



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Funding Highlights:

- Provides \$44.8 billion, an increase of 3.2 percent, or \$1.4 billion, above the 2012 program funding level. Increases are made to protect vulnerable families, revitalize distressed neighborhoods, and advance investments in sustainable development. Savings are created through measured reforms to the Department's rental assistance programs without reducing the number of families served.
- Invests \$2.3 billion to continue progress toward the Administration's goal to end chronic homelessness and homelessness among veterans and families, implementing an innovative, multi-agency strategic plan.
- Increases support for housing counseling services, including assistance for families in danger of foreclosure, and continues to offer loss mitigation solutions for FHA-insured borrowers similarly at risk.
- Revitalizes affordable rental housing and surrounding neighborhoods by providing \$150 million to continue the Department's transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately owned housing is located.
- Restores the 2011 funding level of \$100 million for the Sustainable Communities Initiative to create incentives for more communities to develop comprehensive housing and transportation plans that result in sustainable development, increased transit-accessible housing, lower energy costs for consumers, and reduced air pollution that impacts public health and the climate.
- Preserves funding for the Community Development Block Grant and HOME Investment Partnerships programs at 2012 levels to enable State and local governments to continue to address infrastructure, affordable housing, and economic development needs in their communities.
- Provides \$34.8 billion to preserve rental housing assistance to 4.7 million low-income families, \$154 million to expand the supply of affordable housing to seniors and persons with disabilities, and \$650 million to address the housing needs of Native American Tribes. The Budget also provides \$1 billion to capitalize the Housing Trust Fund to expand the supply of housing targeted to very-low income families.

- Reduces Project-Based Rental Assistance by \$640 million below 2012 without affecting families served and increases minimum rents across-the-board to \$75 per month for all HUD-assisted households, a rate comparable to the minimum rent enacted in 1998 when adjusted for inflation.
- Increases employment opportunities for over 30,000 Public Housing residents by providing up to \$50 million to pilot an expansion of the successful Jobs-Plus demonstration, and expands local flexibility to use HUD funding to connect residents to supportive services.
- Simplifies and improves the Public Housing program by converting it to a single subsidy stream, and proposes changes to the Housing Opportunities for Persons with AIDS program to target funds to areas with the highest needs.

The Department of Housing and Urban Development (HUD) supports home ownership, access to affordable housing free from discrimination, and community development. Affordable housing and a healthy mortgage market are especially critical to America's continued recovery and long-term economic health and are a central part of the American dream to which middle-class families aspire. The President's 2013 Budget provides \$44.8 billion for HUD programs to support these efforts, an increase of \$1.4 billion over 2012. The constrained fiscal environment forced difficult choices, including a reduction of \$640 million in Project-Based Rental Assistance, which will not affect families served by the program, and an increase in the minimum rent charged to HUD-assisted households. Consistent with Administration priorities, funding increases were provided to protect the homeless and other vulnerable families, revitalize distressed neighborhoods, and support sustainable community development.

### ***Supports the Housing Sector and Delivers on Administration Priorities***

**Supports the Mortgage Market and Helps Borrowers Who are at Risk of Foreclosure.** The Administration projects that the Federal Housing Administration (FHA) will insure \$149 billion in mortgage loans in 2013, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments.

FHA financing was used for 37 percent of home purchase loans in 2010, with 60 percent of African American and 59 percent of Hispanic borrowers who purchased homes using FHA. It also is an important financing source for first-time homeowners, 56 percent of whom used FHA insured financing in 2009 and 2010. FHA also provides vital assistance to homeowners facing foreclosure. FHA's loss mitigation program minimizes the risk of financially struggling borrowers going into foreclosure, and since the start of the mortgage crisis, it has helped more than a million homeowners stay in their homes. The Budget includes the recently enacted increases in FHA premium levels. These will boost FHA's capital reserves—to better protect taxpayers against the risk of credit losses by the program—and increase Federal revenues. The Budget also includes \$141 million for housing and homeowner counseling through HUD and the Neighborhood Reinvestment Corporation (NeighborWorks). Over half of these funds are dedicated to foreclosure assistance. NeighborWorks' National Foreclosure Mitigation Counseling program has assisted over one million households since its inception in 2008.

**Funds the Federal Strategic Plan to End Homelessness.** The President's Budget continues the Administration's commitment to the goals laid out in the Federal Strategic Plan to Prevent and End Homelessness. The Budget requests \$2.2 billion for Homeless Assistance Grants to maintain existing units and expand prevention,

rapid re-housing, and permanent supportive housing. The Budget also provides \$75 million in new housing vouchers set aside for homeless veterans that are paired with health care and other services from the Department of Veterans Affairs. These investments will make further progress toward the goals laid out in the Federal Strategic Plan.

**Rehabilitates and Transforms HUD-Assisted Housing and Distressed Neighborhoods.** The Budget provides \$150 million for the Choice Neighborhoods Initiative to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately-owned housing is located. The Budget will reach four to six neighborhoods with implementation grants that primarily fund the preservation, rehabilitation and transformation of HUD-assisted public and privately-owned multifamily housing, and will also engage local governments, nonprofits, and for-profit developers in partnerships to improve the economic conditions in their surrounding communities. This initiative is a central element of the Administration's inter-agency, place-based strategy to support local communities in developing the tools they need to revitalize neighborhoods of concentrated poverty into neighborhoods of opportunity.

**Restores Funding for Sustainable Communities and Innovative Infrastructure Planning.** The Budget supports the multi-agency Partnership for Sustainable Communities, an Administration initiative that integrates resources and expertise from HUD, the Department of Transportation, and the Environmental Protection Agency. In particular, the Budget restores \$100 million for the Sustainable Communities Initiative, which creates incentives for communities to develop comprehensive housing and transportation plans to achieve sustainable development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. This includes \$46 million to fund about 20 additional regional planning grants to help enable communities to align public and private investments in housing, transportation, and infrastructure to strategic-

ly integrate goals for mobility, regional housing choices and economic development. In addition, \$46 million will be invested in neighborhoods and communities to update building codes, zoning, and local planning efforts as complementary strategies to the regional grants.

**Preserves HUD's Major Block Grant Programs for Community Development and Housing.** The Budget provides \$3 billion for the Community Development Block Grant (CDBG) formula program and \$1 billion for the HOME Investment Partnerships program, both equal to 2012 funding. These funding levels for CDBG and HOME reflect the Administration's commitment in a constrained Federal budget to supporting municipalities and States as they navigate through their challenging fiscal climate. CDBG funding will allow over 1,200 State and local governments to invest in needed public infrastructure improvements, rehabilitate affordable housing, and create and retain jobs. The Budget request for HOME will provide funding to about 645 State and local governments to increase the supply of affordable housing for low-income families.

### *Makes Tough Choices*

**Reforms Rental Assistance Programs While Maintaining the Number of Families Served.** The Budget includes a menu of reforms to HUD rental assistance programs that save over \$500 million in 2013 without reducing the number of families served. In the Project-Based Rental Assistance program, savings are achieved by improving oversight of market rent studies used to set subsidy payment levels, capping annual subsidy increases for certain properties, and using excess reserves to offset HUD payments to landlords. The Budget also aligns policy across rental assistance programs and reduces costs by increasing the minimum rent to \$75 per month for all HUD-assisted households, which is comparable to the minimum rent enacted in 1998, adjusted for inflation. Recognizing the potential burden that this higher minimum rent may impose, the Budget maintains the current exemption for families facing financial hardship.

In addition, the Budget reduces costs by simplifying administration of the medical expense deduction, better targeting rental assistance to the working poor, and setting Public Housing flat rents closer to market levels.

**Reduces Upfront Funding for Some Project-Based Rental Assistance (PBRA) Contracts.** The Budget provides \$8.7 billion for PBRA, which is \$640 million below 2012. The PBRA program provides critically-needed affordable housing to 1.2 million low-income households through contracts between HUD and private landlords. These savings in 2013 are generated by providing less than 12 months of funding upfront on some PBRA contracts that straddle fiscal years. This change will not reduce or delay payments to landlords nor impact the number of families served by the program.

### *Improves the Way Federal Dollars are Spent*

**Consolidates the Public Housing Operating and Capital Funds.** The Budget proposes to combine the separate Operating Fund and Capital Fund programs into a single Public Housing subsidy stream. The current structure presents restrictions that are difficult to implement and regulate, and underscores the isolation of Public Housing properties from mainstream real estate financing and management practices. This proposed merger will simplify the program and reduce the administrative burden on State and local public housing authorities (PHAs) that own and manage these properties. As a first step toward consolidation, the Budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense. The Budget requests a total of \$6.6 billion for Public Housing, a critical investment that will help 1.1 million extremely low- to low-income households to obtain or retain decent, safe and sanitary housing. In addition, the Budget provides up to \$50 million to pilot the expansion of

the successful Jobs-Plus demonstration to over 30,000 Public Housing residents.

**Provides Flexibility for PHAs to Improve Supportive Services for Assisted Households.** The Budget proposes streamlining and flexibility measures to help PHAs improve supportive services for assisted families. The Family Self-Sufficiency (FSS) program will be consolidated and aligned to enable PHAs to more uniformly serve both Housing Choice Voucher and Public Housing residents. This program, which the Budget also expands to residents of PBRA housing, aims to connect residents to resources and services to find and retain jobs that lead to economic independence and self-sufficiency. In addition, the Budget authorizes PHAs to use a portion of their Public Housing and Housing Voucher funding to augment case management and supportive services provided through FSS or provide other supportive services to increase opportunities for residents.

**Modernizes the Housing Opportunities for Persons with AIDS (HOPWA) Program.** The Budget proposes to update the HOPWA program to better reflect the current understanding of HIV/AIDS and ensure that funds are directed in a more equitable and effective manner. This modernization includes a new formula that will distribute HOPWA funds based on the current population of HIV-positive individuals, fair market rents, and poverty rates in order to target funds to areas with the most need. It also makes the program more flexible, giving local communities more options to provide targeted, timely, and cost-effective interventions. The Budget's \$330 million investment in HOPWA, in combination with the proposed modernization, will assist local communities in keeping individuals with HIV/AIDS housed, making it easier for them to stay in therapy, and therefore improving health outcomes for this vulnerable population.

***Provides Housing Opportunities***

**Preserves Affordable Rental Opportunities.** The President’s Budget requests \$19 billion for the Housing Choice Voucher program to help more than two million extremely low- to low-income families afford decent housing in neighborhoods of their choice. The Budget funds all existing mainstream vouchers and provides 10,000 new vouchers targeted to homeless veterans. The Administration remains committed to working with the Congress to improve the management and budgeting for the Housing Choice Voucher program, including reducing inefficiencies, and re-allocating PHA reserves to high performers. In addition, the Budget provides \$1 billion in mandatory funding in 2013 for the Housing Trust Fund to finance the development, rehabilitation, and preservation of affordable housing for extremely-low income families.

**Expands the Supply of Supportive Housing for Seniors and Persons with Disabilities.** The Budget provides a total of \$625 million for the Housing for the Elderly

and Housing for Persons with Disabilities programs, which includes \$154 million to support 5,300 additional supportive housing units. Doing more with less, the Budget proposes reforms to the Housing for the Elderly program to target resources to help those most in need, reduce the up-front cost of new awards, and better connect residents with the supportive services they need to age in place and live independently.

**Addresses the Housing Needs of Native American Tribes.** The Budget provides \$650 million for the Native American Housing Block Grant program, which will provide much-needed funds to over 550 Tribes to help mitigate severe housing needs and overcrowding on reservations. This program is the primary source for housing on tribal lands and provides funding for vital housing activities such as construction, rehabilitation, and operations. In addition, the Budget provides \$60 million in Indian Community Development Block Grant funding that Tribes use to improve their housing stock, create community facilities, make infrastructure improvements, and expand job opportunities.

**Department of Housing and Urban Development**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
<b>Spending</b>			
Discretionary Budget Authority:			
Community Development Fund.....	3,501	3,308	3,143
<i>Sustainable Housing and Communities (non-add)</i> .....	100	—	100
HOME Investment Partnerships Program.....	1,607	1,000	1,000
Homeless Assistance Grants.....	1,901	1,901	2,231
Housing Opportunities for Persons with AIDS .....	334	332	330
Tenant-based Rental Assistance .....	18,371	18,264	19,074
Project-based Rental Assistance .....	9,257	9,340	8,700
Public Housing Operating Fund .....	4,617	3,962	4,524
Public Housing Capital Fund.....	2,040	1,875	2,070

**Department of Housing and Urban Development—Continued**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
<i>Jobs-Plus Pilot (non-add)</i> .....	—	—	50
Choice Neighborhoods .....	65	120	150
Native American Housing Block Grant.....	649	650	650
Housing for the Elderly.....	399	375	475
Housing for Persons with Disabilities .....	150	165	150
Housing Counseling.....	—	45	55
Federal Housing Administration (FHA) .....	207	207	215
Fair Housing.....	72	71	68
Lead Hazard Reduction .....	120	120	120
Policy Development and Research .....	48	46	52
Salaries and Expenses .....	1,326	1,351	1,370
Office of the Inspector General .....	125	124	126
All other.....	468	133	256
Subtotal, Discretionary budget authority.....	45,257	43,389	44,759
Receipts and Other Program Level Adjustments:			
Federal Housing Administration (FHA) .....	-7,231	-4,333	-8,776
Government National Mortgage Association (GNMA) .....	-841	-653	-636
Other Adjustments .....	-41	-232	—
Total, Discretionary budget authority.....	37,144	38,171	35,347
Discretionary Cap Adjustment: <sup>1</sup>			
Disaster Relief.....	—	100	—
Total, Discretionary outlays.....	46,602	47,890	41,091
Mandatory Outlays:			
FHA.....	8,818	7,797	-40
GNMA .....	726	164	197
Neighborhood Stabilization Program .....	1,123	1,013	898
Project Rebuild.....	—	50	4,650
Housing Trust Fund.....	—	—	10
All other programs.....	-267	-126	-523
Total, Mandatory outlays.....	10,400	8,898	5,192
Total, Outlays .....	57,002	56,788	46,283

**Department of Housing and Urban Development—Continued**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
<b>Credit activity</b>			
Direct Loan Disbursements:			
Emergency Homeowners' Relief .....	—	210	—
FHA .....	—	50	50
GNMA .....	—	9	9
Green Retrofit Program for Multifamily Housing .....	27	—	—
Total, Direct loan disbursements .....	27	269	59
Guaranteed Loan Disbursements by Private Lenders:			
FHA .....	245,956	251,244	237,942
GNMA .....	350,398	291,000	239,000
All other .....	793	616	1,158
Total, Guaranteed loan disbursements by private lenders .....	597,147	542,860	478,100

<sup>1</sup> The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations.

