

Overview of FY2015 President's Budget



U.S. Department of Housing and Urban Development

March 4, 2014

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Overview – A Roadmap for Growth, Opportunity, and Fiscal Responsibility

The President's FY2015 Budget provides a roadmap for accelerating economic growth, expanding access to opportunity for all Americans, and ensuring fiscal responsibility...

A thriving middle class has always been America's engine of economic growth. Reigniting that engine is the defining challenge of our time, and requires:

Making America a magnet for jobs and manufacturing

Equipping every American with the skills they need to do those jobs

Giving every child access to a world-class education

Ensuring that hard work leads to a decent living

HUD's FY2015 budget request helps to create opportunity for all Americans by providing housing, capital investments, and critical services for millions of families.

*HUD and its partners have steered the housing market through one of the worst recessions in recent history, **while continuing to serve the most vulnerable.....***

- ✓ Reduced **veteran homelessness by 24%** and **chronic homelessness by 16%** since 2010
- ✓ **Helped 3.9 million families buy a home** in the last five years
- ✓ **Assisted more than 26,000 households** impacted by Hurricane Sandy through CDBG-DR funding
- ✓ Helped **more than 450,000 families avoid foreclosure** this past year through FHA's loss mitigation and home retention servicing tools
- ✓ **Guaranteed more than 3,800 loans for Native American families, totaling over \$672 million last year** through Section 184

*Together, we have also **continued to serve our nation's most vulnerable** under the harsh budget realities of the FY 2013 Sequestration...*

When the FY 2013 Sequestration took effect, HUD was faced with cutting approximately 5% from its budget in just 7 months...

- **Sadly, those cuts meant that approximately 74,000 families who could have moved from Housing Choice Voucher waiting lists and into housing remain on those waiting lists. And in other cases, families were unable to use vouchers they had in hand.**
- **Those cuts also meant that homeless individuals and families remained on the streets and in shelters, and means that we will not achieve our goal of ending chronic homelessness by 2015.**
- **In HUD's other programs, block grants to every community were cut, capital improvements to public housing units were reduced and jobs were lost as a result.**

The FY13 Sequestration cuts had real impacts – that's why we are encouraged to see the FY2014 and FY2015 budgets begin to turn the page.

Despite the tight budget environment, we are building on bipartisan progress by stabilizing programs and growing investments...

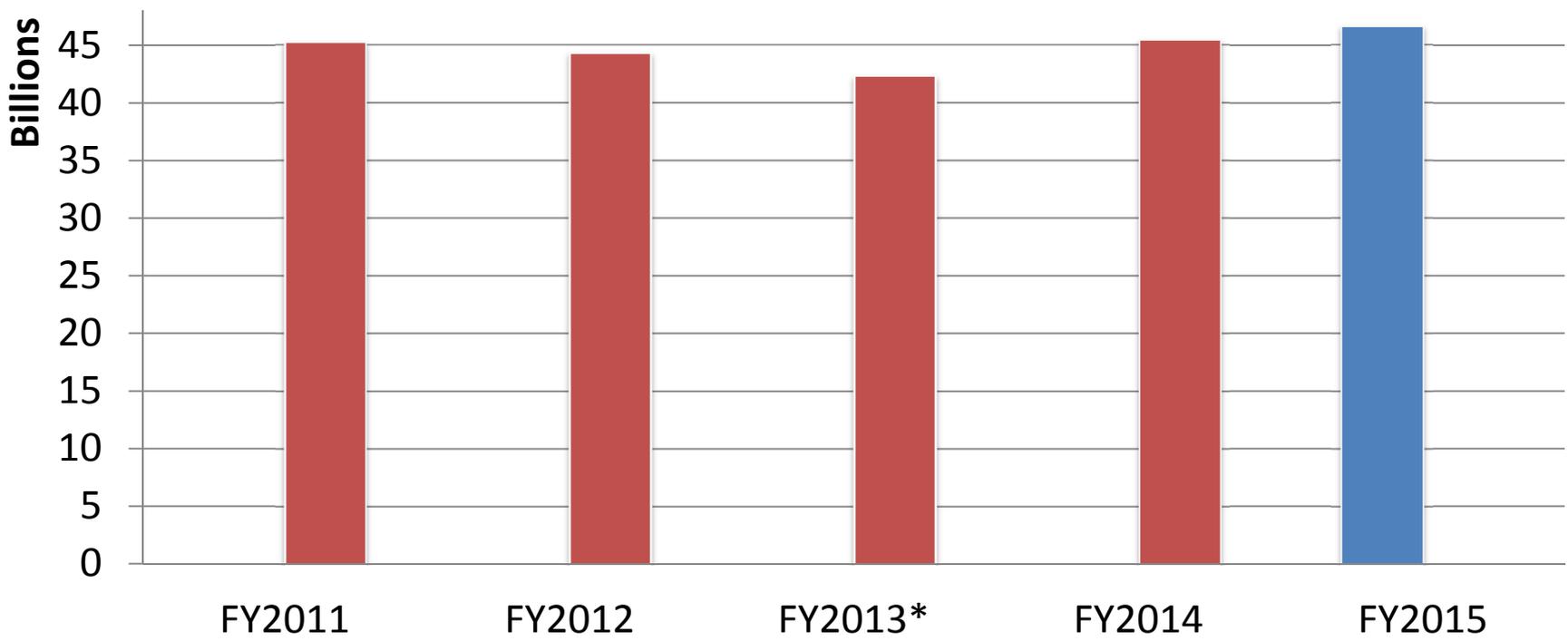
The Murray-Ryan Bipartisan Budget Act of 2013 set the discretionary spending caps for FY2014 and FY2015...

- ***The FY2014 Omnibus provided HUD’s first full appropriations bill since FY2012***, paving the way forward on important legislative initiatives, including the streamlining of Section 8 Rental Assistance programs.
- Going into FY2015, ***the topline budget numbers are already set in law***

- **The Good News: Between FY2014 and FY2015, HUD is reversing most of the harmful sequestration cuts**, allowing the agency to finally begin to stabilize programs and grow our investments.
- **The Bad News: We continue to operate within a very tough budget environment**

Overall, HUD's 2015 President's Budget increases gross Budget Authority by **2.6% over FY2014 levels**, and by **10.1% over FY2013 levels**, to **\$46.66 billion**.

HUD's FY2011 – FY2014 Enacted and FY2015 Request



■ President's Request
■ Enacted

* FY2013 Enacted level includes Sequestration reduction

*HUD's FY2015 President's Budget request balances tough choices with President Obama's call to create **opportunity and growth for all Americans** by following **four key budgetary principles**...*

HUD's FY2015 Budget Principles

Driving Economic Growth by Increasing Access to Credit and Strengthening the FHA

Providing Opportunity by Restoring and Increasing Assistance to Vulnerable Families

Creating Growth and Opportunity through Key Initiatives

Ensuring Fiscal Responsibility and Increasing Efficiency

The Budget Principles – Driving Economic Growth by Providing Access to Credit and Strengthening the FHA

*HUD's FY2015 budget request helps **accelerate economic growth by strengthening the housing market, speeding the recovery, and providing opportunity and growth for all...***

- Estimates that the FHA Mutual Mortgage Insurance (MMI) Fund will have a positive end-of-year capital reserve balance of **\$7.8 billion** and will **not require** a mandatory appropriation from the U.S. Treasury this year.
- **Strengthens the FHA and provides increased access to credit:**
 - **Creates HAWK – Homeowners Armed with Knowledge**, a new housing counseling pilot to increase access to credit for first-time homebuyers and to embed counseling for troubled homeowners, further strengthening the FHA fund
 - **Increases funding for housing counseling to \$60 million**, 33% more than last year
 - Proposes authority for **FHA to collect an administrative fee**, which will help FHA further its Quality Assurance efforts by expanding its capacity to more effectively monitor loans and also transform its business processes
 - Supports **FHA Back to Work and Manual Underwriting**

The Budget Principles – Providing Opportunity by Restoring and Increasing Assistance to Vulnerable Families

*HUD's FY2015 budget request maintains a core commitment to **provide opportunity** for families receiving rental assistance. This is a **top priority** because...*

The need for rental and homeless assistance has grown as a result of the recession:

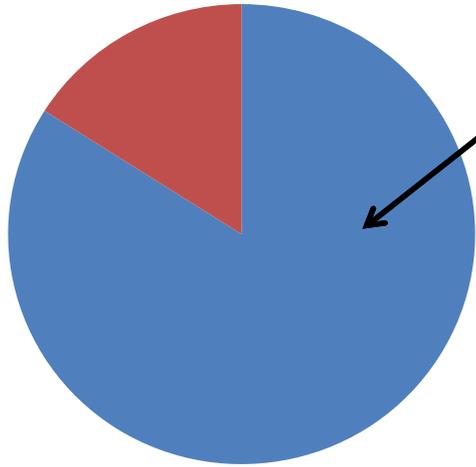
- **Nearly 8.5 million** very low-income renters pay over half of their income in rent or live in severely inadequate housing conditions
- Worst case needs continue to grow from the previous record high in 2009 (7.1 million households) and by a striking **43.5 percent** since 2007
- Over **610,000 people** were homeless on a single night in January 2013
- The number of affordable and available rental units has decreased to 65 units per 100 very low-income renters and 36 units per 100 extremely low-income renters

HUD assistance serves an extraordinarily vulnerable population:

- Extremely low income families make-up over **75%** of HUD-assisted households
- An additional **20%** are very low-income, falling below **50%** of area median income
- **56%** of HUD-assisted households are elderly and/or disabled

The Budget Principles – Providing Opportunity by Restoring and Increasing Assistance to Vulnerable Families

The majority of HUD's budget is required each year simply to hold ground—keeping current recipients in their homes and providing basic upkeep to the public housing stock...

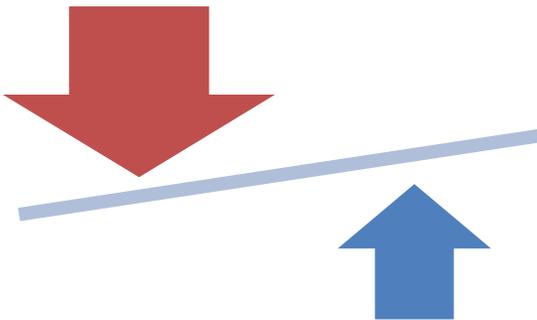


In FY2015, 84% of HUD's budget request will be used to:

- Renew Existing Rental Assistance/Operating Subsidies
- Fund accrued capital needs of Public Housing
- Renew Existing Homeless Assistance Grants

Funding for existing families increases with inflation - as a result, other programs must decrease.

For every 1% increase in renewals, other programs must decrease by 5% to keep the budget level



The Budget Principles – Providing Opportunity by Restoring and Increasing Assistance to Vulnerable Families

*HUD's FY2015 budget request makes **key investments** in rental programs....*

- ✓ Increases **Tenant Based Rental Assistance** above \$20 billion to serve **2.2 million low-income families and reverse sequestration**
- ✓ Funds **Homeless Assistance Grants** at **\$301 million above FY2014 levels**, to get back on track with *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*
- ✓ Includes \$75 million to support **10,000 new Veterans Affairs Supportive Housing (VASH) Vouchers**
- ✓ Includes **Public Housing Capital** at **\$1.925 billion** and Operating Fund at **\$4.6 billion**
- ✓ Proposes \$600 million for **Housing for the Elderly (\$440 million) and Housing for Persons with Disabilities (\$160 million)**
- ✓ Proposes \$1 billion in mandatory funding for the **National Housing Trust Fund**

*The FY2015 budget proposes a more **stable, efficient funding cycle** for HUD's **Project-Based Rental Assistance program**, to ensure fiscal responsibility...*

To introduce more stability to the program, the **PBRA request of \$9.746 billion** proposes to **change the program funding cycle from fiscal year to calendar year**.

- ✓ This new funding cycle will **minimize end-of-year budget disruptions and should result in more predictable funding cycles in future years.**
- ✓ Improvements to HUD's IT platform and business processes have enabled this change - during periods of reduced funding, **HUD was consistently able to meet renewal needs and avoid disrupting the marketplace.**

The Opportunity, Growth and Security Initiative is a separate, fully offset legislative package of additional proposed spending on programs that create jobs, opportunities for neighborhoods, economic growth, and security...

- The Initiative proposes **\$56 billion** in additional investment, split between defense and non-defense programs (\$28 billion for each).
- The Initiative is **fully paid for** by closing tax loopholes and making common sense mandatory reforms.
- In addition to increased spending on several HUD programs (**Choice Neighborhoods, Jobs-Plus Demonstration, and Integrated Planning and Investment Grants**), the Initiative includes funding for items such as Universal Pre-K.

*HUD's FY 2015 budget request supports several key programs to **provide opportunity and growth for all...***

- **Choice Neighborhoods:** While the base budget request is \$120 million, the President's Initiative provides an additional **\$280 million** for the program, to fund comprehensive neighborhood revitalization strategies in 7-10 additional high-poverty neighborhoods.
- **Integrated Planning and Investment Grants:** The initiative provides **\$75 million** in funding to help communities create jobs and reduce the combined costs of housing and transportation.
- **Jobs-Plus:** The base budget request is \$25 million, and the President's initiative provides an additional **\$125 million** to further expand the program to assist a total of 50,000 public housing residents to secure employment and increase their earnings.

Other key initiatives:

- **RAD:** Eliminates the RAD cap of 60,000 units and provides an appropriation of **\$10 million**. This will enable HUD to address the more than 180,000 units of applications, and create approximately \$6 billion in private financing for the recapitalization of public housing
- **Project Rebuild:** Proposes **\$15 billion in mandatory spending** for Project Rebuild, for neighborhood stabilization activities

*HUD's FY 2015 budget request describes several key proposals that will ensure fiscal responsibility by **improving the efficiency and effectiveness of HUD's programs...***

- ✓ Includes an energy efficiency **Pay for Success** pilot program
- ✓ Expands the **Family Self Sufficiency program** for families living in privately-owned HUD assisted Multifamily housing to participate
- ✓ Improves the efficiency and effectiveness of the **Multifamily Housing office** through a comprehensive reorganization
- ✓ Provides flexibility for the **Capital and Operating Funds**

The Administration's forthcoming legislative package will recommend further items to increase efficiency and effectiveness, including:

- An expansion of the **Moving to Work** program
- Greater regional collaboration amongst **CDBG grantees**, and other reforms to improve accountability and efficiency
- The reduction of burdensome reporting by **Public Housing Authorities**

*Despite a difficult budget environment that required tough choices, HUD's FY2015 budget request will help **provide opportunity and growth for all...***

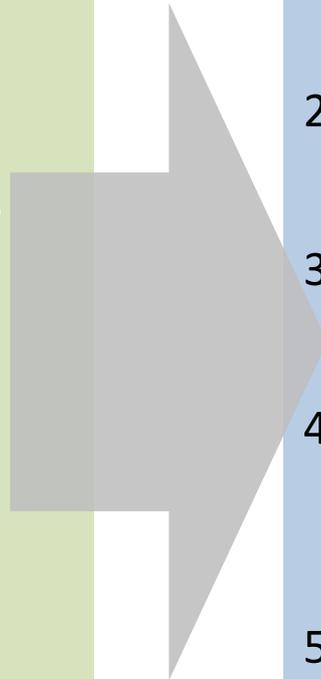
The President is committed to...

Making America a magnet for jobs and manufacturing

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Ensuring hard work leads to a decent living



HUD contributes to this commitment by...

1. Strengthening the Nation's Housing Markets to Bolster the Economy and Protect Consumers
2. Meeting the Need for Quality Affordable Rental Homes
3. Utilizing Housing as a Platform for Improving Quality of Life
4. Building Inclusive and Sustainable Communities Free from Discrimination
5. Transforming the Way HUD Does Business

HUD's Strategic Plan Goals in Focus – Strengthening the Nation's Housing Market

*HUD's 2015 Budget request helps **provide opportunity and growth for all** by strengthening the nation's housing market, which in turn strengthens the middle class...*

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

- \$171.6 billion total FHA loan volume in 2015
- \$297 billion GNMA new guarantees in 2015

Program (\$ in millions)	2013 Enacted	2014 Enacted	2015 Request
FHA Loan Guarantee Limitation Level	\$430,000	\$430,000	\$430,000
Ginnie Mae Loan Guarantee Limitation Level	\$500,000	\$500,000	\$500,000
Housing Counseling Assistance	\$43	\$45	\$60

HUD's Strategic Plan Goals in Focus – Meeting the Need for Quality Affordable Rental Homes

Program (\$ in millions)	2013 Sequestration	2014 Enacted	2015 Request
Tenant-Based Rental Assistance	\$17,964	\$19,177	\$20,045
TBRA Contract Renewals	[\$16,349]	[\$17,366]	[\$18,007]
TBRA Admin Fees	[\$1,306]	[\$1,500]	[\$1,705]
HUD-VASH Vouchers	\$75	\$75	\$75
Project-Based Rental Assistance	\$8,851	\$9,917	\$9,746
Public Housing Operating Fund	\$4,054	\$4,400	\$4,600
Public Housing Capital Fund*	\$1,777	\$1,875	\$1,925
Native American Housing Block Grants	\$616	\$650	\$650

* FY2015 PH Capital Fund includes up to \$25 million for the Jobs Plus initiative

HUD's Strategic Plan Goals in Focus – Promoting Housing as a Platform to Improve Quality of Life

Program (\$ in millions)	2013 Sequestration	2014 Enacted	2015 Request
Housing for the Elderly (Sec. 202)	\$355	\$384	\$440
Housing for Persons with Disabilities (Sec. 811)	\$156	\$126	\$160
Housing Opportunities for Persons with AIDS (HOPWA)	\$315	\$330	\$332
HOME	\$948	\$1,000	\$950
Homeless Assistance Grants	\$1,933	\$2,105	\$2,406

HUD's Strategic Plan Goals in Focus – Building Inclusive and Sustainable Communities Free from Discrimination

Program (\$ in millions)	2013 Sequestration	2014 Enacted	2015 Request
Community Development Fund	\$3,135	\$3,100	\$2,870
CDBG Formula	[\$3,078]	[\$3,030]	[\$2,800]
Choice Neighborhoods	\$114	\$90	\$120*
RAD	\$0	\$0	\$10
Fair Housing and Equal Opportunity	\$67	\$66	\$71
Office of Lead Hazard Control and Healthy Homes	\$114	\$110	\$120

* Choice Neighborhoods receives another \$280 million in the Opportunity, Growth and Security initiative

HUD's 2015 Budget request helps **provide opportunity and growth for all** and ensures fiscal responsibility by developing an agency that's leaner, smarter, and more transparent

Transforming the way HUD does business

Builds on the success of Transformation Initiative (TI) with up to \$80 million TI Fund transfer for...

1 Technical Assistance and Capacity Building

- ✓ Shifting to comprehensive, results-oriented capacity building through efforts like OneCPD
- ✓ Providing Technical Assistance online to allow stakeholders to better access resources

2 Program Demonstrations

- ✓ Funding what works (e.g. scaling up *Jobs Plus*), stop funding what doesn't
- ✓ Support key interagency initiatives, and test innovations that get better outcomes for existing funds

3 Research & Evaluation

- ✓ Supporting priorities developed in a 5-year Research Roadmap, including RAD, Admin Fees, Homeless work
- ✓ Revising utility models to better reflect energy usage in HUD assisted housing