

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This chapter presents the budget estimates and program justifications for the Department of Housing and Urban Development (HUD). HUD's core mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination. The 2005 Budget for HUD reflects the continuation of a multi-year comprehensive reform effort that will enhance the effectiveness of programs, reduce high unobligated and obligated balances, and return HUD to its core mission. Congress has provided significant increases in several HUD programs over the past several years.

The Department continues to emphasize expanding homeownership opportunities for all. Toward that goal, two new programs are being proposed for 2005 within the Federal Housing Administration (FHA). First, FHA will introduce a 100 percent financing option for families who have good credit histories, but lack the savings needed for the downpayment on a home. It is anticipated that this will assist over 145,000 first-time homebuyers in the first year. The second program will be directed toward families who have impaired credit histories and would normally be served only by the sub-prime market. For these families, FHA will offer insurance at a modestly higher initial premium, but subsequently reduce the premium over time as the families make timely mortgage payments. It is anticipated that this initiative will assist almost 60,000 first-time homebuyers in the first year. Housing counseling increases by \$5 million. Also, the HOME Investment Partnerships Program is increased by \$78 million. This increase reflects \$200 million for the American Dream Downpayment Initiative. The 2005 budget continues to propose the expanded Self-Help Homeownership Opportunity Program (SHOP) in an effort to accelerate home ownership by lower-income families.

The 2005 Budget completes the shift of the Housing Choice Voucher program to a budget-based as opposed to a unit-based program. This shift was initiated by Congress in 2004 and will help in controlling the program's upward spiral in costs that has occurred over the past two years. At the same time, Public Housing Agencies will be provided with substantial new flexibility to manage the voucher program in a way that controls costs and continues to provide assistance to the two million families currently receiving assistance.

HUD continues to focus on combating homelessness and in addition eliminating chronic homelessness over a ten-year period with \$1.49 billion for the Homeless Assistance program overall. The effort includes a \$50 million Samaritan housing program that will be jointly administered with the Departments of Health and Human Services and Veterans Affairs focused on compassionate and effective assistance for chronically homeless persons. Funding also supports a consolidated comprehensive homeless effort, including Shelter Plus Care renewals. The transfer of the Emergency Food and Shelter Program from the Federal Emergency Management Agency (FEMA), to HUD contributes to the ongoing effort to better coordinate overall homeless program efforts.

Funding in the 2005 budget for the Fair Housing Assistance and Fair Housing Initiatives programs (FHAP and FHIP) will strengthen the ability of public and private fair housing groups, and partnerships between them, to enforce the laws protecting all Americans against illegal housing discrimination.

With the publication of the National Discrimination Study HUD now has the information necessary to improve enforcement, reduce discrimination, and address accessibility issues.

The Community Development Block Grant program is funded at \$4.6 billion with \$4.3 billion for formula grants. The CDBG formula is significantly impacted by the Census and other factors. The Department is considering proposals to change the program in ways that would increase local accountability, improve targeting of funds, and better demonstrate results. The Administration is proposing new pilots to test ways to better coordinate, target, and leverage Federal community and economic development programs. HUD intends to initiate extensive outreach on these proposals before deciding on the best course of action.

HUD is one of five Departments that are leading the Federal Government in tapping the potential of faith-based and community organizations to improve housing and help develop communities. In 2005, the Budget proposes a new set-aside of \$5 million for a 5-city pilot program aimed at increasing the participation of faith-based and community organizations in cities' community development strategies.

The 2005 budget includes \$139 million in lead hazard reduction grants to continue the 10-year program to eradicate lead hazards in housing.

In order to ensure the effective implementation of its programs, the Department's Office of Policy Development and Research (PD&R) will be provided with funds necessary to ensure timely provision of data, provide research and analysis of national housing and economic conditions, and measure the performance of programs, consistent with the Government Performance and Results Act of 1994.

The Department will continue the management reform effort initiated in 2001 and undertake further efforts in 2005 to refocus HUD on its core mission and key programs as part of a continuing series of planned reforms to improve program performance.

PUBLIC AND INDIAN HOUSING

Federal Funds

General and special funds:

HOUSING CERTIFICATE FUND

(INCLUDING TRANSFER AND RESCISSION OF FUNDS)

For activities and assistance under the United States Housing Act of 1937, as amended (42 U.S.C. 1437 et seq.) ("the Act" herein), not otherwise provided for, **[\$19,371,481,762] \$18,465,800,000**, and amounts that are recaptured in this account, to remain available until expended: *Provided*, That of the amounts made available under this heading, **[\$15,171,481,762] \$14,265,800,000** and the aforementioned recaptures shall be available on October 1, **[2003] 2004** and \$4,200,000,000 shall be available on October 1, **[2004] 2005**: *Provided further*, That amounts made available under this heading are provided as follows:

- (1) **[\$17,635,130,745] \$16,920,000,000** 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, for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act, for the 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 renewals of expiring section 8 tenant-based annual contributions contracts (including amendments and renewals of enhanced vouchers

General and special funds—Continued

HOUSING CERTIFICATE FUND—Continued

(INCLUDING TRANSFER AND RESCISSION OF FUNDS)—Continued

under any provision of law authorizing such assistance under section 8(t) of the Act (42 U.S.C. 1437f(t)): *Provided*, That notwithstanding any other provision of law, the Secretary shall renew expiring section 8 tenant-based annual contributions contracts for each public housing agency, (including for agencies participating in the Moving to Work demonstration, unit months representing section 8 tenant-based assistance funds committed by the public housing agency for specific purposes, other than reserves, that are authorized pursuant to any agreement and conditions entered into under such demonstration, and utilized in compliance with any applicable program obligation deadlines) based on [the total number of unit months which were under lease as reported on the most recent end-of-year financial statement submitted by the public housing agency to the Department, or as adjusted by such additional information submitted by the public housing agency to the Secretary as of August 1, 2003 (subject to verification), and by applying an inflation factor based on local or regional factors to the actual per unit cost: *Provided further*, That none of the funds made available in this paragraph may be used to support a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract.] *a set dollar amount for housing assistance payments determined in fiscal year 2004 adjusted as warranted*;

(2) [\$136,846,017] \$100,000,000 for a central fund to be allocated by the Secretary for [amendments to section 8 tenant-based annual contributions contracts for such purposes set forth in this paragraph: *Provided*, That subject to the following proviso, the Secretary may use amounts made available in such fund, as necessary, for an increase in the total number of unit months under lease as compared to the number of unit months under lease as of August 1, 2003, provided for by the annual contributions contract.] *emergencies such as natural disasters and for unforeseen and validated market changes: [Provided further*, That if a public housing agency, at any point in time during their fiscal year, has obligated the amounts made available to such agency pursuant to paragraph (1) under this heading for the renewal of expiring section 8 tenant-based annual contributions contracts, and if such agency has expended fifty percent of the amounts available to such agency in its annual contributions contract reserve account, the Secretary may only make available amounts as are necessary from amounts available from such central fund to fund additional leased units under the preceding proviso within thirty days of a request from such agency: *Provided further*, That none of the funds made available in this paragraph may be used to support a total number of unit months under lease which exceeds a public housing agency's authorized level of units under contract.] *Provided further*, That the Secretary shall provide quarterly reports to the Committees on Appropriations of the House and the Senate on the obligation of funds provided in this paragraph in accordance with the directions specified in the report accompanying this Act;

(3) [\$206,495,000] \$163,000,000 for section 8 rental assistance for relocation and replacement of housing units that are demolished or disposed of pursuant to the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134), 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 (42 U.S.C. 1437f(t)), and tenant protection assistance, including replacement and relocation assistance; *and for assistance to families in units that are demolished or disposed of pursuant to section 24 of the United States Housing Act of 1937 or to other authority for the revitalization of severely distressed public housing*;

[(4) \$48,000,000 for family self-sufficiency coordinators under section 23 of the Act;]

[(5)] (4) not to exceed [\$1,242,000,000] \$1,176,000,000 for administrative and other expenses of public housing agencies in administering the section 8 tenant-based rental assistance program, [of which up to \$50,000,000 shall be available to the Secretary to allocate to public housing agencies that need additional funds to administer their section 8 programs: *Provided*, That not to exceed \$1,192,000,000 of the amount provided in this paragraph shall

be allocated on a pro rata basis to public housing agencies based on the amount public housing agencies were eligible to receive in fiscal year 2003 without regard to the reduction required for excess administrative fee balances: *Provided further*, That, amounts under this paragraph shall be distributed according to the requirements of this paragraph and notwithstanding any other provision of law: *Provided further*, That none of the funds provided in this Act or any other Act may be used to supplement the amounts provided in this paragraph] *and for performance-based fees and incentive bonuses: Provided further*, That all such administrative fee amounts provided under this paragraph shall be only for activities related to the provision of rental assistance under section 8 [including related development activities];

[(6) \$100,000,000] (5) \$101,900,000 for contract administrators for section 8 project-based assistance; and

[(7)] (6) not less than [\$3,010,000] \$4,904,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under "Public and Indian Housing": *Provided*, That the Secretary may transfer up to 15 percent of funds provided under paragraphs (1), (2), [or] [(5)] (3) or (4), herein to paragraphs [(1) or (2)] (1), (2) or (3), if the Secretary determines that such action is necessary because the funding provided under one such paragraph otherwise would be depleted and as a result, the maximum utilization of section 8 tenant-based assistance with the funds appropriated for this purpose by this Act would not be feasible: *Provided further*, That prior to undertaking the transfer of funds in excess of 10 percent from any paragraph pursuant to the previous proviso, the Secretary shall notify the Chairman and Ranking Member of the Subcommittees on Veterans Affairs and Housing and Urban Development, and Independent Agencies of the Committees on Appropriations of the House of Representatives and the Senate and shall not transfer any such funds until 30 days after such notification: *Provided further*, That incremental vouchers previously made available under this heading for non-elderly disabled families shall, to the extent practicable, continue to be provided to non-elderly disabled families upon turnover: *Provided further*, That, hereafter, the Secretary shall require public housing agencies to submit accounting data for funds disbursed under this heading in this Act and prior Acts by source and purpose of such funds: *Provided further*, That [\$2,844,000,000] \$1,557,000,000 is rescinded from unobligated balances remaining from funds appropriated to the Department of Housing and Urban Development under this heading or the heading "Annual contributions for assisted housing" or any other heading for fiscal year [2003] 2004 and prior years, to be effected by the Secretary no later than September 30, [2004] 2005: *Provided further*, That any such balances governed by reallocation provisions under the statute authorizing the program for which the funds were originally appropriated shall be available for the rescission: *Provided further*, That any obligated balances of contract authority from fiscal year 1974 and prior that have been terminated shall be cancelled. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0319-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Contract renewals	14,614	18,069	16,920
00.02 Contract Administrator	170	217	102
00.03 Rental Assistance	181	217	163
00.09 Section 8 Amendment	219	33	.....
00.11 Administrative Fees	713	1,235	1,176
00.12 Central Reserve	105	136	100
00.13 Job Plus	1	1	.....
00.14 Working Capital Fund	3	3	5
00.15 Section 8 Counseling	1	1	.....
00.16 Family Self Sufficiency Coordinators .....	.....	96	.....
10.00 Total new obligations (object class 41.0)	16,007	20,008	18,466
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,938	3,479	184
22.00 New budget authority (gross)	15,938	16,413	16,909
22.10 Resources available from recoveries of prior year obligations	1,641	300	1,373
22.75 Balance of contract authority withdrawn	-31	.....	.....
23.90 Total budgetary resources available for obligation	19,486	20,192	18,466
23.95 Total new obligations	-16,007	-20,008	-18,466
24.40 Unobligated balance carried forward, end of year	3,479	184	.....

New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation (definite)	13,024	15,171	14,266
40.35	Appropriation permanently reduced	-112	-114	.....
40.36	Unobligated balance permanently reduced	-1,174	-2,844	-1,557
43.00	Appropriation (total discretionary)	11,738	12,213	12,709
55.00	Advance appropriation	4,200	4,200	4,200
Mandatory:				
60.00	Appropriation	5,500	5,000	5,000
60.49	Portion applied to liquidate contract authority	-5,500	-5,000	-5,000
62.50	Appropriation (total mandatory) .....	.....	.....	.....
70.00	Total new budget authority (gross)	15,938	16,413	16,909
Change in obligated balances:				
72.40	Obligated balance, start of year	37,689	31,105	28,563
73.10	Total new obligations	16,007	20,008	18,466
73.20	Total outlays (gross)	-20,950	-22,250	-22,195
73.45	Recoveries of prior year obligations	-1,641	-300	-1,373
74.40	Obligated balance, end of year	31,105	28,563	23,461
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	8,607	10,458	10,178
86.93	Outlays from discretionary balances	12,343	11,792	12,017
87.00	Total outlays (gross)	20,950	22,250	22,195
Net budget authority and outlays:				
89.00	Budget authority	15,938	16,413	16,909
90.00	Outlays	20,950	22,250	22,195
93.03	Obligated balance, start of year: Contract authority	21,307	15,776	10,776
93.04	Obligated balance, end of year: Contract authority	15,776	10,776	5,776

Housing Certificate Fund. This budget proposal would establish a new Flexible Voucher Program. This program would replace the Housing Choice Voucher Program to improve the delivery of rental and homeownership subsidies for low-income families in a fiscally responsible manner, thereby ensuring cost efficiency and effectiveness for long-term sustainability of the tenant-based voucher program. Some of the key features of the new Flexible Voucher Program include greater PHA discretion in meeting local housing objectives, steady and predictable funding levels adjusted annually for inflation, and rewards for PHAs that are good managers through performance-based incentives while holding PHAs accountable for poor performance.

The Flexible Voucher Program would simplify Federally mandated program requirements and avoid the "one size fits all" program design by providing local and State PHAs with greater administrative flexibility to meet the overall program objective of assisting low-income families to live in decent, safe, and sanitary private market housing. The Federal focus of the voucher program will be redirected to ensuring that low-income families are assisted in appropriate housing that meets housing quality standards. Instead of spending an inordinate amount of time attempting to comply with a myriad of Federal rules and objectives, PHAs will be able to streamline the subsidy design and implement local policies to meet local objectives.

As is current practice, the Flexible Voucher Program will be administered by existing PHAs. PHAs with overlapping jurisdictions and PHAs with small Section 8 programs are encouraged to consolidate or enter into cooperative arrangements to promote administrative efficiencies and accomplish cost savings. The Flexible Voucher Program would include administrative costs as part of the total grant. PHAs that are well managed and able to achieve administrative savings would be able to serve additional families. High performing PHAs that meet national objectives such as increasing the number of participants that graduate from voucher assistance and increasing homeownership would be eligible for a performance-based incentive bonus.

The Flexible Housing Voucher program will promote the concept that voucher assistance is a transition program for families in need and not a permanent institution for families. Voucher assistance is a scarce resource needed by many fami-

lies but available only to some. In allocating such a resource, the federal government has an interest in seeing more people who are eligible have an opportunity to participate. PHAs are encouraged by this incentive to increase graduation rates so that more families have the opportunity to share in limited housing assistance.

The Voluntary Graduation Incentive would be awarded to PHAs that exceed the baseline number of families that have graduated from the voucher program. Baselines would be established for housing authorities by various factors including size of the program. Awards would be made on a competitive basis and would be issued until funds are spent.

A Central Fund will be available for emergencies such as actual disasters and for unforeseen and validated market changes.

Contract Renewals. Contract renewals provide funding to renew expiring rental assistance contracts covering certificates, vouchers (including project-based vouchers), and moderate rehabilitation, Loan Management, New Construction/Substantial Rehabilitation, Property Disposition, and Preservation, and contracts authorized under Section 441 of the McKinney-Vento Homeless Act.

PIH Tenant Protection Vouchers.—The Flexible Voucher Program will continue to support families living in public and assisted housing units affected by changes in the status of the units. Income-eligible families who are affected by the demolition, disposition, revitalization or other capital improvements through no fault of their own, will continue to be eligible to receive relocation/replacement vouchers.

Housing and CPD Moderate Rehabilitation SRO, Tenant Protection Vouchers.—The Flexible Voucher Program will also continue supporting families in FHA-insured, privately owned assisted housing projects affected by changes in project status. It is intended that income-eligible families who, through no fault of their own, are affected by HUD's management of the multifamily inventory or owner's decision to prepay their mortgage or opt-out of project-based section 8 contracts, be aided through this program.

MOVING TO WORK

Program and Financing (in millions of dollars)

Identification code 86-0331-0-1-451	2003 actual	2004 est.	2005 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	2	1	.....
73.20 Total outlays (gross)	-1	-1	.....
74.40 Obligated balance, end of year	1	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	1	1	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	1	1	.....

The Moving-to-Work demonstration provides unprecedented autonomy and flexibility to a select group of high-performing public housing authorities (PHAs) in order to assess the potential impacts of Federal deregulation on resident households, housing developments, and local housing programs. Through waivers of requirements of the 1937 Housing Act, as amended, and related Federal regulations, participating PHAs can combine Federal funding allocated for public housing operating subsidy, capital subsidy, and Section 8 vouchers into a flexible housing assistance fund. PHAs may provide incentives to families that work, are seeking work, or are preparing for work, PHAs are also allowed to change administrative procedures and management policies so they can re-allocate resources to better address local housing needs and priorities. No additional funding is being requested for this demonstration.

General and special funds—Continued

PUBLIC HOUSING CAPITAL FUND
(INCLUDING TRANSFERS OF FUNDS)

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, as amended (42 U.S.C. 1437g) (the “Act”) **[\$2,712,255,000] \$2,674,100,000**, to remain available until September 30, **[2007] 2008: Provided**, That notwithstanding any other provision of law or regulation, during fiscal year **[2004] 2005**, the Secretary 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 provided under this heading, **[up to \$50,000,000]** shall be for carrying out activities under section 9(h) of such Act, of which \$13,000,000 shall be for the provision of remediation services to public housing agencies identified as “troubled” under the Section 8 Management Assessment Program and for surveys used to calculate local Fair Market Rents and assess housing conditions in connection with rental assistance under section 8 of the Act: *Provided further*, That of the total amount provided under this heading, up to \$500,000 shall be for lease adjustments to section 23 projects, and no less than \$10,610,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under “Public and Indian housing”: *Provided further*, That no funds may be used under this heading for the purposes specified in section 9(k) of the United States Housing Act of 1937, as amended: *Provided further*, That of the total amount provided under this heading, up to \$40,000,000 shall be available for the Secretary of Housing and Urban Development to make grants to public housing agencies for emergency capital needs resulting from emergencies and natural disasters in fiscal year 2004: *Provided further*, That of the total amount provided under this heading, \$55,000,000 shall be for supportive services, service coordinators and congregate services as authorized by section 34 of the Act and the Native American Housing Assistance and Self-Determination Act of 1996: *Provided further*, That of the total amount provided under this heading, \$15,000,000 shall be for Neighborhood Networks grants for activities authorized in section 9(d)(1)(E) of the United States Housing Act of 1937, as amended: *Provided further*, That notwithstanding any other provision of law, amounts made available in the previous proviso shall be awarded to public housing agencies on a competitive basis] *the following amounts shall be available as follows:*

(1) \$35,000,000 for carrying out activities under section 9(h) of such Act, of which up to \$5,000,000 shall be for remediation services to public housing agencies identified as “troubled” under the Section 8 Management Assessment Program and for surveys used to calculate local Fair Market Rents and assess housing conditions in connection with rental assistance under section 8 of the Act;

(2) no less than \$4,500,000 shall be transferred to the Working Capital Fund for development of and modifications to information technology systems which serve programs or activities under “Public and Indian Housing”;

(3) \$50,000,000 to make grants to public housing agencies for emergency capital needs resulting from emergencies and natural disasters recognized by the Department in fiscal year 2005 in accord with a Department-approved plan;

(4) \$54,700,000 for supportive services, service coordinators and congregate services as authorized by section 34 of the Act and the Native American Housing Assistance and Self-Determination Act of 1996;

(5) \$30,000,000 for the demolition, relocation, and site remediation for obsolete and distressed public housing units;

(6) \$5,000,000 to fund costs associated with a Public Housing Demonstration Initiative;

(7) up to \$10,000,000 to support the costs of administrative and judicial receiverships or other intervention activities:

Provided further, That no funds may be used under this heading for the purposes specified in section 9(k) of the United States Housing Act of 1937:

[The first proviso under this heading in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2003, is amended by striking “1998,

1999”.] (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86–0304–0–1–604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Capital Grants	2,709	3,071	2,485
00.02 Emergency/Disaster	10	40	50
00.03 Technical Assistance	35	49	35
00.04 Working Capital Fund	18	10	4
00.05 Neighborhood Network Initiative	1	15	.....
00.06 Resident Opportunities and Supportive Services	9	55	55
00.07 Public Housing Amendments	1	1	.....
00.08 PH Demonstration Initiative .....	.....	.....	5
00.10 Administrative Receivership .....	.....	.....	10
00.11 Demolitions .....	.....	.....	30
10.00 Total new obligations (object class 41.0)	2,783	3,241	2,674
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	751	690	145
22.00 New budget authority (gross)	2,712	2,696	2,674
22.10 Resources available from recoveries of prior year obligations	16	.....	.....
22.75 Balance of contract authority withdrawn	–7	.....	.....
23.90 Total budgetary resources available for obligation	3,472	3,386	2,819
23.95 Total new obligations	–2,783	–3,241	–2,674
24.40 Unobligated balance carried forward, end of year	690	145	145
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	3,230	2,712	2,674
40.35 Appropriation permanently reduced	–18	–16	.....
40.49 Portion applied to liquidate contract authority	–500	.....	.....
43.00 Appropriation (total discretionary)	2,712	2,696	2,674
Mandatory:			
60.00 Appropriation	500	500	500
60.49 Portion applied to liquidate contract authority	–500	–500	–500
62.50 Appropriation (total mandatory) .....	.....	.....	.....
70.00 Total new budget authority (gross)	2,712	2,696	2,674
Change in obligated balances:			
72.40 Obligated balance, start of year	10,995	10,097	9,622
73.10 Total new obligations	2,783	3,241	2,674
73.20 Total outlays (gross)	–3,665	–3,716	–3,743
73.45 Recoveries of prior year obligations	–16	.....	.....
74.40 Obligated balance, end of year	10,097	9,622	8,553
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	39	157	162
86.93 Outlays from discretionary balances	3,626	3,559	3,581
87.00 Total outlays (gross)	3,665	3,716	3,743
Net budget authority and outlays:			
89.00 Budget authority	2,712	2,696	2,674
90.00 Outlays	3,665	3,716	3,743
93.03 Obligated balance, start of year: Contract authority	3,806	3,299	2,799
93.04 Obligated balance, end of year: Contract authority	3,299	2,799	2,299

The Public Housing Capital Fund, a formula-driven program based on need, is designed to respond to the capital and management improvement requirements of public housing. The fund is a consolidation of the following programs: public housing modernization; public housing development; Major Reconstruction of Obsolete Public Housing Projects (MROP); and public housing amendments.

Of the \$2.67 billion requested for the Public Housing Capital Fund, approximately \$2.5 billion is provided to cover annual accrual needs. Other uses include up to \$55 million to provide supportive services to public housing residents under the Resident Opportunities and Supportive Services (ROSS) program, up to \$50 million for emergencies or disasters, up to \$35 million for technical assistance, up to \$30 million for demolition, site revitalization, replacement housing, and tenant based assistance grants, and no less than \$4.5 million for the Working Capital Fund.

Funding for two new proposals is requested in 2005:

Freedom to House Demonstration. This proposal provides up to \$5 million to test the advantages and disadvantages

of a locally-determined public housing program. This demonstration is modeled after the Moving to Work Demonstration by granting PHAs flexibility to manage their resources, but it will remove the requirement to seek waivers and exceptions for such flexibility. In the past, the need to individually negotiate programs hampered the efficiency of PHAs to operate freely and made it more difficult to directly assess impacts. This demonstration will remove these barriers for a test group of fifty PHAs whose performance can be measured and compared against a control group for effectiveness. The demonstration will put into place reforms that would allow PHAs to operate in a manner more aligned with market-based realities, measures that both the Millennial Housing Commission and the Harvard Cost Study have supported.

The test group will be required to operate under an asset-based management and accounting system. They will be granted full funding fungibility and local rent policy discretion. Reporting requirements will be streamlined and a new assessment system will be devised to measure performance based on the financial health and physical soundness of the housing authority's assets.

Administrative and Judicial Receiverships. This proposal provides up to \$10 million to support the costs of administrative and judicial receiverships or other intervention activities. These funds will provide the Department with a source of funds to cover operating and management costs where a court has asserted operational authority over a public housing authority through a judicial receivership process, or where the Department has taken over operational authority of the public housing authority through an administrative receivership procedure.

PUBLIC HOUSING OPERATING FUND

For [2004] 2005 payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g(e)), [\$3,600,000,000: *Provided*, That of the total amount provided under this heading, \$10,000,000 shall be for programs, as determined appropriate by the Attorney General, which assist in the investigation, prosecution, and prevention of violent crimes and drug offenses in public and federally-assisted low-income housing, including Indian housing, which shall be administered by the Department of Justice through a reimbursable agreement with the Department of Housing and Urban Development] \$3,573,000,000, of which \$15,000,000 in bonus funds shall be provided to public housing agencies that move program participants away from dependency on public housing assistance programs: *Provided* [further], That, in fiscal year [2004] 2005 and all fiscal years hereafter, no amounts under this heading in any appropriations Act may be used for payments to public housing agencies for the costs of operation and management of public housing for any year prior to the current year of such Act: *Provided further*, That no funds may be used under this heading for the purposes specified in section 9(k) of the United States Housing Act of 1937, as amended. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0163-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Operating Subsidy	3,607	3,573	3,558
00.02 Voluntary Incentive Bonus			15
00.03 Department of Justice Anti-Drug	10	10	
10.00 Total new obligations (object class 41.0)	3,617	3,583	3,573
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	26	4	
22.00 New budget authority (gross)	3,577	3,579	3,573
22.10 Resources available from recoveries of prior year obligations	18		
23.90 Total budgetary resources available for obligation	3,621	3,583	3,573

23.95 Total new obligations	-3,617	-3,583	-3,573
24.40 Unobligated balance carried forward, end of year	4		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	3,600	3,600	3,573
40.35 Appropriation permanently reduced	-23	-21	
43.00 Appropriation (total discretionary)	3,577	3,579	3,573
Change in obligated balances:			
72.40 Obligated balance, start of year	1,658	1,861	1,893
73.10 Total new obligations	3,617	3,583	3,573
73.20 Total outlays (gross)	-3,395	-3,551	-3,572
73.45 Recoveries of prior year obligations	-18		
74.40 Obligated balance, end of year	1,861	1,893	1,894
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1,829	1,723	1,715
86.93 Outlays from discretionary balances	1,566	1,828	1,857
87.00 Total outlays (gross)	3,395	3,551	3,572
Net budget authority and outlays:			
89.00 Budget authority	3,577	3,579	3,573
90.00 Outlays	3,395	3,551	3,572

Operating subsidies are provided to public housing authorities (PHAs) to assist in funding the operation and maintenance expenses of public housing units in accordance with Section 9(e) of the United States Housing Act of 1937, as amended.

The following tables display the sources of housing authorities' expected revenue and expenditures by category. The distribution is based on historical data reported by housing authorities to HUD on the Statement of Operating Receipts and Expenditures.

Sources of Housing Authorities' Operating Revenue (in millions of dollars)

Category	Annual income	Percent of total
Operating Subsidies	\$3,558	57%
Dwelling Rental	2,348	38%
Investment	127	2%
Other Income	209	3%
Voluntary Graduation Bonus	15	0%
Total, Operating Revenue	6,257	100%

Operating Subsidies.—Represent HUD's contributions to a housing authority's operating budget. Under the current formula-based approach, HUD sets a formula-determined allowable expense level (AEL) for each PHA and separately computes utility and audit costs. The PHA's dwelling rental income is also projected and the subsidy is the difference between the projected AEL, utility, and audit expenses and projected dwelling rental income.

Dwelling Rental.—Income derived from tenants' rents.

Investment Income.—Income from interest earned on general fund investments.

Other Income.—Includes income from other sources such as renting rooftop space for signs or broadcasting and from operating services for tenants, such as laundromats or day care centers.

Housing Authorities' Operating Expenditures (in millions of dollars)

Category	Annual expenditures	Percent of total
Utilities	\$1,328	21%
Administration	1,725	28%
General Operating Expenses	483	8%
Maintenance	2,266	36%
Tenant Services	132	2%
Protective Services	176	3%
Capital Expenditures	7	0%
Operating Reserve	125	2%
Total, Operating Expenses*	6,242	100%

* Excludes Voluntary Graduation Bonuses.

Utilities.—Includes water, sewer, electricity, gas, and fuel.

General and special funds—Continued**PUBLIC HOUSING OPERATING FUND—Continued**

Administration.—Includes administrative salaries, legal expenses, staff training, travel, accounting fees, auditing fees, sundry, and outside management costs.

General Operating Expenses.—Includes insurance, payments made to local governments in lieu of taxes, terminal leave payments, employees benefit contributions, collection losses, interest on administrative and sundry notes, and other general expenses.

Ordinary Maintenance and Operations.—Consists of expenses for labor, materials, contracts and garbage fees associated with the day-to-day operation of the public housing authority.

Tenant Services.—Cover salaries, recreation, publication, contract costs, training, and other expenses.

Protective Services.—Includes expenses for labor, materials, and contract costs.

Capital Expenditures.—Includes extraordinary maintenance, casualty losses, and property betterments (e.g. roofs and furnaces).

Operating reserves.—Provides working capital funds and is a reserve for emergencies.

Voluntary Graduation Bonus.—This proposal provides up to \$15 million in bonus funds for public housing authorities that move program participants away from dependency on public housing assistance programs within the current regulatory and statutory constraints. Awards would be made to PHAs that exceeded a baseline number of families who have exited public and assisted housing. Baselines would be established for housing authorities considering various factors including size of the program.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING**[(INCLUDING TRANSFERS OF FUNDS)]**

Of the unobligated balances remaining from funds appropriated in fiscal year 2001 and prior years under the heading "Drug elimination grants and low-income housing," \$5,000,000 is hereby cancelled.

Program and Financing (in millions of dollars)

Identification code 86-0197-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct program	5	7	
00.02 Federally Assisted		1	
00.03 New Approach Anti-Drug Program	1	1	
10.00 Total new obligations (object class 41.0)	6	9	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	39	14	5
22.00 New budget authority (gross)	-23		-5
22.10 Resources available from recoveries of prior year obligations	4		
23.90 Total budgetary resources available for obligation	20	14	
23.95 Total new obligations	-6	-9	
24.40 Unobligated balance carried forward, end of year	14	5	
New budget authority (gross), detail:			
Discretionary:			
40.36 Unobligated balance permanently reduced	-23		-5
Change in obligated balances:			
72.40 Obligated balance, start of year	286	66	
73.10 Total new obligations	6	9	
73.20 Total outlays (gross)	-222	-75	
73.45 Recoveries of prior year obligations	-4		
74.40 Obligated balance, end of year	66		
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	222	75	
Net budget authority and outlays:			
89.00 Budget authority	-23		-5
90.00 Outlays	222	75	

The Public Housing Drug Elimination Grants program was terminated in the 2002 Budget. The program was found to have limited impact; current regulatory tools, such as eviction, are effective in reducing drug-related crime in public housing; and finally, fighting crime and drugs is not directly related to HUD's core mission—it is the mission of federal law enforcement and other agencies whose programs help combat illegal drugs and crime in public housing communities. PHAs can supplement other public housing security efforts using operating funds if they choose.

**REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
(HOPE VI)**

[For grants to public housing agencies for demolition, site revitalization, replacement housing, and tenant-based assistance grants to projects as authorized by section 24 of the United States Housing Act of 1937, as amended, \$150,000,000, to remain available until September 30, 2005, of which the Secretary may use up to \$4,000,000 for technical assistance and contract expertise, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the department and of public housing agencies and to residents: *Provided*, That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0218-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity	535	504	97
00.02 Technical Assistance	2	6	4
00.03 Demolition of Elderly Public Housing Projects	1		
00.04 Tenant Protection	51	53	40
00.05 Neighborhood Networks	5	5	
10.00 Total new obligations (object class 41.0)	595	568	141
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	587	559	141
22.00 New budget authority (gross)	570	149	
23.90 Total budgetary resources available for obligation	1,157	708	141
23.95 Total new obligations	-595	-568	-141
23.98 Unobligated balance expiring or withdrawn	-2		
24.40 Unobligated balance carried forward, end of year	559	141	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	574	150	
40.35 Appropriation permanently reduced	-4	-1	
43.00 Appropriation (total discretionary)	570	149	
Change in obligated balances:			
72.40 Obligated balance, start of year	2,681	2,722	2,664
73.10 Total new obligations	595	568	141
73.20 Total outlays (gross)	-555	-626	-699
74.40 Obligated balance, end of year	2,722	2,664	2,106
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3	1	
86.93 Outlays from discretionary balances	552	625	699
87.00 Total outlays (gross)	555	626	699
Net budget authority and outlays:			
89.00 Budget authority	570	149	
90.00 Outlays	555	626	699

No additional funds are requested for this program in 2005. This program utilized Federal resources to rehabilitate and restore severely distressed public housing projects, thereby expanding the supply of decent, safe, and affordable housing for low-income individuals and families. The funds were used for project demolition, hard replacement units, and tenant-based rental assistance.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFER OF FUNDS)

For 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.), [\$654,100,000] \$647,000,000, to remain available until expended, [of which \$2,200,000 shall be contracted through the Secretary as technical assistance and capacity building to be used by the National American Indian Housing Council in support of the implementation of NAHASDA;] of which [\$4,500,000] \$5,000,000 shall be to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the training, oversight, and management of Indian housing and tenant-based assistance, including up to \$300,000 for related travel; and of which no less than [\$2,720,000] \$500,000 shall be transferred to the Working Capital Fund for development of and modifications to information technology systems which serve programs or activities under "Public and Indian housing": *Provided*, That of the amount provided under this heading, \$2,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of NAHASDA: *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 [\$16,658,000] \$17,926,357: *Provided further*, That for administrative expenses to carry out the guaranteed loan program, up to \$150,000 from amounts in the first proviso, which shall be transferred to and merged with the appropriation for "Salaries and expenses", to be used only for the administrative costs of these guarantees: *Provided further*, That of the unobligated balances remaining from funds appropriated in fiscal year 2004 and prior years under the heading, "Native American Housing Block Grant" for activities related to title VI of NAHASDA, \$21,000,000 is hereby cancelled. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

[SEC. 164. The funds made available for Alaska Natives under the heading "Native American Housing Block Grants" in title II of division G of this Act shall be allocated to the same Native Alaskan Indian housing block grant recipients that received the funds in fiscal year 2003.] (Division H, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0313-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Indian Housing Block Grants	659	639	639
00.02 Title VI Loan Guarantee Subsidy	1	2	2
00.03 Technical Assistance	3	5	5
00.04 Working Capital Fund	1	2	1
00.05 National American Indian Housing Council .....	.....	2	.....
00.07 Upward reestimate .....	.....	1	.....
10.00 Total new obligations (object class 41.0)	664	651	647
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	139	123	123
22.00 New budget authority (gross)	645	651	626
22.10 Resources available from recoveries of prior year obligations	4	.....	.....
23.90 Total budgetary resources available for obligation	788	774	749
23.95 Total new obligations	-664	-651	-647
24.40 Unobligated balance carried forward, end of year	123	123	102
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	649	654	647
40.35 Appropriation permanently reduced	-4	-4	.....
40.36 Unobligated balance permanently reduced .....	.....	.....	-21
43.00 Appropriation (total discretionary)	645	650	626
Mandatory:			
60.00 Appropriation .....	.....	1	.....
70.00 Total new budget authority (gross)	645	651	626
Change in obligated balances:			
72.40 Obligated balance, start of year	1,018	955	872
73.10 Total new obligations	664	651	647
73.20 Total outlays (gross)	-723	-734	-722
73.45 Recoveries of prior year obligations	-4	.....	.....

74.40 Obligated balance, end of year	955	872	797
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	161	113	113
86.93 Outlays from discretionary balances	562	620	609
86.97 Outlays from new mandatory authority .....	.....	1	.....
87.00 Total outlays (gross)	723	734	722
Net budget authority and outlays:			
89.00 Budget authority	645	651	626
90.00 Outlays	723	734	722

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0313-0-1-604	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Title VI	17	18	18
215901 Total loan guarantee levels	17	18	18
Guaranteed loan subsidy (in percent):			
232001 Title VI	11.07	10.56	10.32
232901 Weighted average subsidy rate	11.07	10.56	10.32
Guaranteed loan subsidy budget authority:			
233001 Title VI	2	2	2
233901 Total subsidy budget authority	2	2	2
Guaranteed loan subsidy outlays:			
234001 Title VI	1	1	1
234901 Total subsidy outlays	1	1	1
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Title VI .....	.....	1	.....
235901 Total upward reestimate budget authority .....	.....	1	.....
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Title VI	-1	.....	.....
237901 Total downward reestimate subsidy budget authority	-1	.....	.....
Administrative expense data:			
351001 Budget authority .....	.....	.....	.....
358001 Outlays from balances .....	.....	.....	.....
359001 Outlays from new authority .....	.....	.....	.....

Title I of the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996 (P.L. 104-330) authorized the Native American Housing Block Grant program. This program provides an allocation of funds on a formula basis to Indian tribes and their tribally designated housing entities to help them address housing needs within their communities.

The Native American Housing Block Grant program includes a guaranteed loan provision (Title VI). A guarantee level of \$17.9 million is proposed for this loan guarantee program for 2005. The subsidy rate for this program is set at 10.32 percent with a federal guarantee of 80 percent. A primary goal of the Title VI program is to encourage private lenders to provide financing in Indian country. Therefore, the program provides for the federal guarantee of notes or other obligations issued by Indian tribes or tribally designated housing entities for the purpose of financing affordable housing activities described in section 202 of the Act.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the loan guarantees committed in 1998 and beyond (including modifications of guarantees that resulted from obligations in any given year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

General and special funds—Continued**NATIVE HAWAIIAN HOUSING BLOCK GRANT**

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 (NAHASDA) (25 U.S.C. 4111 et seq.), \$9,500,000, to remain available until expended, of which \$400,000 shall be for training and technical assistance activities.

Program and Financing (in millions of dollars)

Identification code 86–0235–0–1–604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Native Hawaiian Housing Block Grant			10
10.00 Total new obligations (object class 41.0)			10
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			10
23.95 Total new obligations			–10
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			10
Change in obligated balances:			
73.10 Total new obligations			10
73.20 Total outlays (gross)			–1
74.40 Obligated balance, end of year			9
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			1
Net budget authority and outlays:			
89.00 Budget authority			10
90.00 Outlays			1

The Hawaiian Homelands Homeownership Act of 2000 (P.L. 106–568) amended the Native American Housing Assistance and Self-Determination Act of 1996 by adding Title VIII, which authorized the Native Hawaiian Housing Block Grant program. This program provides an allocation of funds to assist and promote affordable housing activities to develop, maintain and operate affordable housing for eligible low-income Native Hawaiian families.

It authorizes annual grants to the Department of Hawaiian Home Lands (DHHL) for housing and housing-related assistance, pursuant to an annual housing plan, within the area in which DHHL is authorized to provide that assistance. DHHL uses performance measures and benchmarks that are based on the needs and priorities established in its five- and one-year housing plans.

Public enterprise funds:**LOW-RENT PUBLIC HOUSING—LOANS AND OTHER EXPENSES****Program and Financing** (in millions of dollars)

Identification code 86–4098–0–3–604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
09.01 Reimbursable program: Capital investment loans to PHAs	3	30	30
10.00 Total new obligations (object class 33.0)	3	30	30
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	20	20	20
22.00 New budget authority (gross)	99	109	113
22.60 Portion applied to repay debt	–96	–79	–83
23.90 Total budgetary resources available for obligation	23	50	50
23.95 Total new obligations	–3	–30	–30
24.40 Unobligated balance carried forward, end of year	20	20	20
New budget authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	25	30	30
69.00 Offsetting collections (cash)	74	79	83
70.00 Total new budget authority (gross)	99	109	113
Change in obligated balances:			
72.40 Obligated balance, start of year	597	515	436

73.10 Total new obligations	3	30	30
73.20 Total outlays (gross)	–85	–109	–113
74.40 Obligated balance, end of year	515	436	353
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	5	109	113
86.98 Outlays from mandatory balances	80		
87.00 Total outlays (gross)	85	109	113
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	–74	–79	–83
Net budget authority and outlays:			
89.00 Budget authority	25	30	30
90.00 Outlays	11	30	30

Status of Direct Loans (in millions of dollars)

Identification code 86–4098–0–3–604	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1,209	1,135	1,056
1251 Repayments: Repayments and prepayments	–74	–79	–79
1290 Outstanding, end of year	1,135	1,056	977

Status of Guaranteed Loans (in millions of dollars)

Identification code 86–4098–0–3–604	2003 actual	2004 est.	2005 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	2,189	1,916	1,643
2251 Repayments and prepayments	–273	–273	–273
2290 Outstanding, end of year	1,916	1,643	1,370
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	1,916	1,643	1,370

The Low-Rent Public Housing Loan Fund provides direct Federal loans to fund remaining Public Housing Agency and Indian Housing Authority construction, acquisition, and modernization activities reserved under the Annual Contributions appropriation through 1986. These loans are made by borrowing from the Treasury. Under legislation enacted during 1986 (Public Law 99–272), amounts borrowed from the Treasury are forgiven at the end of each fiscal year and the loans to PHAs/IHAs are forgiven as construction, acquisition, and modernization activities are completed. Under the provisions of this legislation, \$25 million borrowed from the Treasury was forgiven in 2003, an estimated \$30 million will be borrowed from the Treasury and forgiven in 2004, and an estimated \$30 million will be borrowed from the Treasury and forgiven in 2005.

Since 1987, new reservations of capital funds for construction, acquisition, and modernization activities have been provided directly from the Public Housing Capital Fund appropriations.

Operating results.—The actual and estimated net operating income for 2002, 2003, 2004 and 2005 follows:

Balance Sheet (in millions of dollars)

Identification code 86–4098–0–3–604	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	617	536		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	1,210	1,134		
1602 Interest receivable	75	69		
1604 Direct loans and interest receivable, net	1,285	1,203		
1699 Value of assets related to direct loans	1,285	1,203		

1999	Total assets	1,902	1,739	.....
LIABILITIES:				
Federal liabilities:				
2102	Interest payable	147	137	.....
2104	Resources payable to Treasury	1,207	1,133	.....
2207	Non-Federal liabilities: Other	2		.....
2999	Total liabilities	1,356	1,270	.....
NET POSITION:				
3100	Appropriated capital	551	475	.....
3300	Cumulative results of operations	-5	-6	.....
3999	Total net position	546	469	.....
4999	Total liabilities and net position	1,902	1,739	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Credit accounts:

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), **[\$5,300,000] \$1,000,000**, 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, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed **[\$197,243,000] \$29,069,767**.

In addition, for administrative expenses to carry out the guaranteed loan program, up to \$250,000 from amounts in the first paragraph, which shall be transferred to and merged with the appropriation for "Salaries and expenses", to be used only for the administrative costs of these guarantees. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Of the unobligated balances remaining from funds appropriated in fiscal year 2004 and prior years under the heading, "Indian Housing Loan Guarantee Fund Program Account," for activities related to the cost of guaranteed loans, \$33,000,000 are hereby cancelled.

Program and Financing (in millions of dollars)

Identification code 86-0223-0-1-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	2	5	1
10.00 Total new obligations (object class 41.0)	2	5	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	29	33	33
22.00 New budget authority (gross)	5	5	-32
23.90 Total budgetary resources available for obligation	34	38	1
23.95 Total new obligations	-2	-5	-1
24.00 Unobligated balance carried forward, end of year	33	33	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	5	5	1
40.36 Unobligated balance permanently reduced			-33
43.00 Appropriation (total discretionary)	5	5	-32
Change in obligated balances:			
72.40 Obligated balance, start of year	1	1	2
73.10 Total new obligations	2	5	1
73.20 Total outlays (gross)	-2	-4	-2
74.40 Obligated balance, end of year	1	2	1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	1	
86.93 Outlays from discretionary balances	1	3	2
87.00 Total outlays (gross)	2	4	2
Net budget authority and outlays:			
89.00 Budget authority	5	5	-32
90.00 Outlays	2	4	2

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0223-0-1-371	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Indian Housing Loan Guarantee	197	197	29
215901 Total loan guarantee levels	197	197	29
Guaranteed loan subsidy (in percent):			
232001 Indian Housing Loan Guarantee	2.43	2.73	2.58
232901 Weighted average subsidy rate	2.43	2.73	2.58
Guaranteed loan subsidy budget authority:			
233001 Indian Housing Loan Guarantee	5	5	1
233901 Total subsidy budget authority	5	5	1
Guaranteed loan subsidy outlays:			
234001 Indian Housing Loan Guarantee	2	4	2
234901 Total subsidy outlays	2	4	2
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Indian Housing Loan Guarantee	-1		
237901 Total downward reestimate subsidy budget authority	-1		
Administrative expense data:			
351001 Budget authority			
358001 Outlays from balances			
359001 Outlays from new authority			

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the loan guarantees committed in 1992 and beyond (including modifications of guarantees that resulted from obligations in any year). The subsidy amounts are estimated on a net present value basis. The administrative expenses are shown on a cash basis.

This program provides access to sources of private financing for Indian families, Indian tribes, and their tribally designated housing entities who otherwise could not acquire housing financing because of the unique legal status of Indian trust land.

INDIAN HOUSING LOAN GUARANTEE FUND FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4104-0-3-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Default Claims		1	1
00.02 Loan Guarantee Subsidy		4	2
00.91 Direct Program by Activities—Subtotal (1 level)		5	3
08.02 Downward subsidy rate reestimate	1		
10.00 Total new obligations (object class 33.0)	1	5	3
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5	6	5
22.00 New financing authority (gross)	2	4	2
23.90 Total budgetary resources available for obligation	7	10	7
23.95 Total new obligations	-1	-5	-3
24.40 Unobligated balance carried forward, end of year	6	5	6
New financing authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections (gross): Federal sources	2	4	2
Change in obligated balances:			
72.40 Obligated balance, start of year	-1	-1	
73.10 Total new obligations	1	5	3
73.20 Total financing disbursements (gross)	-1	-4	-2
74.40 Obligated balance, end of year	-1		1
87.00 Total financing disbursements (gross)	1	4	2

Credit accounts—Continued**INDIAN HOUSING LOAN GUARANTEE FUND FINANCING ACCOUNT—Continued****Program and Financing** (in millions of dollars)—Continued

Identification code 86-4104-0-3-604	2003 actual	2004 est.	2005 est.
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources: Payments from program account	-1	-4	-2
88.40 Non-Federal sources	-1		
88.90 Total, offsetting collections (cash)	-2	-4	-2
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements	-1		

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4104-0-3-604	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	197	197	29
2121 Limitation available from carry-forward	442	599	599
2142 Uncommitted loan guarantee limitation			-599
2143 Uncommitted limitation carried forward	-599	-599	-20
2150 Total guaranteed loan commitments	40	197	9
2199 Guaranteed amount of guaranteed loan commitments	40	197	9
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	58	61	68
2231 Disbursements of new guaranteed loans	45	19	23
2251 Repayments and prepayments	-42	-11	-13
2263 Adjustments: Terminations for default that result in claim payments		-1	-1
2290 Outstanding, end of year	61	68	77
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	61	68	77

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from the loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

Balance Sheet (in millions of dollars)

Identification code 86-4104-0-3-604	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	5	5		
1999 Total assets	5	5		
LIABILITIES:				
2204 Non-Federal liabilities: Liabilities for loan guarantees	5	5		
2999 Total liabilities	5	5		
4999 Total liabilities and net position	5	5		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of guaranteed loans, as authorized by section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b), **[\$1,035,000] \$1,000,000**, 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, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed **[\$39,712,000] \$37,403,101**.

In addition, for administrative expenses to carry out the guaranteed loan program, up to \$35,000 from amounts in the first paragraph, which shall be transferred to and merged with the appropriation for "Salaries and expenses", to be used only for the administrative costs of these guarantees. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0233-0-1-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy		1	1
10.00 Total new obligations (object class 41.0)		1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1	2	2
22.00 New budget authority (gross)	1	1	1
23.90 Total budgetary resources available for obligation	2	3	3
23.95 Total new obligations		-1	-1
24.40 Unobligated balance carried forward, end of year	2	2	2
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	1	1	1
Change in obligated balances:			
73.10 Total new obligations		1	1
73.20 Total outlays (gross)		-1	-1
Outlays (gross), detail:			
86.93 Outlays from discretionary balances		1	1
Net budget authority and outlays:			
89.00 Budget authority	1	1	1
90.00 Outlays		1	1

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0233-0-1-371	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Native Hawaiian Housing	40	40	37
215901 Total loan guarantee levels	40	40	37
Guaranteed loan subsidy (in percent):			
232001 Native Hawaiian Housing	2.43	2.73	2.58
232901 Weighted average subsidy rate	2.43	2.73	2.58
Guaranteed loan subsidy budget authority:			
233001 Native Hawaiian Housing	1	1	1
233901 Total subsidy budget authority	1	1	1
Guaranteed loan subsidy outlays:			
234001 Native Hawaiian Housing		1	1
234901 Total subsidy outlays		1	1
Administrative expense data:			
351001 Budget authority			
358001 Outlays from balances			
359001 Outlays from new authority			

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the loan guarantees committed in 2001 and beyond (including modifications of guarantees that resulted from obligations in any year). The subsidy amounts are estimated on a net present value. The administrative expenses are shown on a cash basis.

This program provides access to sources of private financing to eligible Native Hawaiian families who reside on the Hawaiian Home Lands and who otherwise could not acquire private financing because of the unique legal status of the Hawaiian Home Lands.

NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4351-0-3-371	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			1
22.00 New financing authority (gross)		1	1
23.90 Total budgetary resources available for obligation		1	2
24.40 Unobligated balance carried forward, end of year		1	2
New financing authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections (gross): Federal sources		1	1
Offsets:			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from: Federal sources: Payments from program account		-1	-1
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		-1	-1

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4351-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	40	40	37
2121 Limitation available from carry-forward	40	80	119
2143 Uncommitted limitation carried forward	-80	-119	-155
2150 Total guaranteed loan commitments		1	1
2199 Guaranteed amount of guaranteed loan commitments		1	1
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			1
2231 Disbursements of new guaranteed loans		1	1
2251 Repayments and prepayments			-1
2290 Outstanding, end of year		1	1
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year		1	1

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the government resulting from the loan guarantees committed in 2001 and beyond (including modifications of loan guarantees that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

TITLE VI INDIAN FEDERAL GUARANTEES FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4244-0-3-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Default Claims		1	1
00.02 Guarantee Loan Subsidy		1	1
00.91 Direct Program by Activities—Subtotal (1 level)		2	2

08.02 Downward Reestimate	1		
10.00 Total new obligations	1	2	2
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	8	8	9
22.00 New financing authority (gross)	1	2	1
23.90 Total budgetary resources available for obligation	9	10	10
23.95 Total new obligations	-1	-2	-2
24.40 Unobligated balance carried forward, end of year	8	9	10
New financing authority (gross), detail:			
Discretionary:			
68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)	1	2	1
Change in obligated balances:			
73.10 Total new obligations	1	2	2
73.20 Total financing disbursements (gross)	-1		
87.00 Total financing disbursements (gross)	1		
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources	-1	-1	-1
88.00 Upward Reestimate		-1	
88.90 Total, offsetting collections (cash)	-1	-2	-1
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements	-1	-2	-1

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4244-0-3-604	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	17	18	18
2121 Limitation available from carry-forward	367	376	376
2142 Uncommitted loan guarantee limitation			-376
2143 Uncommitted limitation carried forward	-376	-376	-10
2150 Total guaranteed loan commitments	8	18	8
2199 Guaranteed amount of guaranteed loan commitments	8	18	8
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	65	71	75
2231 Disbursements of new guaranteed loans	9	10	17
2251 Repayments and prepayments	-3	-5	-5
2263 Adjustments: Terminations for default that result in claim payments		-1	-1
2290 Outstanding, end of year	71	75	86
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	71	75	86

Balance Sheet (in millions of dollars)

Identification code 86-4244-0-3-604	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	8	8		
1999 Total assets	8	8		
LIABILITIES:				
2204 Non-Federal liabilities: Liabilities for loan guarantees	8	8		
2999 Total liabilities	8	8		
4999 Total liabilities and net position	8	8		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are

Credit accounts—Continued**TITLE VI INDIAN FEDERAL GUARANTEES FINANCING ACCOUNT—
Continued**

not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

COMMUNITY PLANNING AND DEVELOPMENT**Federal Funds****General and special funds:****HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS**

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.), **[\$296,500,000] \$294,800,000**, to remain available until September 30, **[2005] 2006: Provided**, That the Secretary shall renew all expiring contracts for permanent supportive housing that were funded under section 854(c)(3) of such Act that meet all program requirements before awarding funds for new contracts and activities authorized under this section: *Provided further*, That the Secretary may use up to \$2,500,000 of the funds under this heading for training, oversight, and technical assistance activities. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0308-0-1-604		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
00.01	Housing for Persons with HIV/AIDS	294	298	298
10.00	Total new obligations (object class 41.0)	294	298	298
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	91	88	85
22.00	New budget authority (gross)	290	295	295
22.10	Resources available from recoveries of prior year obligations	1		
23.90	Total budgetary resources available for obligation	382	383	380
23.95	Total new obligations	-294	-298	-298
24.40	Unobligated balance carried forward, end of year	88	85	80
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	292	297	295
40.35	Appropriation permanently reduced	-2	-2	
43.00	Appropriation (total discretionary)	290	295	295
Change in obligated balances:				
72.40	Obligated balance, start of year	399	438	454
73.10	Total new obligations	294	298	298
73.20	Total outlays (gross)	-254	-282	-292
73.45	Recoveries of prior year obligations	-1		
74.40	Obligated balance, end of year	438	454	460
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	2	12	12
86.93	Outlays from discretionary balances	252	270	280
87.00	Total outlays (gross)	254	282	292
Net budget authority and outlays:				
89.00	Budget authority	290	295	295
90.00	Outlays	254	282	292

The Housing Opportunities for Persons with AIDS program provides States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families.

Up to \$2.5 million is used for technical assistance to grantees and project sponsors to strengthen management of programs and ensure responsiveness in meeting client needs. States and metropolitan areas receive 90 percent of the remaining funds by formula based on the number of cases of AIDS and, for metropolitan areas, the incidence of AIDS in that area. The final 10 percent is awarded competitively to States, local governments, and private nonprofit entities, in-

cluding faith-based organizations, for projects of national significance with priority for renewal of the projects providing permanent supportive housing. Awards are also made to States and local governments for projects in jurisdictions which do not qualify for a formula allocation. The requested funding for 2005 will support approximately 73,700 housing units for persons with HIV/AIDS and their families.

**COMMUNITY DEVELOPMENT FUND
(INCLUDING TRANSFERS OF FUNDS)**

For assistance to units of State and local government, and to other entities, for economic and community development activities, and for other purposes \$4,618,094,000, to remain available until September 30, 2007: Provided, That unless explicitly provided for under this heading, not to exceed 20 percent of any grant made with funds appropriated under this heading (other than a grant made available in this paragraph to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended (the "Act") shall be expended for planning and management development and administration. Of this amount:

(1) \$4,330,846,000 is for carrying out the community development block grant program under title I of the Act;

(2) \$71,575,000 is for grants to Indian tribes notwithstanding section 106(a)(1) of the Act;

(3) \$3,281,000 is for a grant to the Housing Assistance Council;

(4) \$2,485,000 is for a grant to the National American Indian Housing Council;

(5) \$35,291,000 is for grants pursuant to section 107 of the Act, of which \$3,479,000 shall be to support Alaska Native serving institutions and Native Hawaiian serving institutions as defined under the Higher Education Act, as amended, \$2,982,000 shall be for tribal colleges and universities to build, expand, renovate and equip their facilities, and \$1,491,000 shall be for technical assistance pursuant to section 107(b)(4) of the Act;

(6) no less than \$500,000 shall be transferred to the Working Capital Fund for the development of and modification to information technology systems which serve programs or activities under "Community planning and development";

(7) \$65,000,000 is for grants pursuant to the Self Help Homeownership Opportunity Program, including \$3,000,000 for technical assistance;

(8) \$29,500,000 is for capacity building, of which \$25,000,000 is for Capacity Building for Community Development and Affordable Housing for LIHC and the Enterprise Foundation for activities as authorized by section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note, as in effect immediately before June 12, 1997, with not less than \$5,000,000 of the funding to be used in rural areas, including tribal areas, and of which \$4,500,000 is for capacity building activities administered by Habitat for Humanity International;

(9) \$64,617,000 is for YouthBuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading: *Provided*, That local YouthBuild programs that demonstrate an ability to leverage private and nonprofit funding be given a priority for YouthBuild funding: *Provided further*, That no more than 10 percent of any grant award under the YouthBuild program may be used for administrative costs: *Provided further*, That of the amount made available for YouthBuild not less than \$9,941,000 is for grants to establish YouthBuild programs in underserved and rural areas and \$1,988,000 is to be made available for a grant to YouthBuild USA for capacity building for community development and affordable housing activities as specified in section 4 of the HUD Demonstration Act of 1993, as amended;

(10) \$10,000,000 is for a Development Challenge Pilot to test ways to better coordinate, target, and leverage existing Federal community and economic development programs; and

(11) \$5,000,000 is for a faith-based pilot for a multi-city program aimed at increasing the participation of faith-based and community-based organizations in the cities' community development strategies.

For assistance to units of State and local government, and to other entities, for economic and community development activities, and for other purposes, \$4,950,000,000, to remain available until

September 30, 2006: *Provided*, That of the amount provided, \$4,356,550,000 is for carrying out the community development block grant program under title I of the Housing and Community Development Act of 1974, as amended (the “Act” herein) (42 U.S.C. 5301 et seq.): *Provided further*, That unless explicitly provided for under this heading (except for planning grants provided in the third paragraph and amounts made available in the second paragraph), not to exceed 20 percent of any grant made with funds appropriated under this heading (other than a grant made available in this paragraph to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Act) shall be expended for planning and management development and administration: *Provided further*, That \$72,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of such Act; \$3,300,000 shall be for a grant to the Housing Assistance Council; \$2,500,000 shall be for a grant to the National American Indian Housing Council; \$5,000,000 shall be available as a grant to the National Housing Development Corporation, for operating expenses not to exceed \$2,000,000 and for a program of affordable housing acquisition and rehabilitation; \$5,000,000 shall be available as a grant to the National Council of La Raza for the HOPE Fund, of which \$500,000 is for technical assistance and fund management, and \$4,500,000 is for investments in the HOPE Fund and financing to affiliated organizations; \$52,000,000 shall be for grants pursuant to section 107 of the Act, of which \$9,500,000 shall be for the Native Hawaiian block grant authorized under title VIII of the Native American Housing Assistance and Self-Determination Act of 1996; no less than \$4,900,000 shall be transferred to the Working Capital Fund for the development of and modification to information technology systems which serve programs or activities under “Community planning and development”; \$27,000,000 shall be for grants pursuant to the Self Help Homeownership Opportunity Program; \$34,750,000 shall be for capacity building, of which \$30,000,000 shall be for Capacity Building for Community Development and Affordable Housing for LIHC and the Enterprise Foundation for activities as authorized by section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note), as in effect immediately before June 12, 1997, with not less than \$5,000,000 of the funding to be used in rural areas, including tribal areas, and of which \$4,750,000 shall be for capacity building activities administered by Habitat for Humanity International; \$65,000,000 shall be available for YouthBuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading: *Provided*, That local YouthBuild programs that demonstrate an ability to leverage private and nonprofit funding shall be given a priority for YouthBuild funding: *Provided further*, That no more than 10 percent of any grant award under the YouthBuild program may be used for administrative costs: *Provided further*, That of the amount made available for YouthBuild not less than \$10,000,000 is for grants to establish YouthBuild programs in underserved and rural areas and \$2,000,000 is to be made available for a grant to YouthBuild USA for capacity building for community development and affordable housing activities as specified in section 4 of the HUD Demonstration Act of 1993, as amended.

Of the amount made available under this heading, \$44,000,000 shall be available for neighborhood initiatives that are utilized to improve the conditions of distressed and blighted areas and neighborhoods, to stimulate investment, economic diversification, and community revitalization in areas with population outmigration or a stagnating or declining economic base, or to determine whether housing benefits can be integrated more effectively with welfare reform initiatives: *Provided*, That amounts made available under this paragraph shall be provided in accordance with the terms and conditions specified in the joint explanatory statement of the managers accompanying this Act.]

[Of the amount made available under this heading, \$278,000,000 shall be available for grants for the Economic Development Initiative (EDI) to finance a variety of targeted economic investments in accordance with the terms and conditions specified in the joint explanatory statement of the managers accompanying this Act: *Provided*, That none of the funds provided under this paragraph may be used for program operations.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to the amount made available to the North Carolina Community Land Trust Initiative by striking “North Carolina Community Land Trust

Initiative” and inserting “Orange Community Housing and Land Trust”.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to the amount made available to the Willacy County Boys and Girls Club in Willacy County, Texas by striking “Willacy County Boys and Girls Club in Willacy County, Texas” and inserting “Willacy County, Texas”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 17 by striking “for sidewalks, curbs, street lighting, outdoor furniture and façade improvements in the Mill Village neighborhood” and inserting “for the restoration and renovation of houses within the Lincoln or Dallas mill villages”.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to the amount made available to the Metropolitan Development Association in Syracuse, New York by inserting “and other economic development planning and revitalization activities” after the word “study”.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to the amount made available to the Staten Island Freedom Memorial Fund by striking “Staten Island Freedom Memorial Fund for the construction of a memorial in the Staten Island community of St. George, New York” and inserting “Staten Island Botanical Garden for construction and related activities for a healing garden”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 526 by striking “for an economic development study for the revitalization of Westchester” and inserting “for the reconstruction of renaissance plaza at Main and Mamaroneck in downtown White Plains”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 877 by striking “West Virginia High Technology Consortium Foundation, Inc. in Marion County, West Virginia for facilities construction for a high-tech park” and inserting “Glenville State College in Glenville, West Virginia for construction of a new campus community education center”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 126 by striking “for construction of” and inserting “for facilities improvements and build out for”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 721 by striking “training” and inserting “creation, small business development and quality of life improvements within the State of South Carolina”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 317 by striking “135,000” and inserting “151,000”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 324 by striking “225,000” and inserting “209,000”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 74 by striking “renovation” and inserting “design and construction”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 718 by striking “construction” and inserting “renovation”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 785 by striking “to the Town of Altavista, Virginia to assist with renovations of the shell building

General and special funds—Continued

COMMUNITY DEVELOPMENT FUND—Continued

(INCLUDING TRANSFERS OF FUNDS)—Continued

industrial site” and inserting “to the County of Campbell, Virginia for development of the Winston Tract Commercial Center industrial site”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 253 by striking “to the Salvation Army/Boys and Girls Club-Northfolk community center” and inserting “to the Salvation Army Boys and Girls Club in Louisville, Kentucky for the renovation of the Newburg community center”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 288 by striking “for building renovations” and inserting “for signage, street furniture, sidewalks and streetscape improvements”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 217 by striking “\$135,000 to the Village of Olympia Fields, Illinois for construction of a hall, public library and upgraded commuter station” and inserting “\$135,000 to the Village of Olympia Fields, Illinois, for sidewalks, street lighting, neighborhood redevelopment improvements, and building renovations”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 809 by striking “\$90,000 to the Department of Vermont Veterans of Foreign Wars for the construction of the Green Block Veterans Memorial in Brandon, Vermont and the Windsor, Vermont War Memorial” and inserting “\$90,000 to the Department of Buildings and General Services of the State of Vermont for the construction of the Brandon, Vermont Veterans Memorial and the Windsor, Vermont War Memorial”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 244 by striking “\$900,000 to Purdue University in West Lafayette, Indiana for facilities construction for the Northwest Indiana Purdue Technology Center” and inserting “\$900,000 to Purdue Research Foundation in West Lafayette, Indiana for facilities buildout for the Northwest Indiana Purdue Technology Center”.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to the amount made available to Connecticut Hospice, Inc. of Branford, Connecticut by striking “for construction of a new facility” and inserting “for facilities renovation and equipment upgrades”.]

[The referenced statement of the managers under this heading in Public Law 107–73 is deemed to be amended with respect to a grant made available to the United Way community services facility in Anchorage, Alaska by striking “the United Way community services facility in Anchorage, Alaska to complete construction of asocial service facility to serve low-income people;” and inserting in lieu thereof “the Cook Inlet Tribal Council, Inc. in Anchorage, Alaska as a federal contribution for construction of asocial service facility to serve low income people;”.]

[The referenced statement of the managers under this heading in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108–7; H. Rept. 108–10) is deemed to be amended with respect to item number 137 by striking “Wilmington Housing Authority” and inserting “City of Wilmington”.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

[SEC. 165. In addition to the amounts otherwise provided in this or any other Act for fiscal year 2004, for “Department of Housing and Urban Development, Community Development Fund”, \$10,000,000 to remain available until expended for a grant to the Anchorage museum in Anchorage, Alaska for facilities construction.] (*Division H, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86–0162–0–1–451		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
00.01	Community Development Formula Grants	4,330	4,365	4,351
00.02	World Trade Center Response	783		
00.03	Working Capital Fund	3	5	1
00.04	CDBG set-asides	424	668	286
10.00	Total new obligations (object class 41.0)	5,540	5,038	4,638
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1,747	1,104	1,000
22.00	New budget authority (gross)	4,905	4,934	4,618
23.90	Total budgetary resources available for obligation	6,652	6,038	5,618
23.95	Total new obligations	–5,540	–5,038	–4,638
23.98	Unobligated balance expiring or withdrawn	–7		
24.00	Unobligated balance carried forward, end of year	1,104	1,000	980
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	4,937	4,964	4,618
40.35	Appropriation permanently reduced	–32	–30	
43.00	Appropriation (total discretionary)	4,905	4,934	4,618
Change in obligated balances:				
72.40	Obligated balance, start of year	11,409	11,369	10,417
73.10	Total new obligations	5,540	5,038	4,638
73.20	Total outlays (gross)	–5,569	–5,990	–5,586
73.40	Adjustments in expired accounts (net)	–11		
74.40	Obligated balance, end of year	11,369	10,417	9,469
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	47	99	92
86.93	Outlays from discretionary balances	5,522	5,891	5,494
87.00	Total outlays (gross)	5,569	5,990	5,586
Net budget authority and outlays:				
89.00	Budget authority	4,905	4,934	4,618
90.00	Outlays	5,569	5,990	5,586

Title I of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to make grants to units of general local government under the Community Development Block Grant (CDBG) program and States to fund local community development programs.

The 2005 Budget allocates \$71.6 million to Indian tribes as authorized by Section 106(a)(1) of the Housing and Community Development Act of 1974. Since its inception, funds made available to Native American communities have supported a wide variety of community development activities, predominantly, but not exclusively, community facilities, infrastructure and buildings to help meet the basic needs of low and moderate income community members. Since the vast majority of eligible tribes and Alaska Native Villages have non-existent tax bases, this program has helped to finance those public facilities needed to maintain or establish community viability. While it has had a significant impact on many Native American communities throughout the Nation, basic community development needs throughout Indian Country remain substantial.

Seventy percent of CDBG formula funds are allocated to metropolitan cities and urban counties that receive their grants using the higher of two objective formulas. States and small cities receive 30 percent of the formula funds. The proposed level of funding for CDBG will support an estimated 82,000 jobs. These funds will also help to rehabilitate an estimated 173,000 housing units.

Section 107 Grants include Historically Black Colleges and Universities, Hispanic serving Institutions, the Community Development Work Study, Community Outreach Partnership Centers (COPC), Tribal Colleges and Universities, [and] Alaska Native and Native Hawaiian Serving Institutions programs, and \$1.5 million in funding for technical assistance to support local and State grantees including efforts to streamline the Consolidated Plan.

A transfer of \$500,000 to the Working Capital Fund is included.

As authorized by Section 4 of the HUD Demonstration Act of 1993, the National Community Development Initiative (NCDI) helps build capacity of community-based development corporations and housing development organizations, and assist such corporations and organizations to carry out community development and affordable housing activities. The 2005 Budget includes \$25 million for this program. In addition, \$4.5 million is set aside for Habitat for Humanity capacity building programs. Both programs will target their efforts to increasing minority homeownership.

The Youthbuild program provides resources to educate, train and supply stipends for economically disadvantaged young adults through their participation in the construction and rehabilitation of housing for low-income and homeless families and individuals. The program expands the supply of affordable housing and, at the same time, enables high school drop-outs to obtain the education and employment skills necessary to achieve self-sufficiency. The 2005 request for \$64.6 million will provide more than 3,728 young people with skills they need to obtain jobs. Funding of \$65 million is provided for the Self-Help Homeownership Opportunity Program (Shop) including \$3 million for technical assistance is targeted at very low-income populations. The significant increase reflects the growing capacity of self-help housing organizations to expand upon recent successes in making homeownership a viable option. In addition, \$3.3 million is provided for the Housing Assistance Council as well as \$2.5 million for the Native American Indian Housing Council to meet unserved rural and Native American housing needs.

The Administration is proposing new pilots to test ways to better coordinate, target, and leverage existing Federal community and economic development programs. An inter-agency group will advise on standards for award of \$10 million in competitive capital grants to a few communities prepared to set and meet a limited number of clear, measurable community development goals.

The Budget also includes \$5 million for a pilot program in at least five cities aimed at increasing the participation of faith-based and community organizations in the cities' community development strategies. Participating cities will submit plans that demonstrate (1) a strategy for involving faith-based and community organizations in the community development efforts of the city and (2) a plan for making small sub-grants to faith-based and community groups to facilitate their partnership with their respective city.

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES

[For grants in connection with a second round of empowerment zones and enterprise communities, \$15,000,000, to remain available until September 30, 2005, for "Urban Empowerment Zones", as authorized in section 1391(g) of the Internal Revenue Code of 1986 (26 U.S.C. 1391(g)), including \$1,000,000 for each empowerment zone for use in conjunction with economic development activities consistent with the strategic plan of each empowerment zone.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0315-0-1-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Develop urban sites	33	15	
10.00 Total new obligations (object class 41.0)	33	15	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	3		
22.00 New budget authority (gross)	30	15	
23.90 Total budgetary resources available for obligation	33	15	
23.95 Total new obligations	-33	-15	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	30	15	

Change in obligated balances:

72.40 Obligated balance, start of year	231	204	149
73.10 Total new obligations	33	15	
73.20 Total outlays (gross)	-60	-70	-65
74.40 Obligated balance, end of year	204	149	84

Outlays (gross), detail:

86.93 Outlays from discretionary balances	60	70	65
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Net budget authority and outlays:

89.00 Budget authority	30	15	
90.00 Outlays	60	70	65

The 2005 Budget proposes no new funding for this program. The Empowerment Zone (EZ) initiative helps revitalize city neighborhoods by attracting business development and providing employment opportunities to residents of empowerment zones. Empowerment Zone principles include a strategic vision for change, a community-based partnership, providing economic opportunity and sustainable community development.

The VA HUD Appropriations Act of 2001 (P.L. 106-377 and P.L. 106-554) provided \$185 million for Round II Urban Empowerment Zones. The VA HUD Appropriations Act of 2003 (P.L. 108-7) provided \$30 million for Round II Urban Empowerment Zones which brought the total funding for Round II urban EZs through 2003 to \$359 million. No new funding is proposed for EZs in 2005.

Grant funds and tax incentives have provided for a broad range of activities aimed at assisting residents, businesses and organizations in urban EZs, including: community policing; health care; neighborhood development; brownfields clean-up and redevelopment; support for financing of capital projects; education; work force preparation and job creation efforts linked to welfare reform; leveraging private sector resources, repayment of debt financing by municipal bonds; financing of projects in conjunction with the Section 108 loan guarantee program and other economic development projects; support for project-based rental assistance; and, financing other housing activities.

EZs are helping to stimulate billions of dollars in private investment, reviving inner city neighborhoods and supporting jobs, and helping families move from welfare to work.

The Community Renewal and Tax Relief Act of 2000 (P.L. 106-554) authorized the designation of a third round of 7 urban and 2 rural empowerment zones and 40 competitively selected Renewal Communities administered by HUD.

BROWNFIELDS REDEVELOPMENT

[For competitive economic development grants, as authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects, \$25,000,000, to remain available until September 30, 2005.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0314-0-1-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Cleanup and develop contaminated sites	3	52	
10.00 Total new obligations (object class 41.0)	3	52	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	27	
22.00 New budget authority (gross)	25	25	
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	30	52	
23.95 Total new obligations	-3	-52	
24.40 Unobligated balance carried forward, end of year	27		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	25	25	

General and special funds—Continued**BROWNFIELDS REDEVELOPMENT—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 86-0314-0-1-451	2003 actual	2004 est.	2005 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	109	98	130
73.10 Total new obligations	3	52	.....
73.20 Total outlays (gross)	-13	-20	-23
73.45 Recoveries of prior year obligations	-1	.....	.....
74.40 Obligated balance, end of year	98	130	107
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority .....	.....	1	.....
86.93 Outlays from discretionary balances	13	19	23
87.00 Total outlays (gross)	13	20	23
Net budget authority and outlays:			
89.00 Budget authority	25	25	.....
90.00 Outlays	13	20	23

The 2005 Budget proposes no new funding for this program. The Brownfields Redevelopment initiative provided competitive economic development grants, in conjunction with Section 108 loan guarantees, for the redevelopment of qualified brownfield projects.

Grants are made in accordance with section 108(q) selection criteria and such other criteria deemed appropriate for brownfield projects, including the extent to which an applicant is currently operating a brownfields program and is working with appropriate environmental regulatory agencies.

The Brownfields Redevelopment initiative has received annual appropriations of \$25 million since its inception in 1998 through 2004.

YOUTHBUILD PROGRAM**Program and Financing (in millions of dollars)**

Identification code 86-0219-0-1-604	2003 actual	2004 est.	2005 est.
Change in obligated balances:			
72.40 Obligated balance, start of year	1	.....	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays .....	.....	.....	.....

This program provides resources to educate, train, and provide stipends for economically disadvantaged young adults through their participation in the construction and rehabilitation of housing for low-income and homeless persons. The program expands the supply of affordable housing and, at the same time, enables high school dropouts to obtain the education and life and employment skills necessary to achieve self-sufficiency. The Youthbuild program has been funded as a set-aside within the CDBG program since 1996. The 2005 CDBG set aside request of \$64.6 million will provide more than 3,728 young people with skills they need to get jobs. The obligated balance and outlays represent activity in the separate youthbuild account.

HOME INVESTMENT PARTNERSHIPS PROGRAM**(INCLUDING TRANSFER OF FUNDS)**

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, **[\$1,930,000,000] \$1,884,200,000**, to remain available until September 30, **[2006] 2007**: *Provided*, That of the total amount provided in this paragraph, **[up to \$40,000,000 shall be available for housing counseling under section 106 of the Housing and Urban Development Act of 1968 and] no less than [\$2,100,000] \$200,000** shall be transferred to the Working Capital Fund for the

development of and modifications to information technology systems which serve programs or activities under "Community planning and development": *Provided further*, That \$2,000,000 shall be available for the Partnership for Advancing Technology in Housing Program (PATH): *Provided further*, That all balances for PATH previously funded within the Policy Development and Research account shall be transferred to this account, to be available for the purposes **[of]** for which they were originally appropriated.

In addition to amounts otherwise made available under this heading, **[\$87,500,000] \$200,000,000**, to remain available until September 30, **[2006] 2007**, for assistance to homebuyers as authorized under **[title II of the Cranston-Gonzalez National Affordable Housing Act, as amended: *Provided*, That the Secretary shall provide such assistance in accordance with a formula to be established by the Secretary that considers, among other things, a participating jurisdiction's need for, and prior commitment to, assistance to homebuyers: *Provided further*, That should legislation be enacted prior to April 15, 2004, to authorize a new down-payment assistance program under the HOME Investment Partnership Act, the amounts provided under this paragraph shall be distributed for downpayment assistance in accordance with the terms and conditions set forth in such Act] title I of the American Dream Downpayment Act. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)**

Program and Financing (in millions of dollars)

Identification code 86-0205-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 HOME grants	1,876	2,010	2,085
10.00 Total new obligations (object class 41.0)	1,876	2,010	2,085
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	256	372	368
22.00 New budget authority (gross)	1,987	2,006	2,084
22.10 Resources available from recoveries of prior year obligations	4	.....	.....
23.90 Total budgetary resources available for obligation	2,247	2,378	2,452
23.95 Total new obligations	-1,876	-2,010	-2,085
24.40 Unobligated balance carried forward, end of year	372	368	367
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	2,000	2,018	2,084
40.35 Appropriation permanently reduced	-13	-12	.....
43.00 Appropriation (total discretionary)	1,987	2,006	2,084
Change in obligated balances:			
72.40 Obligated balance, start of year	4,667	4,914	5,177
73.10 Total new obligations	1,876	2,010	2,085
73.20 Total outlays (gross)	-1,616	-1,747	-1,885
73.32 Obligated balance transferred from other accounts .....	.....	.....	10
73.40 Adjustments in expired accounts (net)	-9	.....	.....
73.45 Recoveries of prior year obligations	-4	.....	.....
74.40 Obligated balance, end of year	4,914	5,177	5,387
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	9	40	42
86.93 Outlays from discretionary balances	1,607	1,707	1,843
87.00 Total outlays (gross)	1,616	1,747	1,885
Net budget authority and outlays:			
89.00 Budget authority	1,987	2,006	2,084
90.00 Outlays	1,616	1,747	1,885

The HOME Investment Partnerships program is authorized by the National Affordable Housing Act (P.L. 101-625). This program provides assistance to States and units of local government, through formula allocation, expanding the supply and affordability of housing. Eligible activities include acquisition, rehabilitation, and new construction of housing and tenant-based rental assistance. The 2005 request will result in the production of 100,848 units of affordable housing through new construction, rehabilitation, or acquisition. In addition, tenant-based rental assistance will be provided for 12,935 units.

The \$200 million American Dream Down Payment Initiative will help expand homeownership opportunities to 40,000 low-income first-time homebuyers and also support expansion of minority homeownership.

Funding of \$2 million is provided for the Partnership for Advancing Technology in Housing (PATH). The PATH program is being transferred from the Policy, Development and Research program office to the HOME program to integrate this research program with the practical housing experience within the HOME program.

The HOME request also includes up to \$200,000 for systems development and related projects including improvements to the Integrated Disbursement and Information System (IDIS), funding for technical assistance, and \$1 million for program management and analytical support.

HOMELESS ASSISTANCE GRANTS (INCLUDING TRANSFER OF FUNDS)

For the emergency shelter grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the supportive housing program as authorized under subtitle C of title IV of such Act; the section 8 moderate rehabilitation single room occupancy program as authorized under the United States Housing Act of 1937, as amended, to assist homeless individuals pursuant to section 441 of the McKinney-Vento Homeless Assistance Act; and the shelter plus care program as authorized under subtitle F of title IV of such Act, **[\$1,267,000,000]** **\$1,282,400,000**, of which **[\$1,247,000,000]** **\$1,237,400,000** **[to]** shall remain available until September 30, **[2006]** 2007, and of which **\$20,000,000** **[to]** shall remain available until expended; and of which **\$25,000,000** shall be for the Prisoner Re-Entry Initiative and shall remain available until expended: *Provided*, That not less than 30 percent of funds made available, excluding amounts provided for renewals under the shelter plus care program, shall be used for permanent housing: *Provided further*, That all funds awarded for services shall be matched by 25 percent in funding by each grantee: *Provided further*, That the Secretary shall renew on an annual basis expiring contracts or amendments to contracts funded under the shelter plus care program if the program is determined to be needed under the applicable continuum of care and meets appropriate program requirements and financial standards, as determined by the Secretary: *Provided further*, That all awards of assistance under this heading shall be required to coordinate and integrate homeless programs with other mainstream health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, State Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program: *Provided further*, That **[\$12,000,000]** **\$11,900,000** of the funds appropriated under this heading shall be available for the national homeless data analysis project and technical assistance: *Provided further*, That no less than **[\$2,580,000]** **\$500,000** of the funds appropriated under this heading shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under "Community planning and development": *Provided further*, That all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account shall be transferred to this account, to be available for Shelter Plus Care renewals in Fiscal Year 2005. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0192-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Homeless assistance grants	1,099	1,319	1,382
10.00 Total new obligations (object class 41.0)	1,099	1,319	1,382
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,583	1,755	1,751
22.00 New budget authority (gross)	1,217	1,260	1,282
22.10 Resources available from recoveries of prior year obligations	54	55	55
22.22 Unobligated balance transferred from other accounts			7
23.90 Total budgetary resources available for obligation	2,854	3,070	3,095
23.95 Total new obligations	-1,099	-1,319	-1,382
24.40 Unobligated balance carried forward, end of year	1,755	1,751	1,713

New budget authority (gross), detail:

Discretionary:			
40.00 Appropriation	1,225	1,267	1,282
40.35 Appropriation permanently reduced	-8	-7	
43.00 Appropriation (total discretionary)	1,217	1,260	1,282
Change in obligated balances:			
72.40 Obligated balance, start of year	2,428	2,393	2,257
73.10 Total new obligations	1,099	1,319	1,382
73.20 Total outlays (gross)	-1,080	-1,400	-1,467
73.45 Recoveries of prior year obligations	-54	-55	-55
74.40 Obligated balance, end of year	2,393	2,257	2,117
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	8	13	13
86.93 Outlays from discretionary balances	1,072	1,387	1,454
87.00 Total outlays (gross)	1,080	1,400	1,467
Net budget authority and outlays:			
89.00 Budget authority	1,217	1,260	1,282
90.00 Outlays	1,080	1,400	1,467

The Homeless Assistance Grants account funds the Shelter Plus Care, Supportive Housing, Emergency Shelter Grants, and Section 8 Moderate Rehabilitation Single Room Occupancy programs. These funds will enable localities to shape and implement comprehensive, flexible, coordinated approaches to solving rather than institutionalizing homelessness. In fact, in recent years, many communities have made great strides in developing holistic approaches to ending chronic homelessness. To date, 41 states and 80 cities and counties have begun or completed development of ten-year plans to end chronic homelessness. Requested funding would be available for a wide range of activities to assist homeless persons and prevent future homelessness, and will support the Department's effort to end chronic homelessness within a decade.

The Administration will propose legislation to combine HUD's three competitive programs—Shelter Plus Care, Supportive Housing, and Section 8 Moderate Rehabilitation Single Room Occupancy into a single program with enough flexibility to meet community needs. The Department is also continuing to pursue expanded interagency efforts to meet the needs of the homeless.

Funding is also requested for technical assistance to provide needed assistance to grantees to resolve problems that hinder successful project completion and implementation, and for management information systems support, including the continuing operation of tracking systems required by House Report 105-610. The transfer of remaining balances in the Shelter Plus Care Renewal account to this account reflects that Shelter Plus Care Renewals have been funded in this account since 2003.

Funding of \$25 million is included for a four year Prisoner Re-Entry Initiative, involving the Departments of Justice, Labor, and Housing and Urban Development, to help individuals exiting prison make a successful transition to community life and long-term employment.

SAMARITAN HOUSING

Program and Financing (in millions of dollars)

Identification code 86-0400-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity			50
10.00 Total new obligations (object class 41.0)			50
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			50
23.95 Total new obligations			-50
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			50

General and special funds—Continued**SAMARITAN HOUSING—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 86-0400-0-1-604	2003 actual	2004 est.	2005 est.
Change in obligated balances:			
73.10 Total new obligations			50
73.20 Total outlays (gross)			-5
74.40 Obligated balance, end of year			45
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			5
Net budget authority and outlays:			
89.00 Budget authority			50
90.00 Outlays			5

The Administration will submit legislation for the Samaritan initiative, a new competitive grant program that supports the Administration's efforts to end chronic homelessness by 2012. The Budget includes \$50 million for housing grants in the Department of Housing and Urban Development (HUD) for this proposal. Together with the Departments of Health and Human Services (HHS), and Veterans Affairs (VA), HUD will support the most promising local strategies to move chronically homeless persons from the streets to safe permanent housing with supportive services. Supportive Services will be funded through HHS and VA, and housing will be funded through HUD.

RURAL HOUSING AND ECONOMIC DEVELOPMENT

[For the Office of Rural Housing and Economic Development in the Department of Housing and Urban Development, \$25,000,000 to remain available until expended, which amount shall be competitively awarded by June 1, 2004, to Indian tribes, State housing finance agencies, State community and/or economic development agencies, local rural nonprofits and community development corporations to support innovative housing and economic development activities in rural areas.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0324-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Rural Housing	26	50	
10.00 Total new obligations (object class 41.0)	26	50	
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	26	25	
22.00 New budget authority (gross)	25	25	
23.90 Total budgetary resources available for obligation	51	50	
23.95 Total new obligations	-26	-50	
24.40 Unobligated balance carried forward, end of year	25		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	25	25	
Change in obligated balances:			
72.40 Obligated balance, start of year	34	40	70
73.10 Total new obligations	26	50	
73.20 Total outlays (gross)	-20	-20	-20
74.40 Obligated balance, end of year	40	70	50
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority		1	
86.93 Outlays from discretionary balances	20	19	20
87.00 Total outlays (gross)	20	20	20
Net budget authority and outlays:			
89.00 Budget authority	25	25	
90.00 Outlays	20	20	20

This program encouraged new and innovative approaches to serving the housing and economic development needs of

the nation's rural communities. The 2005 Budget proposes no new funding for this program.

EMERGENCY FOOD AND SHELTER PROGRAM**Program and Financing (in millions of dollars)**

Identification code 86-0230-0-1-605	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
04.10 Direct Program Activity			153
10.00 Total new obligations (object class 41.0)			153
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			153
23.95 Total new obligations			-153
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			153
Change in obligated balances:			
73.10 Total new obligations			153
73.20 Total outlays (gross)			-153
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			153
Net budget authority and outlays:			
89.00 Budget authority			153
90.00 Outlays			153

Legislation will be submitted to transfer this program from the Federal Emergency Management Agency to HUD in order to consolidate emergency homeless assistance. The Emergency Food and Shelter program distributes funds rapidly and equitably to local jurisdictions to supplement community efforts to provide emergency food and shelter services. Funds will continue to be obligated to a National Board, which will be chaired by HUD and whose non-profit partners (American Red Cross, The Salvation Army, United Way of America, and others) provide professional expertise. This National Board then will work through similarly composed local boards to advertise the availability of funds, assess community needs, and make allocation choices. These community-based Local Boards also assure coordination of effort and development of systems to prevent duplication of benefits. The Budget proposes no changes in the program's design or operation. The 2005 Budget proposes \$153 million.

URBAN DEVELOPMENT ACTION GRANTS

[From balances of the Urban Development Action Grant Program, as authorized by title I of the Housing and Community Development Act of 1974, as amended, \$30,000,000 are cancelled.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0170-0-1-451	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year		35	5
22.00 New budget authority (gross)		-30	
22.10 Resources available from recoveries of prior year obligations	35		
23.90 Total budgetary resources available for obligation	35	5	5
24.40 Unobligated balance carried forward, end of year	35	5	5
New budget authority (gross), detail:			
Discretionary:			
40.36 Unobligated balance permanently reduced		-30	
Change in obligated balances:			
72.40 Obligated balance, start of year	61	10	
73.20 Total outlays (gross)	-16	-10	
73.45 Recoveries of prior year obligations	-35		
74.40 Obligated balance, end of year	10		
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	16	10	

Net budget authority and outlays:

89.00	Budget authority	— 30	.....
90.00	Outlays	16	10

Title I of the Housing and Community Development Act of 1974, as amended, authorized grants to distressed cities and distressed urban counties to fund economic development projects. The program was terminated in 1990.

SHELTER PLUS CARE RENEWALS**Program and Financing (in millions of dollars)**

Identification code 86-0232-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Renewal of Expiring Contracts	17	1	.....
10.00 Total new obligations (object class 41.0)	17	1	.....
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	19	6	7
22.10 Resources available from recoveries of prior year obligations	4	2	.....
22.21 Unobligated balance transferred to other accounts .....	.....	.....	-7
23.90 Total budgetary resources available for obligation	23	8	.....
23.95 Total new obligations	-17	-1	.....
24.40 Unobligated balance carried forward, end of year	6	7	.....
Change in obligated balances:			
72.40 Obligated balance, start of year	54	25	.....
73.10 Total new obligations	17	1	.....
73.20 Total outlays (gross)	-42	-25	.....
73.45 Recoveries of prior year obligations	-4	-2	.....
74.40 Obligated balance, end of year	25	.....	.....
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	42	25	.....
Net budget authority and outlays:			
89.00 Budget authority .....	.....	.....	.....
90.00 Outlays	42	25	.....

Shelter Plus Care provides rental assistance that, when combined with social services, supplies supportive housing for homeless people with disabilities and their families. Homeless people with disabilities often need more than shelter to live independently, such as medical care or other social services. Shelter Plus Care provides for a variety of housing choices such as group homes or individual units, coupled with a range of supportive services (which are funded by other sources). Grantees must match the rental assistance with supportive services that are at least equal in value to the amount of HUD's rental assistance. The Shelter Plus Care renewal funding renews contracts on a one-year basis and provides funding to amend contracts that were previously extended but which will run out of funding. The 2002 VA HUD Appropriations Act (P.L. 107-73) provided funding for Shelter Plus Care in the Homeless Assistance Grants account. Shelter Plus Care Renewals are funded in the Homeless Assistance Grants account in 2005. The budget transfers all remaining balances in this account to the Homeless Assistance Grant account where Shelter Plus Care renewals have been funded since 2003.

Public enterprise funds:**REVOLVING FUND (LIQUIDATING PROGRAMS)****Program and Financing (in millions of dollars)**

Identification code 86-4015-0-3-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Section 312 expenses .....	.....	1	1
10.00 Total new obligations (object class 32.0) .....	.....	1	1
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	20	21	11

22.00	New budget authority (gross)	12	1	1
22.40	Capital transfer to general fund	-10	-10	-5
23.90	Total budgetary resources available for obligation	22	12	7
23.95	Total new obligations .....	.....	-1	-1
24.40	Unobligated balance carried forward, end of year	21	11	6

New budget authority (gross), detail:

Mandatory:				
69.00	Offsetting collections (cash)	12	1	1

Change in obligated balances:

72.40	Obligated balance, start of year	3	3	3
73.10	Total new obligations .....	.....	1	1
73.20	Total outlays (gross)	-1	-1	-1
74.40	Obligated balance, end of year	3	3	3

Outlays (gross), detail:

86.98	Outlays from mandatory balances	1	1	1
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Offsets:

Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources	-12	-1	-1

Net budget authority and outlays:

89.00	Budget authority .....	.....	.....	.....
90.00	Outlays	-11	.....	.....

Status of Direct Loans (in millions of dollars)

Identification code 86-4015-0-3-451		2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	18	7	5
1251	Repayments: Repayments and prepayments	-10	-1	-1
1263	Write-offs for default: Direct loans	-1	-1	-1
1290	Outstanding, end of year	7	5	3

The Revolving fund (liquidating programs) was established by the Independent Offices Appropriations Act of 1955 for the efficient liquidation of assets acquired under a number of housing and urban development programs.

Balance Sheet (in millions of dollars)

Identification code 86-4015-0-3-451	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	23	24	.....
1207	Non-Federal assets: Advances and prepayments	1	1	.....
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	18	7	.....
1602	Interest receivable	4	.....	.....
1603	Allowance for estimated uncollectible loans and interest (-)	-7	-7	.....
1604	Direct loans and interest receivable, net	15	.....	.....
1606	Foreclosed property	2	2	.....
1699	Value of assets related to direct loans	17	2	.....
1999	Total assets	41	27	.....
LIABILITIES:				
Non-Federal liabilities:				
2201	Accounts payable	1	1	.....
2207	Other	8	8	.....
2999	Total liabilities	9	9	.....
NET POSITION:				
3100	Appropriated capital	3	2	.....
3300	Cumulative results of operations	29	16	.....
3999	Total net position	32	18	.....
4999	Total liabilities and net position	41	27	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Credit accounts:**COMMUNITY DEVELOPMENT LOAN GUARANTEES PROGRAM ACCOUNT**
(INCLUDING TRANSFER OF FUNDS)

For the cost of guaranteed loans, \$6,325,000, to remain available until September 30, 2005, as authorized by section 108 of the Housing and Community Development Act of 1974, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$275,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act of 1974, as amended.]

[In addition, for administrative expenses to carry out the guaranteed loan program, \$1,000,000 which shall be transferred to and merged with the appropriation for "Salaries and expenses".] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0198-0-1-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Community development loan guarantee credit subsidy	8	8	3
00.07 Upward Reestimate of Loan Guarantee	24	24	.....
00.08 Interest on reestimate	2	2	.....
00.09 Administrative expense	1	1	.....
10.00 Total new obligations (object class 33.0)	9	35	3
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	5	3
22.00 New budget authority (gross)	7	33	.....
23.90 Total budgetary resources available for obligation	14	38	3
23.95 Total new obligations	-9	-35	-3
24.40 Unobligated balance carried forward, end of year	5	3	.....
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	7	7	.....
Mandatory:			
60.00 Appropriation	26	26	.....
70.00 Total new budget authority (gross)	7	33	.....
Change in obligated balances:			
72.40 Obligated balance, start of year	18	19	18
73.10 Total new obligations	9	35	3
73.20 Total outlays (gross)	-7	-36	-9
73.40 Adjustments in expired accounts (net)	-1	.....	.....
74.40 Obligated balance, end of year	19	18	12
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	1	2	.....
86.93 Outlays from discretionary balances	6	8	9
86.97 Outlays from new mandatory authority	26	26	.....
87.00 Total outlays (gross)	7	36	9
Net budget authority and outlays:			
89.00 Budget authority	7	33	.....
90.00 Outlays	7	36	9

Guaranteed Loans.—No funds are requested for the Community Development Loan Guarantee program (Section 108) in 2005.

Section 108 loan guarantees have been used by Community Development Block Grant entitlement and nonentitlement communities (assisted by their State) for economic development activities, acquisition of real property, rehabilitation of publicly owned real property, and housing rehabilitation.

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0198-0-1-451	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Community development loan guarantee levels	275	275	.....
215901 Total loan guarantee levels	275	275	.....

Guaranteed loan subsidy (in percent):			
232001 Community development loan guarantee levels	2.30	2.30	0.00
232901 Weighted average subsidy rate	2.30	2.30	0.00
Guaranteed loan subsidy budget authority:			
233001 Community development loan guarantee levels	6	6	.....
233901 Total subsidy budget authority	6	6	.....
Guaranteed loan subsidy outlays:			
234001 Community development loan guarantee levels	6	9	9
234901 Total subsidy outlays	6	9	9
Guaranteed loan upward reestimate subsidy budget authority:			
235001 Community development loan guarantee levels .....	.....	26	.....
235901 Total upward reestimate budget authority .....	.....	26	.....
Guaranteed loan downward reestimate subsidy budget authority:			
237001 Community development loan guarantee levels .....	.....	-7	.....
237901 Total downward reestimate subsidy budget authority .....	.....	-7	.....
Administrative expense data:			
351001 Budget authority	1	1	.....
359001 Outlays from new authority	1	1	.....

As required by the Federal Credit Reform Act of 1990, this account records the subsidy costs associated with the loan guarantees committed since 1992 (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses for this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

COMMUNITY DEVELOPMENT LOAN GUARANTEES FINANCING ACCOUNT**Program and Financing** (in millions of dollars)

Identification code 86-4096-0-3-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
08.02 Payment of Downward Reestimate to Receipt Account .....	.....	5	.....
08.04 Payment of Downward Reestimate to Receipt Account (Interest) .....	.....	2	.....
10.00 Total new obligations .....	.....	7	.....
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	56	65	96
22.00 New financing authority (gross)	9	38	13
23.90 Total budgetary resources available for obligation	65	103	109
23.95 Total new obligations .....	.....	-7	.....
24.40 Unobligated balance carried forward, end of year	65	96	109
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	9	38	13
Change in obligated balances:			
72.40 Obligated balance, start of year	-18	-19	-19
73.10 Total new obligations .....	.....	7	.....
73.20 Total financing disbursements (gross) .....	.....	-7	.....
74.40 Obligated balance, end of year	-19	-19	-19
87.00 Total financing disbursements (gross) .....	.....	7	.....
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal Sources	-6	-9	-9
88.00 Federal Sources: Payments from Program Account .....	.....	-24	.....
88.00 Federal sources: Upward reestimate (Interest) .....	.....	-2	.....
88.25 Interest on uninvested funds	-3	-3	-4
88.90 Total, offsetting collections (cash)	-9	-38	-13
Net financing authority and financing disbursements:			
89.00 Financing authority .....	.....	.....	.....
90.00 Financing disbursements	-9	-31	-13

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4096-0-3-451	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	273	273	.....
2121 Limitation available from carry-forward	298	183	130
2143 Uncommitted limitation carried forward	-237	-130	.....
2150 Total guaranteed loan commitments	334	326	130
2199 Guaranteed amount of guaranteed loan commitments	334	326	130
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	2,040	2,183	2,274
2231 Disbursements of new guaranteed loans	316	391	391
2251 Repayments and prepayments	-173	-300	-350
2290 Outstanding, end of year	2,183	2,274	2,315
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	2,183	2,274	2,315

Balance Sheet (in millions of dollars)

Identification code 86-4096-0-3-451	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	38	46	.....	.....
1999 Total assets	38	46	.....	.....
LIABILITIES:				
2204 Non-Federal liabilities: Liabilities for loan guarantees	38	46	.....	.....
2999 Total liabilities	38	46	.....	.....
4999 Total liabilities and net position	38	46	.....	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Guaranteed loans.—The Community Development Loan Guarantees program has provided a mechanism for the Federal guarantee of private loans. An accompanying liquidating account shows activity for Federal Financing Bank (FFB) direct loan activity, obligated prior to July 1, 1986. The following is a status of privately financed guaranteed loan commitments made prior to 1992. No funding is requested for new section 108 loans in 2005.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

COMMUNITY DEVELOPMENT LOAN GUARANTEES LIQUIDATING
ACCOUNT**Program and Financing** (in millions of dollars)

Identification code 86-4097-0-3-451	2003 actual	2004 est.	2005 est.
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	3	2	.....
69.47 Portion applied to repay debt	-3	-2	.....
69.90 Spending authority from offsetting collections (total mandatory) .....	.....	.....	.....
Change in obligated balances:			
72.40 Obligated balance, start of year	-6	-6	-6
74.40 Obligated balance, end of year	-6	-6	-6

Offsets:

Against gross budget authority and outlays:

88.00 Offsetting collections (cash) from:			
88.40 Federal sources	-2	-2	.....
88.40 Non-Federal sources	-1	.....	.....
88.90 Total, offsetting collections (cash)	-3	-2	.....
Net budget authority and outlays:			
89.00 Budget authority	-3	-2	.....
90.00 Outlays	-2	-2	.....

Status of Direct Loans (in millions of dollars)

Identification code 86-4097-0-3-451	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	6	2	.....
1251 Repayments: Repayments and prepayments	-4	-2	.....
1290 Outstanding, end of year	2	.....	.....

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4097-0-3-451	2003 actual	2004 est.	2005 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	47	47	32
2251 Repayments and prepayments .....	.....	-15	-15
2290 Outstanding, end of year	47	32	17
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	47	12	2

Balance Sheet (in millions of dollars)

Identification code 86-4097-0-3-451	2002 actual	2003 actual	2004 est.	2005 est.
Group heading				
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	-8	-6	.....	.....
1106 Investments in US securities:				
Receivables, net	6	6	.....	.....
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1701 Defaulted guaranteed loans, gross	5	2	.....	.....
1704 Defaulted guaranteed loans and interest receivable, net	5	2	.....	.....
1799 Value of assets related to loan guarantees	5	2	.....	.....
1999 Total assets	3	2	.....	.....
LIABILITIES:				
2103 Federal liabilities: Debt	5	2	.....	.....
2207 Non-Federal liabilities: Other	-2	.....	.....	.....
2999 Total liabilities	3	2	.....	.....
4999 Total liabilities and net position	3	2	.....	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

No funding is requested for new Section 108 loans in 2005. As required by the Federal Credit Reform Act of 1990, this account records all cash flows to and from the Government resulting from Federal Financing Bank (FFB) direct loans for which loan guarantees were committed prior to 1992. This account is shown on a cash basis.

Guaranteed loans.—Guaranteed loan assistance under the Community Development Loan Guarantees program was provided to eligible communities to finance economic development activities, housing rehabilitation, development or expansion of public facilities, acquisition of real property, rehabilitation of publicly owned real property, and certain related expenses. In the past, the FFB financed these guaranteed loans. The Consolidated Omnibus Budget Reconciliation Act of 1985 required private financing of all loan guarantees committed

Credit accounts—Continued**COMMUNITY DEVELOPMENT LOAN GUARANTEES LIQUIDATING
ACCOUNT—Continued**

after July 1, 1986. FFB will continue disbursing loans for commitments approved prior to July 1, 1986. The activity shown in the above account reflects privately financed guaranteed loans for which commitments were made prior to 1992.

HOUSING PROGRAMS**Federal Funds****General and special funds:****HOUSING FOR THE ELDERLY****(INCLUDING TRANSFER OF FUNDS)**

For capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and 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, and for supportive services associated with the housing, **[\$778,320,000]** \$773,300,000, plus recaptures and cancelled commitments, to remain available until September 30, **[2006]** 2008, of which amount **[\$30,000,000]** \$53,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects, and of which amount up to **[\$25,000,000]** \$30,000,000 shall be for grants under section 202b of the Housing Act of 1959 (12 U.S.C. 1701q–2) for conversion of eligible projects under such section to assisted living or related use and for emergency capital repairs as determined by the Secretary: *Provided*, **[That of the amount made available under this heading, \$20,000,000 shall be available to the Secretary of Housing and Urban Development only for making competitive grants to private nonprofit organizations and consumer cooperatives for covering costs of architectural and engineering work, site control, and other planning relating to the development of supportive housing for the elderly that is eligible for assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q): *Provided further*, That no less than **[\$470,000]** \$75,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under “Housing programs” or “Federal Housing Administration”: *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 all balances outstanding, as of September 30, **[2003]** 2004, for capital advances, including amendments to capital advances, for housing for the elderly, as authorized by section 202, for project rental assistance for housing for the elderly, as authorized under section 202(c)(2) of such Act, including amendments to contracts shall be transferred to and merged with the amounts for those purposes under this heading. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)**

Program and Financing (in millions of dollars)

Identification code 86–0320–0–1–604		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
00.01	Elderly and disabled housing grants	1,594	774	773
10.00	Total new obligations (object class 41.0)	1,594	774	773
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	2,453	1,897	1,503
22.00	New budget authority (gross)	1,027	774	773
22.10	Resources available from recoveries of prior year obligations	10		
22.21	Unobligated balance transferred to other accounts		–394	
23.90	Total budgetary resources available for obligation	3,490	2,277	2,276
23.95	Total new obligations	–1,594	–774	–773
24.40	Unobligated balance carried forward, end of year	1,897	1,503	1,503
New budget authority (gross), detail:				
Discretionary:				
40.00	Appropriation	1,034	778	773

40.35	Appropriation permanently reduced	–7	–4	
43.00	Appropriation (total discretionary)	1,027	774	773
Change in obligated balances:				
72.40	Obligated balance, start of year	4,634	5,227	4,058
73.10	Total new obligations	1,594	774	773
73.20	Total outlays (gross)	–992	–755	–766
73.31	Obligated balance transferred to other accounts		–1,188	
73.45	Recoveries of prior year obligations	–10		
74.40	Obligated balance, end of year	5,227	4,058	4,066
Outlays (gross), detail:				
86.93	Outlays from discretionary balances	992	755	766
Net budget authority and outlays:				
89.00	Budget authority	1,027	774	773
90.00	Outlays	991	755	766

This account consolidates activity under the Section 202 Housing for the Elderly Program and the Section 811 Housing for the Disabled Program for 2003. However, in 2004, Housing for the Elderly and Housing for the Disabled are appropriated as separate accounts. For 2005, a total of \$773 million is proposed for housing for the elderly. Of this amount \$30 million is for the capital grant program to convert existing 202 properties to assisted living under appropriate conditions. These funds for capital grants are available to existing HUD elderly subsidized (Section 202) projects that convert some or all units to Assisted Living.

\$53 million is provided for a service coordinator program that will serve both residents of HUD-assisted elderly housing, other eligible elderly residing in the neighborhood in which such projects are located on an exception basis, and residents of projects assisted under section 811.

HOUSING FOR PERSONS WITH DISABILITIES**(INCLUDING TRANSFER OF FUNDS)**

For capital advance contracts, 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, for project rental assistance for supportive housing for persons with disabilities under section 811(d)(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, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1) of such Act, and for tenant-based rental assistance contracts entered into pursuant to section 811 of such Act, **[\$250,570,000]** \$248,700,000, plus recaptures and cancelled commitments to remain available until September 30, **[2006]** 2008: *Provided*, That no less than **[\$470,000]** \$75,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under “Housing programs” or “Federal Housing Administration”: *Provided further*, That of the amount provided under this heading, other than amounts for renewal of expiring project-based or tenant-based rental assistance contracts, the Secretary may designate up to 25 percent for tenant-based rental assistance, as authorized by section 811 of such Act, (which assistance is five years in duration): *Provided further*, That the Secretary may waive the provisions of section 811 governing the terms and conditions of project rental assistance and tenant-based assistance, except that the initial contract term for such assistance shall not exceed five years in duration: *Provided further*, That all balances outstanding, as of September 30, **[2003]** 2004, for capital advances, including amendments to capital advances, for supportive housing for persons with disabilities, as authorized by section 811, for project rental assistance for supportive housing for persons with disabilities, as authorized under section 811(d)(2), including amendments to contracts for such assistance and renewal of expiring contracts for such assistance, and for supportive services associated with the housing for persons with disabilities as authorized by section 811(b)(1), shall be transferred to and merged with the amounts for these purposes under this heading. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0237-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Housing for the Disabled		249	249
10.00 Total new obligations (object class 41.0)		249	249
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year			394
22.00 New budget authority (gross)		250	249
22.22 Unobligated balance transferred from other accounts		394	
23.90 Total budgetary resources available for obligation		644	643
23.95 Total new obligations		-249	-249
24.40 Unobligated balance carried forward, end of year		394	394
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation		251	249
40.35 Appropriation permanently reduced		-1	
43.00 Appropriation (total discretionary)		250	249
Change in obligated balances:			
72.40 Obligated balance, start of year			1,185
73.10 Total new obligations		249	
73.20 Total outlays (gross)		-252	-255
73.32 Obligated balance transferred from other accounts		1,188	
74.40 Obligated balance, end of year		1,185	1,179
Outlays (gross), detail:			
86.93 Outlays from discretionary balances		252	255
Net budget authority and outlays:			
89.00 Budget authority		250	249
90.00 Outlays		252	255

Prior to 2004, funding for the Housing for the Elderly and Housing for Persons with Disabilities were appropriated in one account, Housing for Special Populations. Beginning in 2004, they are appropriated as separate accounts.

HOUSING COUNSELING ASSISTANCE

For contract, grants, and other assistance other than loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, \$45,000,000, to remain available until September 30, 2006: *Provided, That funds shall be used for providing counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management and such other matters as may be appropriate to assist them in improving their housing conditions and meeting the responsibilities of tenancy or homeownership, including provisions for training and for support of voluntary agencies and services.*

Program and Financing (in millions of dollars)

Identification code 86-0156-0-1-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Housing Assistance			5
10.00 Total new obligations (object class 41.0)			5
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			45
23.95 Total new obligations			-5
24.40 Unobligated balance carried forward, end of year			40
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			45
Change in obligated balances:			
73.10 Total new obligations			5
73.20 Total outlays (gross)			-5
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			5
Net budget authority and outlays:			
89.00 Budget authority			45
90.00 Outlays			5

The Housing Counseling Assistance Program provides comprehensive housing counseling services to eligible homeowners

and tenants, including home purchase, financial management, and rental counseling. This program has been funded through a set-aside under the HOME program appropriation for the past several years. However, in 2005, it is being proposed as a stand alone account.

The Housing Counseling Assistance Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low-to moderate-income renters and the homeless. The primary objectives of the program are to expand homeownership opportunities, improve access to affordable housing and aid in HUD's commitment to bridging the gap of homeownership of minorities and other underserved groups in comparison to the National homeownership rate.

In 2005, a \$5 million increase is requested to expand counseling services to families participating in FHA's new Zero Downpayment program.

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(RESCISSION)

[Up to \$303,000,000 of recaptured section 236 budget authority resulting from prepayment of mortgages subsidized under section 236 of the National Housing Act (12 U.S.C. 1715z-1) shall be rescinded in fiscal year 2004: *Provided, That the limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 is reduced in fiscal year 2004 by not more than \$303,000,000 in uncommitted balances of authorizations of contract authority provided for this purpose in prior appropriations Acts.*] *Of the amounts made available under the heading, "Rent Supplement," in Public Law 98-63 for amendments to contracts under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s) and section 236(f)(2) of the National Housing Act (12 U.S.C. 1715 z-1) in State-aided, non-insured rental housing projects, \$675,000,000 is cancelled. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)*

Program and Financing (in millions of dollars)

Identification code 86-0206-0-1-999	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Rent supplement	6	10	10
00.02 Homeownership and rental housing assistance (Sections 235 and 236)	24	34	34
10.00 Total new obligations (object class 41.0)	30	44	44
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,422	1,293	990
22.00 New budget authority (gross)	-100	-303	-675
22.10 Resources available from recoveries of prior year obligations	51	44	44
22.75 Balance of contract authority withdrawn	-51		
23.90 Total budgetary resources available for obligation	1,322	1,034	359
23.95 Total new obligations	-30	-44	-44
24.40 Unobligated balance carried forward, end of year	1,293	990	315
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	730	609	578
40.49 Portion applied to liquidate contract authority	-730	-609	-578
43.00 Appropriation (total discretionary)			
49.35 Contract authority permanently reduced	-100	-303	-675
70.00 Total new budget authority (gross)	-100	-303	-675
Change in obligated balances:			
72.40 Obligated balance, start of year	8,279	7,618	7,009
73.10 Total new obligations	30	44	44
73.20 Total outlays (gross)	-639	-609	-578
73.45 Recoveries of prior year obligations	-51	-44	-44
74.40 Obligated balance, end of year	7,618	7,009	6,431
Outlays (gross), detail:			
86.93 Outlays from discretionary balances	639	609	578
Net budget authority and outlays:			
89.00 Budget authority	-100	-303	-675

General and special funds—Continued**OTHER ASSISTED HOUSING PROGRAMS—Continued**
(RESCISSION)—Continued**Program and Financing** (in millions of dollars)—Continued

Identification code 86-0206-0-1-999	2003 actual	2004 est.	2005 est.
90.00 Outlays	639	609	578
93.01 Unobligated balance, start of year: Contract authority	1,422	1,289	986
93.02 Unobligated balance, end of year: Contract authority	1,289	986	311
93.03 Obligated balance, start of year: Contract authority	8,044	7,296	6,643
93.04 Obligated balance, end of year: Contract authority	7,296	6,643	6,021

OTHER ASSISTED HOUSING**Summary of Administrative Commitments**

(in millions of dollars)

Assistance contracts:	2003 actual	2004 est.	2005 est.
Rent supplement	6	10	10
Homeownership and rental housing assistance (sections 235 and 236)	24	34	34
Administrative commitments, start of year	8	8	8
Administrative commitments, end of year	-8	-8	-8
Total obligations	30	44	44

The Other Assisted Housing Account contains the programs listed below:

Rent supplement.—Rent supplement assistance payments will continue to be made on behalf of qualified low-income tenants in approximately 18,600 units which have not converted to section 8.

Section 235.—The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181) authorized a restructured section 235 (Homeownership Assistance) program based on a 10-year interest reduction subsidy. This replaced earlier versions of the program, the original and the revised versions. All were below interest rate mortgages for single family homes.

Section 236.—The Housing and Urban Development Act of 1968, as amended, authorizes the section 236 Rental Housing Assistance Program which subsidizes the monthly mortgage payment that an owner of a rental or cooperative project is required to make. This interest subsidy reduces rents for lower income tenants.

IRP Rehab Grants.—Title V of the 1998 Appropriations Act (P.L. 105-65) establishes a program of rehabilitation grants for owners of eligible projects.

The table below reflects the consolidated outlay total for: the Housing Certificate Fund; the Public Housing Capital Fund; and the Other Assisted Housing account.

SUMMARY OF OUTLAYS¹

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Subsidized housing programs, total	25,254	26,575	26,516
Low-income housing assistance (sec. 8)	20,950	22,250	22,195
Public housing capital fund	3,665	3,716	3,743
Rent supplement	55	51	47
Homeownership assistance (sec. 235)	8	6	5
Rental housing assistance (sec. 236)	566	542	517
College housing grants	9	9	9

¹ Includes outlays for contract renewals.**HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE**
GRANTS (HOPE Grants)**Program and Financing** (in millions of dollars)

Identification code 86-0196-0-1-604	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5		
22.00 New budget authority (gross)	-5		
22.10 Resources available from recoveries of prior year obligations	1		

23.90 Total budgetary resources available for obligation	1		
--	---	--	--

New budget authority (gross), detail:

Discretionary:			
40.36 Unobligated balance permanently reduced	-6		
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1		
70.00 Total new budget authority (gross)	-5		

Change in obligated balances:

72.40 Obligated balance, start of year	19	16	14
73.20 Total outlays (gross)	-2	-2	-2
73.45 Recoveries of prior year obligations	-1		
74.40 Obligated balance, end of year	16	14	12

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	1		
86.93 Outlays from discretionary balances	1	2	2
87.00 Total outlays (gross)	2	2	2

Offsets:

Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-1		

Net budget authority and outlays:

89.00 Budget authority	-6		
90.00 Outlays	2	2	2

The Homeownership and Opportunity for People Everywhere Program provided affordable homeownership opportunities for low-income families. Units were converted to homeownership from public and Indian housing properties in HOPE 1, from FHA-insured and Government-held multifamily properties in HOPE 2, and from Government-owned or -held single family properties in HOPE 3. HOPE Grants were used for property acquisition, rehabilitation, mortgage subsidies, security measures, and technical assistance. In addition, grants have been devoted to counseling and training of residents, and other activities intended to help them become economically self-sufficient homeowners. No funding is being requested for 2005. This schedule reflects the liquidation of prior year balances.

PAYMENT TO MANUFACTURED HOUSING FEES TRUST FUND

For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended (42 U.S.C. 5401 et seq.), up to \$13,000,000 to remain available until expended, to be derived from the Manufactured 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 [2004] 2005 so as to result in a final fiscal year [2004] 2005 appropriation from the general fund estimated at not more than \$0 and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year [2004] 2005 appropriation. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0234-0-1-376	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	6	9	9
22.00 New budget authority (gross)	3		
23.90 Total budgetary resources available for obligation	9	9	9
24.40 Unobligated balance carried forward, end of year	9	9	9
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	3		
Net budget authority and outlays:			
89.00 Budget authority	3		
90.00 Outlays			

Public enterprise funds:**RENTAL HOUSING ASSISTANCE FUND****Program and Financing** (in millions of dollars)

Identification code 86-4041-0-3-604	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
09.01 Refunds of Excess Income		5	5
09.02 Payments to Flexible Subsidy Fund	14		
10.00 Total new obligations	14	5	5
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	16	15	26
22.00 New budget authority (gross)	6	16	14
22.10 Resources available from recoveries of prior year obligations	7		
23.90 Total budgetary resources available for obligation	29	31	40
23.95 Total new obligations	-14	-5	-5
24.00 Unobligated balance carried forward, end of year	15	26	35
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	6	16	14
Change in obligated balances:			
72.40 Obligated balance, start of year	7		-11
73.10 Total new obligations	14	5	5
73.20 Total outlays (gross)	-14	-16	-14
73.45 Recoveries of prior year obligations	-7		
74.40 Obligated balance, end of year		-11	-20
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		16	14
86.98 Outlays from mandatory balances	14		
87.00 Total outlays (gross)	14	16	14
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-6	-16	-14
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	8		

The Housing and Urban Development Act of 1968 authorized the Secretary to establish a revolving fund into which rental collections in excess of the established basic rents for units in section 236 subsidized projects would be deposited.

The Housing and Community Development Amendment of 1978 authorized the Secretary, subject to approval in appropriation acts, to transfer excess rent collections received after 1978 to the Troubled Projects Operating Subsidy program, renamed the Flexible Subsidy Fund. Prior to that time, collections were used for paying tax and utility increases in section 236 projects. The Housing and Community Development Act of 1980 amended the 1978 Act by authorizing the transfer of excess rent collections regardless of when collected. This Budget proposes that the resources from the Rental Housing Assistance Fund continue to be transferred to the Flexible Subsidy Fund, with the exception of amounts required to make refunds of excess income remittances as authorized by Public Law 106-569.

Object Classification (in millions of dollars)

Identification code 86-4041-0-3-604	2003 actual	2004 est.	2005 est.
25.2 Refund of Excess Income		5	5
94.0 Payments to Flexible Subsidy Fund	14		
99.9 Total new obligations	14	5	5

FLEXIBLE SUBSIDY FUND**(TRANSFER OF FUNDS)**

From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, [2003] 2004,

and any collections made during fiscal year [2004] 2005, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-4044-0-3-604	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	291	7	27
22.00 New budget authority (gross)	-284	20	20
23.90 Total budgetary resources available for obligation	7	27	47
24.40 Unobligated balance carried forward, end of year	7	27	47
New budget authority (gross), detail:			
Discretionary:			
40.36 Unobligated balance permanently reduced	-308		
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	24	20	20
70.00 Total new budget authority (gross)	-284	20	20
Change in obligated balances:			
72.40 Obligated balance, start of year	6	2	-18
73.20 Total outlays (gross)	-4	-20	-20
74.40 Obligated balance, end of year	2	-18	-38
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority		20	20
86.93 Outlays from discretionary balances	4		
87.00 Total outlays (gross)	4	20	20
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-14	-12	-12
88.20 Interest on Federal securities	-2		
88.40 Non-Federal sources	-8	-8	-8
88.90 Total, offsetting collections (cash)	-24	-20	-20
Net budget authority and outlays:			
89.00 Budget authority	-308		
90.00 Outlays	-20		

Status of Direct Loans (in millions of dollars)

Identification code 86-4044-0-3-604	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	658	656	652
1231 Disbursements: Direct loan disbursements	4		
1251 Repayments: Repayments and prepayments	-6	-4	-4
1290 Outstanding, end of year	656	652	648

The Flexible Subsidy Fund assisted financially troubled subsidized projects under certain FHA authorities. The subsidies were intended to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low and moderate-income tenants. Priority was given to projects with Federal insurance-in-force and then to those with mortgages that had been assigned to the Department of Housing and Urban Development.

The budget assumes that the account will continue to serve as a repository of excess rental charges appropriated from the Rental Housing Assistance Fund. Since 1996, these resources have not been used for new reservations but they continue to offset Flexible Subsidy outlays and other discretionary expenditures. In 2001, Congress enacted legislation which permits excess income balances in the Rental Housing Assistance Fund or transferred to the Flexible Subsidy Fund to be used for refunds of prior excess income remittances, as permitted by law.

Public enterprise funds—Continued

FLEXIBLE SUBSIDY FUND—Continued

(TRANSFER OF FUNDS)—Continued

Balance Sheet (in millions of dollars)

Identification code 86-4044-0-3-604	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	297	9		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	721	718		
1602 Interest receivable	74	81		
1603 Allowance for estimated uncollectible loans and interest (-)	-544	-592		
1699 Value of assets related to direct loans	251	207		
1999 Total assets	548	216		
LIABILITIES:				
2207 Non-Federal liabilities: Other	2			
2999 Total liabilities	2			
NET POSITION:				
3100 Appropriated capital	217	-308		
3300 Cumulative results of operations	329	524		
3999 Total net position	546	216		
4999 Total liabilities and net position	548	216		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

HOMEOWNERSHIP ASSISTANCE FUND

Program and Financing (in millions of dollars)

Identification code 86-4043-0-3-604	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	86		
22.00 New budget authority (gross)	-86		
23.90 Total budgetary resources available for obligation			
New budget authority (gross), detail:			
Discretionary:			
40.36 Unobligated balance permanently reduced	-86		
Net budget authority and outlays:			
89.00 Budget authority	-86		
90.00 Outlays			
93.01 Unobligated balance, start of year: Contract authority	61		

The Homeownership Assistance Fund was established by the Housing and Urban-Rural Recovery Act of 1983. It provided for the receipt of recaptures of budget authority, cash, and interest earnings under the restructured section 235 program. The funds were authorized to be used, to the extent approved in Appropriation Acts, by the Secretary to provide additional section 235 assistance payments for mortgagors who are unable to assume the full payment due under the mortgage after the termination of the original 10-year assistance payments contract.

NEHEMIAH HOUSING OPPORTUNITY FUND

Program and Financing (in millions of dollars)

Identification code 86-4071-0-3-604	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	3		
22.00 New budget authority (gross)	-3		
23.90 Total budgetary resources available for obligation			

New budget authority (gross), detail:

Discretionary:			
40.36 Unobligated balance permanently reduced	-3		
Change in obligated balances:			
72.40 Obligated balance, start of year	11	10	5
73.20 Total outlays (gross)	-5		
74.40 Obligated balance, end of year	10	5	5
Outlays (gross), detail:			
86.93 Outlays from discretionary balances		5	
Net budget authority and outlays:			
89.00 Budget authority	-3		
90.00 Outlays		5	

The Nehemiah grants program was authorized by the Housing and Community Development Act of 1987 to provide loans to eligible families to assist in the purchase of new or substantially rehabilitated units. This schedule reflects the liquidation of remaining reserved and obligated balances.

Credit accounts:

FEDERAL HOUSING ADMINISTRATION

MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year [2004, commitments to guarantee loans] 2005, loan guarantees to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of \$185,000,000,000.

During fiscal year [2004] 2005, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed \$50,000,000: *Provided*, That the foregoing amount 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.

For administrative expenses necessary to carry out the guaranteed and direct loan program, [\$359,000,000] \$366,000,000, of which not to exceed [\$355,000,000] \$362,000,000 shall be transferred to the appropriation for "Salaries and expenses"; and not to exceed \$4,000,000 shall be transferred to the appropriation for "Office of Inspector General". In addition, for administrative contract expenses, [\$85,000,000] \$70,900,000, of which no less than [\$20,744,000] \$7,002,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under "Housing programs" or "Federal Housing Administration": *Provided*, That to the extent [guaranteed loan commitments] loan guarantees exceed \$65,500,000,000 on or before April 1, [2004] 2005, an additional \$1,400 for administrative contract expenses shall be available for each \$1,000,000 in additional [guaranteed loan commitments] loan guarantees (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. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0183-0-1-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.07 Reestimates of loan guarantee negative subsidy	1,863	5,947	
00.08 Interest on reestimates of loan guarantee subsidy	527	1,082	
00.09 Administrative expenses, salaries & expenses transfer	346	357	366
00.12 Non-overhead administrative expenses for FHA contracts	76	84	71
10.00 Total new obligations	2,812	7,470	437
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	431	441	437
22.22 Unobligated balance transferred from other accounts	2,390	7,029	
23.90 Total budgetary resources available for obligation	2,821	7,470	437
23.95 Total new obligations	-2,812	-7,470	-437
23.98 Unobligated balance expiring or withdrawn	-9		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	434	444	437

40.35	Appropriation permanently reduced	—3	—3	.....
43.00	Appropriation (total discretionary)	431	441	437
Change in obligated balances:				
72.40	Obligated balance, start of year	61	72	72
73.10	Total new obligations	2,812	7,470	437
73.20	Total outlays (gross)	—2,800	—7,470	—437
74.40	Obligated balance, end of year	72	72	72
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	374	369	365
86.93	Outlays from discretionary balances	36	72	72
86.98	Outlays from mandatory balances	2,390	7,029	.....
87.00	Total outlays (gross)	2,800	7,470	437
Net budget authority and outlays:				
89.00	Budget authority	431	441	437
90.00	Outlays	2,800	7,470	437

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0183-0-1-371	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001 MMI Fund, Direct loans	50	50	50
115901 Total direct loan levels	50	50	50
Direct loan subsidy (in percent):			
132001 MMI Fund, Direct loans	0.00	0.00	0.00
132901 Weighted average subsidy rate	0.00	0.00	0.00
Direct loan subsidy budget authority:			
133001 MMI Fund, Direct loans .....	.....	.....	.....
133901 Total subsidy budget authority .....	.....	.....	.....
Direct loan subsidy outlays:			
134001 MMI Fund, Direct loans .....	.....	.....	.....
134901 Total subsidy outlays .....	.....	.....	.....
Guaranteed loan levels supportable by subsidy budget authority:			
215001 MMI Fund, Section 203(b)	147,395	143,521	151,877
215003 Loan guarantee levels	17,605	41,479	33,123
215901 Total loan guarantee levels	165,000	185,000	185,000
Guaranteed loan subsidy (in percent):			
232001 MMI Fund, Section 203(b)	—2.53	—2.47	—1.73
232901 Weighted average subsidy rate	—2.53	—2.47	—1.73
Guaranteed loan subsidy budget authority:			
233001 MMI Fund, Section 203(b)	—3,584	—3,545	—2,627
233003 Loan guarantee levels .....	.....	.....	.....
233901 Total subsidy budget authority	—3,584	—3,545	—2,627
Guaranteed loan subsidy outlays:			
234001 MMI Fund, Section 203(b)	—3,584	—3,545	—2,627
234003 Loan guarantee levels .....	.....	.....	.....
234901 Total subsidy outlays	—3,584	—3,545	—2,627
Guaranteed loan upward reestimate subsidy budget authority:			
235001 MMI Fund, Section 203(b)	2,390	7,029	.....
235901 Total upward reestimate budget authority	2,390	7,029	.....
Guaranteed loan downward reestimate subsidy budget authority:			
237001 MMI Fund, Section 203(b)	—864	.....	.....
237901 Total downward reestimate subsidy budget authority	—864	.....	.....
Administrative expense data:			
351001 Budget authority	2,821	7,470	436
358001 Outlays from balances	36	72	72
359001 Outlays from new authority	2,764	7,398	365

The Federal Housing Administration (FHA) provides mortgage insurance to encourage lenders to make credit available to expand homeownership and to predominantly serve borrowers that the conventional market does not adequately provide for including: first-time homebuyers; minorities; lower-income families; and, residents of underserved areas (central cities and rural areas).

As required by the Federal Credit Reform Act of 1990, this account records administrative expenses for this program, as well as the subsidy costs, if any, associated with the loan guarantees committed in 1992 and thereafter. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

In 2005, FHA is requesting an aggregate limitation of \$185 billion on loan guarantees and is proposing two new mortgage programs that reduce the biggest barriers to homeownership—the down payment and impaired credit. The Zero Down-payment mortgage allows first-time buyers with a strong credit record to finance 100 percent of the downpayment and closing costs. For borrowers with limited or weak credit histories, Payment Rewards initially charges a higher insurance premium, but reduces the borrower's premiums once they have established a history of regular payments, thereby demonstrating their creditworthiness.

FHA is also proposing an amendment to section 203(c)(2)(A) of the National Housing Act to restrict payment of refunds of unearned premium charges. Current law mandates that the Secretary refund the unearned portion of the premium upon payment in full of the mortgage (e.g., through refinancing or prepayment). The proposal would limit refunds to only those borrowers who refinance with FHA. The restriction would affect mortgages insured on or after the date of enactment of the amendment.

Object Classification (in millions of dollars)

Identification code 86-0183-0-1-371	2003 actual	2004 est.	2005 est.
25.2 Other services	54	64	64
25.3 Other purchases of goods and services from Government accounts	368	377	373
41.0 Grants, subsidies, and contributions	1,863	5,947	.....
43.0 Interest and dividends	527	1,082	.....
99.9 Total new obligations	2,812	7,470	437

FHA—MUTUAL MORTGAGE INSURANCE DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4242-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct loans		50	50
00.02 Interest paid to Treasury		2	2
00.03 Claims & other		4	4
10.00 Total new obligations		56	56
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	3	3	.....
22.00 New financing authority (gross)		105	105
22.60 Portion applied to repay debt		—52	—49
23.90 Total budgetary resources available for obligation	3	56	56
23.95 Total new obligations		—56	—56
24.40 Unobligated balance carried forward, end of year	3	.....	.....
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow		50	50
Discretionary:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)		55	55
70.00 Total new financing authority (gross)		105	105
Change in obligated balances:			
73.10 Total new obligations		56	56
73.20 Total financing disbursements (gross)		—56	—56
87.00 Total financing disbursements (gross)		56	56
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.25 Interest on uninvested funds		—1	—1

Credit accounts—Continued**FHA—MUTUAL MORTGAGE INSURANCE DIRECT LOAN FINANCING ACCOUNT—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 86-4242-0-3-371	2003 actual	2004 est.	2005 est.
88.40 Repayment of principal		-50	-50
88.40 Repayment of interest		-4	-4
88.90 Total, offsetting collections (cash)		-55	-55
Net financing authority and financing disbursements:			
89.00 Financing authority		50	50
90.00 Financing disbursements		1	1

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and thereafter (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

The \$50 million in 2005 direct loan limitation in the MMI Fund would permit the Department to use Purchase Money Mortgages (PMMs) to help finance the sale of acquired single family properties. HUD would extend credit for these single-family homes to community nonprofit organizations or local government entities who would be expected to sell the properties to low- and moderate-income buyers. The use of PMMs provides a tool for State and local nonprofit organizations to use in revitalizing communities, and creates enhanced homeownership opportunities for low- and moderate-income families.

Status of Direct Loans (in millions of dollars)

Identification code 86-4242-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	50	50	50
1142 Unobligated direct loan limitation (-)	-50		
1150 Total direct loan obligations		50	50
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1231 Disbursements: Direct loan disbursements		50	50
1251 Repayments: Repayments and prepayments		-50	-50

Balance Sheet (in millions of dollars)

Identification code 86-4242-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	3	3		
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross				
1405 Allowance for subsidy cost (-)	-3	-3		
1499 Net present value of assets related to direct loans	-3	-3		
1999 Total assets				

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FHA—MUTUAL MORTGAGE INSURANCE GUARANTEED LOAN FINANCING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 86-4587-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Loan guarantee default claim payments	7,290	4,555	4,451

00.02 Other capital investment & operating expenses	993	801	480
00.08 Interest payments to Treasury	525	806	810
00.91 Subtotal, capital/operating expenses	8,808	6,162	5,741
Negative Subsidy Activity:			
08.01 Payment of negative subsidy to liquidating account for new business	3,583	3,545	2,627
08.02 Reestimate of loan guarantee subsidy (downward reestimates)	763		
08.04 Interest on reestimates of loan guarantee subsidy	101		
08.91 Subtotal, subsidy activity	4,447	3,545	2,627
10.00 Total new obligations	13,255	9,707	8,368
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,599	308	4,868
22.00 New financing authority (gross)	12,643	15,267	8,386
22.10 Resources available from recoveries of prior year obligations	73		
22.60 Portion applied to repay debt	-752	-1,000	-1,500
23.90 Total budgetary resources available for obligation	13,563	14,575	11,754
23.95 Total new obligations	-13,255	-9,707	-8,368
24.40 Unobligated balance carried forward, end of year	308	4,868	3,386
New financing authority (gross), detail:			
Discretionary:			
47.00 Authority to borrow	2,575	402	349
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	7,678	7,836	8,037
Mandatory:			
69.00 Offsetting collections (cash)	2,390	7,029	
70.00 Total new financing authority (gross)	12,643	15,267	8,386
Change in obligated balances:			
72.40 Obligated balance, start of year	80	832	832
73.10 Total new obligations	13,255	9,707	8,368
73.20 Total financing disbursements (gross)	-12,430	-9,707	-8,368
73.45 Recoveries of prior year obligations	-73		
74.40 Obligated balance, end of year	832	832	832
87.00 Total financing disbursements (gross)	12,430	9,707	8,368

Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Transfer of Reestimates from reserves in Capital Reserve account	-2,390	-7,029	
88.25 Interest on uninvested funds	-192	-52	-9
88.40 Fees and premiums	-2,578	-3,460	-4,475
88.40 Recoveries on defaults	-4,908	-4,324	-3,553
88.90 Total, offsetting collections (cash)	-10,068	-14,865	-8,037
Net financing authority and financing disbursements:			
89.00 Financing authority	2,575	402	349
90.00 Financing disbursements	2,362	-5,158	331

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4587-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	165,000	185,000	185,000
2142 Uncommitted loan guarantee limitation	-17,605	-41,479	-33,123
2150 Total guaranteed loan commitments	147,395	143,521	151,877
2199 Guaranteed amount of guaranteed loan commitments	147,395	143,521	151,877
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	435,353	382,234	436,461
2231 Disbursements of new guaranteed loans	147,395	143,521	151,877
2251 Repayments and prepayments	-193,224	-84,739	-62,444
Adjustments:			
2261 Terminations for default that result in loans receivable	-628	-1,008	-1,657
2262 Terminations for default that result in acquisition of property	-6,662	-3,491	-2,740
2263 Terminations for default that result in claim payments		-56	-54
2290 Outstanding, end of year	382,234	436,461	521,443
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	382,234	436,461	521,443

Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	4	232	.....
2331	Disbursements for guaranteed loan claims	628	1,008	1,658
2351	Repayments of loans receivable	-286	.....	.....
2364	Other adjustments, net	-114	-1,240	-1,658
2390	Outstanding, end of year	232	.....	.....

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loans insured in 1992 and thereafter. The amounts in this account are considered a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 86-4587-0-3-371	2002 actual ²	2003 actual	2004 est.	2005 est.
ASSETS:				
Federal assets:				
1101	Fund balances with Treasury	1,679	1,140	.....
Investments in US securities:				
1106	Receivables, net	2,390	7,029	.....
Non-Federal assets:				
1201	Investments in non-Federal securities, net .....	.....	116	.....
1206	Receivables, net .....	.....	258	.....
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501	Defaulted guaranteed loans receivable, gross	180	232	.....
1504	Foreclosed property	2,138	2,773	.....
1505	Allowance for subsidy cost	-863	-841	.....
1599	Net value of assets related to defaulted guaranteed loan	1,455	2,164	.....
1901	Other Federal assets: Other assets	267	353	.....
1999	Total assets	5,791	11,060	.....
LIABILITIES:				
Federal liabilities:				
2101	Accounts payable	863	.....	.....
2103	Federal liabilities, Debt	6,312	8,135	.....
2105	Other	2	.....	.....
Non-Federal liabilities:				
2201	Accounts payable	350	642	.....
2204	Liabilities for loan guarantees	-1,863	2,008	.....
2207	Other	127	275	.....
2999	Total liabilities	5,791	11,060	.....
4999	Total liabilities and net position	5,791	11,060	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FHA—MUTUAL MORTGAGE INSURANCE CAPITAL RESERVE ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-0236-0-1-371	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	22,847	26,183
22.00	New budget authority (gross)	5,726	4,706
22.21	Unobligated balance transferred to other accounts	-2,390	-7,029
22.22	Unobligated balance transferred from other accounts .....	.....	555
23.90	Total budgetary resources available for obligation	26,183	24,415
24.40	Unobligated balance carried forward, end of year	26,183	24,415
New budget authority (gross), detail:			
Mandatory:			
69.00	Offsetting collections (cash)	5,716	4,706
69.10	Change in uncollected customer payments from Federal sources (unexpired)	10	.....
69.90	Spending authority from offsetting collections (total mandatory)	5,726	4,706
Change in obligated balances:			
72.40	Obligated balance, start of year	-267	-277
74.00	Change in uncollected customer payments from Federal sources (unexpired)	-10	.....

74.40	Obligated balance, end of year	-277	-277	-277
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources—negative subsidy from new business	-3,584	-3,545	-2,627
88.00	Federal sources—downward reestimates	-864	.....	.....
88.00	Federal sources—PY unobligated balance from Liquidating Acct	-172	.....	.....
88.20	Interest on Federal securities	-1,096	-1,161	-1,275
88.90	Total, offsetting collections (cash)	-5,716	-4,706	-3,902
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	-10	.....	.....
Net budget authority and outlays:				
89.00	Budget authority .....	.....	.....	.....
90.00	Outlays	-5,716	-4,706	-3,902
Memorandum (non-add) entries:				
92.01	Total investments, start of year: Federal securities: Par value	21,249	23,819	23,819
92.02	Total investments, end of year: Federal securities: Net	23,819	23,819	27,819

In 2002, a new Capital Reserve account was established for the Mutual Mortgage Insurance Fund. Financial reserves, including securities, of the MMI Fund were transferred from the liquidating account to the new Capital Reserve account. In 2003, this new account started earning interest on Treasury investments, collecting negative subsidy and downward reestimates from the Financing account, and paying upward reestimates. The Liquidating account will now only reflect cashflows related to pre-1992 books of business.

Balance Sheet (in millions of dollars)

Identification code 86-0236-0-1-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Federal assets:				
1101	Fund balances with Treasury	1,699	2,421	.....
Investments in US securities:				
1102	Treasury securities, net	21,077	23,701	.....
1106	Receivables, net	267	277	.....
1999	Total assets	23,043	26,399	.....
LIABILITIES:				
2101	Federal liabilities: Accounts payable .....	.....	7,029	.....
2999	Total liabilities .....	.....	7,029	.....
NET POSITION:				
3300	Cumulative results of operations	23,043	19,370	.....
3999	Total net position	23,043	19,370	.....
4999	Total liabilities and net position	23,043	26,399	.....

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FHA—MUTUAL MORTGAGE AND COOPERATIVE HOUSING INSURANCE FUNDS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4070-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Capital investment:			
01.03	Acquisition of real properties	117	124
01.04	Acquisition of notes	3	.....
01.07	Capitalized expenses	11	.....
01.08	Loss mitigation activities	5	1
01.09	Preforeclosure sale claims .....	.....	2
01.91	Total capital investment	136	127
Other:			
02.01	PY unobligated balance to Capital Reserve Acct	172	.....
02.02	Other Operation expenses	-2	.....
02.91	Direct Program by Activities—Subtotal (1 level)	170	.....
10.00	Total new obligations	306	127

Credit accounts—Continued**FHA—MUTUAL MORTGAGE AND COOPERATIVE HOUSING INSURANCE FUNDS LIQUIDATING ACCOUNT—Continued****Program and Financing (in millions of dollars)—Continued**

Identification code 86-4070-0-3-371	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	244	582	
22.00 New budget authority (gross)	176	100	74
22.10 Resources available from recoveries of prior year obligations	468		
22.21 Unobligated balance transferred to other accounts		-555	
22.22 Unobligated balance transferred from other accounts			9
23.90 Total budgetary resources available for obligation	888	127	83
23.95 Total new obligations	-306	-127	-83
24.40 Unobligated balance carried forward, end of year	582		
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	179	100	74
69.10 Change in uncollected accounts receivable from Federal sources	-3		
69.90 Spending authority from offsetting collections (total mandatory)	176	100	74
Change in obligated balances:			
72.40 Obligated balance, start of year	949	456	456
73.10 Total new obligations	306	127	83
73.20 Total outlays (gross)	-334	-127	-83
73.45 Recoveries of prior year obligations	-468		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	3		
74.40 Obligated balance, end of year	456	456	456
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	176	100	74
86.98 Outlays from mandatory balances	158	27	9
87.00 Total outlays (gross)	334	127	83
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Offsetting collections from Federal sources	-3		
88.40 Fees and premiums	-9	-19	-15
88.40 Proceeds from sale of real property	-164	-81	-59
88.40 Recoveries on defaulted mortgages	-4		
88.40 Other	1		
88.90 Total, offsetting collections (cash)	-179	-100	-74
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	3		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	155	27	9

Status of Direct Loans (in millions of dollars)

Identification code 86-4070-0-3-371	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	2	1	
1251 Repayments: Repayments and prepayments			
1264 Write-offs for default: Other adjustments, net	-1	-1	
1290 Outstanding, end of year	1		

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4070-0-3-371	2003 actual	2004 est.	2005 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	31,968	24,952	21,428
2251 Repayments and prepayments	-6,896	-3,398	-2,686
Adjustments:			
2261 Terminations for default that result in loans receivable	-3		
2262 Terminations for default that result in acquisition of property	-117	-124	-81
2263 Terminations for default that result in claim payments		-2	-1
2290 Outstanding, end of year	24,952	21,428	18,660

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	24,952	21,428	18,660
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	7	1	
2331	Disbursements for guaranteed loan claims	3		
2351	Repayments of loans receivable	-3		
2361	Write-offs of loans receivable	-2		
2364	Other adjustments, net	-4	-1	
2390	Outstanding, end of year	1		

The Federal Housing Administration Fund currently consists of four separate insurance funds.

In order to present more clearly the operations of the various funds, FHA's budget transactions are separated into two major business segments. The basic single-family insurance programs in the Mutual Mortgage Insurance (MMI) fund and the multifamily Cooperative Management Housing Insurance (CMHI) funds form one segment. All other multifamily and other specialized insurance programs in the General Insurance and Special Risk Insurance funds (GI/SRI) form the other segment.

The Federal Credit Reform Act of 1990 creates a structure of three accounts for existing credit program. For each of the FHA business segments (MMI/CMHI and GI/SRI) there is a liquidating account, which records the revenues and costs associated with loan insurance committed prior to October 1, 1991, a financing account which records the revenues and costs associated with commitments to insure loans made after September 30, 1991, and, a program account which records the transactions associated with the program subsidy costs, if any, and the costs of administering the program.

This liquidating account records, for this program, all cash flows to and from the Government resulting from MMI/CMHI loans insured prior to 1992 and is shown on a cash basis. All new activity in this program in 1992 and thereafter (including modifications of loans insured in any year) is recorded in the corresponding program (86-0183) and financing (86-4587 and 86-4242) accounts.

In 2002, a new MMI capital reserve account was established to maintain reserves required by statute that were previously deposited in the liquidating account.

The program activity in the "Program Highlights" table shown below reflects only the activity in the MMI/CMHI liquidating and financing accounts. The GI/SRI program activity can be found with the GI/SRI liquidating account (86-4072).

PROGRAM HIGHLIGHTS

(in millions of dollars)			
Mortgage insurance written (in fiscal year):			
Units	2003 actual	2004 est.	2005 est.
	1,264,293	1,162,829	1,148,273
Amount (in millions of dollars)	\$147,395	\$143,521	\$151,877
Insurance maintenance: Outstanding balance of insurance in force, end of year:			
Mortgage insurance (in millions of dollars)	\$407,186	\$457,889	\$540,103

Financial condition.—The following tables reflect the revenues, expenses and financial condition of the MMI/CMHI liquidating funds based on Generally Accepted Accounting Principles.

Balance Sheet (in millions of dollars)

Identification code 86-4070-0-3-371	2002 actual ¹	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	1,193	1,038		
Non-Federal assets:				
1206 Receivables, net	26	26		
1207 Advances and prepayments		5		

Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:			
1601	Direct loans, gross	2	
1603	Allowance for estimated uncollectible loans and interest (-)	-2	
1701	Defaulted guaranteed loans, gross	16	9
1702	Interest receivable	1	16
1703	Allowance for estimated uncollectible loans and interest (-)	-6	-4
1704	Defaulted guaranteed loans and interest receivable, net	11	21
1706	Foreclosed property	133	33
1799	Value of assets related to loan guarantees	144	54
1901	Other Federal assets: Other assets	18	
1999	Total assets	1,381	1,123
LIABILITIES:			
Non-Federal liabilities:			
2201	Accounts payable	437	425
2204	Liabilities for loan guarantees	139	111
2207	Unearned revenue and advances, and other	299	206
2999	Total liabilities	875	742
NET POSITION:			
3300	Cumulative results of operations	506	381
3999	Total net position	506	381
4999	Total liabilities and net position	1,381	1,123

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.
¹ Estimated result on GAAP basis pending final audit.

Object Classification (in millions of dollars)

Identification code 86-4070-0-3-371			
25.2	Other services	8	
25.2	Other services—PY unobligated balance to Capital Reserve Acct	172	
32.0	Land and structures	116	124
33.0	Investments and loans	5	
42.0	Insurance claims and indemnities	5	3
99.9	Total new obligations	306	127
			83

GENERAL AND SPECIAL RISK PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z-3 and 1735c), including the cost of loan guarantee modifications, as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended, **[\$15,000,000] \$10,000,000**, to remain available until expended: *Provided*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to **[\$25,000,000,000] \$35,000,000,000**; *Provided*, That of the amounts of such credit subsidy appropriated under this heading in prior years, **\$30,000,000** is rescinded.

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 \$50,000,000, of which not to exceed \$30,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and formerly insured under such Act; and of which not to exceed \$20,000,000 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.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, **[\$229,000,000] \$234,000,000**, of which **[\$209,000,000] \$214,000,000** shall be transferred to the appropriation for "Salaries and expenses"; and of which \$20,000,000 shall be transferred to the appropriation for "Office of Inspector General".

In addition, for administrative contract expenses necessary to carry out the guaranteed and direct loan programs, **[\$93,780,000] \$81,600,000**, of which no less than **[\$16,946,000] \$5,200,000** shall

be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under "Housing programs" or "Federal Housing Administration": *Provided*, That to the extent guaranteed loan commitments exceed \$8,426,000,000 on or before April 1, **[2004] 2005**, an additional \$1,980 for administrative contract expenses shall be available for each \$1,000,000 in additional guaranteed loan commitments over \$8,426,000,000 (including a pro rata amount for any increment below \$1,000,000), but in no case shall funds made available by this proviso exceed \$14,400,000. (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)

Identification code 86-0200-0-1-371			
	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02	Guaranteed loan subsidy	2	7
00.07	Reestimate of credit subsidy	851	451
00.08	Interest on reestimates of loan guarantee subsidy	316	66
00.09	Administrative expenses, salaries & expenses transfer	222	229
00.10	Administrative contract expenses	67	94
10.00	Total new obligations	1,458	847
Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	53	65
22.00	New budget authority (gross)	1,497	853
23.90	Total budgetary resources available for obligation	1,550	918
23.95	Total new obligations	-1,458	-847
23.98	Unobligated balance expiring or withdrawn	-26	
24.40	Unobligated balance carried forward, end of year	65	71
New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation	332	338
40.35	Appropriation permanently reduced (across-the-board rescission)	-2	-2
40.36	Unobligated balance permanently reduced (rescission)		
			-30
43.00	Appropriation (total discretionary)	330	336
Mandatory:			
60.00	Appropriation	1,167	517
70.00	Total new budget authority (gross)	1,497	853
Change in obligated balances:			
72.40	Obligated balance, start of year	77	87
73.10	Total new obligations	1,458	847
73.20	Total outlays (gross)	-1,446	-871
73.40	Adjustments in expired accounts (net)	-2	
74.40	Obligated balance, end of year	87	63
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	246	309
86.93	Outlays from discretionary balances	33	45
86.97	Outlays from new mandatory authority	1,167	517
87.00	Total outlays (gross)	1,446	871
Net budget authority and outlays:			
89.00	Budget authority	1,497	853
90.00	Outlays	1,446	871

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0200-0-1-371			
	2003 actual	2004 est.	2005 est.
Direct loan levels supportable by subsidy budget authority:			
115001	Single-family PMMs	2	2
115002	Multifamily bridge loans	2	2
115003	Unused Limitation Authority	46	46
115901	Total direct loan levels	50	50
Direct loan subsidy (in percent):			
132001	Single-family PMMs	0.00	0.00
132002	Multifamily bridge loans	0.00	0.00
132003	Unused Limitation Authority	0.00	0.00
132901	Weighted average subsidy rate	0.00	0.00
Direct loan subsidy budget authority:			
133001	Single-family PMMs		
133002	Multifamily bridge loans		
133003	Unused Limitation Authority		

Credit accounts—Continued**GENERAL AND SPECIAL RISK PROGRAM ACCOUNT—Continued**
(INCLUDING TRANSFERS OF FUNDS)—Continued**Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)—Continued**

Identification code 86-0200-0-1-371	2003 actual	2004 est.	2005 est.
133901 Total subsidy budget authority			
Direct loan subsidy outlays:			
134001 Single-family PMMs			
134002 Multifamily bridge loans			
134003 Unused Limitation Authority			
134901 Total subsidy outlays			
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Apartments NC/SC	2,243	3,000	3,100
215003 221d3 NP/Coop owned apts		75	50
215004 Tax Credits NC	1,016	1,100	1,200
215005 Mixed Income (Hope d4)	45		
215006 Apartments Refinance	2,927	3,300	3,500
215007 241a Supplemental Loans for Apts	1	10	10
215008 Operating Loss Loans for Apts (plus 232)	4	4	4
215009 HFA Risk Sharing	340	400	400
215012 GSE Risk Sharing	7	50	50
215013 FHA Full Insurance for Health Care Facilities (plus 241/232)	461	500	525
215014 Health Care Refinances	1,541	1,900	1,900
215015 Hospitals	241	896	900
215016 Other Rental (incl 207(mhp),220,231)	129	325	400
215017 Section 234: Condominiums	14,145	12,616	13,876
215018 Section 203(k): Rehabilitation Mortgages	688	674	607
215019 Title 1 Property Improvement	61	75	75
215020 Title 1 Manufactured Housing	73	75	75
215021 Standby authority	1,078		8,328
215901 Total loan guarantee levels	25,000	25,000	35,000
Guaranteed loan subsidy (in percent):			
232001 Apartments NC/SC	-0.06	-0.62	-0.03
232003 221d3 NP/Coop owned apts	3.93	5.35	10.58
232004 Tax Credits NC	-0.65	-1.59	-4.45
232005 Mixed Income (Hope d4)	-0.33	0.00	0.00
232006 Apartments Refinance	-2.17	-2.13	-2.46
232007 241a Supplemental Loans for Apts	6.35	8.60	6.22
232008 Operating Loss Loans for Apts (plus 232)	18.69	17.84	16.45
232009 HFA Risk Sharing	-1.37	-1.67	-0.79
232012 GSE Risk Sharing	-1.36	-1.08	-1.04
232013 FHA Full Insurance for Health Care Facilities (plus 241/232)	-1.19	-0.22	-0.06
232014 Health Care Refinances	-1.97	-1.28	-1.80
232015 Hospitals	-2.76	-3.33	-2.02
232016 Other Rental (incl 207(mhp),220,231)	-0.07	-0.08	-0.40
232017 Section 234: Condominiums	-1.08	-1.03	-0.40
232018 Section 203(k): Rehabilitation Mortgages	-0.46	-0.02	0.59
232019 Title 1 Property Improvement	2.02	1.86	1.92
232022 Title 1 Manufactured Housing	-0.47	-0.14	0.12
232901 Weighted average subsidy rate	-1.02	-1.17	-0.69
Guaranteed loan subsidy budget authority:			
233001 Apartments NC/SC	-2	-19	-1
233003 221d3 NP/Coop owned apts		4	5
233004 Tax Credits NC	-10	-18	-53
233005 Mixed Income (Hope d4)			
233006 Apartments Refinance	-49	-70	-86
233007 241a Supplemental Loans for Apts		1	1
233008 Operating Loss Loans for Apts (plus 232)	1	1	1
233009 HFA Risk Sharing	-4	-7	-3
233012 GSE Risk Sharing		-1	-1
233013 FHA Full Insurance for Health Care Facilities (plus 241/232)	-9	-1	
233014 Health Care Refinances	-34	-24	-34
233015 Hospitals	-5	-30	-18
233016 Other Rental (incl 207(mhp),220,231)			-2
233017 Section 234: Condominiums	-153	-130	-56
233018 Section 203(k): Rehabilitation Mortgages	-3		4
233019 Title 1 Property Improvement	1	1	1
233022 Title 1 Manufactured Housing			
233023 Standby authority	13		
233901 Total subsidy budget authority	-254	-293	-242
Guaranteed loan subsidy outlays:			
234001 Apartments NC/SC	-2	-14	-5
234003 221d3 NP/Coop owned apts		3	5
234004 Tax Credits NC	-10	-20	-44

234005 Mixed Income (Hope d4)			
234006 Apartments Refinance	-49	-71	-82
234007 241a Supplemental Loans for Apts		1	1
234008 Operating Loss Loans for Apts (plus 232)	1	1	1
234009 HFA Risk Sharing	-4	-8	-4
234012 GSE Risk Sharing			-1
234013 FHA Full Insurance for Health Care Facilities (plus 241/232)	-9	-3	-1
234014 Health Care Refinances	-34	-26	-32
234015 Hospitals	-5	-25	-21
234016 Other Rental (incl 207(mhp),220,231)			-1
234017 Section 234: Condominiums	-153	-150	-56
234018 Section 203(k): Rehabilitation Mortgages	-3		4
234019 Title 1 Property Improvement	1	2	1
234022 Title 1 Manufactured Housing			
234901 Total subsidy outlays	-267	-310	-235
Guaranteed loan upward reestimate subsidy budget authority:			
235024 General and Special Risk	1,167	517	
235901 Total upward reestimate budget authority	1,167	517	
Guaranteed loan downward reestimate subsidy budget authority:			
237024 General and Special Risk	-1,102	-138	
237901 Total downward reestimate subsidy budget authority	-1,102	-138	
Administrative expense data:			
351001 Budget authority, S&E Transfer	222	228	234
351001 Budget authority	93	93	82
358001 Outlays from balances	33	42	23
359001 Outlays from new authority	244	298	291

This account includes budget authority for insurance programs requiring positive credit subsidies, as well as for salaries and expenses and other administrative costs for all General and Special Risk Insurance Fund programs.

As required by the Federal Credit Reform Act of 1990, this account records, for the single family, multifamily, hospital, and Title I insurance programs of FHA's General Insurance and Special Risk Insurance Funds, the subsidy costs associated with the loan guarantees committed or direct loans obligated in 1992 and thereafter (including modifications of loan guarantees or direct loans that resulted from obligations or commitments in any year), as well as administrative expenses of these programs. The subsidy amounts are estimated on a present value basis; the administrative expenses are accounted for on a cash basis.

The Budget includes a reduction in the annual premium rate of multifamily Section 221(d)(4) loan guarantees from 50 basis points to 45 basis points. This reflects improved estimates of these loan guarantee subsidy cost.

Object Classification (in millions of dollars)

Identification code 86-0200-0-1-371	2003 actual	2004 est.	2005 est.
25.1 Advisory and assistance services	51	76	77
25.2 Other services	16	17	5
25.3 Other purchases of goods and services from Government accounts	222	228	234
41.0 Grants, subsidies, and contributions	1,169	526	13
99.9 Total new obligations	1,458	847	329

FHA—GENERAL AND SPECIAL RISK GUARANTEED LOAN FINANCING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 86-4077-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Capital investment, claims and other:			
00.01 Default claims and other	918	1,311	1,385
00.05 Interest paid to Treasury	101	102	102
00.08 Asset sale negative subsidy payment to the receipt account		55	16
00.14 Contract Costs	22	20	20

00.91	Direct Program by Activities—Subtotal (1 level)	1,041	1,488	1,523
08.01	Payment of negative subsidy to receipt account	270	297	247
08.02	Downward subsidy rate reestimate	774	99	
08.04	Interest on subsidy rate reestimates	328	39	
08.91	Direct Program by Activities—Subtotal (1 level)	1,372	435	247
10.00	Total new obligations	2,413	1,923	1,770
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	1,419	751	761
22.00	New financing authority (gross)	1,742	1,933	1,462
22.10	Resources available from recoveries of prior year obligations	4		
23.90	Total budgetary resources available for obligation	3,165	2,684	2,223
23.95	Total new obligations	-2,413	-1,923	-1,770
24.40	Unobligated balance carried forward, end of year	751	761	453
New financing authority (gross), detail:				
Discretionary:				
47.00	Authority to borrow	315	400	400
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	1,314	1,833	1,362
68.10	Change in uncollected customer payments from Federal sources (unexpired)	-158		
68.47	Portion applied to repay debt	-896	-300	-300
68.90	Spending authority from offsetting collections (total discretionary)	260	1,533	1,062
Mandatory:				
69.00	Offsetting collections (cash)	1,167		
70.00	Total new financing authority (gross)	1,742	1,933	1,462
Change in obligated balances:				
72.40	Obligated balance, start of year	-158	108	
73.10	Total new obligations	2,413	1,923	1,770
73.20	Total financing disbursements (gross)	-2,301	-2,031	-1,770
73.45	Recoveries of prior year obligations	-4		
74.00	Change in uncollected customer payments from Federal sources (unexpired)	158		
74.40	Obligated balance, end of year	108		
87.00	Total financing disbursements (gross)	2,301	2,031	1,770

Offsets:

Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.00	Payments from program account	-3	-7	-12
88.00	Repayment of principal and interest from liquidating account	-15	-16	-10
88.00	Subsidy reestimate from program account	-1,167	-517	
88.00	Federal resources—other	-172		
88.25	Interest on uninvested funds	-106	-107	-107
88.40	Fees and premiums	-514	-372	-418
88.40	Recoveries on defaulted mortgages	-46	-84	-104
88.40	Title I recoveries	-28	-4	-2
88.40	Single family property recoveries	-269	-494	-374
88.40	Gross Proceeds from sale of mortgage notes (liquidating)		-55	-16
88.40	Gross Proceeds from Mortgage Note Sales	-122	-176	-318
88.40	Multifamily property recoveries	-1	-1	-1
88.40	Non-Federal Resources—other	-38		
88.90	Total, offsetting collections (cash)	-2,481	-1,833	-1,362
Against gross financing authority only:				
88.95	Change in receivables from program accounts	158		
Net financing authority and financing disbursements:				
89.00	Financing authority	-581	100	100
90.00	Financing disbursements	-180	198	408

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4077-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111	Limitation on guaranteed loans made by private lenders	25,000	35,000
2142	Uncommitted loan guarantee limitation	-1,078	-8,328
2150	Total guaranteed loan commitments	23,922	26,672
2199	Guaranteed amount of guaranteed loan commitments	23,922	26,672
Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	74,738	76,360
2231	Disbursements of new guaranteed loans	23,260	28,635

2251	Repayments and prepayments	-25,031	-19,166	-17,427
Adjustments:				
2261	Terminations for default that result in loans receivable	-416	-785	-929
2262	Terminations for default that result in acquisition of property	-362	-518	-447
2263	Terminations for default that result in claim payments	-141	-8	-9
2290	Outstanding, end of year	72,048	76,360	86,183
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	72,048	76,360	86,183
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	601	584	1,184
2331	Disbursements for guaranteed loan claims	416	785	929
2351	Repayments of loans receivable	-233	-185	-315
2361	Write-offs of loans receivable	-200		
2390	Outstanding, end of year	584	1,184	1,798

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and thereafter (including modifications of loan guarantees that resulted from commitments in any year) for FHA's General and Special Risk Insurance Fund programs. The amounts in this account are a means of financing and are not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

Balance Sheet (in millions of dollars)

Identification code 86-4077-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Federal assets:				
1101	Fund balances with Treasury	1,260	859	
Investments in US securities:				
1106	Receivables, net	1,194	531	
Non-Federal assets:				
1201	Investments in non-Federal securities, net		4	
1206	Receivables, net	21	24	
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501	Defaulted guaranteed loans receivable, gross	637	584	
1502	Interest receivable	23	48	
1504	Foreclosed property	206	420	
1505	Allowance for subsidy cost	-593	-685	
1599	Net value of assets related to defaulted guaranteed loan	273	367	
1901	Other Federal assets: Other assets	176	9	
1999	Total assets	2,924	1,794	
LIABILITIES:				
Federal liabilities:				
2101	Accounts payable Intragovernmental	1,102	138	
2103	Debt	1,241	660	
Non-Federal liabilities:				
2201	Accounts payable	19	85	
2202	Interest payable	3	9	
2204	Liabilities for loan guarantees	535	809	
2207	Other	24	93	
2999	Total liabilities	2,924	1,794	
4999	Total liabilities and net position	2,924	1,794	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Credit accounts—Continued

FHA—GENERAL AND SPECIAL RISK DIRECT LOAN FINANCING
ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4105-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct loans		3	3
00.02 Interest paid to Treasury		1	1
10.00 Total new obligations		4	4
Budgetary resources available for obligation:			
22.00 New financing authority (gross)		3	3
23.95 Total new obligations		-4	-4
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow		3	3
Spending authority from offsetting collections:			
Discretionary:			
68.00 Offsetting collections (cash)		4	4
68.47 Portion applied to repay debt		-4	-4
68.90 Spending authority from offsetting collections (total discretionary)			
70.00 Total new financing authority (gross)		3	3
Change in obligated balances:			
73.10 Total new obligations		4	4
73.20 Total financing disbursements (gross)		-4	-4
87.00 Total financing disbursements (gross)		4	4
Offsets:			
Against gross financing authority and financing dis-			
bursements:			
Offsetting collections (cash) from:			
88.40 Interest received on loans		-1	-1
88.40 Repayment of Principal		-3	-3
88.90 Total, offsetting collections (cash)		-4	-4
Net financing authority and financing disbursements:			
89.00 Financing authority		-1	-1
90.00 Financing disbursements			

Status of Direct Loans (in millions of dollars)

Identification code 86-4105-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	50	50	50
1142 Unobligated direct loan limitation (—)	-50	-47	-47
1150 Total direct loan obligations		3	3
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	2	2	1
1231 Disbursements: Direct loan disbursements		3	3
1251 Repayments: Repayments and prepayments		-4	-4
1290 Outstanding, end of year	2	1	

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and thereafter (including loan modifications) for FHA's General Insurance and Special Risk Insurance Fund programs. The amounts in this account are a means of financing and are not included in the budget totals. As required by the Federal Credit Reform Act of 1990, no administrative expenses can be recorded in the financing account.

This schedule includes two direct loan programs. One provides bridge loan financing to facilitate the disposition of multifamily housing owned by the Department to non-profit organizations who agree to preserve it as affordable rental or cooperative housing. The second is a single-family direct loan program for purchase money mortgages, as discussed in the preceding section for the Mutual Mortgage Insurance Fund.

Balance Sheet (in millions of dollars)

Identification code 86-4105-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	2	2		
1499 Net present value of assets related to direct loans	2	2		
1999 Total assets	2	2		
LIABILITIES:				
Federal liabilities:				
2103 Treasury borrowing	1	1		
2104 Resources payable to Treasury	1	1		
2999 Total liabilities	2	2		
4999 Total liabilities and net position	2	2		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

FHA—LOAN GUARANTEE RECOVERY FUND—FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4106-0-3-371	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	3	3	5
22.00 New financing authority (gross)		2	
23.90 Total budgetary resources available for obligation	3	5	5
24.40 Unobligated balance carried forward, end of year	3	5	5
New financing authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)		2	
Offsets:			
Against gross financing authority and financing dis-			
bursements:			
88.00 Offsetting collections (cash) from: Federal sources		-2	
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		-2	

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4106-0-3-371	2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lend-			
ers			
2121 Limitation available from carry-forward	4	4	
2143 Uncommitted limitation carried forward	-4		
2150 Total guaranteed loan commitments		4	
2199 Guaranteed amount of guaranteed loan commitments		4	
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	5	5	6
2231 Disbursements of new guaranteed loans		4	
2251 Repayments and prepayments		-3	-3
2290 Outstanding, end of year	5	6	3
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	5	6	3

Balance Sheet (in millions of dollars)

Identification code 86-4106-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Investments in US securities:				
1102 Federal assets: Treasury securities, par	3	3		
Net value of assets related to post-1991 acquired defaulted guaran-				
teed loans receivable:				
1504 Foreclosed property	1			

1599	Net present value of assets related to defaulted guaranteed loans	1		
1999	Total assets	4	3	
LIABILITIES:				
2204	Non-Federal liabilities: Liabilities for loan guarantees	4	3	
2999	Total liabilities	4	3	
4999	Total liabilities and net position	4	3	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Section 4 of the Church Arson Prevention Act of 1996 (P.L. 104–155), entitled “Loan Guarantee Recovery Fund,” authorizes the Secretary of Housing and Urban Development to guarantee loans made by financial institutions to assist certain nonprofit organizations that were damaged as a result of acts of arson or terrorism.

FHA—GENERAL AND SPECIAL RISK INSURANCE FUNDS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86–4072–0–3–371		2003 actual	2004 est.	2005 est.
Obligations by program activity:				
Operating expenses:				
00.02	Interest on debentures	45	45	45
00.03	Other operating costs		10	10
00.05	Legislative savings repayments		16	10
00.06	PAE & 3rd party restructuring fees	63	32	21
00.91	Total operating expenses	108	103	86
Capital investment: Claims and other:				
01.01	Acquisition of defaulted Title I notes	– 13	– 6	– 3
01.02	Assignment of mortgages	176	130	103
01.05	Mark-To-Market Restructures	641	456	281
01.09	Acquisition of real properties	3	6	4
01.10	Capitalized Expenses	112	94	74
01.12	Upfront Grants	44	70	65
01.13	Other	6	6	6
01.14	M&M Contract	3	3	3
01.16	Payment to the Financing Account-Asset Sale		55	16
01.91	Total capital investment	972	814	549
10.00	Total new obligations	1,080	917	635
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	531	84	
22.00	New budget authority (gross)	1,348	1,417	1,135
22.10	Resources available from recoveries of prior year obligations	39		
22.40	Capital transfer to general fund		– 84	
22.60	Portion applied to repay debt	– 755	– 500	– 500
23.90	Total budgetary resources available for obligation	1,163	917	635
23.95	Total new obligations	– 1,080	– 917	– 635
24.40	Unobligated balance carried forward, end of year	84		
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation	469	386	186
67.10	Authority to borrow	205	500	500
69.00	Offsetting collections (cash)	674	531	449
70.00	Total new budget authority (gross)	1,348	1,417	1,135
Change in obligated balances:				
72.40	Obligated balance, start of year	886	600	228
73.10	Total new obligations	1,080	917	635
73.20	Total outlays (gross)	– 1,327	– 1,289	– 704
73.45	Recoveries of prior year obligations	– 39		
74.40	Obligated balance, end of year	600	228	159
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	1,327	689	476
86.98	Outlays from mandatory balances		600	228
87.00	Total outlays (gross)	1,327	1,289	704
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.40	Fees and premiums	– 106	– 96	– 78

88.40	Multifamily foreclosure sales	–147	–112	–96
88.40	Proceeds from sale of real property	–26	–20	–19
88.40	Proceeds from sale of mortgage notes	–118	–78	–55
88.40	Recoveries on defaulted mortgages	–257	–200	–175
88.40	Interest, dividends and revenue	–9	–12	–13
88.40	Other collections	–11	–13	–13

88.90	Total, offsetting collections (cash)	–674	–531	–449
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Net budget authority and outlays:

89.00	Budget authority	674	886	686
90.00	Outlays	653	758	255

Memorandum (non-add) entries:

92.01	Total investments, start of year: Federal securities:			
	Par value	2	4	6
92.02	Total investments, end of year: Federal securities:			
	Par value	4	6	6

Status of Direct Loans (in millions of dollars)

Identification code 86-4072-0-3-371		2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	26	21	16
1251	Repayments: Repayments and prepayments	-5	-5	-5
1290	Outstanding, end of year	21	16	11

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4072-0-3-371		2003 actual	2004 est.	2005 est.
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	21,319	17,070	12,630
2251	Repayments and prepayments	- 3,428	- 3,848	- 1,349
Adjustments:				
2261	Terminations for default that result in loans receivable	- 817	- 586	- 384
2262	Terminations for default that result in acquisition of property	- 4	- 6	- 4
2290	Outstanding, end of year	17,070	12,630	10,893
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	17,070	12,630	10,893
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	2,226	2,415	2,362
2331	Disbursements for guaranteed loan claims	817	586	384
2351	Repayments of loans receivable	- 375	- 277	- 230
2361	Write-offs of loans receivable	- 109	- 362	- 354
2364	Other adjustments, net	- 144		
2390	Outstanding, end of year	2,415	2,362	2,162

The General Insurance fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, nursing homes, rental housing and nonprofit hospitals.

The Special Risk Insurance fund provides insurance on behalf of mortgagors who otherwise would not be eligible for mortgage insurance. In addition, the fund provides insurance on mortgages covering experimental housing where strict adherence to State or local building regulations was not observed.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from loan guarantees committed and direct loans obligated prior to 1992. This account is shown on a cash basis. New insurance and direct loan activity in 1992 and thereafter in the GI/SRI programs is recorded in corresponding program (86–0200) and financing (86–4077 and 86–4105) accounts.

Section 571 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998 established the Office of Multifamily Housing Assistance Restructuring within HUD to administer

Credit accounts—Continued**FHA—GENERAL AND SPECIAL RISK INSURANCE FUNDS LIQUIDATING ACCOUNT—Continued**

the program of mortgage and rental assistance restructuring. Included in the budget estimates for this account are projections for the financial operations of the office.

Restructuring authorities under the Multifamily Assisted Housing Reform and Affordability Act of 1997 expire at the end of fiscal year 2006 except for binding commitments entered into prior to October 1, 2006.

Financial Condition.—The following tables reflect the revenues, expenses, and financial condition of the GI/SRI Liquidating Account based on Generally Accepted Accounting Principles.

Balance Sheet (in millions of dollars)

Identification code 86-4072-0-3-371	2002 actual ¹	2003 actual	2004 est.	2005 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1,415	681		
Investments in US securities:				
1102 Treasury securities, par	2	4		
Non-Federal assets:				
1201 Investments in non-Federal securities, net		2		
1206 Receivables, net	17	49		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	25	21		
1603 Allowance for estimated uncollectible loans and interest (-)	-8			
1699 Value of assets related to direct loans	17	21		
1701 Defaulted guaranteed loans, gross	2,285	2,420		
1702 Interest receivable	107	145		
1703 Allowance for estimated uncollectible loans and interest (-)	-978	-886		
1704 Defaulted guaranteed loans and interest receivable, net	1,414	1,679		
1705 Allowance for uncollectibles from foreclosed property	2			
1706 Foreclosed property	68	9		
1799 Value of assets related to loan guarantees	1,484	1,688		
1901 Other Federal assets: Other assets	120	132		
1999 Total assets	3,055	2,577		
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	28	14		
2105 Other Liabilities	175			
Non-Federal liabilities:				
2201 Accounts payable	384	54		
2202 Interest payable	7	16		
2203 Debt	284	265		
2204 Liabilities for loan guarantees	4,950	3,323		
2207 Unearned revenue and advances	400	370		
2999 Total liabilities	6,228	4,042		
NET POSITION:				
3100 Appropriated capital	1,938	2,026		
3300 Cumulative results of operations	-5,111	-3,491		
3999 Total net position	-3,173	-1,465		
4999 Total liabilities and net position	3,055	2,577		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.
¹ Preliminary pending final audit.

Object Classification (in millions of dollars)

Identification code 86-4072-0-3-371	2003 actual	2004 est.	2005 est.
25.2 Other services	72	52	41
32.0 Land and structures	159	169	143
33.0 Investments and loans	804	580	380
43.0 Interest and dividends	45	45	45

44.0 Repayments to financing account		71	26
99.9 Total new obligations	1,080	917	635

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND LIQUIDATING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 86-4115-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Capital investment:			
00.02 Maintenance security and collateral	5	5	5
01.01 Operating expenses: Interest on borrowings	215	188	161
10.00 Total new obligations	220	193	166
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	90	609	
22.00 New budget authority (gross)	829	193	166
22.40 Capital transfer to general fund	-90	-25	
22.60 Portion applied to repay debt		-584	
23.90 Total budgetary resources available for obligation	829	193	166
23.95 Total new obligations	-220	-193	-166
24.40 Unobligated balance carried forward, end of year	609		
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)	829	770	770
69.47 Portion applied to repay debt		-577	-604
69.90 Spending authority from offsetting collections (total mandatory)	829	193	166
Change in obligated balances:			
72.40 Obligated balance, start of year	128	111	16
73.10 Total new obligations	220	193	166
73.20 Total outlays (gross)	-237	-288	-166
74.40 Obligated balance, end of year	111	16	16
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		193	166
86.98 Outlays from mandatory balances	237	95	
87.00 Total outlays (gross)	237	288	166
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-643	-590	-590
88.40 Non-Federal sources	-186	-180	-180
88.90 Total, offsetting collections (cash)	-829	-770	-770
Net budget authority and outlays:			
89.00 Budget authority		-577	-604
90.00 Outlays	-592	-482	-604

Status of Direct Loans (in millions of dollars)

Identification code 86-4115-0-3-371	2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	7,647	7,449	7,269
1231 Disbursements: Direct loan disbursements			
1251 Repayments: Repayments and prepayments	-186	-180	-180
1264 Write-offs for default: Other adjustments, net	-12		
1290 Outstanding, end of year	7,449	7,269	7,089

Note.—Amounts for direct loan obligations reflect reservations of section 202 funds. Loan obligations shown under the program and financing schedule reflect loans that have reached the initial closing stage of processing.

The Housing for the Elderly or Handicapped Fund was established pursuant to section 202 of the Housing Act of 1959, as amended. The fund provided direct loans to nonprofit organizations building and managing housing projects for lower income persons who are elderly or disabled.

Projects included an assured range of necessary services for the occupants of such projects. In addition, the section 8 lower income housing assistance payments program has been used in conjunction with the section 202 program. Applications under the two programs have been processed simultaneously.

The data included in these schedules represent direct loan activities funded under the Housing for the Elderly or Handicapped Loan Fund. Further, activities in support of the needs of the elderly and disabled have been carried out under a grant program funded in the 1991 Appropriations Act (P.L. 101-507) and authorized in the National Affordable Housing Act (P.L. 101-625).

After April 1, 1992, all projects for which there were administrative reservations converted to the capital advance assistance program.

The program and financing schedule for this account summarizes the Federal government's obligations for this loan program.

Financing.—Repayments and interest income from loans continue to be available to pay for commitments of the fund.

Balance Sheet (in millions of dollars)

Identification code 86-4115-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	218	719		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	7,646	7,449		
1602 Interest receivable	88	79		
1603 Allowance for estimated uncollectible loans and interest (-)	-19	-18		
1604 Direct loans and interest receivable, net	7,715	7,510		
1606 Acquired Real Property	9	8		
1699 Value of assets related to direct loans	7,724	7,518		
1999 Total assets	7,942	8,237		
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	126	108		
2103 Debt	2,640	2,640		
2104 Resources payable to Treasury	4,381	4,291		
2207 Non-Federal liabilities: Other	15	17		
2999 Total liabilities	7,162	7,056		
NET POSITION:				
3100 Unexpended Appropriations	22	19		
3300 Revolving Fund: Cumulative results of operations	758	1,162		
3999 Total net position	780	1,181		
4999 Total liabilities and net position	7,942	8,237		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Object Classification (in millions of dollars)

Identification code 86-4115-0-3-371	2003 actual	2004 est.	2005 est.
32.0 Land and structures	5	5	5
43.0 Interest and dividends	215	188	161
99.9 Total new obligations	220	193	166

MANUFACTURED HOUSING FEES TRUST FUND

Unavailable Receipts (in millions of dollars)

Identification code 86-8119-0-7-376	2003 actual	2004 est.	2005 est.
01.99 Balance, start of year			
Receipts:			
02.00 Mobile home inspection and monitoring fees, Manufactured housing	10	13	13
04.00 Total: Balances and collections	10	13	13
Appropriations:			
05.00 Manufactured housing fees trust fund	-10	-13	-13

07.99 Balance, end of year

Program and Financing (in millions of dollars)

Identification code 86-8119-0-7-376	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Transfer to salaries and expenses	1	2	2
00.02 Other program costs	8	11	12
10.00 Total new obligations (object class 25.2)	9	13	14
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	2	3	3
22.00 New budget authority (gross)	10	13	13
23.90 Total budgetary resources available for obligation	12	16	16
23.95 Total new obligations	-9	-13	-14
24.40 Unobligated balance carried forward, end of year	3	3	2
New budget authority (gross), detail:			
Discretionary:			
40.26 Appropriation (trust fund)	10	13	13
Change in obligated balances:			
72.40 Obligated balance, start of year		3	3
73.10 Total new obligations	9	13	14
73.20 Total outlays (gross)	-7	-13	-13
74.40 Obligated balance, end of year	3	3	4
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	4	10	10
86.93 Outlays from discretionary balances	3	3	3
87.00 Total outlays (gross)	7	13	13
Net budget authority and outlays:			
89.00 Budget authority	10	13	13
90.00 Outlays	7	13	13

The National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by the Manufactured Housing Improvement Act of 2000, authorizes development and enforcement of appropriate standards for the construction, design, and performance of manufactured homes to assure their quality, durability, affordability, and safety. All manufactured homes produced since the standards took effect on June 15, 1976 must comply with Federal construction and safety standards. The States are actively encouraged to participate in the program under compliance plans approved by HUD. New program requirements mandated by the Manufactured Housing Improvement Act of 2000 include procurement of an Administering Organization, formation of a Consensus Committee to recommend revisions to and interpretations of the manufactured housing standards, development and implementation of standards for installation of manufactured housing, and development and implementation of a dispute resolution program.

Fees are charged to the manufacturers for each manufactured home transportable section produced and will be used to fund the costs of all authorized activities necessary for the consensus committee, HUD, and its agents to carry out all aspects of the manufactured housing legislation. Fees are deposited in a trust fund administered by the Department, and a portion of the fee receipts are transferred to the salaries and expenses account to defray the direct administrative expenses of the program. In 2003, 250,826 transportable sections were produced, for a total of 136,891 manufactured homes.

The Manufactured Housing Improvement Act of 2000 created a Manufactured Housing Fees Trust Fund and made spending subject to appropriations. This account provides spending for activities formerly funded under Manufactured Home Inspection and Monitoring.

This account also presents activities formerly shown under the Interstate Land Sales account.

The Interstate Land Sales Full Disclosure Act provides protection to the public with respect to purchases or leases of subdivision lots. Statements of record must be filed with the

Credit accounts—Continued**MANUFACTURED HOUSING FEES TRUST FUND—Continued**

Secretary before subdivisions with 100 or more lots may be sold in interstate commerce, except when the subdivision is eligible for exemption.

The Secretary is authorized to charge a fee, to be paid by the developer when filing a statement of record. The fee receipts are permanently appropriated and have helped finance a portion of the direct administrative expenses incurred in program operations.

An estimated 600 filings in 2005 will result in \$350,000 in fees.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Federal Funds

The Housing and Urban Development Act of 1968 authorized the Government National Mortgage Association (Ginnie Mae) to guarantee the timely payment of principal and interest on privately issued securities that are backed by pools of FHA, Veterans Affairs (VA) and Rural Housing Service mortgages. The Ginnie Mae guarantee gives lenders access to the capital markets for funds to originate new loans. New FHA and VA loans are currently pooled into Ginnie Mae securities.

The Budget proposes two new FHA mortgage insurance programs. These programs will increase demand for FHA mortgages and thus increase the volume of Ginnie Mae guarantees of securities backed by FHA mortgages. In 2005, the new FHA programs increase Ginnie Mae commitments by approximately \$10 billion, resulting in an additional \$23 million in negative subsidy.

Financing.—Ginnie Mae issuers are assessed commitment, guarantee and other fees to cover costs incurred by Ginnie Mae and to fund a reserve against possible future payments under the guarantee.

Operating results.—Fee collections, interest, and other income are expected to exceed expenses by \$733 million in 2004 and \$784 million in 2005.

Credit accounts:

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

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 \$200,000,000,000, to remain available until September 30, [2005] 2006.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, \$10,986,000, to be derived from the GNMA guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed [\$10,695,000] \$10,986,000, shall be transferred to the appropriation for "Salaries and expenses". (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Unavailable Receipts (in millions of dollars)

Identification code 86-0186-0-1-371	2003 actual	2004 est.	2005 est.
01.99 Balance, start of year	1,696	2,084	2,478
Receipts:			
02.20 GNMA-guarantees of mortgage backed securities guarantee loans, N	398	405	368
04.00 Total: Balances and collections	2,094	2,489	2,846
Appropriations:			
05.00 Guarantees of mortgage-backed securities loan guarantee program	-10	-11	-11
07.99 Balance, end of year	2,084	2,478	2,835

Program and Financing (in millions of dollars)

Identification code 86-0186-0-1-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Administrative expenses, salaries and expenses	10	11	11
10.00 Total new obligations (object class 25.3)	10	11	11
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	10	11	11
23.95 Total new obligations	-10	-11	-11
New budget authority (gross), detail:			
Discretionary:			
40.20 Appropriation (special fund)	10	11	11
Change in obligated balances:			
73.10 Total new obligations	10	11	11
73.20 Total outlays (gross)	-10	-11	-11
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	10	11	11
Net budget authority and outlays:			
89.00 Budget authority	10	11	11
90.00 Outlays	10	11	11

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0186-0-1-371	2003 actual	2004 est.	2005 est.
Guaranteed loan levels supportable by subsidy budget authority:			
215001 Ginnie Mae mortgage-backed securities	215,818	150,000	160,000
215002 Standby commitment authority	37,052	50,000	40,000
215901 Total loan guarantee levels	252,870	200,000	200,000
Guaranteed loan subsidy (in percent):			
232001 Ginnie Mae mortgage-backed securities	-0.33	-0.27	-0.23
232002 Standby commitment authority	0.00	0.00	0.00
232901 Weighted average subsidy rate	-0.33	-0.27	-0.23
Guaranteed loan subsidy budget authority:			
233001 Ginnie Mae mortgage-backed securities	-398	-405	-368
233002 Standby commitment authority			
233901 Total subsidy budget authority	-398	-405	-368
Guaranteed loan subsidy outlays:			
234001 Ginnie Mae mortgage-backed securities	-398	-405	-368
234002 Standby commitment authority			
234901 Total subsidy outlays	-398	-405	-368
Administrative expense data:			
351001 Budget authority	10	11	11
359001 Outlays from new authority	10	11	11

As required by the Federal Credit Reform Act of 1990, this account records the administrative expenses of this program. The administrative expenses are estimated on a cash basis.

GUARANTEES OF MORTGAGE-BACKED SECURITIES FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4240-0-3-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.02 Operating expenses	2	2	17
00.03 Capital investment	63	25	28
00.91 Subtotal, Operating expenses and capital investment	65	27	45
08.01 Payment to receipt account for negative subsidy	398	405	368
10.00 Total new obligations	463	432	413
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	760	783	809
22.00 New financing authority (gross)	486	457	491
23.90 Total budgetary resources available for obligation	1,246	1,240	1,300
23.95 Total new obligations	-463	-432	-413

24.40	Unobligated balance carried forward, end of year	783	809	887
New financing authority (gross), detail:				
Mandatory:				
69.00	Offsetting collections (cash)	486	457	491
Change in obligated balances:				
72.40	Obligated balance, start of year	45	55	110
73.10	Total new obligations	463	432	413
73.20	Total financing disbursements (gross)	-452	-377	-406
74.40	Obligated balance, end of year	55	110	116
87.00	Total financing disbursements (gross)	452	377	406
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.25	Interest on uninvested funds	-53	-39	-42
88.40	Guarantee Fees	-337	-330	-355
88.40	Commitment and other fees	-49	-38	-40
88.40	Multiclass fees	-31	-34	-36
88.40	Repayment of advances	-14	-15	-17
88.40	Servicing Fees	-2	-1	-1
88.90	Total, offsetting collections (cash)	-486	-457	-491
Net financing authority and financing disbursements:				
89.00	Financing authority			
90.00	Financing disbursements	-34	-80	-85

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4240-0-3-371		2003 actual	2004 est.	2005 est.
Position with respect to appropriations act limitation on commitments:				
2111	Limitation on guaranteed loans made by private lenders	200,000	200,000	200,000
2121	Limitation available from carry-forward	59,419	37,052	.....
2143	Uncommitted limitation carried forward	- 43,601	.....	.....
2150	Total guaranteed loan commitments	215,818	237,052	200,000
2199	Guaranteed amount of guaranteed loan commitments	215,818	237,052	200,000
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	568,229	473,799	539,584
2231	Disbursements of new guaranteed loans	215,818	150,000	160,000
2251	Repayments and prepayments	- 310,248	- 84,215	- 144,108
2290	Outstanding, end of year	473,799	539,584	555,476
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	473,798	539,583	555,475

Operating Results.—Fee collections, interest, and other income are expected to exceed expenses by \$34 million in 2004 and \$104 million in 2005. These amounts will be retained against losses that may be incurred on guarantees.

Balance Sheet (in millions of dollars)

Identification code 86-4240-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	805	839	
1206	Non-Federal assets: Receivables, net	30	26	
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	4	50	
1603	Allowance for estimated uncollectible loans and interest (-)	-2	-13	
1699	Value of assets related to direct loans	2	37	
1803	Other Federal assets: Property, plant and equipment, net	9	69	
1999	Total assets	846	971	
LIABILITIES:				
Non-Federal liabilities:				
2201	Accounts payable	75	151	
2207	Other	21	10	
2999	Total liabilities	96	161	

NET POSITION:				
3300	Cumulative results of operations	750	810	
3999	Total net position	750	810	
4999	Total liabilities and net position	846	971	

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected. Note.—Ginnie Mae guarantees the timely payment of principal and interest installments on securities which are backed by FHA-insured, Rural Housing Service-insured, and VA-guaranteed mortgages. Such guarantees are excluded from the Government total of guaranteed obligations duplicating FHA, Rural Housing Service, and VA guarantees.

GUARANTEES OF MORTGAGE-BACKED SECURITIES LIQUIDATING ACCOUNT**Program and Financing (in millions of dollars)**

Identification code 86-4238-0-3-371	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
00.01	Administrative contract expenses	63	66	55
Operating expenses:				
00.02	Default expenses		11	1
00.03	Servicing expenses	2	1	
00.91	Total operating expenses	65	78	56
Capital investment:				
01.01	Advances of guaranty payments	28	49	47
10.00	Total new obligations	93	127	103
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	6,950	7,229	7,562
22.00	New budget authority (gross)	372	460	456
23.90	Total budgetary resources available for obligation	7,322	7,689	8,018
23.95	Total new obligations	- 93	- 127	- 103
24.40	Unobligated balance carried forward, end of year	7,229	7,562	7,915
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation		66	55
69.00	Offsetting collections (cash)	372	394	401
70.00	Total new budget authority (gross)	372	460	456
Change in obligated balances:				
72.40	Obligated balance, start of year ¹	- 39	- 28	- 99
73.10	Total new obligations	93	127	103
73.20	Total outlays (gross)	- 83	- 198	- 102
74.40	Obligated balance, end of year	- 28	- 99	- 98
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	83	198	102
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.20	Interest on Federal securities	- 351	- 369	- 377
88.40	Repayments of guaranteed payments	- 20	- 24	- 23
88.40	Servicing income	- 1	- 1	- 1
88.40	Repayments on mortgages			
88.90	Total, offsetting collections (cash)	- 372	- 394	- 401
Net budget authority and outlays:				
89.00	Budget authority		66	55
90.00	Outlays	- 289	- 196	- 299
Memorandum (non-add) entries:				
92.01	Total investments, start of year: Federal securities: Par value	6,958	7,241	7,496
92.02	Total investments, end of year: Federal securities: Par value	7,241	7,496	7,779

¹ This line nets unpaid obligations and offsetting collections from new Federal sources.

Status of Direct Loans (in millions of dollars)

Identification code 86-4238-0-3-371		2003 actual	2004 est.	2005 est.
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	102	105	126
1232	Disbursements: Purchase of loans assets from the public	27	49	47
1252	Repayments: Proceeds from loan asset sales to the public or discounted	-21	-24	-23
1263	Write-offs for default: Direct loans	-3	-4	-21
1290	Outstanding, end of year	105	126	129

Credit accounts—Continued**GUARANTEES OF MORTGAGE-BACKED SECURITIES LIQUIDATING ACCOUNT—Continued****Status of Guaranteed Loans** (in millions of dollars)

Identification code 86-4238-0-3-371	2003 actual	2004 est.	2005 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	122	109	95
2251 Repayments and prepayments	-13	-14	-14
2290 Outstanding, end of year	109	95	81
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	109	95	81

Operating results.—Fee collections, interest, and other income are expected to exceed expenses by \$294 million in 2004 and \$312 million in 2005. These amounts will be retained to cover future year expenses and as a reserve against losses that may be incurred on guarantees.

Balance Sheet (in millions of dollars)

Identification code 86-4238-0-3-371	2002 actual	2003 actual	2004 est.	2005 est.
ASSETS:				
Federal assets:				
Investments in US securities:				
1102 Treasury securities, par	6,935	7,216		
1106 Receivables, net	60	63		
1206 Non-Federal assets: Receivables, net	2	11		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	102	105		
1603 Allowance for estimated uncollectible loans and interest (-)	-95	-105		
1699 Value of assets related to direct loans	7			
1999 Total assets	7,004	7,290		
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	22	34		
2207 Other	517	509		
2999 Total liabilities	539	543		
NET POSITION:				
3300 Cumulative results of operations	6,465	6,747		
3999 Total net position	6,465	6,747		
4999 Total liabilities and net position	7,004	7,290		

Note: Consistent with Government-wide practice, information for 2004 and 2005 was not required to be collected.

Note.—Ginnie Mae guarantees the timely payment of principal and interest installments on securities which are backed by FHA-insured, Rural Housing Service, and VA-guaranteed mortgages. Such guarantees are excluded from the Government total of guaranteed obligations duplicating FHA, Rural Housing Service, and VA guarantees.

Object Classification (in millions of dollars)

Identification code 86-4238-0-3-371	2003 actual	2004 est.	2005 est.
25.2 Other services	65	78	56
33.0 Investments and loans	28	49	47
99.9 Total new obligations	93	127	103

POLICY DEVELOPMENT AND RESEARCH**Federal Funds****General and special funds:****RESEARCH AND TECHNOLOGY**

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, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, **[\$47,000,000]** \$46,700,000, to remain available until September 30, **[2005: Provided, That of the total amount provided under this heading, \$7,500,000 shall be for the Partnership for Advancing Technology in Housing (PATH) Initiative]** 2006. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0108-0-1-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Housing Research	37	43	47
00.02 PATH	6	11	
10.00 Total new obligations	43	54	47
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	4	7	
22.00 New budget authority (gross)	47	47	47
23.90 Total budgetary resources available for obligation	51	54	47
23.95 Total new obligations	-43	-54	-47
24.40 Unobligated balance carried forward, end of year	7		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	47	47	47
Change in obligated balances:			
72.40 Obligated balance, start of year	41	30	40
73.10 Total new obligations	43	54	47
73.20 Total outlays (gross)	-54	-44	-42
73.31 Obligated balance transferred to other accounts			-10
73.40 Adjustments in expired accounts (net)	-1		
74.40 Obligated balance, end of year	30	40	35
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	23	19	19
86.93 Outlays from discretionary balances	31	25	23
87.00 Total outlays (gross)	54	44	42
Net budget authority and outlays:			
89.00 Budget authority	47	47	47
90.00 Outlays	54	44	42

The Housing and Urban Development Act of 1970 directs the Secretary to undertake programs of research, studies, testing, and demonstrations related to the HUD mission. These functions are carried out internally and through contracts with industry, nonprofit research organizations, and educational institutions, and through agreements with State and local governments and other Federal agencies.

In 2005, the research program includes funds for program evaluations and for work related to the removal of barriers to affordable housing. National surveys will continue in 2005. Funds are not requested out of the Research and Technology account for the Partnership for Advancing Technology (PATH) program in 2005. Instead, \$2 million is requested for the PATH program out of the Office of Community Planning and Development's (CPD) HOME program. The administration and balances of the PATH program will also transfer to CPD in 2005. Research and evaluation activities will also support the Department in carrying out its responsibilities under the Government Performance and Results Act.

Object Classification (in millions of dollars)

Identification code 86-0108-0-1-451	2003 actual	2004 est.	2005 est.
25.2 Other services	41	49	42
41.0 Grants, subsidies, and contributions	2	5	5
99.9 Total new obligations	43	54	47

FAIR HOUSING AND EQUAL OPPORTUNITY**Federal Funds****General and special funds:****FAIR HOUSING ACTIVITIES**

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, **[\$48,000,000] \$47,700,000**, to remain available until September 30, **[2005] 2006**, of which **[\$20,250,000] \$20,650,000** shall be to carry out activities pursuant to such section 561: *Provided*, 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. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-0144-0-1-751	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Fair housing assistance	25	27	28
00.02 Fair housing initiatives	21	21	21
10.00 Total new obligations (object class 41.0)	46	48	49
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	23	23	21
22.00 New budget authority (gross)	46	48	48
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	70	71	69
23.95 Total new obligations	-46	-48	-49
24.40 Unobligated balance carried forward, end of year	23	21	18
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	46	48	48
Change in obligated balances:			
72.40 Obligated balance, start of year	53	49	50
73.10 Total new obligations	46	48	49
73.20 Total outlays (gross)	-50	-49	-46
73.40 Adjustments in expired accounts (net)	1		
73.45 Recoveries of prior year obligations	-1		
74.40 Obligated balance, end of year	49	50	55
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	3	3	3
86.93 Outlays from discretionary balances	47	46	43
87.00 Total outlays (gross)	50	49	46
Net budget authority and outlays:			
89.00 Budget authority	46	48	48
90.00 Outlays	50	49	46

The Budget proposes an appropriation of \$47.7 million in 2005 to fund fair housing activities that support efforts to end housing discrimination. Of the amount requested, \$27 million is for the Fair Housing Assistance Program and \$20.7 million is for the Fair Housing Initiatives Program.

The Fair Housing Assistance Program (FHAP), authorized by title VIII of the Civil Rights Act of 1968 as amended, provides funding to State and local agencies to assure prompt and effective processing of Title VIII (Civil Rights Act of 1968) complaints.

The funding requested for FHAP will support fair housing enforcement by increasing funding to support additional State and local fair housing organizations to meet the needs of currently underserved populations. It will also address the persistent high rate of discrimination against minorities as identified by the 2000 Housing Discrimination Study. It is estimated that the number of new State and local agencies with laws equivalent to the Fair Housing Act will increase to 100 in 2005 from 99 in 2004.

The Fair Housing Initiatives Program (FHIP), authorized by the Housing and Community Development Act of 1987, as amended by the Housing and Community Development

Act of 1992, provides support to public and private organizations for the purpose of eliminating or preventing discrimination in housing and for enhancing fair housing opportunities. FHIP provides funding for projects that inform and educate the public, including housing providers, on the rights and obligations of the Fair Housing Act and about substantially equivalent state and local fair housing laws.

OFFICE OF LEAD HAZARD CONTROL**Federal Funds****General and special funds:****LEAD HAZARD REDUCTION**

For the Lead Hazard Reduction Program, as authorized by section 1011 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, **[\$175,000,000] \$139,000,000**, to remain available until September 30, **[2005] 2006**, of which **[\$10,000,000] \$9,941,000** shall be for the Healthy Homes Initiative, pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970 that 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*, That [of the total amount made available under this heading, \$50,000,000 shall be made available on a competitive basis for areas with the highest lead paint abatement needs, as identified by the Secretary as having: (1) the highest number of occupied pre-1940 units of rental housing; and (2) a disproportionately high number of documented cases of lead-poisoned children: *Provided further*, That each grantee receiving funds under the previous proviso shall target those privately owned units and multifamily buildings that are occupied by low-income families as defined under section 3(b)(2) of the United States Housing Act of 1937: *Provided further*, That not less than 90 percent of the funds made available under this paragraph shall be used exclusively for abatement, inspections, risk assessments, temporary relocations and interim control of lead-based hazards as defined by 42 U.S.C. 4851: *Provided further*, That each recipient of funds provided under the first proviso shall make a matching contribution in an amount not less than 25 percent: *Provided further*, That each applicant shall submit a detailed plan and strategy that demonstrates adequate capacity that is acceptable to the Secretary to carry out the proposed use of funds pursuant to a Notice of Funding Availability] *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, Operation Lead Elimination Action Plan (LEAP), or the Lead Technical Studies program 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 §305(c) of the Multifamily Housing Property Disposition Reform Act of 1994. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)*

Program and Financing (in millions of dollars)

Identification code 86-0174-0-1-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Lead abatement	286	188	139
10.00 Total new obligations (object class 41.0)	286	188	139
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	110	14	
22.00 New budget authority (gross)	175	174	139
22.10 Resources available from recoveries of prior year obligations	15		
23.90 Total budgetary resources available for obligation	300	188	139
23.95 Total new obligations	-286	-188	-139
24.40 Unobligated balance carried forward, end of year	14		
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	176	175	139
40.35 Appropriation permanently reduced	-1	-1	
43.00 Appropriation (total discretionary)	175	174	139
Change in obligated balances:			
72.40 Obligated balance, start of year	187	364	425

General and special funds—Continued

LEAD HAZARD REDUCTION—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 86-0174-0-1-451	2003 actual	2004 est.	2005 est.
73.10 Total new obligations	286	188	139
73.20 Total outlays (gross)	-91	-127	-134
73.40 Adjustments in expired accounts (net)	-3		
73.45 Recoveries of prior year obligations	-15		
74.40 Obligated balance, end of year	364	425	430
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority		3	3
86.93 Outlays from discretionary balances	91	124	131
87.00 Total outlays (gross)	91	127	134
Net budget authority and outlays:			
89.00 Budget authority	175	174	139
90.00 Outlays	91	127	134

Title X of the Housing and Community Development Act of 1992 (Public Law 102-550), known as the Residential Lead-Based Paint Hazard Reduction Act, authorized the Secretary to establish the Lead-Based Paint Hazard Control Grant Program. The primary purpose of the program is to reduce the exposure of young children to lead-based paint hazards in their homes.

The program is a major part of a 10-year strategy to eliminate lead poisoning in children. The 2005 Budget includes \$110 million for HUD's Lead Hazard Control Program competitive grants and \$8.9 million for operation LEAP. The Technical Support Program and the Healthy Homes Initiative are both funded at \$9.9 million each. Operation LEAP funds will be used to leverage other private and public sector resources for the lead hazard control program.

The Lead Hazard Control Grant Program provides grants of \$1 to \$2.5 million to State and local governments and Indian tribes for control of lead-based paint hazards in privately owned, low-income owner-occupied and rental housing. The grants are also designed to stimulate the development of a housing maintenance and rehabilitation workforce trained in lead-safe work practices and a certified hazard evaluation and control industry. In awarding grants, HUD promotes the use of new, low cost approaches to hazard control that can be replicated across the nation.

The Healthy Homes Initiative will enable the Department to assess and control housing-related hazards that contribute to childhood diseases and injuries. The initiative will demonstrate and evaluate methods for controlling two or more housing related diseases through a single intervention. A public education/outreach effort, to enable the public to act effectively to protect their children from exposure to hazards, will also be conducted.

The Office of Healthy Homes and Lead Hazard Control will continue its Technical Support program, which will include public education; technical assistance for State and local agencies, private property owners, HUD programs and field offices and professional organizations; quality control to ensure that the evaluation and control of lead-based paint hazards is done properly in HUD-assisted housing; development of standards, technical guidance, regulations and improved testing and hazard control methods.

MANAGEMENT AND ADMINISTRATION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; hire of passenger motor vehicles; services as authorized by 5 U.S.C. 3109; and not to exceed \$25,000 for official reception and representation expenses, **[\$1,123,130,000] \$1,179,000,000**, of which **[\$564,000,000] \$576,000,000** shall be provided from the various funds of the Federal Housing Administration, **[\$10,695,000] \$10,986,000** shall be provided from funds of the Government National Mortgage Association, **[\$1,000,000]** shall be provided from the "Community development loan guarantees program" account, **\$150,000** shall be provided by transfer from the "Native American housing block grants" account, **\$250,000** shall be provided by transfer from the "Indian housing loan guarantee fund program" account and **\$35,000** shall be transferred from the "Native Hawaiian housing loan guarantee fund" account: *Provided*, That **[funds made available under this heading shall only be allocated in the manner specified in the report accompanying this Act unless the Committees on Appropriations of both the House of Representatives and the Senate are notified of any changes in an operating plan or reprogramming: *Provided further*, That]** no official or employee of the Department shall be designated as an allotment holder unless the Office of the Chief Financial Officer (OCFO) has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives: *Provided further*, That the Chief Financial Officer shall establish positive control of and maintain adequate systems of accounting for appropriations and other available funds as required by 31 U.S.C. 1514: *Provided further*, That for purposes of funds control and determining whether a violation exists under the Anti-Deficiency Act (31 U.S.C. 1341 et seq.), the point of obligation shall be the executed agreement or contract, except with respect to insurance and guarantee programs, certain types of salaries and expenses funding, and incremental funding that is authorized under an executed agreement or contract, and shall be designated in the approved funds control plan: *Provided further*, That the Chief Financial Officer shall: (a) appoint qualified personnel to conduct investigations of potential or actual violations; (b) establish minimum training requirements and other qualifications for personnel that may be appointed to conduct investigations; (c) establish guidelines and timeframes for the conduct and completion of investigations; (d) prescribe the content, format and other requirements for the submission of final reports on violations; and (e) prescribe such additional policies and procedures as may be required for conducting investigations of, and administering, processing, and reporting on, potential and actual violations of the Anti-Deficiency Act and all other statutes and regulations governing the obligation and expenditure of funds made available in this or any other Act: *Provided further*, That the Secretary shall fill 7 out of 10 vacancies at the GS-14 and GS-15 levels until the total number of GS-14 and GS-15 positions in the Department has been reduced from the number of GS-14 and GS-15 positions on the date of enactment of Public Law 106-377 by 2½ percent].

[The tenth proviso under this heading in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2003, is amended by striking "the purpose of" and inserting "purposes of funds control and" and before the colon insert the following " , except with respect to insurance and guarantee programs, certain types of salaries and expenses funding, and incremental funding that is authorized under an executed agreement or contract".] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Program and Financing (in millions of dollars)				
Identification code 86-0143-0-1-999	2003 actual	2004 est.	2005 est.	
Obligations by program activity:				
Direct program:				
00.01 Housing, mortgage credit, regulatory and energy conservation	218	242	271	
00.02 Community planning and development programs	41	43	46	
00.03 Equal opportunity and research programs	43	46	48	
00.04 Departmental management, legal and audit services	45	48	51	
00.05 Field direction and administration	156	165	176	
09.01 Reimbursable program	559	573	587	
09.99 Total reimbursable program	559	573	587	
10.00 Total new obligations	1,062	1,117	1,179	
Budgetary resources available for obligation:				
21.40 Unobligated balance carried forward, start of year		16		
22.00 New budget authority (gross)	1,086	1,117	1,179	
23.90 Total budgetary resources available for obligation	1,086	1,133	1,179	
23.95 Total new obligations	-1,062	-1,117	-1,179	
23.98 Unobligated balance expiring or withdrawn	-8	-16		
24.00 Unobligated balance carried forward, end of year	16			
New budget authority (gross), detail:				
Discretionary:				
40.00 Appropriation	530	547	592	
40.35 Appropriation permanently reduced	-3	-3		
43.00 Appropriation (total discretionary)	527	544	592	
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	559	573	587	
70.00 Total new budget authority (gross)	1,086	1,117	1,179	
Change in obligated balances:				
72.40 Obligated balance, start of year	130	117	119	
73.10 Total new obligations	1,062	1,117	1,179	
73.20 Total outlays (gross)	-1,061	-1,115	-1,178	
73.40 Adjustments in expired accounts (net)	-13			
74.40 Obligated balance, end of year	117	119	121	
Outlays (gross), detail:				
86.90 Outlays from new discretionary authority	993	992	1,043	
86.93 Outlays from discretionary balances	68	123	135	
87.00 Total outlays (gross)	1,061	1,115	1,178	
Offsets:				
Against gross budget authority and outlays:				
88.00 Offsetting collections (cash) from: Federal sources	-559	-573	-587	
Net budget authority and outlays:				
89.00 Budget authority	527	544	592	
90.00 Outlays	502	542	591	

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	527	544	592
Outlays	502	542	591
Legislative proposal, not subject to PAYGO:			
Budget Authority			-3
Outlays			-2
Total:			
Budget Authority	527	544	589
Outlays	502	542	589

This appropriation finances all salaries and related costs associated with administering the programs of the Department of Housing and Urban Development, including: housing and mortgage credit programs; community planning and development programs; equal opportunity, research, regulatory and insurance programs; departmental management, and legal services; and, field direction and administration.

Object Classification (in millions of dollars)

Identification code 86-0143-0-1-999	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	310	339	369

11.3 Other than full-time permanent	4	4	4
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	316	345	375
12.1 Civilian personnel benefits	80	87	95
21.0 Travel and transportation of persons	7	10	11
23.1 Rental payments to GSA	46	52	52
23.3 Communications, utilities, and miscellaneous charges	11	13	13
24.0 Printing and reproduction	1	2	2
25.1 Advisory and assistance services	29	23	30
25.2 Other services	2	2	2
25.3 Other purchases of goods and services from Government accounts	7	6	7
25.4 Operation and maintenance of facilities	1	1	1
26.0 Supplies and materials	2	2	2
31.0 Equipment	1	1	2
99.0 Direct obligations	503	544	592
99.0 Reimbursable obligations	559	573	587
99.9 Total new obligations	1,062	1,117	1,179

Personnel Summary

Identification code 86-0143-0-1-999	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment	4,361	4,700	4,700
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment	4,918	4,705	4,705

SALARIES AND EXPENSES

(Legislative proposal not subject of PAYGO)

Program and Financing (in millions of dollars)

Identification code 86-0143-2-1-999	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
Direct program:			
00.01 Housing, mortgage credit, regulatory and energy conservation			-3
10.00 Total new obligations			-3
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-3
23.95 Total new obligations			3
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation			-3
Change in obligated balances:			
73.10 Total new obligations			-3
73.20 Total outlays (gross)			2
74.40 Obligated balance, end of year			-1
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			-2
Net budget authority and outlays:			
89.00 Budget authority			-3
90.00 Outlays			-2

Upon enactment of the proposal announced by the Secretaries of the Departments of Housing and Urban Development and the Treasury on September 10, 2003, it is expected that the cost of HUD's responsibilities would be assessed on the Government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. These responsibilities include the establishment and enforcement of affordable housing goals for the GSEs, ensuring GSE compliance with fair housing laws, and providing consultation to the safety and soundness regulator on the GSEs new activities.

Object Classification (in millions of dollars)

Identification code 86-0143-2-1-999	2003 actual	2004 est.	2005 est.
11.1 Personnel compensation: Full-time permanent			-2

General and special funds—Continued**SALARIES AND EXPENSES—Continued****Object Classification** (in millions of dollars)—Continued

Identification code 86–0143–2–1–999	2003 actual	2004 est.	2005 est.
25.2 Other services			–1
99.9 Total new obligations			–3

Personnel Summary

Identification code 86–0143–2–1–999	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment			–14

OFFICE OF INSPECTOR GENERAL
(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, \$101,000,000, of which \$24,000,000 shall be provided from the various funds of the Federal Housing Administration: *Provided*, That the Inspector General shall have independent authority over all personnel issues within this office: *Provided further*, That no less than \$300,000 shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems for the Office of Inspector General]. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86–0189–0–1–451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct program	74	76	77
09.01 Reimbursable program	23	24	24
10.00 Total new obligations	97	100	101
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	97	100	101
23.95 Total new obligations	–97	–100	–101
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	74	77	77
40.35 Appropriation permanently reduced		–1	
43.00 Appropriation (total discretionary)	74	76	77
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	23	24	24
70.00 Total new budget authority (gross)	97	100	101
Change in obligated balances:			
72.40 Obligated balance, start of year	22	21	21
73.10 Total new obligations	97	100	101
73.20 Total outlays (gross)	–97	–100	–101
73.40 Adjustments in expired accounts (net)	–1		
74.40 Obligated balance, end of year	21	21	21
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	82	83	83
86.93 Outlays from discretionary balances	15	17	18
87.00 Total outlays (gross)	97	100	101
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	–23	–24	–24
Net budget authority and outlays:			
89.00 Budget authority	74	76	77
90.00 Outlays	74	76	77

This appropriation provides agency wide audit and investigative functions to identify and correct management and administrative deficiencies that create conditions for existing or potential instances of fraud, waste and mismanagement. The audit function provides internal audit and contract audit.

Internal audits review and evaluate all facets of agency operations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

Object Classification (in millions of dollars)

Identification code 86–0189–0–1–451	2003 actual	2004 est.	2005 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	41	41	42
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	43	43	44
12.1 Civilian personnel benefits	11	12	12
21.0 Travel and transportation of persons	4	4	4
23.1 Rental payments to GSA	6	6	6
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.1 Advisory and assistance services	6	7	7
25.3 Other purchases of goods and services from Government accounts	1	1	1
26.0 Supplies and materials	1	1	1
31.0 Equipment	1	1	1
99.0 Direct obligations	74	76	77
99.0 Reimbursable obligations	23	24	24
99.9 Total new obligations	97	100	101

Personnel Summary

Identification code 86–0189–0–1–451	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment	493	509	503
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment	156	166	157

GSE REGULATION

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 86–0142–2–1–371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
09.00 GSE regulation expenses			6
10.00 Total new obligations			6
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			6
23.95 Total new obligations			–6
New budget authority (gross), detail:			
Mandatory:			
69.00 Offsetting collections (cash)			6
Change in obligated balances:			
73.10 Total new obligations			6
73.20 Total outlays (gross)			–6
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			6
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources			–6
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

Upon enactment of the proposals announced by the Secretaries of the Departments of Housing and Urban Development and the Treasury on September 10, 2003, and October 16, 2003, it is expected that the cost of HUD's responsibilities under the Federal Housing Enterprise Safety and Soundness

Act of 1992, and amendments as proposed, would be assessed on the Government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. These responsibilities include the establishment and enforcement of affordable housing goals for the GSEs, ensuring GSE compliance with fair housing laws, and providing consultation to the safety and soundness regulator on the GSEs' new activities.

Object Classification (in millions of dollars)

Identification code 86-0142-2-1-371	2003 actual	2004 est.	2005 est.
99.0 Reimbursable obligations: Reimbursable obligations ...			6
99.9 Total new obligations			6

Personnel Summary

Identification code 86-0142-2-1-371	2003 actual	2004 est.	2005 est.
Reimbursable:			
2001 Total compensable workyears: Civilian full-time equivalent employment			19

CONSOLIDATED FEE FUND
(RESCISSION)

【All unobligated balances remaining available from fees and charges under section 7(j) of the Department of Housing and Urban Development Act on October 1, 2003 are rescinded.】 (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-5486-0-2-604	2003 actual	2004 est.	2005 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	8		
22.00 New budget authority (gross)	-8		
23.90 Total budgetary resources available for obligation			
New budget authority (gross), detail:			
Discretionary:			
40.36 Unobligated balance permanently reduced	-8		
Net budget authority and outlays:			
89.00 Budget authority	-8		
90.00 Outlays			

Section 7(j) of the Department of Housing and Urban Development Act established fees and charges from selected programs to offset the costs of audits, inspections and other related expenses that may be incurred by the Department in monitoring these programs. All funds have now been expended.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
SALARIES AND EXPENSES
(INCLUDING TRANSFER OF FUNDS)

【For carrying out the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, including not to exceed \$500 for official reception and representation expenses, \$39,915,000, to remain available until expended, to be derived from the Federal Housing Enterprises Oversight Fund: *Provided*, That of the amount made available under this heading, \$4,500,000 is for one-time costs to conduct special investigations of the federal housing enterprises and \$3,000,000 is for costs associated with strengthening the examination and legal functions: *Provided further*, That the Secretary shall submit a spending plan for the amounts provided under this heading no later than January 15, 2004: *Provided further*, That not less than 60 percent of total amount made available under this heading shall be used only for examination, supervision, and capital oversight of the enterprises (as such term is defined in section 1303 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C.

4502)) to ensure that the enterprises are operating in a financially safe and sound manner and complying with the capital requirements under Subtitle B of such Act: *Provided further*, That not to exceed the amount provided herein 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: *Provided further*, That the general fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the general fund estimated at not more than \$0.】 (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Unavailable Receipts (in millions of dollars)

Identification code 86-5272-0-2-371	2003 actual	2004 est.	2005 est.
01.99 Balance, start of year			
Receipts:			
02.60 Office of Federal Housing Enterprise Oversight	30	40	44
02.65 Legislative proposal			-44
02.99 Total receipts and collections	30	40	
04.00 Total: Balances and collections	30	40	
Appropriations:			
05.00 Office of Federal Housing Enterprise Oversight	-30	-40	-44
05.10 Legislative proposal			44
05.99 Total appropriations	-30	-40	
07.99 Balance, end of year			

Program and Financing (in millions of dollars)

Identification code 86-5272-0-2-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct program	30	40	44
10.00 Total new obligations	30	40	44
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	30	40	44
23.95 Total new obligations	-30	-40	-44
New budget authority (gross), detail:			
Discretionary:			
40.20 Appropriation (special fund)	30	40	44
Change in obligated balances:			
72.40 Obligated balance, start of year	5	7	8
73.10 Total new obligations	30	40	44
73.20 Total outlays (gross)	-28	-39	-43
74.40 Obligated balance, end of year	7	8	9
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	24	32	35
86.93 Outlays from discretionary balances	4	7	8
87.00 Total outlays (gross)	28	39	43
Net budget authority and outlays:			
89.00 Budget authority	30	40	44
90.00 Outlays	28	39	43

Summary of Budget Authority and Outlays

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Enacted/requested:			
Budget Authority	30	40	44
Outlays	28	39	43
Legislative proposal, not subject to PAYGO:			
Budget Authority			-44
Outlays			-43
Total:			
Budget Authority	30	40	
Outlays	28	39	

The Office of Federal Housing Enterprise Oversight (OFHEO) was established in 1992 to regulate the financial safety and soundness of two housing Government-sponsored enterprises (GSEs)—Fannie Mae and Freddie Mac. OFHEO

General and special funds—Continued

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

was authorized in the Federal Housing Enterprise Safety and Soundness Act of 1992. OFHEO is required to ensure that the GSEs meet capital standards, and to conduct onsite annual examinations at the GSEs for the purpose for ensuring their financial safety and soundness.

It is expected that all resources available to OFHEO would be transferred to a new strengthened housing GSE regulator upon enactment of the proposal announced by the Secretaries of the Departments of Housing and Urban Development and the Treasury on September 10, 2003 and October 16, 2003. The Administration continues to support direct funding of these activities with mandatory assessments on Fannie Mae and Freddie Mac.

Object Classification (in millions of dollars)

Identification code 86-5272-0-2-371	2003 actual	2004 est.	2005 est.
Direct obligations:			
11.1 Personnel compensation: Personnel Compensation	15	22	23
12.1 Civilian personnel benefits	3	5	6
23.2 Rental payments to others	3	4	4
25.2 Other services	6	7	7
31.0 Equipment	2	1	3
32.0 Land and structures			1
99.0 Direct obligations	29	39	44
99.5 Below reporting threshold	1	1	
99.9 Total new obligations	30	40	44

Personnel Summary

Identification code 86-5272-0-2-371	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment	126	167	185

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 86-5272-2-2-371	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct program			-44
10.00 Total new obligations			-44
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-44
23.95 Total new obligations			44
New budget authority (gross), detail:			
Discretionary:			
40.20 Appropriation (special fund)			-44
Change in obligated balances:			
73.10 Total new obligations			-44
73.20 Total outlays (gross)			43
73.31 Obligated balance transferred to other accounts			-8
74.40 Obligated balance, end of year			-9
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			-35
86.93 Outlays from discretionary balances			-8
87.00 Total outlays (gross)			-43
Net budget authority and outlays:			
89.00 Budget authority			-44
90.00 Outlays			-43

Object Classification (in millions of dollars)

Identification code 86-5272-2-2-371	2003 actual	2004 est.	2005 est.
11.1 Personnel compensation: Personnel Compensation			-23
12.1 Civilian personnel benefits			-6
23.2 Rental payments to others			-4
25.2 Other services			-7
31.0 Equipment			-3
32.0 Land and structures			-1
99.9 Total new obligations			-44

Personnel Summary

Identification code 86-5272-2-2-371	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equivalent employment			-185

Intragovernmental funds:

WORKING CAPITAL FUND

For additional capital for the Working [Capitol] Capital Fund (42 U.S.C. 3535) for the development of, modifications to, and infrastructure for Department-wide information technology systems, and for the continuing operation of both Department-wide and program-specific information systems, [\$235,000,000] \$234,000,000, to remain available until September 30, [2005] 2006: *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, notwithstanding the purposes for which such amounts were appropriated. (Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.)

Program and Financing (in millions of dollars)

Identification code 86-4586-0-4-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity	222	287	234
09.01 Reimbursable program	71	65	90
10.00 Total new obligations	293	352	324
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	58	119	67
22.00 New budget authority (gross)	352	299	257
22.10 Resources available from recoveries of prior year obligations	2		
23.90 Total budgetary resources available for obligation	412	418	324
23.95 Total new obligations	-293	-352	-324
24.40 Unobligated balance carried forward, end of year	119	67	
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	276	235	234
40.35 Appropriation permanently reduced	-2	-1	
43.00 Appropriation (total discretionary)	274	234	234
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	84	65	23
68.10 Change in uncollected customer payments from Federal sources (unexpired)	-6		
68.90 Spending authority from offsetting collections (total discretionary)	78	65	23
70.00 Total new budget authority (gross)	352	299	257
Change in obligated balances:			
72.40 Obligated balance, start of year	125	132	139
73.10 Total new obligations	293	352	324
73.20 Total outlays (gross)	-290	-345	-398
73.45 Recoveries of prior year obligations	-2		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	6		
74.40 Obligated balance, end of year	132	139	65
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	174	213	192

86.93	Outlays from discretionary balances	116	132	206
87.00	Total outlays (gross)	290	345	398
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	- 84	- 65	- 23
Against gross budget authority only:				
88.95	Change in uncollected customer payments from Federal sources (unexpired)	6		
Net budget authority and outlays:				
89.00	Budget authority	274	234	234
90.00	Outlays	206	280	375

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	2003 actual	2004 est.	2005 est.
Budget Authority	274	234	234
Outlays	206	280	375
Legislative proposal, not subject to PAYGO:			
Budget Authority			-2
Outlays			-2
Total:			
Budget Authority	274	234	232
Outlays	206	280	373

The Working Capital Fund, authorized by the Department of Housing and Urban Development Act of 1965, finances information technology and office automation initiatives which can be performed more efficiently on a centralized basis. Since 2003, a direct appropriation has been requested for the operations of the computer system and for development and modifications of Department-wide systems. Fees have continued for services to develop and modify systems where the benefit is limited to a specific program.

Object Classification (in millions of dollars)

Identification code 86-4586-0-4-451	2003 actual	2004 est.	2005 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	29	34	35
12.1 Civilian personnel benefits	7	6	6
21.0 Travel and transportation of persons		2	2
23.3 Communications, utilities, and miscellaneous charges	31	15	5
25.1 Advisory and assistance services	151	219	175
26.0 Supplies and materials	1	1	1
31.0 Equipment	3	10	10
99.0 Direct obligations	222	287	234
Reimbursable obligations:			
25.1 Advisory and assistance services	71	65	90
99.0 Reimbursable obligations	71	65	90
99.9 Total new obligations	293	352	324

Personnel Summary

Identification code 86-4586-0-4-451	2003 actual	2004 est.	2005 est.
Direct:			
1001 Total compensable workyears: Civilian full-time equiv- alent employment	386	380	380
Reimbursable:			

WORKING CAPITAL FUND

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 86-4586-2-4-451	2003 actual	2004 est.	2005 est.
Obligations by program activity:			
00.01 Direct Program Activity			-2
10.00 Total new obligations (object class 25.1)			-2
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-2

23.95	Total new obligations		2
New budget authority (gross), detail:			
Discretionary:			
40.00	Appropriation		-2
Change in obligated balances:			
73.10	Total new obligations		-2
73.20	Total outlays (gross)		2
Outlays (gross), detail:			
86.90	Outlays from new discretionary authority		-2
Net budget authority and outlays:			
89.00	Budget authority		-2
90.00	Outlays		-2

Upon enactment of the proposal announced by the Secretaries of the Departments of Housing and Urban Development and the Treasury on September 10, 2003, it is expected that the cost of HUD's responsibilities would be assessed on the Government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac. These responsibilities include the establishment and enforcement of affordable housing goals for the GSEs, ensuring GSE compliance with fair housing laws, and providing consultation to the safety and soundness regulator on the GSE's, new activities.

ADMINISTRATIVE PROVISIONS

SEC. 201. 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. 1437 note) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded 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 or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

SEC. 202. None of the amounts made available under this Act may be used during fiscal year [2004] 2005 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 non-frivolous 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.

SEC. 203. (a) Notwithstanding section 854(c)(1)(A) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)(1)(A)), from any amounts made available under this title for fiscal year [2004] 2005 that are allocated under such section, the Secretary of Housing and Urban Development shall allocate and make a grant, in the amount determined under subsection (b), for any State that—

(1) received an allocation in a prior fiscal year under clause (ii) of such section; and

(2) is not otherwise eligible for an allocation for fiscal year [2004] 2005 under such clause (ii) because the areas in the State outside of the metropolitan statistical areas that qualify under clause (i) in fiscal year [2004] 2005 do not have the number of cases of acquired immunodeficiency syndrome (AIDS) required under such clause.

(b) The amount of the allocation and grant for any State described in subsection (a) shall be an amount based on the cumulative number of AIDS cases in the areas of that State that are outside of metropolitan statistical areas that qualify under clause (i) of such section 854(c)(1)(A) in fiscal year [2004] 2005, in proportion to AIDS cases among cities and States that qualify under clauses (i) and (ii) of such section and States deemed eligible under subsection (a).

SEC. 204. (a) During fiscal year [2004] 2005, in the provision of rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) in connection with a program to demonstrate the economy and effectiveness of providing such assistance for use in assisted living facilities that is carried out in the

Intragovernmental funds—Continued**ADMINISTRATIVE PROVISIONS—Continued**

counties of the State of Michigan specified in subsection (b) of this section, notwithstanding paragraphs (3) and (18)(B)(iii) of such section 8(o), a family residing in an assisted living facility in any such county, on behalf of which a public housing agency provides assistance pursuant to section 8(o)(18) of such Act, may be required, at the time the family initially receives such assistance, to pay rent in an amount exceeding 40 percent of the monthly adjusted income of the family by such a percentage or amount as the Secretary of Housing and Urban Development determines to be appropriate.

(b) The counties specified in this subsection are Oakland County, Macomb County, Wayne County, and Washtenaw County, in the State of Michigan.

SEC. 205. 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.

SEC. 206. 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. 1811–1831).

SEC. 207. Unless otherwise provided for in this Act or through a reprogramming of funds, no part of any appropriation for the Department of Housing and Urban Development shall be available for any program, project or activity in excess of amounts set forth in the budget estimates submitted to Congress.

SEC. 208. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, 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 [2003] 2005 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.

SEC. 209. None of the funds provided in this title for technical assistance, training, or management improvements may be obligated or expended unless HUD provides to the Committees on Appropriations a description of each proposed activity and a detailed budget estimate of the costs associated with each program, project or activity as part of the Budget Justifications. For fiscal year [2004] 2005, HUD shall transmit this information to the Committees by [January 15, 2004] March 15, 2005 for 30 days of review.

[SEC. 210. A public housing agency or such other entity that administers Federal housing assistance in the states of Alaska, Iowa, and Mississippi shall not be required to include a resident of public housing or a recipient of assistance provided under section 8 of the United States Housing Act of 1937 on the board of directors or a similar governing board of such agency or entity as required under section (2)(b) of such Act. Each public housing agency or other entity that administers Federal housing assistance under section 8 in the states of Alaska, Iowa and Mississippi shall establish an advisory board of not less than 6 residents of public housing or recipients of section 8 assistance to provide advice and comment to the public housing agency or other administering entity on issues related to public housing and section 8. Such advisory board shall meet not less than quarterly.]

SEC. [211] 210. 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.

SEC. [212] 211. Notwithstanding any other provision of law, in fiscal year [2004] 2005, in managing and disposing of any multifamily property that is owned or held by the Secretary and is occupied primarily by elderly or disabled families, the Secretary of Housing and Urban Development shall maintain any rental assistance payments under section 8 of the United States Housing Act of 1937 that are attached to any dwelling units in the property. To the extent the Secretary determines that such a multifamily property owned or held by the Secretary is not feasible for continued rental assistance payments under such section 8, 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.

[SEC. 213. The Secretary of Housing and Urban Development shall submit an annual report no later than August 30, 2004 and annually thereafter to the House and Senate Committees on Appropriations regarding the number of Federally assisted units under lease and the per unit cost of these units to the Department of Housing and Urban Development.]

SEC. [214] 212. (a) Notwithstanding any other provision of law, the amount allocated for fiscal year [2004] 2005 under section 854(c) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)), to the City of Wilmington, Delaware, on behalf of the Wilmington, Delaware-Maryland-New Jersey Metropolitan Division (hereafter “metropolitan division”) [of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area], shall be adjusted by the Secretary of Housing and Urban Development by allocating to the State of New Jersey the proportion of the metropolitan [area’s or] division’s amount that is based on the number of cases of AIDS reported in the portion of the metropolitan [area or] division that is located in New Jersey. The State of New Jersey shall use amounts allocated to the State under this subsection to carry out eligible activities under section 855 of the AIDS Housing Opportunity Act (42 U.S.C. 12904) in the portion of the metropolitan division that is located in New Jersey.

(b) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development shall allocate to Wake County, North Carolina, the amounts that otherwise would be allocated for fiscal year [2004] 2005 under section 854(c) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)) to the City of Raleigh, North Carolina, on behalf of the Raleigh-Cary, North Carolina Metropolitan Statistical Area. Any amounts allocated to Wake County shall be used to carry out eligible activities under section 855 of such Act (42 U.S.C. 12904) within such metropolitan statistical area.

(c) *Notwithstanding section 854(c) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)), the Secretary of Housing and Urban Development may adjust the allocation of the amounts that otherwise would be allocated for fiscal year 2005 under section 854(c) of such Act, upon the written request of an applicant, in conjunction with the State(s), for a formula allocation on behalf of a metropolitan statistical area, to designate the State or States in which the metropolitan statistical area is located as the eligible grantee(s) of the allocation. In the case that a metropolitan statistical area involves more than one State, such amounts allocated to each State shall be in proportion to the number of cases of AIDS reported in the portion of the metropolitan statistical area located in that State. Any amounts allocated to a State under this section shall be used to carry out eligible activities within the portion of the metropolitan statistical area located in that State.*

[SEC. 215. Section 224 of the National Housing Act (12 U.S.C. 1735o) is amended by adding the following new sentence at the end of the first paragraph: “Notwithstanding the preceding sentence and the following paragraph, if an insurance claim is paid in cash for any mortgage that is insured under section 203 or 234 of this Act and is endorsed for mortgage insurance after the date of enactment of this sentence, the debenture interest rate for purposes of calculating such a claim shall be the monthly average yield, for the month in which the default on the mortgage occurred, on United States Treasury Securities adjusted to a constant maturity of ten years.”.]

[SEC. 216. The McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 et seq.) is amended—

(1) in section 101(b), by striking “Interagency Council on the Homeless” and inserting “United States Interagency Council on Homelessness”;

(2) in section 102(b)(1), by striking “an Interagency Council on the Homeless” and inserting “the United States Interagency Council on Homelessness”;

(3) in the heading for title II, by striking “INTERAGENCY COUNCIL ON THE HOMELESS” and inserting “UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS”; and

(4) in sections 201, 207(1), 501(c)(2)(a), and 501(d)(3), by striking “Interagency Council on the Homeless” and inserting “United States Interagency Council on Homelessness”.]

[SEC. 217. (a) INFORMATION COMPARISONS FOR PUBLIC AND ASSISTED HOUSING PROGRAMS.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following new paragraph:

“(7) INFORMATION COMPARISONS FOR HOUSING ASSISTANCE PROGRAMS.—

“(A) FURNISHING OF INFORMATION BY HUD.—Subject to subparagraph (G), the Secretary of Housing and Urban Development shall furnish to the Secretary, on such periodic basis as determined by the Secretary of Housing and Urban Development in consultation with the Secretary, information in the custody of the Secretary of Housing and Urban Development for comparison with information in the National Directory of New Hires, in order to obtain information in such Directory with respect to individuals who are participating in any program under—

“(i) the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

“(ii) section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

“(iii) section 221(d)(3), 221(d)(5), or 236 of the National Housing Act (12 U.S.C. 1715l(d) and 1715z–1);

“(iv) section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013); or

“(v) section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s).

“(B) REQUIREMENT TO SEEK MINIMUM INFORMATION.—The Secretary of Housing and Urban Development shall seek information pursuant to this section only to the extent necessary to verify the employment and income of individuals described in subparagraph (A).

“(C) DUTIES OF THE SECRETARY.—

“(i) INFORMATION DISCLOSURE.—The Secretary, in cooperation with the Secretary of Housing and Urban Development, shall compare information in the National Directory of New Hires with information provided by the Secretary of Housing and Urban Development with respect to individuals described in subparagraph (A), and shall disclose information in such Directory regarding such individuals to the Secretary of Housing and Urban Development, in accordance with this paragraph, for the purposes specified in this paragraph.

“(ii) CONDITION ON DISCLOSURE.—The Secretary shall make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part.

“(D) USE OF INFORMATION BY HUD.—The Secretary of Housing and Urban Development may use information resulting from a data match pursuant to this paragraph only—

“(i) for the purpose of verifying the employment and income of individuals described in subparagraph (A); and

“(ii) after removal of personal identifiers, to conduct analyses of the employment and income reporting of individuals described in subparagraph (A).

“(E) DISCLOSURE OF INFORMATION BY HUD.—

“(i) PURPOSE OF DISCLOSURE.—The Secretary of Housing and Urban Development may make a disclosure under this subparagraph only for the purpose of verifying the employment and income of individuals described in subparagraph (A).

“(ii) DISCLOSURES PERMITTED.—Subject to clause (iii), the Secretary of Housing and Urban Development may disclose information resulting from a data match pursuant to this paragraph only to a public housing agency, the Inspector General of the Department of Housing and Urban Development, and the Attorney General in connection with the administration of a program described in subparagraph (A). Information obtained by the Secretary of Housing and Urban Development pursuant to this paragraph shall not be made available under section 552 of title 5, United States Code.

“(iii) CONDITIONS ON DISCLOSURE.—Disclosures under this paragraph shall be—

“(I) made in accordance with data security and control policies established by the Secretary of Housing and Urban Development and approved by the Secretary;

“(II) subject to audit in a manner satisfactory to the Secretary; and

“(III) subject to the sanctions under subsection (l)(2).

“(iv) ADDITIONAL DISCLOSURES.—

“(I) DETERMINATION BY SECRETARIES.—The Secretary of Housing and Urban Development and the Secretary shall determine whether to permit disclosure of information under this paragraph to persons or entities described in subclause (II), based on an evaluation made by the Secretary of Housing and Urban Development (in consultation with and approved by the Secretary), of the costs and benefits of disclosures made under clause (ii) and the adequacy of measures used to safeguard the security and confidentiality of information so disclosed.

“(II) PERMITTED PERSONS OR ENTITIES.—If the Secretary of Housing and Urban Development and the Secretary determine pursuant to subclause (I) that disclosures to additional persons or entities shall be permitted, information under this paragraph may be disclosed by the Secretary of Housing and Urban Development to a private owner, a management agent, and a contract administrator in connection with the administration of a program described in subparagraph (A), subject to the conditions in clause (iii) and such additional conditions as agreed to by the Secretaries.

“(v) RESTRICTIONS ON REDISCLOSURE.—A person or entity to which information is disclosed under this subparagraph may use or disclose such information only as needed for verifying the employment and income of individuals described in subparagraph (A), subject to the conditions in clause (iii) and such additional conditions as agreed to by the Secretaries.

“(F) REIMBURSEMENT OF HHS COSTS.—The Secretary of Housing and Urban Development shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs incurred by the Secretary in furnishing the information requested under this paragraph.

“(G) CONSENT.—The Secretary of Housing and Urban Development shall not seek, use, or disclose information under this paragraph relating to an individual without the prior written consent of such individual (or of a person legally authorized to consent on behalf of such individual).”.

(b) CONSENT TO INFORMATION COMPARISON AND USE AS CONDITION OF HUD PROGRAM ELIGIBILITY.—As a condition of participating in any program authorized under—

(1) the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(2) section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

(3) section 221(d)(3), 221(d)(5), or 236 of the National Housing Act (12 U.S.C. 1715l(d) and 1715z–1);

(4) section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013); or

(5) section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s),

the Secretary of Housing and Urban Development may require consent by an individual (or by a person legally authorized to consent on behalf of such individual) for such Secretary to obtain, use, and disclose information with respect to such individual in accordance with section 453(j)(7) of the Social Security Act (42 U.S.C. 653(j)(7)).]

[SEC. 218. Notwithstanding any other provision of law, the State of Hawaii may elect by July 31, 2004 to distribute funds under section 106(d)(2) of the Housing and Community Development Act of 1974, to units of general local government located in nonentitlement areas of that State. If the State of Hawaii fails to make such election, the Secretary shall for fiscal years 2005 and thereafter make grants to the units of general local government located in the State of Hawaii's nonentitlement areas (Hawaii, Kauai, and Maui counties). The Secretary of Housing and Urban Development shall allocate funds under section 106(d) of such Act to units of general local government located in nonentitlement areas within the State of Hawaii in accordance with a formula which bears the same ratio to the total amount available for the nonentitlement areas of the State as the weighted average of the ratios between (1) the population of that eligible unit of general local government and the population of all eligible units of general local government in the nonentitlement areas of the State; (2) the extent of poverty in that eligible unit of general local government and the extent of poverty in all of the eligible units of general local government in the nonentitlement areas

Intragovernmental funds—Continued**ADMINISTRATIVE PROVISIONS—Continued**

of the State; and (3) the extent of housing overcrowding in that eligible unit of general local government and the extent of housing overcrowding in all of the eligible units of general local government in the nonentitlement areas of the State. In determining the weighted average of the ratios described in the previous sentence, the ratio described in clause (2) shall be counted twice and the ratios described in clauses (1) and (3) shall be counted once. Notwithstanding any other provision, grants made under this section shall be subject to the program requirements of section 104 of the Housing and Community Development Act of 1974 in the same manner as such requirements are made applicable to grants made under section 106(b) of the Housing and Community Development Act of 1974.]

[SEC. 219. The Secretary of Housing and Urban Development shall issue a proposed rulemaking, in accordance with Title V, United States Code, not later than 90 days from the date of enactment of this Act that—

(1) addresses and expands, as necessary, the participation and certification requirements for the sale of HUD-owned multifamily housing projects and the foreclosure sale of any multifamily housing securing a mortgage held by the Secretary, including whether a potential purchaser is in substantial compliance with applicable state or local government housing statutes, regulations, ordinances and codes with regard to other properties owned by the purchaser; and

(2) requires any state, city, or municipality that exercises its right of first refusal for the purchase of a multifamily housing project under section 203 of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1701z–11(i)) to ensure that potential purchasers of the project from the state, city, or municipality are subject to the same standards that they would otherwise be subject to if they had purchased the project directly from the Secretary, including whether a potential purchaser is in substantial compliance with applicable state or local government housing statutes, regulations, ordinances and codes with regard to other properties owned by the purchaser.]

[SEC. 220. Section 217 of Public Law 107–73 is amended by striking “the rehabilitation” and inserting in lieu thereof: “redevelopment, including demolition and new construction”.]

SEC. [221] 213. Notwithstanding any other provision of law, funds appropriated for the housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, shall be available for the cost of maintaining and disposing of such properties that are acquired or otherwise become the responsibility of the Department.

[SEC. 222. The Secretary of Housing and Urban Development shall conduct negotiated rulemaking with representatives from interested parties for purposes of any changes to the formula governing the Public Housing Operating Fund. A final rule shall be issued no later than July 1, 2004.]

[SEC. 223. The Department of Housing and Urban Development shall submit the Department's fiscal year 2005 congressional budget justifications to the Committees on Appropriations of the House of Representatives and the Senate using the identical structure provided under this Act and only in accordance with the direction included in the joint explanatory statement of the managers accompanying this Act.] (*Division G, H.R. 2673, Consolidated Appropriations Bill, FY 2004.*)

Note: Section 167, Division H, HR 2673, Consolidated Appropriations Bill, FY 2004, appropriates additional amounts for the Department of Housing and Urban Development for 2004. The language is presented with the government-wide general provisions.

SEC. 214. CLARIFICATION REGARDING MORTGAGE INSURANCE FOR PURCHASES OF EXISTING HEALTH CARE FACILITIES.

Section 223(f)(1) of the National Housing Act (12 U.S.C. 1715n(f)(1)) is amended by inserting “purchase or” immediately before “refinancing of existing debt”.

SEC. 215. SECTION 683(2) OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992 IS AMENDED—

(1) in subparagraph (F), by striking “and”;

(2) in subparagraph (G), by striking “section.” and inserting “section; and”; and

(3) by adding the following new subparagraph at the end:

“(H) housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act.”.

SEC. 216. CLARIFICATIONS TO MULTIFAMILY HOUSING ENFORCEMENT AUTHORITY.

(a) Section 536(b)(1) of the National Housing Act (12 U.S.C. 1735f–14(b)(1)) is amended by adding the following new subparagraph at the end:

“(J) Failure to perform a required physical inspection of the mortgaged property.”.

(b) Section 537(c)(1)(B)(ii) of such Act (12 U.S.C. 1735f–15(c)(1)(B)(ii)) is amended by inserting after “rents,” the following: “other revenues, or contract rights.”.

(c) Section 537(c)(1)(B)(x) of such Act (12 U.S.C. 1735f–15(c)(1)(B)(x)) is amended to read as follows:

“(x) Failure to furnish the Secretary, by the expiration of the 90-day period beginning on the first day after the completion of each fiscal year (unless the Secretary has approved an extension of the 90-day period in writing), with a complete annual financial report, in accordance with requirements prescribed by the Secretary, including requirements that the report be—

“(I) based upon an examination of the books and records of the mortgagor;

“(II) prepared and certified to by an independent public accountant or a certified public accountant (unless the Secretary has waived this requirement in writing); and

“(III) certified to by the mortgagor or an authorized representative of the mortgagor.”.

“The Secretary shall approve an extension where the mortgagor demonstrates that failure to comply with this clause is due to events beyond the control of the mortgagor.”.

SEC. 217. CLARIFICATION OF DOUBLE DAMAGES REMEDY IN MULTIFAMILY HOUSING PROJECTS.

Section 421 of the Housing and Community Development Act of 1987 (12 U.S.C. 1715z–4a) is amended—

(1) in subsection (a)(1)(A), by inserting after “project” the following: “, nursing home, intermediate care facility, board and care home, assisted living facility, or hospital”;

(2) in subsection (a)(1)(B), by inserting after “is” the following: “or, at the time of the violations, was”;

(3) in the second sentence of subsection(a)(1), by striking “project” and inserting “property”;

(4) in subsection (a)(2) by striking “which” and all that follows through “any owner” and inserting the following: “that owns or operates a property, as identified in the regulatory agreement, including but not limited to—

“(A) any stockholder holding 25 percent or more interest of a corporation that owns that property;

“(B) any beneficial owner of the property under any business or trust;

“(C) any officer, director, or partner of an entity owning or controlling the property;

“(D) any nursing home lessee or operator;

“(E) any hospital lessee or operator;

“(F) any other person or entity that controls the property regardless of that person or entity's official relationship to the property; and

“(G) any heir, assignee, successor in interest, or agent of any person or entity described in the preceding subparagraphs”;

(5) in subsection (c), by striking “project” the first two places it appears and inserting “property”;

(6) in subsection (d), by striking “project” and inserting “a property”.

SEC. 218. INCREASED FLEXIBILITY FOR SALE OF PROPERTIES UNDER ASSET CONTROL AREA AGREEMENTS.

Section 204(h) of the National Housing Act (12 U.S.C. 1710(h)) is amended—

(1) in paragraph (2)—

(A) by striking “following assets of the Secretary” and inserting “following categories of assets of the Secretary, unless the Secretary determines at any time that the asset property is economically or otherwise infeasible to rehabilitate or that the best use of the asset property is as open space (including park land)”;

(B) in subparagraph (B)(ii), by inserting after “Act” the following: “except for mortgages insured under or made pursuant to sections 235, 247, or 255”; and

(C) by striking subparagraph (C);

(2) in the second sentence of paragraph (3), by inserting after “government” the following: “, States, and Indian tribes”;

(3) in paragraph (4)—

(A) in subparagraph (A)(i), by inserting after “government” the following: “, State, or Indian tribe”;

(B) by revising subparagraph (B)(ii) to read as follows:

“(ii) purchases all assets of the Secretary in the category or categories of eligible assets set forth in the sale agreement required under paragraph (7) that, at any time during the period which shall be set forth in the sale agreement—

“(I) are or become eligible for purchase under this subsection; and

“(II) are located in the asset control area of the purchaser; and”;

(C) in subparagraph (C), by striking “purchase of eligible assets under” and inserting “purchase of the category or categories of eligible assets set forth in the sale agreement under”;

(4) in paragraph (6)—

(A) by revising subparagraph (C) to read as follows:

(C) DISCOUNTS.—The Secretary, in the sole discretion of the Secretary, shall establish the discount under this paragraph for an eligible asset. In determining the discount, the Secretary may consider the condition of the asset property, the extent of resources available to the preferred purchaser, the comprehensive revitalization plan undertaken by such purchaser, the financial safety and soundness of the Mutual Mortgage Insurance Fund, and any other circumstances the Secretary considers appropriate”; and

(B) by striking subparagraph (D);

(5) in paragraph (7)(A), by striking “eligible assets to be purchased and the interests sold” and inserting “category or categories of eligible assets to be purchased and, based on the purchaser’s capacity to manage and dispose of assets, the maximum number of assets owned by the Secretary at the time the sale agreement is executed that shall be sold to the purchaser”; and

(6) in paragraph (8)—

(A) in subparagraph (F), by inserting after “State” the following: “, and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive officer to act on behalf of the jurisdiction with regard to the provisions of this subsection”; and

(B) by adding the following new subparagraphs at the end:

“(G) STATE.—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive officer to act on behalf of the State with regard to provisions of this subsection.

“(H) INDIAN TRIBE.—The term ‘Indian tribe’ has the same meaning as in section 248(i)(1) of this Act.”.

SEC. 219. PAYMENT INCENTIVES FOR CERTAIN SINGLE FAMILY MORTGAGES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding the following new section at the end:

“SEC. 257. FHA PAYMENT INCENTIVE PROGRAM.—For purposes of establishing an alternative to high cost mortgages for borrowers with credit impairments, the Secretary may insure under sections 203(b) and 234(c) of this title any mortgage that meets the requirements of such sections, except as provided in the following sentences. The Secretary may establish lower percentages of appraised value limitations than those provided in section 203(b)(2)(B). Notwithstanding section 203(c)(2)(B), the Secretary may establish and collect annual premium payments in an amount not exceeding 1.0 percent of the remaining insured principal balance, and such payments may be reduced or eliminated in subsequent years based on mortgage payment performance. All mortgages insured pursuant to this section shall be obligations of the Mutual Mortgage Insurance Fund, notwithstanding section 519 of this Act.”

SEC. 220. TECHNICAL CORRECTION TO NATIONAL HOUSING ACT INSURANCE PREMIUM AUTHORITY

(a) Section 203(c) of the National Housing Act (12 U.S.C. 1709(c)), as amended, is further amended in paragraph (1) by striking “subsections (n) and (k)” and inserting “subsection (n)” and striking “or (k)”.

SEC. 221. SECTION 203 OF THE NATIONAL HOUSING ACT (12 U.S.C. 1709) IS AMENDED BY ADDING THE FOLLOWING NEW SUBSECTION AT THE END:

“(y) Notwithstanding any provision of this section or any other section of this title, the Secretary is authorized to insure, and to commit to insure, any mortgage, involving a property upon which there is located a dwelling designed principally for a 1-family residence which (1) involves a principal obligation not in excess of 100 percent of the applicable maximum dollar amount limit under

subsection (b)(2)(A) for a one unit dwelling and (2) is not in excess of 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage as approved by the Secretary. The Secretary is authorized to establish any additional requirements as may be necessary, or appropriate, including requirements regarding mortgagor and property eligibility.”.

SEC. 222. LIMITATION ON PAYMENT OF REFUNDS.

Section 203(c)(2)(A) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)) is amended in the last sentence after “subparagraph” by inserting the following: “, provided that the mortgagor refinances the unpaid principal obligation under title II of this Act”. This provision shall apply to loans that become insured on or after date of enactment of this Act.

SEC. 223. FLEXIBLE VOUCHER PROGRAM.

(a) AUTHORITY.—

(1) The Secretary is authorized to make grants to public housing agencies to provide tenant-based rental, project-based voucher, and homeownership housing assistance and to carry out activities related thereto in accordance with the provisions of this section.

(2) Beginning in fiscal year 2005 and thereafter, and subject to the availability of appropriations, each public housing agency receiving a grant under this section is authorized to provide tenant-based rental, project-based voucher, and homeownership housing assistance to families served by such public housing agency during its previous fiscal year by the Housing Choice Voucher program authorized under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), including those families receiving enhanced voucher assistance authorized under section 8(t) of the Act.

(3) Any family that is receiving homeownership assistance under section 8(y) of the Act shall continue to receive such assistance subject to the terms and conditions of that Act, from amounts made available for assistance under this section.

(4) Any units covered by a housing assistance payments contract under the project-based voucher program or project-based certificate program under section 8 of the Act shall continue to receive assistance subject to the terms and conditions of that contract, from amounts made available for assistance under this section.

(b) DEFINITIONS.—For the purposes of this section:

(1) the term “public housing agency” or “PHA” shall mean any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) or “other entity,” which is authorized to engage in or assist in the development or operation of low-income housing. An “other entity” may be a private or non-profit organization designated by the Secretary to administer the program where (i) no public housing agency has been organized, or (ii) the Secretary determines that a public housing agency is unable or unwilling to administer the program;

(2) the term “base administrative fee” shall mean the fee paid by the Secretary to a public housing agency for the administration of programs under this section and the United States Housing Act of 1937, pursuant to subsection (m);

(3) the term “performance-based fee” shall mean a fee paid by the Secretary to a public housing agency, in addition to the base administrative fee, which shall reflect the public housing agency’s performance of administrative tasks, as measured by performance standards determined by the Secretary in accordance with subsection (c);

(4) the term “tenant-based rental housing assistance” means assistance that provides for the eligible family to select suitable housing within an administering public housing agency’s jurisdiction;

(5) the term “project-based voucher assistance” shall mean rental assistance that a public housing agency may attach to a specific property under subsection (e);

(6) the term “gross income” is the amount of income that includes income from all sources for each family member of the household, without deductions or exclusions, notwithstanding any other provision of law;

(7) the term “first-time homebuyer” means a family, no member of which has had a present ownership interest in a principal residence during the 3 years preceding the date on which the family initially receives assistance for homeownership under this section;

(8) the term “median income for the area” means the median family income for a jurisdiction, county or metropolitan area as determined by the Secretary, with adjustments for smaller and larger families.

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(9) the term “family” means a person or group of persons, as determined by the public housing agency, approved to reside in a unit with assistance under this section.

(10) the term “household” means the family and any public housing agency-approved live-in aide.

(11) the term “Secretary” means the Secretary of the Department of Housing and Urban Development.

(c) PERFORMANCE.—

(1) **PERFORMANCE STANDARDS.**—The Secretary shall establish such performance standards for public housing agencies receiving grants under this section as the Secretary determines to be appropriate, including effective budget utilization, financial management, and the effectiveness of voucher assistance in helping families, including the elderly and disabled, move toward independent living, economic self-sufficiency and homeownership.

(2) **EVALUATION OF PERFORMANCE.**—The Secretary shall develop a performance assessment system to measure, on at least an annual basis, the performance of each public housing agency. The Secretary may also require each public housing agency to provide general reporting on information that may include:

(A) the number of families and individuals receiving rental and homeownership housing assistance under the program, including the number of families with children, elderly families, and disabled families and for each household, general demographic information, and income levels relative to median income for the area;

(B) the average subsidy value of housing assistance received per family;

(C) amounts spent on administration; and

(D) other information on the use of federal assistance as the Secretary may prescribe.

(3) **PERFORMANCE REPORTS.**—The Secretary shall require performance reports of information gathered from the performance assessment system that will be made available to the public on at least an annual basis on the Internet.

(4) ALTERNATIVE ADMINISTRATION.—

(A) If any public housing agency receives a failing score for two consecutive public housing agency fiscal years under the performance assessment system, as described in subsection (c)(2), the Secretary shall determine how best to administer the grant, which may include administration of such grant by one or more other public housing agencies or other entities or extending the deadline for improvement if the Secretary determines that significant improvements have and will continue to be made.

(B) If, pursuant to subparagraph (A), grant amounts under this section are administered by one or more other public housing agencies or other entities, all provisions applicable to public housing agencies administering funds under this section shall be applicable to such other public housing agencies or other entities.

(d) ELIGIBLE FAMILIES.—

(1) **INITIAL ELIGIBILITY.**—To be eligible to receive rental and homeownership housing assistance under this section, a family that is not assisted under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) shall have a gross income that does not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller or larger families, except that on an individual basis, the Secretary may establish income ceilings higher than 80 percent of the median for the area for elderly and disabled families. Further, to be eligible to receive rental and homeownership housing assistance under this section, all families must satisfy the following two requirements: (1) a family shall not own an interest in any residential property (including a primary home); and (2) a family shall not have assets exceeding an amount established by the Secretary.

(2) **CONTINUED ELIGIBILITY.**—Subject to paragraph (4), continued eligibility for housing assistance pursuant to this section shall be determined in accordance with standards established by the public housing agency.

(3) **PREFERENCES.**—Each public housing agency receiving a grant pursuant to this section may establish a fair system for making housing assistance pursuant to this section available on behalf of eligible families that provides preference for such assistance to eligible families that meet the public housing agency's criteria for preferences. Notwithstanding any other provisions of law, a public housing

agency may establish a preference for persons with a specific disability.

(4) **REVIEW OF FAMILY INCOME.**—Each public housing agency administering a housing assistance grant pursuant to this section shall, not less frequently than every other year, conduct a review of the family income of each family receiving such assistance to determine continued eligibility, except that the public housing agency shall review the income of elderly families not less frequently than every three years.

(5) **CRIMINAL ACTIVITY AND ALCOHOL ABUSE.**—The owner may terminate tenancy, and the PHA may deny or terminate assistance, if there is reasonable cause to believe that a family, or any guest or other person under the family's control, (A) commits or committed any criminal activity including violent criminal activity or drug-related criminal activity including, but not limited to, manufacture or production of methamphetamine; (B) commits alcohol abuse (or pattern of abuse) that interferes with the health, safety or right to peaceful enjoyment of the premises by other residents; (C) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime, or is violating a condition of probation or parole; or (D) is subject to a lifetime registration requirement under a State sex offender registration program.

(e) ELIGIBILITY ACTIVITIES.—

(1) Activities assisted under this section may include only:

(A) tenant-based rental housing assistance;

(B) project-based voucher assistance under paragraph (2);

(C) homeownership assistance for first-time homebuyers under paragraph (3);

(D) costs of administering grant amounts under this section, except that such costs shall not exceed 7 percent of total subsidy amounts;

(E) other activities or performance bonuses, as specified by the Secretary, in support of tenant-based rental housing, project-based voucher assistance, homeownership assistance, and self-sufficiency activities authorized under this section; and

(F) amounts to be used by the Secretary for purposes of program evaluation, management information systems, and technical assistance.

(2) PROJECT-BASED VOUCHER ASSISTANCE.—

(A) **IN GENERAL.**—A public housing agency may use amounts provided under this section to enter into a housing assistance payments contract with respect to eligible units for a period of time specified by the PHA in the contract.

(B) **PERCENTAGE LIMITATION.**—Not more than 20 percent of the funding made available to the public housing agency under this section may be attached to structures pursuant to this paragraph.

(C) **RESIDENT CHOICE.**—Each low-income family occupying a dwelling unit assisted under the contract may move from the housing at any time after the family has occupied the assisted dwelling unit for 12 months. Upon such a move, the public housing agency shall provide the low-income family with tenant-based rental assistance under this section or such other tenant-based rental assistance that is comparable. If such rental assistance is not immediately available to fulfill this requirement, the public housing agency must provide the family with the next voucher or other tenant-based rental assistance amounts that become available.

(D) **PAYMENT FOR VACANT UNITS.**—The public housing agency may, in its discretion, continue to provide assistance under the contract, for a reasonable period not exceeding 60 days, for a dwelling unit that becomes vacant, but only if (i) the vacancy was not the fault of the owner of the dwelling unit; and (ii) the owner takes every reasonable action to minimize the likelihood and extent of any such vacancy. Rental assistance may not be provided for a vacant unit after the expiration of such period.

(3) HOMEOWNERSHIP ASSISTANCE FOR FIRST-TIME HOMEBUYERS.—

(A) **IN GENERAL.**—A public housing agency may provide tenant-based assistance under this section to assist a first-time homebuyer that purchases an eligible unit with their monthly homeownership expenses.

(B) **FAMILY ELIGIBILITY.**—In order to receive homeownership assistance under this section, the family must qualify as a first-time homebuyer, participate in a homeownership counseling program provided by the agency, and meet any other initial or continuing requirements established by the public housing agency.

(C) **DOWNPAYMENT ASSISTANCE.**—A public agency may, in lieu of providing monthly assistance payments under this paragraph,

provide assistance for the family in the form of a single one-time grant to be used only as a contribution toward the downpayment and reasonable closing costs required in connection with the purchase of a dwelling unit. The amount of a one-time downpayment grant may not exceed \$10,000.

(f) AMOUNT OF ASSISTANCE.—

(1) *IN GENERAL.*—Subject to paragraphs (2), (3), and (4), any monthly assistance payment for a family receiving housing assistance pursuant to this section shall be determined by the public housing agency administering such assistance.

(2) *MINIMUM RENTAL AMOUNT.*—Public housing agencies shall establish a minimum monthly rental amount to be paid by the family.

(3) *RENT REASONABLENESS.*—The rent for dwelling units assisted under this section shall be reasonable and appropriate in comparison with rents charged for dwelling units of a modest nature in the private, unassisted local market. Public housing agencies shall review rents not less than annually to ensure that they meet this rent reasonableness standard.

(4) *MAXIMUM SUBSIDY.*—Public housing agencies shall establish maximum subsidy levels for housing assistance under this section that are reasonable and appropriate for the market area.

(g) AUTHORIZATION, ALLOCATION AND DISTRIBUTION OF FUNDS.—

(1) For purposes of administering the program under this section, and subject to appropriations, the Secretary shall allocate available amounts as follows:

(A) *ALLOCATIONS FOR FISCAL YEAR 2005.*—For fiscal year 2005, each public housing agency may receive an amount proportionate to its annual 2004 Housing Choice Voucher funding for housing assistance and administrative expenses, adjusted for inflation and subject to validation.

(B) *ADJUSTMENTS TO ANNUAL GRANT AMOUNTS IN SUBSEQUENT FISCAL YEARS.*—

(i) The Secretary shall, by regulation issued not later than 18 months after the date of enactment of this section, establish a formula to allocate and award any new, incremental grant funding which is made available by Congress under this section and for the purpose of reallocating, any unutilized amounts made available under this section.

(ii) In establishing the formula, the Secretary shall consider factors reflecting the need of low-income families in the jurisdictions of the public housing agencies administering the grants, including the following factors:

(I) the number of families receiving housing assistance under this section;

(II) the extent of poverty;

(III) the cost of housing;

(IV) the performance of PHAs in administering grant amounts under this section; and

(V) other objectively measurable conditions as the Secretary may specify.

(2) The Secretary is authorized to allocate additional amounts made available from appropriations to public housing agencies for tenant-protection assistance as authorized by section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)). Such assistance to a family shall be for one year. Thereafter, these amounts shall be included in the public housing agencies' subsequent grant for the flexible voucher program. After the one-year period, section 8(t) shall not apply to these amounts and any vouchers issued to the family shall be subject to the provisions of this section.

(3) There are authorized to be appropriated such sums as may be necessary for carrying out this subsection each of fiscal years 2005 through 2010.

(h) ENVIRONMENTAL REVIEW.—

Activities authorized under this Act are categorically excluded from the National Environmental Protection Act.

(i) INSPECTION OF UNITS.—

(1) *IN GENERAL.*—The Secretary shall require, with respect to any dwelling unit assisted pursuant to this section, that the public housing agency administering housing assistance inspect each unit within 60 days of the initial assistance payment made to determine that the dwelling unit meets the housing quality standards under paragraph (2). Such dwelling unit must meet such standards in order to receive continued assistance payments.

(2) *HOUSING QUALITY STANDARDS.*—All dwelling units assisted by a public housing agency under this section shall, at the discretion of the public housing agency, meet either applicable State and local housing quality standards and code requirements or the housing quality standards established by the Secretary.

(3) *RE-INSPECTIONS.*—Each public housing agency administering housing assistance under this section shall determine that all occupied dwelling units assisted by such public housing agency pursuant to this section are maintained in accordance with the standards described under paragraph (2). Every dwelling unit assisted by the public housing agency shall be inspected when it is first leased, pursuant to paragraph (1). Thereafter, each public housing agency shall annually inspect at least 25 percent of its units.

(4) *CORRECTIVE ACTIONS.*—No further assistance payment may be made pursuant to this section for a dwelling unit which fails to meet the standards under paragraph (2).

(j) PORTABILITY.—

(1) *IN GENERAL.*—Any family receiving assistance for at least 12 months under this section or under section (8)(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) that has not transferred any such assistance to a receiving public housing agency within the previous twelve months may receive assistance to lease an eligible dwelling unit if the dwelling unit to which the family moves is within any area in which a program is being administered under this section.

(2) *PROCEDURES.*—The Secretary may establish procedures to implement the requirements of this section.

(k) COMPLIANCE.—

(1) *COMPLIANCE MONITORING.*—The Secretary shall make such reviews and audits as may be necessary or appropriate to determine whether the public housing agency has carried out those activities and objectives, including all things that have been certified to, in accordance with the requirements of this section and other applicable laws, whether it has the continuing capacity to undertake these activities in a timely and effective manner, and whether it has met the performance standards established by the Secretary pursuant to subsection (c)(1).

(2) *COMPLIANCE ACTIONS.*—In addition to any other actions authorized under this or any other applicable laws, if the Secretary finds that a public housing agency receiving a grant under this section has failed to comply with any provision of this section, including any performance standard established by the Secretary pursuant to this section, and until the Secretary is satisfied that there is no longer any such failure to comply, the Secretary may:

(A) terminate grant payments under this section to the public housing agency and provide for alternative administration of such grant amounts;

(B) withhold from the public housing agency amounts from the total allocation that would otherwise be available to the public housing agency under this section;

(C) reduce the amount of future grants to the public housing agency by an amount equal to the amount of such grants that were not expended in accordance with this section;

(D) limit the availability of grant amounts provided to the public housing agency to programs and activities under this section not affected by such failure to comply;

(E) withhold from the public housing agency other amounts allocated for the public housing agency under other programs administered by the Secretary;

(F) require such changes in public housing agency policy, consistent with other provisions of this section, as determined necessary to ensure compliance;

(G) refer the matter to the Attorney General of the United States for such relief as may be appropriate, including an action to recover the amount of assistance furnished under this section which was not used in accordance with it; or

(H) order other corrective action with respect to the public housing agency.

(l) ADMINISTRATIVE FEES, PERFORMANCE-BASED FEES, AND INCENTIVE BONUSES.—

(1) *IN GENERAL.*—The Secretary shall establish a base administrative fee, a performance-based fee, and incentive bonuses for public housing agencies administering assistance under this section. A public housing agency may earn additional administrative fees based on its performance in administering programs under this section.

(2) *BASE ADMINISTRATIVE FEE.*—The base administrative fee for all public housing agencies shall not exceed 7 percent of the total subsidy amount made to the public housing agency under this section.

(3) *PERFORMANCE-BASED FEES.*—

(A) The amount of the performance-based fees paid to a public housing agency shall reflect the public housing agency's perform-

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ance of administrative tasks, as measured by performance standards determined by the Secretary.

(B) The Secretary shall establish the method for determining performance-based fees on an annual basis and shall have the authority to modify the method and fee levels from time to time.

(4) INCENTIVE BONUSES.—

(A) The Secretary may provide incentive bonuses to public housing agencies.

(B) The Secretary shall establish the method for determining incentive bonuses and shall have the authority to determine, and modify from time to time: (i) the method and standards for determining incentive bonuses; and (ii) bonus levels, based on public housing agency performance as measured by the standards determined by the Secretary.

(m) IMPLEMENTATION.—

(1) INTERIM IMPLEMENTATION.—Notwithstanding any other provision of law, the Secretary shall publish a notice in the Federal Register not later than 180 days after enactment of this Act describing the immediate implementation of this program on an interim basis.

(2) FINAL IMPLEMENTATION.—For the purposes of final implementation of this program, the Secretary shall issue a proposed rule and, not later than 18 months after enactment, the Secretary shall issue a final rule implementing the program.

(n) CONDITIONS.—This section shall not be construed to limit the ability of a public housing agency to condition the assistance provided under this section in accordance with all applicable statutes.

SEC. ____ THE PUBLIC HOUSING REFORM DEMONSTRATION PROGRAM.

(a) PURPOSE.—The purpose of this demonstration is to give public housing agencies (PHAs) the flexibility to formulate policies and programs best suited to serve their local communities, to allow the Secretary to evaluate several models of locally determined public housing programs, to accelerate and facilitate the conversion of public housing to an asset-based management and accounting process, to allow the Secretary to determine whether increased PHA flexibility results in higher self-sufficiency and turnover rates of public housing residents, to provide a mechanism with which the Secretary can review current and proposed practices in order to guide future policy decisions, and to create useful training protocols for the staff of both the Department of Housing and Urban Development and public housing agencies.

(b) DEFINITIONS.—

(1) The term “public housing agency” or “PHA” means any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of public housing.

(2) The term “test PHA” means a public housing agency selected by the Secretary to participate in a public housing program as described in subsection (e).

(3) The term “control PHA” means a public housing agency selected by the Secretary to measure its performance against test PHAs.

(4) The term “formula share”, as used in this demonstration, means the amount of funds provided to test PHAs pursuant to subsection (e)(2).

(5) The term “proportional share”, as used in this demonstration, means the percentage of funds allocated to an individual test PHA as compared to the total amount of funds available for distribution.

(6) The term “Secretary” means the Secretary of Housing and Urban Development.

(c) PROGRAM AUTHORITY.—The Secretary shall conduct a three-year demonstration program beginning in fiscal year 2005 which shall include up to 100 PHAs. Up to one half of the PHAs participating in the demonstration will constitute a control group (control PHAs) and the remaining PHAs in the demonstration will operate in an environment of fewer statutory and regulatory requirements (test PHAs). The Secretary will collect data during the demonstration and at its conclusion, will assess and evaluate all participating PHAs for the purpose of identifying the advantages and disadvantages of administering locally determined public housing programs. The demonstration will conclude at the expiration of the three-year period, unless extended by the Secretary subject to notifying Congress, or by subsequent legislation enacted into law.

(d) SELECTION.—The Secretary shall select up to 100 PHAs to participate in the demonstration. Both test PHAs and control PHAs, as

determined by the Secretary, shall represent various size public housing agencies and diverse geographic locations.

(e) TEST PHAS.—Notwithstanding any provision of the United States Housing Act of 1937, and for the duration of this demonstration, those public housing agencies selected as test PHAs by the Secretary shall be subject to the following:

(1) FULL FLEXIBILITY OF FUNDS.—Of any amounts allocated to the test PHAs under this demonstration, the Secretary shall allow for full fungibility between the capital and operating funds. The PHA may use any such amounts for any eligible activities under sections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937, regardless of the fund from which the amounts were initially allocated and provided.

(2) FORMULA SHARE.—In fiscal year 2005 and for the duration of this demonstration, the Secretary is authorized to provide assistance under section 9 of the United States Housing Act of 1937 to each test PHA in a proportional share and pursuant to the formulas promulgated under sections 9(d)(2) and 9(e)(2) in fiscal year 2004, notwithstanding any change in the formula characteristics of a test PHA and unless otherwise determined by the Secretary.

(3) RENT POLICY.—Consistent with the applicable provisions of the United States Housing Act of 1937, each test PHA may establish its own rent policy to reflect local preferences and to ensure viable cost management.

(4) DEMONSTRATION PLAN AND YEAR-END STATEMENTS.—

(A) IN GENERAL.—At the outset of the demonstration period, all test PHAs shall submit to the Secretary a demonstration plan, stating the quantifiable and measurable goals and objectives of the test PHA. Not less than once every fiscal year, all test PHAs shall develop and submit to the Secretary a year-end statement outlining the test PHAs' progress in meeting the goals and objectives outlined in its demonstration plan.

(B) CONTENTS OF DEMONSTRATION PLAN.—A demonstration plan under this paragraph shall contain the following information:

(i) GOALS AND OBJECTIVES.—A statement of the quantifiable and measurable goals and objectives that the test PHA intends to achieve during the three-year period covering the demonstration plan;

(ii) RENT DETERMINATION.—A statement of the policies of the test PHA governing rents charged for public housing dwelling units;

(iii) NUMBER OF RESIDENTS ASSISTED.—A statement that essentially the same total number of eligible low-income families will be assisted under the public housing demonstration as would have been assisted had the test PHA not been selected for participation in the demonstration;

(iv) MANAGEMENT ASSESSMENT.—A statement that the test PHA has adopted, or is in the process of adopting, asset-based management and project-based accounting; and

(v) OTHER MATTERS.—Such other matters as the Secretary determines to be appropriate.

(C) CONTENTS OF YEAR-END STATEMENT.—A year-end statement under this paragraph shall contain the following information:

(i) GOALS AND OBJECTIVES.—A statement of the progress of the test PHA in meeting the goals and objectives specified in its demonstration plan under this paragraph;

(ii) FINANCIAL STATEMENTS.—Financial statements for the subject fiscal years as required by the Secretary, which may include financial statements submitted to the Secretary in conjunction with other audits required by the Secretary;

(iii) MANAGEMENT'S DISCUSSION AND ANALYSIS.—A section entitled “Management's Discussion and Analysis” providing information supplementing the test PHA's financial statements including:

(I) A brief discussion of the financial statements;

(II) Condensed financial information derived from the financial statements comparing the current year to the prior year;

(III) An analysis of the test PHA's overall financial position and results of operations, including comparison to the previous fiscal year;

(IV) A description of significant capital asset and long-term debt activity during the year; and

(V) A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

(iv) **CIVIL RIGHTS CERTIFICATION.**—A certification by the test PHA that it will carry out the demonstration plan in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing;

(v) **DEMOLITION AND DISPOSITION.**—A description of any housing for which the test PHA has or will apply for demolition or disposition under section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p) and a timetable for the demolition or disposition; and

(vi) **OTHER MATTERS.**—Such other matters as the Secretary determines to be appropriate.

(D) **ADOPTION OF DEMONSTRATION PLAN.**—A test PHA shall adopt a demonstration plan and submit the demonstration plan to the Secretary in accordance with subparagraph (F) only after the demonstration plan has been approved by the governing board of the test PHA.

(E) **AMENDMENTS AND MODIFICATIONS TO DEMONSTRATION PLAN AND YEAR-END STATEMENTS.**—A test PHA may amend or modify a demonstration plan or year-end statement previously submitted in accordance with this paragraph, except that a significant amendment to a demonstration plan must meet the requirements of subparagraph (D).

(F) **SUBMISSION OF DEMONSTRATION PLAN AND YEAR-END STATEMENTS.**—

(i) **DEMONSTRATION PLAN.**—Not later than 60 days before the start of the fiscal year immediately preceding the selection of a test PHA for this demonstration, each test PHA shall submit to the Secretary the demonstration plan required by this paragraph in such form as the Secretary shall require.

(ii) **YEAR-END STATEMENTS.**—Not later than 90 days after the end of each fiscal year of the demonstration program, each test PHA shall submit to the Secretary the year-end statement required by this paragraph in such form as the Secretary shall require.

(G) **APPROVAL OF DEMONSTRATION PLAN BY THE SECRETARY.**—Within 30 days of submission of the demonstration plan to the Secretary pursuant to subparagraph (F), the Secretary shall: (i) notify the test PHA of approval of the demonstration plan; or (ii) notify the test PHA of deficiencies in the demonstration plan that must be corrected before final approval can be granted. If the Secretary fails to provide such notification, the demonstration plan shall be deemed to be effective.

(H) **TROUBLED AND AT-RISK PHAS.**—In the event that, after selection of the test PHA, it is determined that the test PHA is at risk of being designated or is designated as troubled under section 6(j)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)(2)), the Secretary may require that the demonstration plan or year-end statement for such agency include such addi-

tional information as the Secretary determines to be appropriate, in accordance with such standards as the Secretary may establish or in accordance with such determinations as the Secretary may make on an agency-by-agency basis.

(5) **ASSESSMENT.**—The Secretary shall assess the condition of the housing provided by test PHAs and control PHAs under this demonstration to ensure safe and sound housing for residents, and will assess the financial condition of each test and control PHA to ensure that funding is spent for the intended purposes and in a manner consistent with good asset-based real estate management practices.

(6) **AUTHORIZATION OF APPROPRIATIONS FOR EVALUATION, MONITORING AND TECHNICAL ASSISTANCE.**—There is authorized to be appropriated \$5,000,000 for each year of the demonstration program for evaluation, monitoring and technical assistance, to be available for the duration of this demonstration.

(7) **TRANSITION.**—Notwithstanding any other provision of law, the Secretary may extend this demonstration program either for all test PHAs or for individual test PHAs on a case-by-case basis for a period of up to one year for the purpose of transitioning out of the demonstration program.

(8) **APPLICABILITY OF 1937 ACT PROVISIONS.**—Notwithstanding any provision of law, the following provisions of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) shall not apply to test PHAs for the duration of this demonstration:

- (A) Section 2(b) (42 U.S.C. 1437 (b));
- (B) Section 3(a) (42 U.S.C. 1437 (a));
- (C) Section 3(b)(5) (42 U.S.C. 1437a(b)(5));
- (D) Section 5A (42 U.S.C. 1437c-1);
- (E) Section 6(k) (42 U.S.C. 1437d(k));
- (F) Section 7 (42 U.S.C. 1437e);
- (G) Section 12(c) (42 U.S.C. 1437j(c)); and
- (H) Section 31 (42 U.S.C. 1437z-3).

GENERAL FUND RECEIPT ACCOUNTS

(in millions of dollars)

	2003 actual	2004 est.	2005 est.
Offsetting receipts from the public:			
86-271910 FHA-general and special risk, Negative subsidies: Enacted/requested	270	352	263
86-271930 FHA-general and special risk, Downward reestimates of subsidies: Enacted/requested	1,102	138	
86-274330 Indian housing loan guarantees, downward reestimates of subsidies: Enacted/requested	1		
86-276230 Title VI indian loan guarantee downward reestimate: Enacted/requested	1		
86-277330 Community development loan guarantees, downward reestimates: Enacted/requested		7	
General Fund Offsetting receipts from the public	1,374	497	263