



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2013 PROGRAM AND BUDGET INITIATIVES
THE POPULATION HUD SERVES

In Fiscal Year 2013, HUD is requesting \$44.76 billion to invest in the nation's poorest, most vulnerable families, and the neighborhoods and communities hardest-hit by the economic downturn.

HUD's 2013 budget request builds on an overarching mission to: *create strong, sustainable, inclusive communities and quality, affordable homes for all*. In order to do this, HUD prioritizes two main activities that make up the lion's share of the Department's budget. Rental assistance, which is an ongoing stream of funding that makes up the gap between what low-income tenants can afford to pay and the cost of operating housing, comprises an average 75-80 percent of HUD's annual budget. Capital grants, which are used by communities to develop and repair affordable housing or support economic development activities and infrastructure, makeup an additional 15-20 percent of HUD's average annual budget. The remaining five percent is comprised of diverse initiatives, including: service coordination, Fair Housing and Equal Opportunity, Healthy Homes and Lead Hazard Reduction, just to name a few.

RENTAL ASSISTANCE

Nationwide, over 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. Altogether, **while the median U.S. family income in 2010 was over \$60,000 the median income of a HUD-assisted family was just \$10,220¹**. Moreover, 72 percent of HUD-assisted households are extremely low-income, which places them below 30 percent of AMI. These characteristics put the tenants of HUD-assisted housing at risk of being deeply affected by the current economic slowdown.

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:

- *\$19.074 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 private accommodations
- *\$4.524 billion in Public Housing Operating Funds*, which will provide 3,100 PHAs with funding to operate and manage a valuable asset in our nation's housing stock

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 underscore the importance of this issue. The Department defines worst case 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. HUD's most recent survey revealed that, in 2009, there were 17.12 million very low-income renters susceptible to worst case needs. Of these renters: 7.10 million, or 41 percent, had no housing assistance and faced the severe problems that constitute worst case needs—an increase of fully 20 percent since the last assessment in 2007. This is the largest increase in worst case housing needs in the history of the survey, and caps an increase of 42 percent since 2001.



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The nation needs an increased supply of affordable rental homes in safe, mixed-income communities that provide access to jobs, good schools, transportation, 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 GRANTS

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), Sustainable Housing and Communities (OSHC), and Choice Neighborhoods are targeted to areas of need, to provide locally-driven solutions to overarching economic development challenges.

In similar vein to 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, a figure that is well above the national average. **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
- *\$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 five 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:

- *\$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.
- *\$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.

ⁱ All estimates use HUD program data from 2010, 2010 unemployment levels from the BLS LAUS program, and poverty numbers from the ACS 2005-2009 estimates.