



FY 2013
BUDGET

*Housing and Communities
Built to Last*

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I am pleased to submit for your consideration a proposed Budget for the Department of Housing and Urban Development for Fiscal Year (FY) 2013, *Housing and Communities Built to Last*. This Budget is an essential component of the Administration's blueprint for an economy of the 21st century—one built on American manufacturing, American energy, skills for American workers, and a renewal of American values.

As the President made clear in his State of the Union address, this is a make-or-break moment for the middle class—both for those who are in it and for those who aspire to it. What's at stake is the survival of the basic American promise—the idea that if you work hard, you can do well enough to raise a family, own a home, and put a little away for retirement. And the defining issue of our time is how to keep that promise alive—how we can build a nation where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same rules.

Nowhere is that challenge more evident than in the homes where we live. Too often in the years leading up to the housing crisis, mortgages were sold to people who could not afford or understand them. Banks made huge bets and bonuses with other people's money. And we all know what happened next, as the country lost 753,000 jobs per month. Housing prices sank for 30 months straight. And foreclosures surged to record levels month after month. Before the worst of it was over, the country lost more than 8 million jobs, and our economy and the world plunged into a crisis from which we are still recovering.

But this Administration responded. Because of the President's bold leadership, foreclosure notices nationally are down by nearly 50 percent since early 2009. More than 5.5 million families have received mortgage modifications with affordable monthly payments. And nearly 14 million families have been able to refinance their homes. Indeed, in the month since critical changes announced by the President to the Home Affordable Refinance Program (HARP) went into effect, tens of thousands of homeowners who owe more on their homes than they are worth have already refinanced to take advantage of historically low interest rates. Further, despite unprecedented economic headwinds, through innovative tools such as the Homelessness Prevention and Rapid Re-housing and HUD-Department of Veterans Affairs Supportive Housing (HUD-VASH) programs, we saved more than 1.2 million people from homelessness, helping one out of every five homeless veterans get off our streets in the last year alone.

We have seen similar progress throughout our economy, where, over the past 23 months, American businesses have created 3.7 million new private sector jobs. With a resurgent auto industry leading the way, last year our economy added more private sector jobs than in any year since 2005.

Now is the moment to build on this progress. But in so doing, we must recognize a fundamental truth: that an economy built to last cannot be built on a mountain of debt. Consequently, while this Budget makes critical investments to speed economic growth—from Choice Neighborhoods

to restoring Sustainable Communities planning grant funding—it also includes new savings proposals and some very difficult choices we would not have made otherwise.

These tough choices include reforms to HUD rental assistance programs that save more than \$500 million in 2013 without reducing the number of families served. For example, the Budget aligns policy across rental assistance programs and reduces costs by increasing the minimum rent to \$75 per month for all HUD-assisted households. The Budget also provides \$640 million less for Project-based Rental Assistance than last year by reducing upfront funding on some contracts. Similarly, funding for new grants provided in the Supportive Housing Programs for the Elderly and Disabled, as well as HOME Investment Partnerships, remain lower than historical levels. These choices do not reflect these programs' quality and efficacy but rather the fiscal reality the Department faces, in which more than 80 cents out of every dollar of the FY 2013 Budget is required merely to continue assistance for those who already receive it.

The Administration's overall Budget outlines the President's vision of an economy that is built to last. For HUD, that includes:

- Giving Hard-Working, Responsible Americans a Fair Shot—by helping responsible homeowners, by maintaining our commitment to core rental assistance programs, and by reducing the number of homeless veterans on our streets;
- Ensuring Everybody Plays By the Same Rules—by establishing a Homeowner Bill of Rights, and by bringing HUD-assisted housing into the mainstream of real estate finance;
- Creating New Jobs Here in America to Discourage Outsourcing and Encourage Insourcing—by maintaining funding for job-creating programs like the Community Development Block Grant, and by helping regions reduce the combined cost of housing and transportation to attract private investment and speed economic growth; and
- Reforming the Federal Government So It Is Leaner, Smarter, and More Transparent—by streamlining bureaucracy and identifying savings in our largest rental programs; and by making the Department more accountable for results through continued Transformation Initiative investments and the innovative HUDStat performance measurement system.

Giving Hard-Working, Responsible Americans a Fair Shot

There is more work to do to ensure that more Americans have the opportunity to enter the middle class, and that the economic security of middle-class Americans does not continue to erode. As such, this Budget recognizes that we will fail to build broadly-shared prosperity essential to an economy built to last if:

- The economy lacks a vibrant housing sector—and a balanced housing policy—that enables families to rent or own a high-quality, affordable home, build wealth, and move to economic opportunity whenever and wherever such opportunity arises;

- A fifth of America’s children live in poverty, at a cost of \$500 billion per year—fully 4 percent of GDP—due to reduced skills development and economic productivity, increased later-life crime, and poor health;
- A growing population lives with the problems of concentrated neighborhood poverty—high unemployment rates, rampant crime, health disparities, inadequate early care and education, struggling schools, and disinvestment—all of which isolate them from the 21st-century global economy;
- The poorest renters face the most severe housing shortage and cost burden of any Americans. The most recent HUD Worst Case Housing Needs report¹ showed an increase of fully 20 percent in worst-case needs renters between 2007 and 2009 (the largest increase over a 2-year period in the quarter-century history of the survey); and
- Millions of Americans continue to experience homelessness, some for years at a time, including too many of our Nation’s veterans.

Put simply, we cannot settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by. There are still millions of Americans who have worked hard, acted responsibly, and made their mortgage payments on time—who, because their homes are worth less than they owe on their mortgage, cannot take advantage of today’s historically low interest rates and are facing real economic insecurity.

That is why President Obama recently announced a series of measures to help responsible homeowners and heal the housing market. I join the President in calling on Congress to pass legislation that gives all borrowers who are current on their mortgages the opportunity to refinance. The housing market should not have to hit bottom for families to get relief. Indeed, a stronger housing market will help speed growth and jump-start our economic recovery. Accordingly, this Budget ensures that the Federal Housing Administration (FHA) and the Government National Mortgage Association (Ginnie Mae) can continue to support our housing recovery and does so while rebuilding the strength of the FHA insurance fund, including by implementing premium increases that go beyond those enacted by Congress in the fall.

This Budget also directly addresses the challenges facing the lowest-income Americans. First, it maintains our commitment to serving over 4.5 million families—more than 50 percent of whom elderly or disabled—in our core Tenant-Based (\$19 billion) and Project-Based (\$8.7 billion)

¹ HUD defines “worst-case housing needs” as: renters with very low incomes who do not receive government housing assistance and who either paid more than half their income for rent, lived in severely inadequate conditions, or both.

Rental Assistance and Public Housing (\$6.6 billion) programs,² while continuing signature Administration efforts, such as Choice Neighborhoods, which provides communities with the innovative tools they need to revitalize neighborhoods of concentrated poverty. Second, the Budget once again calls for funding of the National Housing Trust Fund at \$1 billion. Created in 2008, the Trust Fund is designed to provide capital resources to build and rehabilitate housing to fill the growing gap at the most affordable end of the Nation’s rental housing market. As the President noted in announcing new steps to stabilize the housing market, the time has come for Congress to provide this crucial funding. Finally, by continuing to invest in our Homeless Assistance Grants (\$2.2 billion) and HUD-VASH (\$75 million), we move toward realizing the vision of *Opening Doors*—the first Federal strategic plan to prevent and end homelessness—to finish the job of ending chronic and veterans homelessness inside of 5 years and set a path to ending family homelessness within the decade.

Ensuring Everybody Plays By the Same Rules and Pays Their Fair Share

This Administration entered office confronting the worst economic crisis since the Great Depression—and a major reason for that crisis was that mortgages were sold to people who could not afford or understand them, while banks packaged them into complex securities on which they made huge bets (and bonuses) with other people’s money. The President also put forward a Homeowners Bill of Rights—a single, straightforward set of common-sense rules that families can count on when shopping for a mortgage, including the right to a new, simple, clear form for new buyers that gives people confidence when making the most important financial decision of their lives. And those rights should not end when homeowners get the keys to their new home. When Americans lose their job or have a medical emergency, they should know that when they call their lender, that call will be answered and that their home will not be sold in foreclosure at the same time they are filling out paperwork to get help.

This Budget recognizes that, similarly, we can no longer tolerate a federally supported rental housing system that is “separate and unequal” —one which expects public housing authorities (PHAs) to house more than three million families but, imposes overly burdensome regulations and denies them access to private capital available to virtually every other form of rental housing.

² In FY2013, HUD anticipates serving a total of 5.4 million families through its core rental programs, in addition to programs such as HOME, Sections 202 and 811, Native American initiatives, and Homeless Assistance programs.

To bring our rental housing system into the 21st century and to begin addressing the \$26 billion in Public Housing capital needs, this Budget includes proposals that would increase PHA flexibility to fund critical supportive services while also moving them toward mainstream real estate financing and management practices through the consolidation of outmoded funding streams. At the same time, to continue implementation of the Rental Assistance Demonstration, the Department will use funding requested in the Budget for existing programs to ensure that thousands of units funded through the Public Housing and so-called “orphan programs” can leverage debt to access private capital and preserve affordable housing.

Creating New Jobs Here in America to Discourage Outsourcing and Encourage Insourcing

HUD’s proposed Budget for FY 2013 makes an essential contribution to the Administration’s broader effort to speed economic growth and provide a level playing field and real opportunity for all Americans. At the proposed funding level of \$44.8 billion, \$1.4 billion—or 3.2 percent over FY 2012—this Budget will create or support hundreds of thousands of direct and indirect jobs.

Just as important as how many jobs this Budget creates is where many of these jobs would be created. As we learned from Recovery Act investments that modernized more than 500,000 Public Housing units and provided green retrofits to more than 750,000 properties, investments in affordable housing and community development represent a powerful engine for job creation in the places that need them the most. At the same time, we know that America’s cities, suburbs and rural communities are most competitive when they plan not as individual communities but as metropolitan regions.

This is why this Budget restores funding for Sustainable Communities grants (\$100 million). Sustainable Communities grants are part of a silo-breaking, interagency Partnership for Sustainable Communities with the Environmental Protection Agency and the Department of Transportation that embodies the President’s commitment to being a new kind of federal partner to states, regions, and localities. Mobility of capital and people requires cities and regions to compete on a global playing field—and a big part of what allows them to win that competition and collaborate with other places that share an economic future is their regulatory structures, from taxes to land use. These grants are helping metropolitan and rural communities undertake a new wave of transportation zoning, building code, and land use reform, and aligning housing and transportation investments, so that they can be responsive to the needs of regional economies. This is particularly critical at a time when the average household is paying 52 cents of every dollar it earns on housing and transportation and when congestion on our roads is costing us five times as much wasted fuel and time as it did 25 years ago.

We can see that these grants are making an impact. In Austin, Texas, a \$3.7 million Regional Planning grant provided in FY 2010 is helping link its long-term regional transportation plan to 37 mixed-income communities near transit and job centers. This grant will help 3,000 small, family-run businesses expand or open a second location. Provided that each of these businesses

hires at least one new worker who has been unemployed for a year or more, this work is expected to create more than 7,000 permanent jobs and save the taxpayer \$1.25 billion.

We know how important these planning tools are to regional economies—particularly those that rely on integrated supply chains that cross national borders and are essential to meeting the President’s charge to double U.S. exports over the next 5 years. These investments will also leverage and increase the ripple effects of other Administration proposals to overhaul America’s deteriorating infrastructure, including the Infrastructure Bank, as well as Project Rebuild and other elements of the American Jobs Act, as we leverage increased residential and commercial construction around transit and other infrastructure investments.

Of course, smart planning requires sustained follow-through. That is why HUD is committed to ensuring that its core community and housing development work contributes to more and better transportation choices; promotes equitable, affordable housing; and aligns federal policies and funding to remove barriers to local collaboration. Accordingly, we will continue to make critical investments programs such as the Community Development Block Grant (CDBG): \$2.95 billion) and Native American Housing Block Grant (NAHBG): \$650 million. In particular, CDBG is an important catalyst for economic growth—helping leaders around the Nation bring retail businesses to their communities, forge innovative partnerships, and rebuild their economies. These programs provide real bang for the buck.

Reforming the Federal Government So It Is Leaner, Smarter, and More Transparent

It is clear that an economy that meets the needs of the 21st century requires a Federal Government that is streamlined, transparent, and efficient. This Budget continues this Administration's work to transform how HUD, and the Federal Government as a whole, does business so that our state and local government and private sector partners, and individual Americans have a real federal partner accountable for measurable outcomes.

As such, the Budget proposes reforms to HUD rental assistance programs that would save more than \$500 million in fiscal year 2013 without reducing the number of families served. In the Project-Based Rental Assistance (PBRA) program, savings are achieved by improving oversight of market rent studies used to set subsidy payment levels, capping annual subsidy increases for certain properties, and using excess reserves to offset HUD payments to landlords. The Budget also aligns policy across rental assistance programs and reduces costs by increasing the minimum rent to \$75 per month for all HUD-assisted households, which is comparable to the minimum rent enacted in 1998, adjusted for inflation. Recognizing the potential burden that this higher minimum rent may impose, this Budget maintains the current exemption for families facing financial hardship. Finally, this Budget reduces costs by simplifying administration of the medical expense deduction, better targeting rental assistance to the working poor in rural areas, and setting Public Housing flat rents closer to market levels.

This Budget does not shy away from making tough choices. Due to the difficult fiscal environment, the Budget provides \$8.7 billion for PBRA, which is \$640 million below FY 2012. These savings in FY 2013 are generated by providing less than 12 months of funding upfront on some PBRA contracts that straddle fiscal years. This change will not reduce or delay payments to landlords, nor will it adversely impact the number of families served by the program. Nonetheless, it is a difficult choice, and not one that the Administration would choose to implement in a less austere fiscal environment. And while we kept our promise to restore its funding following last year's reserve offset, the same holds true for the proration of the Public Housing Operating Fund. Similarly, funding for new grants provided in the Supportive Housing Programs for the Elderly and Disabled, as well as HOME Investment partnerships, remain below historical levels.

To be clear, these choices were not made because of the quality or effectiveness of these programs—but rather because of the very difficult fiscal environment we face. HUD's mission is critically important—and taken together, these are the choices we felt we had to make to continue that mission.

Of course, making that possible is not just about making government leaner—but making it smarter and more accountable.

Central to that effort for HUD has been the Transformation Initiative (TI)—and this Budget once again calls for the flexible use of resources (up to \$120 million) that the Department needs to invest in technical assistance that builds local capacity to safeguard and effectively invest taxpayer dollars; conduct innovative research, and evaluations of program initiatives and demonstration programs so we can fund what works and stop funding what does not; and upgrade the information technology (IT) infrastructure that tracks and monitors our programs. Thanks to congressional support for TI, past appropriations are today funding a wide range of groundbreaking projects, including:

- Innovative, “silo-breaking” One CPD technical assistance in communities across the country that replaces a fragmented system with one that addresses the holistic and cross-cutting needs of our grantees, recognizing that these extend beyond the rules and regulations of any single funding stream;
- Major evaluations and demonstration programs to examine the outcomes of key Administration initiatives such as the Rental Assistance Demonstration and Choice Neighborhoods, the cost to local PHAs of administering the Housing Choice Voucher program, different approaches to rent reform in our largest programs, the housing needs of Native American and Hawaiian communities, and the impact of housing and services interventions on homeless families;
- Replacement of 30-year-old technology and information management practices to reduce risks, and implement higher-performing, cost-effective business solutions to more effectively administer the Department's rental housing assistance programs.

At the same time, the HUDStat system initiated in 2010 has focused the attention of senior leadership, principal staff, and operational managers, yielding significant performance improvements, including increasing the number of families assisted by the Public Housing and the Housing Choice Voucher programs and accelerating the pace of housing homeless veterans by a factor of 20. The number of homeless veterans dropped fully 12 percent between 2009 and 2010. We have also taken on “bureaucracy busting” efforts that have already yielded results, reducing the time it takes to post competitive program funds by 82 percent.

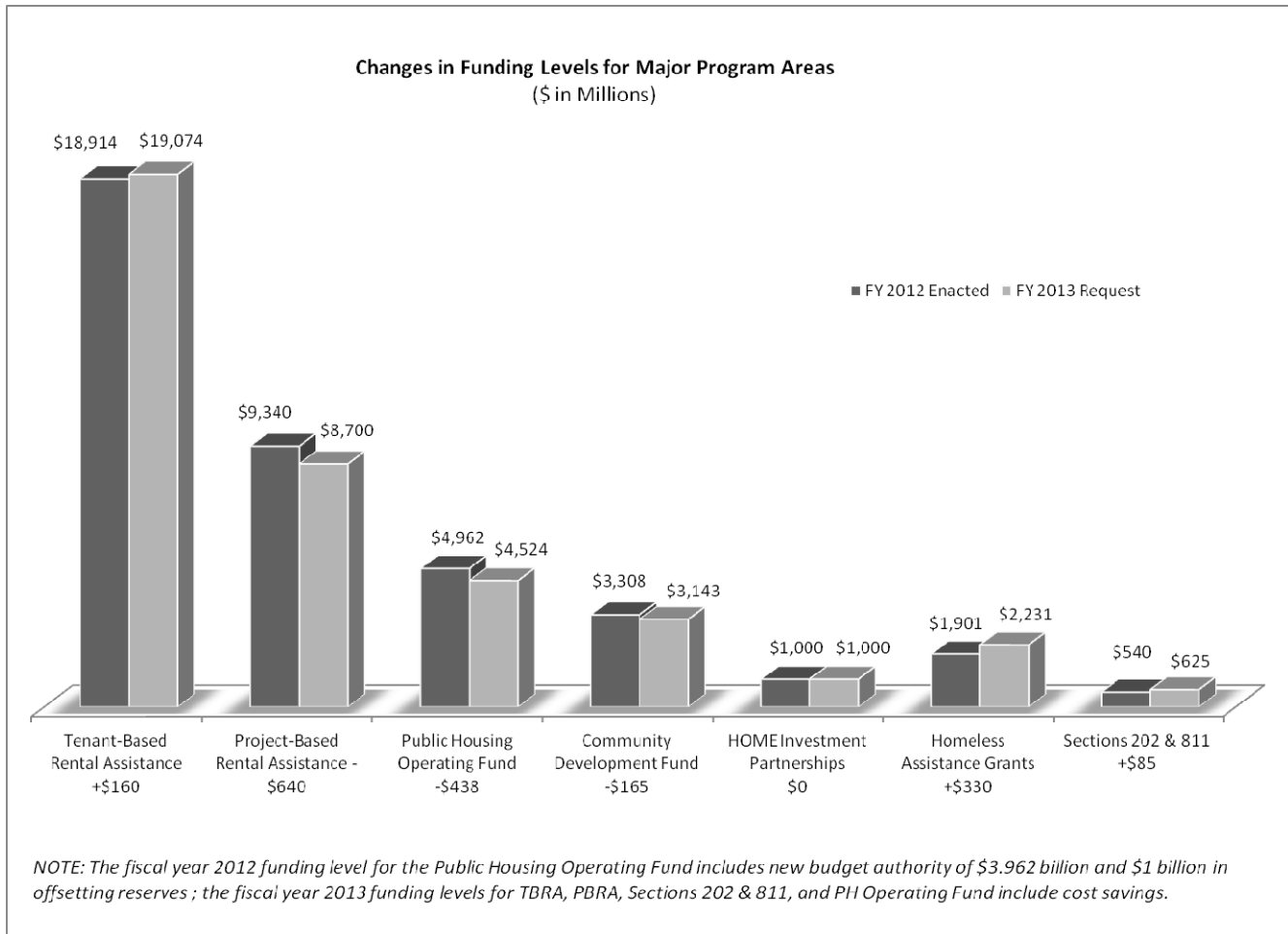
An America Built to Last

Further detail on the Department’s proposed investments and savings are provided on the following pages. At its core, this Budget reflects the Administration’s belief that our housing recovery is essential to economic recovery—and to ensuring every American gets a fair shot, everyone does his or her fair share, and everyone plays by the same rules. It recognizes that robust growth requires tough choices—doing more with less and holding ourselves accountable for results. Most important of all, it expresses the continued confidence of the President in the capacity of HUD’s programs and its people to meet a high standard of performance.

As such, I believe *Housing and Communities Built to Last* will contribute substantially to economic recovery, by creating pathways to opportunity, and, thereby, to an America built to last.

A handwritten signature in black ink, appearing to read "Shaun Donovan", with a long horizontal flourish extending to the right.

Shaun Donovan
Secretary of Housing and Urban Development



GOAL I—STRENGTHENING THE NATION’S HOUSING MARKET

Responding to the Market Disruption

The Federal Housing Administration (FHA) and Government National Mortgage Association (GNMA) continue to have a significant impact on the Nation’s economic recovery. The activities of the Federal Government are critical to both supporting the housing market in the short term and providing access to homeownership opportunities over the long term. At the same time, HUD should minimize the risk to taxpayers. Over the past 2 years, HUD has collaborated with the Department of the Treasury and other Administration partners to construct a housing finance system that relies on an actuarially sound pricing structure, effective lending oversight, and adequate organizational capacity to ensure consistent access to, and liquidity and stability in, the capital markets.

FHA is the largest government insurer of mortgages in the world, insuring more than 39 million home mortgages and 53,000 multifamily project mortgages since 1934, and holds a portfolio in excess of \$1 trillion today. FHA provides mortgage insurance on single-family, multifamily, manufactured homes and health-care loans made by FHA-approved lenders throughout the United States and its territories. In recent years, FHA has experienced significant swings in its market share as it has stepped in to provide capital for qualified borrowers who would otherwise be shut out of the mortgage market. The widespread availability of FHA mortgage insurance encourages the provision of mortgage credit by

lenders and provides liquidity and stability for the mortgage market. FHA serves borrowers that the conventional market does not adequately provide for, including first-time homebuyers, minorities, low-income families, and residents of underserved communities.

In Fiscal Year (FY) 2013, HUD is requesting \$400 billion in loan guarantee authority for the Mutual Mortgage Insurance Fund, which will provide an estimated 1.2 million single-family mortgages (a projected \$149 billion in loan volume). In addition, HUD is requesting \$25 billion in loan guarantee authority for the General and Special Risk Insurance Fund, which will provide an estimated 156,000 units in multifamily housing properties and an estimated 80,600 beds in health-care facilities.

- Nationwide, FHA finances nearly one-third of home purchase loans and a fifth of refinance loans, and has been especially critical to helping first time homebuyers and minority borrowers to realize the American dream. Fully 60 percent of all African-American and Hispanic homebuyers using mortgages rely upon FHA financing and more than 30 percent of all FHA-insured homebuyers are minorities. More than half of all African Americans who purchased a home last year and 45 percent of Hispanics did so with FHA financing.
- During the past 2 years, FHA helped nearly one million homeowners refinance into stable, affordable mortgages and insured loans for more than 1.8 million homebuyers—more than 77 percent of whom were first-time homebuyers. By providing liquidity at a time when it was desperately needed, FHA has served hundreds of thousands homeowners and has had a positive effect on the many industries involved in the housing market—realtors, homebuilders, lenders, and those who service new homes with furniture and appliances.
- Multifamily mortgage insurance programs make critical contributions toward the Department’s mission of creating strong, sustainable, inclusive communities and quality affordable homes for all, by expanding the supply of rental housing in areas where they are most needed and by preserving the affordability and quality of both federally assisted and private unassisted rental housing. The role of FHA’s multifamily mortgage insurance programs is especially significant in the current economic climate. Driven by low interest rates, more constrained lending in the conventional mortgage market, and improvements in HUD business operations, demand for FHA multifamily programs has increased dramatically. At this time of unprecedented stress in the financial markets, FHA Multifamily programs provide the necessary liquidity so that apartment construction and rehabilitation can continue. In FY 2011, FHA multifamily housing commitments totaled \$13.1 billion, nearly 15 percent higher than 2010 volume and 3.9 times the 2009 volume. This activity is projected to decline to \$11.0 billion in 2012 and \$10.1 billion in 2013, largely due to the re-emergence of conventional lending sources in many markets.

FHA’s and GNMA’s expanded role has been accompanied by measures that both improved their financial soundness, and made money for the taxpayer, including strengthening risk management tools, upgrading information technology infrastructure, and implementing a premium increase in April of last year. This Budget includes the recently enacted increases in FHA premium levels. These increases will boost FHA’s capital reserves—to better protect taxpayers against the risk of credit losses by the program— and, as a result, increase federal revenues.

Redoubling Efforts to Keep Homeowners in their Homes and Reduce the Impacts of Foreclosures

The state of the housing market is crucial to shaping our well-being as individuals, the stability of our neighborhoods, and the strength of our national economy. That is why the downturn of the housing market—with high rates of foreclosure, increases in vacant properties, and plummeting home values—has been so devastating for families, neighborhoods, and communities alike. Although the largest factors contributing to this crisis were market-driven, the American people have turned to Congress and the administration for leadership and action in righting our Nation's housing market. HUD remains firmly committed to working together with communities and individuals to cope with these unprecedented challenges.

While there is work still to be done, HUD is proud of the progress this Administration has made in tackling ongoing foreclosure challenges. Since April 2009, servicers report that more than 5.5 million homeowners have received restructured mortgages—more than twice the number of foreclosures completed in that time—as a result of the Government's Home Affordable Modification Program (HAMP), FHA's loss mitigation programs, and the Hope Now initiative with private lenders. An estimated 300,000 homeowners will be assisted in avoiding foreclosure through FHA programs, as well as 400,000 homeowners assisted through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy. An additional 2.4 million homeowners will be assisted through joint HUD-Treasury Department programs. HUD has also developed several initiatives that address foreclosure prevention, including:

- National First Look Program: A partnership between HUD, the National Community Stabilization Trust, and large financial institutions that offers Neighborhood Stabilization Program grantees an exclusive 12-to-14 day window to evaluate and bid on foreclosed properties.
- Short Refinance Option: In 2010, FHA made available an option that offers underwater non-FHA borrowers, who are current on their existing mortgage and whose lenders agree to write off at least 10 percent of the unpaid principal balance of the first mortgage, the opportunity to qualify for a new FHA-insured mortgage.

And the President has called on Congress to pass legislation that gives all borrowers who are current on their mortgages the opportunity to refinance.

Finally, each year, HUD awards grants to hundreds of local counseling agencies and State Housing Finance Agencies that offer a variety of services that are especially critical in today's economic climate. HUD-approved counselors help clients learn about purchasing or refinancing a home, rental housing options, reverse mortgages for seniors, foreclosure prevention, loss mitigation, preventing evictions and homelessness, and moving from homelessness to a more stable housing situation. In 2011, HUD-Approved Housing Counseling agencies, with grant funds from HUD and other funding sources, assisted more than 1.9 million families, including more than one million potential and current homeowners with mortgage-related issues.

In FY 2013, HUD is requesting \$55 million in Housing Counseling Assistance, to improve access to quality affordable housing, expand homeownership opportunities, and preserve homeownership. With this level of funding, HUD anticipates serving as many as 185,000 low- to moderate-income families, and training approximately 4,800 counselors. This funding will also permit HUD to support the initiatives of the newly established Office of Housing Counseling to improve the effectiveness, efficiency, and scale of housing counseling programs.

GOAL II—MEETING THE NEED FOR QUALITY, AFFORDABLE RENTAL HOUSING

This Budget maintains HUD's core commitments to providing rental assistance to low-income households, as well as distributing housing, infrastructure, and economic development funding to states and communities to address their unique needs. Overall, 83 percent of HUD's total Budget authority requested will renew rental assistance to over 5.4 million residents of HUD-subsidized housing, including Public Housing, and to renew existing HUD grants to homeless assistance programs. Detailed data shows how vulnerable to homelessness these residents are to the economic downturn: 72 percent are extremely low-income (below 30 percent of area median income), an additional 20 percent are very low-income (below 50 percent of area median income). More specifically, this Budget:

Preserves Affordable Housing Opportunities in HUD's Largest Programs

HUD's Section 8 Tenant-Based Rental Assistance (TBRA), also called the Housing Choice Voucher program, is the Nation's largest rental assistance program for low-income families. For more than 35 years, it has served as a cost-effective means for delivering safe and affordable housing in the private market. In FY 2013, HUD is requesting \$19.07 billion for TBRA programs. With this request, HUD expects to assist approximately 2.2 million families by renewing existing vouchers and issuing new incremental vouchers to homeless veterans, and other vulnerable families.

The TBRA request includes:

- *\$17.238 billion for the renewal of existing Section 8 vouchers*, providing affordable housing for more than 2.2 million families in need, including the renewal of special purpose vouchers funded in previous years;
- *\$1.575 billion for administrative fees* associated with operating TBRA, HUD's largest program;
- *\$111 million for Mainstream Section 811 vouchers* to enable persons with disabilities access to affordable, private housing of their choice, and accommodate the provision of supportive services;
- *\$75 million in Tenant Protection vouchers*, which are provided to tenants to replace either public housing that is demolished or sold or projects assisted by Multifamily Housing programs that stop receiving federal subsidies; and
- *\$75 million for the HUD-Department of Veterans Affairs Supportive Housing (HUD-VASH)* vouchers to assist an estimated 10,000 homeless veterans.

HUD's Public Housing program provides funds to state and local Public Housing Authorities (PHAs) to supplement tenant rents, maintain the buildings and manage the programs. In FY 2013, HUD is requesting a total of \$6.59 billion to operate Public Housing programs and modernize its aging physical assets. This request includes:

- *\$4.524 billion in Public Housing Operating Funds*, will fund more than 3,100 PHAs to operate and manage approximately 1.2 million units of publicly owned affordable rental housing units nationwide; and
- *\$2.07 billion in Public Housing Capital Funds*, primarily to address capital repair and replacement needs.

HUD's Project-Based Rental Assistance (PBRA) program provides rental assistance funding to privately owned multifamily rental housing projects. Eligible private owners include for-profit and nonprofit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships, and other types of joint ownership structures. The amount of PBRA funding paid to each owner is generally the difference between what a household can afford (up to 30 percent of income) and the HUD-approved rent for an affordable housing unit in a multifamily rental housing project. These properties are financed in a similar manner as market rate rental developments; namely, by utilizing private financing and equity or FHA insurance. In FY 2013, HUD is requesting a total \$8.7 billion in funding for PBRA programs, which includes:

- \$8.44 billion for the renewal and amendment of existing PBRA contracts; and
- \$260 million for Project-Based Contract Administrators to effectively administer the PBRA program.

The FY 2013 funding level is \$640 million below the FY 2012-enacted level, representing a reduction in upfront funding on some PBRA contracts that straddle fiscal years. This change will not reduce or delay payments to landlords nor impact the number of families served by the program. With this level of funding, HUD expects to continue serving approximately 1.2 million low-income families, many of whom would face worst-case housing or homelessness without such assistance.

Reforms Rental Assistance Programs While Maintaining the Number of Families Served

The Budget includes a menu of reforms to HUD rental assistance programs that save more than \$500 million in 2013 without reducing the number of families served. In the PBRA program, savings are achieved by improving oversight of market rent studies used to set subsidy payment levels, capping annual subsidy increases for certain properties, and using excess reserves to offset HUD payments to landlords. The Budget also increases the minimum rent to \$75 per month for all HUD-assisted households, which is comparable to the minimum rent enacted in 1998, adjusted for inflation. This policy proposal aligns policy across rental assistance programs and reduces Federal costs. Recognizing the potential burden that this higher minimum rent may impose, the Budget maintains the current exemption for families facing financial hardship. In addition, the Budget reduces costs by simplifying administration of the medical expense deduction, thereby better targeting rental assistance to the working poor, and setting Public Housing flat rents closer to market levels.

Reduces Administrative Burdens and Provides New Flexibilities to PHAs by:

- *Consolidating the Public Housing Operating and Capital Funds.* The Budget proposes to combine the separate Operating Fund and Capital Fund programs into a single Public Housing subsidy stream. The current structure presents restrictions that are difficult to implement and regulate, and underscores the isolation of Public Housing properties from mainstream real estate financing and management practices. This proposed merger will simplify the program and reduce the administrative burden on PHAs that own and manage these properties. As a first step toward consolidation, the Budget provides all PHAs with full flexibility to use their operating and capital funds for any eligible capital or operating expense.

- *Providing Flexibility for PHAs to Improve Supportive Services for Assisted Households.* The Budget proposes streamlining and flexibility measures to help PHAs improve supportive services for assisted families. The Family Self-Sufficiency (FSS) program will be consolidated and aligned to enable PHAs to more uniformly serve both Housing Choice Voucher and Public Housing residents. This program, which the Budget also expands to residents of PBRA housing, aims to connect residents to resources and services to find and retain jobs that lead to economic independence and self-sufficiency. In addition, the Budget authorizes PHAs to use a portion of their Public Housing and Housing Voucher funding to augment case management and supportive services provided through FSS or provide other supportive services to increase opportunities for residents.
- *Increasing Employment Opportunities for more than 30,000 Public Housing Residents.* The Budget provides that up to \$50 million may be targeted to Jobs Plus competitive grants to scale-up implementation of the Jobs-Plus demonstration model—a successful, evidence-based strategy to increase the employment opportunities and earnings of public housing residents through a three-tiered program of employment services, rent-based work incentives, and community support for work. This proven model helps public housing residents secure and retain employment, keep more of the income they earn, and receive the full benefit of work incentives such as the earned-income tax credit. A randomized experiment evaluation of the Jobs-Plus model in three demographically diverse sites found that, on average, participants had an additional \$1,300 in earnings every year from 2000 to 2006—and these earning increases were durable beyond the period of the intervention. Jobs-Plus competitive grants will scale up this proven model by targeting resources to high-capacity PHAs and housing developments with enough work-eligible residents to achieve economies of scale. The grants will prioritize broad and diverse local partnerships that cut across sectors, agencies, and funding streams.

Finally, the Budget once again calls for funding of the National Housing Trust Fund (NHTF) at \$1 billion

The most recent Worst Case Housing Needs report, published in 2009, underscores what has been the case since well before the recent recession; namely, that extremely low-income renters (those whose household incomes are below 30 percent of median) face the most severe housing shortage and cost burden of any Americans. In addition to the most recent data available from the American Housing Survey shows that, for renters below 50 percent of area mean income, the shortage of affordable and available units increased from 5.2 to 6 million from 2007 to 2009, with just 39 affordable and available units for every 100 renters in 2009, compared to 44 in the prior 2 years. Enacted in 2008, the NHTF was designed to provide capital resources to build and rehabilitate housing to fill this precise—and growing—gap in the Nation’s rental housing market. The time has come for Congress to provide this crucial funding.

GOAL III—UTILIZING HOUSING AS A PLATFORM FOR IMPROVING QUALITY OF LIFE

The Budget continues HUD’s investment in, and partnership with other federal agencies to capitalize on, the potential of housing combined with supportive services to yield tremendous benefit to individuals, families, and society in terms of educational, health, mental health, employment, and other outcomes. More specifically, the Budget:

Requests \$2.23 billion to fund targeted initiatives and work collaboratively across federal agencies in the effort to end homelessness

On a single night in January 2011, there were more than 630,000 sheltered and unsheltered homeless people nationwide. Approximately 1.6 million people experienced homelessness between October 1, 2009, and September 30, 2010. HUD continues to focus on the needs of this population, as well as the emerging needs of families and veterans through both its targeted homeless programs and its mainstream housing programs, by using proven methods and interventions.

President Obama has stated that no one should be without a safe, stable place to call home. As part of this commitment, under the leadership of Secretary Donovan, the U.S. Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (FSP) in 2009, with overarching goals including ending chronic homelessness in 5 years and setting a path to eradicate all types of homelessness. Throughout this process, HUD has forged new partnerships with federal agencies such as the Department of Health and Human Services (HHS) and the Department of Labor, in order to focus on cross-cutting initiatives to capitalize on resources and experience. HUD also intends to utilize best practices developed through current programs such as HUD-VASH.

HUD is requesting that \$1.94 billion in Homeless Assistance Grant (HAG) funds be distributed through a unique competitive process known as the Continuum of Care (CoC), in which federal funding is driven by local decision-making processes. This provides locally driven coordination of housing and service delivery that enables communities to plan for and provide a comprehensive response to homeless individuals and facilities. This planning model is based on the understanding that homelessness is not merely a lack of shelter, but involves a variety of unmet needs—physical, economic, and social. It therefore includes coordination with nonprofit organizations, state and local government agencies, service providers, private foundations, faith-based organizations, law enforcement, and local businesses. In addition, HUD is requesting that \$286 million in HAG funds be used for the Emergency Solutions Grant (ESG) formula. As a key component of the FSP report, ESG funds are used for a variety of purposes related to emergency shelter operations, transitional housing, and essential services, as well as Rapid Re-Housing interventions and homelessness prevention. These funds are distributed to approximately 360 state and local government entities annually.

Requests \$75 million in HUD-VASH vouchers, which will support an estimated 10,000 veterans nationwide

Currently, an estimated one out of every six men and women in our Nation's homeless shelters are veterans, and veterans are 50 percent more likely to fall into homelessness compared to other Americans. HUD is committed to providing affordable housing units to this unique homeless population, and has partnered with HHS and the Department of Veterans Affairs to develop targeted approaches to serve the homeless veteran populations. The HUD-VASH program combines Housing Choice Vouchers with case management and clinical services tailored to veterans and their families. HUD-VASH vouchers are awarded to PHAs that develop critical partnerships with VA medical centers to help homeless veterans find permanent supportive housing. As part of an overarching FSP goal of ending veterans homelessness in 5 years, HUD is working with VA to develop innovative strategies, including the recent streamlining of methodology for counting homeless veterans who receive assistance from both the VA and HUD's Continuum of Care homeless service providers. Now with a more accurate number, both Departments are able to properly allocate funding to various programs that serve homeless veterans in order to end homelessness by 2015.

Expands the Supply of Supportive Housing for Seniors and Persons with Disabilities

The Budget provides a total of \$625 million for the Housing for the Elderly and Housing for Persons with Disabilities programs, which includes \$154 million to support 5,300 additional supportive housing units. Doing more with less, the Budget proposes reforms to the Housing for the Elderly program to target resources to help those most in need, reduce the upfront cost of new awards, and better connect residents with the supportive services they need to age in place and live independently.

Modernizes the Housing Opportunities for Persons with AIDS (HOPWA) Program

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

GOAL IV—BUILDING INCLUSIVE SUSTAINABLE COMMUNITIES FREE FROM DISCRIMINATION

An America built to last will draw its strength from its communities, which must be put in a position to plan for the future and draw fully upon their resources, most importantly their people; No longer can the American economy tolerate the marginalization from the labor force of significant numbers of people because of individualized or systemic discrimination, or because they live in isolated neighborhoods of concentrated poverty. This Budget addresses this need insofar as it:

Preserves HUD's Major Block Grant Programs for Community Development and Housing

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

Rehabilitates and Transforms HUD-Assisted Housing and Distressed Neighborhoods

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

Restores Funding for Sustainable Communities and Innovative Infrastructure Planning

The Budget supports the multi-agency Partnership for Sustainable Communities, an Administration initiative that integrates resources and expertise from HUD, the Department of Transportation, and the Environmental Protection Agency. In particular, the Budget restores \$100 million for the Sustainable Communities Initiative, which creates incentives for communities to develop comprehensive housing and transportation plans to achieve sustainable development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. This includes \$46 million to fund about 20 additional regional planning grants to help enable communities to align public and private investments in housing, transportation, and infrastructure to strategically integrate goals for mobility, regional housing choices and economic development. In addition, \$46 million will be invested in neighborhoods and communities to update building codes, zoning, and local planning efforts as complementary strategies to the regional grants.

Addresses the Housing Needs of Native American Tribes

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

Requests \$68 million to ensure inclusivity in housing

An inclusive community is one in which all people—regardless of race, ethnicity, religion, sex, disability, or familial status—have equal access to housing and economic opportunities. Throughout its portfolio of programs, HUD is committed to maintaining that inclusivity and providing accountability in housing and lending practices nationwide. Through inclusive development, education, enforcement of

fair housing laws, expanded training, and language assistance, HUD will affirmatively further fair housing and the ideals of an open society.

The Fair Housing Initiatives Program (FHIP) is critical to building and sustaining inclusive communities. FHIP is the only grant program within the Federal Government whose primary purpose is to support private efforts to educate the public about fair housing rights and conduct private enforcement of the Fair Housing Act. In FY 2013, HUD is requesting approximately \$41 million in FHIP funds, representing the Department's commitment to fair housing, including \$28 million to support the efforts of private fair housing organizations that conduct private enforcement of the Fair Housing Act. The Private Enforcement Initiative (PEI) grantees investigate and test housing providers alleged to have engaged in discrimination. The requested amount will continue funding to support fair housing enforcement by all statutorily eligible private fair housing organizations. In addition, it will fund fair housing education at the local, regional, and national levels.

The Fair Housing Assistance Program (FHAP) is a critical component of HUD's effort to ensure the public's right to housing free from discrimination. FHAP multiplies HUD's enforcement capabilities, allowing the Department to protect fair housing rights in an efficient and effective manner. In fact, FHAP agencies investigate the majority of housing discrimination complaints filed in the United States. FHAP provides funding for 98 government agencies, including 37 states, 60 localities, and the District of Columbia, to enforce laws that prohibit housing discrimination that have been reviewed and deemed substantially equivalent to Federal law. In FY 2013, HUD is requesting approximately \$25 million in FHAP funds.

GOAL V—TRANSFORMING THE WAY HUD DOES BUSINESS

This Budget helps create an economy built to last by developing a Department that is leaner, smarter, more transparent, and ready for the 21st century. The current economic and housing crisis; the structural affordability challenges facing low-income homeowners and renters; and the new, multidimensional challenges facing our urban, suburban, and rural communities all require HUD to be a Department where fundamentals matter and the basics function. HUD remains at the forefront of the federal response to the national mortgage crisis, the economic recovery, and the structural gap between household incomes and national housing prices—roles that require the Department to be nimble and market-savvy, with the capacity and expertise necessary to galvanize its vast network of partners, including local officials, and nonprofit and faith-based organizations, among others. HUD is committed to an investment in transformation, research, and development that will be implemented persistently over time.

The Transformation Initiative (TI)

The Budget includes transfer authority to support ongoing improvements of program effectiveness and efficiency and to help the Department respond and adapt more effectively to its rapidly changing operating environment. Recent crises with natural disasters, the housing market, and deep fiscal distress among state and local partners have highlighted the need for HUD to be more nimble, creative, and collaborative. Setting aside a portion of HUD's program accounts through TI, in order to better understand and enhance program results, reflects recognition that planning for continuous improvement and innovation, investing in tools and capacity, and assessing results are equally integral for the

operation of programs with accountability to the public interest. The Budget includes transfers from program accounts of up to 0.5 percent at the Secretary's discretion, totaling a transfer authority of up to \$120 million.

TI is a multiyear effort that can be achieved only through the relentless focus of agency leadership, full transparency, and accountability for real results, and sustained and flexible Budget resources. Since TI was first enacted in 2010, it has bolstered the long-neglected areas of IT modernization, research and evaluation, and program demonstrations crucial for increasing the efficiency and effectiveness of the Department's programs, and remains the primary source of funding for this transformation. Further, TI has provided a mechanism for innovative, cross-cutting technical assistance that goes beyond program compliance to improve grantee capacity, performance, and outcomes

Research and Evaluation

As an integral component of strengthening HUD's capabilities for evaluating and improving program effectiveness and efficiency, TI provides a predictable stream of funding for high-quality research and evaluation of HUD's programs on an ongoing, rotating basis to inform sound policy-making. The Research and Evaluation initiative works hand-in-hand with the TI Demonstration initiative, with research funded through the Research and Technology (R&T) account, and with Office of Policy Development & Research (PD&R) in-house analytic efforts, such as consultation with outside experts, ongoing applied research such as metric development, and cross-cutting, in-house research and data-based program support activities, including geospatially enhanced analytics. The R&T account establishes the Nation's basic infrastructure of housing data, through regular surveys and data compilation, as well as basic research and dissemination in the areas of housing and community development. Not only do TI projects and other program analyses within and beyond HUD rely on the data supported by the R&T account, but HUD relies on the dissemination funded through R&T to share with Congress and the public the results of the studies funded through TI.

Also within this TI category are research projects that seek to better understand the current state of policy problems that HUD programs address, thereby ensuring that programs are able to target and adapt as the Nation's housing and community development needs change. Allocating a small proportion of program funds to this account will enable HUD to build a catalog of timely, rigorous evaluations that are critical for program effectiveness, continuous improvement, performance management, and public accountability.

HUD anticipates allocating 10 to 20 percent of TI transfers to Research and Evaluation in FY 2013. Expected projects include: a process evaluation of the highly-successful Jobs Plus Demonstration, which seeks to understand the effects of larger-scale implementation; energy efficiency and utility costs analysis for PHAs and residents of public housing; biennial research NOFAs for Sustainable Communities Research Grants, to inform local governments in preparing and planning for disasters; and a long-overdue follow-up to a 1995 HOME Affordability Study, to access affordability over time, based on differing levels of subsidy.

Program Demonstrations

Program Demonstrations test new options for HUD programs that can make them more efficient and effective and establish sound evidence of whether and how these options could better achieve HUD's

mission. Carefully documented trials of new program ideas provide a controlled mechanism to improve programs and help state and local governments develop more effective strategies for housing and community and economic development. By contrast, while the evaluations of current programs funded under Research and Evaluation provide real policy guidance and public accountability, they are not well suited for predicting and testing the effects of policy changes in a variety of real world settings. Demonstrations not only test the effects of program changes, but through random assignment can enable researchers to account fully for external factors and the complex and unpredictable responses of participants that can make or break a program.

TI-funded demonstrations will also be used to inform the re-engineering and streamlining of business processes and procedures in HUD's programs. Demonstrations generally require funding over several years and often allow the waiver of program rules when pursuing pilot ideas for existing program changes. The funding may cover design resources, additional program costs, such as incentives for participating households, and evaluation of the impacts over several years. Since the 1990s, HUD has done relatively few research demonstrations, largely due to Budget constraints. Those few demonstrations, however, have been HUD's most important and informative research on real program impacts.

In FY 2013, HUD expected Project Demonstrations include the *Rental Assistance Demonstration (RAD)*, which allows a trial conversion of Public Housing and certain Multifamily properties to long-term project-based contracts, and TI could allow evaluation of outcomes; and the *Jobs Plus Demonstration*, which is a successful, evidence-based policies established by the Jobs Plus Demonstration to increase the earnings and employment of public housing residents. In tandem, a process evaluation through TI could document successful local adaptations and how this larger scale implementation affects outcomes.

Technical Assistance

Technical assistance (TA) can be seen as a “force multiplier” —making program dollars go further and helping communities do more with limited federal and local resources. Like program oversight or accounting, TA is part of responsible program delivery and is a way of getting more for less.¹ Technical assistance funding helps HUD ensure that maximum impact is realized through the various types of program funds HUD provides to local grantees—particularly given that each funding stream has its own set of governing statutes and regulations. TA also encourages communities to learn from each other, providing local governments and other organizations with new tools and approaches to help programs succeed. HUD's current TA generally aims to achieve one of four strategic objectives to ensure program success: building the field of high-capacity grantees through proactive efforts, engaging in intensive capacity building for a smaller pool of grantees with specific needs, developing tools helpful to all grantees implementing a particular program, and monitoring and assistance in complying with program rules or statutes.

TA under the Transformation Initiative (TI-TA) allows HUD to combine assistance for different programs as appropriate, and provide customized help on the issues any particular grantee confronts.

¹ Marciano, Luis and Ruprah, Inder J. “Does Technical Assistance Matter? An Impact Evaluation Approach to Estimate its Value Added.” Inter-American Development Bank Office of Evaluation and Oversight Working Paper: OVE/WP-01/09, January, 2009.

In FY 2013, HUD will utilize TI-TA for activities such as: assessments and targeted interventions for PHAs; helping local government comprehensively assess market trends and implement housing and community and economic development programs through OneCPD; and targeting underlying, long-term problems like deficits and poor bond ratings through the National Resource Network. Flexible, cross-program technical assistance could also help grantees and clients adapt to new HUD policies, programs, and management approaches, and develop core skills and critical competencies required to effectively deliver HUD's programs.

Information Technology

HUD's information technology (IT) environment is comprised of systems created decades ago. This has led to increased operating costs to maintain antiquated technology and created challenges in keeping pace with programmatic changes in our mission areas and that come from the housing markets that we serve. The housing and economic crisis demonstrated weaknesses in the information available to combat it, such as lack of access to national default and foreclosure data, or data for managing risk in the FHA portfolio. These weaknesses hampered our Nation's ability to deal with changes in how our housing markets operate and how we address the needs of our most vulnerable citizens.

The Budget proposes to again use TI funds for IT in FY 2013, to reduce risks, implement higher-performing standards, and cost-effective business solutions. The Department began a series of initiatives to transform how HUD develops IT solutions to support its strategic goals and its use of technology to meet today's mission challenges using TI funds that were provided in FYs 2010 and 2011—funding that was sufficient to help HUD responsibly plan and begin implementing modern capabilities to transform core and back office business capabilities well into FY 2013. Additional funding was not requested in FY 2012 for this reason; however, HUD has identified potential IT funding that may be required in 2013.

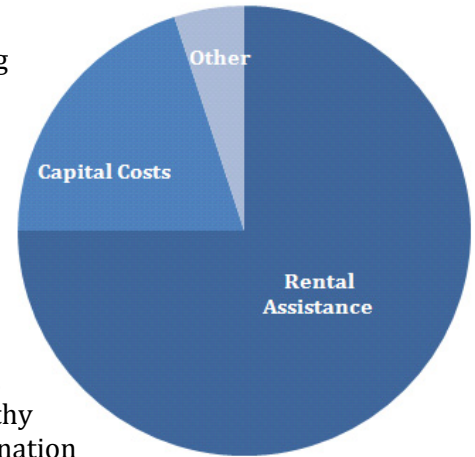
IT transformation efforts to date have helped HUD evolve its understanding of opportunities to leverage the foundational toolsets being implemented under the FHA Transformation, the Next Generation Management project or NGMS (formerly known as NGVMS in the FY 2012 Budget), and related infrastructure modernization projects. These opportunities include ways to further reduce the government's risk in the marketplace, improve services to meet the needs of our citizens and employees, and reduce annual operations costs. For example, recent efforts to define opportunities to reduce cost by consolidating back office business and administrative services are expected to lead to the need for capital investment to transition more of HUD's services from legacy platforms to shared enterprise services. HUD plans to use TI transfer authority in FY 2013 to make capital investments in IT to drive these service delivery improvements and further cost reduction efforts.

***An Overview of the HUD Budget:
How HUD Funding Furthers Our
Mission***

An Overview of the HUD Budget – How HUD Funding Furthers Our Mission

In order to achieve the overarching mission of *creating strong, sustainable, inclusive communities and quality, affordable homes for all*, HUD has developed a portfolio of programs and policy initiatives to approach housing and development challenges. And while these programs serve a diverse array of communities nationwide, with challenges almost as wide-ranging as the individual families themselves, HUD’s budget can broadly be divided into three categories:

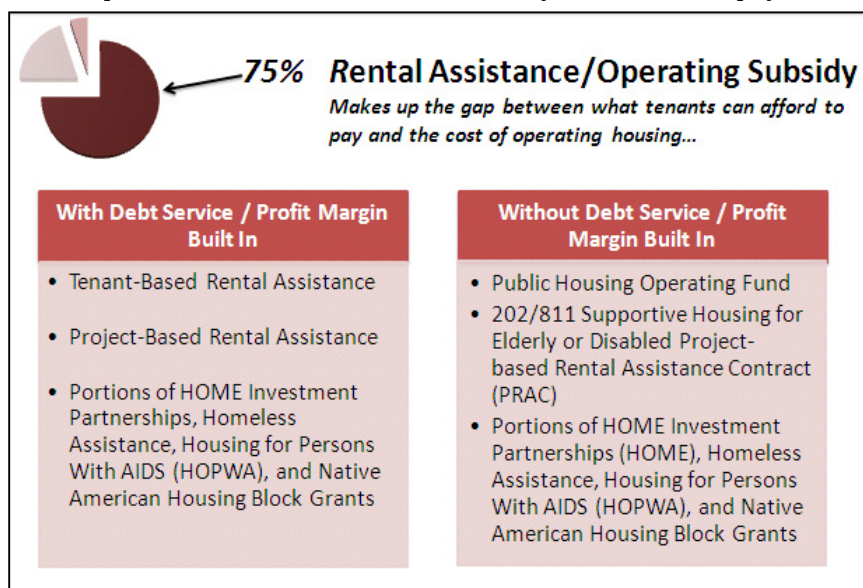
- 75%** **Rental Assistance** provides an ongoing stream of funding that makes up the gap between what low-income tenants can afford to pay in rent and the cost of operating housing
- 20%** **Capital Costs** allow HUD to partner with communities to develop and repair affordable housing or support economic development activities and infrastructure
- 5%** **Other Initiatives** include a diverse array of programs, including Fair Housing and Equal Opportunity, Healthy Homes and Lead Hazard Reduction, and service coordination programs, just to name a few.



Taken together, these broad categories encapsulate an overall HUD budget of \$44.76 billion (pre-receipts) that provides direct housing and services to millions of families and thousands of communities across the country. For the population that HUD serves, we are committed to providing access to the opportunities that result from living in homes and neighborhoods that are safe, healthy, affordable, and inclusive.

RENTAL ASSISTANCE

Throughout the country, an estimated 5.4 million families receive assistance through HUD’s rental programs, which include Tenant-Based Rental Assistance (TBRA), Project-Based Rental Assistance (PBRA), Public Housing, and a handful of smaller initiatives. These programs provide crucial funding to low-income tenants to make up the difference between what they can afford to pay in rent and what housing actually costs. Under



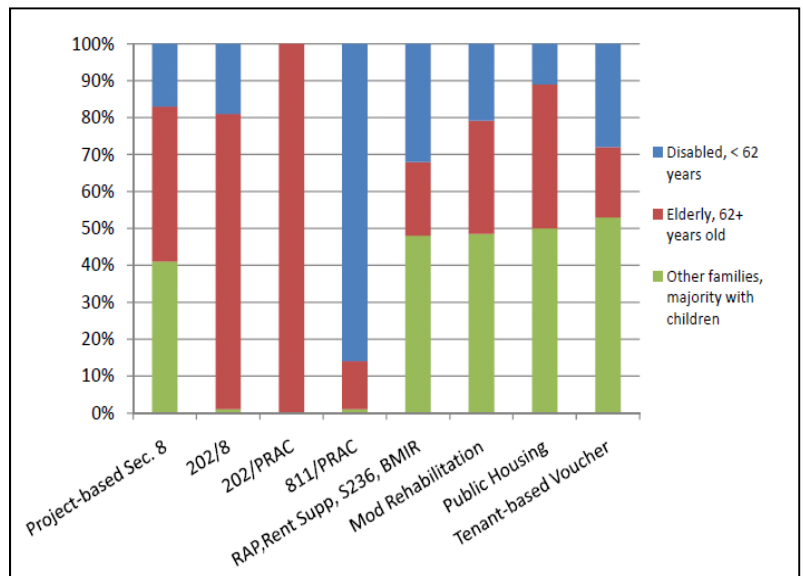
most HUD rental programs, the resident family pays at least 30 percent of their income for rent and HUD subsidizes the remainder to cover operating costs or a fixed local fair market rent

HUD’s top priority for rental assistance is to maximize the resources available to provide assistance to the neediest of our nation’s citizens, which include low- to extremely low-income families, elderly, homeless, disabled persons, veterans and at-risk youth.

Altogether, the median income of a HUD-assisted household is \$10,200 or 17 percent of area median income. As one example, **while the median U.S. family income in 2010 was over \$60,000 the average adjusted income of a TBRA family was just**

\$10,440. Moreover, 72 percent of HUD-assisted households are extremely low-income, which places them below 30 percent of area median income. These characteristics put the tenants of HUD-assisted housing at risk of being particularly affected by economic conditions.

In addition to dedicating the majority of funding to serve families with the greatest financial needs, HUD spends a significant portion of its funding on our nation’s most vulnerable families. Altogether, **over 50 percent of HUD-assisted households are elderly or disabled, in addition to over 56,000 households served through HUD’s Housing for Persons with AIDS (HOPWA) program.** HUD remains committed to working together with other agencies,



including the Departments of Health and Human Services (HHS) and Veterans Affairs (VA) to coordinate services and ensure the most effective and efficient utilization of funds for these unique populations. Through cross-agency grant announcements, best practice analysis, and capacity building, HUD has refined and reformed its programs to most effectively serve these families.

In Fiscal Year 2013, HUD remains committed to continuing to serve households with the most pressing housing and financial needs, dedicating **over \$34 billion to rental assistance for our nation’s most vulnerable families.** This request includes:

- *\$19.07 billion in TBRA*, delivering safe and affordable housing on the private market;
- *\$8.7 billion in PBRA*, allowing families to obtain safe and affordable housing in privately owned affordable housing;
- *\$4.524 billion in Public Housing Operating Funds*, to support a valuable asset in our nation’s housing stock;
- *\$2.231 billion in Homeless Assistance Grants*, the majority of which directly supports rental assistance opportunities for homeless individuals, families, and veterans.

Still, in many communities around the country, the supply of affordable units is grossly inadequate to meet demand, and many families go without assistance. HUD’s recent findings on “worst case needs” for affordable rental housing discussed in the Message from the Secretary simply drive home this point. In particular, the nation needs an increased supply of affordable rental homes in safe, mixed-income communities that provide access to jobs, good schools, transportation, high-quality services, and, most importantly, economic self-sufficiency. HUD will work to expand the supply of affordable rental housing and the capital needed to increase the supply, while sharpening our ability to target the needs of individuals and neighborhoods. The Department will also improve the effectiveness of tools for creating supply and streamline policies and programs to increase the efficiency of program practices.

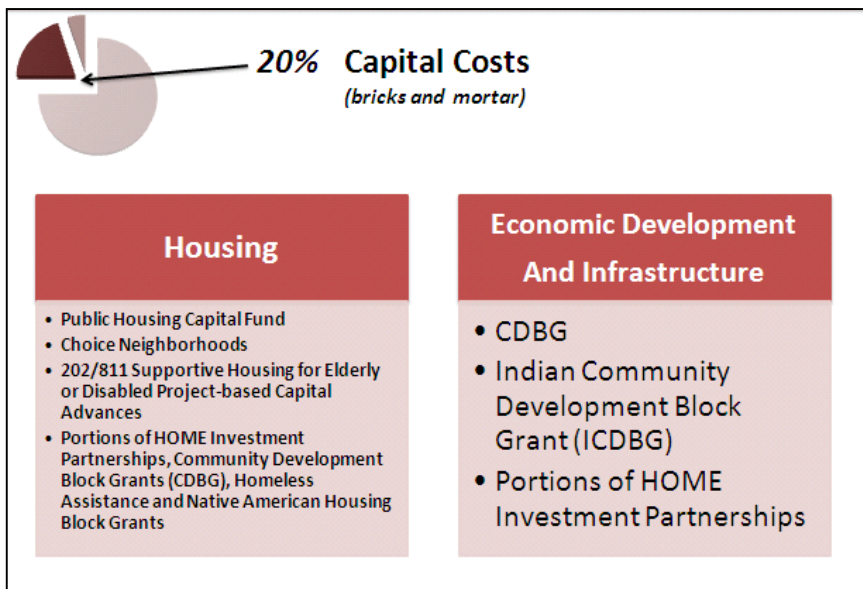
CAPITAL COSTS

In addition to providing our nation’s most vulnerable families with the rental assistance that they desperately need, each year HUD funds the capital costs of housing and economic development projects throughout the country. Capital costs, which can loosely be considered the ‘bricks and mortar’ of project development, are crucial sources of funding for the communities hardest hit by our country’s economic downturn.

Each year, HUD awards capital grants to communities nationwide for housing and economic development initiatives. Through these grants, HUD remains committed to providing real opportunity for people living in

neighborhoods of concentrated poverty and segregation and offering choices that help families live closer to

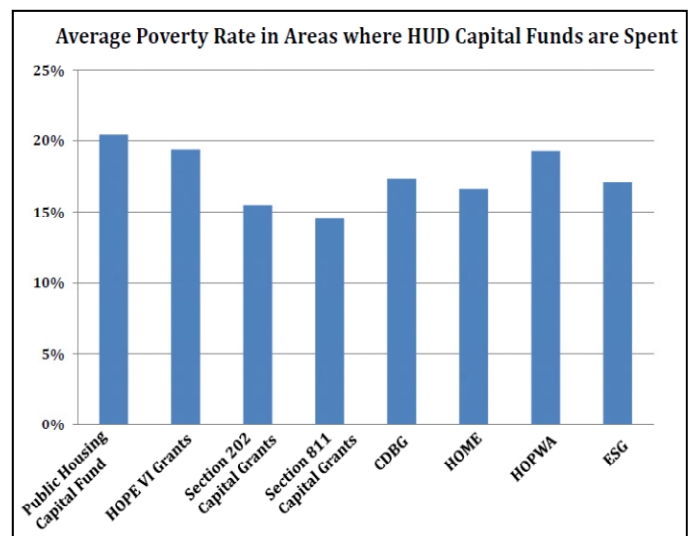
jobs and schools. These priorities reflect a core belief: when you choose a home, you do not just choose a home—you also choose transportation to work, schools for your children, and public safety. You choose a community—and the choices available in that community. Programs such as the Community Development Block Grant (CDBG), the Rural Innovation Fund, and Choice Neighborhoods are targeted to areas of need, to provide locally-driven solutions to overarching economic development challenges.



As with HUD’s rental assistance

programs, capital grant awards are prioritized to areas of concentrated need. One particularly useful proxy of such need is unemployment figures. In total, 61 percent of HUD capital dollars are invested in cities and counties with an unemployment rate greater than the national average, and the average HUD capital dollar is dedicated to a city or county with an unemployment rate of 10.5 percent, nearly one full percentage point above the national unemployment rate. **In Fiscal Year 2013, HUD is requesting over \$7 billion to fund capital grants towards locally-driven housing and economic development initiatives across the country.** This request includes:

- \$2.95 billion for CDBG, the largest and most flexible community development program in the Federal portfolio
- \$2.07 billion in Public Housing Capital funds to address the needs of affordable rental housing, including modernization capital grants, administrative receiverships, and financial and physical assessment support
- \$150 million for Choice Neighborhoods, to transform neighborhoods of extreme poverty into sustainable mixed-income communities
- \$60 million for Indian Community Development Block Grants, a flexible source of grant funds for Federally-recognized tribes or eligible Indian entities nationwide



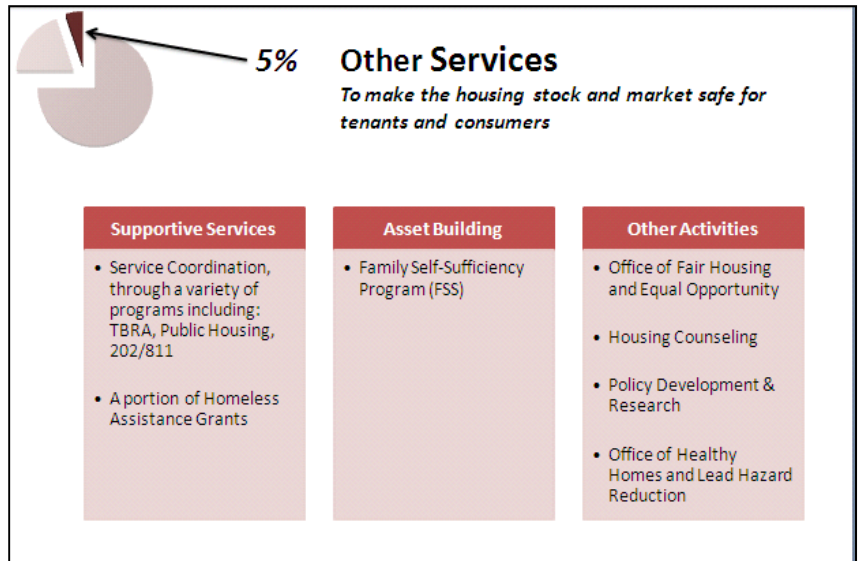
Taken together, HUD remains committed to providing affordable rental housing for our most vulnerable families, as well as partnering with local organizations to provide community-driven, innovative solutions to some of our country’s most crucial economic development challenges.

OTHER INITIATIVES

Each year, approximately 5 percent of HUD’s overall budget goes to a diverse series of key activities that support the provision of housing and services to families throughout the country.

In Fiscal Year 2013, HUD is requesting approximately \$2.1 billion in other important initiatives that will ensure that millions of families nationwide are provided with quality, safe affordable housing and services, as well as homeownership opportunities. Specifically, this request includes:

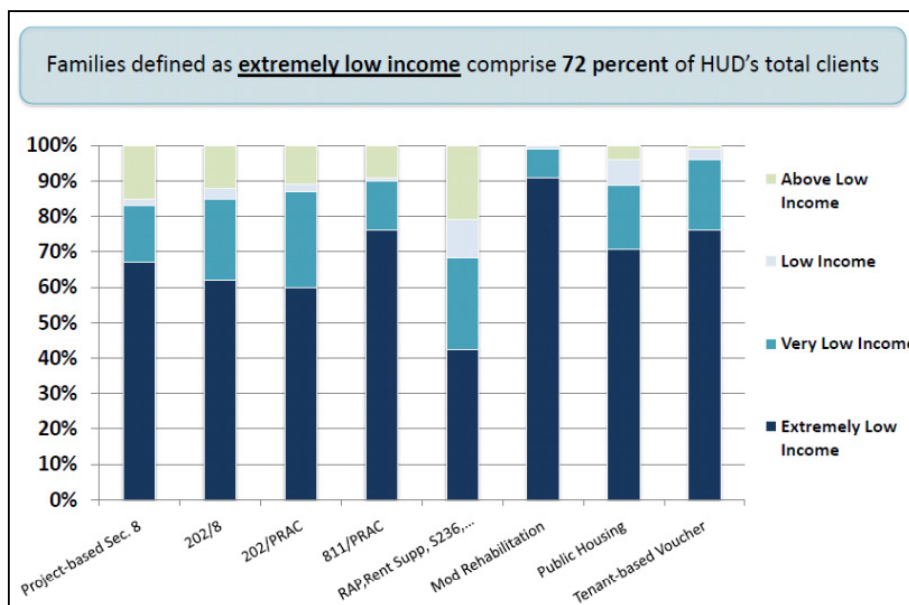
- \$120 million for *Lead-Based Paint Hazard Reduction*, to improve the health and safety of families by making smart investments to yield positive health outcomes
- \$55 million for *Housing Counseling*, to expand and preserve homeownership, as well as improve access to affordable housing for families nationwide
- \$68 million for *Fair Housing and Equal Opportunity*, to maintain inclusivity and provide accountability in housing and lending practices nationwide.
- \$60 million for *Family Self-Sufficiency Coordinators*, to provide crucial services to families so that they can achieve employment goals, and accumulate assets to become financially self-sufficient.
- \$52 million for *Policy Development and Research*, to provide data collection, research, policy analysis, and program evaluation to assist HUD in making informed decisions and hold programs accountable.



FULFILLING HUD’S MISSION

Every day, thousands of communities, and millions of families across the country directly benefit from HUD rental assistance, capital funding and grants, as well as other ongoing initiatives. These programs have kept Americans in their homes, provided communities with much-needed sustainable development, and improved the overall economic outlook of families nationwide. Without such assistance, many of these families would face housing and economic challenges, including, in the most severe cases, homelessness.

For these reasons, **HUD remains committed to continuing its responsibilities of serving our nation’s poorest, most vulnerable families and the neighborhoods and communities hardest-hit by the economic downturn.** In that sense, HUD bases its 2013 budget request on what has arguably been its mission all along: *to create strong, sustainable, inclusive communities and quality, affordable homes for all.*



The pages that follow outline the specific policy and programmatic priorities through which HUD intends to achieve its mission. Several of the initiatives will appear in multiple priority categories, and there’s a reason for that. Over the years, we have learned that it takes more than just one office or program to create sustainable, lasting solutions to our country’s most challenging dilemmas. Instead, HUD is focused on cross-cutting initiatives that break silos and effect change. In 2013, the

Department will continue to firmly root that goal in reality.

***Strengthening the Nation's Housing
Market to Bolster the Economy and
Protect Consumers***



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
STABILIZING THE NATION'S HOUSING MARKET

In Fiscal Year 2013, HUD will continue to provide mortgages, foreclosure prevention, and other crucial homeownership services to millions of families nationwide.

The activities of the federal government are critical to both supporting the housing market in the short term and providing access to homeownership opportunities over the long term, while minimizing risk to taxpayers. Over the past two years, HUD has worked to collaborate with the Department of the Treasury and other Administration partners to construct a housing finance system that relies on an actuarially sound pricing structure, effective lending oversight, and adequate organizational capacity to ensure consistent access to, and liquidity and stability in, the capital markets.

THE FEDERAL HOUSING ADMINISTRATION

HUD's Federal Housing Administration (FHA) is the largest government insurer of mortgages in the world, insuring over 39 million home mortgages and 53,000 multifamily project mortgages since 1934. FHA provides mortgage insurance on single-family, multifamily, manufactured homes and healthcare loans made by FHA-approved lenders throughout the United States and its territories. In recent years, FHA has experienced significant swings in its market share as it has stepped in to provide capital for qualified borrowers who would otherwise be shut out of the mortgage market. A strong FHA is critical to the recovery of the housing market and our economy at large. The widespread availability of FHA mortgage insurance encourages the provision of mortgage credit by lenders and provides liquidity and stability for the mortgage market. FHA serves borrowers that the conventional market does not adequately provide for, including first-time homebuyers, minorities, low-income families and residents of underserved communities. **In Fiscal Year 2013, HUD is requesting \$400 billion in loan guarantee authority for the Mutual Mortgage Insurance Fund**, which will provide an estimated 1.2 million single family mortgages. **In addition, HUD is requesting \$25 billion in loan guarantee authority for the General and Special Risk Insurance Fund**, which will provide an estimated 156,000 units in multifamily housing properties and an estimated 80,600 beds in healthcare facilities.

FHA remains active and available in all markets during times of economic disruption. This can be seen now as the number of those who depend on the FHA for access to mortgage financing has increased greatly as access to private capital has contracted in the recent difficult economic times. FHA has played an important counter-cyclical role in helping to ensure sufficient liquidity in the housing market until private capital returns to its natural levels.

FHA plays an important role for current and prospective homeowners during these difficult times in other ways as well. FHA helps homeowners get out of unsustainable mortgages by refinancing into FHA-insured loans at today's much lower interest rates. FHA also helps those already in FHA-insured loans modify those loans where they are unsustainable. The contraction of conventional, private sources of loan guarantees has meant a dramatic increase in the credit quality of loans coming to FHA. As housing markets continue to be stressed, FHA is taking on business that is resulting in a portfolio of historically high credit quality. These new loan guarantees and the mortgage insurance premiums that they generate are providing net income that can be used both to offset claim expenses on earlier books of business and to start rebuilding FHA's capital position. The quality of recent originations has dramatically improved the long term outlook for FHA's Mutual Mortgage Insurance (MMI) Fund.





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
STABILIZING THE NATION'S HOUSING MARKET

Over the last three years, FHA's market share increased dramatically, especially attracting homebuyers with low incomes and from minority communities. The most recent data show that 60 percent of African American and Latino homebuyers used an FHA-insured mortgage to purchase a home. FHA thus plays a vital role in opening up access to homeownership for underserved populations. **Over half of all African Americans and forty-five percent of Hispanics who purchased a home last year did so with FHA financing.**

During the past two years, FHA helped nearly one million homeowners refinance into stable, affordable mortgages and insured loans for over 1.8 million homebuyers – more than 77 percent of whom were first-time homebuyers. By providing liquidity at a time when it was desperately needed, FHA has served hundreds of thousands of homeowners and has had a positive effect on the many industries involved in the housing market, including realtors, homebuilders, lenders and housing related retailers.

This Administration has a deep commitment to FHA's role in facilitating the recovery of the housing market and to its mission of providing access to homeownership for first-time homebuyers and underserved populations. After 77 years, FHA remains a stabilizing force in the housing market and an important door to homeownership in the United States.

FHA MULTIFAMILY MORTGAGE INSURANCE

Multifamily mortgage insurance programs make critical contributions to the Department's mission of creating strong, sustainable, inclusive communities and quality affordable homes for all by expanding the supply of rental housing in areas where they are most needed and by preserving the affordability and quality of both federally assisted and private unassisted rental housing. The role of FHA's multifamily mortgage insurance programs is especially significant in the current economic climate. Driven by low interest rates, more constrained lending in the conventional mortgage market, and improvements in HUD business operations, demand for FHA multifamily programs has increased dramatically. At this time of unprecedented stress in the financial markets, FHA multifamily programs provide the necessary liquidity so that apartment construction and rehabilitation can continue.

In Fiscal Year 2011, FHA multifamily housing commitments totaled \$13.1 billion, nearly 15% higher than 2010 volume and 3.9 times 2009 volume. This activity is projected to decline to \$11.0 billion in 2012 and \$10.1 billion in 2013, largely due to the re-emergence of conventional lending sources in many markets. Multifamily housing loans endorsed in Fiscal Year 2011 are supporting 54,525 private sector jobs in construction, property management, service and administrative fields. Approximately one third of the nation's households are currently renters, many of whom are families earning less than the median income in their area and in need of decent, affordable housing units. FHA financing is often paired with low-income housing tax credits, rental subsidies for low- and moderate-income families, tax-exempt bond financing, and/or other state and local resources to expand the offering of affordable units in areas where they are needed most. Multifamily mortgage insurance programs also contribute significantly to local revitalization efforts and economies by providing liquidity to uniquely sustainable projects located in centers of job growth, near transportation and other community opportunities.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE)

Ginnie Mae finances more government-insured products than any other corporation in the world. Through its mortgage-backed securities program (MBS), Ginnie Mae funds single-family mortgages, apartment buildings, nursing homes, and hospitals. Ninety-nine percent of all government insured mortgages are financed by Ginnie Mae. In fact, Ginnie Mae MBS serve as the primary financing vehicle for loans insured or guaranteed by the Federal



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STABILIZING THE NATION'S HOUSING MARKET

Housing Administration (FHA), Department of Veterans Affairs (VA), U.S. Department of Agriculture Rural Development and Community Facilities Program (RD), and HUD's Office of Public and Indian Housing (PIH). **In Fiscal Year 2013, HUD is requesting \$500 billion in Ginnie Mae loan guarantee authority, in order to help finance a wide array of government-insured products, increase liquidity and stabilize the housing market.**

Since its inception in 1968, Ginnie Mae has guaranteed more than \$4.1 trillion in mortgage-backed securities, helping millions of Americans obtain safe and affordable housing. Ginnie Mae's current securities portfolio represents the **financing of more than 8.0 million single-family homes and 1.2 million rental housing units, with the financing of more than 1.6 million households in FY 2011 alone.**

Ginnie Mae provides this liquidity and stability by guaranteeing securities backed by single-family, multifamily, and reverse mortgage loans. Lenders can easily sell government insured loans in the form of a Ginnie Mae MBS. Selling



the loans and obtaining the proceeds allows lenders to recycle capital and continually fund new FHA, VA, PIH, and RD loans. The ability of lenders to finance their government insured loans through Ginnie Mae MBS has helped to stabilize the market during the current housing crisis. Recently, Ginnie Mae has experienced significant growth, with annual issuance volume growing from \$220.6 billion in FY 2008 to \$350.4 billion in FY 2011. In FY 2011, Ginnie Mae's market share of agency MBS was approximately 28 percent. In FY 2011, Ginnie Mae earned \$1,184 million. Ginnie Mae is well positioned to deal with the current economic environment,

with more than \$15 billion in reserve funds.

Ginnie Mae is committed to supporting the housing market recovery by assisting with efforts to mitigate the foreclosure crisis through the development of a secondary market for modified loans. During FY 2011, in an effort to further facilitate this market and protect U.S. taxpayer interests, Ginnie Mae significantly strengthened its operations. Corporate leadership introduced policy changes to better align with the rapidly changing finance market and new tools to manage counterparty risk.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
FORECLOSURE PREVENTION AND MITIGATION

In Fiscal Year 2013, HUD will reaffirm its commitment to supporting foreclosure prevention and mitigation, including funding of targeted assistance and broad-based economic development initiatives.

The state of the housing market plays a big role in shaping our well-being as individuals, the stability of our neighborhoods, and the strength of our national economy. That is why the downturn of the housing market—with high rates of foreclosure, increases in vacant properties, and plummeting home values—has been so devastating for families and communities alike. Although the largest factors contributing to this crisis were market driven, the American people have turned to Congress and the administration for leadership and action in righting our nation’s housing market. HUD remains firmly committed to working together with communities and individuals to cope with these unprecedented challenges. This year, through a series of innovative, locally-driven efforts, the Department will help communities and families get the help they need as we slowly begin to recover from this housing crisis. While this recovery will take place over time, HUD continues to strengthen its efforts to prevent avoidable foreclosures and stabilize the housing market.

CHANGING REALITIES

While there is work still to be done, HUD is proud of the progress this Administration has made in tackling ongoing foreclosure challenges. Since April 2009, servicers report that more than 3.3 million homeowners have received restructured mortgages – more than twice the number of foreclosures completed in that time – as a result of the government’s Home Affordable Modification Program (HAMP) and FHA’s loss mitigation programs. An estimated 300,000 homeowners will be assisted in avoiding foreclosure through FHA programs as well as 400,000 homeowners assisted through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy. An additional 2.4 million homeowners will be assisted through joint HUD-Treasury programs. HUD has developed several initiatives that address foreclosure prevention, including:

National First Look Program

A partnership between HUD, the National Community Stabilization Trust and large financial institutions that offers Neighborhood Stabilization Program grantees an exclusive 12-14 day window to evaluate and bid on foreclosed properties.

Short Refinance Option

In 2010, FHA made available an option that offers underwater non-FHA borrowers, who are current on their existing mortgage and whose lenders agree to write off at least 10 percent of the unpaid principal balance of the first mortgage, the opportunity to qualify for a new FHA-insured mortgage.

In addition, following the significant increase in market share that the Federal Housing Administration (FHA) has experienced during the recent housing crisis, as well as the period of riskier lending that preceded it, HUD is protecting taxpayer resources by investing in a set of technological and organizational changes aimed at reducing the risk in the FHA portfolio. HUD is using \$20 million in Transformation Initiative Program funds to **develop robust, state-of-the-art systems and data-driven analytic tools that detect high-risk loans and protect the portfolio from borrower default**. In addition, from the organizational perspective, HUD continues to strengthen its risk management by integrating the recently established Office of Risk Management and Regulatory Affairs into FHA’s overall risk management strategy and initiatives.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
FORECLOSURE PREVENTION AND MITIGATION

HOUSING COUNSELING ASSISTANCE

Each year, HUD awards grants to hundreds of local counseling agencies and State Housing Finance Agencies that offer a variety of services which are especially critical in today's economic climate. HUD-approved counselors help clients learn about purchasing or refinancing a home; rental housing options; reverse mortgages for seniors; foreclosure prevention; loss mitigation; preventing evictions and homelessness; and moving from homelessness to a more stable housing situation. In 2011, HUD-Approved Housing Counseling agencies, with grant funds from HUD and other funding sources, assisted over 1.9 million families, including more than 1 million potential and current



homeowners with issues pertaining to mortgages and financing of their homes.

In Fiscal Year 2013, HUD is requesting \$55 million in Housing Counseling Assistance to improve access to quality affordable housing, expand homeownership opportunities, and preserve homeownership. With this level of funding, HUD anticipates directly serving an estimated 185,000 low- to moderate-income families, as well as training approximately 4,800 counselors. This funding will also permit HUD to support the Office of Housing Counseling

initiatives to improve the effectiveness, efficiency and scale of housing counseling programs.

HUD will establish an Office of Housing Counseling to streamline, strengthen and expand homeownership counseling and rental counseling programs by increasing the visibility of housing counseling to the public; improving and streamlining the grant, certification and review processes; measuring the outcomes and impact of housing counseling; and incorporating program data, analysis, evaluation and research into improved programs and policies. Through the new Office of Housing Counseling, HUD will support a network of agencies and counselors, trained and certified to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs in light of their financial situation.

***Meeting the Need for Quality,
Affordable Rental Homes***



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING RENTAL ASSISTANCE

In Fiscal Year 2013, HUD is requesting \$34.36 billion to provide affordable rental housing for low-income families across the country.

In an era when more than one-third of all American families rent their homes and 7.10 million of these families spend more than 50 percent of their income on rent, it remains more important than ever to provide a sufficient supply of affordable rental homes for low-income families. In many communities, affordable rental housing does not exist without public support. Each year, HUD spends the lion's share of its budget maintaining and improving crucial public housing resources, and helping families find affordable housing in private markets. Together with federal, state, and private partners, HUD is working to keep rents affordable for all families nationwide.

PROJECT-BASED RENTAL ASSISTANCE

HUD's Project Based Rental Assistance (PBRA) program provides rental assistance funding to privately-owned multifamily rental housing projects. Eligible private owners include for-profit and non-profit organizations, cooperatives, Limited Liability Corporations, Limited Partnerships and other types of joint ownership structures. The amount of PBRA funding paid to each owner is the difference between what a household can afford (up to 30% of income) and the approved rent for an affordable housing unit in a multifamily rental housing project. These properties are financed in the same manner as entirely market rate rental developments; utilizing private financing and equity or FHA insurance. **In Fiscal Year 2013, HUD is requesting a total \$8.7 billion in funding for PBRA programs**, which includes:

- \$8.44 billion for the renewal and amendment of existing PBRA contracts
- \$260 million for Project-Based Contract Administrators to effectively administer the PBRA program

The FY2013 funding level is \$640 million below the FY2012 enacted, which represents a one-time reduction generated by providing less than 12 months of funding upfront on many PBRA contracts that straddle fiscal years. This change will not reduce or delay payments to landlords nor impact the number of families served by the program. With this funding, HUD expects to serve approximately 1.2 million low-income families, many of whom would face worst case housing or homelessness without such assistance. In addition, communities benefit from projects receiving this funding, as owners must hire and maintain local property management firms, maintenance workers, and other construction/rehabilitation firms to ensure that the project provides decent, safe and sanitary housing for residents, as well as professional legal, security, and insurance services. Taken together, PBRA supports over 100,000 jobs either directly or indirectly, nationwide. PBRA also serves as both a redevelopment and preservation tool for private multifamily rental housing owners, creating a credit enhancement for the financing of the project, and in turn allowing owners to refinance, redevelop and preserve their assets.



TENANT-BASED RENTAL ASSISTANCE

HUD's Section 8 Tenant-Based Rental Assistance (TBRA), also called the Housing Choice Voucher program, is the nation's largest and preeminent rental assistance program for low-income families. For over 35 years it has served as a cost-effective means for delivering safe and affordable housing in the private market. **In Fiscal Year 2013, HUD is requesting \$19.07 billion for TBRA programs.** With this request, HUD expects to assist over 2.2 million families by renewing existing vouchers and issuing new incremental vouchers to homeless veterans, victims of natural disasters and other vulnerable families. Moreover, this request will support over 191,000 jobs either directly or indirectly.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING RENTAL ASSISTANCE

HUD's top priority for the TBRA program is to maximize resources available to provide assistance to the neediest of our nation's citizens, including elderly, homeless, disabled persons, veterans and at-risk youth. HUD will also continue the initiative it launched in 2010 to develop tools and technology solutions for local housing agencies that improves the administration and utilization of vouchers.

The TBRA request includes:

- *\$17.24 billion for the renewal of existing Section 8 vouchers*, providing affordable housing for over 2.2 million families in need, including the renewal of special purpose vouchers funded in previous years
- *\$1.575 billion for administrative fees* associated with operating TBRA, HUD's largest program
- *\$111 million for Mainstream Section 811 vouchers* to enable persons with disabilities access to affordable, private housing of their choice, and accommodate the provision of supportive services
- *\$75 million in Tenant Protection vouchers*, which are provided to residents when public housing is demolished or sold or when projects assisted by Multifamily Housing programs stop receiving federal subsidies.
- *\$75 million in Veterans Affairs Supportive Housing (HUD-VASH)* to develop targeted approaches to serve the most vulnerable homeless populations.

PUBLIC HOUSING

On its own, the nation's housing market has not developed sufficient housing for America's poorest families. Affordable private rental housing is in particularly short supply, a situation that has been exacerbated by shrinking incomes across the nation. HUD's public housing stock has proved to be a valuable asset for addressing this shortage, especially as over half of the program's 1.1 million families have an elderly or disabled head of household. HUD's public housing program provides funds to locally-controlled housing authorities to supplement tenant rents, maintain the buildings and manage the programs. **In Fiscal Year 2013, HUD is requesting a total of \$6.59 billion to operate public housing and modernize its aging physical assets**, a level that will support over 88,500 jobs directly and indirectly. Specifically, this request includes:

- *\$4.524 billion in Public Housing Operating Funds*, will fund over 3,100 PHAs to operate and manage approximately 1.2 million units of publicly owned affordable rental housing units throughout the country.
- *\$2.07 billion in Public Housing Capital Funds*, primarily to address capital repair and replacement needs.

Rental Assistance Demonstration

To "preserve and improve public housing and certain other multifamily housing program," HUD's 2012 Appropriations Act provided HUD the authority to begin the Rental Assistance Demonstration (RAD). At a critical juncture, when the country is losing thousands of affordable units each year because federal grants are insufficient to sustain these assets, RAD allows PHAs and other owners to leverage current Federal appropriations with private and public capital to finance much needed rehabilitation and preserve and improve affordable housing:

Under RAD, PHAs and Owners can convert the assistance of at-risk properties to long-term Section 8 contracts, which for years have provided a stable and reliable funding stream and a proven tool to access private and public sources of financing.

- For **public housing**, strained by a capital backlog recently estimated at \$26 billion, RAD allows access to debt and equity resources that other forms of affordable housing routinely and safely leverage.
- RAD provides **Section 8 Moderate Rehabilitation** (Mod Rehab) owners with an option to sign long-term contracts in order to support recapitalization and improvement.
- RAD allows projects with expiring **Rent Supplement** (Rent Supp) and **Rental Assistance Payment** (RAP) contracts, which otherwise have no ability to receive ongoing rental assistance, with an option to ensure long-term affordability to residents through new Section 8 contracts.

For more information, visit: www.hud.gov/RAD

ⁱ "Worst Case Housing Needs 2009: Report to Congress" http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds09.html. HUD defines "worst case housing needs" as very low-income renters who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or both.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
RENTAL ASSISTANCE DEMONSTRATION

In Fiscal Year 2013, HUD will continue efforts to put our nation's public and assisted housing units on solid financial footing through the Rental Assistance Demonstration (RAD).

Over the last 75 years, the Federal Government has invested billions of dollars in the development and maintenance of public and multifamily housing, which serves as a crucial resource for some of our country's most vulnerable families. Despite this sizable Federal investment and the great demand for deeply affordable rental housing, we continue to see a decline in the number of available affordable housing units. Today, our public housing stock of 1.1 million units is shrinking at a rate of 10,000 units per year, due to a growing **backlog of unmet capital needs, estimated at \$26 billion**. Beyond the public housing stock, the Moderate Rehabilitation (25,000 units), Rent Supplement (9,500 units), and Rental Assistance Payment (11,300 units) programs either offer no option to renew and risk being lost from the affordable housing stock or cannot renew on terms that attract sufficient capital to preserve long-term affordability. In the face of ongoing budgetary constraints, **RAD is a budget neutral solution to begin to address the pressing needs of the affordable housing inventory.**



RENTAL ASSISTANCE DEMONSTRATION

HUD's 2012 Appropriations Act authorized the Rental Assistance Demonstration to test new preservation tools for its assisted housing stock allowing for:

- 1) Public Housing and Moderate Rehabilitation (Mod Rehab) properties to convert to long-term Section 8 rental assistance contracts (capped at 60,000 units of converted assistance); and
- 2) Rent Supplement (Rent Supp), Rental Assistance Payment (RAP), and Mod Rehab properties, upon contract expiration or termination, to convert tenant protection vouchers (TPVs) to project-based vouchers (PBVs).

Unlike their current forms of assistance, these contracts offer a rental subsidy platform that **allows PHAs and owners to leverage current Federal appropriations with other private and public capital to finance much needed rehabilitation and preserve the assets as affordable housing.**

Rental Assistance Demonstration Goals

- Long-term stability and affordability of HUD-assisted housing
- Access to safe, proven tools to leverage private capital
- Increased housing choice for residents
- Strong resident rights
- Effective public ownership or stewardship

Participation in RAD is voluntary. Properties that convert assistance are subject to long-term rental assistance contracts and use restrictions, which will survive any disposition of the property, including foreclosure or bankruptcy. In addition, all properties that convert assistance must provide residents the choice to move with continuing tenant-based rental assistance within a reasonable time after conversion, with a limited number of good-cause exceptions for PHAs with insufficient vouchers to support this housing choice option.

In Fiscal Year 2013, HUD is not requesting additional RAD funding. Instead, RAD will make use of funds requested under:

- Existing programs—such as public housing operating and capital subsidies or Mod Rehab appropriations—to fund project-based rental assistance contracts at current funding levels; or
- TPVs that would have been issued to tenants upon contract expiration or termination in the Rent Supp, RAP, and Mod Rehab programs.

RAD is a limited demonstration, which will be evaluated to assess the success of these approaches in preserving affordable housing. Since HUD will use existing appropriation levels for implementation and anticipates strong interest in RAD, the Fiscal Year 2013 budget includes a **request to exempt Mod Rehab from the 60,000 unit cap on projects that could convert assistance, at no cost, to long-term Section 8 rental assistance contracts.** If enacted, the 60,000 unit cap would apply to public housing conversions alone, while the number of Mod Rehab conversions would not be constrained.

HUD is committed to being responsive to interest in RAD and working with its partners to ensure the program's success in order to support the preservation of our nation's affordable housing stock.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING CAPITAL PRODUCTION

In Fiscal Year 2013, HUD is requesting \$2 billion to fund programs that will promote the production of affordable housing for low- to extremely low-income families and those with special needs.

The nation needs an increased supply of affordable rental homes in safe, mixed-income communities that provide access to jobs, good schools, transportation, high-quality services, and, most importantly, economic self-sufficiency. Also important is ensuring that the supply of rental housing enables communities to build their own “geographies of opportunity” – places that effectively connect people and families to jobs, transportation, quality public schools, and other key community assets. In partnering with communities to create locally-driven solutions to rental housing challenges, HUD will work to expand the supply of affordable rental housing and the capital needed to increase the supply, while sharpening our ability to target the needs of individuals and neighborhoods.

HOME INVESTMENT PARTNERSHIPS

The HOME Investment Partnerships program is the primary departmental program, and principal tool of state and local governments, for the production of affordable rental and for-sale housing for low- to extremely-low income families, including mixed-income housing and housing for persons with special needs (e.g., the homeless and persons with HIV-AIDS). For many states and local governments, HOME is the only reliable stream of affordable housing development funds available to them. HOME funds traditionally have provided critical gap financing that make Low-Income Housing Tax Credit (LIHTC) projects feasible. In the last 5 years, 149,916 HOME-assisted rental units have been completed. Of that number, 53 percent or 80,304 units were part of LIHTC projects. In all, HOME gap financing helped complete 149,987 LIHTC units. In the current economic climate, Tax Credits are selling at much reduced prices or not at all. Consequently, HOME funds are being used to supplement reduced LIHTC proceeds. The investment of HOME funds in rental projects often increases affordability for families at the very lowest income levels. Of the tenants occupying HOME units completed during the same five year period, 40 percent of were extremely low-income (income less than 30 percent of the Area Median Income). Reflecting the critical role played by HOME funds in affordable housing development, each dollar of HOME funds expended for HOME rental and homebuyer projects leverages \$4 of other public and private investment. Over the life of the program, HUD has leveraged more than \$88 billion of other funds for affordable housing.



In Fiscal Year 2013, HUD is requesting \$1 billion in HOME funds, which will provide formula grants to States and localities that communities use—often in partnership with local non-profit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. From program inception through September 30, 2011, the HOME program has created 1,039,422 units of affordable housing, and has assisted 250,628 low-income households with tenant-based rental assistance. The Department is committed to continuing this contribution in 2012, when HUD expects that HOME will assist an additional 53,937 families with new affordable housing units and tenant-based rental assistance.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
AFFORDABLE HOUSING CAPITAL PRODUCTION

NATIONAL AFFORDABLE HOUSING TRUST FUND

According to American Housing Survey data, in 2009 41 percent of the 17.12 million very low-income American renters had worst case needs (i.e., paying more than 50 percent of their incomes for rent or living in severely inadequate housing.) Two out of three renters that had worst case housing needs in 2009 had extremely- low incomes. Affordability problems have been exacerbated by the recent recession and the increasing demand for rental housing generated by the foreclosure crisis. At the same time, the freeze in the credit markets and the sharp reduction in demand for Low Income Housing Tax Credits (LIHTCs) have greatly diminished the private capital available to improve and expand the supply of affordable rental housing.



The National Affordable Housing Trust Fund (HTF) is an essential part of HUD's strategy to provide affordable housing to low-income families, as they help leverage other public or private funds in these projects. However, in the current market, in which private funds for affordable housing is scarce, these funds may be necessary to take the place of the private capital and debt financing needed to subsidize units to make them affordable to this group of renters.

In Fiscal Year 2013, HUD is requesting \$1 billion for the National Affordable Housing Trust Fund as a mandatory budget authority. Eighty percent of NHTF funds will be used to acquire, construct or rehabilitate rental units. The HTF will distribute funds by formula to States for affordable housing projects that increase and preserve the supply of rental housing for extremely low- and very low-income families, including homeless families. With \$1 billion in funding, assuming that HTF funding leverages approximately 60 percent of the funds needed to pay for the production of these units, approximately 10,496 unit of housing affordable to extremely low-income households are expected to be produced as part of mixed-income affordable housing projects.

***Utilizing Housing as a Platform for
Improving Quality of Life***



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
HOUSING AND SERVICE COORDINATION FOR THE ELDERLY AND PERSONS WITH DISABILITIES

In Fiscal Year 2013, HUD is requesting a total of \$736 million to fund programs that will directly support housing and services for very low-income elderly individuals and persons with disabilities and their families.

HUD remains committed to providing housing and services for our nation's most vulnerable families, including very-low income elderly individuals and persons with disabilities. While several HUD programs serve these populations, the \$736 million request will be *entirely dedicated to elderly and disabled individuals*. To ensure effective provision of housing and services, HUD proposes to enhance and improve the Section 202 and 811 programs to better fit the needs of the families they serve. This includes undertaking regulatory reform, streamlining the existing program structure, accelerating administrative processing, better leveraging state and local investments in affordable housing, and aligning more strategically with state and federal health care priorities. This builds on the strong foundation provided by two bipartisan bills (the Section 811 Melville Supportive Housing Act and the Section 202 Supportive Housing Act) which the President signed into law in early 2011 and which HUD is currently implementing.

HOUSING FOR THE ELDERLY (SECTION 202)

Over the last 50 years, HUD's Section 202 program has provided over 400,000 affordable homes for very low-income elderly individuals through a number of different financing structures, including subsidized financing, capital advances, and ongoing operating assistance. In FY 2013, in an effort to maximize creation of new affordable units in a time of funding restraints, the Department is requesting the flexibility to provide operating assistance-only funding to new or existing elderly affordable housing developments that utilize capital from other state and local sources. HUD's assistance will allow these properties to provide housing to a segment of the elderly population that is older, poorer, and frailer than would normally be able to access or afford housing subsidized only through the Low Income Housing Tax Credit and/or HOME programs. This new authority will draw on lessons learned from the implementation of the Section 811 project rental assistance authority (enacted under the Frank Melville Supportive Housing Investment Act of 2010). Under this model, state housing agencies, in partnership with state health care agencies, act as a delegated agent for HUD, taking advantage of efficiencies inherent in these same agencies' oversight responsibilities for tax credits, HOME funds or similar housing funding. Assuming requested statutory language is enacted, up to 3,450 units could be made available with support from this project rental assistance.

In addition, HUD will continue to support and expand its service coordinator program supporting residents to live independently in the community for as long as possible. All of these changes better align Section 202 developments with health care reforms at the state and federal level and better support elderly residents as they age in place in the community.

In Fiscal Year 2013, HUD is requesting a total of \$475 million for Section 202, which will provide crucial funding to initiatives including:

- *\$100 million for elderly expansion activities*, including the provision of operating assistance contracts to support approximately 3,450 new units.
- *\$90 million for service coordinators*, who are responsible for linking residents of Section 202 housing with specific supportive services that those residents need to continue living independently and age in place. This funding would support 1,330 existing service coordinators and fund grants for 100 additional service coordinators.
- *\$285 million for Project Rental Assistance Contract (PRAC) renewals* to protect elderly tenants and preserve affordability for 77,505 existing units.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
HOUSING AND SERVICE COORDINATION FOR THE ELDERLY AND PERSONS WITH DISABILITIES

HOUSING FOR PERSONS WITH DISABILITIES (SECTION 811)

HUD's Section 811 program provides affordable housing for persons with disabilities that meets the residents' physical needs and accommodates the provisions of supportive services. Historically, HUD has provided capital advances and operating subsidies to non-profit sponsors to construct and manage multifamily housing for low-income people with disabilities. Starting in 2012, however, HUD provides Section 811 funding through awards to state housing agencies that have formed partnerships with state health care agencies that have developed methods for identifying, referring, and conducting outreach to a target population of extremely low-income persons with disabilities requiring long term services and supports. These operating assistance funds are used to set aside supportive units for this target population in affordable housing complexes whose capital costs are funded through Low-Income Housing Tax Credits, HOME funds, or other sources. Investing Section 811 funds under this authority allows HUD to rely on the expertise of the state housing agencies to administer the award and on the state health care agency to identify the most critical population to be served and guarantee the delivery of appropriate services.



In Fiscal Year 2013, HUD is requesting \$150 million for the Section 811 program. This request will provide crucial funding to initiatives including:

- *\$96 million* for Project Rental Assistance contract (PRAC) renewals to protect persons with disabilities and preserve affordability for 23,330 existing units.
- *\$54 million* for Project Rental Assistance (PRA) funds, which will fund operating assistance contracts to support approximately 1,850 new units through grants to State housing agencies.

In addition, **in Fiscal Year 2013, HUD is requesting \$111 million for the renewal of mainstream 811 vouchers** through the Tenant Based Rental Assistance Account (TBRA). These vouchers enable persons with disabilities to access affordable housing of their choice on the private market. Administering agencies of Section 811 mainstream vouchers will assist persons with disabilities in locating and making physical modifications to rental units, and allow those individuals to voluntarily connect with supportive services. In addition, HUD also remains committed to supporting housing and services for individuals with disabilities through specialized vouchers. Since 2009 a total of 7,816 special Non-Elderly Disabled vouchers have been awarded to non-elderly persons with disabilities, including those individuals who wish to transition out of institutions.

INTERAGENCY COLLABORATION

HUD has developed a close partnership with the Department of Health and Human Services (HHS) to better align housing programs with health and social service programs for individuals with disabilities. Specifically, this partnership has included:

- *948 Non-Elderly Disabled Vouchers* which were awarded to PHAs in connection with the "Money Follows the Person" Program, to target disabled individuals wishing to transition from institutional settings to the community.
- *Housing Resource Coordinators* to facilitate the linkages between Medicaid services and the resources available through Public Housing Agencies.
- *Capacity Building Effort* to promote collaboration between human service agencies and housing agencies at the federal, state and local levels to improve the support of persons with disabilities.
- *Community Living Initiative* - HUD is working with HHS to consider a variety of ways to rebalance the entrenched preference for institutional care and to be responsive to the Supreme Court's *Olmstead* decision, which requires that public services be provided in the community rather than in institutional settings whenever possible.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
PREVENTING AND ENDING HOMELESSNESS

In Fiscal Year 2013, HUD is requesting \$2.23 billion to fund targeted initiatives and work collaboratively across Federal agencies in the effort to end homelessness.

On a single night in January 2011, there were over 630,000 sheltered and unsheltered homeless people nationwide. Approximately 1.6 million people experience homelessness between October 1, 2009 and September 30, 2010. HUD continues to focus on the needs of this population as well as the emerging needs of families and veterans through both its targeted homeless programs and its mainstream housing programs using successful methods and interventions. As part of this commitment, HUD has worked to develop a series of policy initiatives to maximize resources and provide the most effective services possible to men, women and children experiencing homelessness.

OPENING DOORS: FEDERAL STRATEGIC PLAN TO PREVENT AND END HOMELESSNESS

President Obama has stated that no one should be without a safe, stable place to call home. As part of this commitment, under the leadership of Secretary Donovan, the U.S. Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (FSP) in 2009, with overarching goals including ending chronic homelessness in five years and setting a path to eradicate all types of homelessness. Throughout this process, HUD has forged new partnerships with Federal agencies like the Department of Health and Human Services (HHS) and the Department of Labor (DOL), in order to focus on cross-cutting initiatives to capitalize on resources and experience. HUD also intends to utilize best practices developed through current programs like the Veterans Affairs Supportive Housing program (HUD-VASH).



To date, homelessness has ended or been prevented for more than one million people through the Homelessness Prevention and Rapid Re-housing Program, which is awarded to states, cities and counties across the country to keep families and veterans in their homes or help them find other affordable housing after a sudden financial crisis. Moreover, HUD is working to provide housing and supportive service for over 30,000 veterans who would otherwise be homeless were it not for the HUD-VASH Program, in addition to an estimated 10,000 veterans who will be supported by HUD's FY2013 budget request.

As part of the FSP, HUD will tailor existing programs to meet the specific goals set out by this administration, as well as use innovative strategies to tackle unique challenges in eradicating homelessness nationwide. In addition to the decrease in the total number of chronically homeless persons and homeless families and veterans, HUD expects that the implementation of the FSP will result in greater use of mainstream resources and benefits by these populations as a result of high-level coordination between Federal agencies.

HOMELESS ASSISTANCE GRANTS

HUD's homeless assistance programs provide Federal support to one of the nation's most vulnerable populations while working to reduce overall homelessness and end chronic homelessness. **In Fiscal Year 2013, HUD is requesting a total of \$2.23 billion for Homeless Assistance Grants (HAG).**

HUD is requesting that **\$1.94 billion** in HAG funds be distributed through a unique competitive process known as the Continuum of Care (CoC), in which Federal funding is driven by local decision-making processes. This provides locally-driven coordination of housing and service delivery that enables communities to plan for and provide a comprehensive response to homeless individuals and facilities. This planning model is based on the understanding



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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PREVENTING AND ENDING HOMELESSNESS

that homelessness is not merely a lack of shelter, but involves a variety of unmet needs—physical, economic, and social. It therefore includes coordination with non-profit organizations, State and local government agencies, service providers, private foundations, faith-based organizations, law enforcement, and local businesses. In addition, **in Fiscal Year 2013 HUD is requesting that \$286 million in HAG funds be used for the Emergency Solutions Grant (ESG) formula.** As a key component of the FSP, ESG funds are used for a variety of purposes related to emergency shelter operations, transitional housing, and essential services, as well as Rapid Re-Housing interventions and homelessness prevention. These funds are distributed to approximately 360 State and local government entities annually.

VETERANS AFFAIRS SUPPORTIVE HOUSING

Currently, an estimated one out of every six men and women in our nation’s homeless shelters are veterans, and veterans are 50 percent more likely to fall into homelessness compared to other Americans. HUD is committed to providing affordable housing units to this unique homeless population, and has partnered with the Departments of Health and Human Services (HHS) and Veterans Affairs (VA) to develop targeted approaches to serve the homeless veteran populations. The HUD-VASH program combines tenant-based voucher assistance with case management and clinical services tailored to veterans and their families. Public Housing Authorities (PHAs) awarded HUD-VASH vouchers develop critical partnerships with VA medical centers to help homeless veterans find permanent supportive housing.



In Fiscal Year 2013 HUD is requesting \$75 million in Veterans Affairs Supportive Housing (HUD-VASH) vouchers, which will support an estimated 10,000 additional veterans nationwide. To date, approximately 38,000 HUD-VASH vouchers have been provided to over 300 public housing agencies nationwide, and another 10,000 vouchers will be awarded in fiscal year 2012. As part of an overarching FSP goal of ending veteran’s homelessness in five years, HUD is working with VA to develop innovative strategies, including the recent streamlining of methodology for counting homeless vets that receive assistance from both the VA and HUD’s Continuum of Care homeless service providers. Now with a more accurate number, both agencies are able to properly allocate funding to various programs that serve homeless vets in order to end homelessness by 2015.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
UTILIZING HOUSING AS A PLATFORM TO IMPROVE HEALTH OUTCOMES

In Fiscal Year 2013, HUD is requesting \$195 million to fund programs that will directly support the provision of housing and services to improve health outcomes for families nationwide.

The connection of the built environment to health is an important one, and HUD is uniquely poised to affect this relationship to improve health outcomes. Stable housing provides an ideal platform for delivering a wide variety of health and social services to improve economic, health, and broad-based societal outcomes. For some, such stable housing alone is sufficient to ensure healthy outcomes, while others require housing with supportive services to assist with activities of daily living or long-term self-sufficiency, as well as proximity to crucial services. In this regard, HUD remains solidly committed to providing the crucial housing and services required for our nation's most vulnerable families.

OFFICE OF HEALTHY HOMES AND LEAD HAZARD CONTROL

The Office of Healthy Homes and Lead Hazard Control (OHHLHC) provides capital grants, contract support, and technical studies that improve the health and safety of individuals and families by making smart investments that will yield positive health outcomes and has the potential to drastically and permanently change the way housing, energy, and health concerns are addressed in communities across our nation. In particular, these programs strive to achieve the Federal goal of eliminating childhood lead poisoning.



In Fiscal Year 2013, HUD is requesting \$120 million for OHHLHC programs that will provide direct support in improving health and safety outcomes of families nationwide. This request includes:

- *\$91 million in Lead Hazard Reduction Grant Program* to communities for lead hazard reduction in low-income housing, research on improving and reducing the cost of methods for evaluating and controlling lead hazards in housing, and enforcing lead safety regulations which cover older housing
- *\$25 million in Healthy Homes grants and contract support* to fund local programs to correct housing-related hazards, as well as evaluate program effectiveness and build capacity
- *\$4 million in Lead Technical studies and programmatic support* to ensure that HUD's grantees make the most efficient and innovative use of funding

Widespread adoption of a comprehensive "healthy homes" approach, including physical interventions and education, with an infrastructure of trained housing evaluators and contractors, can help prevent housing-related injuries and illnesses, and yield reductions in associated healthcare and social services costs, and improvements in the quality of life. By targeting housing improvements at early intervention in communities most likely at risk, substantial returns may be realized.

OFFICE OF HEALTHCARE PROGRAMS

The Office of Healthcare Programs (OHP) administers the Section 232 Residential Care Facilities Program and Section 242 Hospitals Program, which provide mortgage insurance for loans supporting the construction, renovation, equipping, and/or refinancing of healthcare facilities through HUD's Federal Housing Administration (FHA). These facilities include nursing homes, assisted living facilities, and board and care facilities, and acute care hospitals ranging from large urban teaching institutions to small rural critical access hospitals. FHA's healthcare facilities serve an ever-growing needy population of Medicare, Medicaid, and uninsured patients. FHA mortgage insurance decreases healthcare costs by reducing the cost of capital for healthcare facilities and increases accessibility to care by enabling facilities to access financing for much-needed improvements or projects. Both healthcare programs maintain a negative credit subsidy rate and operate at no cost to the American taxpayer.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
UTILIZING HOUSING AS A PLATFORM TO IMPROVE HEALTH OUTCOMES

Healthcare facilities are major economic engines in our nation's communities. Nationwide, healthcare facilities employ 7.9 million people and support \$2.7 trillion in economic activity. Both of FHA's healthcare programs are significant contributors to increasing economic stimulus and job creation in communities nationwide. Using the widely respected IMPLAN economic model, OHP calculated the economic benefits for all hospitals that received mortgage insurance commitments in 2010. For Fiscal Years 2010 and 2011 combined, total construction expenditures for all hospital commitments were \$1.7 billion, resulting in an **estimated 19,127 new jobs and \$4.7 billion of overall economic benefit**. Following construction, these projects will generate an **estimated annual new economic activity of \$1.5 billion and 8,823 new jobs**.

INTERAGENCY PARTNERSHIPS

HUD has also developed a close partnership with the Department of Veterans Affairs (VA) to target assistance to veterans across the country. Veterans Affairs Supportive Housing vouchers (HUD-VASH) provide tenant-based rental assistance, case management and clinical services tailored to veterans and their families. To date, approximately 38,000 HUD-VASH vouchers have been provided to over 300 public housing agencies nationwide, and another 10,000 vouchers will be awarded in fiscal year 2012. **In Fiscal Year 2013 HUD is requesting \$75 million in Veterans Affairs Supportive Housing (HUD-VASH) vouchers**, which will support an estimated 10,000 additional veterans nationwide. With this funding, Public Housing Authorities (PHAs) awarded HUD-VASH

vouchers develop critical partnerships with VA medical centers to help homeless veterans find permanent supportive housing.



Taken together, through partnerships at the federal, state, and local levels, HUD strives to utilize its housing platform to deliver a wide variety of services to improve the quality of life of its residents and the surrounding community. HUD aims to accomplish this by building formal and informal relationships with public and private healthcare providers and with health education organizations to provide access to healthcare information and services for recipients of HUD assistance. HUD will also encourage management practices that

enhance the health of housing residents, and, where possible, HUD will partner with clinical service providers to provide physical space for healthcare service delivery on site at HUD-funded facilities.

***Building Inclusive Sustainable
Communities Free from
Discrimination***



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
SUSTAINABLE COMMUNITIES AND DEVELOPMENT

In Fiscal Year 2013, HUD is requesting \$250 million to fund sustainable, community-driven solutions to creating communities of opportunity nationwide.

For too long, housing finance drove the development of homes in the least sustainable places—far away from jobs and schools, disconnected from transportation networks, while also increasing housing and transportation costs to the point where those two expenses now account for over 50 percent of the average family’s budget. Due in large part to “silo-ed” investment strategies from the Federal government, many local governments attempted to address these challenges at the neighborhood scale rather than coordinating across regions. In addition, the nation’s



rental assistance programs built, financed, and managed housing in a parallel universe from private housing, and discriminatory patterns of development trapped millions of families in neighborhoods of concentrated poverty and limited opportunity.

Families across the country, in addition to business leaders, builders, developers, and elected officials have all echoed the same sentiment: Our communities need more housing choices. And they need the federal government to help them develop those choices by balancing how it invests in communities. With this budget, HUD continues its commitment to helping communities build their own “geographies of opportunity” – places that effectively connect people and families to jobs, transportation, quality public schools, and other key community assets. In partnering with communities to create locally-driven development initiatives, HUD will continue to help communities leverage Federal funds to strengthen regional economies, which are the heart of economic activity throughout the nation.

Central to providing more choices to families and to creating a more balanced federal housing strategy is the Partnership for Sustainable Communities, a landmark interagency effort between the Department of Transportation (DOT), the Environmental Protection Agency (EPA), and HUD. The Partnership is grounded by six Livability Principles that aim to improve the efficiency of federal programs to:

- *Provide more transportation choices* – Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
- *Promote equitable, affordable housing* – Expand location- and energy-efficient housing choices for people of all ages, incomes, and ethnicities to increase mobility and lower the combined cost of housing and transportation.
- *Enhance economic competitiveness* – Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
- *Support existing communities* – Target federal funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.
- *Coordinate policies and leverage investment* – Align federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including smart energy choices like locally generated renewable energy.
- *Value communities and neighborhoods* – Enhance the unique characteristics of all urban, suburban and rural communities by investing in healthy, safe and walk-able neighborhoods.

HUD is committed to putting these principles into practice—and more choice—in the Department’s core community development work, including rental assistance, homeownership, capital grants, and other programs.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
SUSTAINABLE COMMUNITIES AND DEVELOPMENT

SUSTAINABLE HOUSING AND COMMUNITIES

The Office of Sustainable Housing and Communities (OSHC) was established in 2010 with a mission to manage two competitive grant programs that provide funding to communities to develop long-term plans that link housing, transportation and other fundamental economic levers. OSHC is also charged with working within HUD to support program leadership and staff as they align their programs with the Livability Principles. OSHC represents HUD on the Sustainable Communities Partnership that is working with DOT and EPA to align resources, reinforce local and regional development strategies to support economic growth, and reduce bureaucratic barriers so that communities can meet the demand for more sustainable communities. OSHC is also responsible for coordinating HUD's initiatives to expand energy efficiency and renewable energy in affordable housing, through financing, technical assistance and industry partnerships. HUD's sustainable housing strategy utilizes market-based approaches and leverages its existing authority to support private sector investment and consumer choice.

In Fiscal Year 2013, HUD is requesting \$100 million in Sustainable Housing and Communities funding, through the Community Development Fund (CDF). The majority of funding requested will be split evenly between the Regional Integrated Planning and Implementation Grant program, and the Community Challenge Planning grant program. The Regional Integrated Planning and Implementation grant program represents the next phase in sustainable communities regional planning. This federal investment helps communities to develop their own strategic framework to address locally defined needs and to use a single planning investment to address multiple challenges, be they the need for improved mobility, expanded regional housing choices, a coordinated economic development strategy, watershed planning or other environmental and infrastructure needs. The Community Challenge planning grants enable communities to update policies, codes, tools and critical capital investments that better integrate transportation, housing and economic development to support local real estate markets and support private investment.

Investing In Better Data Collection, Evaluation, and Best Practices

The Fiscal Year 2013 OSHC request includes **\$8 million** for research, evaluation, modeling tools, technical support and best practices to advance the field of practice for building sustainable communities; and data development and technical assistance to support HUD's efforts to improve the energy efficiency of its housing portfolio which has a direct impact on reducing energy costs for households and the federal government.

CHOICE NEIGHBORHOODS

The Choice Neighborhoods program funds competitive grants to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with well-functioning services, schools, public assets, transportation, and access to jobs. Choice Neighborhoods grants primarily fund the redevelopment and preservation of distressed public and/or assisted housing developments. Building on the lessons learned in the HOPE VI program, grantees will also leverage a wide range of other federal, state, local, and private resources to concurrently implement a comprehensive neighborhood plan for supporting local economic development and job creation as well as improving schools and promoting family self-sufficiency. To date, the five Choice Neighborhoods implementation grantees have leveraged a combined \$1.6 billion – over 13 times their total grant award amount

In Fiscal Year 2013, HUD is requesting \$150 million for the Choice Neighborhoods program. This appropriation would provide competitive Implementation Grants in the range of \$30-\$40 million to transform 4-6 neighborhoods. In addition, up to 10 percent of the funding request will be available to local partnerships for Planning Grants to initiate a comprehensive neighborhood planning process centered around distressed assisted and/or public housing.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
LOCALLY-DRIVEN ECONOMIC DEVELOPMENT

In Fiscal Year 2013, HUD is requesting \$3.82 billion to fund local economic development initiatives in thousands of communities nationwide.

With the impacts of the economic recession now being seen across the country, local communities have sought HUD's leadership in helping to address their economic development challenges. Long-standing trends of urban decline, as well as the recent economic crises, have put stress on America's neighborhoods as they work to find innovative strategies to address housing and broader economic development issues that are key to their economic future. Through partnerships with local governments, non-profits, faith-based associations, and other community organizations, HUD provides grants to cities and states to catalyze economic opportunity, particularly in addressing neighborhoods of concentrated poverty. Taken together, HUD remains committed to investing in place-based results and creating sustainable development solutions that benefit Americans nationwide.

COMMUNITY PLANNING AND DEVELOPMENT

Through both formula and competitive grants, HUD has partnered with local organizations and state and local governments to fund innovative solutions to community development challenges. Underpinning these partnerships is the fundamental philosophy that local decision-makers are best poised to drive a cohesive development strategy, based on a keen perception of local needs and priorities. Consistent with that philosophy, most Community Planning and Development (CPD) grantees determine the use of funding with minimal Federal influence. **In Fiscal Year 2013, HUD is requesting a total of \$3.14 billion in funding for the Community Development Fund.** These programs aim to support economic development initiatives and projects that demonstrate the ability to connect private sector growth to some of our country's most distressed citizens and communities.



As part of CPD programming, the Community Development Block Grant (CDBG) remains the largest and most adaptable community and economic development program in the Federal portfolio for meeting the unique needs of states and local governments. Since its inception in 1974, CDBG has invested over \$135 billion in economic development at the local level, investing in infrastructure, providing essential public services and housing rehabilitation, and creating jobs primarily for low- and moderate-income families. **In Fiscal Year 2013, HUD is requesting that \$2.95 billion in CPD funds be dedicated to the CDBG program.** All together, CDBG funding annually reaches an estimated 7,000 local governments across the country, in communities of all shapes and sizes.

Often, CDBG dollars alone are not sufficient to complete crucial economic development projects that communities desperately need. In those instances, HUD offers another potent public investment tool in the form of the **Section 108 Loan Guarantee program**. Section 108 is the loan guarantee provision of the CDBG program and allows states and local governments to leverage their CDBG funds into federally guaranteed loans in order to pursue large-scale physical and economic investment projects that can revitalize entire neighborhoods or provide affordable housing to low- and moderate-income persons. **In Fiscal Year 2013, HUD is requesting Section 108 loan guarantee authority of \$500 million** and is proposing to implement a fee-based program that will eliminate the need for budget authority to cover the program's credit subsidy.

In addition, HUD's FY2013 Community Development Fund request will fund partnerships with localities to create economic development strategies, including **\$35 million in Capacity Building Grants** to assist community development corporations in undertaking economic development programs and affordable housing projects for low-income families.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
LOCALLY-DRIVEN ECONOMIC DEVELOPMENT

SUSTAINABLE HOUSING AND COMMUNITIES

HUD's Office of Sustainable Housing and Communities (OSHC) was established in 2010 with a mission to infuse sustainability into HUD policies and programs so that a larger portion of the Department's funds lead to sustainable outcomes in line with the Livability Principles jointly established by HUD, EPA, and DOT. Through internal initiatives and partnerships with other Federal agencies, HUD has developed the Sustainable Communities Initiative (SCI) to align resources, reinforce local and regional economic development efforts, and provide incentives that encourage market pick-up of sustainable planning and development strategies in communities of all shapes and sizes.



In Fiscal Year 2013, HUD is requesting \$100 million in Sustainable Housing and Communities funding, through the Community Development Fund. The majority of funding requested will be split evenly between the Regional Integrated Planning and Implementation Grant program, and the Community Challenge Planning grant program. The Regional Integrated Planning and Implementation grant program represents the next phase in sustainable communities regional planning. This federal investment helps communities to develop their own strategic framework to address locally defined needs and to use a single planning investment to address multiple challenges, be they the need for improved mobility, expanded regional housing choices, a coordinated economic development strategy, watershed planning or other environmental and infrastructure needs. The Community Challenge planning grants enable communities to update policies, codes, tools and critical capital investments that better integrate transportation, housing and economic development to support local real estate markets and support private investment.

ECONOMIC DEVELOPMENT IN INDIAN COUNTRY

Through innovative programming, HUD has found new ways to partner with American Indian and Alaska Native tribal governments to help these communities craft and implement sustainable, locally-driven solutions to economic development challenges. HUD recognizes the right of Indian self-determination and tribal self-governance, and has fostered partnerships that allow tribal recipients the flexibility to design and implement appropriate, place-based housing programs according to local needs and customs. In most of these communities, housing and infrastructure needs are severe and widespread, disconnected from transportation networks and isolated from key community assets including jobs, schools and healthcare facilities. **In Fiscal Year 2013, HUD is requesting a total of \$731 million to fund programs that will directly support housing and economic development in American Indian, Alaskan Native, and Native Hawaiian communities nationwide**, including:

- *\$650 million for Indian Housing Block Grant program*, which is the single largest source of funding for housing on Indian tribal lands today
- *\$60 million for Indian Community Development Block Grants*, a flexible source of grant funds for Federally-recognized tribes or eligible Indian entities nationwide, requested within the Community Development Fund.
- *\$13 million for Native Hawaiian Housing Block Grant program*, to develop homeownership units as well as support the prevention of foreclosures and the promotion of responsible homeownership.
- *\$7 million for Indian Housing Loan Guarantee Fund, and \$1 million for Native Hawaiian Loan Guarantee Fund*, which provide credit subsidies to directly support the stabilization of the housing market on tribal and Hawaiian lands.

In communities large and small, HUD remains committed to building "geographies of opportunity" – places that effectively connect people to jobs, transportation, quality public schools, and other amenities. Today, too many families are stuck in neighborhoods of concentrated poverty and segregation, where a family's zip code predicts poor educational, employment, and even health outcomes. These neighborhoods are not sustainable. Through community-based economic development initiatives, HUD will continue to leverage Federal funds to strengthen regional development and spur economic activity throughout the nation.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
ECONOMIC DEVELOPMENT AND INNOVATION IN RURAL AMERICA

In Fiscal Year 2013, HUD will continue to fund programs that will directly support housing and economic development in rural communities.

Small towns and rural communities across America are facing an acute need for more affordable and energy efficient housing, while also pursuing sustainable economic development strategies that link rural housing and transportation to job centers. Recognizing the unique challenges in these decentralized areas, HUD continues to tailor its programs to provide rural communities with the resources they need to craft innovative solutions. HUD's partnership with rural communities spans from direct funding of block grants to supporting the housing needs of hundreds of thousands of families through larger programs like HOME investment partnerships, FHA insurance for homeowners, and the Housing Choice Voucher Program (HCVP). HUD's field offices in rural communities continue to serve as technical assistance resources and a link to other HUD programs and other federal agencies. Moreover, through programs like the Indian Housing Block Grant, HUD partners with rural American Indian and Alaska Native tribal governments to support efforts to create locally-driven solutions to economic development challenges.



RURAL HOUSING STABILITY PROGRAM

On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which includes first-time funding for the Rural Housing Stability Assistance Program (RHSP). RHSP is designed to assist individuals and families who are homeless, in imminent danger of losing housing, or in the worst housing situations in rural communities. **In 2013, HUD is requesting an additional \$5 million for the Rural Housing Stability Assistance program.** These grant funds will be awarded outside of the existing Continuum of Care competition, and will introduce activities that have not historically been available through HUD's homeless assistance programs.

In addition to this focused RHSP initiative, rural communities will continue to have access to HUD's targeted homeless assistance, through the Continuum of Care competition grant, the Emergency Shelter Grant (ESG) program, and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). Rural areas have increasingly gained access to HUD's competitive homeless assistance grants, primarily through the creation of Balance of State and Statewide Continuums of Care, with funds allocated directly to the state. In 2010, the Continuum of Care competition included a selection priority for new projects proposing to serve 100% rural areas. Organizations in 69 rural communities submitted applications for 108 new projects, requesting \$19 million. HUD will apply the rural selection priority to new projects in the 2011 Continuum of Care competition as well.

AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN PROGRAMS

As the single largest sources of funding for housing on Indian tribal lands today, HUD initiatives in Indian country continue to have some of the Department's most successful track records. Programs like Indian Housing Block Grants, Indian Home Loan Guarantees, and Indian Community Development Block Grants support development in remote areas where safe, affordable housing is desperately needed. HUD also directly supports housing and economic development initiatives in remote areas of Hawaii, through the Native Hawaiian Housing Block Grant Program and Native Hawaiian Loan Guarantee Program. HUD recognizes the right of Indian self-determination and tribal self-





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
ECONOMIC DEVELOPMENT AND INNOVATION IN RURAL AMERICA

governance by allowing the recipients the flexibility to design and implement appropriate, place-based housing programs according to local needs and customs. All together, **in Fiscal Year 2013, HUD is requesting \$731 million to fund programs that will support housing and development in American Indian, Alaska Native, and Native Hawaiian communities**, which will directly and indirectly support over 14,000 jobs.

SUSTAINABLE HOUSING AND COMMUNITIES

HUD's Office of Sustainable Housing and Communities (OSHC) was established in 2010 with a mission to infuse sustainability into HUD policies and programs so that a larger portion of the Department's funds lead to sustainable outcomes that create more housing, transportation and economic development opportunities in rural and urban regions.. Through partnerships with other Federal agencies to align resources and reduce barriers, HUD has developed the Sustainable Communities Initiative (SCI) to provide incentives to encourage market pick-up of sustainable planning and development strategies in communities of all shapes and sizes. Recognizing the strong demand and unique needs of rural communities to help connect economic development with future infrastructure and housing investments, SCI funding includes special funding categories for smaller communities. In 2011, over 40 percent of the OSHC Community Challenge Grants went to communities with populations below 50,000. **In Fiscal Year 2013, HUD is requesting \$100 million in SCI funding** within the Community Development Fund, of which a portion will once again be designated for small and mid-sized communities.

ONGOING RURAL ASSISTANCE

Beyond targeted efforts to alleviate housing and development issues in rural America, HUD serves families in small towns and rural communities through almost every major program it funds. **The State Community Development Block Grant (CDBG) program provides approximately \$692 million to rural areas, supporting over 25,000 jobs** both directly and indirectly, providing needed infrastructure, economic development, and affordable housing. HUD also funds over \$300 million in rural areas for affordable housing and homeownership programs through its HOME Investment Partnership program, directly and indirectly supporting over 5,360 jobs.

In addition, HUD and the Department of Agriculture meet regularly through an interagency rental housing policy group to better align and coordinate the affordable rental housing programs each operates. Altogether, **over 800,000 families in rural communities are directly assisted through the HCVP, Public Housing, and Multifamily programs**, with another 450,000 assisted through USDA. For homeowners, HUD's Federal Housing Administration (FHA) helps first-time homebuyers and other qualified families all over the country purchase their own home. **More than 1.5 million of the homes currently insured by the FHA are in rural areas, and approximately \$545 million in current FHA loans are to rural healthcare facilities designated as "critical access hospitals."** HUD recognizes the unique challenges in these rural areas, and continues to develop innovative, community-based programming to meet those needs.





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
COMBATING DISCRIMINATION AND AFFIRMATIVELY FURTHERING FAIR HOUSING

In Fiscal Year 2013, HUD is requesting \$68 million to ensure inclusivity in housing.

An inclusive community is one in which all people—regardless of race, ethnicity, religion, sex, disability, or familial status—have equal access to housing and economic opportunities. Throughout its portfolio of programs, HUD is committed to maintaining that inclusivity and providing accountability in housing and lending practices nationwide. Through inclusive development, education, enforcement of fair housing laws, expanded training and language assistance, HUD will affirmatively further fair housing and the ideals of an open society.

FAIR HOUSING INITIATIVES PROGRAM

The Fair Housing Initiatives Program (FHIP) is critical to building and sustaining inclusive communities. FHIP is the only grant program within the federal government whose primary purpose support private efforts to educate the public about fair housing rights and conduct private enforcement of the Fair Housing Act. Enforcement work and testing by FHIP organizations significantly strengthen complaints filed with the Department and Fair Housing Assistance Program (FHAP) agencies. FHIP grantees provide valuable assistance screening out cases that would otherwise be received by HUD and FHAP agencies but do not necessarily fall within our jurisdiction or have merit; without their assistance the number of cases filed with HUD would double. FHIP agencies also improve the quality of cases filed with HUD and FHAP agencies so much that cases referred or filed by a FHIP agency are twice as likely to result in a settlement or charge as all other cases. FHIP agencies also conduct education and outreach activities that help inform people of their rights under the Fair Housing Act, as well as educate housing industry staff about the kinds of actions that violate the Fair Housing Act.

In Fiscal Year 2013, HUD is requesting \$41.1 million in FHIP funds, representing the Department's commitment to fair housing, including \$27.9 million to support the efforts of private fair housing organizations that conduct private enforcement of the Fair Housing Act. The Private Enforcement Initiative (PEI) grantees investigate and test housing providers alleged to have engaged in discrimination. The requested amount will continue funding to support fair housing enforcement by all statutorily eligible private fair housing organizations. In addition it will fund fair housing education at the local, regional and national levels.

Language Access in HUD

HUD's Limited English Proficiency Initiative (LEPI) is vital to ensuring that individuals who are not proficient in English are aware of their rights, able to understand the terms of leases and other housing-related documents, and able to receive important announcements that affect the health or safety of their households.

Since Congress initiated the LEPI program in Fiscal Year 2008, the Department has used this funding to translate vital HUD documents in up to 19 languages. While these funds have made it possible for HUD to better reach new populations, until now the appropriations have permitted document translation only. This request will fund not only translation of HUD documents, but also oral interpretation services at HUD events; oral interpretation for LEP persons seeking to access HUD services by telephone; acquisition of technology that conducts simultaneous oral translation; marketing of HUD's language access services to the populations that need them; and public education on the availability of and the right to obtain information regarding HUD-funded services in multiple languages.

In Fiscal Year 2013, the Department requests \$500,000 to support LEPI.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
COMBATING DISCRIMINATION AND AFFIRMATIVELY FURTHERING FAIR HOUSING

FAIR HOUSING ASSISTANCE PROGRAM

The Fair Housing Assistance Program (FHAP) is a critical component of HUD's effort to ensure the public's right to housing free from discrimination. FHAP provides funding for 98 government agencies, including 37 states, 60 localities, and the District of Columbia, to enforce laws that prohibit housing discrimination that have been reviewed and deemed substantially equivalent to Federal law. **In Fiscal Year 2013, HUD is requesting \$24.6 million in FHAP funds.**

FHAP multiplies HUD's enforcement capabilities, allowing the Department to protect fair housing rights in an efficient and effective manner. In fact, FHAP agencies investigate the majority of housing discrimination complaints filed in the United States. In Fiscal Year 2011, this amounted to 7,800 investigations of housing and lending discrimination. As a result of these investigations, FHAP agencies secured approximately \$6.5 million for people affected by housing discrimination in addition to other forms of relief, including the provision of housing, the discontinuance of eviction proceedings, the reduction of mortgage interest rates, the retrofit of inaccessible housing, the provision of reasonable accommodations, and the allowance of reasonable modifications. In addition to obtaining direct relief for the victims of housing discrimination, the presence of FHAP enforcement activities significantly deter housing providers and lenders from engaging in discriminatory practices.



NATIONAL FAIR HOUSING TRAINING ACADEMY

The National Fair Housing Training Academy further enhances fair housing work in the country. Through its one-of-a-kind fair housing courses tailored to fair housing investigators, administrators, and testers, the Academy provides advanced courses as well as a 5-week certification program for fair housing investigators. **In Fiscal Year 2013, HUD is requesting \$1.8 million for the National Fair Housing Training Academy,** within the FHAP account.

This is the first year the Department has requested funding for the Academy, independent of the FHAP budget. Since the Academy was established in 2004, it has been funded through the FHAP and has enhanced the skills of investigators in more than 100 state and local enforcement agencies. Establishing the Academy as a separate institution will allow the Department to add additional courses to a broader housing audience, offer courses in a wider range of locations, support cross-training, and develop an effective national training strategy that ensures that those who work in fair housing nationally have access to a consistent, reliable training resource.

Finally, HUD also works to ensure that entities that receive federal funds take proactive steps to reduce barriers to housing based on race, color, national origin, gender, religion, disability, and familial status. The Fair Housing Act requires that HUD ensures that taxpayer money does not perpetuate residential housing segregation and, instead, works to prevent and undo the effects of past discrimination. In this respect, HUD's fair housing mission is embraced by every office of the Department, and furthered through program budgets beyond the budget specifically allocated for fair housing activities. All of HUD is committed to promoting diverse, inclusive and sustainable communities that welcome all-comers and strengthen America's position in a global society.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
COMMUNITY INNOVATION IN INDIAN COUNTRY

In Fiscal Year 2013, HUD is requesting \$7 million for Section 184 credit subsidy, which is anticipated to support loan guarantee authority of \$723 million. This request **will assist 4,000 families by building, acquiring, or rehabilitating homeownership units or assisting families in their purchase**. Since 2002, the Section 184 program has become very popular in Native communities, a trend that can be traced to HUD's shift from a broad-based national outreach campaign to a more localized grassroots marketing approach. To achieve the desired result, HUD identified and targeted lenders, tribes, and markets that offered the greatest opportunity for immediate success.

NATIVE HAWAIIAN HOUSING BLOCK GRANTS (NHHBG)

The NHHBG program directly supports the stabilization of Native Hawaiian neighborhoods and the growth of sustainable economies on the Hawaiian Home Lands. Using NHHBG funds, the program's sole recipient, the (state) Department of Hawaiian Home Lands (DHHL), carries out affordable housing activities for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands. From 2005 thru 2011, 461 homes were built, acquired, or substantially rehabilitated using NHHBG funds.



In Fiscal Year 2013, HUD is requesting \$13 million for the NHHBG program, which is expected to be distributed to the DHHL toward the development of 65 homeownership units. In addition to development of units, NHHBG funds will also support the prevention of foreclosures and the promotion of responsible homeownership. Services funded include direct assistance to qualified homeowners through counseling programs, down payment assistance, subsidies, low-interest rate loans, and matching funds for individual development accounts.

NATIVE HAWAIIAN LOAN GUARANTEE FUND (SECTION 184A)

The Section 184A program makes possible the private financing of home mortgages by private financial institutions, which would otherwise not be feasible because of the unique legal status of Hawaiian Home Lands. Lenders are hesitant to provide home mortgage financing when legal title to the real property cannot be used as collateral. Through this program eligible Native Hawaiians can obtain a mortgage with a market rate of interest to purchase, acquire and rehabilitate or build a single-family home on Hawaiian Home Lands. From 2005 to 2011, Section 184A assisted 255 homebuyers with a loan guarantee, and HUD continues to work with the DHHL and lenders to further increase program activity. **In Fiscal Year 2013, HUD is requesting \$1 million for Section 184A credit subsidy**, which is expected to assist 400 families in becoming homeowners.

INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT (ICDBG)

Since 1974, the Indian Community Development Block Grant (ICDBG) program has been the backbone of improvement efforts in many communities, providing a flexible source of grant funds for federally recognized tribes or eligible Indian entities nationwide. The program provides funds that they, with the participation of local citizens, can devote to a wide range of activities that best serve their development priorities, provided that these projects: benefit low-income families; prevent or eliminate slums or blight; or meet other urgent community development needs. Since 1978, approximately \$1 billion in ICDBG grants have been awarded to tribes across the country. **In Fiscal Year 2013, HUD is requesting \$60 million for the ICDBG program.**



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
COMMUNITY INNOVATION IN INDIAN COUNTRY

In Fiscal Year 2013, HUD is requesting a total of \$731 million to fund programs that will support housing and development initiatives in American Indian, Alaska Native, and Native Hawaiian communities.

Housing and infrastructure needs in Indian Country are severe and widespread, and far exceed the funding currently provided to tribes and designated entities. Nationwide, the poverty rate for American Indians is more than twice the average for all non-Indians, making economic development particularly crucial in these communities. Through innovative programming, American Indian and Alaska Native tribal governments have worked to create sustainable and community-driven solutions. HUD recognizes the right of Indian self-determination and tribal self-governance, by allowing the recipients the flexibility to design and implement appropriate, place-based housing programs, according to local needs and customs. In addition, this total funding request will directly and indirectly support over 14,000 jobs in areas where they are needed the most.



INDIAN HOUSING BLOCK GRANT PROGRAM (IHBG)

IHBG remains the single largest sources of funding for housing on Indian tribal lands today, where safe, decent, affordable housing is desperately needed. IHBG funds provide a formula grant for housing and housing related assistance, directly to eligible tribes or through their tribally designated housing entities. These funds are often leveraged and used as catalysts for community and economic development. The program substantially contributes to stabilizing neighborhoods and growing sustainable economies within American Indian and Alaska Native communities.



In Fiscal Year 2013, HUD is requesting \$650 million for IHBG, which will be distributed to approximately 364 recipients, representing 555 tribes in 34 states. It is expected that grantees will use approximately 33 percent of those funds **to complete the construction, acquisition, and rehabilitation of 4,415 homeownership units and 1,380 rental units**. In addition, the program will support the essential activities of operating and maintaining almost 50,000 low-income housing units that were developed before IHBG was implemented. Other uses of the funds will include down payment assistance, housing counseling, revolving loan funds, energy auditing, crime prevention, transitional housing, and others.

INDIAN HOUSING LOAN GUARANTEE FUND (SECTION 184)

The Section 184 loan guarantee program addresses the special needs of Native Americans, making it possible to achieve homeownership with market-rate financing. In recent years, HUD has made substantial increases in the use of commitment authority and loan guarantees in the Section 184 program. Significant progress has been made in working with Ginnie Mae and the Federal Home Loan Bank of Chicago in opening their portfolios to purchase Section 184 loans. HUD has expanded outreach and is working with Community Development financial institutions and credit unions that serve Native American communities to increase access to borrowers at the grassroots level. From 2005 to 2011, the dollar volume associated with new Section 184 loan applications has increased from \$140.5 million to \$694.5 million, and the corresponding loan guarantee activity over the same period has increased from \$77 million to \$495.4 million. HUD expects loan guarantee activity to continue to grow and demonstrate stellar performance in the future.

***Transforming the Way HUD Does
Business***



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
INTERNAL INNOVATION AND GROUNDBREAKING RESEARCH

In Fiscal Year 2013, HUD is requesting \$1.89 billion to increase internal efficiency and effectiveness, to better achieve the mission to create strong, sustainable, inclusive communities and quality, affordable homes for all.

HUD is in the midst of a reinvention that is leveraging technology and a new way of doing business to respond to the need for increased transparency and improved service delivery. The current economic and housing crisis; the structural affordability challenges facing low-income homeowners and renters; and the new, multidimensional challenges facing our urban, suburban, and rural communities all require an agency in which the fundamentals matter and the basics function. HUD is committed to an investment in transformation, research, and development that will be implemented persistently over time.

CHANGING HOW WE WORK TOGETHER

When employees attain skills and are motivated to use those skills to help their organization reach goals, the capacity of the organization grows and employees in the organization grow as well; which is why HUD is creating training and leadership development opportunities for employees at all levels. Over time, the rules and regulations that develop within an organization become hurdles instead of the helpful pathways they were intended to be. HUD is in the process of simplifying and combining programs, streamlining regulations, and eliminating rules and constraints. In addition, the Department is in the middle of a major reform of its information technology, human resources, procurement, and other internal support functions to give more authority to managers and provide better service to HUD customers.



In Fiscal Year 2013, HUD is requesting \$1.475 billion in salaries and expenses, including \$126 million for HUD's Office of Inspector General (OIG). With this funding request, which represents just a 1.3 percent increase from the FY2012 enacted level, HUD is committed to 'doing more with less.' Specifically, the Department will continue to improve operations and create a dynamic organization capable of addressing some of our nation's most difficult challenges. HUD remains at the forefront of the Federal response to the national mortgage crisis, the economic recovery, and the structural gap between household incomes and national housing prices. These roles require an agency that is nimble and market-savvy, with the capacity and expertise necessary to galvanize HUD's vast network of partners, including local officials, non-profits, and faith-based organizations, among others.

TRANSFORMING THE WAY HUD DOES BUSINESS

HUD's ongoing transformation is a multiyear effort that can only be achieved through the relentless focus of agency leadership, full transparency and accountability for real results, and sustained and flexible budget resources. The Transformation Initiative (TI) remains the primary source of funding for this transformation. Since TI was first enacted in 2010, it has bolstered the long-neglected areas of IT modernization, research and evaluation, and program demonstrations crucial for increasing the efficiency and effectiveness of the Department's programs. Further, TI has provided a mechanism for innovative, cross-cutting technical assistance that goes beyond program compliance to improve grantee capacity, performance and outcomes.

While the Department's transformation is a crucial long-term commitment, HUD continues to prioritize these efforts in a responsible manner that ensures HUD's constituent services don't suffer at the hands of internal transformation. The FY 2013 Budget proposes a Department-wide HUD Transformation Initiative Fund to be funded by transfers from program accounts of up to 0.5 percent at the Secretary's discretion. **In Fiscal Year 2013, HUD's request includes transfer authority of up to \$120 million into its Transformation Initiative Fund for priorities such as:**



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
INTERNAL INNOVATION AND GROUNDBREAKING RESEARCH

- Replacement of 30-year-old technology and information management practices to reduce risks, implement higher performing, and cost effective business solutions to more effectively administer rental housing assistance programs that enable more accurate budget forecasting and formulation; minimize HUD's financial risk; improve the quality of available rental housing; enhance financial accountability and reduce improper payments; and reduce the time to perform rental assistance business functions through automation; and modernizing mortgage insurance practices to develop portfolio, borrower, and collateral risk analytics to better identify key credit risk drivers and manage and mitigate risk at both the portfolio and loan level.
- Demonstrating, evaluating, and researching HUD policy issues such as the Rental Assistance Demonstration (RAD) approved in Fiscal Year 2012. RAD allows a trial conversion of public housing and certain multifamily properties to long-term project-based contracts, and TI could allow evaluation of outcomes. HUD is also proposing to implement the successful evidence-based policies established by the Jobs Plus Demonstration to increase the earnings and employment of public housing residents. In tandem, a process evaluation through TI could document successful local adaptations and how this larger scale implementation affects outcomes.
- Intensive and cross-cutting technical assistance A key priority for TA is intensive, place-based interventions for the highest-risk grantees and clients, such as: assessments and targeted interventions for PHAs; helping local government comprehensively assess market trends and implement housing and community and economic development programs through OneCPD; and targeting underlying, long-term problems like deficits and poor bond ratings through the National Resource Network. Flexible, cross-program technical assistance could also help grantees and clients adapt to new HUD policies, programs, and management approaches, and develop core skills and critical competencies required to effectively deliver HUD's programs.

In addition to TI fund transfers, **in Fiscal Year 2013 HUD is requesting \$242 million in Working Capital funding**, including a transfer of \$72 million from the Federal Housing Administration (FHA) and a direct appropriation of \$170 million. These funds are crucial to complement HUD's transformation efforts, providing resources for maintaining and improving Department-wide information technology systems.

PROVIDING A STRONG RESEARCH BASIS TO EFFECT LONG-LASTING CHANGE

The Office of Policy Development and Research (PD&R) provides fundamental support for informed decisions by the Department and national policy makers through data collection, research, policy analysis and program evaluations. PD&R has a key role in the improvement of national housing data infrastructure, rigorous evaluations of major HUD programs, and meeting other key national information needs including disaster response and recovery research.

In Fiscal Year 2013, HUD is requesting \$52 million to fund the nation's basic data infrastructure and share research knowledge on housing and community development. Complementing TI, Research and Technology funds continue the transformation of PD&R into the nation's leading research organization addressing the wide array of America's housing and urban development challenges.

- The American Housing Survey collects information on housing costs, underwater mortgages, community satisfaction, and the primary source of data on worst case housing needs.;
- The Rental Housing Finance Survey is the main source of data concerning rental housing developments in danger of foreclosure and rental affordability.
- Dissemination and research support ensure that research and analysis conducted by PD&R through TI or staff resources provide the greatest possible value by reaching a broad audience of policymakers, researchers, practitioners, policy analysts, and the American public.

Budget Authority by Program

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 2011-2013
(Dollars in Millions)**

	<u>2011 ACTUAL</u>	<u>2012 ENACTED</u>	<u>2013 ESTIMATE</u>
DISCRETIONARY PROGRAMS			
PUBLIC AND INDIAN HOUSING			
Tenant-Based Rental Assistance (TBRA)			
Section 8 Contract Renewals.....	\$16,697	\$17,242	\$17,238
Administrative Fees.....	1,450	1,350	1,575
Family Self-Sufficiency Coordinators a/.....	60	60	...
Section 8 Rental Assistance (Tenant Protection Vouchers).....	110	75	75
Advanced Appropriation for FY 2011.....	[4,000]	...	...
Advanced Appropriation for FY 2012.....	[(4,000)]	[4,000]	[...]
Advanced Appropriation for FY 2013.....	[...]	[(4,000)]	[4,000]
Advanced Appropriation for FY 2014.....	[...]	[...]	[(4,000)]
Mainstream Voucher Renewals.....	35	112	111
Veterans Affairs Supportive Housing.....	50	75	75
Disaster Displacement Assistance.....	...	[25]	...
Transfers to Transformation Initiative Fund.....	6	...	...
Subtotal, TBRA.....	18,408	18,914	19,074
Rescission.....	(37)	(650)	...
Total, TBRA.....	18,371	18,264	19,074
Family Self Sufficiency Program Coordinators a/.....	...	...	60
Public Housing Capital Fund			
Formula Grants.....	1,935	1,790	1,980
ROSS a/.....	50	50	...
Emergency Capitalization Needs.....	20	20	20
Administrative Receivership.....	9	5	5
Early Childhood Education, Job Training Facilities.....	15	...	...
Jobs Plus.....	...	...	50
Financial and Physical Assessment Support.....	15	10	15
Subtotal, Public Housing Capital Fund.....	2,044	1,875	2,070
Rescission.....	(4)	...	...
Total, Public Housing Capital Fund.....	2,040	1,875	2,070
Revitalization of Severely Distressed Public Housing (HOPE VI)			
Revitalization Grants.....	28	...	...
Choice Neighborhoods Initiative Demonstration.....	65	...	...
Technical Assistance.....	6	...	...
Transfer to Transformation Initiative Fund.....	1	...	...
Total, HOPE VI.....	100	...	...
Choice Neighborhoods			
Choice Neighborhoods Grants b/.....	[65]	120	150
Public Housing Operating Fund			
Operating Subsidy.....	4,611	3,942	4,524
Financial Hardship Reserve.....	...	20	...
Transfer to Transformation Initiative Fund.....	15	...	...
Subtotal, Public Housing Operating Fund.....	4,626	3,962	4,524
Rescission.....	(9)	...	...
Offset of Excess Operating Reserves.....	[...]	[750]	[...]
Total, Public Housing Operating Fund.....	4,617	3,962	4,524
Native American Housing Block Grants			
Formula Grants.....	640	644	648
Technical Assistance.....	4	2	...
Native American Housing Interests TA and Capacity Building.....	4	2	...
Title VI Federal Guarantees for Tribal Housing Activities			
Program Account.....	2	2	2
Loan Guarantee Limitation.....	[18]	[20]	[20]
Subtotal, Native American Housing Block Grants.....	650	650	650
Rescission.....	(1)	...	...
Total, Native American Housing Block Grants.....	649	650	650

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 2011-2013
(Dollars in Millions)**

	<u>2011 ACTUAL</u>	<u>2012 ENACTED</u>	<u>2013 ESTIMATE</u>
Indian Housing Loan Guarantee Fund			
Program Account.....	6	5	6
Loan Guarantee Contracts.....	1	1	1
Limitation Level.....	[919]	[360]	[900]
Total, Indian Housing Loan Guarantee.....	7	6	7
Native Hawaiian Loan Guarantee Fund			
Program Account.....	\$1	...	\$1
Limitation Level.....	[42]	[42]	[107]
Total, Section 184 Native Hawaiian Loan Guarantee.....	1	...	1
Native Hawaiian Housing Block Grants			
Formula Grants.....	13	13	13
Technical Assistance.....	[0.3]	[0.3]	[0.3]
Total, Native Hawaiian Housing Block Grants.....	13	13	13
Rental Assistance Demonstration c/.....	...	...	...
Subtotal, Public and Indian Housing.....	25,797	24,890	26,549
COMMUNITY PLANNING AND DEVELOPMENT			
Community Development Fund			
Entitlement/Non-entitlement.....	3,303	2,941	2,941
Sustainable Communities.....	99	...	100
Insular Area CDBG.....	7	7	7
Indian Tribes (Section 107).....	64	60	60
Transfer to Transformation Initiative Fund.....	35	...	...
Disaster Assistance.....	...	400	...
Capacity Building.....	...	...	35
Subtotal, CDBG.....	3,508	3,408	3,143
Rescission.....	(7)	...	...
Total, CDBG.....	3,501	3,408	3,143
HOME Investment Partnerships Program			
Formula Grants.....	1,590	998	998
Insular Areas.....	4	2	2
Transfer to Transformation Initiative Fund.....	16	...	...
Subtotal, HOME.....	1,610	1,000	1,000
Rescission.....	(3)	...	...
Total, HOME.....	1,607	1,000	1,000
Community Development Loan Guarantees (Section 108)			
Credit Subsidy.....	6	6	[Fee-Based]
Loan Guarantee Limitation.....	[275]	[240]	[500]
Total, Section 108.....	6	6	...
Self-Help and Assisted Homeownership (SHOP)			
SHOP.....	26	14	...
Section 4 Capacity Building for Community Development and Affordable Housing.....	50	35	...
Rural Capacity Building Activities.....	[5]	[5]	...
Housing Assistance Council.....	5	...	...
Capacity Building for Rural Housing.....	...	5	...
Transfer to Transformation Initiative Fund.....	1	...	...
Total, SHOP.....	82	54	...
Homeless Assistance Grants			
Competitive Grant Renewals (Shelter Plus Care and Supportive Housing).....	1,661	1,608	1,937
Emergency Shelter Grants Formula.....	225	286	286
Homeless Data Analysis Project.....	6	7	8
Transfer to Transformation Initiative Fund.....	13	...	...
Total, Homeless.....	1,905	1,901	2,231
Rescission.....	(4)	...	...
Total, Homeless.....	1,901	1,901	2,231

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 2011-2013
(Dollars in Millions)**

	<u>2011 ACTUAL</u>	<u>2012 ENACTED</u>	<u>2013 ESTIMATE</u>
Housing Opportunities for Persons with AIDS (HOPWA)			
Formula Grants.....	\$299	\$299	\$297
Competitive Grants.....	33	33	33
Transfer to Transformation Initiative Fund	3	...	...
Subtotal, HOPWA.....	335	332	330
Rescission.....	(1)	...	...
Total, HOPWA.....	334	332	330
Subtotal, Community Planning and Development.....	7,431	6,701	6,704
SUSTAINABLE HOUSING AND COMMUNITIES (OSHC)			
Regional Planning Grants.....	[\$70]	[...]	[\$46]
Challenge Planning Grants.....	[30]	[...]	[46]
Research Tools and Best Practices.....	[...]	[...]	[8]
Benchmarking Energy performance in HUD-Assisted Housing.....	[...]	[...]	[...]
Transfer to Transformation Initiative Fund.....	[[2]]	[...]	[...]
Total, Sustainable Housing and Communities.....	[100]	[...]	[100]
HOUSING PROGRAMS			
Project-Based Rental Assistance			
Section 8 Contract Renewals (incl. Mod Rehab & Mod Rehab SRO).....	8,941	9,051	8,440
Tenant Resources Information and Outreach (TRIO).....	10	...	...
Contract Administrators.....	325	289	260
Advanced Appropriation for FY 2011.....	[400]	...	...
Advanced Appropriation for FY 2012.....	[(400)]	[400]	[...]
Advanced Appropriation for FY 2013.....	...	[(400)]	[400]
Advanced Appropriation for FY 2014.....	...	...	[(400)]
Subtotal, Project-Based Rental Assistance.....	9,276	9,340	8,700
Rescission.....	(19)	...	...
Total, Project-Based Rental Assistance.....	9,257	9,340	8,700
Housing Counseling Assistance.....	...	45	55
Supportive Housing for the Elderly (Section 202)			
Expansion.....	100	8	...
PRAC/PAC Renewals/Amendments.....	206	259	285
Service Coordinators/Congregate Housing Service Program.....	90	81	90
Conversion to Assisted Living/Emergency Repairs.....	...	11	...
Senior Preservation Rental Assistance.....	...	16	...
State Housing Project Rental Assistance Demonstration (PRAD).....	...	...	100
Transfer to Transformation Initiative Fund.....	4	...	...
Subtotal, Supportive Housing for the Elderly Housing.....	400	375	475
Rescission.....	(1)	...	...
Total, Supportive Housing for the Elderly Housing.....	399	375	475
Housing for Persons with Disabilities (Section 811)			
Expansion-Capital Advance and PRAC.....	49	...	...
PRAC/PAC Admendments/Renewals Renewals.....	68	20	96
Mainstream Voucher Renewals.....	32	...	...
Transfer to Transformation Initiative Fund.....	1	...	...
Project Rental Assistance Demonstration (PRAD).....	...	145	54
Total, Disabled Housing.....	150	165	150
FHA Funds			
Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds			
Management Housing Insurance (CMHI)			
Administrative Expenses.....	135	135	142
Transfer to Working Capital Fund.....	71	72	72
Transfer to Transformation Initiative Fund.....	1	...	1
Direct Loan Limitation.....	[50]	[50]	[50]
Loan Guarantee Limitation Level.....	[400,000]	[400,000]	[400,000]
Total, MMI/CMHI.....	207	207	215

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 2011-2013
(Dollars in Millions)**

	<u>2011 ACTUAL</u>	<u>2012 ENACTED</u>	<u>2013 ESTIMATE</u>
General Insurance and Special Risk Insurance Funds			
Positive Credit Subsidy	9	...	...
Direct Loan Limitation.....	[20]	[20]	[20]
Loan Guarantee Limitation Level.....	[20,000]	[25,000]	[25,000]
Total GI/SRI.....	9	...	...
Total, FHA Funds.....	216	207	215
Manufactured Housing Standards Program			
Manufactured Housing Fees Trust Fund	2	4	4
Manufactured Housing General Fund Appropriation.....	9	2	4
Total, Manufactured Housing Standards Program.....	11	6	8
Rent Supp./Section 236 Contract Amendments.....	40	1	...
Rescission - Other Assisted Housing.....	(41)	(232)	...
Rescission - Housing Certificate Fund.....	(5)	(200)	...
Subtotal, Housing Programs.....	10,031	9,707	9,604
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
Guarantees of Mortgage-Backed Securities			
Program .....	...	\$20	\$21
MBS Guarantee Limitation.....	[500,000]	[500,000]	[500,000]
Subtotal, GNMA.....	...	20	21
POLICY DEVELOPMENT AND RESEARCH			
Research and Technology.....	48	46	52
Subtotal, PD&R.....	48	46	52
FAIR HOUSING & EQUAL OPPORTUNITY			
Fair Housing Programs	72	71	68
Transfer to Working Capital Fund.....	...	...	...
Subtotal, Fair Housing Activities.....	72	71	68
OFFICE OF LEAD-BASED PAINT AND POISONING PREVENTION			
Lead-Based Paint Hazard Reduction			
Lead Hazard Control Grants.....	47	63	86
Technical Studies.....	2	2	4
Healthy Homes	23	10	30
Lead Hazard Control Demonstration Program.....	48	45	...
Transfer to Transformation Initiative Fund	[1]	...	...
Total, OHHLHC.....	120	120	120
MANAGEMENT AND ADMINISTRATION			
Salaries and Expenses, HUD.....	1,326	1,332	1,349
Salaries and Expenses, OIG.....	125	124	126
Working Capital Fund			
Working Capital Fund (Direct).....	200	199	170
Transfers.....	[71]	[72]	[72]
Total, Working Capital Fund.....	[271]	[271]	[242]
Subtotal, Management and Administration.....	1,651	1,655	1,645
HUD Transformation Initiatives.....			
Direct Appropriation.....	71	50	...
Transfers.....	[99]	[...]	[120]
Subtotal, HUD Discretionary Budget Authority (Gross).....	45,221	43,260	44,763

**BUDGET AUTHORITY BY PROGRAM
COMPARATIVE SUMMARY, FISCAL YEARS 2011-2013
(Dollars in Millions)**

	<u>2011 ACTUAL</u>	<u>2012 ENACTED</u>	<u>2013 ESTIMATE</u>
Offsetting Receipts			
MMI Capital Reserve.....	(6,739)	(3,937)	(8,188)
GNMA Negative Subsidy.....	(841)	(553)	(550)
GNMA Receipts.....	...	(100)	(86)
FHA (GI/SRI Negative Subsidy).....	(492)	(396)	(588)
Manufactured Housing Fees Trust.....	(2)	(4)	(4)
Total receipts.....	(8,074)	(4,990)	(9,416)
Total, HUD Discretionary Budget Authority (Net).....	37,147	38,270	35,347
MANDATORY PROGRAMS			
Indian Housing Loan Guarantee Fund.....	\$2	\$20	...
Native American Housing Block Grants.....	1	...	...
Community Development Loan Guarantee Program Account.....	...	8	...
Neighborhood Stabilization.....	1,000	15,000 d/	...
Revolving Fund for Liquidating Programs.....	1	1	1
FHA Mutual Mortgage Insurance Program Account.....	3,226	10,174	...
FHA General and Special Risk Program Account.....	3,024	746	...
FHA General and Special Risk Liquidating Account.....	71	(118)	38
FHA Mutual Mortgage Insurance Capital Reserve Account.....	3,513	(5,549)	8,188
Emergency Homeowners' Relief Fund.....	1,000	...	...
Housing for the Elderly or Handicapped Fund Liquidating Account.....	(592)	(542)	(542)
Rental Housing Assistance Fund.....	...	...	(3)
Green Retrofit Program, Recovery Fund.....	...	5	...
Guarantees of Mortgage-backed Securities Loan Guarantee Program.....	721	140	...
Gifts and Bequests.....	3	...	...
Housing Trust Fund.....	...	...	1,000
Subtotal, Gross Mandatory Budget Authority.....	11,970	19,885	8,682
Mandatory Receipts.....	(586)	(2,255)	(19)
Total, Net Mandatory Budget Authority.....	11,384	17,630	8,663
Total, Net HUD Budget Authority.....	48,529	55,900	44,010

a/ Family Self Sufficiency proposed as separate account in FY 2013. Previously funded in TBRA and Cap Fund.

b/ Choice Neighborhood funded in Hope VI in 2011.

c/ RAD authorized in 2012

d/ Proposed \$15 billion for Project Rebuild as part of 2012 American Jobs Act.

* Totals may not add due to rounding