

# FISCAL YEAR 2008 BUDGET SUMMARY



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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



## Message from HUD Secretary Alphonso Jackson

The core mission of the U.S. Department of Housing and Urban Development is to help Americans achieve the dream of homeownership, to lend a helping hand to society's most vulnerable, and to ensure equal opportunity in housing options. Over the past six years, President Bush and I have remained committed to HUD's noble charge, and today we continue to build upon the successes we have achieved.

HUD's \$35.2 billion Budget for FY 2008 – an increase of \$1.6 billion over last year's request – ensures that our Department can continue to accomplish these goals, perform effectively and produce impressive results by targeting limited resources where they are most needed on programs that work.

The President's vision of an ownership society has been a central theme of his Administration. Ownership -- and homeownership in particular -- is the key to financial independence, wealth building, and stronger, healthier communities. To date, more than 75 million families, or nearly 70 percent of all Americans, are homeowners -- more than at any time in our nation's history.

The Bush Administration also continues to make steady progress toward closing the minority homeownership gap. We are more than halfway to the President's goal of adding 5.5 million new minority homeowners by 2010, and the minority homeownership rate exceeds 51 percent -- its highest level ever. These new homeowners are using the equity they build in their homes to save for the future, send their children to school, and fuel our growing economy.

To increase minority and first-time homeownership, the Federal Housing Administration (FHA) is undergoing a historic transformation to give homebuyers who do not qualify for prime financing a better alternative to high-cost, high-risk non-traditional loan products. This Budget continues the Bush Administration's efforts to modernize the FHA's mortgage insurance program so that tens of thousands of potential homebuyers have access to a safer financing tool.

The HOME Investment Partnerships program (HOME) continues to promote affordable housing programs at the local level and provide eligible families with financial assistance to purchase or rehabilitate their homes or rental units. In FY 2006, the HOME program posted a record performance, helping more than 143,000 households -- a 43 percent increase over the previous year -- benefit from hundreds of local affordable housing programs that HUD supports. The spike in HOME's affordable housing production is due in part to more accurate reporting and to HUD's aggressive effort to boost performance measurement.



An emerging component of the HOME program is the American Dream Downpayment Initiative (ADDI), which contributes to homeownership goals by reducing barriers, such as high downpayment and closing costs, that prevent low- and moderate-income potential homebuyers from entering the market. The FY 2008 Budget proposes \$1.97 billion for the HOME program, an increase of \$50 million over last year's request.

To educate more families about the financial responsibilities of homeownership, the President's FY 2008 Budget includes \$50 million for housing counseling services, an increase of \$5 million over last year's request. This program is effectively helping thousands of individuals go step-by-step through the homebuying process.

While helping more families down the path of homeownership, HUD is also leading the Bush Administration's charge to confront the challenge of homelessness. With \$1.58 billion in budgetary resources in FY 2008 -- an increase of \$50 million over last year's request -- the President and I believe we can help States, cities, and communities create more effective and efficient strategies to house and serve homeless persons through the consolidation of HUD's various competitive homeless assistance programs. Since 2001, the Bush Administration has awarded a record amount of resources -- over \$6 billion -- to create over 50,000 units of permanent supportive housing and support 6,000 local programs to help homeless individuals move beyond a life on the streets.

To meet America's most critical affordable housing needs, the President's FY 2008 Budget supports nearly 4.8 million rental housing units through public housing, Section 8 project-based assistance and rental assistance vouchers, and other assistance programs. This Budget proposal offers individuals and families critical rental support, much needed stability, and the opportunity to move toward self-sufficiency. To help more low-income families find affordable housing, the Administration is proposing significant reforms to the Section 8 Voucher Program while giving public housing agencies efficiency-enhancing incentives to maximize the impact of their resources.

To increase the housing supply among our country's Native American population, HUD has proposed \$627 million in the FY 2008 Budget for the Native American Housing Block Grant Program to develop new housing units. Included in the Budget is \$367 million in loan guarantee limitation -- an increase of \$116 million over last year's request -- for the Indian Housing Loan Guarantee Program for homeownership in tribal areas.

Every family and individual deserves to live in an environment free from unlawful discrimination. HUD's FY 2008 Budget meets this objective by providing \$45 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. The Budget will also provide \$20 million in grant funds for non-profit Fair Housing Initiatives Program (FHIP) agencies nationwide to target discrimination directly through education, outreach and enforcement.

A key element of HUD's efforts to strengthen communities and give families a better place to live, work, and raise a family is the Community Development Block Grant Program (CDBG). The President's proposed FY 2008 budget includes \$3 billion in funding for States and local governments. There is also a legislative



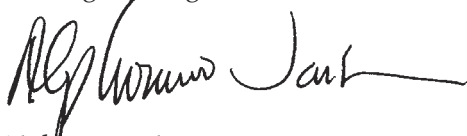
proposal to revise the formula to distribute resources more equitably and efficiently and to establish the CDBG challenge grant fund at a level of \$200 million as an incentive for grantees to target and leverage funds to the most distressed areas within the community. Additionally, HUD continues to deliver nearly \$17 billion in supplemental CDBG disaster funds to support State and local plans to address the housing, infrastructure and long-term recovery needs of the Gulf Coast.

Government best serves the taxpayer when it is performing well and producing sound results. Over the past several years, HUD has taken many notable steps to improve its management and performance, and the President's new budget request strengthens these efforts. In FY 2006, HUD received a clean financial audit for the seventh consecutive fiscal year, and for the first time ever had no auditor-reported material internal control weakness issues. In January 2007, the Government Accountability Office (GAO) removed HUD from its watch list of high-risk government programs. It marked the first time since 1994 that no HUD programs were on the list, demonstrating HUD's effective implementation of the President's Management Agenda to improve our fiscal house and program results.

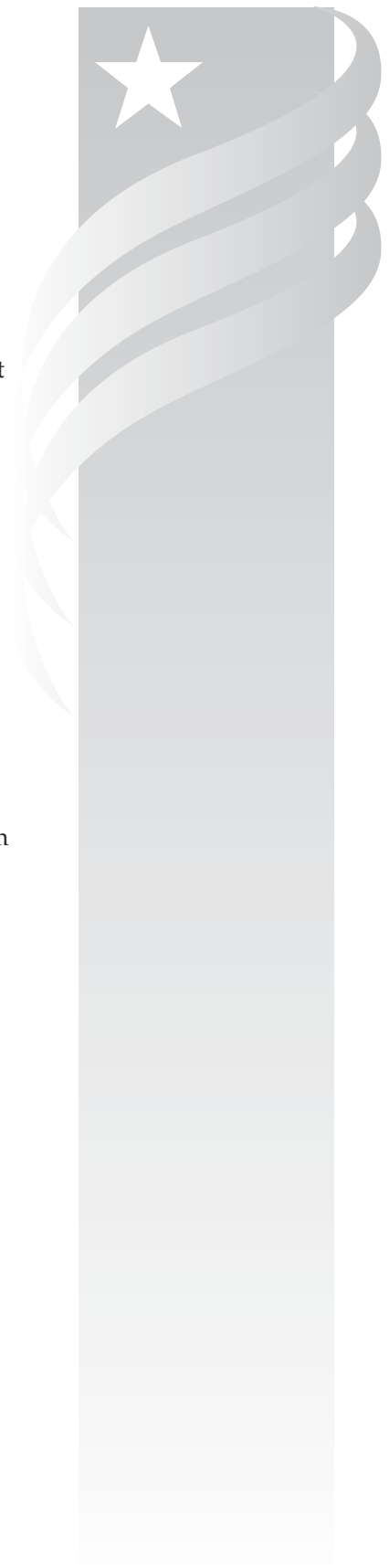
The FY 2008 Budget reaffirms the Department's commitment to sound financial management as we continue efforts to reduce improper payments, build improved financial systems, and capitalize on modernized technology to improve the delivery of HUD's core business functions to serve better our business partners, program beneficiaries, and the American taxpayers.

Throughout history, HUD's success has been judged by the individuals and families who have benefited from the Department's mission: increasing homeownership, supporting community development, and increasing access to affordable housing free from discrimination. With the resources provided in President Bush's FY 2008 Budget, we will continue to help families achieve the dream of homeownership; put a roof over the heads of more homeless men and women; create affordable housing that allows more teachers, first responders, and nurses to live in the communities they serve; and support community organizations that deliver social services to the less fortunate.

Meeting these priorities will require the resolve, skill, and full resources of the HUD family. By building on past achievements, I am confident we can accomplish the President's goals and meet the greatest housing and community challenges facing our nation.



Alphonso Jackson  
February 5, 2007



# HUD's FY 2008 Budget Request: \$1.6 billion over the FY 2007 Request

President Bush's FY 2008 Department of Housing and Urban Development budget request reaffirms his commitment to increase homeownership, particularly amongst minorities, Native Americans, and low-income families. This Budget request also provides rental assistance for those in need and provides more affordable housing. The President's FY 2008 Budget request includes increased funding to support housing choice vouchers, homeless assistance programs, Public Housing Agencies (PHAs), and affordable housing programs such as the HOME Investment Partnerships Program.

In a budget season marked by the President's goal to continue to support what works and cut the Federal budget deficit, the FY 2008 HUD budget request demonstrates an effort to prioritize funding towards programs with measurable, documented results. President Bush is requesting \$35.2 billion in discretionary funding for the U.S. Department of Housing and Urban Development in FY 2008, an overall increase of \$1.6 billion over the FY 2007 request.

The FY 2008 Budget request allows HUD to continue:

- Expanding our effort to increase the record number of Americans who own a home;
- Sustaining rental subsidies to nearly 4.8 million low-income families;
- Continuing to revitalize distressed communities; and
- Providing care for the most vulnerable among us.


## *Promoting Economic Opportunity and Ownership*

The President's vision of an "ownership society" has been a central theme of his Administration, because ownership -- and homeownership in particular -- is the key to financial independence, the accumulation of wealth, and stronger, healthier communities.

Homeownership creates community stakeholders who tend to be active in charities, churches, and neighborhood activities. Research has shown homeownership inspires civic responsibility and homeowners are more likely to exercise their right to vote and to get involved in local issues. Homeownership offers children a stable living environment, and it influences their personal development in many positive, measurable ways -- at both home and school.

Homeownership's potential to create wealth is notable as well. For the vast majority of families, the purchase of a home represents the path to prosperity. A home is the single largest purchase most Americans will ever make -- a tangible asset that builds equity, good credit, borrowing power, and overall wealth that can be passed on to the next generation.

In June 2002, the President challenged the nation to create 5.5 million new minority homeowners by 2010. We are more than halfway toward that goal. In the four years since that challenge was issued, nearly 3.5 million minority families have already joined the ranks of homeowners.



*"A home is also a tangible asset that provides owners with borrowing power and allows our citizens to build wealth that they can pass on to their children and grandchildren."*

*- President Bush*

## *Transforming the Federal Housing Administration*

Today, more Americans have achieved the dream of homeownership than at any time in our nation's history. Nearly 70 percent of all American families own their homes, and minority homeownership exceeds 51 percent, also an historic high.

That figure, however, points to a significant homeownership gap between non-Hispanic whites and minorities. To help close the gap, the Federal Housing Administration (FHA), is proposing to undergo significant changes to better serve low- and moderate-income Americans.


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 the programs. Through the Expanding Homeownership Act of 2006, HUD sought to provide workable solutions for homebuyers who do not qualify for prime financing, giving them more affordable and safer ways to achieve the American Dream. The key components of the legislative proposal will:

**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, where most first-time homebuyers put down 2 percent or less. FHA would offer a variety of downpayment options.

**2) Create a new, risk-based insurance premium structure for FHA that would match the premium amount with the credit profile of the borrower.** It would replace the current structure, in which there is a standard premium amount for all borrowers, while still protecting the soundness of its Insurance Fund. FHA would 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 would rise from 87 to 100 percent of the Government Sponsored Enterprise (GSE) conforming loan limit and in lower-cost areas 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. FHA has also simply been priced out of the market in other areas, such as California, where FHA insured only about 5,000 home mortgages in all of 2005.

Modernizing FHA will give it the tools it needs to again meet its legislative mandate: offering hard-working, credit-worthy borrowers who cannot qualify for prime financing the opportunity to obtain financing on reasonable terms at a cost they can afford.



*“Owning a home is the foundation of wealth creation for families and is their quickest path to self-sufficiency.”*

*- Secretary Jackson*

## *Support for the Secondary Mortgage Market*

The Government National Mortgage Association (Ginnie Mae) helps provide affordable homeownership opportunities in America by linking the global capital markets to the nation's housing markets. For nearly 40 years, Ginnie Mae has accomplished this homeownership expansion through innovation, commitment, and a belief that every American should be able to afford a home.

Ginnie Mae has guaranteed more than \$2.5 trillion in mortgage-backed securities, helping more than 33 million Americans achieve their dream of homeownership. Ginnie Mae accomplishes its mission by guaranteeing the timely payment of principal and interest on mortgage-backed securities backed by Federally guaranteed or insured mortgage loans. In fact, Ginnie Mae mortgage-backed securities programs have significantly reduced mortgage borrowing costs and increased homeownership and rental housing opportunities. With the full faith and credit guarantee of the United States, Ginnie Mae securities remain a beacon of stability, providing reliable performance for its investors and issuers.


President Bush's FY 2008 Budget requests \$11 million for administrative expenses and \$100 billion in mortgage-backed securities commitment authority so Ginnie Mae can continue providing an efficient government-guaranteed secondary market vehicle, linking the global capital markets to the nation's housing markets.

## *Ensuring Government-Sponsored Enterprises Promote Affordable Housing*

HUD regulates two housing Government Sponsored Enterprises (GSEs), the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), that were chartered by Congress to create a secondary market for residential mortgage loans. Congress established their public purposes, which include helping low- and moderate-income families and those living in underserved areas secure mortgage financing. Congress mandated that HUD set, monitor and enforce three affordable housing goals to ensure that both GSEs were fulfilling their mandate to serve affordable housing markets.

HUD establishes the housing goal targets by regulation. In 2004, HUD published a rule that increased the levels of each housing goal that the GSEs are required to achieve annually. Under the current regulation, the housing goal levels rise in stages from year-to-year during the period 2005-2008. HUD also implemented new home purchase subgoals under each housing goal. The purpose of the home purchase subgoals is to ensure that the GSEs focus on financing home purchases for very-low, low- and moderate-income families and those living in underserved areas. HUD projects that to attain the home purchase subgoals, the GSEs together will purchase an additional 400,000 goal-qualifying loans during the four-year period of 2005-2008.

In 2005, Fannie Mae and Freddie Mac financed approximately 3.9 million owner-occupied and rental housing units occupied by low- and moderate-income families, 1.8 million housing units occupied by special affordable families (i.e., very-



*"The President has made minority homeownership a centerpiece of his domestic agenda because, more than any other investment, homeownership has the power to transform communities and lives."*

*- Roy Bernardi,  
HUD Deputy  
Secretary*



low-income families and low-income families living in low-income neighborhoods), and 3.1 million housing units located in underserved neighborhoods.

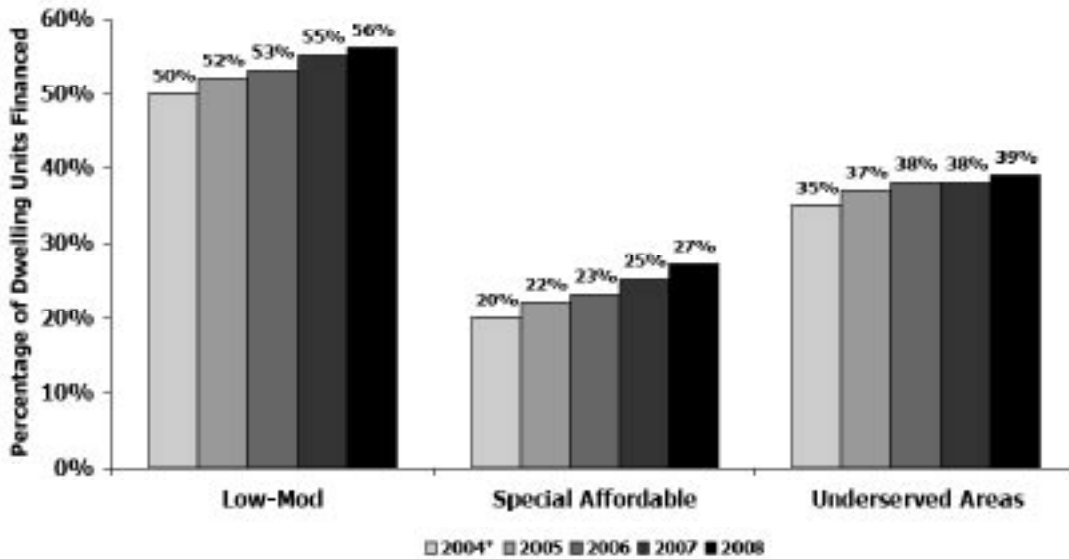
In terms of dollars, the GSEs' purchases under the housing goals totaled \$431 billion for low- and moderate-income loans, \$154 billion for special affordable loans, and \$388 billion for underserved area loans.

## Promoting Affordable Housing

### 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 762,000 affordable housing units, including more than 319,000 for new homebuyers. In addition, more than 160,000 tenants have received direct rental assistance. The FY 2008 Budget requests \$1.97 billion, a \$50 million increase over the FY 2007 request.

## GSE Affordable Housing Goals



\* The 2004 level was established in HUD's 2000 regulation.

*“By becoming homeowners, these families can begin to establish a sense of permanence as they concentrate on putting their lives in order.”*

- Brian Montgomery,  
FHA  
Commissioner

### **American Dream Downpayment Initiative**

For many Americans, high downpayments and closing costs represent the greatest single financial obstacle to homeownership. To help overcome this, the President introduced the American Dream Downpayment Initiative (ADDI) to provide the grants to low-income families to help purchase their first home. On December 16, 2003, President Bush signed ADDI into law. To date, these funds have already helped over 21,000 families to purchase their first home -- of which approximately 50 percent were minorities. The FY 2008 Budget provides \$50 million to continue funding the ADDI, doubling the amount of the 2006 Budget. The Administration also plans to submit a proposal to Congress to re-authorize the ADDI program, which sunsets at the end of 2007.

### **Self-Help Homeownership Opportunity (SHOP) Program**


The Self-Help Homeownership Opportunity (SHOP) Program is another important program to boost 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 2008 Budget seeks \$39 million for the SHOP Program. An additional \$30 million under this account is also proposed for the National Community Development Initiative (NCDI). This funding will be used by intermediaries -- Enterprise Community Partners, Inc., and Local Initiatives Support Corporation (LISC) -- to develop the capacity and ability of nonprofit community development corporations to undertake community development and affordable housing projects.

### **Helping Public Housing Residents Realize the Dream of Homeownership**

Another innovative program helping families achieve the dream of homeownership is the Housing Choice Voucher Homeownership Program. Under this program, PHAs make monthly homeownership assistance payments to help first-time homeowners with monthly expenses and mortgage payments. Since the program's inception in 2000, more than 7,500 former public housing residents have become homeowners. The FY 2008 Budget plans include helping 10,000 additional families to become homeowners through the voucher program.

### **Housing Counseling**

Providing expert counseling is an extremely important tool to help Americans purchase and keep their homes. The FY 2008 Budget proposes a separate account of \$50 million for housing counseling to prepare families for homeownership, help them avoid predatory lending practices, and help current homeowners avoid loan default. Working with faith-based and community organizations, HUD plans to assist approximately 600,000 families to become homeowners or avoid foreclosure in FY 2008. Now more than ever, potential homebuyers need assistance to make smarter homeownership choices.



*"By taking steps today to ensure the ongoing viability of FHA's programs, we set a solid foundation for the future of homeownership in our country"*

*- Thomas M. Stevens, National Association of Realtors President*

## *Increasing Access to Affordable Rental Housing*

While homeownership is one of President Bush's top priorities, the President realizes that it may not be a viable option for everyone. The largest component of HUD's budget promotes decent, safe, and affordable housing for families and individuals who may not yet be ready to purchase a home or who may not want 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 homes. In the FY 2008 Budget request, the President is asking for \$16 billion, nearly \$100 million over the FY 2007 request. The Administration is also proposing several changes to the Housing Choice Voucher Program that would allow the 2,400 PHAs that administer the program to assist even more families.

The Administration is proposing to eliminate the cap on the number of families each PHA is allowed to assist. By better utilizing all appropriated funds, the Housing Choice Voucher Program would assist at least 180,000 additional families.

HUD will continue its successful implementation of the Public Housing Capital Fund Financing Program. This program allows PHAs to borrow from banks or issue bonds using future Capital Fund grants as collateral or debt service, subject to annual appropriations. In this way, PHAs can leverage their Capital Funds to make improvements. The President's FY 2008 Budget request holds the Capital Fund level at slightly more than \$2 billion. The FY 2008 Budget for the Public Housing Operating Fund is the highest funding level ever in the history of the fund at \$4.0 billion, up from \$3.6 billion in FY 2007 request. This funding will assist PHAs in the second year of transition to the new operating formula and will help pay for utility and other cost increases.

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 in Indian country by authorizing HUD to guarantee loans made by private lenders to Native Americans. The President's Budget proposes \$367 million in Section 184 loan guarantees under the Indian Housing Loan Guarantee Program for homeownership in tribal areas, which represents a more than \$251 million increase over the enacted FY 2006 Budget and \$116 million over the FY 2007 request.

In total, the President's FY 2008 Budget request to support the Public and Indian Housing programs is \$21.3 billion, nearly \$1 billion over the FY 2007 request. In addition, the Budget provides over \$5.8 billion for Project-Based Rental Assistance administered by HUD's Office of Housing. This a \$776 million increase from FY 2006 enacted Budget and a \$137 million increase from FY 2007 Budget request.



*“Together, we are improving communities and putting the dream of homeownership within the reach of more families in more communities across the country.”*

*- Jonathan Reckford,  
CEO of Habitat for Humanity  
International*

## *Serving Those Most In Need*

### Housing for the Elderly and Persons with Disabilities

The FY 2008 Budget will provide \$575 million in funding for the Supportive Housing for the Elderly (Section 202) Program – a net increase of \$30 million over the FY 2007 request. 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, and over time, they often become frail and less able to live without some additional services. Therefore, the program is providing up to \$25 million of the grants to fund the conversion of all or part of existing properties to assisted-living facilities, enabling these elderly residents to remain in their units. In addition, up to \$71 million -- an increase of \$12 million over the FY 2007 request -- of the grant funds will be targeted to funding the service coordinators who help elderly residents obtain supportive services from the community.

The FY 2008 Budget proposes \$125 million for Supportive Housing for Persons with Disabilities (Section 811), a \$6 million increase over the 2007 Budget request. The Section 811 program will also continue to set aside funds to enable persons with disabilities to enjoy independent lifestyles. In FY 2008, up to \$75 million of the grant funds will be used to renew Mainstream Section 8-type vouchers so that individuals can continue to use their vouchers to obtain rental housing.


The Department is proposing leveraged financing demonstration projects in both Section 202 and Section 811: \$25 million is requested for Section 202 and \$15 million is 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 tax credit applicants from utilizing Sections 202 and 811. In developing the program, the Department will consider mixed-finance arrangements including low-income housing tax credits and other creative financing options for development and, or rental operating assistance.

### HIV-AIDS Housing

Housing Opportunities for Persons With AIDS (HOPWA) provides formula grants to States and localities to provide housing to ensure low-income persons with HIV / AIDS can access health care and other needed support. The program also provides competitive grants to non-profit organizations that serve as Special Projects of National Significance due to their model or innovative qualities. HOPWA also provides grants to governmental agencies in areas that do not qualify for formula funds.

In FY 2008, HOPWA will fund an estimated 26 competitive grants to renew expiring permanent housing projects and use the remaining funds to select new model projects. HUD will also provide HOPWA formula funding to an estimated 122 jurisdictions. Grant recipients will collaborate with over 700 non-profit and local agencies to provide support, which is estimated to reach 67,000 households with housing assistance. In FY 2008, 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.

To further enhance the effectiveness of this program, the Administration requests an update to the HOPWA allocation formula. The revised formula will



*“HUD is not only helping to provide homes and help, but we’re offering hope to thousands of families at risk of living on our streets.”*  
- Secretary Jackson

more accurately reflect the current housing needs of persons living with AIDS in this country.

### **Homeless Assistance**

The Administration remains committed to addressing chronic homelessness, and has aggressively pursued policies to move more homeless families and individuals into permanent housing. A chronically homeless person suffers from a disabling developmental, physical, or mental condition or a substance abuse addiction, and has been homeless for a year or more, or has had repeated periods of extended homelessness. While persons experiencing periods of long-term homelessness may occasionally get help, they often return to a life on the streets.

Research indicates that although approximately 20 percent of the homeless population experiences chronic homelessness, these individuals utilize over half of all emergency homeless resources. Housing this population will free up Federal, State, and local emergency resources for families and individuals who need shorter-term assistance.

In July 2002, the President reactivated the Interagency Council on Homelessness (ICH) for the first time in six 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. Secretary Jackson currently chairs the ICH.


In 2003, the Federal Collaborative Initiative to End Chronic Homelessness, through HUD, Health and Human Services, and Veterans Affairs, funded 11 grantees across the country.

The FY 2008 Budget provides a record level of resources to address the housing needs of homeless persons living on the streets of this nation. The FY 2008 Budget provides \$1.586 billion for Homeless Assistance Grants, \$350 million more than in 2005. In addition to requesting a record level of funding, the Administration also proposes to consolidate the various competitive homeless programs into a single Continuum of Care grant program that would greatly simplify the local administration of HUD's homeless resources which benefit over 3,800 cities and counties.

### **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, contracting, and other obstacles that prevent faith-based and other community organizations from receiving Federal grants to provide social services.

The Center will continue to play a key role in FY 2008 in facilitating intra-departmental and interagency cooperation regarding faith-based and community organizations. It will focus on research, law and policy, develop an interagency resource center to service faith-based and community partners, and expand outreach and training. Additionally, the Center will participate in advancing HUD's overall strategic goals and objectives, particularly as they relate to partnerships with faith-based and community organizations.



*"The Department of Housing and Urban Development's homeless assistance programs are targeting resources to permanent housing and the Congress and the Bush Administration have committed to ending chronic homelessness."*  
- National Alliance to Ending Homelessness

### **Housing for Returning Ex-offenders**

Every year, more than 600,000 inmates complete their prison sentences and are returned to the community. Unfortunately, two-thirds of prisoners are re-arrested within three years of their release and nearly half of them return to prison during that same period. These individuals face significant barriers upon reentering their communities, such as lack of job skills and housing.

To confront this problem, in 2004, the President proposed a four-year Prisoner Re-entry Initiative designed to harness the experience of faith-based and community organizations to help individuals leaving prison make a successful transition to community life and long-term employment. The President's FY 2008 Budget provides a total of \$25 million for the Prisoner Re-entry Initiative.

### **Eradicating Lead-Based Paint Poisoning in Children**

HUD's Lead Hazard Control program is the central element of the President's effort to eradicate childhood lead-based paint poisoning. In FY 2008, funding for the Lead Hazard Control Program will be \$116 million, continuing the substantial progress to date in eliminating lead hazards to all children. Grant funds are targeted to low-income, privately owned homes that are most likely to have children exposed to lead-based paint hazards.

The program conducts public education, compliance assistance, and regulatory enforcement to prevent childhood lead poisoning. New estimates from the Centers for Disease Control and Prevention (CDC) show that the program has helped to reduce the number of children at risk by 65 percent, but over 250,000 children still have too much lead in their bodies.

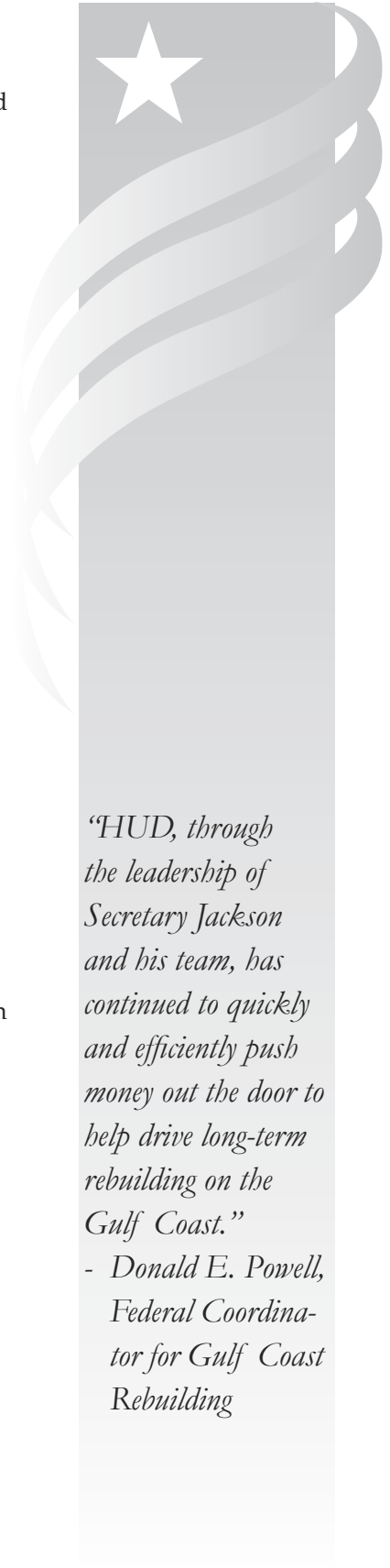
### **Supporting Community Development**

It has been more than 30 years since President Gerald Ford and Congress created the Community Development Block Grant (CDBG) Program to address the community needs. Since 1974, CDBG has been an important tool for cities, counties and States, allocating more than \$116 billion to help them to target their own community development priorities.

There is, however, a growing problem with how CDBG funding is allocated. On average, CDBG's underlying formulas still target funding to areas of greatest need but, over the years, 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 an outdated formula that once measured the needs of urban America no longer reflects the modern needs of today's cities, larger urban counties and States. The FY 2008 Budget proposes funding CDBG's formula program at \$2.968 billion.



*“HUD, through the leadership of Secretary Jackson and his team, has continued to quickly and efficiently push money out the door to help drive long-term rebuilding on the Gulf Coast.”*  
- Donald E. Powell,  
Federal Coordinator for Gulf Coast Rebuilding

The Department will continue to pursue “formula fairness” by appealing to Congress to authorize a new formula that will more effectively target CDBG funding to areas of greatest need in 21<sup>st</sup> Century America. A second key part of the President’s proposal is the \$200 million Competitive Challenge Grant. The Challenge Fund will award “bonus grants” to distressed communities that target and leverage funds to the most of the most distressed areas within the community. In addition, HUD will work to boost performance measurements within CDBG to ensure these critically needed dollars produce the results the program was designed to achieve.

### **Assisting Minority Colleges and Universities**

The FY 2008 Budget provides \$25 million, a \$5 million increase over the FY 2006 enacted Budget, for the University Partnership Grant program to assist minority colleges and universities that engage in a wide range of community development activities. These programs include the Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC), Community Outreach Partnership Centers (COPC), Historically Black Colleges and Universities (HBCU), Hispanic Serving Institutions Assisting Communities (HSIAC), and Tribal Colleges and Universities Program (TCUP).


### **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 2008 Budget request will enable the Department to continue its efforts to further fair housing both nationally and locally.

The intent of HUD’s fair housing programs is to bring about equal opportunities in housing 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 fair housing activities through two programs: the Fair Housing Assistance Program (FHAP) and the Fair Housing Initiatives Program (FHIP).

The FY 2008 Budget will provide \$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 2008 Budget will also provide \$20 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 Departmental priority and will remain an important initiative within FHIP.



*“We have the American Dream. Our home is model for what can be, thanks to a little help from the government.”*

*- Lori Sears,  
First-time  
homebuyer,  
Bloomington, IN*

# Appendix A

## BUDGET AUTHORITY BY PROGRAM COMPARATIVE SUMMARY, FISCAL YEARS 2006-2008 (Dollars in Millions)

	2006 ENACTED	2007 PRESIDENT'S BUDGET REQUEST	2008 PRESIDENT'S BUDGET REQUEST
<b>DISCRETIONARY PROGRAMS</b>			
<b>PUBLIC AND INDIAN HOUSING</b>			
Housing Certificate Fund			
Rescission...	(\$605)	(\$2,000)	(\$1,300)
Total, Housing Certificate Fund .....	(605)	(2,000)	(1,300)
Tenant-Based Rental Assistance:			
Section 8 Contract Renewals .....	13,949	14,436	\$14,445
Voucher Supplemental.....	390	...	...
Restoration of Vouchers.....	[45]	...	...
Administrative Fees .....	1,238	1,281	1,351
Family Self-Sufficiency Coordinators.....	47	48	48
Tenant Protection Vouchers .....	178	149	150
Central Fund.....	...	[100]	[100]
Advanced Appropriation for FY 2006 .....	[4,158]	...	...
Advanced Appropriation for FY 2007 .....	[(4,200)]	[4,200]	...
Advanced Appropriation for FY 2008 .....	...	[(4,200)]	[4,200]
Advanced Appropriation for FY 2009 .....	...	...	[(4,200)]
Transfer to Working Capital Fund .....	6	6	6
<b>Subtotal, Tenant-Based Rental Assistance</b>	<b>15,808</b>	<b>15,920</b>	<b>16,000</b>
Rescission...	(1,407)	...	...
<b>Total, Tenant-Based Rental Assistance.....</b>	<b>14,401</b>	<b>15,920</b>	<b>16,000</b>
Public Housing Capital Fund .....	2,439	2,178	2,024
Rescission...	(19)	...	...
Modernization TA .....	[11]	[11]	[15]
Emergency Cap Needs .....	[17]	[20]	[...]
ROSS (within CDBG until FY 2003) .....	[38]	[24]	[...]
Transfer to Working Capital Fund .....	[11]	[15]	[17]
Neighborhood Networks Initiative .....	[7]	[...]	[...]
Administrative Receivership.....	[9]	[8]	[10]
Financial and Physical Assessment Support.....	0	[15]	[15]
Subtotal, PIH Capital Fund.....	[2,420]	[2,178]	[2,024]
Revitalization of Severely Distressed Public Hsg Projects .....	99	(99)	(99)
Technical Assistance.....	[2]	[(2)]	[(2)]
Public Housing Operating Fund .....	3,564	3,564	4,000
Asset-Based Management Transition Fund .....	[...]	[6]	[6]
Voluntary Graduation Bonus.....	[...]	[10]	[...]





Native American Housing Block Grants .....	624	626	627
Technical Assistance.....	[4]	[4]	[4]
National American Indian Housing Council .....	[1]	[...]	[...]
Title VI Federal Guarantees for Tribal Housing Activities:			
Program Account .....	[2]	[2]	[2]
Administrative expenses .....	[0.1]	[[0.1]]	[0.1]
Administrative Contract Expenses.....	[...]	[...]	[0.7]
Loan Guarantee Limitation.....	[[18]]	[[15]]	[17]
Indian Housing Loan Guarantee Fund:			
Program Account .....	4	6	7
Administrative expenses .....	[0.2]	[0.2]	[0.2]
Limitation Level .....	[116]	[251]	[367]
Native Hawaiian Loan Guarantee Fund			
Program Account .....	1	1	1
Limitation Level .....	[36]	[43]	[41]
Native Hawaiian Housing Block Grants .....			
Native Hawaiian Housing Block Grants Technical Assistance .....	[0.3]	[0.3]	[0.3]
Drug Elimination Grants-Rescission .....	(3)	...	...
<b>Subtotal, Public and Indian Housing.....</b>	<b>20,514</b>	<b>20,202</b>	<b>21,266</b>

#### COMMUNITY PLANNING AND DEVELOPMENT

Community Development Block Grants Fund.....	4,178	3,032	3,037
Rescission of EDI and Neighborhood Initiative Demo.....	...	(356)	(356)
Disaster Supplemental.....	16,673	...	0
Formula Grants.....	[3,704]	[2,968]	[2,968]
Insular Areas.....	[7]	[7]	[7]
CDBG Set-Asides:			
Indian Community Block Grant.....	[\$59]	[\$57]	[\$57]
Youthbuild.	[50]	[...]	[...]
Youthbuild Capacity Building.....	[[1]]	[[...]]	[[...]]
Youthbuild Technical Assistance .....	[[3]]	[[...]]	[[...]]
Transfer to the Working Capital Fund .....	[2]	[...]	[2]
Neighborhood Initiative Demonstration .....	[50]	[[50]]	[[50]]
CDBG - TA ...	[...]	[...]	[3]
EDI Special Purpose Projects.....	[307]	[[307]]	[[307]]
Community Development Loan Guarantees:			
Credit Subsidy and Administrative Costs .....	4	...	...
Loan Guarantee Limitation .....	[138]	[...]	[...]
Self-Help and Assisted Homeownership .....			
Technical Assistance.....	...	[1]	[1]
Self-Help Homeownership Opportunity/Habitat.....	[20]	[39]	[39]
National Community Development Initiative.....	[30]	[...]	[30]
Habitat Capacity .....	[[4]]	[[...]]	[[...]]
National American Indian Housing Council .....	[1]	[...]	[...]
Housing Assistance Council .....	[3]	[...]	[...]
Special Olympics .....	[1]	[...]	[...]



National Council of La Raza .....	[4]	[...]	[...]
National Housing Development Corporation.....	[2]	[...]	[...]
Brownfields Redevelopment Program .....	10	0	0
Brownfields Rescission .....	(10)	...	...
HOME Investment Partnerships Program.....	1,757	1,917	1,967
American Dream Downpayment Initiative .....	[25]	[100]	[50]
Transfer to Working Capital Fund .....	[1]	[3]	[3]
Technical Assistance and Management Information Systems.....	[10]	[10]	[10]
Housing Counseling.....	[42]	[...]	[...]
Homeless Assistance Grants.....	1,327	1,536	1,586
Faith-Based Prisoner Re-entry Initiative .....	0	[25]	[25]
Transfer to Working Capital Fund .....	[1]	[2]	[2]
Technical Assistance and Management Information Systems.....	[12]	[10]	[8]
Shelter Plus Care (Renewals) .....	[255]	[285]	[320]
Total, Homeless .....	[1,327]	[1,536]	[1,586]
Housing Opportunities for Persons with AIDS (HOPWA).....	286	300	300
Technical Assistance.....	[1]	[1]	[1]
Transfer of Working Capital Fund .....	0	[1]	[1]
Rural Housing and Economic Development .....	17	...	0
<b>Subtotal, Community Planning and Development.....</b>	<b>24,302</b>	<b>6,469</b>	<b>6,604</b>

#### HOUSING PROGRAMS

##### Project-Based Rental Assistance

Section 8 Contract Renewals (incl Mod Rehab & Mod Rehab SRO).....	4,890	5,526	5,523
Contract Administrators .....	146	146	286
Transfer to Working Capital Fund .....	1	4	4
Total, Project-Based Rental Assistance.....	5,037	5,676	5,813
Housing Counseling Assistance.....	[41.6]	<sup>a/</sup> 45	50
Supportive Housing for the Elderly Housing .....	735	545	575
Program Expansion .....	[...]	[...]	[415]
Demo on Leverage Financing.....	...	...	[[25]]
Rental Assistance Renewal & Operating Expenses:			
PRAC Renewals.....	[37]	[45]	[62]
Planning Grant .....	[20]	[...]	[...]
Transfer to Working Capital Fund .....	[0.4]	[2]	[1]
CAP Grants (Rehab)/Conversion to Assisted Living .....	[25]	[25]	[25]
Service Coordinators.....	[51]	[59]	[71]
Intergenerational Housing Demonstration .....	[4]	[...]	[...]
Subtotal, Supportive Housing for the Elderly Housing.....	[735]	[545]	[575]
Rescission...	(10)	...	...
<b>Total, Supportive Housing for the Elderly Housing .....</b>	<b>[725]</b>	<b>[545]</b>	<b>[575]</b>
Disabled Housing (Section 811).....	\$237	\$119	\$125
Program Expansion .....	[...]	[...]	[30]
Demo on Leverage Financing.....	...	...	[[15]]
Rental Assistance Renewal & Operating Expenses:.....			
PRAC Renewals.....	[13]	[15]	[20]



Mainstream Voucher Renewals .....	[78]	[75]	[75]
Incremental Mainstream Vouchers .....	[5]	[15]	[...]
Transfer to Working Capital Fund .....	[0.4]	[1]	[0.6]
Subtotal, Disabled Housing .....	[237]	[119]	[125]
Rescission...	(5)	...	...
Total, Disabled Housing .....	[231]	[119]	[125]
FHA Funds:			
Mutual Mort Ins and Coop Mgt Housing Ins Funds:			
Program Account			
Administrative Expenses.....	352	352	352
Non-overhead Expenses.....	62	62	77
Mortgage Insurance Limitation .....	[185,000]	[185,000]	[185,000]
Direct Loan Limitation .....	[50]	[50]	[50]
Transfer to the Working Capital Fund .....	[18]	[24]	[26]
General Insurance and Special Risk Insurance Funds:.....			
Program Account:.....			
Administrative Expenses.....	229	229	229
Non-overhead Expenses.....	79	78	78
Credit Subsidy.....	9	9	9
Mortgage Insurance Limitation .....	[35,000]	[35,000]	[35,000]
Direct Loan Limitation .....	[50]	[50]	[50]
Transfer to the Working Capital Fund .....	[11]	[11]	[16]
<b>Subtotal, FHA Funds</b>	<b>731</b>	<b>730</b>	<b>745</b>
Manufactured Home Inspection and Monitoring Trust Fund .....	13	16	16
Rent Supplement/Section 236 Contract Amendments .....	26	25	28
Rescission - Other Assisted Housing .....	...	...	(28)
<b>Subtotal, Housing Programs.....</b>	<b>6,764</b>	<b>7,156</b>	<b>7,324</b>
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>			
Guarantees of Mortgage-Backed Securities:			
Program Account .....	11	11	11
MBS Guarantee Limitation .....	[200,000]	[100,000]	[100,000]
<b>Subtotal, GNMA .....</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>POLICY DEVELOPMENT AND RESEARCH</b>			
Research and Technology .....	31	40	40
National Research Council .....	[1]	[...]	[...]
University Programs .....	20	28	25
Alaska Native and Native Hawaiian Serving Institutions .....	[3]	[3]	[3]
Tribal Colleges and Universities .....	[3]	[3]	[2]
Historically Black Colleges and Universities.....	[9]	[9]	[9]
Hispanic Serving Institutions .....	[6]	[6]	[6]
Community Outreach Partnerships Centers .....	[...]	[6]	[6]
Community Development Work Study Program .....	[...]	[2]	[...]
Technology Advancement Partnership (PATH).....	5	... b/	... b/
<b>Subtotal, PD&amp;R .....</b>	<b>56</b>	<b>68</b>	<b>65</b>

**FAIR HOUSING & EQUAL OPPORTUNITY**

Fair Housing Assistance Program .....	26	25	25
Fair Housing Initiatives Program.....	20	20	20
<b>Subtotal, Fair Housing Activities .....</b>	<b>46</b>	<b>45</b>	<b>45</b>

**OFFICE OF LEAD-BASED PAINT AND POISONING PREVENTION**

Lead Hazard Reduction .....	150	115	116
Technical Assistance.....	[9]	[6]	[9]
Operation LEAP .....	[9]	[9]	[3]
Healthy Homes .....	[9]	[9]	[12]
High Lead Areas Removal Initiative .....	[48]	[...]	[...]

**MANAGEMENT AND ADMINISTRATION**

Salaries and Expenses, HUD.....	\$573	\$594	\$654
Disaster Assistance .....	11	...	...
Transfers (FHA/GNMA/CPD) .....	[569]	[568]	[568]
<b>Subtotal, Salaries and Expenses, HUD .....</b>	<b>[1,153]</b>	<b>[1,162]</b>	<b>[1,222]</b>
GSE Proposal .....	...	(6)	...
Salaries and Expenses, OIG.....	81	83	88
Disaster Assistance .....	9	...	...
Transfers (FHA/PIH).....	[24]	[24]	[24]
<b>Subtotal, OIG.....</b>	<b>[114]</b>	<b>[107]</b>	<b>[112]</b>
Salaries and Expenses, OFHEO.....	60	62	66
OFHEO - Legislative Proposal.....	...	62	66
OFHEO - Legislative Proposal.....	...	(62)	(66)
Working Capital Fund (Direct) .....	195	220	220
Disaster Assistance .....	6	...	...
Transfers.....	[52]	[69]	[80]
Subtotal, Working Capital Fund.....	[253]	[289]	[300]
<b>Subtotal, Management and Administration .....</b>	<b>935</b>	<b>953</b>	<b>1,028</b>

<b>Subtotal, HUD Discretionary Budget Authority (Gross) .....</b>	<b>52,778</b>	<b>35,019</b>	<b>36,459</b>
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Current Year Offsetting Receipts .....	(741)	(528)	(578)
MMI New Products proposed/Existing Programs .....	...	(845)	(680)
Receipts to MMI Capital Reserve Account.....	(890)	(182)	...
MMI - Capital Reserve Legislative Proposal .....	...	182	...
<b>Total, HUD Discretionary Budget Authority (Net).....</b>	<b>51,147</b>	<b>33,646</b>	<b>35,201</b>

**MANDATORY PROGRAMS**

Native American Housing Block Grants .....	2	...	...
Low-Rent Public Housing - Loans and Other Expenses.....	10	10	2
FHA GI/SRI Program Account.....	361	...	...
FHA MMI/CMHI Capital Reserve Account.....	890	182	4
FHA MMI/CMHI Capital Reserve Legislative Proposal .....	...	(182)	676



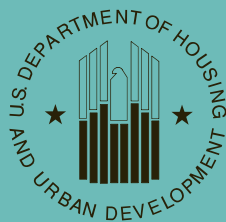
FHA GI/SRI Liquidating Account .....	192	433	301
Housing for the Elderly or Handicapped Liquidating Account .....	...	(605)	...
Interstate Land Sales .....	1	...	1
Revolving Fund .....	1	1	1
Community Development Loan Guarantees Program Account .....	3	...	...
Community Development Loan Guarantees Liquidating Account .....	(1)	...	...
Guarantees of Mortgage-Backed Securities Liquidating Account .....	...	43	43
Subtotal, Gross Mandatory Budget Authority .....	1,459	(118)	1,028
Mandatory Receipts .....	(201)	...	(77)
General Fund Proprietary Interest Receipts.....	...	...	(2)
Total, Net Mandatory Budget Authority.....	1,258	(118)	949
<b>Total, Net HUD Budget Authority .....</b>	<b>52,405</b>	<b>33,528</b>	<b>36,150</b>

a/ Funded under HOME.

b/ Eligible activities under PD&R.

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





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