



Fiscal Year 2009 Budget Summary

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



*Message from HUD Secretary
Alphonso Jackson*

The U.S. Department of Housing and Urban Development is proud to be in the business of building dreams. We've helped millions of people, including a record number of minority families, to achieve the American dream of homeownership. We're increasing access to affordable housing so families can live out their dreams in safe, stable neighborhoods. And we are making great strides toward realizing the once-impossible goal of ending chronic homelessness in America.

A few voices, however, argue that given the current state of the housing market, owning a home is a bad idea. Pointing to risky loans and rising default rates, they suggest that the American Dream is a mirage.

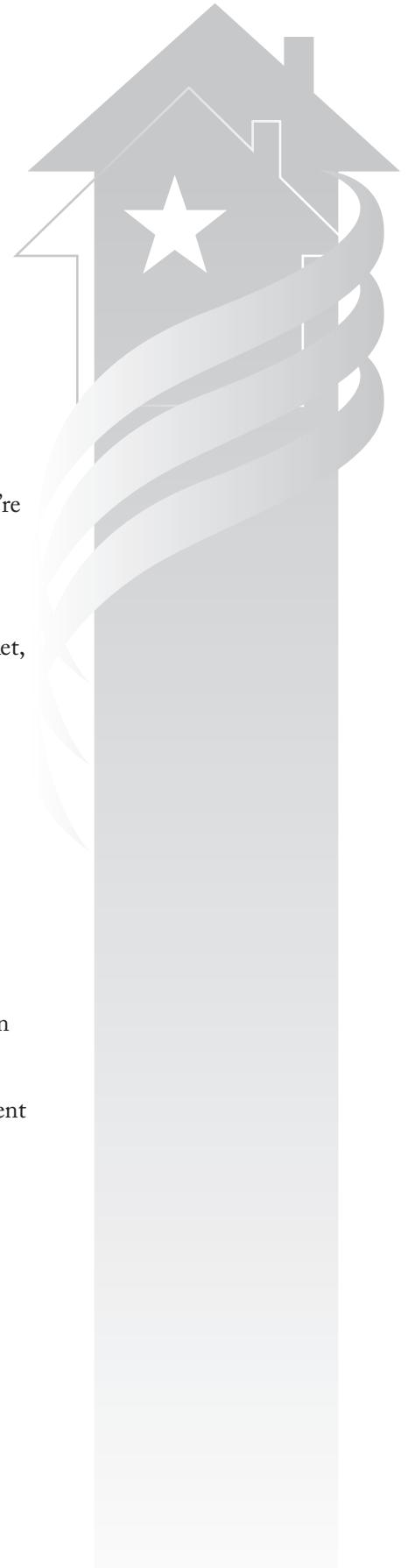
We disagree. Homeownership remains one of the surest paths toward independence and wealth creation. Owning a home contributes to the health, safety, and stability of families, communities, and the nation.

Promoting sustainable homeownership remains a central goal of the Administration. Homeownership rates remain at near-record levels. And we are on track to meeting the President's goal of 5.5 million new minority homeowners by the decade's end.

The President and I have offered a comprehensive plan to help families stay in their homes so we can keep our economy healthy and the American Dream alive.

HUD's \$38.5 billion proposed Budget for FY 2009 will enable us to implement reform and set a sound course for the future. The Budget represents a significant increase of \$3.2 billion over last year's request and ensures that our Department can continue to carry out its mission by addressing several priorities:

- Preserving homeownership and preventing foreclosure;
- Expanding and preserving access to affordable rental housing;
- Ending chronic homelessness;
- Revitalizing communities; and
- Demonstrating fiscal responsibility.



Last year, U.S. Treasury Secretary Henry Paulson and I assembled the HOPE NOW alliance -- a group of lenders, loan servicers, mortgage counselors, and investors into a nationwide alliance to help struggling homeowners. Since the formation of the Alliance, servicers in the Alliance have sent out almost 500,000 letters to delinquent borrowers under the HOPE NOW banner and the 888-995-HOPE counseling hotline is now receiving 4,000 calls per day. Building on these efforts, the Alliance is implementing a plan that could help up to 1.2 million subprime homeowners avoid foreclosure over the next two years.

In addition, President Bush created *FHASecure* to expand the ability of HUD's Federal Housing Administration (FHA) to offer refinancing products to homeowners who have good credit histories but find themselves unable to afford their reset loans. In just five months, FHA has helped more than 75,000 people refinance who are current or past due on their home loans. By the end of 2008, the FHA expects this program to help more than 300,000 families.

The FHA has insured over 34 million homes and properties in its 74-year history. But a number of its regulations are outdated, pricing it out of many housing markets. Families in these communities deserve this safe, affordable alternative to exotic subprime loans. Nearly 2 years ago, President Bush first sent Congress a bipartisan FHA modernization bill that would help more Americans benefit from this important mortgage program. With Congress's action, the FHA would be able to give 250,000 additional families access to safer financing options by the end of 2008.

We want families to be educated about the financial responsibilities of homeownership, both before and after signing on the dotted line. Homeowners also need to be aware of the steps to take to avoid foreclosure. The President's FY 2009 Budget provides \$65 million for housing counseling - a \$15 million increase over the previous year's request - so families can receive personalized assistance to make more informed decisions. The President has increased funding for housing counseling by 150 percent since 2001 for HUD's 2,300 approved counseling agencies. HUD is also a leading player in the President's Advisory Council on Financial Literacy, created in January 2008 to help Americans become smart managers of their money.

To maintain a healthy economy and build strong communities, HUD is making an unprecedented investment in affordable housing. As the largest affordable housing Federal block grant program, the HOME Investment Partnerships (HOME) program provides hundreds of thousands of low-income families with financial assistance to purchase or rehabilitate their homes or to rent affordable housing units. Over the past 2 years, the HOME program helped more than 235,000 households connect with local and affordable HUD-supported housing programs. The Administration proposes \$1.967 billion for the HOME program in FY 2009, an increase of \$263 million over the amount approved by Congress for FY 2008. With this additional commitment, we estimate that more than 13,000 families will be able to find homes they can afford.

Since 2001, the Bush Administration has awarded a record amount of resources - nearly \$10.5 billion - to help homeless individuals move beyond a life on the streets and in shelters. Thanks to this historic investment, and aided by the first accurate nationwide homeless count by the government in over 2 decades, HUD reported a nearly 12 percent decline in the number of chronically homeless persons. The record \$1.64 billion requested for FY 2009 will help local communities create more effective



and efficient strategies to house and serve homeless persons, bringing us another step closer to eliminating chronic homelessness in America.

To meet America's most critical affordable housing needs, the President's FY 2009 Budget supports nearly 4.8 million rental housing units through public housing, Section 8 voucher assistance, and other programs. In FY 2009, HUD's Project-Based Housing Program requests \$7.4 billion, including a \$400 million advanced appropriation, to ensure timely payments to owners. The FY 2009 Project-Based Housing request is nearly \$1.2 billion more than last year's request, to ensure that low-income families and elderly citizens have a roof over their heads.

All of us are deeply grateful for the sacrifices and service of our nation's veterans. Due to a variety of factors, far too many of these heroes now find themselves homeless. HUD and the Department of Veterans Affairs (VA) are providing critical assistance to homeless veterans through housing and supportive services. HUD is requesting \$75 million in the FY 2009 Budget for the HUD Veterans Affairs Supportive Housing (HUD-VASH) program. HUD funds will provide rental assistance while the VA will provide supportive services, including case management to help veterans lead healthy and productive lives off the streets.

To create new housing opportunities and fuel economic viability on Indian reservations, HUD has proposed \$627 million in the FY 2009 Budget for the Native American Housing Block Grant Program. Included in the Budget is \$420 million in additional loan guarantee authority for the Indian Housing Loan Guarantee Program to leverage new homeownership units in tribal areas.

Every family and individual deserves to live in an environment free from discrimination. HUD's proposed FY 2009 Budget meets this objective by providing \$51 million to protect the housing rights of all Americans. The Fair Housing Assistance Program (FHAP) will receive \$25 million for State and local jurisdictions that administer laws substantially equivalent to the Federal Fair Housing Act, a civil rights milestone that celebrates its 40th year in 2008. The Budget will also provide \$26 million in grant funds for non-profit Fair Housing Initiatives Program (FHIP) agencies nationwide to target discrimination directly through education, outreach, and enforcement, and to initiate an updated National Discrimination study. Finally, the Budget continues to support HUD's new Fair Lending Division, which reviews mortgage lending practices and investigates complaints of discriminatory and predatory lending.

A key element of HUD's efforts to strengthen communities and improve quality of life is the Community Development Block Grant (CDBG) program. The President's proposed FY 2009 Budget contains \$3 billion in CDBG funding for States and local governments. We have once again asked Congress to revise the funding formula in order to distribute resources more equitably and efficiently to areas of greatest need.

The Department continues to work closely with the five Gulf Coast States to provide technical assistance and guidance to maximize the benefits of the \$19.7 billion that Congress appropriated as CDBG supplemental funds for recovery from the devastating hurricanes of 2005. While no additional funds are requested, HUD's monitoring and oversight responsibilities remain considerable. As of January 31, 2008,



We must trust Americans with the responsibility of homeownership and empower them to weather turbulent times in the housing market. My administration brought together the HOPE NOW alliance, which is helping many struggling homeowners avoid foreclosure. The Congress can help even more.

*- President
George W. Bush*

more than \$8.5 billion of CDBG supplemental recovery funds have been expended by the five states and over 100,000 households in Louisiana and Mississippi have received compensation assistance. Thousands of affordable rental units will come into service along the Gulf Coast in the coming year and a substantial number of infrastructure projects are planned or already underway. While much remains to be done, communities are beginning to see signs of substantial recovery and HUD's oversight commitment will be sustained through this critical period.

We serve the nation best when all our programs work effectively and efficiently. In 2001, HUD implemented the President's Management Agenda, putting in motion a reform plan to make sure taxpayer dollars were spent more wisely. As a result, in 2007, the Government Accountability Office removed HUD from its Watch List of high-risk government programs. It marked the first time in 13 years that no HUD programs were on the list.

We are committed to, whenever possible, finding local solutions to pressing national problems. Over the past year, we have heard from millions of Americans about the need to preserve homeownership. We have worked closely with community groups, housing advocates, and the private sector to share what works. And we pledge to invest the necessary resources to keep our progress going strong.

The President and I have set out a hopeful agenda that builds on the gains of the last seven years and places them on a firm foundation for the future. The President's FY 2009 Budget proposal will set us on the path to more stable, sustainable, and affordable housing options for all Americans. It will help families take the small but critical steps that lead to homeownership and independence.



Alphonso Jackson
February 4, 2008



HUD's FY 2009 Budget Request: \$3.2 Billion Over Proposed FY 2008 Budget

President Bush's FY 2009 U.S. Department of Housing and Urban Development Budget request of \$38.5 billion reaffirms his commitment to sustaining homeownership, particularly among minority, Native American, and low-income families. HUD's FY 2009 Budget request includes increased funding to support housing choice vouchers, project-based Section 8 housing, homeless assistance programs, vouchers for homeless veterans, housing counseling, Public Housing Agencies, and affordable housing programs such as the HOME Investment Partnerships Program.

HUD's FY 2009 Budget request prioritizes funding toward programs with measurable, documented results. It represents an increase of \$3.2 billion over the Administration's previous Budget request and approximately \$1 billion more than the enacted FY 2008 Budget.

The FY 2009 Budget request allows HUD to:

- Expand our efforts to increase the number of Americans who can own and keep their home;
- Sustain rental subsidies to nearly 4.8 million low-income families;
- Continue to revitalize distressed communities; and
- Provide care and shelter for the most vulnerable among us.

Securing the Dream of Homeownership and Promoting Economic Opportunity

Securing the dream of homeownership continues to be a central theme of President Bush's efforts to strengthen our economy. It remains an anchor of long-term economic stability for the 75 million families who currently own a home. A home represents empowerment, independence, and respect. It offers families equity, security, and a stake in the community.

Our nation's housing market is facing challenges. The Bush Administration has taken strong steps through HUD's Federal Housing Administration (FHA) to help homeowners avoid foreclosure by making it easier to refinance loans and to help first-time homebuyers obtain safer loans. The FY 2009 Budget in part reflects the Administration's continued efforts to stabilize the housing market and help families keep their homes.

Transforming the Federal Housing Administration

Today, nearly 70 percent of all American families own their homes. Minority homeownership exceeds 50 percent, an historic high. Sustaining growth and stabilizing the nation's housing market depends upon the successful transformation of the FHA.



"Homeownership is part of the American Dream. It is a place we can call our own...our stake in the community...our investment in our future...our individual source of equity and personal wealth."

*- Secretary
Alphonso Jackson*

Since its inception in 1934, FHA has helped more than 34 million Americans become homeowners. In recent years, however, FHA's outdated statutory authority has made it difficult to keep pace with the changing financial needs of those families who traditionally participated in its programs.

While the FHA has taken significant steps to help more borrowers avoid foreclosure, Congress must provide it with the ability to help more homeowners qualify for FHA-insured loans in today's fluctuating housing market. For nearly 2 years, HUD has asked Congress to approve bipartisan legislation that provides workable solutions for low- to moderate-income and minority homebuyers who deserve a better, safer, more affordable option than exotic subprime loans.

The key components of our FHA legislative proposal:

- 1) Eliminate the current statutory 3 percent minimum downpayment, reducing a significant barrier to homeownership.** FHA's existing downpayment requirement does not meet the demands of today's marketplace, in which most first-time homebuyers put down 2 percent or less. Reform would enable the FHA to offer a greater variety of downpayment options.
- 2) Create a new, fair, and flexible insurance premium structure for FHA that would match the premium amount with the credit profile of the borrower.** FHA would replace the current one-size-fits-all structure, in which there is a standard premium amount for all borrowers, while still protecting the soundness of the FHA Insurance Fund. FHA would then have the flexibility to charge a lower premium for low-risk borrowers. Higher-risk borrowers, most of whom are currently unable to participate in FHA due to its outdated pricing structure, would be charged a slightly higher premium. However, in doing so, they would be able to enjoy the benefits of prime-rate financing.
- 3) Increase and simplify FHA's loan limits.** FHA's loan limit in high-cost areas like California and the Northeast would rise from 87 to 100 percent of the Government Sponsored Enterprise (GSE) conforming loan limit. In lower-cost areas, it would rise from 48 to 65 percent of the conforming loan limit. This change is crucial in today's housing market. In many areas of the country, the existing FHA limits are lower than the cost of new construction, eliminating FHA financing as an option for buyers of new homes in those markets.

With Congressional action, this year FHA will have a greater ability to offer 250,000 more hard-working, credit-worthy borrowers the opportunity to obtain financing on reasonable terms at a cost they can afford.

Homeownership - and more importantly, homeownership retention - have long been a priority for the FHA. Borrowers with FHA-insured mortgages have unparalleled access to loss mitigation alternatives that can help them weather personal financial crises.

In FY 2007, HUD provided loss mitigation support to 91,000 borrowers; 86,500 of them cured their defaults and stayed in their homes. While not every one of these borrowers will be successful in the long term, historically, 89 percent of all



"This is a very critical time for many American homeowners and -- just as the President has alluded to in recent weeks -- we at FHA are doing everything we can to provide a very real solution."

*- Brian Montgomery,
Assistant Secretary for
Housing and FHA
Commissioner*

borrowers who benefit from our loss mitigation program still have active loans two years after the assistance.

This success is responsible in part for the reduction of both the number and percentage of FHA foreclosures. The foreclosure rate has dropped from a high of 1.74 percent of insured loans in FY 2004 to 1.45 percent in FY 2007, which is far below the rate for subprime loans that have gone into foreclosure.

In August 2007, the Bush Administration introduced *FHASecure* as a refinance option for subprime borrowers who have good credit histories but cannot afford their current payments. While still very new, the FHA has already helped more than 75,000 people refinance who are current or past due on their home loans. By the end of 2008, the FHA expects this program to assist more than 300,000 families in total. More than 1,200 FHA-approved lenders are already using *FHASecure* to rescue borrowers from the potential loss of their home. Since September 2007, more than 180,000 conventional borrowers have applied for *FHASecure* refinanced loans.

HUD and the Department of the Treasury also helped establish the private-sector HOPE NOW alliance to help sustain homeownership last fall. Since its formation, mortgage servicers in the Alliance have sent out almost half a million letters to delinquent borrowers and the 888-995-HOPE counseling hotline is now receiving 4,000 calls per day. Building on these efforts, the Alliance is implementing a plan that could help up to 1.2 million subprime homeowners avoid foreclosure over the next 2 years.

HOME: Creating Affordable Housing

The HOME Investment Partnerships Program is the largest Federal block grant to State and local governments designed exclusively to produce affordable housing for low-income families. Since 1992, more than 600 communities have completed building almost 820,000 affordable housing units, including more than 334,000 for new homebuyers. In addition, more than 172,000 tenants have received direct rental assistance. Each HOME dollar allocated to a local jurisdiction traditionally stimulates more than \$3 dollars from other public and private sources. The FY 2009 Budget requests \$1.97 billion, a \$263 million increase from the FY 2008 enacted level.

Self-Help Homeownership Opportunity (SHOP) Program

The Self-Help Homeownership Opportunity Program (SHOP) is another important program that boosts homeownership among low- to moderate-income Americans. SHOP grants are provided to national and regional non-profit organizations, like Habitat for Humanity, that are experienced in providing self-help housing. These “sweat equity” grants require homebuyers to contribute a minimum of 100 hours of their own labor to construct their homes. The FY 2009 Budget seeks \$39 million for the SHOP Program, an increase of \$12.5 million over current levels.



“We must show communities affordable housing is in everyone’s interest, and can lead to an improved quality of life for neighborhoods and the people who live in them.”

*- Deputy Secretary
Roy A. Bernardi*

Helping Low-Income Families Realize the Dream of Homeownership

The Office of Public and Indian Housing (PIH) has a variety of innovative programs helping families achieve the dream of homeownership. The homeownership options under the Housing Choice Voucher, Family Self-Sufficiency, and Moving-to-Work programs allow PHAs to provide voucher assistance to first-time homebuyers for monthly homeownership expenses and mortgage payments. Since the inception of the Housing Choice Voucher Homeownership Program in 2000, more than 7,500 former public housing residents and families receiving Section 8 vouchers have become owners. The FY 2009 Budget would help an estimated 9,000 additional families become homeowners through the many homeownership programs administered by PIH.

Housing Counseling

Expert counseling is an extremely valuable tool in the effort to help Americans keep their homes. The FY 2009 Budget proposes a separate account of \$65 million for housing counseling to prepare families for homeownership, to locate affordable rental housing, to avoid predatory lending practices, and to prevent foreclosure. The FY 2009 Budget requests \$20.4 million more than the FY 2007 Budget and \$15 million more than the current appropriation. Now more than ever, potential homebuyers need assistance to make smart homeownership choices.

University Partnerships Grant Program

The FY 2009 Budget requests \$13.5 million through the University Partnerships Grant program to help colleges and universities, including Historically Black Colleges and Universities, Alaska Native/Native Hawaiian Institutions, Hispanic-Serving Institutions, and Tribal Colleges and Universities engage in a wide range of community development activities.

Increasing Access to Affordable Rental Housing

The largest component of HUD's Budget promotes decent, safe, and affordable housing for families and individuals who may not yet be ready or do not wish to become homeowners.

HUD's Housing Choice Voucher Program provides approximately two million low-income families with subsidies that help them obtain decent, safe, sanitary, and affordable housing. The 2009 Budget provides \$16 billion in total resources to support the voucher program in fiscal year 2009. This is an increase of \$336 million above the FY 2008 enacted budget for PHAs. Similar to the FY 2008 enacted budget, in FY 2009 PHAs will be encouraged to use \$600 million in previously unavailable restricted assets, making more than \$16.6 billion available for this critical program.

HUD will continue its successful implementation of the Public Housing Capital Fund Financing Program. This program allows PHAs to borrow from banks



"Our housing counselors are helping potential homeowners of every income level and cultural background learn their rights and responsibilities."

*- Secretary
Alphonso Jackson*

or issue bonds using future Capital Fund grants as debt service, subject to annual appropriations. In this way, PHAs can leverage their Capital Funds to make home improvements. The President's FY 2009 Budget request holds the Capital Fund level at slightly more than \$2 billion.

The FY 2009 Budget request for the Public Housing Operating Fund is the highest funding level in its history at \$4.3 billion, up from \$4 billion in the FY 2008 request. In FY 2009, the Department will implement the third year of the new Operating Fund formula and continue the second year of public housing's conversion to asset management.

HUD is also working to improve housing for Native Americans. The U.S. Government holds much of the land in Indian Country in trust. Land held in trust for a tribe cannot be mortgaged, and land held in trust for an individual must receive Federal approval before a lien is placed on the property. As a result, Native Americans historically have had limited access to private mortgage capital.

The Section 184 program addresses this lack of mortgage capital by authorizing HUD to guarantee loans made by private lenders to Native American residents. The President's FY 2009 Budget proposes \$420 million in Section 184 loan guarantees under the Indian Housing Loan Guarantee Program for homeownership in tribal areas, which represents a more than \$53 million increase over the enacted FY 2008 Budget.


In total, the President's FY 2009 Budget request to support HUD's Office of Public and Indian Housing programs is \$23 billion. In addition, the Budget provides \$7.4 billion for Project-Based Rental Assistance administered by HUD's Office of Housing. This is a nearly \$1.2 billion increase from the FY 2008 requested Budget. Finally, the Department's request includes a \$400 million advanced appropriation to ensure timely housing assistance payments to owners.

Serving Those Most In Need

Homeless Assistance

The Administration remains committed to addressing and eventually ending chronic homelessness, and is aggressively pursuing policies to enable more homeless families and individuals to move into permanent housing. The definition of a "chronically homeless person" is an individual who suffers from a disabling condition and who has been homeless on the streets or in emergency shelter for a year or longer, or who has had repeated bouts of homelessness. While persons experiencing periods of long-term homelessness may occasionally get help, research shows they often return to a life on the streets.

Although approximately 20 percent of the homeless population experiences chronic homelessness, these individuals use over half of all emergency homeless resources. Successfully housing this population will free up Federal, State, and local emergency resources for families and individuals who need shorter-term assistance.



"People experiencing chronic homelessness are disproportionately on the streets and these initiatives are intended to create a visible and measurable change for that population."

*- Philip Mangano,
Executive Director of
the Interagency Council
on Homelessness*

In July 2002, the President reactivated the Interagency Council on Homelessness (ICH) for the first time in 6 years, bringing together 20 Federal entities involved in combating homelessness. Since its inception, the ICH has helped State and local leaders across America draft plans to move chronically homeless individuals into permanent supportive housing, and to prevent individuals from becoming chronically homeless in the first place. In addition, for the first time in over 20 years, HUD conducted the first accurate nationwide homeless count by the government, giving us a benchmark for progress as we fight homelessness and its causes.

The FY 2009 Budget provides a record level of resources to address the housing needs of homeless persons: a proposed \$1.636 billion for Homeless Assistance Grants, \$50 million more than FY 2008 appropriated levels. The new request would bring the Bush Administration's total investment in homeless programs to nearly \$10.5 billion since 2001.

In addition to seeking a record level of funding, the Administration will continue to seek a statutory consolidation of the various competitive homeless programs into a single, more flexible Continuum of Care grant program. This will greatly simplify the local administration of HUD's homeless resources, which benefit citizens in nearly 4,000 cities and counties.

Continuing Assistance for Families Displaced by Hurricanes Katrina and Rita

The FY 2009 Budget request provides \$39 million in Disaster Displacement Assistance for continued housing assistance for those families displaced by Hurricanes Katrina and Rita who are currently being served by the FEMA-HUD Disaster Housing Assistance Program. This program expires on March 1, 2009. The Department is committed to protecting this population until they are able to fully recover from these catastrophic disasters.

Housing for Persons with Disabilities and the Elderly

The FY 2009 Budget proposes \$160 million for *Supportive Housing for Persons with Disabilities* (Section 811) program, a \$35 million increase over the 2008 Budget request. The Section 811 program will also continue to set aside funds to enable persons with disabilities to enjoy independent lifestyles.

The FY 2009 Budget will provide \$540 million in funding for the *Supportive Housing for the Elderly* (Section 202) program. In the Section 202 program, funding for housing for the elderly is awarded competitively to non-profit organizations that develop these facilities. The facilities are also provided with rental assistance subsidies, enabling them to accept very low-income residents. Many residents live in the facilities for years, often requiring additional services over time.

To support these services, the program is providing up to \$25 million of the grants to fund the conversion of all or portions of existing properties to assisted-living facilities, enabling these elderly residents to remain in their units. In addition, up to \$80 million - an increase of \$20 million over the FY 2008 enacted Budget - of the grant funds will be targeted to the service coordinators who help elderly residents obtain supportive services from the community.



"I don't care what anybody says today - this is progress. ... We are coming back to the momentum that we had prior to Katrina. Now housing -- affordable housing -- is back in this city. HUD is on the right track with improving public housing, and helping rebuild New Orleans."

- C. Ray Nagin, Mayor of New Orleans

HUD is proposing leveraged financing demonstration projects in both the Section 202 and Section 811 program: \$15 million requested for Section 202 and \$10 million requested for Section 811. The main goal is to increase the production of units serving these special needs populations by removing the barriers that discourage Low-Income Housing Tax Credit (LIHTC) applicants from utilizing Sections 202 and 811. In developing the program, the Department will consider mixed-finance arrangements, including LIHTC and other creative financing options, for development and rental operating assistance.

HIV/AIDS Housing

In FY 2009, HUD will provide \$300 million in new grant funds for housing assistance and related supportive services for low-income persons with HIV/AIDS and their families. Housing Opportunities for Persons With AIDS (HOPWA) provides formula grants to States and localities to provide housing so that low-income persons with HIV/AIDS can access health care and other needed support. The program also provides competitive grants to non-profit organizations and housing agencies that serve as Special Projects of National Significance due to their model or innovative qualities. In addition, HOPWA provides competitive grants to governmental agencies in areas that do not qualify for formula funds. Grantees report that 93 percent of program recipients have successful client outcomes as shown in stable housing arrangements and reduced risks of homelessness for this vulnerable population.

In FY 2009, HUD will provide HOPWA formula funding to an estimated 130 eligible jurisdictions. In addition, HOPWA competitive funds will continue to support an estimated 26 competitive grants to renew expiring permanent housing projects. Remaining funds will be used to select new model projects. Grant recipients will collaborate with more than 850 non-profit and local housing agencies to provide support, estimated to reach 70,500 households with housing assistance. To further enhance the effectiveness of HOPWA, the Administration is requesting an update to its allocation formula. The revised formula will more accurately reflect the current housing needs of persons living with HIV/AIDS.

Housing Those Who Have Defended America

The HUD Veterans Affairs Supportive Housing (HUD-VASH) Program provides permanent housing subsidies and case management services to homeless veterans with mental disorders and substance addictions. The U.S. Department of Veterans Affairs (VA) screens homeless veterans for program eligibility and provides case management services to enrollees. HUD allocates rental subsidies from its Housing Choice Voucher program to the VA, which then distributes them to the enrollees.

The FY 2009 Budget request for \$75 million will add an additional 9,800 vouchers to the program; this continues the Department's commitment to our nation's veterans and will double the number of available vouchers. Thus, if the FY09 Budget is enacted, approximately 20,000 veterans will be participating in the program. The



"The challenge of the AIDS can open our hearts, broaden our minds, and enlarge our souls. I am proud that we have awarded more than \$280 million this year in HOPWA grants, and that since 1993, the department has awarded about \$3.5 billion in HOPWA grants."

*- Nelson Bregon,
General Deputy
Assistant Secretary for
Community Planning
and Development*

VASH program serves a segment of the homeless subpopulation also targeted by the Administration's initiatives to reduce the number of chronically homeless Americans.

Eradicating Lead-Based Paint Poisoning in Children

HUD is committed to making homes safe and healthier for children. This commitment is demonstrated in the Department's funding request for its Lead Hazard Control Program. In FY 2009, proposed funding for the Lead Hazard Control Program is \$116 million, continuing the substantial progress to date in eliminating lead hazards to children. Grant funds are targeted to low-income families in privately owned homes that are most likely to have children exposed to lead-based paint hazards.

To eliminate childhood lead poisoning, HUD uses a three-pronged approach that targets lead-based paint in residential housing: a robust grant program to create lead-safe units, aggressive but common-sense enforcement of HUD lead regulations, and education and outreach campaigns.

While an estimated 250,000 children still have too much lead in their bodies, new estimates from the Centers for Disease Control and Prevention (CDC) reveal that the Lead Hazard Control Program has helped to reduce the number of children at risk of contamination by 65 percent.

Supporting Community Development

It has been more than 30 years since President Gerald Ford and Congress created the Community Development Block Grant (CDBG) Program to address local community development needs. Since 1974, CDBG has been an important tool for Cities, Counties, and States, allocating nearly \$120 billion to help them identify and address their community development priorities.

There is a growing problem with how CDBG funding is allocated, however. On average, CDBG's underlying formulas still target funding to the areas of greatest need. Over time, three disturbing trends have emerged that threaten the effectiveness of the program:

1. Some high-need areas receive smaller grants than they should;
2. Some low-need areas receive larger grants than they should; and
3. Some communities with similar needs receive different per capita grant amounts.

CDBG's underlying formulas have remained essentially the same since 1978, while the nation's demographics have changed significantly. It has becoming increasingly clear that the outdated formula used to measure the needs of urban America no longer reflects the reality of today's Cities, larger urban Counties, and States. The FY 2009 Budget proposes funding the CDBG program at \$3 billion.



"This is an investment in our children's futures. As public servants, we have no greater responsibility than to leave our kids a world that is better than what our parents gave us. We can help do that by making sure that the tragedy of lead poisoning will be resigned to history books."

*- Deputy Secretary
Roy A. Bernardi*

Ensuring Equal Opportunity in Housing

As the primary Federal agency responsible for administering fair housing laws, HUD is charged with protecting the housing rights of all Americans, regardless of race, color, national origin, religion, sex, age, familial status, or disability. HUD's FY 2009 Budget request will enable the Department to continue to fight for fair housing both nationally and locally.

The intent of HUD's fair housing programs is to bring about equal opportunities by protecting the right of families and individuals to live where they choose, free from discrimination. HUD accomplishes this goal by aggressively enforcing the nation's fair housing laws and by educating the public and the housing industry about their fair housing rights and responsibilities. HUD also furthers fair housing by funding State and local activities through two programs: the Fair Housing Assistance Program (FHAP) and the Fair Housing Initiatives Program (FHIP).

The FY 2009 Budget proposes \$25 million through FHAP for State and local jurisdictions that administer laws substantially equivalent to the Federal Fair Housing Act. The Department supports FHAP agencies by providing funds for capacity-building, complaint-processing, administration, training, and the enhancement of data and information systems.

The FY 2009 Budget would also provide \$26 million in grant funds to help private, non-profit FHIP agencies across the nation combat discrimination, particularly against persons with disabilities, through an array of targeted education and outreach and enforcement activities. Protecting the fair housing rights of persons with disabilities is a major Departmental priority and will remain an important initiative within FHIP.

Support for Faith-Based and Community Initiatives

HUD's Center for Faith-Based and Community Initiatives (the Center) was established by Executive Order 13198 on January 29, 2001. Its purpose is to coordinate the Department's efforts to eliminate regulatory barriers and other obstacles that prevent faith-based and community organizations from receiving or utilizing Federal grants. The Center also counsels these organizations on how to acquire resources needed to increase delivery of social services to American communities.

The Center will continue to play a key role in FY 2009 in facilitating intra-departmental and inter-agency cooperation regarding faith-based and community organizations (FBCOs). It will focus on research, law, and policy; develop inter-agency programs and projects; and travel throughout the nation to train FBCOs and local governments on the Equal Treatment Regulations and HUD programs and services. The Center will continue to serve as a timely resource for faith-based and community organizations, while working to expand outreach, training, and partnership-building between FBCOs and state and local governments. Additionally,



"Anytime someone is discriminated against, it undermines this nation's guiding principles."

*- Kim Kendrick,
Assistant Secretary
for Fair Housing and
Equal Opportunity*

the Center will advance HUD's overall strategic goals and objectives, particularly as they relate to leveling the playing field for faith-based and community organizations.

Working Capital Fund

The Department's information technology (IT) systems infrastructure, maintenance, and development efforts are funded through the Working Capital Fund (WCF). The FY 2009 Budget proposes \$313 million, a 4.7 percent increase over the President's FY 2008 request for \$299 million. To meet statutory program changes like FHA modernization and Public Housing's asset management initiative, modifications to existing IT systems are required. Improving the management and delivery of HUD's vast resources (\$40 billion in annual appropriations, \$65 billion in long-term program obligations, and over \$800 billion in financial risk exposure) requires a development investment in long-overdue systems modernization.



“Removing HUD programs from GAO’s high-risk series after 13 years on the list was a historic achievement.”

- GAO Comptroller General David M. Walker

Appendix A

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

BUDGET AUTHORITY BY PROGRAM

COMPARATIVE SUMMARY, FISCAL YEARS 2007-2009

(Dollars in Millions)

	2007 <u>ENACTED</u>	2008 <u>ENACTED</u>	2009 <u>BUDGET</u> <u>REQUEST</u>
DISCRETIONARY PROGRAMS			
PUBLIC AND INDIAN HOUSING			
Housing Certificate Fund			
Rescission.....	(\$1,255)	(\$1,250)	...
Total, Housing Certificate Fund.....	(1,255)	(1,250)	0
Tenant-Based Rental Assistance:			
Section 8 Contract Renewals.....	14,479	14,705	\$14,319
Administrative Fees.....	1,246	1,340	1,400
Family Self-Sufficiency Coordinators.....	48	49	48
Tenant Protection Vouchers.....	148	200	150
Advanced Appropriation for FY 2007.....	[4,200]	...	...
Advanced Appropriation for FY 2008.....	[(4,193)]	[4,193]	...
Advanced Appropriation for FY 2009.....	...	[(4,158)]	[4,158]
Advanced Appropriation for FY 2010.....	...	...	[(4,000)]
Transfer to Working Capital Fund.....	6	6	8
Exigencies/Portability.....	[100]	[50]	[100]
Non-Elderly Disabled.....	...	30	...
Family Unification Program.....	...	20	...
Disaster Displacement Assistance Program.....	...	...	39
Veterans Affairs Supportive Housing.....	...	75	75
Rescission.....	(40)	(723)	...
Total, Tenant-Based Rental Assistance.....	15,887	15,702	16,039
Public Housing Capital Fund.....	2,439	2,439	2,024
Modernization TA.....	[11]	[12]	[7]
Emergency Cap Needs.....	[17]	[19]	[...]
ROSS (within CDBG until FY 2003)	[38]	[40]	[38]
Transfer to Working Capital Fund.....	[11]	[17]	[15]
Administrative Receivership.....	[9]	[9]	[10]



Financial and Physical Assessment Support.....	0	[15]	[15]
Rescission.....	(8)	...	...
Subtotal, PIH Capital Fund.....	[2,431]	[2,439]	[2,024]
Revitalization of Severely Distressed Public Hsg Projects.....	99	100	0
Technical Assistance.....	[2]	[2]	[...]
HOPE VI Rescission.....	(3)	...	...
Public Housing Operating Fund.....	3,864	4,200	4,300
Asset-Based Management Transition Fund.....	0	[6]	[6]
Native American Housing Block Grants.....	624	630	627
Technical Assistance.....	[4]	[4]	[4]
National American Indian Housing Council.....	[...]	[2]	[...]
Title VI Federal Guarantees for Tribal Housing Activities:			
Program Account.....	[2]	[2]	[2]
Administrative expenses.....	[[0.1]]	[[...]]	[[...]]
Loan Guarantee Limitation.....	[[18]]	[[17]]	[[17]]
Indian Housing Loan Guarantee Fund:			
Program Account.....	\$6	\$7	\$9
Administrative expenses.....	[0.3]	[...]	[...]
Loan Guarantee Contracts.....	[...]	[...]	[0.8]
Limitation Level.....	[251]	[367]	[420]
Native Hawaiian Loan Guarantee Fund			
Program Account.....	1	1	...
Limitation Level.....	[36]	[42]	[...]
Native Hawaiian Housing Block Grants.....	9	9	6
Native Hawaiian Housing Block Grants Technical Assistance.....	[0.3]	[0.3]	[0.3]
Subtotal, Public and Indian Housing.....	21,663	21,838	23,005

COMMUNITY PLANNING AND DEVELOPMENT

Community Development Block Grants Fund.....	3,772	3,866	3,000
Rescission of EDI and Neighborhood Initiatives.....	...	...	(206)
Disaster Supplemental.....	...	3,000	...
Formula Grants.....	[3,704]	[3,586]	[2,927]
Insular Areas.....	[7]	[7]	[7]
Economic Development Initiative.....	...	[180]	[[180]]
Neighborhood Initiative Demonstration.....	...	[26]	[[26]]
CDBG Set-Asides:			
Indian Community Block Grant.....	[59]	[62]	[57]



Section 107 Grants.....	[...]	[3]	[5]
Technical Assistance.....	[[...]]	[[3]]	[[5]]
Transfer to the Working Capital Fund.....	[2]	[2]	[3]
Community Development Loan Guarantees:			
Credit Subsidy and Administrative Costs.....	4	5	...
Loan Guarantee Limitation.....	[138]	[205]	[...]
Self-Help and Assisted Homeownership.....	49	60	40
Technical Assistance.....	[...]	[...]	[1]
Self-Help Homeownership Opportunity/Habitat.....	[19]	[27]	[39]
Housing Assistance Counsel.....	[1]	[...]	[...]
National Community Development Initiative.....	[30]	[34]	[...]
Brownfields Redevelopment Program.....	10	10	0
Brownfields Rescission.....	(4)	...	...
HOME Investment Partnerships Program.....	1,757	1,704	1,967
American Dream Downpayment Initiative.....	[25]	[10]	[50]
Transfer to Working Capital Fund.....	[1]	[3]	[4]
Technical Assistance and Management Information Systems.....	[10]	[13]	[10]
Housing Counseling.....	[42]	[50]	[...]
Homeless Assistance Grants.....	\$1,442	\$1,586	\$1,636
Demonstration program of rapid re-housing of families.....	[...]	[25]	[...]
Evaluation of Demonstration.....	[...]	[[1]]	[3]
Transfer to Working Capital Fund.....	[1]	[2]	[3]
Technical Assistance and Management Information Systems.....	[8]	[8]	[8]
Shelter Plus Care (Renewals).....	[285]	[320]	[365]
Samaritan.....	[...]	[...]	[50]
Rescission.....	(7)	...	...
Total, Homeless.....	[1,442]	[1,586]	[1,636]
Housing Opportunities for Persons with AIDS (HOPWA).....	286	300	300
Technical Assistance.....	[1]	[1]	[1]
Transfer of Working Capital Fund.....	0	[2]	[2]
Rural Housing and Economic Development.....	17	17	0
Subtotal, Community Planning and Development.....	7,326	10,548	6,737

HOUSING PROGRAMS

Project-Based Rental Assistance

Section 8 Contract Renewals (incl. Mod Rehab & Mod Rehab SRO)	5,829	6,139	6,763
Contract Administrators.....	146	239	232



Transfer to Working Capital Fund.....	1	4	5
Advanced Appropriation for FY 2010.....	...	...	[400]
Total, Project-Based Rental Assistance.....	5,976	6,382	7,000
Housing Counseling Assistance.....	[42]	[50]	65
Supportive Housing for the Elderly Housing.....	735	735	540
Expansion.....	[593]	[566]	[321]
Demonstration on Leverage Financing.....	[...]	[...]	[15]
Rental Assistance Renewal & Operating Expenses:			
PRAC Renewals.....	[46]	[62]	[96]
Planning Grant.....	[20]	[20]	[...]
Transfer to Working Capital Fund.....	[0.4]	[1]	[2]
Technical Assistance.....	[...]	[...]	[2]
CAP Grants (Rehab)/Conversion to Assisted Living.....	[25]	[25]	[25]
Service Coordinators.....	[51]	[60]	[80]
Demonstration on Leverage Financing.....	...	...	[15]
Total, Supportive Housing for the Elderly Housing	735	735	540
Disabled Housing (Section 811).....	237	237	160
PRAC Renewals.....	[17]	[20]	[32]
Mainstream Voucher Renewals.....	[78]	[75]	[87]
Demostration on Leverage Financing.....	[...]	[...]	[10]
Rental Assistance Renewal & Operating Expenses:			
Transfer to Working Capital Fund.....	[0.4]	[1]	[2]
Total, Disabled Housing.....	237	237	160
FHA Funds:			
Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds:			
Program Account:			
Administrative Expenses.....	\$352	...	\$0
Non-overhead Expenses.....	62	77	116
Education and Outreach.....	...	[5]	[10]
Mortgage Insurance Limitation.....	[185,000]	[185,000]	[185,000]
Direct Loan Limitation.....	[50]	[50]	[50]
Transfer to the Working Capital Fund.....	[18]	[26]	[47]
General Insurance and Special Risk Insurance Funds:			
Program Account:			
Administrative Expenses.....	229	...	...
Non-overhead Expenses.....	79	78	49
Education and Outreach.....	[...]	[25]	[10]
Credit Subsidy.....	9	9	9



Discount Sale of Property and Loans.....	...	5	...
Mortgage Insurance Limitation.....	[45,000]	[45,000]	[35,000]
Direct Loan Limitation.....	[50]	[50]	[50]
Transfer to the Working Capital Fund.....	[11]	[16]	[...]
Subtotal, FHA Funds.....	731	169	174
Manufactured Home Inspection and Monitoring Trust Fund.....	13	16	16
Rent Supp./Section 236 Contract Amendments.....	26	28	28
Rescission - Other Assisted Housing.....	(331)	(38)	(28)
Subtotal, Housing Programs.....	7,387	7,529	7,955

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Guarantees of Mortgage-Backed Securities:

Program Account.....	11	...	...
MBS Guarantee Limitation.....	[200,000]	[200,000]	[200,000]
Subtotal, GNMA.....	11	0	0

POLICY DEVELOPMENT AND RESEARCH

Research and Technology.....	49	51	55
University Programs.....	[20]	[23]	[14]
Alaska Native and Native Hawaiian Serving Institutions.....	[3]	[3]	[2]
Tribal Colleges and Universities.....	[3]	[5]	[2]
Historically Black Colleges and Universities.....	[9]	[9]	[6]
Hispanic Serving Institutions.....	[6]	[6]	[4]
Technology Advancement Partnership.....	[...]	[1]	[...]
Subtotal, PD&R.....	49	51	55

FAIR HOUSING & EQUAL OPPORTUNITY

Fair Housing Assistance Program.....	\$26	\$26	\$25
Fair Housing Initiatives Program.....	20	24	26
Subtotal, Fair Housing Activities.....	46	50	51

OFFICE OF LEAD-BASED PAINT AND POISONING PREVENTION

Lead-Based Paint Hazard Reduction.....	150	145	116
Technical Assistance.....	[9]	[7]	[9]
Operation LEAP.....	[9]	[9]	[...]
Healthy Homes	[9]	[9]	[15]
Lead Hazard Demonstration Program.....	[48]	[48]	[...]
Big Buy.....	[...]	[2]	[...]



MANAGEMENT AND ADMINISTRATION

Salaries and Expenses, HUD.....	581	...	...
Transfers (FHA/GNMA/CPD).....	[569]	[...]	[...]
Transfers to WCF.....	[2]	[...]	[...]
Executive Direction.....	...	25	... a/
Administration, Operations and Management.....	...	494	546
Public and Indian Housing.....	...	173	190
Community Planning and Development.....	...	90	95
Housing/Federal Housing Administration.....	...	335	354
Government National Mortgage Association.....	...	8	9
Policy Development and Research.....	...	17	20
Fair Housing and Equal Opportunity.....	...	63	68
Healthy Homes and Lead Hazard Control.....	...	7	8
Subtotal, Salaries and Expenses, HUD.....	[1,149]	1,212 b/	1,290
Salaries and Expenses, OIG.....	82	112	115
Disaster Assistance.....	7	...	...
Transfers (FHA/PIH).....	[24]	[...]	[...]
Subtotal, OIG.....	[113]	[112]	[115]
Salaries and Expenses, OFHEO.....	60	66	67
Supplemental.....	6	...	...
Working Capital Fund (Direct).....	195	155	224
Transfers.....	[53]	[80]	[89]
Total, Working Capital Fund.....	[249]	[235]	[313]
Subtotal, Management and Administration.....	931	1,545	1,696
Subtotal, HUD Discretionary Budget Authority (Gross).....	37,563	41,706	39,615
Current Year Offsetting Receipts	(\$1,279)	(\$925)	(\$382)
Receipts to MMI Capital Reserve Account.....	(214)	(368)	(749)
Rescissions from HOPE.....	(1)	...	...
Total, HUD Discretionary Budget Authority (Net).....	36,069	40,413	38,484



MANDATORY PROGRAMS

Indian Housing Loan Guarantee Fund Program Account.....	1	...	...
Native American Housing Block Grants.....	2	...	...
Low-Rent Public Housing - Loans and Other Expenses.....	2	1	1
FHA GI/SRI Program Account.....	109	301	...
FHA MMI/CMHI Capital Reserve Account.....	214	368	749
FHA GI/SRI Liquidating Account.....	428	213	197
Interstate Land Sales.....	1	1	1
Revolving Fund.....	1	1	1
Community Development Loan Guarantees Program Account.....	8	4	...
Guarantees of Mortgage-Backed Securities Liquidating Account.....	...	43	43
Government Sponsored Enterprise Oversight Fee.....	...	...	(6)
General Fund Proprietary Interest Receipts .....	...	(2)	(2)
Subtotal, Gross Mandatory Budget Authority.....	766	930	984
 Mandatory Receipts.....	 (1,806)	 (942)	 (34)
 Total, Net Mandatory Budget Authority.....	 (1,040)	 (12)	 950
 Total, Net HUD Budget Authority.....	 35,029	 *40,401	 39,434

NOTE: Totals may differ from President’s Budget due to rounding.

a/ In FY 2009, Executive Direction has been included in Administration, Operations, and Management.

b/ In FY 2008, Congress restructured the Departmental Salaries and Expenses (S&E) account and created 9 new S&E accounts.

* Includes one-time \$3 billion emergency disaster supplemental for Louisiana’s Road Home Program.

