



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Funding Highlights:

- The Department of Housing and Urban Development (HUD) supports safe and affordable housing for Americans and provides access to homeownership opportunities.
- The Budget reflects the President's commitment to fiscal discipline by reforming programs to promote work and self-sufficiency, and focusing support on critical cost-effective programs that assist vulnerable households. The Budget also recognizes a greater role for State and local governments and the private sector.
- The Budget requests \$44.1 billion in gross discretionary funding for HUD, an \$8.7 billion or 16.4-percent decrease from the 2019 estimate.

The President's 2020 Budget:

HUD supports affordable housing for low-income families and provides access to homeownership for traditionally underserved first-time, low- and moderate-income, and minority homebuyers. The Budget provides \$44.1 billion to support HUD's core functions. For HUD's rental assistance programs, the Budget provides \$37.9 billion to maintain services to all currently assisted low-income families and proposes reforms that build on the Administration's Making Affordable Housing Work Act (MAHWA). This legislative proposal would not only reduce program costs, but also promote tenant work and self-sufficiency. In addition, the Budget continues to support efforts to remove lead and other hazards from housing, reduce homelessness, and make targeted investments in designated Opportunity Zones. For first-time and low- to moderate-income homebuyers, HUD's Federal Housing Administration (FHA) remains a critical source of mortgage financing. The Budget also provides critical resources for HUD's Financial Transformation Plan to address audit findings, ensure strong stewardship of taxpayer dollars, and increase transparency.

The Budget also redefines the proper role of the Federal Government by proposing to eliminate programs that have failed to demonstrate effectiveness, such as the Community Development Block Grant (CDBG) program, recognizing that State and local governments are better equipped to address local community and economic development needs.

Reforms Rental Assistance and Incorporates Uniform Work Requirements. The funding level for HUD's rental assistance programs provides sufficient resources to continue assistance to all 4.7 million currently served low-income families. To reduce the significant costs of these programs, the Budget re-proposes MAHWA and rent reforms that would require work-able individuals to

shoulder more of their housing costs while providing an incentive to increase their earnings. Proposed rent reforms, however, would mitigate the impact on currently assisted elderly individuals and people with disabilities by phasing in a reduced rent increase over six years. The Administration's legislative proposal would also reduce administrative and regulatory burdens and allow communities further flexibility to develop rent requirements for tenants that are consistent with local needs and objectives.

"The RAD program is a win-win. It preserves affordable housing for the people who need it most and transforms aging public housing into safer places to live..."

Brian Montgomery
FHA Commissioner
September 19, 2018

In addition, the Budget incorporates the principles of the Administration's policy on uniform work requirements for non-elderly and non-disabled persons to work a minimum of 20 hours per week, or participate in training or educational activities. As a part of its implementation, HUD would explore ways to leverage existing compliance and enforcement mechanisms with the goal of avoiding additional burden on Public Housing Authorities and private multifamily property owners.

Leverages Capital for Housing Improvements.

The Budget provides investments and statutory authorities to facilitate a shift from the Public Housing funding platform to Housing Vouchers and Project-Based Rental

Assistance (PBRA). The Housing Voucher and PBRA programs benefit from leveraging both public and private financing to invest in long-term affordable housing stock. To advance this objective, the Budget requests \$100 million for the Rental Assistance Demonstration (RAD) program, which supports the redevelopment of Public Housing units through conversion to Housing Voucher and PBRA units. Additional authorities in the Public Housing program, such as repositioning certain troubled public housing assets, would also assist in this effort. Recognizing this shift and that State and local governments should bear greater responsibility in providing affordable housing, the Budget does not request funding for the Public Housing Capital Fund.

Reduces Lead Exposure for Low-Income Children. Lead-based paint in housing presents one of the largest threats to the health, safety, and dreams of America's next generation, with more than 23 million homes having significant lead-based paint hazards. The Budget requests \$290 million to promote healthy and lead-safe homes, \$60 million above the 2019 estimated level. Research has shown that lead-based paint hazard control is an efficient and effective approach to reducing and preventing lead exposure, generating high returns on investments due to increased lifetime earnings and reduced medical costs. This funding level also includes resources for enforcement, education, and research activities to further support this goal.

Continues Supporting Communities' Efforts to Reduce Homelessness. The Budget provides \$2.6 billion for the Homeless Assistance Grant (HAG) programs. HAG primarily funds the Continuum of Care (CoC) program, which is a coordinated community-based network of programs to prevent and address local homelessness. HUD awards CoC grants through a competitive funding process that promotes cost-effective and evidence-based strategies. As a part of the total, the Budget requests \$270 million for Emergency Solutions Grants, which would enable municipalities to support emergency shelter, rapid re-housing, and homelessness prevention.

Promotes Economic Mobility and Improves Quality of Life. The Budget requests \$75 million for the Family Self-Sufficiency program and \$15 million for the Jobs-Plus Initiative. These programs connect HUD-assisted households to social services and employment resources, helping tenants maximize their earning potential and improve their financial situations and quality of life. A rigorous evaluation has shown that the Jobs-Plus Initiative produces lasting increases in tenant

wages. The Secretary's EnVision Center research demonstration will also support this goal by providing communities centralized hubs that offer holistic approaches to self-sufficiency. In addition, the Budget requests funding for research and demonstrations to continue to build the evidence base for the most effective policies that promote economic self-sufficiency.

Targets Investments in Opportunity Zones.

The Budget provides targeted resources aligned with the Administration's focus on encouraging investment in Opportunity Zones. The \$100 million request for RAD, referenced above, would prioritize the redevelopment of Public Housing properties that are located in Opportunity Zones. The Budget also funds Technical Assistance to local municipalities that are seeking to attract public and private investments to their communities.

"...I've seen the negative impact lead exposure can have on a child's developing brain. HUD's Office of Lead Hazard Control and Healthy Homes has been a significant contributor to the ongoing development of a [F]ederal strategy to eliminate childhood lead poisoning, ensuring kids have a foundation and a home environment that contribute to their ability to thrive."

Ben Carson
Secretary
October 22, 2018

Supports Sustainable Homeownership Opportunities. The Budget preserves access to sustainable homeownership opportunities for creditworthy borrowers through FHA and Ginnie Mae credit guarantees. FHA provides a crucial source of mortgage financing for first-time homebuyers, who accounted for more than 80 percent of FHA-insured home purchase loans in 2018. The Budget requests \$20 million above the 2019 estimated level to modernize FHA's outdated and burdensome information technology systems. This additional funding is fully offset by a modest new fee on FHA lenders, better aligning the responsibilities for the costs and benefits of this program. In addition, the Budget includes legislative proposals that would align FHA authorities with the needs of its lender enforcement program and limit FHA's exposure to down-payment assistance practices that not only increase the risk of taxpayer losses, but oftentimes are not in the best interest of borrowers.

Strengthens HUD's Financial Management. The Budget includes \$20 million for HUD's Financial Transformation Plan, a multiyear effort to strengthen the agency's financial reporting, accounting operations and internal controls. This effort is critical to addressing recurring audit issues, ensuring strong stewardship of taxpayer dollars, and increasing transparency.

Eliminates Major Block Grants. The Administration continues to redefine the proper role of the Federal Government and proposes eliminating funding for programs that lack measurable outcomes or are ineffective. The Budget would eliminate several of HUD's community and economic development programs as well as affordable housing production programs. The Budget would eliminate CDBG, a program that has expended more than \$150 billion since its inception in 1974, but has not demonstrated sufficient impact. Studies have shown that CDBG's allocation formula, which has not been updated since 1978, is ineffective at targeting funds to the areas of greatest need, and many aspects of the program have become outdated. The Budget would also eliminate the HOME Investment Partnerships Program, which has not been authorized since 1994. The Budget devolves responsibility to State and local governments, which are better positioned to assess local community needs and address unique market challenges.