

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The President's 2009 Budget will:

- Ensure housing assistance for those most in need;
- Preserve and promote homeownership by addressing subprime mortgages;
- Strengthen communities by sustaining homeownership gains;
- Make further progress towards ending chronic homelessness; and
- Continue the trend of improving the Department's management and performance.

Ensuring Housing Assistance for Those Most in Need

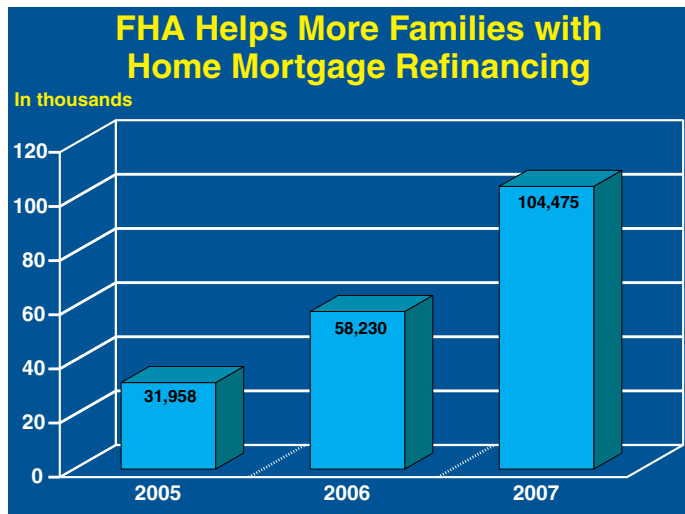
- *Increases primary housing programs.* As a first principle, sets on firm footing the Department's major programs that provide housing assistance to 11 million needy individuals.
- *Increases Project-Based Housing.* \$7 billion to renew all project-based rental contracts, and a \$400 million advance appropriation to bridge renewal funding into 2010, to provide housing assistance for nearly 1.3 million low-income tenants.
- *Maintains Housing Choice Vouchers.* Funds Housing Choice Vouchers for over two million extremely low- to low-income families, while removing the cap on the number of housing units Public Housing Authorities can assist.
- *Supports Public Housing Operating Fund.* At \$4.3 billion (the highest proposed funding level in history), the Fund provides the necessary operating expenses for 1.2 million public housing units.

Preserving and Promoting Homeownership by Addressing Subprime Mortgages

- *Helps homeowners avoid foreclosure.* \$65 million for the Department of Housing and Urban Development's (HUD's) Housing Counseling program, a 30-percent increase over the 2008 Budget, and \$150 million to the Neighborhood Reinvestment Corporation (NRC), a 25-percent increase over the 2008 Budget, to help educate consumers, combat foreclosures, and promote a healthier housing market. In 2006, 93 percent of all Federal Housing Administration (FHA) borrowers in default who completed Housing Counseling services successfully avoided foreclosure.

Strengthening Communities by Sustaining Homeownership Gains

- *Expands affordable housing and minority homeownership.* \$2 billion for the HOME Investment Partnerships program, including \$50 million for the American Dream Downpayment Initiative, which provides flexible housing assistance and increases affordable housing and minority homeownership. Since the inception of the HOME program 16 years ago, almost 812,000 units of affordable housing have been created.
- *Increases mortgage financing options for homebuyers and homeowners.* Enables FHA, through reforms such as risk-based pricing, to offer a wider variety of mortgage products and create more homeownership opportunities. FHA will be able to design mortgage products that can help at-risk borrowers, reward borrowers with good credit histories, and protect taxpayers with actuarially sound financing. As a consequence of difficulties in the subprime mortgage market, more Americans are turning to FHA as they refinance their homes.
- *Promotes healthy community development.* Funding for NRC will also help existing homeowners rehabilitate homes, assist communities, sustain homeownership gains, and expand economic development and training for community-based revitalization efforts.



Source: HUD

Number of families with conventional mortgages that have refinanced their single-family homes with FHA.

Making Further Progress Toward Ending Chronic Homelessness

- *Expands Homeless Assistance Grants.* Over \$1.6 billion for funding at least 160,000 beds for homeless individuals. Aided by this Administration initiative, HUD has documented an unprecedented 11.5 percent decline in chronic homelessness from 2005 to 2006.

Continuing HUD's Improved Management and Performance

- *Eliminates "High Risk" Designation.* For the first time since 1994, the Government Accountability Office removed HUD's single-family housing mortgage insurance and rental housing assistance programs from the list of High-Risk Federal programs in 2007.
- *Maintains sound financial management.* HUD achieved a clean opinion on its 2007 financial statements, continuing a multi-year trend.

Major Savings and Reforms

- Six programs representing \$1.6 billion have been identified for termination or reduction, including:
 - Community Development Block Grant (CDBG) program, which needs reform because it is not well-targeted to the neediest communities and its results have not been adequately demonstrated. The Budget funds CDBG at \$3 billion, \$0.9 billion less than 2008.

Since 2001, the Department of Housing and Urban Development has:

- Made housing affordable for many of those most in need, assisting with housing payments for over four percent of the U.S. population.
- Expanded efforts to end chronic homelessness, providing additional permanent housing units for over 57,000 individuals, ending their cycle of homelessness.
- Improved financial management by eliminating nearly \$2 billion in annual improper payments.
- Increased proposed funding for Housing Counseling by over 170 percent—from \$24 million in 2001 to \$65 million in 2009. The 2009 Budget will help educate approximately 950,000 families to make better housing decisions.

Department of Housing and Urban Development
(Dollar amounts in millions)

	2007 Actual	Estimate	
		2008	2009
Spending			
Discretionary Budget Authority:			
Community Development Fund.....	3,770	3,866	3,000
CDBG cancellation.....	—	—	–206
HOME Investment Partnerships Program.....	1,756	1,704	1,967
<i>American Dream Downpayment Initiative (non-add)</i>	25	10	50
Homeless Assistance Grants.....	1,434	1,586	1,636
Housing Opportunities for Persons with AIDS.....	286	300	300
Tenant-based Rental Assistance.....	15,881	15,703	16,039
Project-based Rental Assistance.....	5,975	6,382	7,000
Housing Certificate Fund.....	–616	–1,250	—
Public Housing.....	6,284	6,639	6,324
Native American Housing Block Grant.....	624	630	627
Revitalization of Severely Distressed Public Housing (HOPE VI)	96	100	—
Housing for the Elderly.....	735	735	540
Housing for Persons with Disabilities.....	237	237	160
Federal Housing Administration (FHA).....	–1,105	–921	–763
Lead Hazard Reduction.....	150	145	116
All other programs.....	1,530	1,557	1,742
Total, Discretionary budget authority.....	37,037	37,413	38,482
<i>Memorandum: Budget authority from enacted supplementals</i>	7	3,000	—
Total, Discretionary outlays.....	48,990	50,715	47,834
Total, Mandatory outlays.....	–3,429	1,556	–2,202
Total, Outlays.....	45,561	52,271	45,632

Department of Housing and Urban Development—Continued

(Dollar amounts in millions)

	2007 Actual	Estimate	
		2008	2009
Credit activity			
Direct Loan Disbursements:			
FHA.....	3	50	50
Government National Mortgage Association.....	3	30	25
Total, Direct loan disbursements	6	80	75
Guaranteed Loan Disbursements:			
FHA.....	89,579	97,768	157,718
All other programs	384	523	551
Total, Guaranteed loan disbursements	89,963	98,291	158,269
	Number of Programs		2009 Savings
Major Savings, Discretionary			
Terminations	4		-132
Reductions	2		-1,487