

Fiscal Year 2020

BUDGET IN BRIEF

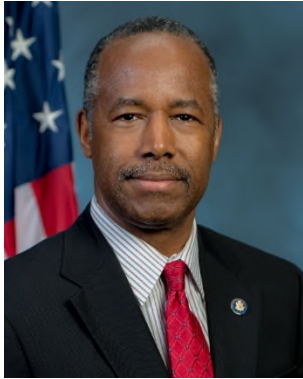
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Benjamin S. Carson, Secretary



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Message from the Secretary



The 2020 President's Budget for the Department of Housing and Urban Development (HUD) is \$44.1 billion. This money will support HUD's efforts to provide safe, decent, and affordable housing for the American people while being good stewards of taxpayer dollars.

This Budget advances our key priorities, including empowering HUD-assisted families to achieve self-sufficiency. For generations, the idea of the Federal Government providing housing assistance meant only one thing — helping to pay the rent so families can have a roof over their heads. But we must also think about how we can help families to access financial programs, educational opportunities, and higher paying jobs. In short, we must think beyond investing in bricks and mortar, and think about investing in people.

This Budget allows HUD to focus on a more holistic approach to bring together the public sector, private sector, and nonprofit community. These partnerships are key to developing the skills and talents of our residents — with the goal of promoting family self-sufficiency and a life beyond public assistance.

Combined with our efforts to refine the guidelines and policies around our *Moving to Work* and *Section 3* programs, the President's Budget will help HUD-assisted families tap into other economic opportunities that HUD supports.

Despite low unemployment and strong economic growth, we face some headwinds in the campaign to increase access to affordable housing. Set against the backdrop of rising interest rates and increasing rents, the President's Budget provides the tools we need to bring everybody to the table to ease the pressure that's forcing too many of our neighbors into our shelters and onto our streets. The lack of decent affordable housing is not a Federal problem, it's everybody's problem, and the money we are seeking will ensure that HUD has the capacity needed to partner with State and local governments as well as the non-profit and private sectors.

The Budget expands HUD's *Rental Assistance Demonstration* (RAD), a preservation program that has placed more than 100,000 units of public housing on a more sustainable funding platform — homes that may otherwise have lacked sufficient funding to be modernized or may have even been lost through sale or demolition.

When I became Secretary, the Chief Financial Officer position had been vacant for several years. I made it a priority to get a CFO on board so we could protect taxpayers' funds and streamline operations. Today, we have a highly seasoned professional at the helm in Irv Dennis, who is helping to reduce, and ultimately eliminate, challenges to our financial processes and controls through a Department-wide Financial Transformation Plan and Integrity Task Force. The changes to our financial processes and controls will enable HUD to do more than ever with the money we are requesting.

Additionally, this Budget empowers HUD to continue modernizing our information technology (IT) systems. HUD has antiquated technology systems that increasingly place our programs at risk. These aging systems do not interface well, are clumsy to work with, expensive to support, and need to be updated. Last year HUD partnered with the General Services Administration (GSA), as part of the *Centers*

of Excellence Initiative, to modernize HUD's IT systems and operating procedures – work that this Budget will allow HUD to continue.

In FY 2020, HUD will continue encouraging American communities to thrive and prosper by improving affordable housing programs, promoting economic opportunity, working to end homelessness, and reducing lead and other home health and safety hazards.

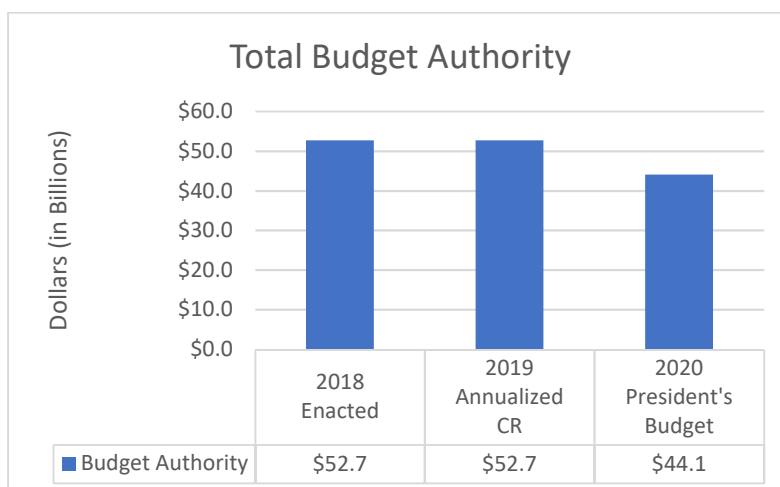
This work is never easy, but it is always necessary. The President's Budget will allow HUD to continually seek to improve how we deliver our programs and policies so that we can be true to our mission to expand opportunities for those we're charged to serve.

Sincerely,
Benjamin S. Carson, Sr.

Budget Overview

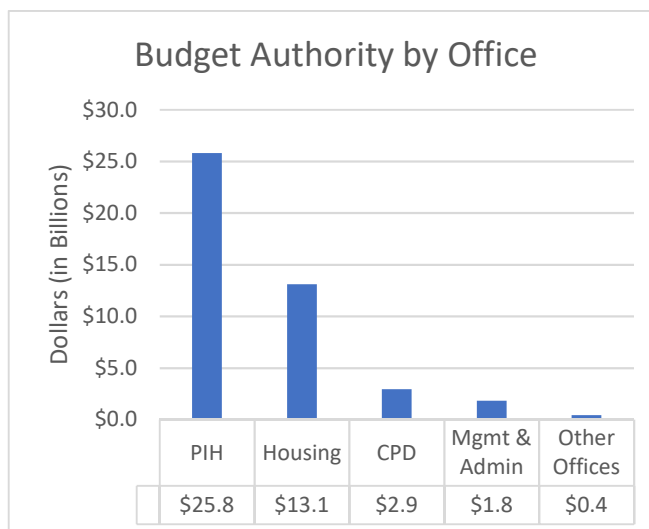
The 2020 President's Budget requests \$44.1 billion for the Department of Housing and Urban Development (HUD), approximately \$8.7 billion less than the 2019 Annualized Continuing Resolution (CR). This budget strategically invests in critical areas of HUD's programs and operations while protecting taxpayer funds. Key investments include:

- Increasing rental assistance to \$37.9 billion, maintaining services for all currently HUD-assisted households.
- Building on efforts to promote tenant self-sufficiency and reduce administrative burdens through proposed rent reforms and work requirements on non-elderly, non-disabled tenants.
- Continuing the march to ending homelessness through \$2.6 billion in grants.
- Removing dangerous lead and other hazards from homes with \$290 million in grants and technical development.
- Promoting transparency and accountability to taxpayers by investing in HUD's financial transformation and critical staffing needs.
- Supporting Secretary Carson's "Prescription for HUD" management and policy agenda.



HUD's budget authority is spread across programs and, to a much lesser extent, staffing and other management and administrative expenses. Most of the budget authority funds programs to help vulnerable, low-income households—many elderly or disabled—pay their rent. The Office of Public and Indian Housing (PIH) and the Office of Housing administer these programs.

HUD's Management and Administration expenses, which include salaries, are \$1.8 billion, or about 4.2 percent of HUD's budget.



Funding for Secretarial Priorities

HELPING AMERICANS PAY RENT: INCREASING RENTAL ASSISTANCE TO \$37.9 BILLION, MAINTAINING AND REFORMING SERVICES FOR ALL CURRENTLY HUD-ASSISTED HOUSEHOLDS

HUD's rental assistance programs help 4.7 million low-income families pay their rent. These programs provide safe, stable, and affordable housing, and over half of assisted families are elderly or have a disabled head of household. The 2020 President's Budget requests \$37.9 billion to support the Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), Public Housing, Housing for the Elderly (Section 202), and Housing for Persons with Disabilities (Section 811) programs. This funding level supports the same number of households currently assisted, while proposing a bold set of responsible reforms to ensure the programs are sustainable for the future.

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 represents a one-size-fits-all approach that does not take into consideration local community needs. With the Making Affordable Housing Work Act (MAHWA), submitted to Congress in April 2018, HUD proposed to reform rental assistance to address these issues.

The Budget incorporates the proposed reforms, which promote work, simplify program administration, reduce Federal costs, and increase local choice. The reforms include increased tenant rent contributions, particularly for those able to work; reduced frequency of income recertifications; and additional flexibilities for PHAs and property owners to develop alternative rent structures. In addition, the Budget proposes uniform work requirements for work-able households. Consistent with Administration policy, the requirement would allow for work-seeking activities and would exempt the elderly, the disabled, those caring for a disabled family member or small child, and pregnant women.

CONTINUING THE MARCH TO ENDING HOMELESSNESS THROUGH \$2.6 BILLION IN GRANTS

The 2020 President's Budget requests \$2.6 billion for Homeless Assistance Grants (HAG), which is \$85.6 million more than the 2019 Annualized CR level. Homeless Assistance Grants are key to addressing homelessness nationwide, which has declined by 13 percent between 2010 and 2018. HAG funds allow HUD to serve vulnerable individuals and families who are homeless or at risk of homelessness through service and housing interventions, including homelessness prevention, emergency sheltering, rapid re-housing, transitional housing, and permanent supportive housing.

REMOVING DANGEROUS LEAD AND OTHER HAZARDS FROM HOMES WITH \$290 MILLION IN GRANTS AND TECHNICAL DEVELOPMENT

Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America's children, with over 23 million homes (52 percent of the homes built before 1978) having significant lead-based paint hazards. The 2020 President's Budget requests \$240 million in funding for the Lead Based Paint Hazard Reduction Grants and Demonstration programs, providing grants to make over 20,000 unassisted low-income older homes free of lead-based paint hazards. In addition, the Budget requests \$45 million for Healthy Homes Grants and Support and \$5 million for Lead Technical Studies and Support.

PROMOTING TRANSPARENCY AND ACCOUNTABILITY TO TAXPAYERS BY INVESTING IN HUD'S FINANCIAL TRANSFORMATION AND CRITICAL STAFFING NEEDS

► Financial Transformation

The Department has developed a five-year plan for "Financial Transformation" to protect taxpayers and to support accountability, data, and transparency. The 2020 President's Budget supports that plan by providing \$20 million for consulting services to assist with the Financial Transformation effort. This funding is critical to maintaining the viability of the agency, maintaining the trust of taxpayers, and mitigating risk and fraud. This transformation will provide a "Financial Management Framework" to mitigate five material weaknesses and four significant deficiencies. It will:

- Develop a financial management strategy that bridges policies, procedures, processes and controls, and related accounting standards to HUD's mission and strategic goals;
- Advance streamlined and transparent planning, performance, and budgeting functions aligned to HUD's mission;
- Align available resources of time, funds, assets, and people to a program and innovation portfolio that support broader strategic and financial goals;
- Enhance a control environment that increases accountability and transparency while integrating HUD's enterprise and fraud risk management strategies;
- Improve IT to make financial management, budget, and accounting processes more efficient, effective, and secure.

► Staffing

HUD's staffing levels have declined over the last four decades from a high of almost 18,000 full-time equivalents (FTEs) in 1977 to fewer than 7,600 FTEs in FY 2018,¹ while its budget authority has steadily increased from just under \$30 billion to more than \$50 billion. This trend has resulted in fewer staff to manage and monitor compliance on an increasing number of outstanding grants and loan guarantees. To mitigate these risks and reverse the decades-old trend of declining staff, the 2020 President's Budget allocates \$1.6 billion toward salaries and expenses (S&E), almost \$56 million above the 2019 Annualized CR level. This funding will enable HUD to increase its staffing to nearly 7,800 FTEs, providing the resources necessary to achieve HUD's priorities.

¹ Including Ginnie Mae and Office of Inspector General.

SUPPORTING SECRETARY CARSON'S "PRESCRIPTION FOR HUD"

The 2020 President's Budget advances Secretary Carson's management and policy agenda, "The Prescription for HUD." The Budget funds programs and initiatives within each of the Prescription for HUD's three pillars:

► **Advance Economic Opportunity**

HUD is advancing economic opportunity for low-income families through homeownership, workforce training, educational advancement, and health and wellness programs and services.

► **Protect Taxpayer Funds**

HUD will improve processes and policies to enable it to meet reporting requirements while complying with laws and regulations related to all financial matters. The Department will develop new, or enhance existing, policies and procedures to provide guidance and alignment within HUD. To lead Departmental efforts, HUD has established the Agency-Wide Integrity Task Force, a CFO-chaired central steering committee that consists of the heads of HUD's program offices. HUD will eliminate fraud, waste, and abuse of taxpayers' dollars as part of this strategic goal.

► **Streamline Operations**

HUD will examine its programs, customer needs, and employee expertise to streamline its operations. Alignment of program regulations, rules, and management activities will allow the Department's customers to access HUD services more easily. HUD will better align delegations of authority to prevent gaps and overlaps in responsibility while streamlining coordination. The Department will explore ways to strengthen coordination among program offices in Headquarters and the Field to ensure it empowers front-line employees to respond effectively to customers' needs. Department-wide efforts to simplify HUD's regulations and rules, and improve human capital management, will support these efforts while ensuring their long-term sustainability.



Summary Table

| Program | | 2018 Enacted (millions) | 2019 Annualized CR (millions) | 2020 President's Budget (millions) |
|--|--|-------------------------------|-------------------------------------|---|
| Public & Indian Housing | Tenant-Based Rental Assistance | \$22,015 | \$22,015 | \$22,244 |
| | Family Self-Sufficiency | \$75 | \$75 | \$75 |
| | Public Housing Capital Fund | \$2,750 | \$2,750 | \$- |
| | Public Housing Operating Fund | \$4,550 | \$4,550 | \$2,863 |
| | Native American Housing Block Grants | \$755 | \$755 | \$600 |
| | Indian Housing Loan Guarantee Fund (Sec. 184) | \$1 | \$1 | \$3 |
| | Native Hawaiian Housing Block Grants | \$2 | \$2 | \$- |
| | Choice Neighborhoods | \$150 | \$150 | \$- |
| Subtotal PIH | | \$30,298 | \$30,298 | \$25,785 |
| Community Planning & Development | Community Development Fund | \$3,365 | \$3,365 | \$- |
| | HOME Investment Partnerships | \$1,362 | \$1,362 | \$- |
| | Self-Help and Assisted Homeownership Opportunity Program | \$54 | \$54 | \$- |
| | Homeless Assistance Grants | \$2,513 | \$2,513 | \$2,599 |
| | Housing Opportunities for Persons with AIDS | \$375 | \$375 | \$330 |
| Subtotal CPD | | \$7,669 | \$7,669 | \$2,929 |
| Housing | Project-Based Rental Assistance | \$11,515 | \$11,515 | \$12,021 |
| | Housing for the Elderly (202) | \$678 | \$678 | \$644 |
| | Housing for Persons with Disabilities (811) | \$230 | \$230 | \$157 |
| | MMI Contract Expenses | \$130 | \$130 | \$150 |
| | FHA Admin Fee/Single Family IT Fee | \$- | \$- | \$(20) |
| | Manufactured Housing | \$11 | \$11 | \$12 |
| | Manufactured Housing Fee Collections | \$(11) | \$(11) | \$(16) |
| | Other Assisted Housing | \$14 | \$14 | \$3 |
| | Housing Counseling Assistance | \$55 | \$55 | \$45 |
| | Rental Assistance Demonstration | \$- | \$- | \$100 |
| Subtotal Housing | | \$12,622 | \$12,622 | \$13,096 |
| Other | PD&R (Research and Technology) | \$89 | \$89 | \$87 |
| | FHEO (Fair Housing Activities) | \$65 | \$65 | \$62 |
| | Lead Hazard Control and Healthy Homes | \$230 | \$230 | \$290 |
| Subtotal Other | | \$384 | \$384 | \$439 |
| Mgmt & Admin | HUD S&E | \$1,342 | \$1,342 | \$1,399 |
| | OIG S&E | \$128 | \$128 | \$129 |
| | Ginnie Mae | \$30 | \$30 | \$28 |
| | IT Fund (Direct Appropriation) | \$267 | \$267 | \$280 |
| Subtotal Mgmt & Admin | | \$1,767 | \$1,767 | \$1,836 |
| Discretionary Total (Gross) | | \$52,740 | \$52,740 | \$44,086 |



HUMANS OF HUD - Laura and Jaime, Brownsville, TX

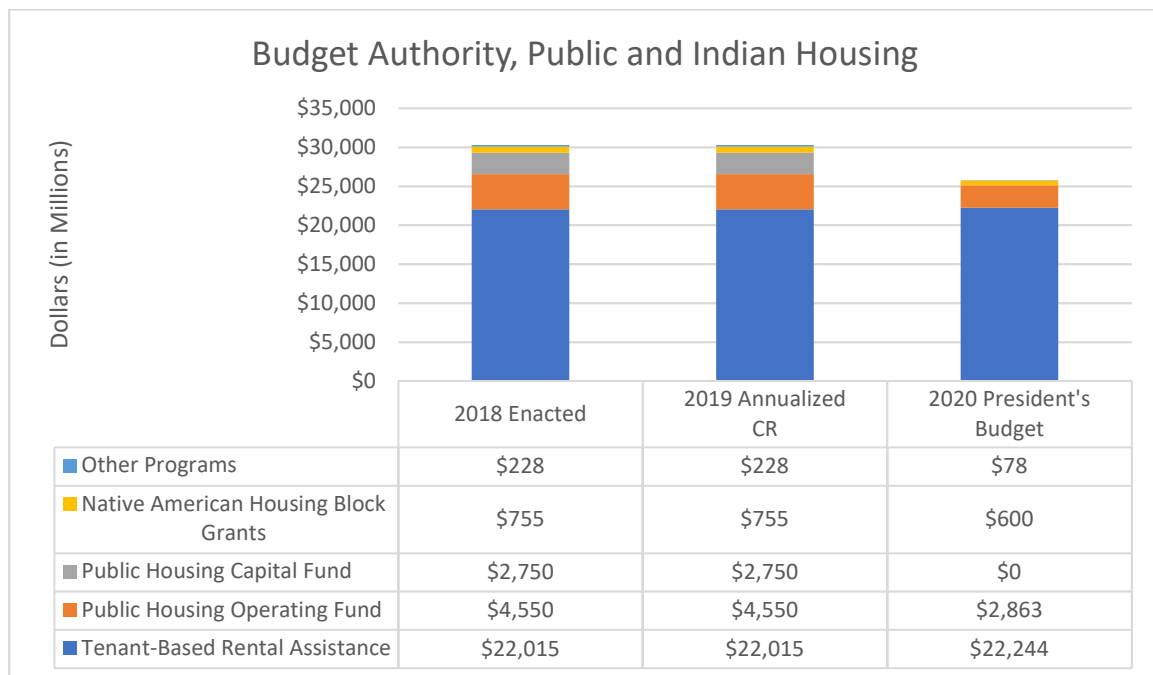
“My top priority was finding a handicap-friendly place for my son, Jaime, to live. The Buena Vida Public Housing Development has been that and so much more. I was able to sign up for a citizenship class through Buena Vida, which led to me becoming a U.S. citizen in April. All I wanted was an accessible home for my son—I never imagined that it would change my life too.”

The Housing Authority of the City of Brownsville was awarded a Choice Neighborhoods Planning Grant for the Buena Vida facility in 2016. HUD’s Choice Neighborhoods Planning Grant program equips local leaders to create comprehensive plans to transform their local communities. This planning process led to the creation of several new programs, including a partnership with the non-profit Proyecto Juan Diego, which allowed Laura to achieve U.S. citizenship.

Office of Public and Indian Housing

The Office of Public and Indian Housing (PIH) oversees and monitors a range of programs for low-income households. Its three major business areas include the Housing Choice Voucher (HCV) program, Public Housing programs, and Native American programs.

The 2020 President's Budget requests \$25.8 billion for PIH, which is \$4.5 billion less than the 2019 Annualized CR level.²



Increasing rental assistance to \$22.2 billion, maintaining services for all currently HUD-assisted households.

The Budget requests \$22.2 billion for Tenant-Based Rental Assistance (TBRA), which is \$229 million more than the 2019 Annualized CR level. TBRA, commonly known as the Housing Choice Voucher program, helps around 2.3 million extremely low- to very low-income households to rent housing in the private market. About 2,200 State and local PHAs administer the HCV program, and it is the largest income-targeted rental assistance program. Of the households 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 households would be at risk of homelessness or would be forced to choose between decent housing and other life necessities, such as food, clothing, and medicine.

HCV rental assistance is primarily tenant-based assistance, which means HUD does not permanently tie the assistance to a unit or property. Instead, HUD ties the assistance to an individual household. If the

² In the "Budget Authority, Public and Indian Housing" chart, "Other Programs" for the 2020 President's Budget includes the Family Self-Sufficiency and Indian Housing Loan Guarantees (Sec. 184) programs. "Other Programs" for 2018 Enacted and 2019 Annualized CR includes a combination of the Native Hawaiian Housing Loan Guarantees (Sec. 184A), Native Hawaiian Housing Block Grants, and Choice Neighborhoods programs.

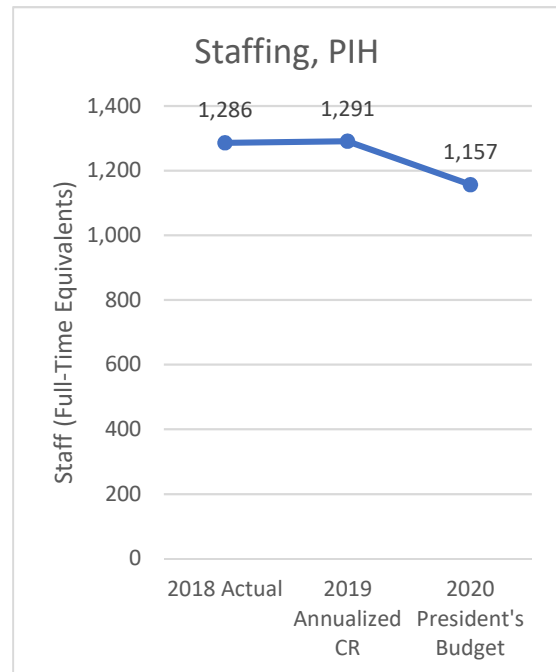
family moves, it can use its rental assistance at another property that participates in or is willing to begin participating in the program.

Compared to other approaches, the HCV program has proven to be effective at meeting the housing needs of the most vulnerable citizens. In October 2016, HUD published the results of the Family Options Study. Launched in 2008, the study's goal was to determine which housing and service interventions work best for families with children experiencing homelessness. The study determined that the HCV program was the most effective intervention of the approaches tested. HCV intervention reduced most forms of residential instability by more than one half, reduced food insecurity, and improved multiple measures of adult and child well-being.

Other Highlights

- **Public Housing Operating Fund:** The Budget requests \$2.9 billion for the Public Housing Operating Fund, which is \$1.7 billion less than the 2019 Annualized CR level. Of this amount, \$2.8 billion is provided for public housing grants, and up to \$340 million of this is available for shortfall funding to prevent the financial insolvency of PHAs. In addition, the Budget transfers \$25 million of previously enacted set-asides from the Public Housing Capital Fund to the Operating Fund, including the **Jobs-Plus Initiative** and emergency disaster grants. The Budget also provides \$16 million in new funding to address high-risk PHAs and \$30 million for new competitive demolition grants.
 - **Jobs-Plus Initiative:** The Operating Fund budget authority includes up to \$15 million for new Jobs-Plus grants to PHAs. The Jobs-Plus Initiative is a program for increasing the employment opportunities and earnings of public housing residents through a three-pronged approach of employment services, rent-based work incentives, and community support for work. From FY 2014 through FY 2017, Jobs-Plus sites reported placing 2,783 residents into part-time or full-time employment. As a result of the program, nearly 1,500 individuals have been continuously employed for at least 180 days after placement. Through the Jobs-Plus earned-income disregard, residents have saved over \$13.5 million in rent payments.
- **Family Self-Sufficiency:** The Budget requests \$75 million for the Family Self-Sufficiency (FSS) program, which is equal to the 2019 Annualized CR level. The program aims to increase participants' earned income, reducing or eliminating their need for assistance. Over 74,000 households actively participate in the program. Of the 5,422 families that have graduated from the program, all no longer require Temporary Assistance for Needy Families (TANF), and 47 percent have escrow savings at graduation, at an average of \$7,700.

- Salaries & Expenses:** The Budget requests \$206 million for Salaries and Expenses, including \$177.9 million for Personnel Services, \$5.5 million for Non-Personnel Services, and \$22.6 million for the Working Capital Fund. The associated staffing level is 1,157 full-time equivalents.³ As of September 1, 2018, PIH had 11 major offices at Headquarters, 46 field offices, and six Office of Native American Program Area Offices.



³ The appearance of a decrease in staff is due to HUD transferring Real Estate Assessment Center (REAC) services from PIH to the Working Capital Fund (WCF). PIH funded REAC staff in the past; the WCF will now fund the current REAC staff of 156 FTEs.



HUMANS OF HUD - Traci, Long Beach, CA

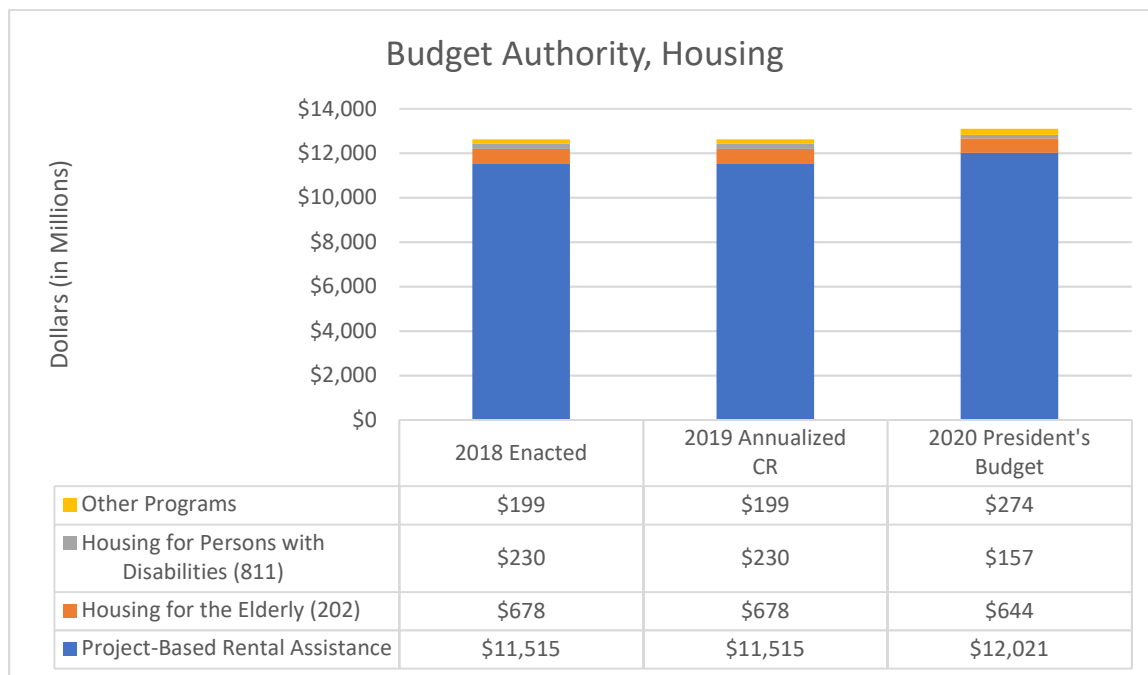
"I was a drug addict for many, many years. In and out of bad relationships. In and out of jail and prison and since I've been here [CVC], I'm no longer on parole or probation. I have a little dog now who is a service animal. I was able to get a car. It was little steps at a time."

Century Villages at Cabrillo (CVC) provides 662 units of permanent supportive housing in Long Beach, CA. Every year, CVC provides housing for 2,199 people including 1,042 veterans and 600 families with children. The 27-acre campus has benefited from \$66 million in Low-Income Housing Tax Credits and nearly \$18 million in HUD Capital Investment.

Office of Housing

The Office of Housing plays a vital role for the nation's homebuyers, homeowners, renters, and communities through its nationally administered programs. Its major programs provide rental assistance to low- and very low-income households, including the elderly and persons with disabilities; insure mortgages for single-family homes, multifamily properties, and healthcare facilities; and regulate the design and construction of manufactured homes across the country.

The 2020 President's Budget requests \$13.1 billion for the Office of Housing, which is \$474 million more than the 2019 Annualized CR level.⁴



Increasing rental assistance to \$12 billion, maintaining services for all currently HUD-assisted households.

The Budget requests \$12.0 billion for Project-Based Rental Assistance (PBRA), which is \$506 million more than the 2019 Annualized CR level. The PBRA program helps low- and very low-income households pay rent. The program currently provides safe, stable, and affordable housing to approximately 1.2 million households each year. Approximately 47 percent of assisted households in the PBRA program are headed by elderly persons, 17 percent by persons with disabilities, and 26 percent by females with children. The program supports a stock of affordable housing and maintains and protects the long-term Federal investment in these assets, which would be costly to recreate.

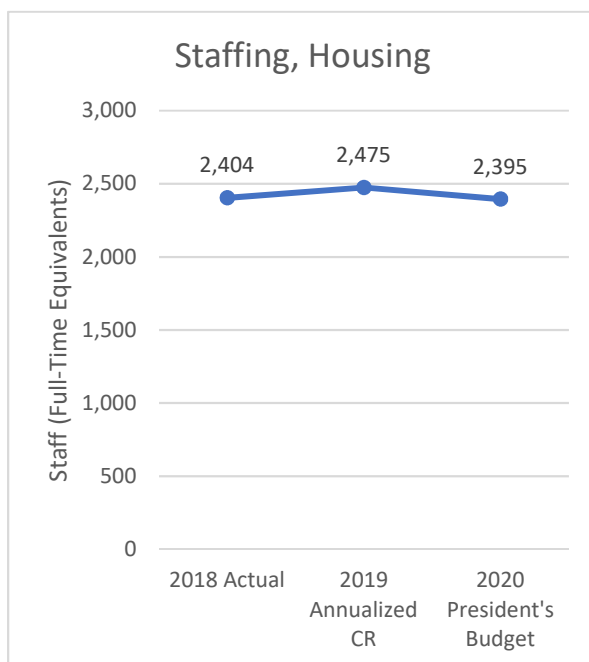
In the PBRA program, HUD provides rental assistance at properties owned by private owners. An eligible household generally pays 30 percent of its income in rent to the property owner, and HUD pays the remainder of the contract rent to the owner. Because the rental assistance is associated with the

⁴ In the "Budget Authority, Housing" chart, "Other Programs" includes the following programs: MMI Contract Expenses (including FHA Admin Fee/Single Family IT Fee), Manufactured Housing (including Manufactured Housing Fee Collections), Housing Counseling Assistance, and Other Assisted Housing programs. For the 2020 President's Budget, "Other Programs" also includes the Rental Assistance Demonstration.

property—hence the term "Project-Based"—if the tenant moves, the rental assistance stays with the property. This is the major distinction from TBRA—specifically, the Housing Choice Voucher program administered by PIH. With TBRA, the rental assistance is associated with the tenant; if the tenant moves, the rental assistance moves with the tenant.

Other Highlights

- **Housing for the Elderly (Section 202):** The Budget requests \$644 million, which is \$34 million less than the 2019 Annualized CR level. This budget authority will fully fund contract renewals and amendments of Project Rental Assistance Contracts (PRACs) and Senior Preservation Rental Assistance Contracts (SPRACs), supporting more than 124,000 existing units.
- **Housing for Persons with Disabilities (Section 811):** The Budget requests \$157 million, which is \$73 million less than the 2019 Annualized CR level. This budget authority fully funds the annual renewals and amendments for over 29,000 units across 2,450 housing properties that require additional budget authority in 2020. Additionally, the funding provides continued assistance to tenants of Section 811 projects in which the initial contract has expired or all reserved funding has been disbursed.
- **Housing Counseling Assistance:** The Budget requests \$45 million, which is \$10 million less than the 2019 Annualized CR. This funding will permit the Office of Housing Counseling (OHC), through its network of approximately 1,840 housing counseling agencies, to assist more than 958,000 consumers improve their housing quality and affordability through budgeting, saving, use of credit, and understanding the rights and responsibilities of homeownership and tenancy.
- **Salaries & Expenses:** The Budget requests \$398.7 million for Salaries and Expenses, including \$354.6 million for Personnel Services, \$9 million for Non-Personnel Services, and \$35.1 million for the Working Capital Fund. The associated staffing level is 2,395 full-time equivalents.





HUMANS OF HUD - James, Chicago, IL

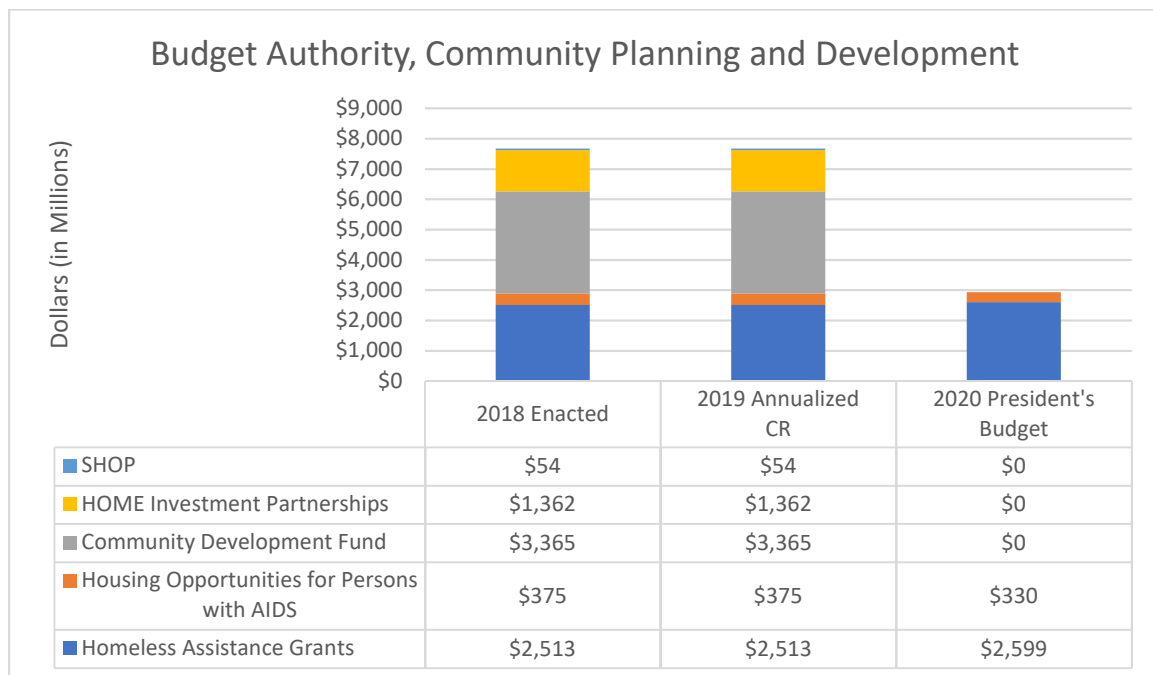
"I was once a student athlete with a lot of hope for my future. Unfortunately, drugs took a hold of my life after an injury ended my collegiate career. It was easy to quickly become addicted to a number of substances and I soon spiraled into a life of crime to sustain my newfound lifestyle. I experienced the trials of homelessness and later the realities of prison. I found A Safe Haven through a court order that changed my life. I went into the program with a drive and determination to finally get my life back on track. I participated in every program I could and worked to be free of my drug addiction. A Safe Haven allowed me to once again envision a life for myself and be hopeful about the future. Currently, I work part-time at A Safe Haven and hope to eventually become a case aid at the institution, so I can help others like me regain their independence. It all started for me at A Safe Haven, and I want to give that fresh start to others."

A Safe Haven in Chicago serves as a shelter and support center for people struggling with drug abuse—the Chicago branch was recently named a HUD EnVision Center. Individuals are coached through recovery and supported on their journey to self-sufficiency.

Office of Community Planning and Development

The Office of Community Planning and Development (CPD) promotes viable communities by developing partnerships with State and local governments and the private sector, including for-profit and non-profit organizations.

The 2020 President's Budget requests \$2.9 billion for CPD, which is \$4.7 billion less than the 2019 Annualized CR level.



Continuing the march to ending homelessness through \$2.6 billion in grants.

The Budget requests \$2.6 billion for Homeless Assistance Grants (HAG), which is \$85.6 million more than the 2019 Annualized CR level. Homeless Assistance Grants are key to addressing homelessness nationwide, which has declined by 13 percent between 2010 and 2018.⁵ HAG funds allow HUD to serve vulnerable individuals and families who are homeless or at risk of homelessness through service and housing interventions, including homelessness prevention, emergency sheltering, rapid re-housing, transitional housing, and permanent supportive housing.

The Budget includes:

- \$2.3 billion for the Continuum of Care Program, which will allow HUD to continue to serve over 750,000 people experiencing homelessness each year.
- \$270 million for Emergency Solutions Grants, which support over 350,000 persons in emergency shelters each year.
- \$7 million for the Homeless Data Analysis Project.

⁵ U.S. Department of Housing and Urban Development, *The 2018 Annual Homeless Assessment Report (AHAR) to Congress*, Part 1.

Other Highlights

- **Housing Opportunities for Persons with AIDS (HOPWA):** The Budget requests \$330 million for HOPWA, which is \$45 million less than the 2019 Annualized CR level.
- **Salaries & Expenses:** The Budget requests \$114 million for Salaries and Expenses, including \$107.1 million for Personnel Services, \$2.1 million for Non-Personnel Services, and \$4.8 million for the Working Capital Fund. The associated staffing level is 709 full-time equivalents.





HUMANS OF HUD - Heidi, Ogden, UT

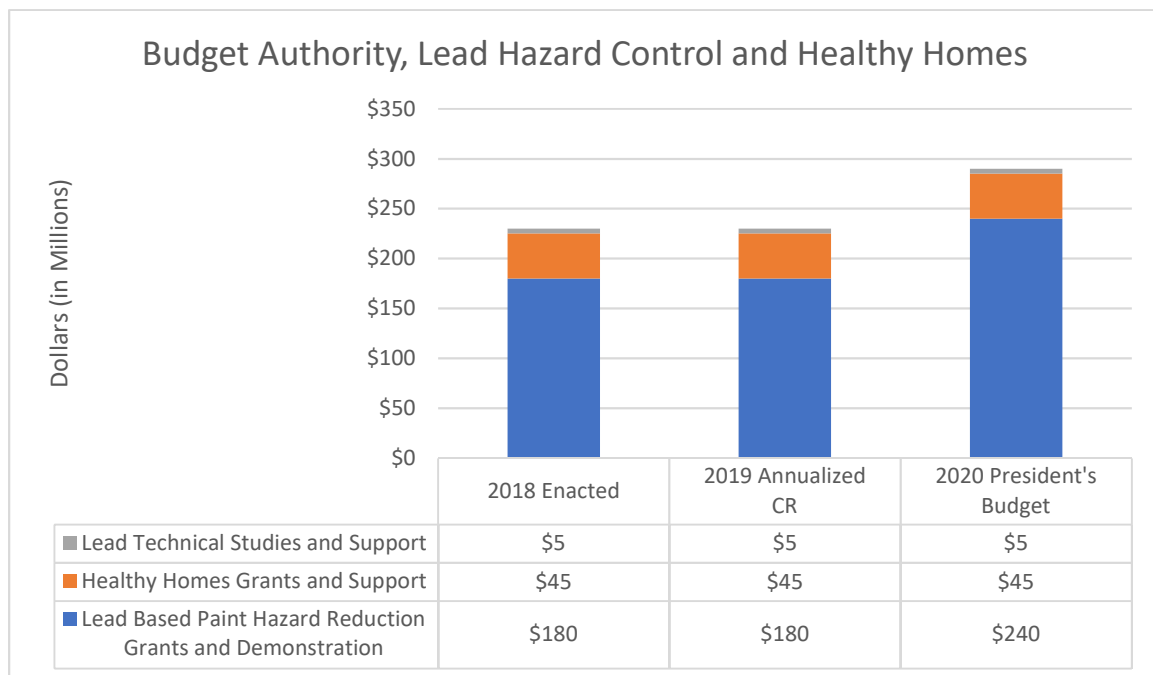
"This is the only way I could have ever purchased a home. Without the Down Payment Assistance Program, I would still be renting. In June, I moved into my three-bedroom, two-bath home with my daughter and son—one son lives on his own. I plan to take courses on home repair and I'm looking forward to really 'making it mine' with family photos, a nice patio, and a grill for barbecues with friends and family. For anyone who wants to own a home—keep trying and never give up, but also be prepared, because homeownership is a big responsibility!"

A single mom of three, Heidi rented a house in Ogden, Utah, for 15 years. She knew she wanted to be a homeowner but struggled for many years to save money and repair her credit and did not have any family members that could help her. Heidi's dream of being a homeowner was turned into reality when she worked with housing counselors and found out she qualified for the Ogden Down Payment Assistance Program.

Office of Lead Hazard Control and Healthy Homes

The Office of Lead Hazard Control and Healthy Homes (OLHCHH) provides funds to State and local governments to develop cost-effective ways to reduce lead-based paint hazards. In addition, OLHCHH enforces HUD's lead-based paint regulations, provides public outreach and technical assistance, and conducts technical studies to protect children and their families from health and safety hazards in the home.

The 2020 President's Budget requests \$290 million for OLHCHH, which is \$60 million more than the 2019 Annualized CR level.



Removing dangerous lead and other hazards from homes with \$290 million in grants and technical development.

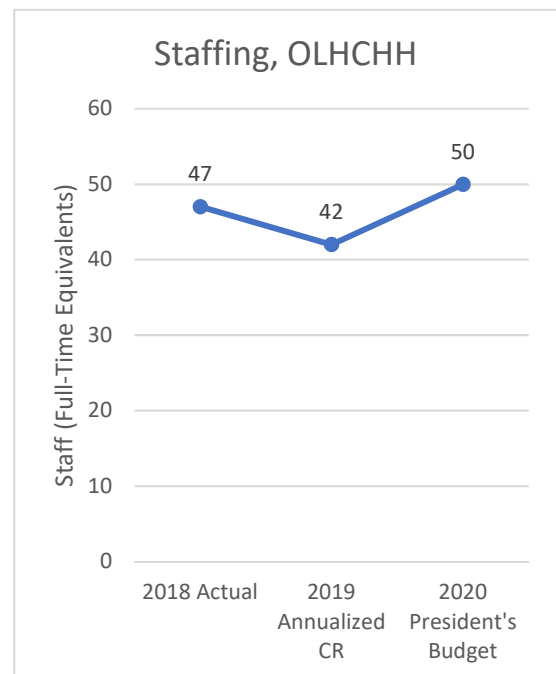
Lead paint in housing presents one of the largest threats to the health, safety, and future productivity of America's children, with over 23 million homes (52 percent of the homes built before 1978) having significant lead-based paint hazards.

The Budget requests \$240 million for Lead Based Paint Hazard Reduction and Demonstration grants, providing funds to make over 20,000 unassisted low-income older homes free of lead-based paint hazards. The purpose of the Lead-Based Paint Hazard Reduction (LHR) and the Lead Hazard Reduction Demonstration (LHRD) grant programs is to identify and control lead-based paint hazards in eligible privately owned housing occupied by low-income renters or owner-occupants. The main distinction between the two programs is that the LHRD program targets urban jurisdictions (either alone or through a consortium) that have at least 3,500 pre-1940 occupied rental housing units, while the LHR program is open to all jurisdictions, whether urban, suburban, or rural. The LHRD program requires a grantee match of 25 percent, while the LHR program requires a match of 10 percent.

Funding is projected to make the pre-1978 housing units enrolled in the grants lead-safe at an average of about \$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),⁶ and the long-term effectiveness of the hazard controls.⁷ Research has shown that lead-based paint hazard control is an efficient and effective form of reducing and preventing lead exposure, generating high returns on investment due to increased lifetime earnings and reduced medical costs.

Other Highlights

- **Healthy Homes Grants and Support:**
 - The Budget requests \$40 million in Healthy Homes Supplements to the Lead Hazard Control grant programs, above, to mitigate 13,000 homes having lead-based paint hazards, as well to address conditions that contribute to asthma, cancer, and unintentional injuries.
 - The Budget requests \$5 million in grants and contracts to further the understanding of housing conditions and their connections to resident health, identify effective interventions and preventive practices, demonstrate health and economic benefits of interventions, and provide technical support, training, and grant management and evaluation tools.
- **Lead Technical Studies and Support:** The Budget requests \$5 million to develop detection, evaluation, and control technologies regarding lead and other residential hazards, and to 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.
- **Salaries & Expenses:** The Budget requests \$9 million for Salaries and Expenses, including \$8.3 million for Personnel Services, \$254 thousand for Non-Personnel Services, and \$479 thousand for the Working Capital Fund. The associated staffing level is 50 full-time equivalents.



⁶ 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)

⁷ Dixon SL, et al. "Window replacement and residential lead paint hazard control 12 years later." *Env. Research.* 113(1):14-20 (2012)



HUMANS OF HUD - Araceli, Fort Collins, CO

"I've always wanted to own my own home. As a mother, it's important to me to be able to provide safety and stability for my children and invest in their future. Homeownership is the best option. I'm extremely grateful for the incredible support that I have received from so many caring and talented professionals. The support that I have received has been instrumental to the success that I now enjoy. Thank you to HUD and Housing Catalyst for their programs that changed my life. To others out there seeking a better life, work with your housing coordinators and take advantage of the great programs that are available. Do the work and pursue educational and employment opportunities to build a better life. Say 'yes' when the world offers opportunities!"

Araceli found herself in a very difficult situation with nowhere to live, but luckily, she was able to connect with a local safe house and spoke with a case manager about resources. Through her local housing authority, Housing Catalyst, Araceli was granted a project-based voucher and enrolled into their Family Self-Sufficiency (FSS) Program. She began to explore the possibility of homeownership and worked on improving her credit and budgeting skills. After a year, she was finally able to make her dream of homeownership a reality. Housing Catalyst's Family Self-Sufficiency Program, better known as the JumpStart program to its residents, helps families gain education and career skills to move toward self-sufficiency. HUD invested \$75 million in FSS in 2017 to help people like Araceli climb the ladder of economic opportunity.

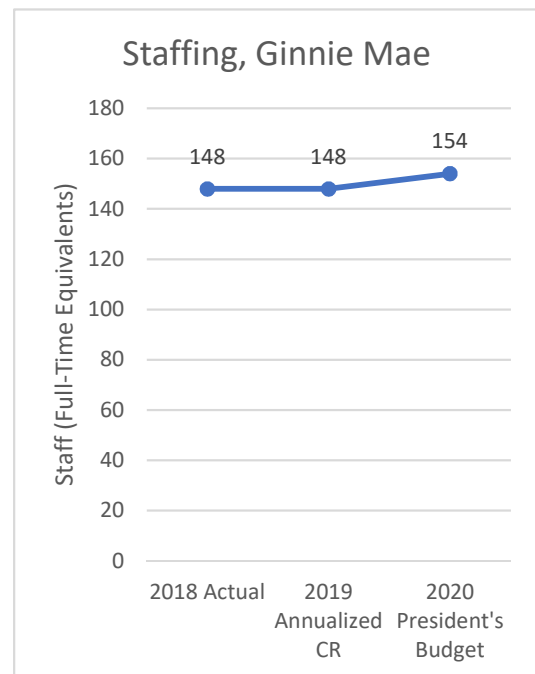
Government National Mortgage Association

The mission of the Government National Mortgage Association (GNMA or Ginnie Mae) is to bring global capital into the housing finance market—a system that runs through the heart of our nation’s economy—while minimizing risk to the taxpayer.

Ginnie Mae makes affordable housing a reality for millions of first-time homebuyers, veterans, and low and moderate income households across America by channeling global capital into the nation's housing markets. Specifically, the Ginnie Mae guaranty allows mortgage lenders to obtain a better price for their Federally-insured mortgage loans in the secondary mortgage market. The lenders can then use the proceeds to fund new mortgage loans. Without this liquidity, lenders would keep all loans in their own portfolios, reducing capital to make new loans.

Highlights

- **Commitment Authority:** The Budget requests \$550 billion in commitment authority, \$50 billion more than the 2019 Annualized CR level, allowing Ginnie Mae to remain the primary financing mechanism for all Federally-backed mortgages.
- **Salaries & Expenses:** The Budget requests \$28.4 million for Salaries and Expenses, including \$27.3 million for Personnel Services and \$1.1 million for the Working Capital Fund. Ginnie Mae's Non-Personnel Services are funded through carryover of its no-year funding. The associated staffing level is 154 full-time equivalents.





HUMANS OF HUD - Salvador, Santa Ana, CA

“Since I began receiving housing assistance, I have accomplished many goals. I have become a U.S. citizen and I have gained more skills at my job. I am looking to the future and hope that one day I can become a homeowner. I had never imagined the possibility of owning my own home.”

Salvador immigrated to the United States from Mexico when he was 15. He later married and struggled to find an affordable place for his family to live. They applied for a Housing Choice Voucher and were put on a waiting list. Once he received a voucher, Salvador joined the Family Self-Sufficiency (FSS) program through the Housing Authority of the City of Santa Ana, which connects HUD-assisted individuals with the resources, training, and opportunities needed to achieve self-sufficiency. HUD invested \$75 million in FSS in 2017 to help people like Salvador climb the ladder of opportunity.

Office of Policy Development and Research

The Office of Policy Development and Research (PD&R) provides fundamental support for the mission of the Department through policy analysis, research, surveys, and program evaluations. PD&R's work enables Congress, the Secretary, and other HUD principal staff to make informed decisions on budget and legislative proposals and strengthens housing and community development policy.

The 2020 President's Budget requests \$87 million for Research and Technology, \$2 million less than the 2019 Annualized CR level. These funds will provide objective evidence to support policy and program outcomes in the areas below.

Highlights

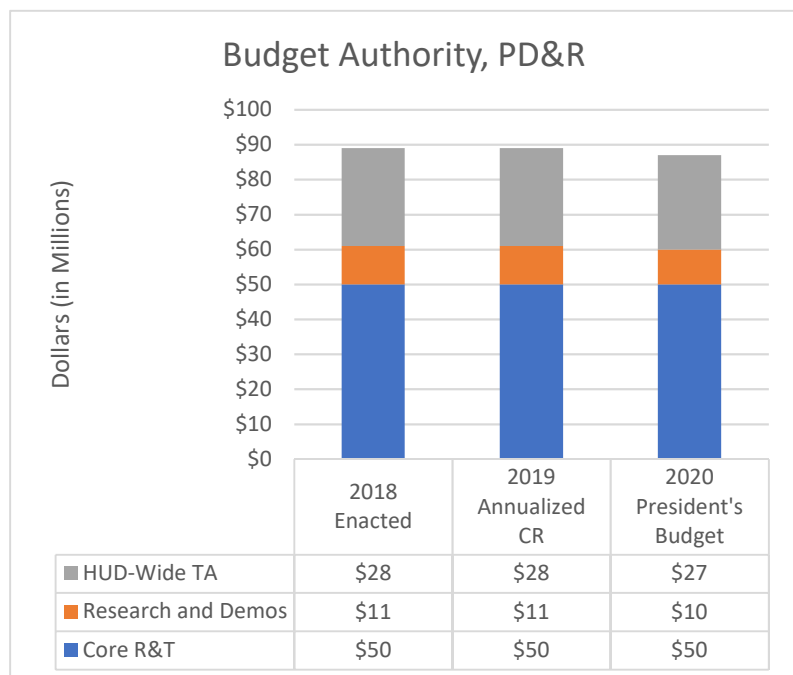
- **2021 American Housing Survey:** The Budget requests funding to support HUD's collaboration with the Census Bureau to plan for the 2021 AHS. The AHS is the most detailed source of data about the housing stock, housing finance, and characteristics of markets, neighborhoods, and occupants, as well as housing insecurity.

- **America's Affordable Communities Initiative:**

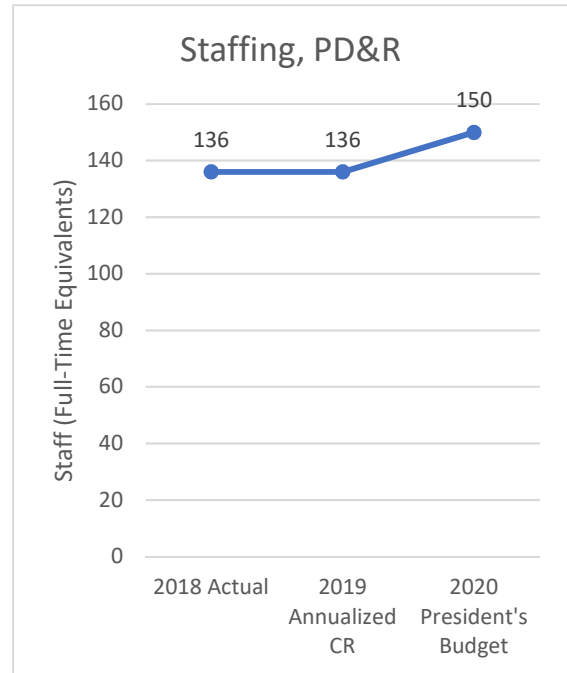
The Budget requests funding to identify and educate the public on effective strategies

employed by State and local governments to reduce regulatory barriers to the creation of more affordable housing for American families.

- **Enhancing Relationships with Landlords:** The Budget requests funding to increase landlord participation in the Housing Choice Voucher program through research such as the 2018 Landlord Acceptance study and listening sessions with PHAs and landlords held by the HCV Landlord Task Force.
- **Improving Self-Sufficiency:** The Budget requests funding to research policies to improve self-sufficiency among HUD's assisted non-elderly, non-disabled families, which encompass more than 3.1 million children.
- **Technical Assistance:** The Budget requests funding to provide technical assistance, ensuring that HUD's partners receive the guidance, tools, and knowledge they need to implement programs and respond to the challenges of housing and community development practice.



- **Salaries & Expenses:** The Budget requests \$26 million for Salaries and Expenses, including \$23.4 million for Personnel Services, \$1.5 million for Non-Personnel Services, and \$1.1 million for the Working Capital Fund. The associated staffing level is 150 full-time equivalents.





HUMANS OF HUD - Dianne, Long Beach, CA

“When I got here, I was recovering from an abusive relationship I had been in. I thought I would have to live with this man for the rest of my life because I couldn’t take care of myself. Today, I work and have full custody of my kids. At one time, I thought I wouldn’t have anybody on my side after, and now I have so many people on my side to help me out.”

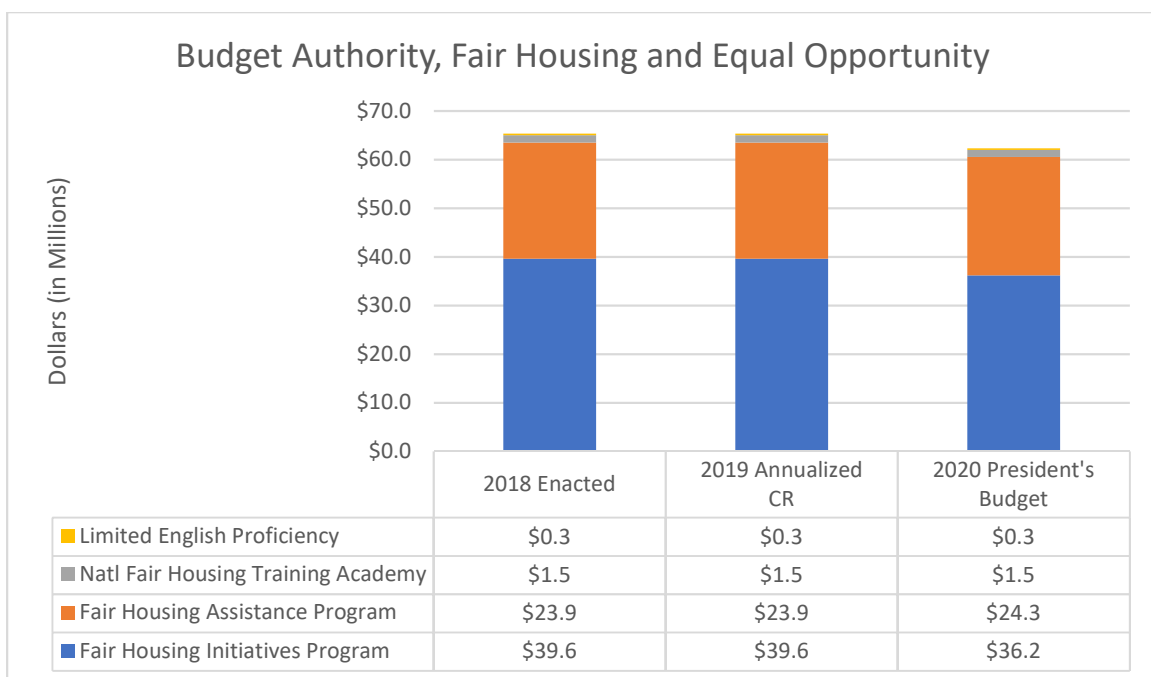
Century Villages at Cabrillo (CVC) provides 662 units of permanent supportive housing in Long Beach, CA. CVC provides housing for 2,199 people including 1,042 veterans and 600 families with children. The 27-acre campus has received \$66 million in Low-Income Housing Tax Credits and nearly \$18 million in HUD Capital Investment.

Office of Fair Housing and Equal Opportunity

The Office of Fair Housing and Equal Opportunity (FHEO) fights housing discrimination, promotes economic opportunity, and strives to create diverse, inclusive communities. It leads the nation in the enforcement, administration, development, and public understanding of Federal fair housing laws and policies. These laws protect people from discrimination because of race, color, religion, sex, national origin, disability, and familial status. In addition, FHEO ensures fair housing compliance by housing providers that receive HUD funding. FHEO responsibilities include:

- Investigating complaints from the public;
- Ensuring civil rights compliance in HUD programs;
- Assisting States and localities with fair housing investigations;
- Increasing public awareness of housing-related civil rights;
- Awarding and monitoring fair housing grants; and
- Enhancing economic opportunity for low-income populations.

The 2020 President's Budget requests \$62.3 million for fair-housing programs, which is \$3 million less than the 2019 Annualized CR level.

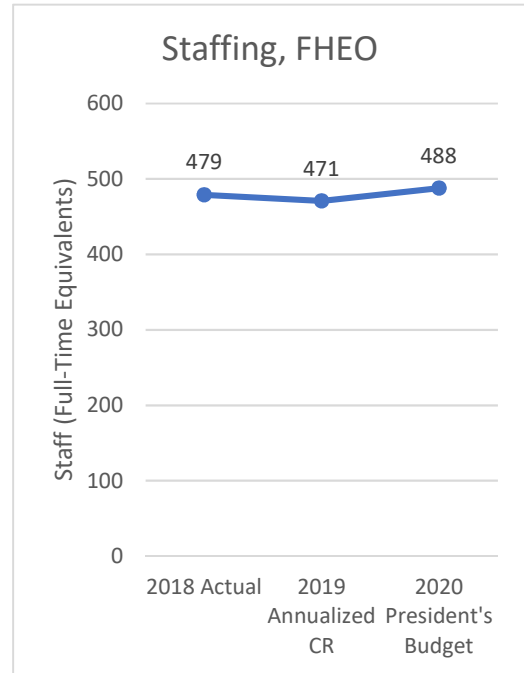


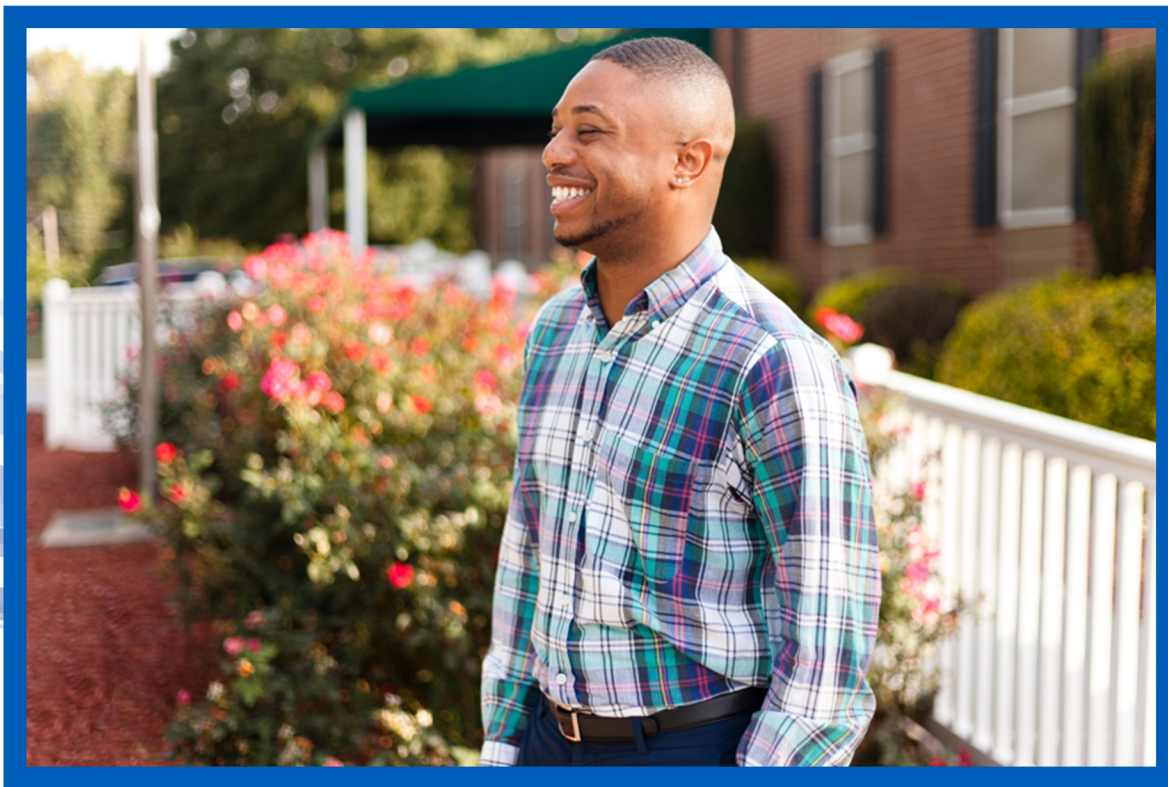
Highlights

- **Fair Housing Initiatives Program:** The Budget requests \$36.2 million for FHIP, which will provide support for fair housing enforcement activities conducted by approximately 94 private fair-housing organizations. FHIP includes three components: The Private Enforcement Initiative, the Fair Housing Organization Initiative, and the Education Outreach Initiative.
- **Fair Housing Assistance Program:** The Budget requests \$24.3 million for FHAP, which provides funding to State and local civil rights enforcement agencies that administer fair housing laws that provide rights, remedies, and procedures that are substantially equivalent to those in

the Fair Housing Act. This funding will maintain HUD's commitment to this coordinated intergovernmental partnership to protect the fair housing rights of individuals and families.

- **Salaries & Expenses:** The Budget requests \$73.2 million for Salaries and Expenses, including \$69.6 million for Personnel Services, \$1.8 million for Non-Personnel Services, and \$1.8 million for the Working Capital Fund. The associated staffing level is 488 full-time equivalents.





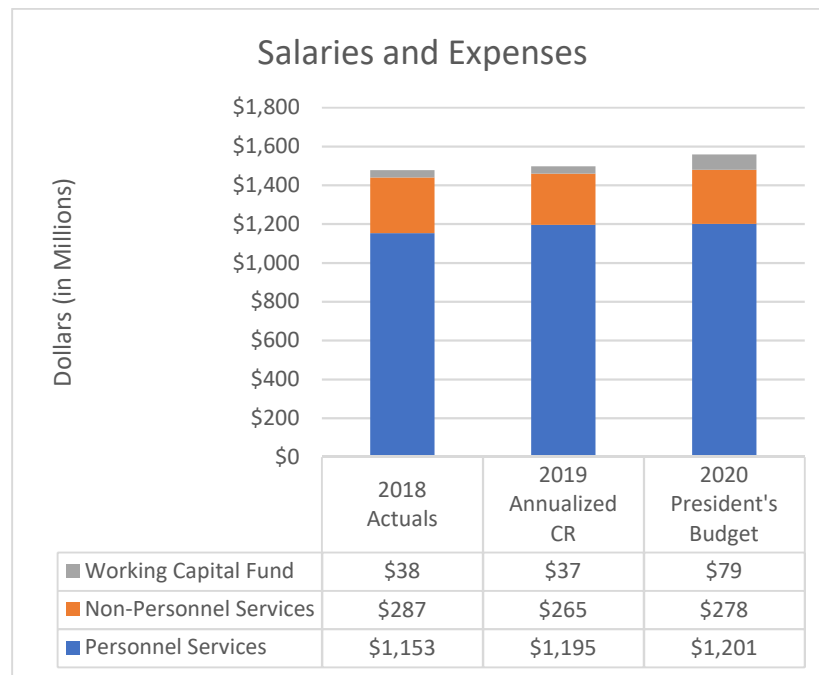
HUMANS OF HUD - Antonio, East Point, GA

“When I came back from Iraq, I felt disconnected from society. I was depressed so I turned to drugs, but I didn’t let those challenges stop me. HUD-VASH was a game changer for me. Sure, I received housing assistance, but it was much more than that. I set goals for myself—to obtain my Ph.D. and become a homeowner in five years. I’m grateful that I didn’t let one flat tire stop me. The battle isn’t over, but it gets easier when you have the right support, resources, and programs like this one.”

The East Point Housing Authority participates in the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program to provide wraparound services to homeless veterans. HUD recently awarded \$35 million to help veterans like Antonio get the help they need.

Management and Administration

HUD has outgrown its operational infrastructure related to people, processes, and technology, and this puts its operations at risk. To mitigate this risk, the 2020 President's Budget strategically invests in staffing, financial transformation, and IT modernization. The Budget requests \$1.6 billion for Salaries and Expenses, including \$1.2 billion for Personnel Services, \$278 million for Non-Personnel Services, and \$79 million for the Working Capital Fund. The associated staffing level is 7,794 full-time equivalents (FTEs).⁸



Staffing

HUD's staffing levels have declined over the last four decades from a high of almost 18,000 FTEs in 1977 to fewer than 7,600 FTEs in FY 2018,⁹ while its budget authority has steadily increased from just under \$30 billion to more than \$50 billion. This trend has resulted in fewer staff to manage and monitor compliance on an increasing number of grants, PHAs, and other programs.

⁸ Including Ginnie Mae and Office of Inspector General.

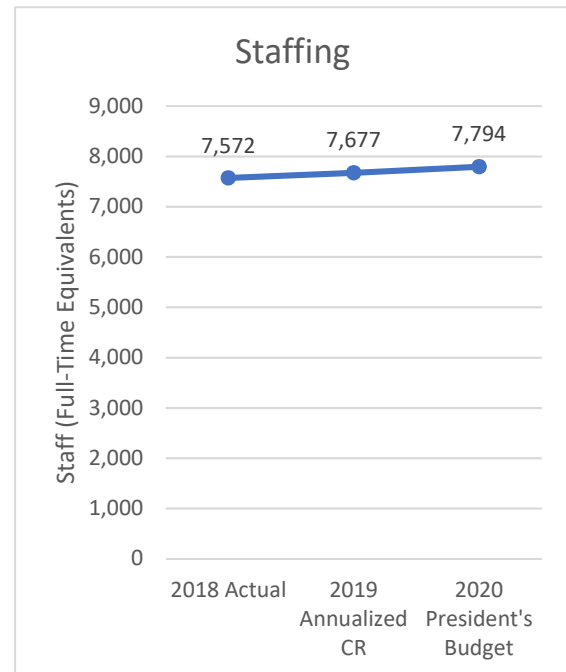
⁹ Including Ginnie Mae and Office of Inspector General. Excludes temporary FTEs paid from supplemental/DR funding.

To mitigate these risks and reverse the decades-old trend of declining staff, HUD intends to allocate \$1.6 billion toward salaries and expenses (S&E), almost \$56 million above 2019 Annualized CR. This funding will provide HUD the resources to increase its staffing to nearly 7,800 employees. Using workforce succession strategies, the Department intends to execute this increase to ensure that additional staffing results in the right people allocated to the right jobs, providing the biggest impact toward achieving HUD's priorities.

HIGHLIGHTS

The Budget proposes the following changes:

- The Budget establishes 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 Chief Human Capital Officer (OCHCO);
 - Office of Administration (OA); and
 - Office of Chief Procurement Officer (OCPO).
- The Budget eliminates the Office of Business Transformation (formerly the Office of Strategic Planning and Management) and realigns its resources to the Office of the Chief Financial Officer (OCFO) and the OA.
- In accordance with the President's Executive Memorandum 13833, the Department realigns 49 GS-2210 Information Technology positions into the Office of Chief Information Officer (OCIO) from the following offices:
 - Public and Indian Housing (PIH) (37);
 - Office of Housing (10);
 - OA (1); and
 - OCFO (1)
- The Budget realigns the Appropriations Liaison Division, which is currently located in OCFO, to the Congressional and Intergovernmental Relations (CIR) office.



Information Technology Fund

The 2020 President's Budget requests \$280 million for the IT Fund, a \$13 million increase over the 2019 Annualized CR. The Department also continues its proposal to allow transferring up to \$10 million of salaries and expenses funding to the IT Fund.

INFORMATION TECHNOLOGY MODERNIZATION

The Budget builds upon the modernization of IT systems that began in 2018. HUD is collaborating with the General Services Administration's Centers of Excellence to conduct current-state assessments and requirements for development, with the goal of implementing these recommendations in 2020. These efforts will accelerate IT modernization and maximize the impact to the public and return on investment to taxpayers.

HUD's Office of the Chief Information Officer (OCIO) is also prioritizing new investment initiatives across the entire IT portfolio, and these new capabilities and technologies will strengthen and modernize mission programs and enterprise support functions. The result will create 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's approach to system modernization will also identify common areas of functionality required by the HUD enterprise and provide IT solutions aligned to those functions, enabling program offices and lines of business to share those solutions.

Working Capital Fund

The Working Capital Fund (WCF) provides shared services to HUD offices with the goal of increasing transparency into costs and operations, improving service delivery, and encouraging efficiencies. In 2020, the WCF proposes to expand its services by offering property assessments from the Real Estate Assessment Center (REAC).

PROVIDING REAL ESTATE ASSESSMENT CENTER SERVICES UNDER WCF

To ensure that property owners maintain properties in accordance with Federal law and regulations, REAC provides HUD program offices with independent assessments of properties' financial and physical condition. It conducts nearly 15,000 physical inspections and 35,000 financial assessments every year.

In the 2020 President's Budget, the Department proposes transferring REAC financial and physical assessment services from PIH to the Working Capital Fund. As a result, the Budget adjusts WCF funding levels in PIH, Housing, and CPD to support these services. This realignment will be the first in-house shared service for the WCF. By moving REAC to the WCF funding model, HUD aims to achieve the following programmatic and business improvements:

► Efficiency, Strategic, and Operational Improvements

- **Governance:** Use WCF governance structure to target investments and transition operations to the customer-driven model, aligning incentives to deliver higher-quality services at lower long-term cost.
- **Operational Efficiencies:** Combine inspection auctions from multiple HUD programs and streamline inspection procurement. REAC can also use insights gleaned from internal cost accounting reviews to inform management on where it can optimize operations and processes.
- **Accountability:** Directly align inspection costs to usage, encouraging HUD program offices to utilize WCF services efficiently.
- **Physical Assessment Re-Examination:** Re-examine the physical assessment model by using the existing regional demonstration; implement changes in 2020.

► Stakeholder Improvements

- **Customer Service:** HUD program offices will become paying REAC customers, moving to a relationship of responsiveness to customer requests and requirements.
- **Competition:** Encourage greater competition among private sector contract inspectors while increasing inspection quality. The ability to schedule more inspection blocks by geographic area will increase the number of interested parties for a given contract block.
- **Engagement:** Engagement of internal HUD WCF customers, including being engaged in the process to move physical and financial assessment services into the WCF.

Office of Inspector General

The mission of the Office of Inspector General (OIG) is to prevent and detect fraud, waste, and abuse in the programs and operations of HUD, as well as to promote economy, efficiency, and effectiveness. The OIG does this by conducting independent investigations, audits, and evaluations. The work performed by investigators, auditors, and evaluators provides the means to keep the Secretary and the Congress fully informed about the Department's challenges while also identifying best practices. After identifying weaknesses, the OIG makes recommendations to improve operations and monitors Departmental progress on corrective actions. Stewardship of taxpayer resources is one of the Inspector General's highest priorities, ensuring funding is appropriately utilized, properly managed, and achieving the outcomes stakeholders require and deserve.

The 2020 President's Budget requests \$129.4 million for the OIG, which is \$1.3 million more than the 2019 Annualized CR level.

Highlights

- **Congressionally Mandated Activities:** The Budget provides the resources to support congressionally mandated activities, including:
 - The HUD consolidated financial statement audit;
 - Information security audits and evaluations related to FISCAM and FISMA legislation;
 - DATA Act compliance audits; and
 - Other legislatively required audits and evaluations.
- **Addressing Management Challenges:** These resources will ensure the OIG can address the top management challenges within HUD, including the prevention of fraud and corruption in public and multifamily housing, HUD grant management oversight, and evaluating HUD IT modernization efforts to ensure cybersecurity compliance.
- **Safe and Sanitary Housing Initiative:** The OIG will continue to expand this initiative, begun in 2019, working to ensure HUD is taking the proper steps to guarantee safe and lead-free housing for children and families.
- **Home Equity Conversion Mortgages:** The OIG will expand oversight of the HECM program, ensuring the program does not pose undue risk to the Mutual Mortgage Insurance (MMI) Fund.
- **Information Technology:** The Budget also allows for increased investment in technology to enhance capabilities in data-intensive investigations and forensic examinations.
- **Salaries & Expenses:** The Budget requests \$129.4 million for Salaries and Expenses, including \$100.8 million for Personnel Services, and \$28.6 million for Non-Personnel Services. The associated staffing level is 573 full-time equivalents.

