

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

REVOLVING FUND (LIQUIDATING PROGRAMS)

PROGRAM HIGHLIGHTS

	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003	INCREASE + DECREASE - 2003 vs 2002
	(Dollars in Thousands)			
Receipts and Repayments .....	\$16,916	\$1,000	\$1,000	...
Receipts from Section 312 Sale ..	\$64,101	...	...	...
<u>Repayments to the Treasury:</u>				
In year dividend .....	\$120,000	\$15,000	\$8,000	-\$7,000
Cumulative .....	\$2,242,519	\$2,257,519	\$2,265,519	+\$8,000
Book value of Assets, EOY .....	\$56,740	\$45,000	\$35,000	-\$10,000
Budget Outlays (Net Receipts) ...	-\$76,198	\$2,695	\$2,000	-\$695

SUMMARY OF BUDGET ESTIMATES

The expenses of the Revolving Fund (Liquidating Programs) are financed from repayments of loans and advances; therefore, no appropriation is requested. However, it should also be noted that this account's largest influx of funds came from the Section 312 loan portfolio, which was sold in fiscal year 2001 for \$64 million. The selling of nearly all the Section 312 loans to the private sector helps HUD to refocus its efforts toward its active programs.

The Section 312 loan program provided first and junior lien financing at below-market interest rates for the rehabilitation of homes in low-income neighborhoods. This program ceased originating new loans over 10 years ago. More than 100,000 loans were made since the authorization of the program in the Housing Act of 1964. Since Congress terminated the program, the remaining portfolio had dwindled to less than 6,000 active loans.

EXPLANATION OF INCREASES AND DECREASES

The continued liquidation of this account reflects lower activity in all categories. The sale of the Section 312 loan portfolio resulted in a large dividend payment to Treasury in late fiscal year 2001, and since the sale, activity in this account has been considerably reduced.

PROGRAM DESCRIPTION AND ACTIVITY

Legislative Authority and Program Area Organization. The Revolving Fund (Liquidating Programs) was established by the Independent Offices Appropriation Act, 1955, to provide a single fund to assist in the efficient liquidation of assets acquired under various housing and urban development programs. The assets of certain war and emergency housing constructed under the Lanham and Related Acts, Alaska Prefabricated Housing, War Public Works, Defense Community Facilities and Reconstruction Finance Corporation Public Agency Loan programs initially were included in this Fund. At the end of 1970, the Public Works Planning Advances, Grants to Aid Advance Acquisition of Land, and the Alaska Housing Grants and Loans programs were terminated and the assets were transferred to this Fund for liquidation.

In 1975, the assets and liabilities of four community development categorical programs comprised of Basic Water and Sewer Facilities, Neighborhood Facilities, Open Space Land, and Public Facility Loans were included in the Fund pursuant to Section 117(b) of the Housing and Community Development Act of 1974, which provided for such

Revolving Fund

transfers to facilitate liquidation of the programs. In 1984, the New Communities program was transferred to the Revolving Fund; and, on October 1, 1986, the Urban Renewal Program was transferred to the Fund.

The National Affordable Housing Act repealed the Rental Rehabilitation Grants and Rehabilitation Loan (Section 312) programs. Both programs were transferred to the Revolving Fund (Liquidating Programs), effective October 1, 1991, pursuant to P.L. 102-27 and P.L. 102-139.

Since 1994, income had exceeded operating expenses and disbursements of obligations, resulting in net receipts. This income had been mostly from the repayments of active loans from the Section 312 Rehabilitation Loan program.

STATUS OF FUNDS

Balances Available

The following table shows the status of the Revolving Fund for fiscal years 2001 through 2003.

	ACTUAL <u>2001</u>	ESTIMATE <u>2002</u>	ESTIMATE <u>2003</u>
	(Dollars in Thousands)		
<u>Source of Funds:</u>			
Unobligated balance, start of year.....	\$75,914	\$31,314	\$13,219
Receipts:			
Repayments/Section 312 Sale.....	81,017	1,000	1,000
Recaptures .....	<u>304</u>	<u>...</u>	<u>...</u>
Total available .....	157,235	32,314	14,219
<u>Application of Funds:</u>			
Sec. 312 Loan Servicing, and Foreclosure/ Judgement Expenses, Acquired Security, Collateral, and Maintenance.....	4,921	3,795	40
Payment of Salaries and Expenses to HUD....	1,000	300	100
Payment of dividend to the U. S. Treasury...	<u>120,000</u>	<u>15,000</u>	<u>...</u>
Total, application of funds.....	125,921	19,095	140
Unobligated balance, end of year.....	31,314	13,219	14,079

SUMMARY OF OBLIGATED BALANCES WITHIN THE REVOLVING FUND

Summary of obligated balances, end of year, follows:

	ACTUAL ESTIMATE <u>2001</u>	ESTIMATE <u>2002</u>	<u>2003</u>
	(Dollars in Thousands)		
Obligated balance, start of year.....	\$5,914	\$6,712	\$7,112
Obligations incurred.....	<u>5,921</u>	<u>4,095</u>	<u>140</u>
Subtotal. ....	11,835	10,807	7,252
Outlays (Gross) .....	-4,819	-3,695	-3,000
Adjustment in Unexpired Accounts.....	<u>-304</u>	<u>...</u>	<u>...</u>
Obligated balance, end of year.....	6,712	7,112	4,252

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

This is not an active program, so there are no Strategic Goals or Objectives associated with it.