



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Funding Highlights:

- Provides a gross spending (program) level of \$48 billion, an increase of over \$900 million over 2010 and a net level of \$42 billion, a decrease of \$1.1 billion from 2010. To help deliver on the President's commitment to reduce spending, funding for several grant programs has been reduced below recent enacted levels and increases were made only for the neediest Americans, including an initiative to combat homelessness.
- Continues to deliver a high level of housing counseling services, including assistance for families in danger of foreclosure, and continues to offer loss mitigation solutions for FHA-insured borrowers similarly at risk.
- Improves public housing and revitalizes surrounding neighborhoods by providing \$250 million to continue HUD's transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately owned housing is located.
- Invests in sustainable, innovative communities by providing \$150 million to create incentives for more communities to develop comprehensive housing and transportation plans that result in sustainable development, reduced greenhouse gas emissions, and increased transit-accessible housing.
- Supports an interagency effort led by HUD and the Department of Commerce's Economic Development Administration to help distressed cities and regions utilize public resources more strategically and forms partnerships to support job creation and economic development.
- Reduces funding for the Community Development Block Grant Program by \$300 million. The reduced funding level will continue to enable State and local governments to address infrastructure, affordable housing, and economic development needs in their communities.
- Provides \$35 billion to preserve rental housing assistance to 4.7 million low-income families and \$200 million to begin the transformation of HUD-assisted public and privately-owned housing, and thereby prevent the loss of critical affordable units, by leveraging private capital for preservation.
- Provides more than \$2.5 billion to continue progress toward the Administration's goal to end chronic homelessness and homelessness among veterans and families, implementing an innovative, multi-agency strategic plan.

The Department of Housing and Urban Development (HUD) supports home ownership, access to affordable housing free from discrimination, and community development. Affordable housing and a healthy mortgage market are especially critical to America's continued recovery and long-term economic health. The President's Budget provides \$48 billion excluding receipts to support these efforts, an increase of over \$900 million over 2010 and a net level of \$42 billion, a decrease of \$1.1 billion from 2010. To help deliver on the President's commitment to reduce spending, funding for several grant programs has been reduced below recent enacted levels, including a \$300 million reduction to the Community Development Block Grant. In this constrained fiscal environment, increases were made only for the neediest Americans. An increase of \$577 million above the 2010 enacted level is made to combat homelessness. This funding supports the comprehensive strategy outlined in the Administration's evidence-based Federal Strategic Plan to End Homelessness.

Supports the Housing Sector and the Economic Recovery

Supports the Mortgage Market and Helps Borrowers who are at Risk of Foreclosure.

The Administration projects that the Federal Housing Administration (FHA) will insure \$218 billion in mortgage borrowing in 2012, supporting new home purchases and re-financed mortgages that significantly reduce borrower payments. FHA financing was used by 38 percent of all homebuyers, 60 percent of African American homebuyers, and 61 percent of Hispanic families who purchased homes in 2009. It also is a vital financing source for first-time homeowners, roughly 30 percent of whom use FHA insured financing. But FHA is also a vital option for homeowners facing foreclosure. FHA's loss mitigation program minimizes the risk that financially struggling borrowers go into foreclosure. Since the start of the mortgage crisis, it has helped more than half a million homeowners. The Budget continues the restructured premium levels that FHA implemented in October 2010, and includes another

premium increase planned for this year. These will boost FHA's capital reserves—to better protect the taxpayer against the risk of net credit losses by the program—and increase Federal revenues. The Budget also includes \$168 million for housing and homeowner counseling through HUD and the Neighborhood Reinvestment Corporation (NeighborWorks). Over half of these funds are dedicated to foreclosure assistance. NeighborWorks' National foreclosure Mitigation Counseling program has assisted over 1 million households since its inception in 2008.

Rehabilitates and Transforms HUD-Assisted Housing and Distressed Neighborhoods.

The Budget provides \$250 million for the Choice Neighborhoods initiative to continue transformative investments in high-poverty neighborhoods where distressed HUD-assisted public and privately-owned housing is located. The Budget will reach five to seven neighborhoods with grants that primarily fund the preservation, rehabilitation and transformation of HUD-assisted public and privately-owned multifamily housing, and will also engage local governments, nonprofits, and for-profit developers in partnerships to improve surrounding communities. This initiative is a central element of the Administration's interagency, place-based strategy to support local communities in developing the tools they need to revitalize neighborhoods of concentrated poverty into neighborhoods of opportunity. The Budget reflects a strategy in which HUD, the Department of Justice, the Department of Education, the Department of Health and Human Services, and other agencies will work together, co-investing, and pooling their expertise as part of a focused Neighborhood Revitalization Initiative.

Supports Sustainable Communities and Innovative Infrastructure Planning.

The Budget sustains support for the multi-agency Partnership for Sustainable Communities, one of the pillars of the Administration's place-based agenda. The Budget includes \$150 million to create incentives for more communities to develop comprehensive housing and transportation plans that result in sustainable development, reduced greenhouse gas emissions, and increased transit-

accessible housing. This amount will allow more communities to achieve these purposes, in addition to the over 100 grants recently awarded across the country by HUD, the Department of Transportation (DOT), and the Environmental Protection Agency (EPA). As a part of this effort, up to \$5 million will be used to improve energy efficiency in HUD-assisted public and privately-owned housing through better energy use data collection and analysis. Combined with DOT's funding for strengthening State and local infrastructure capacity and EPA's technical assistance, this Partnership aims to lower the cost of living while improving the quality of life for families. This will work in concert with the Administration's proposal for surface transportation re-authorization, a multi-pronged approach to improve and expand infrastructure investment to accelerate economic growth.

Improves the Way Federal Dollars are Spent

Assists Cities in Using Their Funds More Effectively to Support Job Creation. The Budget supports the launch of an interagency effort led by HUD and the Department of Commerce's Economic Development Administration (EDA) to help communities to better employ the Federal investments they already receive, promote high-impact strategies, and build the local capacity needed to execute those strategies in economically distressed areas. This effort will enable these communities to create more effective partnerships with businesses and non-profits that will attract critical private investments to promote job creation. With leveraged support from HUD, other Federal agencies, and the philanthropic community, the Federal Government offers targeted EDA funds, technical assistance, and a National Resource Bank—a "one-stop shop" of experts that communities can draw upon for a full range of services, including fiscal reforms, repurposing land use, and business cluster and job market analysis.

Reduces Funding for the Community Development Block Grant (CDBG) Program.

The Budget reduces funding for the CDBG by 7.5 percent or \$300 million relative to current funding levels. This is a tough choice that balances the need to decrease the budget deficit with the tough fiscal conditions confronting State and local governments. These flexible funds will allow 1,200 State and local grantees to improve infrastructure, build and rehab affordable housing, and create and retain jobs.

Leverages Private Capital to Preserve Public Housing and Other Critical Affordable Rental Housing.

The Budget includes a \$200 million demonstration project and rigorous evaluation of the conversion of up to 255,000 public housing units to long-term project-based rental assistance contracts that will leverage private capital to reduce the huge backlog of capital repair needs and provide tenants with a meaningful option to move to different neighborhoods. Through similar conversions, the Transforming Rental Assistance Initiative will preserve 7,600 privately-owned, HUD-assisted units at risk of leaving the affordable housing stock. Over the last decade, more than 180,000 such units have left the stock. This initiative will also make it easier for families to use vouchers to move to opportunity-rich neighborhoods, through competitive grants to housing authorities to address mobility barriers, and a demonstration program to test the impact and cost-effectiveness of alternative approaches to mobility assistance.

Reduces Funding for New Housing Construction for Seniors and Persons with Disabilities.

The Budget provides a total of \$953 million for the Housing for the Elderly and Housing for Persons with Disabilities Programs, which is a \$172 million cut relative to the 2010 enacted level. Preserving assistance to all existing units is the top funding priority. The Administration is committed to working with the Congress to update and reform these programs so that project sponsors can maximize use of the funding for

new construction by effectively leveraging and targeting investments based on need and by providing residents access to key services required to age in place or live independently.

Provides Housing Opportunities

Preserves Affordable Rental Opportunities. The President's Budget requests \$19.2 billion for the Housing Choice Voucher program to help more than two million extremely low- to low-income families with rental assistance to live in decent housing in neighborhoods of their choice. The Budget funds all existing mainstream vouchers and provides new vouchers targeted to homeless veterans, families, and the chronically homeless. The Administration remains committed to working with the Congress to improve the management and budgeting for the Housing Choice Voucher program, including reducing inefficiencies, and re-allocating Public Housing Authority reserves based on need and performance. The Budget also provides \$9.4 billion for Project-Based Rental Assistance to preserve approximately 1.3 million affordable units through increased funding for contracts with private owners of multifamily properties. This critical investment will help extremely low- to low-income households obtain, or retain, decent, safe and sanitary housing.

Funds the Federal Strategic Plan to End Homelessness. The Budget for HUD provides over \$2.5 billion to make progress toward the goals of the Federal Strategic Plan to End Homelessness, which was released by the Administration in June 2010. This includes over \$2.3 billion for Homeless Assistance Grants to maintain existing units and expand prevention, rapid rehousing, and permanent supportive housing, and \$145 million in new housing vouchers for over 19,000 homeless veterans and homeless persons who receive health care and other services through the Departments of Health and Human Services and Veterans Affairs. In addition, the Budget provides \$50 million for new service coordinators and incentive fees, which will motivate housing authorities to serve more homeless persons. These funding increases will enable HUD to assist approximately 78,000 additional homeless individuals and families.

Addresses the Housing Needs of Native American Tribes. The Budget provides \$700 million for the Native American Housing Block Grant program, which helps mitigate the severe housing needs many Native Americans continue to face. This program is the primary source of funding for housing on tribal lands, and provides over 550 Tribes with funding for vital housing activities, such as construction, rehabilitation, and operations.

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

	Actual 2010	Estimate	
		2011	2012
Spending			
Discretionary Budget Authority:			
Community Development Fund.....	4,405		3,804
<i>Sustainable Housing and Communities (non-add)</i>	150		—
Sustainable Housing and Communities	—		150
HOME Investment Partnerships Program.....	1,807		1,650
Homeless Assistance Grants	1,852		2,372
Housing Opportunities for Persons with AIDS	332		335
Tenant-based Rental Assistance	18,084		19,223

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

	Actual 2010	Estimate	
		2011	2012
Project-based Rental Assistance	8,558		9,429
Public Housing Operating Fund	4,760		3,962
Public Housing Capital Fund	2,475		2,405
Transforming Rental Assistance	—		200
Choice Neighborhoods/HOPE VI	198		250
Native American Housing Block Grant	700		700
Housing for the Elderly	817		757
Housing for Persons with Disabilities	297		196
Federal Housing Administration (FHA)	–2,956		–5,336
Government National Mortgage Association	–1,004		–598
Salaries and Expenses	2,000		1,791
Policy Development and Research	48		57
All other	308		392
Total, Discretionary budget authority	42,831	41,590	41,739
<i>Memorandum:</i>			
Budget authority from supplementals	67	—	—
Total, Discretionary outlays	49,504	49,520	49,811
Mandatory Outlays:			
Federal Housing Administration (FHA)	8,843	9,002	–1,245
Community Planning and Development	1,563	1,494	755
Housing Trust Fund (non-add)	—	—	10
All other programs	231	798	78
Total, Mandatory outlays	10,637	11,294	–412
Total, Outlays	60,141	60,814	49,399
Credit activity			
Direct Loan Disbursements:			
Emergency Homeowners' Relief	—	412	229
FHA	—	50	50
Government National Mortgage Association	1	9	9
Green Retrofit Program for Multifamily Housing	56	27	—
Total, Direct loan disbursements	57	498	288
Guaranteed Loan Commitments:			
FHA	334,770	404,451	344,375
Government National Mortgage Association	412,953	290,000	278,000
All other	748	1,179	674
Total, Guaranteed loan commitments	748,471	695,630	623,049