhancement; learning and development; enhanced reporting, analytics, and evaluation. Additionally, OCHCO intends to add a service provider in 2021. The analysis and requirements development for an integrated talent management solution and adding a service provider are additional priorities that will be supported in part by this budget.

Improving hiring is HUD's priority objective. OCHCO is addressing barriers to hiring at HUD through improvements to its Human Resources Business Advisor and Partner model which provides strategic and consultative services to Program Offices regarding recruitment and staffing activities.

Additionally, hiring process improvement initiatives to increase strategic touchpoints and integrate standardized workflows facilitated by technology began in 2017. It resulted in a 25 percent reduction

in time to hire in 2018 (150 days to 112 days). OCHCO will be implementing further process changes during 2020 and 2021 with a goal of an additional seven percent reduction (102 days to 93 days). We will continue the efforts to build upon these initiatives with an increased focus on improving quality of applicants referred for consideration. OCHCO will continue partnering with HUD's Program Offices and its shared service provider, the Bureau of the Fiscal Service (BFS), to deliver consultative and comprehensive talent acquisition programs and human resource services to ensure HUD maintains an agile, high-performing workforce.

With the outsourcing of transactional human resources work to BFS, OCHCO has focused on strengthening its capacity as a strategic partner to HUD's program leaders. To facilitate this transition, resources have been allocated to develop and expand human capital data analytics capabilities and an integrated talent management approach across OCHCO functional lines.

Additional operational initiatives OCHCO will address as 2021 priorities:

- Continued implementation of for an integrated talent management solution in support of the President's Management Agenda.
- Pursuit of artificial intelligence and robotics process automation to streamline activities and enable high value focus for the workforce.
- Improve transparency of data and insight through robotics process automation and dashboard reporting
- Continued improvement human capital functions to included quality of hires and reduction of average time-to-hire to ensure that HUD maintains an agile, high-performing workforce.
- Continued partnership to improve the quality of services provided by HUD's human capital shared service provider (BFS/ARC) by increasing its accountability for delivery of human capital services.
- Develop talent management strategies to support workforce reshaping initiatives and knowledge transfer via succession planning.
- Leverage human capital analytics to drive decision-making and strategic planning.
- Further develop organizational design and position management competencies within OCHCO to enhance consultation on HUD's ongoing improvement projects.
- Finalize implementation and maintain personnel security case management system to enhance transparency to HR operations, provide better communication regarding case status, reduce opportunities for delay and ensure accountability.
- Conduct a Leadership Assessment of the Department's supervisory and managerial workforce.
- Create career paths for 100 percent of the HUD workforce.
- Develop and pursue implementation of a customized 360° assessment tools, ideally owned by HUD for workforce competency development and career planning.
- Enhance offerings through courses facilitated and delivered by certified LEARN professionals.
- Utilize a technology tool such as Training Evaluation Measurement for Performance Optimization (TEMPO) to capture the Agency-wide training evaluation data.
- Improve employee accountability through effective performance management and related managerial training.

Consistent with HUD's implementation of OMB Memo 17-22, *Comprehensive Plan for Reforming the Federal Government*, in 2018, OCHCO aligned its resources to improve strategic planning, consultative capacity, and compliance oversight. As a result, it incorporates strategies to increase

operational efficiencies, such as integrating similar human capital functions, establishing internal pipelines for competency development and advancement, eliminating process redundancies, optimizing supervisory ratios, and strategically offering VERA/VSIP as appropriate while leveraging attrition.

The OCHCO, through its Learning, Enrichment, And Resource Network (LEARN), champions the evolution of learning in the Department through the development and implementation of strategies and goals that build the capacity of the workforce through learning and development. LEARN utilizes an enterprise-wide learning and development approach, called the Employee Development Strategy (EDS); which standardizes how learning is implemented across the Department. In fiscal year 2020, LEARN will conduct data analysis to validate the viability of the Department's Employee Development Strategy (EDS).

LEARN promotes a one HUD "LEARNing" environment which supports the establishment of a customer centered, technically credible and results-driven Departmental learning organization. LEARN creates developmental opportunities to engage the workforce, improve employees' well-being, close skills gaps and increase performance.

As the retirement eligibility of the Department's workforce continues to increase, LEARN is focused on providing relevant developmental opportunities to build bench strength and promote succession management. In this way, it is providing employees with the skills needed to meet HUD's mission.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of Field Policy and Management

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$47,314	\$2,593	\$52,385	\$54,978	\$1,640	54,815	\$56,455
Non-Personnel Services:							
Travel	1,727	45	1,755	1,800	-	1,411	1,411
Transportation of Things	57	-	-	-	-	-	-
Printing	2	-	-	-	-	-	-
Other Services/Contracts	859	106	884	990	-	4,879	4,879
Training	99	-	200	200	-	200	200
Supplies	11	-	10	10	-	10	10
Total, Non-Personnel	\$2,755	\$151	\$2,849	\$3,000	-	6,500	\$6,500
Working Capital Fund	1,110	377	987	1,364	-	3,885	3,885
Carryover	3,121	-	1,640	1,640	-	-	-
Grand Total	\$54,300	\$3,121	\$57,861	\$60,982	\$1,640	\$65,200	\$66,840
FTEs	313	16	322	338	10	328	338

PROGRAM PURPOSE

The Office of Field Policy and Management (FPM) drives forward the mission of the Department of Housing and Urban Development (HUD) through establishing, coordinating, and executing HUD's Annual Performance Goals. This includes effective pursuit of the Department's initiatives, particularly cross-cutting community initiatives that require coordination at the local level, as well as significant operational responsibilities in all 64 HUD Offices, located across ten national regions. FPM leads the implementation of Secretarial initiatives in the field with a focus on Opportunity Zone community revitalization, the EnVision Center demonstration, and Section 3 economic opportunity training. FPM also has approximately 40 full-time equivalents (FTEs) allocated to Davis Bacon Labor Standards compliance work. Davis Bacon staff train and monitor local agencies as well as support various employment and apprenticeship initiatives in the community.

FPM has several operational roles, particularly in the field, including management and orderly operation of field offices; internal office communications; safety and security of field offices; emergency office closures; and disaster preparation, response, and recovery in coordination with the Office of Administration and Program Directors. Specifically, FPM's disaster coordinators supervise disaster recovery centers and employees on mission assignments. Moreover, FPM drives forward a national initiative to enhance disaster preparedness by HUD grantees. Additionally, the office coordinates stakeholder engagements and conferences throughout the country, non-profit and philanthropic outreach and collaboration, as well as tours of community best practices across the country. FPM also manages, monitors and coordinates customer service client interactions across program areas in the field and ensures federal, state, local and tribal elected officials received responsive and coordinated service.

BUDGET OVERVIEW

The 2021 President Budget requests \$65.2 million for the Office of Field Policy and Management (FPM), \$7.3 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$66.8 million, \$5.9 million above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$56.5 million for Office of Field Policy and Management PS, \$1.5 million above 2020 total funding. This funding will support 338 full-time equivalents (FTEs), remaining equal with 2020. FPM's carryover funding is necessary to maintain its current staffing level, which was set with a goal of increasing HUD's presence in smaller field offices, while also maintaining adequate funding to backfill critical leadership vacancies. Approximately 90 percent of FPM's staff are in the field. FPM FTEs will continue to support the Departmental Annual Performance Goals associated with the expansion of HUD's role in promoting the Opportunity Zone initiative and EnVision Centers, as well as the anticipated expansion of FPM's role training residents, workers, businesses and grantees on the new Section 3 regulation (provision of the Housing and Urban Development Act of 1968 which ensures that preference for employment, training and contracting opportunities generated from the expenditure of certain HUD funds is directed to local low and very low-income persons).

Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$6.5 million for Office of Field Policy and Management NPS, \$3.5 million above 2020 total funding. This funding level will essentially maintain 2020 current services for travel, contracted services, and training. This increase is primarily attributable to FPM, in collaboration with the General Services Administration (GSA), leading the oversight, management and implementation of the Customer Experience initiative for the Department in 2021.

- **Travel:** Although the 2021 Budget reflects a decrease of \$389 thousand from 2020, FPM will continue to utilize travel resources to support key Departmental priorities to include the support for the Opportunity Zones initiative, EnVision Center demonstration expansion (improve access to supportive services to American families through public-private partnerships), disaster recovery and relief efforts, decreasing homelessness initiatives, reducing lead hazards in housing, and empowering Section 3. Support includes, but is not limited to outreach, on-site field reviews, on-site technical assistance (TA), convening and facilitating roundtables and trainings, ongoing capacity building and community engagement efforts. FPM intends to achieve the decrease in travel through the use of video conference technology whenever possible to help reduce travel cost for meetings.
- **Contracts:** In 2021, the increase of \$3.9 million from 2020 is primarily a result of FPM spearheading the management, oversight and implementation of the Customer Experience initiative. Under this initiative FPM, in collaboration with GSA, will complete the standup of customer experience to include developing and implementing a Voice of the Customer (VoC) listening practice at HUD with the capability to continuously listen and respond to customer feedback.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$3.9 million for the Office of Field Policy and Management's contribution to the WCF, \$2.5 million above 2020 total funding. This funding will support FPM's use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

FPM supports locally driven strategies developed by local officials and community stakeholders and facilitates cross-programmatic collaboration to achieve those priorities. As an adjunct of the Secretary and Deputy Secretary's office, FPM is the organization responsible for leading Secretarial Initiatives in the field. FPM has a robust field organization of 64 offices and approximately 350 staff familiar with the Department's programs and activities. FPM staff cultivate relationships with community leaders across the nation that can increase the successful execution of the following Annual Performance Goals:

- Promote Section 3;
- Support and maintain EnVision Centers;
- Support and maintain Promise Zones;
- Bolster growth in Opportunity Zones;
- Ensure compliance with the Davis Bacon Labor Standards Act;
- Support Effectiveness and Accountability in Long-Term Disaster Recovery; and
- Customer service.

Specifically, FPM's 2021 priorities include the following cross-cutting collaboration efforts, all which supports the President Management Agenda Goal: "Improving Customer Experience," as well as specific Annual Performance Goals:

- **Opportunity Zones** – FPM is the office tasked with supporting Opportunity Zones (OZs) in the field by promoting the initiative, educating stakeholders and providing Technical Assistance. The 8,764 Qualified OZ census tracts are located across all 50 states and US territories, in urban, suburban, and rural areas. These are some of the most impoverished and struggling areas in the country, and in most cases, areas where HUD has the largest footprint. With FPM's staff support, the Department can effectively encourage private investment and development in these areas and promote economic revitalization and reduce reliance on HUD assistance over the long-term. An example of the potential for private investment to reduce reliance on HUD's programs is the recent success of the administration's efforts to reposition public housing. More than one third of the 100,000-plus rental units preserved through HUD's Rental Assistance Demonstration (RAD) are located within Opportunity Zones. Qualified Opportunity Fund capital has the potential to serve as a new and powerful financing tool to support the continued expansion of the RAD program.
- **Section 3** – FPM plays a critical role in training residents, workers, businesses and grantees on Section 3 of the Housing and Urban Development Act of 1968. Specifically, FPM provides Technical Assistance to local officials and community development agencies ensuring that HUD investments result in economic opportunities for low-income individuals, public housing residents, as well as the businesses that employ them. The objectives of Section 3 are:
 - to use HUD program funds to provide a springboard for residents to become economically empowered through direct participation in construction and other activities designed to physically improve and revitalize their neighborhoods;

- to leverage HUD funds to strengthen local economies, promote self-sufficiency; and
 - ensure that employment, training, contracting, and other economic opportunities generated by certain HUD financial assistance are directed to low- and very low-income persons.
- **EnVision Centers** – EnVision Centers assist low-income Americans on a path to self-sufficiency, which is a key priority for the Department. FPM manages the demonstration and is responsible for designating and supporting EnVision Center sites. To efficiently execute this demonstration, FPM utilizes staff in each region to support the expansion of the initiative program to several hundred potential locations.
- **Promise Zones** – HUD currently has 14 urban Promise Zones (PZs) across the country, which were competitively awarded in low-income communities. PZ Community Liaisons (CLs), as outlined in the 10-year Designation Agreements between HUD and PZ lead orgs, help lead collaborative federal local place-based efforts around increasing affordable housing, accelerating economic development, improving community health, enhancing public safety, fostering job creation, changing K-12 educational outcomes, and more. This work is accomplished primarily through coordinating federal funding applications and CLs providing direct Technical Assistance in support of efforts endorsed by local leaders and supported by local community.

FPM is striving to gain efficiencies and improvements to support the Department's Strategic Goal: "Reimagining the Way HUD Works," via the following initiatives:

- Advance economic opportunities through increased involvement in several strategic initiatives: Section 3, EnVision Centers, Opportunity Zones and Promise Zones
- Support the modernization of information technology to transform how HUD operates through development of in-house workload management tools such as the Field Reporting Tool and the Customer Relationship Management System
- Continue to support Department-wide coordination and implementation of disaster preparedness, response and recovery efforts for Presidentially declared disaster locations
- Continue to manage and support cross-programmatic initiatives for local communities, including partnering with non-profit, faith-based and philanthropic organizations
- Continue to convene roundtables for HUD's partners to share best practices and discuss issues facing local governments and communities

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of Departmental Equal Employment Opportunity

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$3,213	-	\$3,528	\$3,528	-	\$3,589	\$3,589
Non-Personnel Services:							
Travel	12	-	15	15	-	15	15
Printing	-	-	2	2	-	2	2
Other Services/Contracts	468	60	498	558	-	498	498
Training	8	-	15	15	-	15	15
Supplies	17	-	6	6	-	6	6
Furniture and Equipment	-	-	-	-	-	-	-
Claims and Indemnities	-		30	30	-	30	30
Total, Non-Personnel Services	\$505	\$60	\$566	\$626	-	\$566	\$566
Working Capital Fund	122	-	148	148	-	280	280
Carryover	60	-	-	-	-	-	-
Grand Total	\$3,900	\$60	\$4,242	\$4,302	-	\$4,435	\$4,435
FTEs	19	-	20	20	-	20	20

PROGRAM PURPOSE

The Office of Departmental Equal Employment Opportunity (ODEEO) is responsible for ensuring compliance consistent with federal regulations and statutes, including Title VII of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, and the Age Discrimination in Employment Act, the Equal Pay Act, the Genetic Information Nondiscrimination Act, and the Notification and Federal Employee Anti-discrimination and Retaliation (No FEAR) Act of 2002, Executive Orders and HUD (Department) policies.

It is the responsibility of ODEEO to enforce the laws preventing discrimination and harassment of employees and applicants for employment based on race, color, sex, religion, national origin, age (40 and over), disability, protected genetic information, protected EEO activity, sexual orientation, gender identity, and, to ensure that the Department functions to recruit, hire, train, develop, promote, reward, and discipline employees are conducted in a fair and consistent manner, solely based on merit. ODEEO 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. ODEEO is responsible for planning, executing, and implementing the Department's EEO/Affirmative Employment (EEO/AE) Activities pursuant to the Federal Regulation at 29 C.F.R. §1614 and other management directives. ODEEO works to proactively prevent discrimination and promote diversity and inclusion within the Department's workforce.

BUDGET OVERVIEW

The 2021 President's Budget requests \$4.4 million for Office of Departmental Equal Employment Opportunity, \$193 thousand more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$4.4 million, \$133 thousand above 2020 total funding. ODEEO continues to utilize technology to enhance services to our customers in processing EEO complaints and the EEO complaints tracking database.

Personnel Services (PS)

The Budget reflects PS funding in 2021 of \$3.6 million, an increase of \$61 thousand from 2020. This funding level allows ODEEO to maintain their 2020 full-time equivalent (FTE) level and backfill critical positions, as they become vacant, to acquire needed skillsets increasing ODEEO's efficiency in processing EEO complaints. PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects NPS funding of \$566 thousand is a decrease of \$60 thousand from 2020. This funding allows ODEEO to utilize limited contract services support to process EEO complaint cases; provide mandatory training for EEO staff; and support EEO staff to travel in order to train HUD workforce on senior management initiatives.

Working Capital Fund (WCF)

The Budget reflects \$280 thousand for the WCF requirements in 2021. This is an increase of \$132 thousand, primarily to support the new WCF business lines of IT Devices and Records Management services. WCF funding will support fees for shared services and other investments determined by the Secretary.

KEY OPERATIONAL INITIATIVES

ODEEO's proposal is driven by the Secretary's priorities for the Department, especially reimagining the way HUD works and building a culture of respect and harmony.

ODEEO's focus will continue to be on ensuring the enforcement of federal laws relating to the elimination of discrimination in all the Department's employment practices proactively, preventing discrimination, and resolving disputes early and at the lowest possible level.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of Business Transformation

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$3,612	\$446	-	\$446	-	-	-
Non-Personnel Services							
Travel	8	20	-	20	-	-	-
Printing	-	-	-	-	-	-	-
Other Services/Contracts	21	223	-	223	-	-	-
Training	-	30	-	30	-	-	-
Supplies	-	6	-	6	-	-	-
Non-Personnel Services Subtotal	\$29	\$279	-	\$279	-	-	-
Working Capital Fund	116	118	-	118	-	-	-
Carryover	843	-	-	-	-	-	-
Grand Total	\$4,600	\$843	-	\$843	-	-	-
FTEs	31	3	-	3	-	-	-

In 2020, the Department abolished the Office of Business Transformation and realigned its components within the Office of Chief Financial Officer and the Office of the Assistant Secretary for Administration.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Administrative Support Offices

Office of the Chief Information Officer

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$31,782	\$411	\$42,975	\$43,386	-	\$50,956	\$50,956
Non-Personnel Services:							
Travel	256	-	900	900	500	400	900
Printing	1	-	5	5	-	5	5
Other Services/Contracts	5,911	4,285	6,709	10,994	4,000	5,115	9,115
Training	242	-	981	981	500	500	1,000
Supplies	57	-	100	100	-	100	100
Total, Non-Personnel Services	\$6,467	\$4,285	\$8,695	\$12,980	\$5,000	\$6,120	\$11,120
Working Capital Fund	1,293	462	1,006	1,468	-	6,124	6,124
Carryover	5,158	-	5,000	5,000	-	-	-
Grand Total	\$44,700	\$5,158	\$57,676	\$62,834	\$5,000	\$63,200	\$68,200
FTEs	186	2	236	238	-	272	272

PROGRAM PURPOSE

The mission of the Office of the Chief Information Officer (OCIO) is to enable delivery of the Department of Housing and Urban Development (HUD) programs, services, and management processes by providing high-quality information technology (IT) solutions and services to its stakeholders. The OCIO is committed to modernizing HUD IT. The OCIO is focused on the accomplishment of our programmatic goals to:

- Enhance service delivery, assess IT workforce and processes to align with HUD and OCIO mission;
- Create repeatable processes that streamline and improve OCIO through performance and innovation; and
- Strengthen customer collaboration to deliver customer focused outcomes.

BUDGET OVERVIEW

The 2021 President's Budget requests \$63.2 million for OCIO, \$5.5 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of 68.2 million, 5.4 million above the 2020 total funding level. The 2021 President's Budget supports OCIO's salaries and expenses requirements in order to improve HUD's cybersecurity posture, support Information

Technology (IT) modernization, and increase infrastructure operational services and IT support in HUD field offices.

Personnel Services (PS)

The President's Budget requests \$51 million for OCIO to support 272 full-time equivalents (FTEs), which reflects an overall increase of 34 FTEs from 2020. This increase is primarily due to the full effect of the annualized costing for the hires done in 2020 to improve HUD's cybersecurity posture to support:

- Implementation of Continuous Monitoring/Ongoing Authorization;
- Implementation of Continuous Monitoring and Diagnostic (CDM);
- Implementation of the Cybersecurity Framework;
- Establishment of a Security Operations Center (SOC); and
- Cybersecurity Tools to perform Security Incident and Event Management, Vulnerability Analysis and Remediation.

PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$11.1 million for OCIO NPS, \$1.9 million below 2020 total funding. The decrease is due to a reduced need for contract support as a result of the increase of 34 FTEs. In 2021, OCIO will have less reliance on contract support to augment IT staff functions.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$6.1 million for the WCF, \$4.7 million above 2020 total funding. WCF funding will support OCIO's use of shared services and other investments as determined by the Secretary. The increase in 2021 is primarily attributable to two new services being added to the WCF in 2021: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

Personnel and contract resources to support:

- **Federal Housing Administration (FHA) Modernization** which is a multi-year investment that will modernize FHA's antiquated systems to align to industry technology improvements. While FHA has long delegated significant underwriting and servicing authority to lenders, technology now enables a "trust but verify" approach of granular monitoring and oversight that better protects the taxpayer without placing an undue burden on FHA personnel.
- **Subsidies and Inspection Modernization** which involves the migration to cloud-based computing resources; automation of program specific business rules; improved information sharing through use of a common database model and development of inspection mobile application.
- **Grants Modernization** which improves the grants making process by streamlining, modernizing, and consolidating the legacy systems that support grant programs. Currently, HUD operates multiple grants management systems on HUD's infrastructure. Additionally,

HUD uses Grant Solutions, the shared software as a service operated by the Grants Center of Excellence at HHS.

- **Enterprise Capabilities Development** using state-of-the-industry architectural practices including service oriented architecture (SOA), microservices, increased use of open source software (OSS), Platform as a Service offerings such as Salesforce, standardized design patterns, and cloud based resources.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Overview

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services	\$733,304	\$11,508	\$789,956	\$801,464	\$5,960	\$826,854	\$832,814
Non-Personnel Services:							
Travel	9,069	1,270	7,632	8,902	1,002	7,809	8,811
Transportation of Things	32	-	-	-	-	-	-
Rent and Utilities	13	2	15	17	-	17	17
Printing	158	15	204	219	-	209	209
Other Services/Contracts	10,120	8,133	5,464	13,597	144	17,567	17,711
Training	3,379	650	2,702	3,352	-	3,311	3,311
Supplies	244	30	228	258	-	268	268
Furniture and Equipment	33	-	15	15	-	15	15
Claims and Indemnities	146	-	114	114	-	115	115
Total, Non-Personnel Services	\$23,194	\$10,100	\$16,374	\$26,474	\$1,146	\$29,311	\$30,457
Working Capital Fund	26,355	17,683	10,720	28,403	22,844	43,984	66,828
Carryover	39,291	-	29,950	29,950	-	-	-
Grand Total	\$822,144	\$39,291	\$847,000	\$886,291	\$29,950	\$900,149	\$930,099
FTEs	4,925	74	5,011	5,085	37	5,104	5,141

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. The 2021 President's Budget provides funding for six offices:

- Office of Public and Indian Housing
- Office of Community Planning and Development
- Office of Housing
- Office of Policy Development and Research
- Office of Fair Housing and Equal Opportunity
- Office of Lead Hazard Control and Healthy Homes

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Public and Indian Housing

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$191,940	\$2,183	\$206,431	\$208,614	-	\$216,784	\$216,784
Non-Personnel Services:							
Travel	3,171	-	3,000	3,000	-	3,000	3,000
Rent and Utilities	9	-	12	12	-	12	12
Printing	8	-	10	10	-	10	10
Other Services/Contracts	5,408	4,840	1,160	6,000	-	6,000	6,000
Training	825	-	1,000	1,000	-	1,000	1,000
Supplies	46	-	40	40	-	40	40
Furniture and Equipment	23	-	15	15	-	15	15
Claims and Indemnities	1	-	-	-	-	-	-
Total, Non-Personnel Services	\$9,491	\$4,840	\$5,237	\$10,077	-	\$10,077	\$10,077
Working Capital Fund	8,533	2,813	6,687	9,500	8,645	9,578	18,223
Carryover	9,836	-	8,645	8,645	-	-	-
Grand Total	\$219,800	\$9,836	\$227,000	\$236,836	\$8,645	\$236,439	\$245,084
FTEs	1,250	13	1,274	1,287	-	1,301	1,301

PROGRAM PURPOSE

The central mission of the Office of Public and Indian Housing (PIH) is to provide nearly 3.2 million of the country's most vulnerable households a safe, decent and affordable place to call home, while simultaneously supporting the President's priorities of rental assistance reform, right-sizing the federal role in rental assistance, deregulation, and providing much needed flexibilities to state/local Public Housing Authorities (PHAs).

PIH currently partners with more than 3,700 PHAs and Tribally Designated Housing Entities (TDHEs) serving 592 tribes, to increase capacity; administer, operate, and modernize their housing inventories; effectively manage their physical assets and financial resources; and facilitate programs that provide supportive services to improve tenant outcomes and create strong, sustainable, inclusive communities and quality affordable homes for all.

BUDGET OVERVIEW

The 2021 President's Budget requests \$236.4 million for PIH, which is \$9.4 million more than the 2020 Enacted funding level of \$227 million. The Budget reflects total funding (carryover and new authority) of \$245 million, \$8.2 million above 2020 total funding. PIH is focusing salaries and expenses on the delivery of affordable housing and advancing economic opportunity.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$216.8 million for PIH's PS, \$8.2 million above 2020 total funding. This funding will support 1,301 full-time equivalents (FTEs), 14 FTEs above 2020.

The 1,301 FTEs are distributed in the Headquarters building, 46 field offices and six Native American program area offices. This workforce supports PIH's mission to deliver assistance to low-income families through three core areas:

- Public Housing (grants that can be used for operations, capital improvements and self-sufficiency).
- Tenant-Based Rental Assistance (TBRA) – Housing Choice Voucher (HCV) program.
- Native American programs.

PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$10 million for PIH's NPS, equal to 2020 total funding. This funding level will essentially maintain 2020 current services for travel, training and contractual services requirements. PIH will continue to support a Real Estate Assessment Center's (REAC) physical inspection protocol contract for National Standards for the Physical Inspection of Real Estate (NSPIRE). Modernizing HUD's inspection and inspection related information technology (IT) capabilities would significantly improve HUD's ability to fulfill its oversight responsibilities of ensuring HUD-assisted housing is meeting the statutory requirements of decent, safe, and habitable across all programs.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$18.2 million for PIH's contribution to the WCF, \$8.7 million above 2020 total funding. This funding will support PIH's use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

PIH's S&E request supports the President's agenda to:

- Focus on data, accountability, and transparency.
- Devote a greater percentage of salaries and expenses to developing a workforce for the 21st century, improving customer service experiences, sharing quality services, and shifting from low-volume to high-value work.

In 2021, PIH will continue to meet our three priorities, which align with HUD's priorities:

- a. People: Foster a positive work environment
- b. Programs: Common sense measures to support our programs
- c. Properties: Ensure the long-term viability of affordable housing

In 2021, PIH is supporting the following core mission and essential functions, existing programs and new initiatives:

- Housing Choice Voucher (HCV) Program;
- Public Housing Program;
- Repositioning Public Housing;
- Support to High Risk PHAs;
- Moving to Work (MTW) Program Expansion and Single Fund;
- Jobs Plus Program and Expansion;
- Self-Sufficiency Programs and Expansion;
- Native American Programs;
- NSPIRE Inspections and Financial Analysis; and
- Monitoring, Technical Assistance and Oversight.

In an effort to better align functions, workload, and operational missions in PIH, HUD proposes the following organizational changes:

Consolidate PIH's support functions under a single Deputy Assistant Secretary (DAS) for Operations. This consolidation includes the following:

- a. Dissolve the Grants Management Center.
- b. Create the Office of Business Support under the Deputy Assistant Secretary for Operations.
- c. Realign the Audit Division from the Office of Planning, Resource Management, and Administrative Services (OPRMAS) to the Budget Administration Division within the Office of Budget and Financial Management (OBFM).
- d. Realign the functions related to employee & labor relations that are currently in OPRMAS to the Office of Business Support.

These changes will provide improved operational efficiencies and program support for all affected offices. This reorganization will not require the need of additional FTEs.

New initiatives managed by the Office of Lead Hazard Control and Healthy Homes but also supported by PIH's S&E Budget include:

- Lead-Pipe Water Replacement Grants; and
- Lead Risk Assessments for HCV Units.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Community Planning and Development

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$99,996	\$1,203	\$115,557	\$116,760	-	\$122,220	\$122,220
Non-Personnel Services:							
Travel	1,187	-	1,200	1,200	-	1,242	1,242
Printing	8	-	19	19	-	19	19
Other Services/Contracts	1,021	1,521	589	2,110	-	2,110	2,110
Training	180	-	211	211	-	212	212
Supplies	33	-	35	35	-	35	35
Claims and Indemnities	19	-	-	-	-	-	-
Total, Non-Personnel Services	\$2,448	\$1,521	\$2,054	\$3,575	-	\$3,618	\$3,618
Working Capital Fund	4,101	3,075	1,129	4,204	5,260	3,665	8,925
Carryover	5,799	-	5,260	5,260	-	-	-
Grand Total	\$112,344	\$5,799	\$124,000	\$129,799	\$5,260	\$129,503	\$134,763
FTEs	679	8	727	735	-	749	749

PROGRAM PURPOSE

The Office of Community Planning and Development (CPD) primarily manages community development, affordable housing, homeless assistance and disaster recovery programs that support communities, low-income households and others requiring assistance.

CPD's staff workload is driven by fiduciary and oversight responsibilities and include, among others, the following activities:

- Grant administration;
- Audit resolution;
- Risk assessment and monitoring to ensure program compliance;
- Environmental review and mediation;
- Technical assistance and customer support; and
- Long-term Disaster Recovery.

To oversee compliance and program performance, CPD uses the "cross program," place-based specialist approach. Staff are assigned responsibility for overseeing a range of programs, both formula and competitive, in designated geographical areas. Grantees are issued a single point of contact, which enables CPD to manage the broad mix of projects found in a typical grantee portfolio.

Under the "cross-program" place-based specialist approach, individual CPD field staff perform grant administration, risk assessment and monitoring, audit resolution, consolidated plan review and approval, and technical assistance.

BUDGET OVERVIEW

The 2021 President Budget's requests \$129.5 million for the Office of Community Planning and Development, \$5.5 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$134.8 million, \$5 million above 2020 total funding.

Personnel Services (PS)

The Budget provides \$122.2 million for CPD PS to support 749 full-time equivalents (FTEs). This FTE level is an increase of 14 FTEs from 2020. CPD FTEs' will support core areas relating to Special Needs Assistance Programs, Grant Management, and Field Operations, in addition to the Presidential Management Agenda and HUD's Agency Priority Goals. Beyond CPD's core workload, FTEs will support the following:

- Train and provide customer support to grantees on important HUD initiatives,
- Reduce significant backlog and workload relating to audit resolution and grant closeouts, and
- Manage the cross-cutting program functions of Environment, Relocation, and Technical Assistance for the Department.

The additional FTE resources of 14 FTEs above the 2020 level will be placed in the following offices:

Office of Block Grant Assistance (OBGA), Disaster Recovery and Special Issues Division (DRSI): CPD intends to staff up in 2020 to provide additional resources for OBGA DRSI. This staffing in late 2020 will result in an annualized resource level of ten FTEs in 2021 to support Disaster Management and Recovery efforts. CPD would like to dedicate staff to focus on multi-layered issues relating to disaster recovery after the devastating impacts of Hurricanes Irma and Maria. These resources form the Federal Financial Monitoring team (FFM). FFM would perform core duties associated with grant management, including monitoring, as well as reviewing vouchers and vendors and providing financial management and legal, accounting, and construction expertise.

Operations, Field Management: CPD will allocate four FTEs to support cross-cutting program workload in CPD field offices. CPD field staff work on a myriad of CPD programs. They are required to perform functions relating to disaster management, mandated audit resolution, grant closeout, risk analysis, monitoring, technical assistance, grant administration and oversight, and review of consolidated plans, action plans and annual performance plans of grantees. Additional FTEs will ensure that CPD has resources for grant administration and improved program delivery, while guarding against waste, fraud, and abuse.

The requested FTE increases would allow CPD to better manage its core workload relating to grant administration, continue to lead in the forefront of current and future disaster-related response and recovery efforts, and provide targeted support to Puerto Rico recovery efforts. PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021 as directed by OMB.

Non-Personnel Services (NPS)

NPS requirements in 2021 are \$3.6 million, essentially flat at the 2020 level.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$8.9 million for CPD's contribution to the WCF, \$4.7 million above 2020 total funding. The majority of the \$4.7 million increase is attributed to the addition of Information Technology Devices and Records Management Services to the WCF. WCF funding supports CPD's use of shared services and other investments as determined by the Secretary.

Key Factors Driving CPD's Workforce

The most significant drivers and most important factors when determining salaries and expenses (S&E) needs are the number of active grants and projects in CPD's portfolio and the ongoing oversight responsibilities of completed projects. In addition, the impact of program funding must be considered. In 2019, CPD's program appropriation was \$7.7 billion and was supported by 679 FTEs with S&E expenditures of \$106.6 million. Since September 2017, CPD received an additional \$39 billion to support disaster impacted areas, which was several times CPD's annual appropriation. CPD will need to dedicate significant resources to help manage and monitor the disaster funds to ensure successful program delivery and to guard against waste, fraud, and abuse.

Reducing Homelessness: CPD is leading the efforts of reducing homelessness nationwide by providing a variety of service and housing interventions, including homelessness prevention, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing.

Disaster Recovery: CPD plays a critical role in providing disaster recovery to cities, counties, parishes, and states that are most impacted by Presidentially declared major disasters. CPD's Community Development Block Grant Disaster Recovery (CDBG-DR) assistance provides flexible grants to rebuild the affected areas and stimulate recovery and renewal.

Housing Opportunities for Persons With AIDS: CPD is also leading the efforts to provide permanent supportive housing, transitional/short-term housing, and supportive services and case management to persons with AIDS.

Monitoring: CPD currently monitors 21 percent of the grantees in its portfolio each year. CPD leverages its resources for grant compliance by providing technical assistance and training to grantees, as well as, pursuing opportunities to streamline the risk-based monitoring process and utilize remote monitoring and technology.

Audits: CPD has a significant backlog of open audits recommendations and grant closeouts. CPD has more than 145 open audits with approximately 621 open recommendations and more than 370 overdue recommendations. Disaster Recovery has 26 open audits and 112 open recommendations. Additionally, CPD has over 90,000 grants to closeouts.

Technical Assistance (TA): CPD administers and monitors the TA cooperative agreements for the Department, including disaster related assistance.

Within the Office of the Deputy Assistant Secretary for Grants Programs, no new funding was requested in the 2021 President's Budget to support Community Development Block Grants (CDBG), Community Development Loan Guarantee (Section 108), Homeownership Investment Partnerships Programs (HOME), and Self-Help Homeownership Opportunity Program (SHOP). Nevertheless, significant workload remains that requires dedicated on-going FTE resources.

- Community Development Block Grants (CDBG) 2019 funding will require oversight and monitoring that will not be fully expended until 2026;
- Supplemental disaster appropriations (CDBG-DR) will have outlays and expenditures for the foreseeable future, including some grants that will remain open through 2030 and beyond;
- Community Development Loan Guarantees (Section 108) supports 551 outstanding loans in communities across the country with an outstanding loan balance of \$1.1 billion. Existing loan commitments could extend up to 20 years into the future. CPD must continue to ensure timely repayment of these loans on a quarterly basis as well as continue to provide regulatory and programmatic oversight;
- HOME Investment Partnerships (HOME) 2019 funding will not expire until 2028 and units must be monitored for affordability and physical condition for 20 years;
- Self-Help Homeownership Opportunity Program (SHOP) has \$151.6 million of undisbursed funds from 2019 and earlier and HUD will oversee the awards until the end of their period; and

CPD Priority Goals

CPD has taken several steps to implement the President's Management Agenda by modernizing information technology, providing tools to expand data access, accountability, and transparency, and creating a modern workforce equipped to address evolving mission needs.

- CPD developed and is rolling out a Financial Dashboard to display summary level grant data for all CPD programs (awarded, drawn, balance). The Dashboard:
 - Provides powerful analytic capability used for discussion and talking points during site visits and discussions with grantees, elected leaders, and/or local communities; and
 - Assists in identifying slow spenders, analyzing trends, and tracking progress across programs.
- CPD is enhancing the DRGR to improve disaster grant management. This effort will:
 - Streamline monitoring and action plan processes, improve system performance, and enhance data capabilities and access for grantees, HUD staff, and the public.
 - Reduce administrative burden which will reduce staff work hours and burden.
- CPD is re-platforming and modernizing the Electronic Special Needs Assistance Programs System (eSNAPS).
 - The eSNAPS system is used to process, review, and award 8,000 applications online annually; however current platform is antiquated and unstable. Re-platforming will stabilize and ensure performance of the Continuum of Care homeless assistance program.
- CPD is expanding access to training opportunities and employee professional development.
 - Provides internal training certification to employees to increase staff capacity.
 - Launched the CPD 101 Series that consists of six training sessions targeted to enhance CPD's employees' professional skills and knowledge of CPD programs. Each session has been developed by CPD subject matter experts and represents an in-depth study of CPD programs, requirements, and procedures that will equip employees with the tools and information needed to become more proficient in their position(s).
 - Initiated the Management Development Program (MDP) to develop the next generation of civil servant leaders. Participants receive training on the Office of Personnel Management's (OPM) Executive Core Qualifications (ECQ), participate in team building exercises, perform case studies, participate in job shadowing, conduct

leadership interviews, provide peer to peer training, and engage in developmental assignments and rotations.

- Created the Core Competency Curriculum Program as a holistic approach to staff development and training and provide career development opportunities by offering “tracks” of training course for CPD Representatives, Financial Analysts, Grants Management, and Affordable Housing.
- Created the HOME Academy which is a structured six-month course targeted at increasing employee proficiency and knowledge in the HOME program and its requirements.

The requested personnel services and non-personnel services funding levels will enable CPD to improve program delivery and meet HUD Agency Priority Goals relating to reducing and ending homelessness, grant administration, and disaster management and recovery.

HUD Agency Priority Goals

CPD programs align with HUD’s Agency Priority goals, particularly the Office of Special Needs and Assistance Programs. The requested personnel services and non-personnel services funding levels will position the Office of Special Needs and Assistance Programs, the Office of Grant Programs Disaster Recovery and Special Initiative, and field staff to improve program delivery and meet HUD Agency Priority Goals.

- **By September 30, 2021, reduce the average length of homelessness in communities by an average of three days from 2019.**

CPD’s homeless program aim is to assist persons experiencing homelessness, with special focus on vulnerable individuals and families who are homeless or at-risk homeless, through a variety of service and housing interventions. Between 2010 and 2018, as a direct result of CPD’s program, homelessness has declined 13 percent. The personnel and non-personnel resources requested in the 2021 President’s Budget will help CPD continue its efforts to further reduce homelessness.

KEY OPERATIONAL INITIATIVES

CPD is developing a new workload indicator and time usage survey that will allow CPD to better manage its FTE resources. Each field office will complete a survey and estimate the distribution of time spent on core work activities by grant type and staff position. Field offices will be able to request additional resources and identify how those resources would be used by providing both quantitative and qualitative data. The tool will provide a comparison of workload and FTE management across field offices and will assist CPD in allocating its field FTE resources.

CPD is revisiting its organizational effectiveness by assessing its office structure based on workload and resources. CPD’s goal is to effectively manage its limited resources, level its workload across offices and identify areas to increase or decrease FTEs.

CPD is in the forefront of several innovative initiatives that jointly support the Department’s Strategic Goal of Reimagining the Way HUD Works, in addition to, the President’s Management Agenda.

- Initiating the Continuum of Care (CoC) Re-Imagining: The Goal of the CoC Re-Imagining Process is making the CoC Program competition less time-consuming for CoC recipients, allowing HUD to distribute funds more quickly so both HUD and communities can spend more time focusing on ending homelessness.
- Streamlining the Consolidated Planning process by incorporating more automation, improving the consistency of reviews, eliminating unnecessary steps in the process,

identifying higher risk plans sooner, and expediting processing. The new process is being piloted with a sample of consolidated plans submitted with the current award cycle and is targeted for roll-out in 2019.

- Partnering with the Office of Chief Financial Officer (OCFO) and Public and Indian Housing (PIH) Real Estate Assessment Center to review its current risk analysis process. The proposed process will include more automation, reduce subjectivity, and develop quicker results, thereby allowing CPD to load-level the monitoring workload across the year.
- Revising key portions of environmental regulations and related guidance to reduce costs, reduce burden, and speed project execution across all CPD programs.
- CPD has a successful track record of recent accomplishments that aligns with HUD's Strategic Goal. Recent examples include: Shortening the SNAPS competition by up to 65 days, eliminating seven percent of 2017 project reviews by streamlining efforts such as providing recipients the option to submit renewals without changes, and establishing a uniform procedure for field offices to send executed agreements to HUD's Fort Worth Accounting Center, eliminating inconsistencies and reducing time.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Housing

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$350,131	\$4,764	\$366,050	\$370,814	\$5,960	\$374,653	\$380,613
Non-Personnel Services:							
Travel	3,361	-	3,103	3,103	-	2,949	2,949
Transportation of Things	17	-	-	-	-	-	-
Rent and Utilities	1	-	3	3	-	3	3
Printing	14	-	15	15	-	15	15
Other Services/Contracts	2,740	-	3,560	3,560	-	3,560	3,560
Training	1,835	-	1,207	1,207	-	1,165	1,165
Supplies	125	-	130	130	-	140	140
Claims and Indemnities	126	-	100	100	-	100	100
Total, Non-Personnel Services	\$8,219	-	\$8,118	\$8,118	-	\$7,932	\$7,932
Working Capital Fund	10,410	8,976	2,257	11,233	1,615	29,293	30,908
Carry Over	13,740	-	7,575	7,575	-	-	-
Grand Total	\$382,500	\$13,740	\$384,000	\$397,740	\$7,575	\$411,878	419,453
FTEs	2,381	31	2,361	2,392	37	2,353	2,390

PROGRAM PURPOSE

The Office of Housing is charged with encouraging improvements in housing standards and conditions nationwide. Through its Federal Housing Administration (FHA) duties, the Office of Housing extends credit insurance to cover private credit transactions in support of sustainable homeownership for first-time and low-to-moderate income homebuyers; construction, rehabilitation, refinancing, repair and purchase of multifamily rental housing projects; and access to quality healthcare through the financing of hospitals and residential care facilities. In addition, under the Office of Housing's rental assistance programs, including Project-Based Rental Assistance, the Office is responsible for supporting safe and affordable rental dwellings for low-income households.

BUDGET OVERVIEW

The 2021 President Budget requests \$411.9 million for the Office of Housing, \$27.9 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$419.5 million, \$21.7 million above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$380.6 million for Office of Housing PS, \$9.8 million above 2020 total funding. This funding will support 2,390 full-time equivalents (FTEs), two FTEs below 2020.

The funding will essentially maintain in 2021 the staffing increases planned for 2020 to help refine and implement reforms in the HUD Housing Finance Reform plan and reduce taxpayer exposure to credit losses.

PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$7.9 million for Office of Housing NPS, \$186 thousand below 2020 total funding. This funding level will essentially maintain 2020 current services for travel, contracted services, and training in support of the Office of Housing personnel and the administration of Housing's programs.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$30.9 million for the Office of Housing's contribution to the WCF, \$19.7 million above 2020 total funding. This funding will support Housing's use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

The 2021 Budget proposes three key initiatives within the Salaries and Expense budget under the Office of the Assistant Secretary for Housing-FHA Commissioner: creation of a new Deputy Assistant Secretary (DAS) for Manufactured Housing; restructuring the Mortgagee Review Board; and other smaller-scale organizational restructuring.

Office of Manufactured Housing Programs (OMHP): OMHP's mission is to protect the quality, durability, safety, and affordability of manufactured homes. While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and the elderly households with fixed incomes. Per the Manufactured Housing Institute's "2018 Manufactured Housing Facts Industry Overview", in 2017 and 2018 manufactured housing accounted for 10 percent of all new single family home starts in America, and manufactured homes sold for an average new home sales price of \$70,600, making it an affordable option for first-time homebuyers. According to data published by the Manufactured Housing Institute, 84 percent of households earn less than \$50,000 annually.

Mortgagee Review Board (MRB): MRB is responsible for taking administrative actions against FHA-approved lenders that are not compliant with FHA lending standards. Because MRB has sanctioning authority over lenders who do business with Office of Multifamily Housing Programs, Single Family Housing and the Office of Health Care Programs, MRB would be more appropriately located within the Office of the Assistant Secretary for Housing-FHA Commissioner.

Accordingly, within the Office of Housing-FHA Commissioner, plans are underway for changes in execution and program administration within these two offices via a restructure. The plan will reflect staffing and organizational changes to the programs; moving from component offices to at least one Deputy Assistant Secretary level office, with both reporting to the Office of the Assistant Secretary for Housing – FHA Commissioner. In addition, the office of Housing – FHA Commissioner will look to streamline and consolidate functional roles in at least one of its overhead offices to achieve FTE cost savings.

The Office of Housing Organizational Restructure will continue to seek effective use of FTE resources to manage critical Housing Programs. Going into 2021, the overall restructure will include a review across all Housing Program Offices, determination of requirements that provide maximum benefit to communities across the nation and the reduction of overlapping responsibilities.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Policy Development and Research

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$21,905	\$434	\$25,453	\$25,887	-	\$28,680	\$28,680
Non-Personnel Services:							
Travel	305	-	329	329	-	329	329
Printing	80	-	120	120	-	120	120
Other Services/Contracts	471	772	155	927	-	5,036	5,036
Training	118	-	234	234	-	234	234
Supplies	14	-	15	15	-	15	15
Furniture and Equipment	10	-	-	-	-	-	-
Claims and Indemnities	-	-	14	14	-	15	15
Total, Non-Personnel Services	\$998	\$772	\$867	\$1,639	-	\$5,749	\$5,749
Working Capital Fund	1,124	767	480	1,247	1,200	1,014	2,214
Carryover	1,973	-	1,200	1,200	-	-	-
Grand Total	\$26,000	\$1,973	\$28,000	\$29,973	\$1,200	\$35,443	\$36,643
FTEs	136	3	150	153	-	165	165

PROGRAM PURPOSE

The Office of Policy Development and Research (PD&R) supports the Department of Housing and Urban Development's (HUD's) mission to create strong, sustainable, inclusive communities, and quality affordable homes for all. PD&R is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. PD&R's research, surveys and policy analyses inform all aspects of HUD programs, providing a comprehensive, historical, evidence-based understanding of past program performance as well as objective data for policymakers and stakeholders to make informed decisions. PD&R provides economic information, research, and analyses and policy recommendations to the Secretary, Deputy Secretary, Assistant Secretaries, and principal staff.

In addition to the Office of the Assistant Secretary and supporting divisions of Budget, Contracts & Program Control; Management & Administrative Services; and Grants Management & University Partnerships, there are five program offices within PD&R. There is extensive cross collaboration between these five offices:

- The Office of Economic Affairs (OEA) analyzes the economic impact of HUD and other federal regulatory and legislative proposals, directs the program of surveys of national housing conditions, analyzes private sector data on mortgage markets, supports Federal Housing Administration (FHA) operations, develops program operating parameters for HUD rental assistance programs and government programs, and provides data on the socioeconomic and housing market conditions of cities, counties, and states.

- The Office of Research Evaluation and Monitoring (OREM) staff designs and oversees HUD funded research, evaluation, and monitoring efforts for a wide variety of HUD programs and activities. Staff also conducts in-house research, programming, and geospatial analysis. The office develops and maintains administrative data spanning more than 20 years across all of HUD's programs and uses the data to provide situational awareness for immediate policy issues and to facilitate more extensive studies.
- The Office of Policy Development (OPD) engages in policy analysis, policy development, research and data analysis, and dissemination of policy and research findings. OPD analyzes legislative proposals, develops legislative initiatives, interprets statutory guidance, prepares regulatory guidance, and coordinates HUD-wide Technical Assistance. 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 Innovation (OI) develops, tests and validates solutions to state, local, and federal housing and community development problems. Areas of focus for the office are: 1) Building Technology to address the need for more resilient housing in disaster prone areas and more affordable housing nationwide by identifying, evaluating and incentivizing the adoption of resilient and affordable housing construction methods and materials; 2) Internal Innovation and Improvement to improve program and process efficiency and effectiveness by facilitating innovation workshops; 3) Open Innovation to engage the expertise, methods and tools of the private sector such as open data, crowdsourcing, challenges and prizes and entrepreneurs in residence in solving departmental challenges.

In the 2020 Budget, the OI organizational structure proposed three divisions/components based on the primary functions that the Office of Innovation was created. Upon establishing OI it was determined that the proposed Building Technology division's work was encompassed in both the Innovation and the Ideation divisions, as well as working across PD&R with the Office of Research Evaluation and Monitoring and the Affordable Housing Research Technology Division. As a result of this collaboration, the Building Technologies Division was never created.

- The Office of the Chief Data Officer (CDO) will be the primary organization responsible for performing the activities outlined under the Evidence Act. Specifically, CDO will be comprised of 13 full-time equivalents (FTEs) and have 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 will lead HUD's effort to construct a comprehensive data inventory metadata of data assets across the agency and identify those considered public data assets. CDO will also support the design of data integration solutions across HUD as well as between HUD and other federal/non-federal agencies.

BUDGET OVERVIEW

The 2021 President's Budget requests \$35.4 million for PD&R S&E, \$7.4 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$36.6 million, \$6.7 million above the total 2020 funding level.

Personnel Services (PS)

The Budget provides total funding (carryover and new authority) of \$28.7 million for PD&R PS, \$2.8 million above 2020 total funding. This funding level will support 165 FTEs, an increase 12 FTEs from 2020. The increase provides funding for 12 additional FTEs to support the newly established Office of the Chief Data Officer (CDO). This increase supports data linkage requirements that support HUD's implementation of the Foundations for Evidence-Based Policymaking Act (Evidence Act). It also supports annual salary increases, promotions, within grade increases, and internal staffing transfers and succession planning. Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget provides total funding (carryover and new authority) of \$5.7 million for PD&R NPS, \$4.1 million above 2020 total funding. This increase is in Other Services/Contracts and is directly attributable to the establishment of the CDO. Funds will be used to establish infrastructure to support data integration solutions and the consolidation of HUD-wide data management contracts.

Working Capital Fund (WCF)

The Budget provides total funding (carryover and new authority) of \$2.2 million for PD&R's contribution to the WCF, \$967 thousand above 2020 total funding. This increase is primarily attributed to the addition of two new WCF business lines in 2021: Information Technology Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

Implementing the Evidence Act

PD&R is leading HUD's 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—have been assigned to members of the PD&R staff. The Act mandates new responsibilities, with demands on Salaries and Expenses (S&E) resources, beyond previously established roles:

- The Evaluation Officer is tasked with regularizing the consultation process and development of learning agendas that align with the agency strategic plan and have additional required content; developing annual, public evaluation plans on the basis of the learning agenda; and conducting an agency-wide assessment of capacity to generate and use evidence for better policy and practice.
- The Chief Data Officer must chair the Department's Data Governance body, assume lifecycle data management responsibilities, and support effective use of data assets.
- The Statistical Official must oversee HUD's data assets in support of Open Data and oversee development of data quality standards and confidentiality standards.

This S&E Budget for 2021 includes funding for establishing the Office of the Chief Data Officer. In support of the new Office of the Chief Data Officer, PDR proposes that up to \$3.0 million of S&E to fund a contract or contracts to support the extraction, transformation, and loading (ETL) of data between HUD and related systems to support data analytics and open data; a contract or contracts

to develop web based tools and applications that facilitate use of HUD and other data inside and outside of HUD for advanced analytics and open data; and non-enterprise software acquisition to support data governance, advanced analytics, and open data activities. As the implications and requirements of the Evidence Act are clarified in coming years, further adjustments to S&E may be needed to fulfill the Act's substantial potential for strengthening the availability and use of evidence in HUD's operations.

Supporting the President's Management Agenda

PD&R is a leader in using modern information technology to inform and improve HUD's program operations and public accountability. PD&R staff supports and uses HUD's data analytics and business intelligence software (SAS/BI) server as a centralized data resource by adding datasets, facilitating independent research, and fulfilling ad-hoc requests for administrative data analysis. PD&R recognizes that keeping sensitive data secure is critical to maintaining the public trust and has appointed an Information System Security Officer (ISSO) in cooperation with HUD's Office of Information Technology Security. The ISSO protects information systems, implements security controls and helps ensure compliance with the Federal Information Security Management Act. These functions will further develop and mature during 2021 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 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. One such effort has been instrumental in guiding the development of the 2019 AHS Housing Insecurity Research Module and forthcoming work on a Housing Insecurity index. PD&R also is grooming the next generation of leaders by offering management rotations to give mid-level staff hands-on experience in supervision and management.

Facilitating HUD's Agency Priority Goals and Strategic Goals

Agency Priority Goals (APG). PD&R staff supports HUD's effort to meet its Agency Priority Goals 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 APG include the following:

- Enhance Rental Assistance
 - Explore and identify policies to support the housing search process and successful voucher lease-up for persons with disabilities.
 - Conducting a rigorous evaluation of alternative rent structures to be implemented in the Moving to Work expansion.

- 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.
- Design innovative landlord incentive programs to be tested in the Moving to Work expansion.
- Reduce Homelessness
 - Collaborate with federal, service provision, policy, and research stakeholders to discuss best practices in addressing unsheltered homelessness.
 - Producing case studies and supporting analysis on the homeless encampment resolution policies and their associated costs.
 - Design and launch a long-term follow-up for participants in research that measured the impact of interventions for homeless families.
- Remove Lead-Based Paint Hazards and Other Health Risks from Homes
 - Producing and analyzing datasets that link HUD tenants with health survey respondents of the National Center for Health Statistics.
 - Conducting geospatial analysis to support lead hazard targeting.
 - Supporting the research priorities of the Federal Lead Action Plan and integrating lead hazards and healthy homes research into HUD's learning agenda development and Research Partnerships program.

Strategic Goals. PD&R is a major contributor to HUD's strategic goal, Advance Economic Opportunity.

- Leading a coordinated effort to develop performance metrics, enhance program data collection, and evaluate motivating factors and outcomes of tenants who leave HUD assistance.
- Conducting evaluations of the Self-Sufficiency and Jobs Plus programs and disseminating findings to internal and external stakeholders.
- Fostering public-private partnerships to bring new services and support to residents through the EnVision Center program launch.
- Providing analytic support for evidence-based reform of the regulation for Section 3 job creation through HUD-funded investments.

PD&R also has a key role in HUD's strategic goal to Protect Taxpayer Funds.

PD&R has been a leader in the Department in the creation of financial reports from the Oracle platform with enhanced OBI (Oracle Business Intelligence) report writing. PD&R financial staff created weekly reports that provide PD&R managers with financial status on travel expenditures, training, printing and other accounts so they can manage and allocate these resources in an efficient manner. Additionally, PD&R financial staff continuously monitor contractual open obligations to ensure balances are liquidated and funds recaptured for further use.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Fair Housing and Equal Opportunity

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$62,080	\$2,862	\$68,230	\$71,092	-	\$75,440	\$75,440
Non-Personnel Services:							
Travel	899	1,048	-	1,048	1,002	36	1,038
Transportation of Things	15	-	-	-	-	-	-
Rent and Utilities	3	2	-	2	-	2	2
Printing	13	15	-	15	-	5	5
Other Services/Contracts	480	1,000	-	1,000	144	861	1,005
Training	386	650	-	650	-	650	650
Supplies	19	30	-	30	-	30	30
Total, Non-Personnel Services	\$1,815	\$2,745	-	\$2,745	\$1,146	\$1,584	\$2,730
Working Capital Fund	1,712	1,686	-	1,686	5,624	-	5,624
Carryover	7,293	-	6,770	6,770	-	-	-
Grand Total	\$72,900	\$7,293	\$75,000	\$82,293	\$6,770	\$77,024	\$83,794
FTEs	435	19	452	471	-	486	486

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 cardinal duty, therefore, is to create equal housing and credit opportunities for all persons living in America, which it does by administering laws that prohibit housing discrimination on the basis of race, color, religion, sex, national origin, age, disability, and familial status.

BUDGET OVERVIEW

The 2021 President's Budget requests \$77 million for FHEO S&E, \$2.0 million more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$83.8 million, \$1.5 million above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding of \$75.4 million for FHEO PS, \$4.3 million above 2020 total funding. This funding will support 486 full-time equivalents (FTEs), 15 FTEs above 2020.

The majority of FHEO's work is not determined by Departmental policy or grant funding provided by Congress but is required by statute or regulation and not within FHEO's discretion to forgo. In 2010, FHEO had 622 on-board staff, whereas today FHEO has approximately 426, a reduction of 196 staff, or 32 percent, in nine years. This has resulted in significant risks in the execution of FHEO programs that can be distilled down to five areas of acute need: Title VIII complaint investigations, fair housing compliance, including for the Rental Assistance Demonstration (RAD) Program, and grant distribution and monitoring of the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP). FHEO has made increasing staff its highest priority in 2020 and the funding requested in 2021 will build on this effort.

FHEO will continue to prioritize the hiring of additional FTEs in field offices to support Compliance Enforcement activities and RAD. The goal is to have roughly 80 percent of the workers located in the field and 20 percent at Headquarters.

PS funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary spending in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$2.7 million for FHEO NPS, \$15 thousand below 2020 total funding. This funding level will provide travel for litigating cases, undertaking fair housing investigations, conducting compliance reviews, and education and outreach efforts.

Working Capital Fund (WCF)

The Budget reflects total funding of \$5.6 million for FHEO's contribution to the WCF, \$3.9 million above 2020 total funding. This increase is primarily attributed to the new WCF business lines of IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

FHEO is statutorily obligated to investigate, conciliate, and when appropriate, administratively enforce several Federal Civil Rights Statutes, including inter alia, Title VI of the Civil Rights Act of 1964 (Title VI); Title VIII of the Civil Rights Act of 1968, as amended in 1988 (Title VIII); and Section 504 of the Rehabilitation Act of 1973. In addition to FHEO processing over 1,000 complaints per year, the Office also oversees 5,251 complaint investigations conducted annually by approximately 79 state and local government Fair Housing Act enforcement agencies which are funded through the Fair Housing Assistance Program (FHAP). FHEO also administers and oversees the Fair Housing Initiatives Program (FHIP) funding more than 94 private fair housing groups and non-profits nationally which provide direct assistance to individuals who feel they have been discriminated against while attempting to purchase, 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.

Authorized by Congress under the 2012 HUD Appropriations Act, RAD allows public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that otherwise may be lost due to disrepair and/or other factors. RAD provides greater funding certainty for potential lenders and increased operational flexibility and local decision-making for PHAs and owners to serve their communities.

FHEO plays a critical role in this increasingly important Departmental priority. FHEO's civil rights reviews of RAD conversions consists of performing a range of activities throughout the conversion process; this includes site and neighborhood, PHA Plan, threshold, accessibility and relocation reviews, as well as Affirmative Fair Housing Marketing Plan (AFHMP) reviews, requirements necessary prior to any RAD deal being approved. As RAD's success and size grows, it will continue to represent an expanding FHEO function as well.

FHEO also enforces Section 3 of the Housing and Urban Development Act of 1968 and provides oversight and technical assistance to local housing authorities and community development agencies to ensure that HUD investments result in economic opportunities for the low-income individuals, public housing residents, and the businesses that employ them.

Program Office Priorities/President's Management Agenda

In 2016, FHEO began implementation of a robust Enterprise Risk Management (ERM) framework for identifying and managing risk. In subsequent years, working with the Department, FHEO began including an integrated governance structure to improve mission delivery, and to focus and align key operational initiatives, resources, staff efforts, and corrective actions toward key risks and opportunities which are most impactful in meeting Departmental goals and that of the President's Budget. Goals include creation of a SharePoint-based Consolidated Risk Register with user views for identification and update to risks, issues, strategies and action plans; organizational change management to include training materials and events; risk assessment at operational and management work-unit levels, with intent for strategic, management planning, funding IT and performance goals for 2020 to be reflective of FHEO's risk profile, risk appetite, risk tolerance and priorities.

FHEO has identified monitoring its grant-funded programs as Key Risks in the Departmental Consolidated Risk Registry. Funding to provide on-site or remote compliance monitoring and to ensure these activities are conducted by skilled grant monitors supports HUD's Departmental management goals of the integration of Enterprise Risk Management and internal controls.

FHEO embarked on the development of an Innovation Strategic Plan (ISP) in 2018. The ISP, with the support of the Assistant Secretary for FHEO, set three National ISP Goals for 2019, one for 2020 to ensure that FHEO is more effective and efficient in meeting statutory and regulatory obligations. The 2021 goals will be set in January of 2020. These multi-year goals are in various stages of execution but more importantly each of the working groups are developing next steps to ensure that the ISP is integrated into annual planning and budget cycle for FHEO.

The 2020 National ISP Goal consists of:

- Standardizing the use of a Civil Rights Risk Assessment tool and other methods of risk detection to identify and conduct high-impact, on-site compliance reviews of HUD grantees.

In addition to the ISP goals, for 2020-2021 the Assistant Secretary for Fair Housing and Equal Opportunity's priority activities include the following:

- Partnering with the White House - U.S. Digital Service to re-platform or enhance the FHEO component of the HUD - Enforcement Management System (HEMS);
- Increasing investment in our most important resource - FHEO staff, through targeted recruitment, a focus on career ladders and increased resourcing for training; and
- Increasing communication, trust, and accountability throughout FHEO.

In 2020-2021, FHEO will refine the risk tool inputs and align cradle to grave with the department's enterprise risk rubric. Finally, the risk tool goal requires strategically prioritizing workload based on resources and need. FHEO is establishing a national approach to assessing risk. This will include

the development of a risk assessment tool for identifying high risk recipients of HUD monies, and the promotion of a consistent, national method for selecting recipients for compliance reviews and fair housing monitoring. This will also consider the current workload by Region and identify risk in regions with burdensome caseloads. In 2019, FHEO identified and requested resources to develop a risk tool. In 2020, FHEO will develop the risk tool and piloted it in every region for full rollout and utilization in 2021.

The FHEO Priority Activities, ISP goals and the process improvements outlined via those initiatives in 2020-2021, include working with OCIO to make targeted investments in the intake and complaints software system. The enhancement of the HEMS capability will leverage the reach of our existing investigator workforce therefore increasing the number of cases that FHEO is able to perfect and bring to Conciliation, administrative enforcement or to Federal Court through the Department of Justice. This will also allow FHEO to leverage the Fair Housing Assistance Program (FHAP) more effectively and provide greater service to the public. FHEO will be able to increase the number of the initial intake of allegations of discrimination from HUD staff to FHAP staff and increase the aggregate capability to conduct investigations. The intake process will be analyzed, refined, and standardized across FHEO regions to ensure effective national delivery.

Additionally, once data has been pulled together it will provide FHEO greater granularity and visibility over FHAP and HUD investigations and overall activity within FHEO. Through this shift FHEO seeks to gain efficiencies in workload management of Equal Opportunity Specialist and provide more time to perfect cases. The investment to dramatically improve the functionality, user experience, and access to the full variety of cases FHEO has mandated authority and oversight will likely increase FHEO's caseload. For example, currently FHEO conducts approximately 5,000 investigation annually. Based on the number of 20,000 initial contacts 15,000 of which are not converted to perfected cases, we anticipate that the increased efficiency realized by the HEMS improvements from 2020 will result in significant increases to our work. While our projected FTE request will take us through 2021 we anticipate increased requirements for Investigators in subsequent years.

The staff investment goal led to the creation of the FHEO Professional Development Institute (PDI) that responds to current and future staff needs. The most frequently offered ISP recommendation from staff was a need to cultivate and retain a talented workforce through succession planning and training. The creation of new classroom and online trainings for skills development among the Enforcement & Programs Investigator staff was at the forefront of coursework for the PDI, since this division accounts for 75 percent of total FHEO staff. Among other endeavors, the PDI will: (i) create various leadership development tracks; (ii) create an FHEO staff guidebook with internal policies/procedures; (iii) conduct shadowing across FHEO to gain skills; (iv) provide rotation opportunities with clear expectations; (v) expand teleconferences and other trainings; (vi) create a living, breathing succession plan; (vii) create or provide access to a national investigator training; (viii) create or provide access to a compliance training; and (ix) provide GTR training.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Offices Salaries and Expenses

Office of Lead Hazard Control and Healthy Homes

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020			2021		
	Actuals	Carry Over	Enacted	Total	Carry Over	President's Budget	Total
Personnel Services:	\$7,252	\$62	\$8,235	\$8,297	-	\$9,077	\$9,077
Non-Personnel Services:							
Travel	146	222	-	222	-	253	253
Printing	35	-	40	40	-	40	40
Training	35	-	50	50	-	50	50
Supplies	7	-	8	8	-	8	8
Total, Non-Personnel Services	\$223	\$222	\$98	\$320	-	\$351	\$351
Working Capital Fund	475	366	167	533	500	434	934
Carryover	650	-	500	500	-	-	-
Grand Total	\$8,600	\$650	\$9,000	\$9,650	\$500	\$9,862	\$10,362
FTEs	44	-	47	47	-	50	50

PROGRAM PURPOSE

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) has primary responsibility for the lead-based paint and healthy homes activities of HUD and is directly responsible for the administration of the Lead-Based Paint Hazard Reduction program authorized by Title X of the Housing and Community Development Act of 1992.

The mission of the OLHCHH is to provide safe and healthy homes for at-risk families and children by promoting and funding housing repairs to address conditions that threaten the health of residents. As part of this mission, the OLHCHH is involved in coordinating disparate health and housing agendas, supporting key research, targeting enforcement efforts, and providing tools to build sustainable local programs that mitigate housing-related health hazards. The OLHCHH assists states and local governments in remedying unsafe housing conditions and addressing the acute shortage of decent and safe dwellings for low-income families.

BUDGET OVERVIEW

The 2021 President's Budget requests \$9.9 million for the OLHCHH, which is \$862 thousand more than the 2020 enacted level. The Budget reflects total funding (carryover and new authority) of \$10.4 million, \$712 thousand above 2020 total funding.

Personnel Services (PS)

The Budget reflects total funding (carryover and new authority) of \$9.1 million for the OLHCHH's PS, \$780 thousand above 2020 total funding. This funding will support 50 full-time equivalents (FTEs), three FTEs above 2020. The increase will allow the OLHCHH to adequately provide technical assistance and program oversight to the expected increase in grants to communities for the

control of lead-based paint hazards and other health and safety hazards in housing. Personnel Services funding will also support an increase in awards spending above 2020 levels of no less than 1 percentage point of non-SES/SL/ST salary in 2021.

Non-Personnel Services (NPS)

The Budget reflects total funding (carryover and new authority) of \$351 thousand for the OLHCHH's NPS, \$31 thousand above 2020 total funding.

Working Capital Fund (WCF)

The Budget reflects total funding (carryover and new authority) of \$934 thousand for the OLHCHH's contribution to the WCF, \$401 thousand above 2020 total funding. This funding will support OLHCHH's use of shared services, including two new WCF business lines: IT Devices and Records Management Services.

KEY OPERATIONAL INITIATIVES

With the deployment of a new OLHCHH grants management cloud computing system, staff and grantees alike have access to tools for planning, reporting, and evaluation. The use of cloud services for the OLHCHH grants program has reduced the use of HUD servers, increased the stability of the system, and has made it more accessible to grantees. Enhancements to the system are expected to enable improved programmatic evaluation to determine the Return on Investment for grantees' activities in terms of costs for outreach, assessment, intervention, and evaluation relative to the cost-savings associated with reduced medical costs, lost work days, and/or lost school days for an individual or household served by the programs.

The OLHCHH specific policy goals in the 2021 President's Budget are identified below:

- Priority 1: Expansion of Lead Hazard Control and Healthy Homes Grants. This function, which covers both lead hazard control work and the work done through the healthy homes supplements, is performed by the Lead and Healthy Homes Programs Division and Grants Services Divisions. Approximately 60 percent of the NPS travel budget is for the Lead and Healthy Homes Programs Division for grantee monitoring visits.

The 2021 Budget requests \$70 million in Lead Program funding set asides for three new demonstrations: \$35 million for Carbon Monoxide Alarms, \$5 million for Radon Testing and Mitigation, and \$30M for a Housing Choice Voucher Lead Risk Assessment:

- \$35 million: Carbon Monoxide Alarms Resident Safety Demonstration. This set aside includes installation and replacement of carbon monoxide alarms or of combination smoke detector-carbon monoxide alarms devices in high-risk units.
- \$5 million: Radon Testing and Mitigation Resident Safety Demonstration. This set aside includes competitive grants to public housing agencies for radon testing and mitigation activities in public housing.
- \$30 million: Housing Choice Voucher Lead Risk Assessment Demonstration. This set aside includes funding for public housing agencies to conduct lead hazard screens or lead risk assessments during Housing Quality Standards inspections of Housing Choice Voucher units.

- Priority 2: Expanded enforcement of HUD's Lead Safe Housing Rule. This function is performed by the Program and Regulatory Support Division. Approximately 10 percent of the NPS travel budget is for the Program and Regulatory Support Divisions on-site monitoring visits.
- Priority 3: Technical support and outreach on the Elevated Blood Lead Level Amendment to the Lead Safe Housing Rule. This function is performed by the Program and Regulatory Support Division. Approximately 10 percent of the NPS travel budget is for the Program and Regulatory Support Divisions on-site monitoring visits.
- Priority 4: National Lead Safe Housing Campaign. This function is used educate key audiences (e.g., housing ownership, maintenance and renovation industries, state and local governments, community development corporations, philanthropies, and the public), about methods and resources available to prevent lead poisoning from housing; it is performed by the immediate Office of Lead Hazard Control and Healthy Homes.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Chief Information Officer

Information Technology Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover ^a	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	280,000	152,421		432,421	341,842	240,000
2020 Appropriation	280,000	90,579		370,579	280,000	379,000
2021 President's Budget	257,600	92,579		350,179	257,600	267,000
Change from 2020	(22,400)	2,000		(20,400)	(22,400)	(112,000)

^{a/} Includes transfers from Technology Modernization Fund and recaptures from prior years.

PROGRAM PURPOSE

The Information Technology (IT) Fund provides for the infrastructure, systems, and services that support all Department of Housing and Urban Development (HUD) programs, which include all of HUD's mortgage insurance liabilities, rental subsidies, and formula and competitive grants. It also provides services for all administrative and mission support programs.

BUDGET OVERVIEW

The 2021 President's Budget requests of \$257.6 million. Along with funds that will be carried over from 2020, this supports Operations and Maintenance (O&M) activities (sustaining current systems and applications) and limited Development, Modernization, and Enhancement (DME) initiatives.

The requested budget provides for the operation of current IT systems and applications that support HUD's business, administrative functions, and the IT infrastructure (such as computer hardware, network and communications, support services, enterprise software licenses, and cybersecurity). This amount incorporates a \$52.3 million reduction from the 2020 IT Fund baseline, which will be requested in HUD's Working Capital Fund request in 2021. The reduction includes end-user IT equipment, including computers and laptops, mobile phones, peripherals, required network and support infrastructure, and Microsoft Office 365 licenses. The IT Fund budget also provides for critical new investments in technology to support the President's Management Agenda (PMA) and HUD strategic plan. These new investments improve delivery of services to citizens and promote the effective stewardship of taxpayer dollars. Smart IT investment is critical to realizing efficiencies and improving customer access to HUD services. The Office of the Chief Information Officer (OCIO) is pursuing development and modernization initiatives that leverage enterprise technology to promote decent, safe, and affordable housing for Americans, provide access to homeownership opportunities, create healthier home environments, and reduce homelessness.

Planned investments will lead to improved program performance and lower technology costs by achieving economies of scale through integration and consolidation of IT systems, and greater use of enterprise capabilities. In accordance with Federal Information Technology Acquisition Reform Act (FITARA) and Executive Order 13833, the CIO has expanded oversight and management of IT spending, including direct control over agency staff with primarily IT functions. The CIO is working with program offices to define their technology needs, digitize manual processes, and improve end-user experiences. The request will also greatly expand and strengthen cybersecurity at HUD by continuing implementation of a comprehensive cybersecurity program that is consistent with Executive Order 13800 and addresses critical security deficiencies related to cyber risk management, the operating environment, governance, data protection and identity/access management.

JUSTIFICATION

At the \$257.6 million requested level, HUD will strengthen cybersecurity and maintain the scope and pace of its modernization. OCIO is also leveraging the cloud and emerging technology across its programs to replace standalone capabilities within each mission area. The agency is continuing the transition to an enterprise approach for common functionality (such as case and workflow management, records and data management, and reporting/business intelligence). Applications and infrastructure are being moved to the cloud and capacity expanded in architecture design and implementation, in-house solution engineering, and continuous integration and delivery of new products into operations. These will expand the capacity to deliver timely and cost-effective new projects.

The 2021 Budget request builds upon the critical modernization of IT systems that began in 2019. In 2019, HUD collaborated with the GSA Centers of Excellence to complete current state assessments and recommendations, and developed requirements to begin implementing these recommendations in 2020. These efforts will accelerate modernization using new technologies such as intelligent automation and artificial intelligence to maximize impact to the public and return on investment to taxpayers. Initiatives planned to begin in 2021 include building electronic records management, intelligent data extraction, electronic forms, and advanced data analytics and visualization capabilities.

OCIO focus on key investment initiatives to result in new capabilities and technologies will strengthen and modernize mission programs and enterprise support functions. The result will be a mix of direct mission and support proposals to consolidate systems, provide enterprise capabilities, and reduce customer burden through improved program operating efficiencies. By using an agile approach, HUD will deliver new functionality incrementally, while maximizing flexibility and minimizing risk. OCIO will identify common areas of functionality required by the HUD enterprise and provide IT solutions aligned to each specific function (or closely grouped functional bundles) that any program office or line of business can use.

HUD is establishing a comprehensive cybersecurity program that addresses all five functions of the Cybersecurity Framework (CSF) to strengthen its cybersecurity capability to further reduce enterprise exposure to vulnerabilities and reduce the overall risks to the Department. In 2021, the improvements include proactive audit remediation, the Security Operations Center/Computer Incident Response Team (SOC/CIRT) maturation, and the governance, risk management, and compliance programs enhancement. OCIO will deploy innovative security technology and processes to increase the speed of detection, analysis, decision making and action. A cybersecurity architecture team will be established to enable systems development and enhancement in the most secure manner that meets mission objectives. OCIO will continue to enhance continuous monitoring program, general workforce security awareness and training program and cybersecurity professional development program.

OCIO continues to review its current contracts to consolidate and reduce scope, duplications, and excessive service levels to realize savings that may be re-invested in modernization and security upgrades. It also continues to streamline the operating environment by executing a prioritized set of enhancements to the IT infrastructure, which will modernize and consolidate the existing outdated legacy platforms. This will reduce the security vulnerabilities of IT applications and will reduce long-term IT costs. In 2021, HUD will have completed its transition to a more agile, modern, mobile-friendly environment. This includes enterprise software agreements and FedRamp cloud solutions, implementing GSA strategic sourcing contracts, migrating all computer hardware into two multi-tenant shared data centers, and moving enterprise applications to the Cloud.

The result of all these improvements will be increased efficiency, enhanced internal monitoring and management capabilities, and optimized IT Infrastructure services. Costs will be lower through economies of scale and streamlined technology, driven by integration and consolidation of IT systems and greater use of enterprise shared services. HUD is committed to using technology to the fullest, to better serve citizens, retire obsolete and inefficient IT systems, and reduce the cost and complexity of its applications.

FHA Single-Family Housing Modernization

The budget request includes \$20 million for the third year of the multi-year initiative to modernize FHA's antiquated systems, which have not kept up with technology improvements in the industry. FHA is the world's largest mortgage insurer with a single-family mortgage portfolio in excess of \$1 trillion to low-income, first-time, and other targeted homeowners. It has used a siloed approach to perform the functions of insurance endorsement, claims payments, and risk management. HUD's infrastructure and platforms will be modernized to transform FHA's Single-Family loan processes to reduce cost, reduce risk and fraud, and bring FHA in line with current industry practices. HUD is developing solutions to provide full lifecycle and servicing support for single-family loans. The Office of Housing will also transform the business processes to align with the new systems and platforms.

The FHA investment builds upon HUD's 2018 award from the Technology Modernization Funds (TMF) that is moving key Housing systems from its Unisys mainframe systems to the cloud. These systems control the disbursement of billions of dollars and modernizing the database technology platform will tighten security with the latest encryption mechanism, authentication, and authorization techniques. It will also substantially reduce costs. HUD expects to complete this project in 2021 and with the experience gained, OCIO will also modernize the back end by moving other existing systems off mainframes to the cloud.

HUD is also developing a roadmap to leverage technology components, platforms, and the execution from the Single-Family modernization for use in in the Multi-Family program. With future funding, this will result in an integrated end-to-end system for multifamily production and asset management to dramatically improve timeliness, reliability, and quality of services for property owners and lenders.

Other Investments

HUD is using available funding to make progress on other important and noteworthy modernization initiatives that will begin or continue in 2021, including:

Enterprise Subsidies Management Program (eSM): This program modernizes HUD's subsidies programs to include business process, financial management, and technology to better serve families in need of decent and affordable housing. This will transform and ultimately optimize how HUD manages \$35 billion in housing subsidies. In the current environment, programmatic functions are performed using manual processes, and outdated systems. Financial management and disbursements also use legacy systems that will be ultimately replaced. OCIO initiated the electronic Voucher Management System (eVMS) to automate the accurate calculation of \$22 billion in HUD payments to Public Housing Agencies (PHAs) and will eventually perform subsidy calculations for other programs.

National Standards for the Physical Inspection of Real Estate (NSPIRE): HUD's current inspection processes put residents in jeopardy of being exposed to unacceptable health and safety risks. There are currently several disparate, siloed, program-unique systems that perform the functions required to order, perform, and evaluate physical condition inspections. The Secretary directed the Department to improve the current inspection standards, protocols, processes, and systems used to assess the physical condition of the HUD assisted and insured housing. OCIO is actively supporting

this effort and is providing IT support and solutions that will improve HUD's ability to identify and correct substandard housing conditions.

Grants Management: HUD will conduct planning and develop a roadmap to improve the grants making process by streamlining, modernizing, and consolidating the systems for HUD's eight separate grant programs. This includes the systems used for the management, evaluation, and financial aspects of eight separate grants programs. This work will address problems with manual and duplicative processes and grants documents across the agency; lack of accountability; high operating costs; and lack of connectivity to its core financial systems.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Operations, Maintenance, Development, Modernization and Enhancements	280,000	152,421	432,421	341,842	280,000	90,579	370,579	257,600
Total	280,000	152,421	432,421	341,842	280,000	90,579	370,579	257,600

IT Resource Statement

In accordance with OMB Circular A-11, Section 51.3, the Department of Housing and Urban Development (HUD) provides the following statements:

- a) The Chief Information Officer (CIO) has collaborated as necessary, with the Senior Agency Official for Privacy (SOAP) and the Chief Financial Officer (CFO) on the IT Budget submissions, and that IT includes appropriate estimates of all IT resources included in the budget request.
- b) The CIO has reviewed and had significant input in approving all IT Investments included in this budget request.
- c) The CFO and the CIO state that the CIO had a significant role in reviewing planned IT support for major programs and for significant increases and decreases in IT resources reflected in this budget.
- d) HUD has developed and implemented a plan to ensure that all common baseline FITARA responsibilities are in place to show that the desired development outcome is Fully Implemented (Level 3) for the FITARA common baseline rating Element D ("D1. CIO reviews and approves major IT Investment portion of budget request").
- e) The CIO certifies the use of incremental development practices for current and proposed new IT investments in all programs throughout HUD.
- f) The IT budget submission addresses privacy requirements for automated systems as well as any associated costs, which are explicitly identified and included with respect to any IT resources that will be used to create, collect, use, process, store, maintain, disseminate, disclose or dispose of personally identifiable information (PII). The CIO has not addressed HUD Privacy Program costs that are not associated with IT systems.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2021 Budget includes a General Provision related to the IT Fund (Sec. 227). This provision is described further in “Fiscal Year 2021 General Provisions”.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For the development, modernization, and enhancement of, modifications to, and infrastructure for Department-wide and program-specific information technology systems, for the continuing operation and maintenance of both Department-wide and program-specific information systems, and for program-related maintenance activities, [\$280,000,000]*\$257,600,000*, of which [\$260,000,000]*\$237,600,000* shall remain available until September 30, [2021]*2022*, and of which \$20,000,000 shall remain available until September 30, [2022]*2023*: Provided, That any amounts transferred to this Fund under this Act shall remain available until expended: Provided further, That any amounts transferred to this Fund from amounts appropriated by previously enacted appropriations Acts may be used for the purposes specified under this Fund, in addition to any other information technology purposes for which such amounts were appropriated[: Provided further, That not more than 10 percent of the funds made available under this heading for development, modernization and enhancement may be obligated until the Secretary submits to the House and Senate Committees on Appropriations, for approval, a plan for expenditure that-(A) identifies for each modernization project: (i) the functional and performance capabilities to be delivered and the mission benefits to be realized, (ii) the estimated life-cycle cost, and (iii) key milestones to be met; and (B) demonstrates that each modernization project is: (i) compliant with the Department's enterprise architecture, (ii) being managed in accordance with applicable life-cycle management policies and guidance, (iii) subject to the Department's capital planning and investment control requirements, and (iv) supported by an adequately staffed project office]. (*Department of Housing and Urban Development Appropriations Act, 2020.*)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Chief Financial Officer

Working Capital Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Spending Authority/ President's Budget	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Spending Authority	38,540	3,232	-	41,772	39,616	37,677
2020 Spending Authority	41,912	2,656 ^a	-	44,568	41,912	41,912
2021 President's Budget	98,999	2,656	-	101,655	98,999	98,999
Change from 2020	57,087	-	-	57,087	57,087	57,087

a/ Carryover includes anticipated recoveries.

PROGRAM PURPOSE

The Department of Housing and Urban Development's Working Capital Fund (WCF) was established by H.R.2029 - Consolidated Appropriations Act, 2016 (Public Law No: 114-113), as authorized by the Department of Housing and Urban Development Act, 1965 [Public Law No: 89-174, 42 USC §3535(f)]. The purpose of the WCF is to promote economy, efficiency, and accountability. The WCF serves as a mechanism for the Department of Housing and Urban Development (HUD) to finance enterprise goods and services.

BUDGET OVERVIEW

The 2021 President's Budget anticipates a total operations level of \$99 million, \$57 million more than the 2020 Spending Authority from Offsetting Collections. The 2021 Budget provides for each HUD office to pay for its use of WCF goods and services, through payments to the WCF for its estimated usage share. The Budget requests funding for these WCF payments within HUD's S&E accounts. The requested level will support WCF services in **TABLE 1** below.

TABLE 1

(Dollars in Thousands)

Working Capital Fund Services	2019 Actuals	2020 Actuals	2021 President's Budget
Financial Management, Procurement, & Travel Services	21,297	24,831	25,231
Human Resources Processing	10,801	11,165	11,500
Human Resources Systems	3,076	2,671	2,700
Payroll Processing	1,252	1,187	1,222
Records Management	-	-	5,215
Customer Devices	-	-	50,925
Working Capital Fund Operations	2,114	2,058	2,206
Total Operating Budget	\$38,540	\$41,912	\$98,999

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

- WCF Operations to fully recover the operational costs of the WCF

New Activities proposed in 2021:

- Records Management
- Information Technology (IT) Customer Devices

JUSTIFICATION

The Working Capital Fund Division (WCFD) formulates and executes the financial operations of the WCF. Business line owners, such as the Office of the Chief Financial Officer and the Office of the Chief Human Capital Officer, are responsible for the management and delivery of WCF goods and services. The Consolidated Appropriations Act of 2016 established the WCF as a mechanism for the Department to provide enterprise level services to HUD offices in an efficient, effective, and transparent manner.

Throughout 2016 and 2017, HUD established WCF governance and financial management protocols, per best government practices outlined by the Office of Management and Budget and the Government Accountability Office. HUD established WCF governance committees, transparent WCF budgeting practices, customer billing practices, and service usage reporting during this period. In 2017 the WCF began collecting reimbursement for shared services from all HUD customer organizations. In 2018, the WCFD refined and streamlined WCF operations and business processes including building capacity to move to a full cost recovery model, while increasing institutional capacity for onboarding future business lines into the WCF. This included developing requirements for a cost and profitability management system. Additionally, as a result of improved usage data with HUD's external federal shared service providers, HUD successfully negotiated a total reduction of \$1.4 million with the WCF federal shared service providers and distributed the savings proportionally to all customers. In 2018, the WCF used two years of usage data to more accurately allocate costs to customers in 2019, including more granular data that allowed for improved cost allocation across Administrative Support Offices.

In 2019, the WCF moved to a full cost recovery model, in line with OMB and GAO key operating principles for WCFs, whereby the operation and administration costs of the Fund are fully reimbursed through payments from customers. Quarterly, the WCFD serves its customers through improved usage reporting and usage analysis. The WCFD partially automated usage report generation, which resulted in reduced time and level of effort to produce usage reports and increased data accuracy. Additionally, the WCFD updated reports to reflect historical usage, providing insight on the seasonality of usage consumption. Finally, the WCFD created dynamic visualizations of customer and HUD-wide usage to make reports more user-friendly. The WCFD is working through 2020 to more fully automate the reporting process and increase the cadence of reporting. Additionally, in 2019, the WCFD began to track internal performance management metrics, and participated in a GAO study on the HUD WCF's alignment with the key operating principles for intragovernmental revolving funds. This year's budget request begins to expand service offerings with the inclusion of Records Management and IT Customer Devices.

Key Assumptions

- No substantial changes in costs are expected for current shared services with ARC, Treasury and NFC.
- Working Capital Fund Operations costs include an additional 3 FTEs to accommodate growth in the fund, including cash management and execution analysis. This increase in personnel will be offset by a decrease in contractor support as federal employees onboard.
- Records Management unit costs include 6 FTEs dedicated to the Records Management business line.

Working Capital Fund Outcomes

- Provide efficient and effective delivery of enterprise goods and services
- Incorporate incentives for program offices to utilize WCF services efficiently by aligning costs to usage
- Reduce overlap and duplication of efforts by providing a joint platform for common administrative needs across offices
- Demonstrate transparency into the operation and management of common HUD services, and into the overall costs to administer programs

Current Shared Services

The Department of the Treasury provides shared services for HUD financial management, procurement, and travel, for which the OCFO is the business function lead. These shared services include a full range of accounting and procurement services such as budget and financial transaction processing, purchase and fleet card services, financial reporting, and travel and relocation services. The Department of the Treasury and the National Finance Center (NFC), with the Office of the Chief Human Capital Officer (OCHCO) acting as the servicing business lead, provide human capital platforms and services to HUD. These services include human resources transaction processing, human resources systems, and payroll processing.

New Service Lines in 2021

Records Management services are comprised of services provided through the National Archives and Records Administration (NARA) and services provided by the HUD Office of Records and Information Management. Services include records transportation to NARA facilities, retention and storage of records, transfers and recall, refiling, and records disposal. Moving Records Management into the WCF model aligns with HUD's WCF existing authorization and appropriations language, encourages greater compliance with retention and disposal policies, and promotes potential long-term savings.

IT Customer Devices are comprised of end-user IT equipment, including computers and laptops, mobile phones, peripherals, required network and support infrastructure, and Microsoft Office 365 licenses. Moving customer devices to a WCF model encourages HUD Program Offices to better manage customer device usage that may result in cost savings.

There are several benefits to adding Records Management and IT Customer Devices to the WCF. First, by moving these service lines into the WCF, the service lines will be more efficient and effective in the delivery of these services. Second, delivery of these services in a WCF model incentivizes program offices to utilize WCF services efficiently because costs will align to usage. Third, HUD will reduce overlap and duplication of efforts by providing a centralized funding source for Records Management and IT Customer Device needs across HUD. Finally, delivery of these services under the WCF model will drive transparency into the operation and management of the Records Management and IT Customer Devices service lines, and into the overall costs to administer these services.

Increase in Direct Transfer Authority

The 2020 WCF appropriations language provides that the Secretary may transfer not to exceed an additional \$5 million in aggregate, from all such appropriations, to be merged with the Fund and to remain available until expended for any purpose. An increase to \$10 million in this authority is required to support an adequate reserve balance. Adequate reserves are a critical component of any WCF, and it is critical when dealing with funding uncertainty. To manage funding uncertainty, the WCF must ensure an adequate level of reserves are available for expenditure. In order to ensure

there is an adequate level of reserves with the addition of new business lines, the WCF requires an increase in reserves to account for the increase in revolving fund activity.

Planned Operational Improvements

Beginning in 2021, the WCF will establish a Capital Investment Plan (CIP) within the Fund that builds the capability for reinvestment in the infrastructure of WCF business lines to improve product and service quality and timeliness, reduce costs, and foster state-of-the-art business operations. The CIP will provide the framework for planning, coordinating, and utilizing WCF resources and expenditures to obtain capital assets. Included in the CIP are equipment and software, whether internally or externally developed. CIP estimates for 2021 will be finalized in 2020.

In 2020, HUD will hire a cost accountant for the WCF. Additionally, HUD will procure and implement a cost and profitability management (CPM) solution to improve management of cost allocation, ordering, billing, and usage reporting for HUD customers. The required functionality will include a customized data model and reporting solution specific to HUD's requirements. The CPM solution will increase the transparency and accuracy of WCF services pricing, support full cost recovery, reduce the likelihood of manual errors in data processing, create the capability to conduct 'what if' analysis, and significantly reduce the level of effort required for cost modeling and maintenance.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language

For 2021, the budget proposes changes to the appropriations language that provide the authority for the WCF to fund IT Customer Devices and increase additional transfer authority from \$5 million to \$10 million. The budget proposes a budget neutral realignment of budget authority for Records Management and IT Customer Devices.

Records Management

While the current appropriations language provides the authority to fund Records Management through the WCF, the budget proposes a budget neutral realignment of budget authority. For a detailed shift in the budget neutral realignment of budget authority, please see **TABLE 2** below.

TABLE 2

Component	2021 Records Management - Base	2021 Allocation - Records Management	Realignment
ADMIN	5,215,095	80,651	(5,134,444)
CPD	-	68,967	68,967
EO	-	8,922	8,922
FHEO	-	73,478	73,478
GNMA	-	14,783	14,783
LHCHH	-	4,446	4,446
HSNG	-	4,627,637	4,627,637
OCFO	-	20,743	20,743
OCHCO	-	14,473	14,473
OCIO	-	19,228	19,228
OCPO	-	10,338	10,338
ODEEO	-	1,861	1,861
FPM	-	39,560	39,560
OGC	-	71,928	71,928
PDR	-	14,390	14,390
PIH	-	143,690	143,690
Total	\$5,215,095	\$5,215,095	-

IT Customer Devices

For a detailed shift in the budget-neutral realignment of budget authority, please see **TABLE 3** below.

TABLE 3

Component	2021 Customer Devices - Base	2021 Allocation - Customer Devices	Realignment
ADMIN	-	1,943,330	1,943,330
CPD	-	4,614,624	4,614,624
EO	-	685,446	685,446
FHEO	-	3,868,906	3,868,906
GNMA	-	1,264,330	1,264,330
LHCHH	-	384,674	384,674
HSNG	-	14,959,775	14,959,775
OCFO	-	1,449,954	1,449,954
OCHCO	-	1,018,673	1,018,673
OCIO	-	4,616,799	4,616,799
OCPO	-	625,825	625,825
ODEEO	-	128,720	128,720
FPM	-	2,461,669	2,461,669
OGC	-	3,503,405	3,503,405
PDR	-	930,809	930,809
PIH	-	8,467,781	8,467,781
IT Fund	50,924,720	-	(50,924,720)
Total	\$50,924,720	\$50,924,720	-

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation 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"), 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 *information technology customer devices and support*, 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: 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 fifteen (15) days in advance of such transfers:]Provided further, That the Secretary may transfer not to exceed an additional [\$5,000,000]\$10,000,000, in aggregate, from all such appropriations, to be merged with the Fund and to remain available until expended for any purpose under this heading. (Department of Housing and Urban Development Appropriations Act, 2020.)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Inspector General

SALARIES AND EXPENSES

(Dollars in Thousands)

	2019	2020	2021
	Actuals	Enacted	President's Budget
Personnel Services:			
Personnel Services	98,238	101,615	98,588
Total, Personnel Services	\$98,238	\$101,615	\$98,588
Non-Personnel Services:			
Travel	3,395	3,443	3,339
Transportation of Things	-	-	-
Rent and Utilities	7,129	7,195	7,231
Printing	3	2	2
Other Services/Contracts	17,617	24,872	23,143
Training	474	438	410
Supplies	342	245	227
Furniture and Equipment	336	305	285
Claims and Indemnities	96	85	75
Total, Non-Personnel Services	\$29,392	\$36,585	\$34,712
Grand Total	\$127,630	\$138,200	\$133,300
FTEs	540	531	502

PROGRAM PURPOSE

As the Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD), we remain an independent and objective organization, conducting and supervising audits, evaluations, and investigations relating to the Department's programs and operations. The OIG promotes economy, efficiency, and effectiveness in these programs and operations while also preventing and detecting fraud, abuse, and mismanagement. As an organization we are committed to keeping the HUD Secretary, Congress, and our stakeholders fully and currently informed about problems and deficiencies and the necessity for and progress of corrective action.

The work of the OIG is important to the Department's success in fulfilling its strategic plan to address the Secretary's mission priorities, management challenges, and mission related goals. The OIG works to ensure that our resources and activities encompass the issues and concerns most critical to the Department. Stewardship of taxpayer resources is one of the Inspector General's highest priorities, ensuring funding is appropriately utilized, properly managed, and achieving the outcomes stakeholders require.

BUDGET OVERVIEW

The 2021 President's Budget requests \$133.3 million for the Office of Inspector General, \$4.9 million less than the 2020 enacted level. The OIG's 2021 Budget seeks the resources necessary for the OIG to continue delivering the impactful investigations, audits, and evaluations that executive branch and congressional stakeholders require. The 2021 Budget would also provide necessary support for other congressionally mandated activities, including the HUD Consolidated Financial Statement Audit, information security audits and evaluations related to the Federal Information Systems

Controls Audit Manual (FISCAM) and Federal Information Security Management Act (FISMA) legislation, DATA act compliance audits, and other legislatively required audits and evaluations.

Personnel Services

The OIG's 2021 personnel services requirements are \$98.6 million which is \$3.0 million less than the 2020 enacted appropriation. The personnel services requirements represents the resources necessary to support 502 full-time equivalent (FTEs) or 29 less FTEs than the 2020 enacted appropriation. Over the period from 2016 to 2019 the OIG has averaged approximately 6 percent attrition annually. Based on this trend the OIG should be able to reduce FTEs from 2020 levels through normal attrition. By restricting backfilling to essential mission critical positions, the OIG will reduce personnel services requirements to a level congruent with other organizational requirements.

The 2021 personnel services requirements include inflationary costs to support 502 FTEs which are approximately \$2.5 million including the cost of annualizing the 2020 Cost of Living Adjustment (COLA), 2021 projected COLA, standard benefit cost increases, and 1.3 percent increase in agency contributions to the Federal Employee Retirement System. In addition, the OIG is increasing the General Schedule (GS) awards funding pool by one percent of the GS salary base or \$645 thousand.

In the period from 2017 to 2021 the OIG has experienced an FTE decline of 13 percent. This protracted period of staffing decline has been marginally mitigated by efficiency gains in some areas and by concentrating OIG resources on the mission priorities deemed most critical to serving internal and external stakeholders. By continuing to perpetuate this cycle, however, the OIG is severely limited in our capacity to invest in a workforce that addresses the emerging challenges facing the Department. For example, new FTEs necessary to support the expansion of the OIG's - forensic examination, digital investigation, and e-discovery capabilities will be recruited when possible, but not a rate commiserate with number of investigations, audits, and evaluations that have become increasingly data focused.

The OIG is proposing two administrative changes to the overall structure of the organization. Currently, staff associated with the oversight of HUD disaster funding operates within the Office of Audit or Office of Investigation. The OIG's 2021 proposed organizational chart realigns individuals currently responsible for coordinating disaster oversight to a group that directly reports to the Deputy Inspector General. This realignment will affect three FTEs, all of which are already onboard and fulfilling these duties in their current office. In addition, the OIG is also realigning the Communications Division and our congressional affairs liaison under the senior advisor for external affairs. This realignment will affect five FTEs all of which are currently onboard. Neither of these structural changes will require additional resources; they are being undertaken to properly align responsibilities with the appropriate supervisory level.

The OIG will continue to allocate staffing and financial resources in a way that addresses the priorities of internal and external stakeholders, while trying to build an organization that is responsive to the emerging risks facing HUD.

Non-Personnel Services

The OIG's 2021 non-personnel services requirements are \$34.7 million which is \$1.9 million less than the 2020 enacted appropriation. The reduction from 2020 non-personnel requirements is primarily due to reduced contractual requirements supporting augmentations to the OIG's space footprint. Typically, these projects are undertaken to "right size," find efficiencies, or adjust OIG space for the changing composition of the agency. It is our expectation that the volume of these projects can be minimized in 2021 to offset other organizational needs. In addition to changes in contractual services, the OIG also expects to reduce expenditures in travel, training, supplies, and

equipment. The decline in operational funding requirements is a function of lower staffing levels, reducing the marginal need in these areas.

While the OIG is continuously looking for further efficiencies in non-personnel spending in order for the OIG to be effective, we must train our staff members on the intricacies of HUD's programs and on the most effective methods for performing oversight of those programs. As the OIG's caseload becomes increasingly more complex--and particularly as it becomes more data driven--ensuring that our staff has the knowledge to operate in this changing environment will be key to our success. Similarly, as the OIG's national footprint decreases, our agents, auditors, and evaluators must have the ability to travel as necessary to conduct oversight of HUD programs. The 2021 non-personnel requirements also allow for necessary investment in OIT support systems and new technology that creates long-term efficiencies and reduced future resource needs such as a cloud computing environment and information security enhancements.

Beginning in 2020 and continuing into 2021 the OIG must rely on the services of an external auditor to conduct the HUD Consolidated Financial Statement Audit. These services are expected to cost \$10 million in both 2020 and 2021. Some staff currently assigned to conduct the financial statement audit will continue to be involved in overseeing contract personnel and ensuring quality assurance with all financial statement audit work products. Other financial auditors will continue to address top management challenges connected to HUD's internal financial management.

KEY OPERATIONAL INITIATIVES

Safe and Affordable Housing

Ensuring the availability of affordable housing that is decent, safe, sanitary, and in good repair is a top management challenge for HUD, and one of the highest priorities for the OIG. Currently, OIG auditors, investigators, and evaluators are working proactively to identify systemic deficiencies in the administration of public-housing programs, including by reviewing health and safety concerns such as lead, mold, and other hazardous conditions. Recent incidents involving natural gas and carbon monoxide safety issues continue to highlight the significance of this issue and the need for increased OIG oversight to ensure HUD is taking proper corrective action.

The largest contributing factor in the Department's failure to ensure universally safe and sanitary conditions in HUD and HUD-assisted property is the Department's deficient inspection process. HUD is working to take corrective action to improve the handling of exigent and systemic threats to safe housing using a new National Standard for the Physical Inspection of Real Estate (NSPIRE) model. The OIG intends to support the Department in this pursuit, and we will work to ensure that any changes the Department implements adequately address the magnitude of this problem.

Moreover, because we believe the need for action in this area is urgent, we plan to devote staff resources and take action wherever we believe we can be effective at mitigating the risk to families who rely on and place their trust in HUD. For example, we are contemplating several efforts aimed at addressing the proximity of HUD properties to hazardous material sites, ensuring HUD has adequate procedures for dealing with the presence of lead in public housing, and evaluating HUD's compliance with laws and regulations governing the taking of public-housing authorities into receivership. We are also planning to increase our organizational footprint in other HUD programs with a nexus to safe and affordable housing through initiatives such as examining the effectiveness of the Rental Assistance Demonstration (RAD) program, including assessing whether the RAD program is an effective use of departmental resources to address housing affordability.

Information Technology (IT) and Cybersecurity

The Department maintains IT systems that help it facilitate and process FHA mortgages, track family members receiving rental-housing benefits, provide funding for grantees and recipients of disaster relief funds, maintain the ledgers for the Ginnie Mae portfolio, and carry out many other important programs. Simply put, HUD's programs impact a great number of people in this country, and the Department requires a great deal of personally-identifiable information (PII) to carry out its mission. Indeed, it is estimated that HUD maintains at least 1.2 billion items of PII within its IT systems. While it may be true that HUD is required to maintain large volumes of PII to conduct its work, it is also true that HUD's IT systems are vulnerable. The OIG has made several efforts to identify and raise awareness about the Department's IT-systems deficiencies and cybersecurity weaknesses. Chief amongst these efforts are the OIG's FISCAM, FISMA, and financial audit related workload highlighting ongoing deficiencies in HUD programs. Increased resources will allow the OIG to conduct additional evaluation and audit work in this important area and assist both departmental and congressional stakeholders in determining how best to address HUD's IT weaknesses.

Protecting the FHA Insurance Fund

Improved oversight of potential hazards to the FHA insurance fund and ongoing evaluation of HUD's response to changes in the mortgage industry remain a priority for the OIG. We intend to increase our efforts aimed at identifying the top programmatic vulnerabilities facing the Mutual Mortgage Insurance Fund (MMI) fund and provide timely data to stakeholders that will facilitate effective policy responses to emerging threats.

Currently, the OIG believes greater attention should be devoted to HUD enforcement mechanisms. Ensuring that FHA is issuing loans to qualified borrowers and that HUD is providing proper oversight of loan-level review activities is critical to safeguarding the MMI fund. Evaluating HUD's FHA-lender monitoring process to ensure the Department is adequately regulating the market is one step we intend to take to ensure HUD has adequate internal controls and is adhering to them.

The OIG is also deeply concerned with the increased use of digital mortgages and the risk that these mortgages pose to the MMI fund. Conducting data analysis on the effect that digital mortgages have on the fund and reviewing applicable state-level legal requirements are examples of means the OIG would have at its disposal to address this concern with additional resources.

HUD Internal Financial Management

The OIG recognizes recent positive changes in HUD's overall approach to financial management. The OIG still has concerns, however, regarding the Department's financial governance, internal controls, and financial systems. Without a foundational shift in the Department's approach to financial governance, improvements to HUD's financial management could possibly be derailed by a lack of well-defined culture promoting responsibility and accountability.

By continuing to utilize financial audit staff capacity in combination with externalizing the HUD Consolidated Financial Statement Audit, the OIG should be able to reorient its financial-management workload to provide greater focus on HUD's internal controls. Specifically, the OIG believes a holistic review of HUD's compliance with GAO Green Book standards across all programs would provide needed insight into the Department's financial-management practices.

HUD's Ethics Culture

Building a culture of ethical conduct is essential to HUD achieving its mission and deterring possible fraud, waste, and abuse of organizational resources. The OIG believes it can bring value to the Department and its stakeholders by gathering more information about, and becoming an active participation in, departmental efforts to improve compliance with applicable ethical standards that its employees and program participants must meet. Specifically, we believe we can have a positive impact by examining HUD's processes for identifying and deterring ethical lapses and raising awareness about areas where HUD's current procedures do not provide for proper monitoring or deterrence of ethical risk, including "revolving door" risk within the Department's workforce and insufficient conflict-of-interest policies or practices affecting the performance of some public-housing authorities.

Fair Housing

Ensuring that HUD programs are promoting and guaranteeing fair housing has become a recent organizational priority for the OIG. Addressing whether the Department is doing enough to promote fair housing is essential to maintaining the public's trust and confirming that HUD programs align with congressional intent. The OIG plans to work with the office of Fair Housing and Equal Opportunity within HUD to gain a better understanding of how that organization operates and what processes are in place to achieve its mandate. With greater understanding of the internal and external risks to the Department's fair-housing mission, the OIG will be better able to deploy its resources to address this oversight priority.

Office of Inspector General - Engagement Board

Beginning in June 2019, the OIG implemented a fundamental shift in its process for approving the oversight work undertaken by our organization. Moving forward, any new OIG project will be evaluated and approved by the OIG's newly-constituted Engagement Board before it can commence. The Engagement Board's membership consists of designated senior executives and other leadership officials representing all OIG component divisions. The Engagement Board meets biweekly to assess the merits of proposed oversight projects to ensure our work fits within the overall objectives of our organization. The primary objectives of the Evaluation Board are to:

- Increase awareness of OIG activities and bring a collaborative and cross-functional review of proposals for OIG work, with a particular emphasis on ensuring that proposals target OIG oversight priorities;
- Provide approval before the commencement of any new audits, evaluations, reviews, or initiatives and ensure that work-starts are timely, informed, and organizationally-vetted; and
- Ensure the OIG responds timely and meaningfully to congressional and executive branch requests or leads.

Through the Engagement Board, the OIG aims to address Objective 1.1 from our 2018-2022 Strategic Plan, which targets the "use [of] risk-based approaches to prioritize and plan cross-functional work." This objective acknowledges that the OIG's increasing workload requires that the organization be diligent in assessing HUD's greatest risks and in prioritizing work that will meaningfully address those risks. Additionally, the Engagement Board serves to address risks identified in the OIG's enterprise risk profile. These include addressing concerns about overall effectiveness, information stagnation within the organization, responsiveness to stakeholder concerns, cross component collaboration, and the need for data driven decision making. Through the Engagement Board, the OIG has committed itself to leveraging all of its components to ensure that it plans and prioritizes its audits, evaluations, reviews, and investigations to provide the greatest impact for its stakeholders.

2021 GENERAL PROVISIONS

This document summarizes the General Provisions (GPs) in the 2021 Budget relative to the 2020 Enacted GPs.

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SEC. 201. *SECTION 8 SAVINGS*.—Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) shall be [rescinded]*cancelled* or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not [rescinded]*cancelled* or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not [rescinded]*cancelled* or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

Explanation of this Section: This section relates to the sharing of savings from refunding bonds for certain Section 8 contracts.

Proposed Action: The President's Budget proposes retaining this section with technical modifications.

SEC. 202. *FAIR HOUSING ACT INVESTIGATIONS AND PROSECUTIONS*.—None of the amounts made available under this Act may be used during fiscal year [2020]*2021* to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in solely for the purpose of achieving or preventing action by a Government official or entity, or a court of competent jurisdiction.

Explanation of this Section: This section makes clear that the Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity.

Proposed Action: The President's Budget proposes retaining this provision for fiscal year 2021.

SEC. 203. *COMPETITION IN ACCORDANCE WITH HUD REFORM ACT*.—Except as explicitly provided in law, any grant, cooperative agreement or other assistance made pursuant to title II of this Act shall be made on a competitive basis and in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545).

Explanation of this Section: This provision requires that HUD funds be subject to competition unless specified otherwise in statute.

Proposed Action: The President's Budget proposes retaining this section.

SEC. 204. *GNMA LEGAL SERVICES*.—Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C.1811–1).

Explanation of this Section: This provision makes limitations on administrative expenses inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills does not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

Proposed Action: The President's Budget proposes retaining this section.

[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.]

Explanation of this Section: This provision forbids HUD from spending more money on any program than the agency proposed in the budget estimates, unless a different amount is appropriated or provided in a reprogramming.

Proposed Action: The President's Budget proposes deleting this provision because it is redundant with existing and proposed reprogramming requirements.

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 [2020]2021 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.

Proposed Action: The President's Budget proposes retaining this provision.

[SEC. 207. The Secretary of Housing and Urban Development 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.]

Explanation of this Section: This provision requires HUD to submit quarterly reports on status of funds.

Proposed Action: The President's Budget proposes to delete this provision.

[SEC. 208. No funds provided under 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.).]

Explanation of this Section: This provision prohibits use of GNMA funds for certain audit activities.

Proposed Action: The President's Budget proposes to delete this provision.

SEC. [209]206. *TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.*

(a) *AUTHORITY.*—Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years [2020]2021 and [2021] 2022, the Secretary of Housing and Urban Development may authorize the transfer of some or all project-based assistance, debt held or insured by the Secretary and statutorily required low-income and very low-income use restrictions if any, associated with one or more multifamily housing project or projects to another multifamily housing project or projects.

(b) *PHASED TRANSFERS.*—Transfers of project-based assistance under this section may be done in phases to accommodate the financing and other requirements related to rehabilitating or constructing the project or projects to which the assistance is transferred, to ensure that such project or projects meet the standards under subsection (c).

(c) *CONDITIONS.*—The transfer authorized in subsection (a) is subject to the following conditions:

(1) *NUMBER AND BEDROOM SIZE OF UNITS.*—

(A) For occupied units in the transferring project: The number of low-income and very low-income units and the configuration (i.e., bedroom size) provided by the transferring project shall be no less than when transferred to the 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) **DEFINITIONS.**—For purposes of this section—

(1) the terms "low-income" and "very low-income" shall have the meanings provided by the statute and/or regulations governing the program under which the project is insured or assisted;

(2) the term "multifamily housing project" means housing that meets one of the following conditions—

(A) housing that is subject to a mortgage insured under the National Housing Act;

(B) housing that has project-based assistance attached to the structure including projects undergoing mark to market debt restructuring under the Multifamily Assisted Housing Reform and Affordability Housing Act;

(C) housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

(D) housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), as such section existed before the enactment of the Cranston-Gonzales National Affordable Housing Act;

(E) housing that is assisted under section 811 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. 8013); or

(F) housing or vacant land that is subject to a use agreement;

(3) the term "project-based assistance" means—

(A) assistance provided under section 8(b) of the United States Housing Act of 1937 (42 U.S.C. 1437f(b));

(B) assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of such Act (as such section existed immediately before October 1, 1983);

(C) rent supplement payments under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(D) interest reduction payments under section 236 and/or additional assistance payments under section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z–1);

(E) assistance payments made under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)); and

(F) assistance payments made under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2));

(4) the term "receiving project or projects" means the multifamily housing project or projects to which some or all of the project-based assistance, debt, and statutorily required low-income and very low-income use restrictions are to be transferred;

(5) the term "transferring project" means the multifamily housing project which is transferring some or all of the project-based assistance, debt, and the statutorily required low-income and very low-income use restrictions to the receiving project or projects; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

(e) **RESEARCH REPORT.**—The Secretary shall conduct an evaluation of the transfer authority under this section, including the effect of such transfers on the operational efficiency, contract rents, physical and financial conditions, and long term preservation of the affected properties.

Explanation of this Section: This General Provision currently 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.

Proposed Action: The President's Budget proposes retaining this section with technical modifications and a minor change to better accommodate properties impacted by state/federal integration mandates for persons with disabilities.

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 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.

Proposed Action: The President's Budget proposes retaining this section.

[SEC. 211. 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 (3) of such heading.]

Explanation of this Section: This section would direct block grant funds awarded to each tribe to be allocated to those entities that received funding in fiscal year 2005.

Proposed Action: The President's Budget proposes to delete this provision.

SEC. [212]208. *MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY PROJECTS*.—Notwithstanding any other provision of law, in fiscal year [2020] 2021, in managing and disposing of any multifamily property that is owned or has a mortgage held by the Secretary of Housing and Urban Development, and during the process of foreclosure on any property with a contract for rental assistance payments under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or other Federal programs, the Secretary shall maintain any rental assistance payments under section 8 of the United States Housing Act of 1937 and other programs that are attached to any dwelling units in the property. To the extent the Secretary determines, in consultation with the tenants and the local government, that such a multifamily property owned or held by the Secretary is not feasible for continued rental assistance payments under such section 8 or other programs, based on consideration of (1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRAA") (42 U.S.C. 1437f note) and (2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may, in consultation with the tenants of that property, contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance. The Secretary shall also take appropriate steps to ensure that project-based contracts remain in effect prior to foreclosure, subject to the exercise of contractual abatement remedies to assist relocation of tenants for imminent major threats to health and safety after written notice to and informed consent of the affected tenants and use of other available remedies, such as partial abatements or receivership. After disposition of any multifamily property described under this section, the contract and allowable rent levels on such properties shall be subject to the requirements under section 524 of MAHRAA.

Explanation of this Section: This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

Proposed Action: The President's Budget proposes retaining this provision for fiscal year 2021.

[SEC. 213. 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 of Housing and Urban Development in connection with the operating fund rule: *Provided*, That an agency seeking a discontinuance of a reduction of subsidy under the operating fund formula shall not be exempt from asset management requirements.]

Explanation of this Section: This section permits small PHAs with 400 or fewer units to elect not to operate under asset management.

Proposed Action: The President's Budget proposes deleting this provision.

[SEC. 214. 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) and (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 section 9(g)(1) or 9(g)(2) 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 section 9(g)(1) or 9(g)(2).]

Explanation of this Section: This section prohibits the Department from imposing requirements or guidelines related to asset management that restricts or limits the use of capital funds for PHAs' central office/overhead costs.

Proposed Action: The President's Budget proposes to delete this provision.

SEC. [215]209. *DESIGNATED ALLOTMENT HOLDERS*.—No official or employee of the Department of Housing and Urban Development shall be designated as an allotment holder unless the Office of the Chief Financial Officer has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives. The Chief Financial Officer shall ensure that there is a trained allotment holder for each HUD appropriation under the accounts "Executive Offices", "Administrative Support Offices", "Program Offices", *and* "Government National Mortgage Association-Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account" [and "Office of Inspector General"] within the Department of Housing and Urban Development.

Explanation of this Section: This provision requires the OCFO to make sure that an adequate funds control system is in place and training on funds control procedures and directives has occurred for an official or employee before such official or employee is designated an allotment holder. It also requires the CFO to ensure that each office in the S&E accounts has a trained allotment holder.

Proposed Action: The President's Budget proposes retaining this provision with modifications.

SEC. [216]210. *NOFA PUBLICATION*.—The Secretary of the Department of Housing and Urban Development shall, for fiscal year [2020] 2021, notify the public through the Federal Register and other means, as determined appropriate, of the issuance of a notice of the availability of assistance or notice of funding availability (NOFA) for any program or discretionary fund administered by the Secretary that is to be competitively awarded. Notwithstanding any other provision of law, for fiscal year [2020] 2021, the Secretary may make the NOFA available only on the Internet at the appropriate Government web site or through other electronic media, as determined by the Secretary.

Explanation of this Section: This provision requires the Department to publish notices of availability of assistance or funding availability for any program that is competitively awarded. The notices may be published on the Internet.

Proposed Action: The President's Budget proposes retaining this provision for fiscal year 2021.

[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. The annual budget submission for the program offices and the Office of General Counsel shall include any such projected litigation costs for attorney fees as a separate line item request. No funds provided in this title may be used to pay any such litigation costs for attorney fees until the Department submits for review a spending plan for such costs to the House and Senate Committees on Appropriations.]

Explanation of this Section: This provision requires the Department to pay all program-related litigation attorney fees from individual personnel benefits accounts. These costs must be reflected as a separate line item request in the budget submission.

Proposed Action: The Department proposes to delete this provision.

SEC. [218]211. *TRANSFER OF FUNDS.*—The Secretary is authorized to transfer up to [10]20 percent or [\$5,000,000] \$6,000,000, whichever is less, of funds appropriated for any office under the headings "Administrative Support Offices" or "Program Offices" to any other such office [or account]: *Provided, That the Secretary shall provide notification to the House and Senate Committees on Appropriations three business days in advance of any such transfers: Provided further, That no appropriation for any such office [or account] shall be increased or decreased by more than [10]20 percent or [\$5,000,000] \$6,000,000, whichever is less, [without prior written approval of the House and Senate Committees on Appropriations: Provided further, That the Secretary shall provide notification to]*unless such Committees [3]are notified in writing 10 business days in advance of any such transfers [under this section up to 10 percent or \$5,000,000, whichever is less].

Explanation of this Section: This provision gives the Secretary the authority to transfer a limited amount of funds, as needed, between accounts that provide for personnel and non-personnel expenses.

Proposed Action: The Department proposes retaining this provision with modifications. The increased transfer authority will provide the Department additional flexibility to efficiently make strategic realignments that support Administration priorities and emerging issues.

SEC. [219]212. *PHYSICAL CONDITIONS REQUIREMENTS.*

(a) (1) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions *in good repair*, as determined by the Secretary of Housing and Urban Development (in this section referred to as the "Secretary"), and comply with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical condition of any property covered under a housing assistance payment contract.

(2) *The requirements in this section shall apply to insured and noninsured projects with assistance attached to the units under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), but do not apply to such units assisted under*

section 8(o)(13) (42 U.S.C. 1437f(o)(13)) of such Act or to public housing units assisted with capital or operating funds under section 9 (42 U.S.C. 1437g) of such Act.

(b) The Secretary shall take action under subsection (c) when a multifamily housing project with a section 8 contract or contract for similar project-based assistance—

(1) receives a Uniform Physical Condition Standards (UPCS) score of ~~[60]~~59 or less; ~~[or]~~

(2) fails to certify in writing to the Secretary within 3 days that all Exigent Health and Safety deficiencies identified by the inspector at the project have been corrected~~[.]; or~~

(3) *fails to meet UPCS or local code requirements that establish standards for decent, safe, and sanitary housing* [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 do not apply to such units assisted under section 8(o)(13) (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 REAC inspection]~~ *If the Secretary decides to take action based on a deficiency listed in subsection (b),* the Secretary must provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary must also provide a copy of the Notice of Default to ~~[the tenants,]~~ the local government, any mortgagees, and any contract administrator. If the owner's appeal results in a UPCS score of 60 or above, the Secretary may withdraw the Notice of Default.

(2) At the end of the time period for correcting all deficiencies specified in the Notice of Default, if the owner ~~[fails]~~*has failed* to fully correct such deficiencies, the Secretary may—

(A) require immediate replacement of project management with a management agent approved by the Secretary;

(B) impose civil money penalties~~[, 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 or suspend payment on the section 8 contract, including partial abatement or suspension,* 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, which will be obligated to promptly make all required repairs and to accept renewal of the assistance contract as long as such renewal is offered;

(E) transfer the existing section 8 contract to another project or projects and owner or owners, *as determined by the Secretary under established procedures, which will be obligated to promptly make all required repairs and to accept renewal of the assistance contract as long as such renewal is offered;*

(F) pursue exclusionary sanctions, including suspensions or debarments from Federal programs;

(G) seek judicial appointment of a receiver to manage the property and cure all project deficiencies or seek a judicial order of specific performance requiring the owner to cure all project deficiencies;

(H) work with the owner, lender, or other related party to stabilize the property in an attempt to preserve the property through compliance, transfer of ownership, or an infusion of capital provided by a third-party that requires time to effectuate; or

(I) take any other regulatory or contractual remedies available, *including abatement, suspension, or termination of the Section 8 contract*, as deemed necessary and appropriate by the Secretary.

(d) [The Secretary shall also 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.]

(1) *Any Notice of Default issued pursuant to subsection (c)(1) shall include a requirement that the owner provide a copy of the Notice of Default to each tenant.*

(2) *The Secretary shall ensure that the owner or its agents provide tenants an opportunity to comment on the physical condition and management of the property, and any needed repairs. The Secretary may provide the substance of these communications to the project owner to assist in its corrective opportunity.*

(3) *If the Secretary terminates the Section 8 contract pursuant to subsection (c)(2), the Secretary shall provide tenants with a copy of any notice to the owner to that effect.*

(e) The Secretary shall report quarterly on all properties covered by this section that are assessed through the Real Estate Assessment Center and have UPCS physical inspection scores of less than 60 or have received an unsatisfactory management and occupancy review within the past 36 months. The report shall include—

(1) the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identify properties that have such conditions multiple times; *and*

(2) actions that the [Department of Housing and Urban Development] *Secretary* is taking to protect tenants of such identified properties[; and]

[(3) any administrative or legislative recommendations to further improve the living conditions at properties covered under a housing assistance payment contract.]

[This report shall be due to the Senate and House Committees on Appropriations no later than 30 days after the enactment of this Act, and on the first business day of each Federal fiscal year quarter thereafter while this section remains in effect].

Explanation of this Section: This general provision enhances HUD's ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It makes minor edits and additions to increase the options available to the Secretary and clarify his role and responsibilities.

Proposed Action: The President's Budget proposes retaining this provision with technical modifications.

SEC. [220]213. *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 [2020] 2021.

PHA Executive Compensation: This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

Proposed Action: The President's Budget proposes retaining this provision for fiscal year 2021.

[SEC. 221. None of the funds in this Act 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.]

Explanation of this Section: This section requires the Department to notify the House and Senate Committees on Appropriations at least 3 full business days before grant awards are announced.

Proposed Action: The President's Budget proposes deleting this provision.

SEC. [222]214. *PHYSICAL NEEDS ASSESSMENTS*.—None of the funds made available by this Act may be used to require or enforce the Physical Needs Assessment (PNA).

Explanation of this Section: Prohibits funds from being used to require or enforce the physical needs assessment (PNA).

Proposed Action: The President's Budget proposes retaining this provision.

SEC. [223]215. *EMINENT DOMAIN RESTRICTIONS*.—None of the funds made available in this Act shall be used by the Federal Housing Administration, the Government National Mortgage Administration, or the Department of Housing and Urban Development to insure, securitize, or establish a Federal guarantee of any mortgage or mortgage backed security that refinances or otherwise replaces a mortgage that has been subject to eminent domain condemnation or seizure, by a State, municipality, or any other political subdivision of a State.

Explanation of this Section: Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

Proposed Action: The President's Budget proposes retaining this provision.

[SEC. 224. None of the funds made available by this Act may be used to terminate the status of a unit of general local government as a metropolitan city (as defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C.5302)) with respect to grants under section 106 of such Act (42 U.S.C. 5306).]

Explanation of this Section: Prohibits funds from being used to terminate the status of a unit of local government as a metropolitan city, as defined under section 102 of the Housing and Community Development Act of 1974, with respect to grants under section 106 of such Act.

Proposed Action: The President's Budget proposes deleting this provision.

SEC. [225]216. *UNOBLIGATED RESEARCH FUNDS*.—Amounts made available under this Act which are either appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research in the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and which are unexpended at the time of completion of a contract, grant, or cooperative agreement, may be deobligated and shall immediately become available and may be reobligated in that fiscal year or the subsequent fiscal year for the research, evaluation, or statistical purposes for which the amounts are made available to that Office [subject to reprogramming requirements in section 405 of this Act].

Explanation of this Section: This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement.

Proposed Action: The President's Budget proposes retaining this provision with technical modifications.

SEC. [226]217. *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] *Employees* 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] *shall not receive awards (including performance, special act, or spot) for the remainder of this fiscal year after* the effective date of any such

administrative discipline [or after any] *unless a final decision is made* over-turning such discipline.

Explanation of this Section: This provision prohibits the Department from issuing performance awards to employees subject to administrative discipline.

Proposed Action: The President's Budget proposes retaining this provision with modifications.

SEC. [227]218. *PERFORMANCE PARTNERSHIP PILOTS*.—Funds made available in this title under the heading "Homeless Assistance Grants" may be used by the Secretary to participate in Performance Partnership Pilots authorized under section 526 of division H of Public Law 113–76, section 524 of division G of Public Law 113–235, section 525 of division H of Public Law 114–113, section 525 of division H of Public Law 115–31, section 525 of division H of Public Law 115–141, section 524 of division B of Public Law 115–245, *section 524 of division A of Public Law 116–94*, and such authorities as are enacted for Performance Partnership Pilots in an appropriations Act for fiscal year [2020] 2021[: *Provided*, That such participation shall be limited to no more than 10 continuums of care and housing activities to improve outcomes for disconnected youth].

Explanation of this Section: This provision allows Homeless Assistance Grant recipients to participate in Performance Partnership Pilots. This provides flexibility for communities to seek waivers and partner with other federal agencies to address youth homelessness issues.

Proposed Action: The President's Budget proposes this provision with modifications.

SEC. [228]219. *MATCHING REQUIREMENTS*.—With respect to grant amounts awarded under the heading "Homeless Assistance Grants" for fiscal years 2015 through [2020]2021 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.

Proposed Action: The President's Budget proposes retaining this section for fiscal year 2021.

SEC. [229]220. *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.

Proposed Action: The President's Budget proposes retaining this provision.

[SEC. 230. 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)).]

Explanation of this Section: This provision prohibits funds from being used to direct a grantee to undertake specific changes to existing zoning laws as part of carrying out the rule associated with Affirmatively Furthering Fair Housing.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 231. (a) Amounts recaptured from funds appropriated for this or any succeeding fiscal year under the heading "Department of Housing and Urban Development-Community Planning and Development-Homeless Assistance Grants" shall become available until expended not later than the end of the fifth fiscal year after the last fiscal year for which such funds are available and shall be available, in addition to rental assistance amounts that were recaptured and made available until expended under such heading by any prior Act, and in addition to such other funds as may be available for such purposes, for the following purposes:

(1) For grants under the Continuum of Care program under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.);

(2) For grants under the Emergency Solutions Grant program under subtitle B of title IV of such Act (42 U.S.C. 11371 et seq.);

(3) Not less than 10 percent of the amounts shall be used only for grants in rural areas under the Continuum of Care program, to include activities eligible under the Rural Housing Stability Assistance program under section 491 of such Act (42 U.S.C. 11408) that are not otherwise eligible under the Continuum of Care program; and

(4) Not less than 10 percent of the amounts shall be for emergency solutions grants for disaster areas as authorized by subsection (c).

(b) Prior to the use of any recaptured amounts referred to in subsection (a), including competing, awarding, or obligating such amounts, the Secretary shall submit a plan in accordance with subsection (a) that specifies the planned use of any such amounts to the Committees on Appropriations of the House of Representatives and the Senate, and receive prior written approval of such plan, except that use of amounts in the plan for the purposes specified in subsection (a)(4) may begin once such plan is submitted to such Committees.

(c)(1) The Secretary may make grants under the Emergency Solutions Grants

program under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371 et seq.) to States or local governments to address the needs of homeless individuals or families or individuals or families at risk of homelessness in areas affected by a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) on or after the date of enactment of this Act, whose needs are not otherwise served or fully met by existing Federal disaster relief programs, including the Transitional Sheltering Assistance program under such Act (42 U.S.C. 5170b).

(2) For purposes of grants under paragraph (1), the Secretary may suspend all consultation, citizen participation, and matching requirements.]

Explanation of this Section: This provision specifies authorized uses of and conditions for recaptured funds under the "Homeless Assistance Grants" heading.

Proposed Action: The President's Budget modifies this section per section 221 shown below.

SEC. 221. HOMELESS ASSISTANCE GRANTS RECAPTURED FUNDS.—Section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (Public Law 116–94) is amended —

- (1) in subsection (a), by striking "that were";*
- (2) in subsection (a)(2), by inserting "and" after the semicolon;*
- (3) in subsection (a)(3), by —*
 - (A) striking "Not less than 10 percent of the amounts shall be used only for grants" and inserting "For grants"; and*
 - (B) striking "; and" and inserting a period;*
- (4) by striking subsection (a)(4);*
- (5) by striking subsections (b) and (c); and*
- (6) by striking "(a)."*

Explanation of this Section: HUD proposes to add this provision that will modify the existing authority, uses of and conditions for Homeless Assistance Grants recaptures by deleting the current funding minimum for rural grants and the reporting requirement. Further, consistent with the Administration's goal of reducing duplication and improving efficacy across all Federal disaster recovery programs, the President's Budget does not propose to use recaptured funds for major disasters. In addition to funds provided by the Federal Emergency Management Agency, under the Community Development Block Grants for Disaster Recovery – a program that provides substantially more funding for long-term recovery needs – HUD requires its CDBG-DR grantees to consider and address the shelter and housing needs of persons who are homeless and at-risk of homelessness.

Proposed Action: The President's Budget proposes to add this provision.

[SEC. 232. The Promise Zone designations and Promise Zone Designation Agreements entered into pursuant to such designations, made by the Secretary of Housing and Urban Development in prior fiscal years, shall remain in effect in accordance with the terms and conditions of such agreements.]

Explanation of this Section: This provision requires that Promise Zone designations and agreements shall remain in effect.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 233. None of the funds made available by this Act may be used to establish and apply review criteria, including rating factors or preference points, for participation in or coordination with EnVision Centers, in the evaluation, selection, and award of any funds made available and requiring competitive selection under this Act, except with respect to any such funds otherwise authorized for EnVision Center purposes under this Act.]

Explanation of this Section: This provision prohibits funds from being used to establish review criteria, including rating factors or preference points, for competitive grants programs for envision center participation or coordination.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 234. (a) The Secretary of Housing and Urban Development shall make available to grantees under programs included under the Department's Consolidated Planning Process, not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, the prepopulated up-to-date housing and economic data and data for both broadband and resilience assessment requirements, as referred to in the HUD Response to the third comment under section III.A. of the Supplementary Information included with the final rule entitled "Modernizing HUD's Consolidated Planning Process To Narrow the Digital Divide and Increase Resilience to Natural Hazards", published by the Department of Housing and Urban Development in the Federal Register on Friday, December 16, 2016 (81 Fed. Reg. 91000).

(b) The Secretary of Housing and Urban Development shall require such grantees to incorporate the broadband and resilience components into the Consolidated Plan process not later than the expiration of the 270-day period beginning on the date of the enactment of this Act.]

Explanation of this Section: This provision requires the Department to make data for broadband and resiliency requirements to be incorporated into Consolidated Plans available to grantees, and for grantees to incorporate broadband and resiliency components into their Consolidated Plans.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 235. None of the funds made available by this or any prior Act may be used to require or enforce any changes to the terms and conditions of the public housing annual contributions contract between the Secretary and any public housing agency, as such contract was in effect as of December 31, 2017, unless such changes are mutually agreed upon by the Secretary and such agency: *Provided*, That such agreement by an agency may be indicated only by a written amendment to the terms and conditions containing the duly authorized signature of its chief executive: *Provided further*, That the Secretary may not

withhold funds to compel such agreement by an agency which certifies to its compliance with its contract.]

Explanation of this Section: This provision prohibits the Department from requiring or enforcing any changes to the terms and conditions of the public housing annual contributions contract between the Secretary and any public housing agency, as such contract was in effect as of December 31, 2017, unless such changes are mutually agreed upon by the Secretary and such agency.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 236. None of the amounts made available in this Act or in the Department of Housing and Urban Development Appropriations Act, 2019 (Public Law 116–6) 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 or in the Department of Housing and Urban Development Appropriations Act, 2019 (Public Law 116–6).]

Explanation of this Section: This provision prohibits funds from being used to make funding decisions for FSS based on performance metrics.

Proposed Action: The President's Budget proposes deleting this section. The Department believes past performance should be considered when making new grants.

[SEC. 237. (a) All unobligated balances from funds appropriated under the heading "Department of Housing and Urban Development Public and Indian Housing-Tenant Based Rental Assistance" in chapter 10 of title I of division B of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110–329) are hereby rescinded.

(b) All unobligated balances from funds appropriated under the heading "Department of Housing and Urban Development Public and Indian Housing-Project-Based Rental Assistance" in chapter 10 of title I of division B of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110–329; 122 Stat. 324) (as amended by section 1203 of Public Law 111–32; 123 Stat. 1859) are hereby rescinded.]

Explanation of this Section: This provision rescinds unobligated balances from various accounts.

Proposed Action: The President's Budget proposes deleting this section.

[SEC. 238. Any public housing agency designated as a Moving to Work agency pursuant to section 239 of (Public Law 114–113) 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), notwithstanding the purposes for which such funds were appropriated.]

Explanation of this Section: This provision addresses the establishment of reserves for public housing agencies designated as Moving to Work agencies.

Proposed Action: The President’s Budget proposes deleting this section for fiscal year 2021 as this authority is incorporated in the appropriations account language.

[SEC. 239. None of the amounts made available by this Act or by Public Law 116–6 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 Capital 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 availability for competitive grant awards under the Public Housing Capital Fund.

Proposed Action: The President’s Budget proposes deleting this section. HUD will specify eligible applicants in the program Notice of Funding Availability.

SEC. 222. RAD AMENDMENTS. The language under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as most recently amended by Public Law 115–141 (42 U.S.C. 1437f note), is further amended—

(1) in the initial undesignated matter, by striking "and 'Public Housing Operating Fund'" and inserting ", 'Public Housing Operating Fund', 'Public Housing Fund', and 'Moving to Work'";

(2) in the second proviso, by striking "until September 30, 2024" and inserting "for fiscal year 2012 and thereafter";

(3) in the third proviso, by inserting ", 'Moving to Work'," after "Tenant-Based Rental Assistance";

(4) by striking the fourth and final provisos (including striking the colon before the final proviso, but not including striking the period at the end);

(5) after the third proviso, by 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, 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':";

(6) in the eleventh proviso, as reordered above, by—

(A) inserting "'Public Housing Fund', 'Moving to Work', 'Self-Sufficiency Programs', 'Family Self-Sufficiency'" following "'Public Housing Operating Fund',"; and

(B) inserting "or the ongoing availability of services for residents" after "effective conversion of assistance under the demonstration";

(7) after the eighteenth proviso, as reordered above, by inserting the following new proviso: "Provided further, That conversions of assistance under the following provisos herein shall be considered as the 'Second Component' and shall be authorized for fiscal year 2012 and thereafter:";

(8) by striking the twentieth proviso, as reordered above, and inserting the following five provisos: "Provided further, That owners of properties assisted under section 101 of the Housing and Urban Development Act of 1965, section 236(f)(2) of the National Housing Act, or section 8(e)(2) of the United States Housing Act of 1937, for which an event after October 1, 2006 has caused or results in the termination of rental assistance or affordability restrictions and the issuance of tenant protection vouchers under section 8(o) of the Act shall be eligible, subject to requirements established by the Secretary, for conversion of assistance available for such vouchers or assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a project rental assistance contract under section 202(c)(2) of the Housing Act of 1959 shall be eligible, subject to requirements established by the Secretary, including but not limited to the subordination, restructuring, or both, of any capital advance documentation, including any note, mortgage, use agreement or other agreements, evidencing or securing a capital advance previously provided by the Secretary under section 202(c)(1) of the Housing Act of 1959 as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly persons, and tenant consultation procedures, for conversion of assistance available for such assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a senior preservation rental assistance contract under section 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), shall be eligible, subject to requirements established by the Secretary as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly families, and tenant consultation procedures, for conversion of assistance available for such assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That owners of properties with a project rental assistance contract under section 811(d)(2) of the Cranston-Gonzalez National

Affordable Housing Act, shall be eligible, subject to requirements established by the Secretary, including but not limited to the subordination, restructuring, or both, of any capital advance documentation, including any note, mortgage, use agreement or other agreements, evidencing or securing a capital advance previously provided by the Secretary under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving persons with disabilities, and tenant consultation procedures, for conversion of assistance contracts to assistance under a long term project-based subsidy contract under section 8 of the Act: Provided further, That long term project-based subsidy contracts under section 8 of the Act which are established under this Second Component shall have a term of no less than 20 years, with rent adjustments only by an operating cost factor established by the Secretary, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), or, subject to agreement of the administering public housing agency, to assistance under section 8(o)(13) of the Act, to which the limitation under subsection (B) of section 8(o)(13) of the Act shall not apply and for which the Secretary may waive or alter the provisions of subparagraphs (C) and (D) of section 8(o)(13) of the Act:";

(9) after the twenty-fifth proviso, as reordered above, by inserting the following new proviso: "Provided further, That the Secretary may waive or alter the requirements of section 8(c)(1)(A) of the Act for contracts provided to properties converting assistance from section 202(c)(2) of the Housing Act of 1959 or section 811 of the American Homeownership and Economic Opportunity Act of 2000 as necessary to ensure the ongoing provision and coordination of services or to avoid a reduction in project subsidy:"; and

(10) in the thirty-first proviso, as reordered above, by—

(A) striking "heading 'Housing for the Elderly'" and inserting "headings 'Housing for the Elderly' and 'Housing for Persons with Disabilities'";

(B) striking "or 'Tenant-Based Rental Assistance' to facilitate" and inserting "'Tenant-Based Rental Assistance', or 'Moving to Work' to facilitate"; and

(C) inserting ", section 202 senior preservation rental assistance contract, or section 811 project rental assistance contract" after "section 202 project rental assistance contract".

Explanation of this Section: Eliminate the cap on the number of public housing units allowed to convert under RAD and eliminate the sunset date for participation in RAD: This provision would eliminate the unit cap on the number of public housing conversions that can be completed relying solely on existing public housing funding levels. The proposal also eliminates the statutory application deadline. Such changes will ensure that HUD can maximize the number of public housing properties that can be preserved without additional funding (i.e., without the \$100 million requested in this budget)

- Conversion of Tenant Protection Vouchers (TPV) to PBRA in limited circumstances: PHAs sometimes use RAD in combination with another authority (Section 18) in order to access the higher funding levels associated with the new vouchers that HUD issues. However, those new vouchers can currently only result in a Project-Based Voucher (PBV) contract. This general provision would provide authority for a PHA to have HUD convert TPV assistance to PBRA, in lieu of the PHA receiving new vouchers, in limited cases where this flexibility would result in a property fully assisted via PBRA, instead of partially assisted by PBRA and partially assisted through the Housing Choice Voucher Program. Without any new cost, this proposal would help expand the number of properties that could successfully convert through RAD, while simplifying administration by HUD, PHAs, and owners.

- Authorize budget-neutral conversion of Section 811 PRACs: Much like 202 PRACs, the 30,000 units assisted through Section 811 PRACs are an aging stock with growing capital needs, but with limited access to private and public financing. These properties also experience unique challenges as owners seek alignment with community integration mandates and supportive service program requirements, all of which will be recognized in the planned conversion process.

- Authorize budget-neutral conversion of Section 202 SPRACs: 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 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.

- Exempting properties converting on a budget-neutral basis from Section 202 PRACs and, if authorized, Section 202 SPRACs, from initial rent setting provisions of the Section 8 statute in order to continue critical services for the elderly and prevent a reduction of project funding: Properties assisted through Section 202 PRACs and Section 202 SPRACs receive funding for the provision and coordination of services within their current contracts. However, initial contract rents under Section 8 are subject to a Fair Market Rent (FMR) cap designed for contracts that only support shelter costs and do not anticipate the cost of these critical services. As properties from these programs convert at budget-neutral levels, this provision would allow HUD to exempt such conversion from the FMR cap to ensure that the conversion does not put at risk the ongoing provision and coordination of services or result in a reduction in project subsidy.

Proposed Action: The President's Budget proposes adding this new provision.

SEC. 223. RENT ADJUSTMENTS.—For this fiscal year, the Secretary may elect through a Federal Register notice not to provide rent adjustments for properties receiving assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s), section 236(f)(2) of the National Housing

Act (12 U.S.C. 1715z–1(f)(2)), or section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) other than the voucher program under section 8(o) and the moderate rehabilitation program under section 8(e)(2) (including the single room occupancy program authorized by title IV of the McKinney-Vento Homeless Assistance Act).

Explanation of this Section: This provision will enable the Department to suspend the requirement to provide annual rent adjustments for fiscal year 2021 to multifamily property owners.

Proposed Action: The President’s Budget proposes adding this new provision.

SEC. 224. PUBLIC HOUSING FLEXIBILITIES.—For funds made available in this or prior acts under the headings "Public Housing Capital Fund", "Public Housing Operating Fund", and "Public Housing Fund", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutory or regulatory provisions related to public housing agency (PHA) annual plan requirements, energy audits, and community service requirements, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative requirements are necessary to reduce costs or for the effective delivery and administration of such funds.

Explanation of this Section: Public Housing Flexibilities: The proposal would allow HUD to waive or provide alternative requirements for energy audits, community service requirements, and PHA Annual Plans. However, this waiver authority would not prevent a PHA from opting to fulfill a current requirement that they believe is useful in the administration of their program. PHAs are required to conduct energy audits at least once every five years regardless of whether the PHA expects to have resources to implement any of the suggested changes from the energy audit. Thus, the cost of the energy audit is, in many cases, expended without any expected benefit to the program. HUD also proposes to extend the regulatory relief for the PHA Annual Plan available to “Qualified Agencies” to all PHAs. Specifically, HUD would eliminate the requirement that nonqualified PHAs complete and submit an annual plan; but would still require all PHAs to hold an annual hearing with residents and the public to discuss and gather feedback on the PHA’s planned activities for the upcoming year.

Proposed Action: The President’s Budget proposes adding this new provision.

SEC. 225. TENANT-BASED RENTAL ASSISTANCE FLEXIBILITIES.—For funds made available in this or prior acts under the heading "Tenant-Based Rental Assistance", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutory or regulatory provisions related to PHAs establishing payment standards below the basic range of 90 percent but not less than 80 percent of the Fair Market Rent and for the suspension of certain PHA Section Eight Management Assistance Program (SEMAP) indicators, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative

requirements are necessary to reduce costs or for the effective delivery and administration of such funds.

Explanation of this Section: This provision, which would be further defined in Federal Register notice, would allow specific indicators of the Section 8 Management Assessment Program (SEMAP) to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration.

Proposed Action: The President's Budget proposes adding this new provision.

SEC. 226. CAPITAL AND OPERATING FUND FLEXIBILITY.—A public housing agency may use operating reserve funds or any amounts allocated to the agency from funds appropriated under the heading "Public Housing Fund" in fiscal year 2021 or under the heading "Public Housing Operating Fund" in prior fiscal years, except for any set-asides listed under such headings, 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)). For funds appropriated under the heading "Public Housing Capital Fund" in prior fiscal years, except for any set-asides listed under such headings, a public housing agency may use any amounts allocated to the agency for any eligible activities under sections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)).

Explanation of this Section: HUD proposes to extend to all PHAs the ability to utilize the previous Capital and Operating Funds interchangeably, regardless of troubled status and the condition of a PHA's public housing portfolio. Today, only small PHAs (those with fewer than 250 units) that are not troubled and operate public housing in a safe, clean and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20 percent of the Operating Fund to the Capital Fund and vice versa. HUD proposes full flexibility for all PHAs to use 2021 operating subsidies and prior year funding from the previous Capital and Operating Funds. This option would enable PHAs to focus limited federal resources on local priorities without being constrained by the statutory limitations of each fund.

Proposed Action: The President's Budget proposes adding this new provision.

SEC. 227. TRANSFER TO INFORMATION TECHNOLOGY FUND.—Of the amounts made available for salaries and expenses under all accounts under this title (except for the Office of Inspector General account), a total of up to \$10,000,000 may be transferred to and merged with amounts made available in the "Information Technology Fund" account under this title.

Explanation of this Section: This provision allows for the transfer and merge of up to \$10 million from salaries and expenses to the Information Technology Fund.

Proposed Action: The President's Budget proposes adding this provision.

SEC. 228. CANCELLATION OF FUNDS.—Of the unobligated balances, including recaptures and carryover, available from amounts appropriated under the heading "Native Hawaiian Housing Loan Guarantee Fund Program Account" for the cost of guaranteed loans, \$2,000,000 shall be cancelled: Provided, That this cancellation shall not limit the authority to commit new loan guarantees under loan guarantee limitations provided in prior appropriations Acts.

Explanation of this Section: This provision would cancel \$2 million from unobligated balances from the Native Hawaiian Housing Loan Guarantee Fund Program Account. As this program is a negative subsidy program, subsidy is not needed to issue loans.

Proposed Action: The President's Budget proposes adding this new provision.

SEC. 229. REPROGRAMMING REQUIREMENTS.—Except as otherwise provided in this Act, none of the funds provided in this title, provided by previous appropriations Acts to the Department of Housing and Urban Development that remain available for obligation or expenditure in fiscal year 2021, or provided from any accounts in the Treasury derived by the collection of fees and available to the Department of Housing and Urban Development, shall be available for obligation or expenditure through a reprogramming of funds that—

(1) For Program and Information Technology funds—

(A) initiates or creates a new program, project, or activity;

(B) eliminates a program, project, or activity;

(C) increases funds for any program, project, or activity for which funds have been denied or restricted by the Congress;

(D) proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose;

(E) augments existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less; or

(F) reduces existing programs, projects, or activities by \$5,000,000 or 10 percent, whichever is less;

(2) For Salaries and Expenses funds—

(A) assigns personnel or hires to support the creation of a new program, project, or activity not previously included in the President's budget;

(B) increases the personnel or other resources for any program, project, or activity for which funds have been denied or restricted by the Congress;

(C) relocates or closes an office; or

(D) reorganizes an office, which shall include the transfer of any function from one office to another office; unless the House and Senate Committees on Appropriations are consulted 15 days in advance of such reprogramming and are notified in writing 10 days in advance of such reprogramming.

Explanation of this Section: This provision specifies requirements for the reprogramming of funds.

Proposed Action: The President's Budget proposes adding this provision.

SEC. 230. SUBMISSION OF REPORTS.—Not later than 60 days after the date of enactment of this Act, the Department of Housing and Urban Development shall submit a report to the Committees on Appropriations of the Senate and of the House of Representatives to establish the baseline for application of reprogramming and transfer authorities for the current fiscal year: Provided, That the report shall include—

(1) a table for each appropriation with a separate column to display the prior year enacted level, the President's budget request, adjustments made by Congress, adjustments due to enacted rescissions, if appropriate, and the fiscal year enacted level;

(2) For program funds, a delineation in the table for each appropriation and its respective prior year enacted level by program, project, and activity as detailed in the budget appendix for the respective appropriation; and

(3) For salaries and expenses, an organizational chart for each office that includes detail to the branch level, and clearly identifies those "offices" to which section 229(2) shall be applied.

Explanation of this Section: This provision specifies requirements for submitting a report in order to establish the baseline for the application of reprogramming and transfer authorities.

Proposed Action: The President's Budget proposes adding this provision.