



FISCAL YEAR 2006 BUDGET SUMMARY

MESSAGE FROM SECRETARY JACKSON

Over the past four years, the U.S. Department of Housing and Urban Development (HUD) has expanded homeownership, increased access to affordable housing, fought housing discrimination, tackled homelessness, and made a new commitment to serving society's most vulnerable. The Department has implemented innovative solutions to address our nation's housing needs, and our results have been impressive and measurable.

In 2004, the homeownership rate reached its highest level in history. Today, nearly 70 percent of American families own their own homes, and the minority homeownership rate has surpassed 51 percent for the first time in history.

HUD's \$28.5 billion Fiscal Year (FY) 2006 Budget seeks to build on our success and lend a compassionate hand to individuals in need, while also using taxpayer money more wisely and reforming programs in need of repair.

The proposed HUD Budget reflects this intent through three broad, yet focused strategic goals:

- ***Promoting Economic Opportunity and Ownership***

Despite achieving the highest homeownership rate in history, minorities remain less likely than non-Hispanic whites to own their homes. To confront this gap, the President has challenged the nation to create 5.5 million minority homeowners by the end of this decade. Since the President issued his challenge, 2.2 million minority families have joined the ranks of homeowners. In FY 2006, HUD will pursue a number of initiatives to continue closing the minority homeownership gap, and to achieve the Administration's new goal of creating 7 million affordable homes over the next ten years.

The Budget proposes a Zero Downpayment Mortgage option in the Federal Housing Administration (FHA) that would allow first-time buyers with a strong credit record to finance 100 percent of the home purchase price and closing costs. The Budget also proposes a program called Payment Incentives, which would allow borrowers with limited or weak credit histories to purchase homes by initially being charged a higher insurance premium that would gradually be reduced after a period of on-time payments.

Together, these programs will help more than 250,000 families achieve homeownership in 2006.

The Administration is also proposing that Congress enact a Single Family Homeownership Tax Credit that will encourage the production of homes for moderate-income families.

- ***Serving Society's Most Vulnerable***

The Administration remains committed to the goal of ending chronic homelessness, and has aggressively pursued policies to move more homeless families and individuals into permanent housing.

Since President Bush first launched a nationwide effort to end chronic homelessness, the Federal government has helped State and local governments across America draft plans to move chronically homeless individuals into permanent supportive housing, and to prevent individuals from becoming chronically homeless. More than 200 State, county, and city governments have joined the Federal effort to date.

Moreover, the Administration is funding homeless assistance programs at unprecedented levels. Assistance provided by HUD alone totals nearly \$5 billion since President Bush took office in January 2001.

HUD is also working to ensure that homeless individuals have access to services through the Department's mainstream housing assistance programs, and coordinating better than ever before the efforts of the many Federal agencies that work with us in serving the homeless population.

Also, the FY 2006 Budget proposes \$25 million toward the Prisoner Reentry Initiative, which will help individuals leaving prison make a successful transition to community life and long-term employment.

- ***Making Government More Effective***

The FY 2006 Budget will make government a better steward of taxpayer money. To that end, reforming the Section 8 program is the Department's top priority.

In 2001, the Housing Certificate Fund, under which both the project-based and tenant-based Section 8 programs are funded, consumed 43 percent of HUD's annual Budget. That had risen to 57 percent in FY 2005, and will surpass 65 percent in the Department's 2006 Budget. HUD is one of the only Federal agencies with one program devouring such a high percentage of its annual operating Budget, and this continuing rate of growth is completely unsustainable.

Section 8's program costs are cannibalizing every HUD program – at the same time waiting lists of families seeking housing continue to grow.

When Congress passed HUD's 2005 Budget, lawmakers converted Section 8 funding from a unit-based system to a dollar-based distribution. For the dollar-based system to work, we need to simplify program requirements and provide Public Housing Authorities (PHAs) with greater flexibility.

The Section 8 reform proposal that HUD will re-propose in 2006 returns flexibility to local agencies. For example, PHAs will be able to set and adjust subsidies based on local market rents, rather than depend on HUD-determined rents. PHAs will be encouraged to design their own tenant rent policies to reward work, and HUD will eliminate many of the complex forms that are now required. PHAs will be rewarded for good management through performance-based incentives.

The Section 8 reform proposal eliminates the quota system which requires that Section 8 vouchers go almost exclusively to families making less than 30 percent of area median income. Assistance would still be limited to low-income families, but housing agencies would no longer have to discriminate against those moving up the economic ladder.

Our budget is also proposing another fundamental change. Today, communities across the country have to navigate a maze of federal community development programs. By and large, these programs have the same goal: to improve, enrich and enhance the cities, towns, and neighborhoods where the money flows.

During this time of fiscal restraint, it is both duplicative and costly to fund so many of the Federal government's community and economic development programs out of different Departments. Thus, the FY 2006 Budget proposes consolidating certain programs – such as Community Development Block Grants – into more targeted, unified programs at the Departments of Labor and Commerce.



HUD's mission is compassionate, and its success will ultimately be judged by the lives and communities that have been forever changed through the Department's work: the young families who have taken out their first mortgage and become homeowners; the once-homeless men and women who now have a home; the faith-based and community organizations that are successfully using HUD grants to deliver social services; and the neighborhoods once facing a shortage of affordable housing that now have more homes and more opportunities.

Empowered by the resources provided for and supported by HUD's proposed Budget for FY 2006, new success stories will be written and our communities and the entire nation will grow stronger. And more citizens will come to know the American Dream for themselves.



Alphonso Jackson
February 7, 2005

Fiscal Year 2006 Budget Summary



U.S. Department of Housing and Urban Development



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. Homeownership inspires civic responsibility, and homeowners are more likely to vote and get involved with local issues. Homeownership offers children a stable living environment, and it influences their personal development in many positive, measurable ways – at home and at school.

Homeownership's potential to create wealth is impressive, too. For the vast majority of families, the purchase of a home represents the path to prosperity. A home is the largest purchase most Americans will ever make – a tangible asset that builds equity, good credit, borrowing power, and overall wealth.

In 2004, more Americans achieved the dream of homeownership than at any time in our nation's history. Today, nearly 70 percent of American families own their homes, and minority homeownership has surpassed 51 percent for the first time in history.

That figure, however, points to a significant homeownership gap between non-Hispanic whites and minorities. In June 2002, the President challenged the nation to create 5.5 million new minority homeowners by 2010. Since the President's challenge, 2.2 million minority families have joined the ranks of homeowners.

The Administration is working to make homeownership more affordable and more accessible. Government should do everything it can to help families find the security, dignity, and independence that come with owning a piece of the American Dream.

The 2006 Budget supports ambitious goals to:

- ***Add 5.5 million new minority homeowners by 2010.***
- ***Increase the supply of affordable homes by 7 million units over the next 10 years.***

American Dream Downpayment Initiative

For many Americans, high downpayments and closing costs represent the greatest barrier to homeownership. To help overcome this obstacle, the President proposed the American Dream Downpayment Initiative to provide low- and moderate-income families with the funds and support needed to purchase their first home. On December 16, 2003, President Bush signed the American Dream Downpayment Initiative into law, and six months later, HUD distributed \$161.5 million in downpayment funds to over 400 State and local governments. These funds have already helped over 3,500 families purchase their first homes – of which more than 50 percent were minorities. The 2006 Budget provides \$200 million to fully fund the Initiative.



Housing Counseling

Helping families learn about the loan products and services available to them and how to identify and avoid predatory lending practices is critical to increasing homeownership. Housing counseling has proven to be an extremely important element in both the purchase of a home and in helping homeowners keep their homes in times of financial stress. The FY 2006 Budget proposes \$40 million for Housing Counseling to assist over 760,000 families to become homeowners or avoid foreclosing on their homes. This effort will fully utilize faith-based and community organizations.

FHA Zero Downpayment and Payment Incentives

To remove two of the largest barriers to homeownership – high downpayment costs and impaired credit – the Budget proposes two mortgage programs. The Zero Downpayment Mortgage allows first-time buyers with a strong credit record to finance 100 percent of the home purchase price and closing costs. For borrowers with limited or weak credit histories, a second program, Payment Incentives, initially charges a higher insurance premium and reduces premiums after a period of on-time payments. In 2006, these new mortgage programs will assist more than 250,000 families achieve homeownership.

Single Family Homeownership Tax Credit

The President proposes a new Single Family Homeownership Tax Credit that could increase the supply of single-family affordable homes by an additional 50,000 homes annually. Under the President's plan, builders of affordable homes for middle-income purchasers will receive a tax credit. State housing finance agencies will award tax credits to single-family developments located in a census tract with median income equal to 80 percent or less of area median income and will be limited to homebuyers in the same income range. The credits may not exceed 50 percent of the cost of constructing a new home or rehabilitating an existing property. Each State would have a homeownership credit ceiling adjusted for inflation each year and equal to the greater of 1.75 times the State population or \$2 million. In total, the tax credit will provide \$2.5 billion over 5 years.

Homeownership Vouchers

The Homeownership Voucher program, while still new, has successfully paved a path for low-income Americans to become homeowners. Together with pre- and post-homeownership counseling, strong and committed collaboration among Public Housing Authorities (PHAs), local non-profits, and lenders has proven to be essential in making the program work for families across the country. The greatest challenge to the success of the program is finding lenders who are willing to participate.

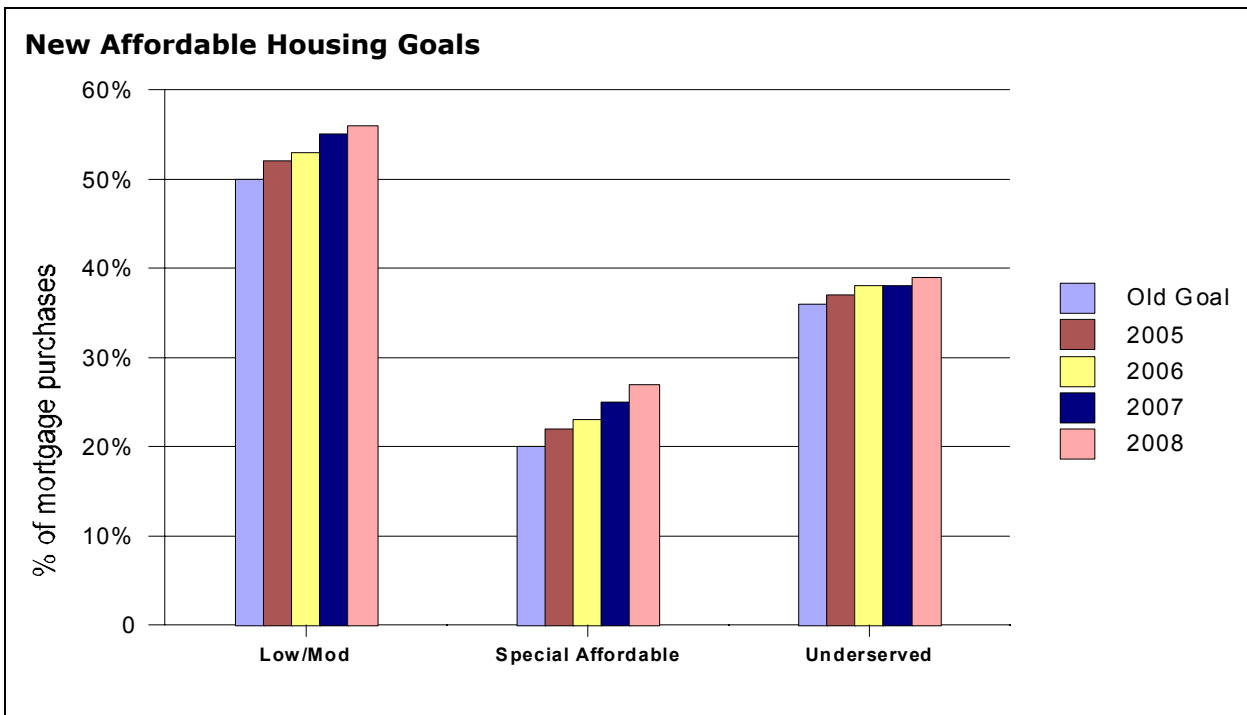
Although the Homeownership Voucher program is voluntary, a Program Assessment Rating Tool (PART) analysis completed on the program shows that it has exceeded its annual goals consistently since the program began. In its first four years, the program assisted over 2,000 low-income families that were renting through the Section 8 program become homeowners. In 2006, the program plans to assist 3,000 families achieve homeownership.



Ensuring Government-Sponsored Enterprises Promote Affordable Housing

Government-sponsored enterprises were chartered to help low- and moderate-income families secure mortgages. HUD recently published a rule that requires Fannie Mae and Freddie Mac to increase their purchases of mortgages for low- and moderate-income households and underserved communities. These new goals will push the GSEs to genuinely lead the market in creating homeownership opportunities for less-advantaged Americans.

In addition to increasing the housing goals annually from 2005 through 2008 (see chart below), HUD's rule establishes new home purchase subgoals in each of the three goal areas. This is intended to focus the GSEs' efforts on purchases of homes rather than refinancings. HUD projects that over the next four years, GSEs will purchase an additional 400,000 home loans that meet these new and more aggressive goals as a result of the new rule.



Neighborhood Reinvestment Corporation

The 2006 Budget increases funding for the Neighborhood Reinvestment Corporation to \$118 million. The Corporation, a public nonprofit organization chartered by Congress in 1978 and independent of HUD, is also working to expand minority homeownership. The Corporation is pledging to provide direct assistance to over 170,000 families in 2006 through affordable mortgage and rehabilitation lending, comprehensive homebuyer education, and counseling services.



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SERVING SOCIETY'S MOST VULNERABLE

Ending Chronic Homelessness

The Administration remains committed to the goal of ending 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. They have been homeless for a year or more, or they have had repeated periods of extended homelessness. They may occasionally get help and leave the streets, but they soon fall back to a life of sidewalks and shelters.

Research indicates that although just 10 percent of the homeless population experiences chronic homelessness, these individuals consume over half of all emergency homeless resources. Housing this population will free 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 for the first time in six years, bringing together 20 Federal entities involved in combating homelessness. Since its inception, the Interagency Council 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. Today, more than 200 State, county, and city governments have joined the Federal effort.

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. Building on the success of this initiative, the proposed Samaritan Housing Initiative will provide up to \$200 million in 2006 in new housing subsidies paired with case management specifically targeted to this population.

The Budget provides a record level of resources for permanent supportive housing for homeless individuals who have been on the streets or in shelters for long periods. The 2006 Budget provides \$1.44 billion for Homeless Assistance Grants, \$200 million more than in 2005. Altogether, the Administration requests \$4 billion in 2006 for Federal housing and social service programs for the homeless, an 8.5% increase.

Housing for Special Populations

Housing Opportunities for Persons with AIDS (HOPWA) provides formula grants to States and localities to provide housing to ensure persons with AIDS can continue to receive health care and other needed support. The program also provides competitive grants to nonprofit organizations. In FY 2006, HOPWA will fund an estimated 25 competitive grants and will provide formula funding to an estimated 124 jurisdictions and in total will provide an estimated 67,000 households with housing assistance.



Housing for Returning Ex-offenders

Every year, more than 600,000 adult inmates complete their sentences and are released from prison. They face many barriers upon their return to society, including inadequate job skills and housing, and approximately two-thirds of prisoners are re-arrested within three years of their release. About half of them return to prison during that same period.

To confront this problem, the President proposed a four-year, \$300 million Prisoner Re-entry Initiative in his 2004 State of the Union address, designed to help individuals leaving prison make a successful transition to community life and long-term employment.

Drawing on the collaborative efforts of the Departments of Labor, Housing and Urban Development, and Justice, and harnessing the experience of faith-based and community organizations, the program will offer a range of job training, housing, and mentoring services that will help reduce recidivism and ensure that former prisoners are reintegrated into society. The President's Budget provides \$75 million for this Initiative in 2006, including \$25 million within HUD.



MAKING GOVERNMENT MORE EFFECTIVE

Reforming Low-Income Housing Assistance

HUD has four major rental assistance programs that collectively provide rental subsidies to approximately 4.8 million households nationwide. The major vehicle for providing rental subsidies is the Section 8 program, which is authorized in Section 8 of the U.S. Housing Act of 1937. Under this program, HUD provides subsidies to individuals (tenant-based) who seek rental housing from qualified and approved owners, and also provides subsidies directly to private property owners who set aside some or all of their units for low-income families (project-based).

The Housing Choice Voucher Program, the best known of the Section 8 rental assistance programs, provides approximately 2 million low-income families with subsidies to afford decent rental housing in the private market. Participants contribute 30 percent of their income towards rent, and the government pays the rest.

In the past, funds have been appropriated for a specific number of vouchers each year. These funds were then given to PHAs based on the number of vouchers they awarded.

In 2001, the Housing Certificate Fund, under which both the project-based and tenant-based Section 8 programs are funded, consumed 43 percent of HUD's annual Budget. That had risen to 57 percent in FY 2005, and will surpass 65 percent in the Department's 2006 Budget. This rate of increase, combined with an extremely complex set of laws and rules that govern the program, has limited its effectiveness.

In response to unsustainable cost increases, Congress recently converted this "unit-based" allocation system to a "dollar-based" system. This made sense, but for the dollar-based system to work, program requirements need to be simplified and PHAs need to be provided with greater flexibility.

The Administration proposes to simplify Section 8 and give more flexibility to PHAs to administer the program to better address local needs. Building on changes in the 2005 Consolidated Appropriations Act, the Administration proposes expanding the "dollar-based" approach. PHAs will continue to receive a set dollar amount as in 2005, but they would have the freedom to adjust the program to the unique and changing needs of their communities, including the ability to set their own subsidy levels based on local market conditions rather than Washington-determined rents. Local PHAs will be able to design their own tenant rent policies, and in turn, reduce the number of errors that are made, save money, and create incentives to work. The Administration's plan will eliminate many of the complex forms that are currently required to comply with program rules, saving both time and money. Furthermore, the Administration's proposal will reward PHAs for good management through performance-based incentives. These changes would provide a more efficient and effective program by eliminating large balances of unused resources and helping low-income families more easily obtain decent, safe, and affordable housing.



Housing for the Elderly

The Housing for the Elderly (Section 202) program provides capital grants and operating subsidies to non-profit sponsors to construct new apartment units for very low-income elderly people. In 2004, an evaluation of the program found lengthy and delayed construction, unexpected cost increases, and an inability to demonstrate program performance results.

The Administration will investigate ways that Housing for the Elderly can be reformed to address these performance shortcomings. In doing so, it will be guided by other housing assistance programs that can provide housing efficiently and relatively quickly.

Reforming Community and Economic Development Programs

The Budget proposes a new program within the Department of Commerce to support communities' efforts to meet the goals of improving their economies and their quality of life. This initiative will consolidate programs such as Community Development Block Grants into a more targeted, unified program that sets accountability standards in exchange for flexible use of the funds.



UPDATE ON THE PRESIDENT'S MANAGEMENT AGENDA

The President's Management Agenda (PMA) is designed to improve the overall efficiency and effectiveness of the Federal government and to address significant management deficiencies at individual agencies. HUD fully embraces this sound management agenda and is on-target with the necessary plans and actions to meet the challenging goals set by the President. To sustain the focus needed to achieve these goals, they have been engrained in HUD's strategic and annual performance and operating plans.

The President's Management Agenda includes five government-wide and three HUD-specific initiatives that are tracked and scored in terms of both baseline goal accomplishment and the adequacy of plans and progress towards achieving established goals. At HUD, these initiatives are addressing longstanding management problems that will take multiple years to achieve the President's goals. This is clearly reflected in HUD's across-the-board baseline goal accomplishment scores in a "red-yellow-green" scoring process where green represents goal achievement. The scores on HUD's plans and progress are all green or yellow, indicating that HUD has adequate plans and is making good progress towards achieving the President's goals for more efficient and effective management of HUD's resources. HUD's scorecard at the end of calendar year 2004 is summarized in the table below. While the criteria for goal accomplishment are tough, HUD plans to move many of its baseline scores from red to yellow in 2006.

HUD's December 31, 2004, Scorecard on the President's Management Agenda

PMA Initiative	Baseline Goal Score	Plans and Progress Score
Human Capital	Yellow	Green
Competitive Sourcing	Red	Green
Financial Performance	Red	Yellow
Electronic Government	Red	Green
Budget and Performance Integration	Red	Green
HUD Management and Performance	Red	Green
Faith-Based and Community Initiative	Yellow	Green
Eliminating Improper Payments	Yellow	See Below



GOVERNMENT-WIDE INITIATIVES

- ***Human Capital***

After many years of downsizing, HUD faces a large number of potential retirements and the loss of experienced staff. HUD's staff, or "human capital," is its most important asset in the delivery and oversight of the Department's mission. HUD has taken significant steps to enhance and better use its existing staff capacity, and to obtain, develop, and maintain the staff capacity necessary to adequately support HUD's future program delivery. HUD has revamped its hiring practices, and now fills jobs in an average of only 38 days, instead of the 96-day average originally cited by the Government Accountability Office. Moreover, HUD has synchronized the goals and performance plans of its managers with the overall aims of the agency, and is developing a new managerial framework through recent hiring and executive training programs.

- ***Competitive Sourcing***

HUD's first competition is now in progress and HUD is working to expand competitive sourcing to generate savings in commercial activities. While still suffering from internal control weaknesses, HUD met the accelerated timetables for producing its performance and accountability report, and improved the reliability, accuracy, and timeliness of financial systems.

- ***Improved Financial Performance***

HUD has strived to enhance and stabilize its existing financial management systems operating environment to better support the Department and produce auditable financial statements in a timely manner. HUD is continuing efforts to reduce its internal control weaknesses from 10 to 7 by next year. HUD completed security reviews for all of its information systems in calendar year 2004, and plans are in place to eliminate security defects by next year.

HUD-SPECIFIC INITIATIVES

- ***HUD Management and Performance***

Today, public and assisted housing residents live in better quality housing with fewer safety violations than four years ago. HUD increased the percentage of projects meeting its physical condition standards in public housing by 9 percentage points (from 83 percent in 2002 to 92 percent in 2004) and in subsidized private housing by 8 percentage points (from 87 percent in 2002 to 95 percent in 2004). HUD now turns around at least 45 percent of public housing authorities classified as "troubled" within 12 months rather than the 2 years allowed by regulation. New rules and procedures have virtually eliminated property flipping fraud from the FHA insurance programs, and close monitoring will continue to prevent such abuses. New rules and procedures have forced out bad appraisers from the FHA program and an effort called "Credit Watch" will continue to bar other individuals who improperly raise the risk of loss in these programs. Since 2002, HUD has worked with stakeholders to streamline their Consolidated Planning process into an easy-to-use and helpful tool for communities.



- ***Faith-Based and Community Initiative***

HUD expanded its outreach to community organizations, including faith-based organizations, attempting to level the playing field for its formula and competitive grants. HUD has removed all discriminatory barriers to participation by such organizations. HUD's technical assistance has helped these organizations understand the application process as well as the responsibilities for implementation. These organizations are beginning to compete more widely and effectively as shown in their success in increasing the number of grants from 659 in 2002 to 765 in 2003, a 16 percent improvement.

- ***Improper Payments Initiative***

At the beginning of the President's first term, HUD committed to working with its stakeholders to reduce the improper payment in rental subsidies by one-half by 2005. At that time, 56 percent of rental subsidies were incorrectly calculated by program sponsors due to improper interviews, inadequate income verifications, misunderstood program rules, and computational errors. Other errors resulted from inadequate verification of tenants' self-reported incomes. Four years later, HUD has achieved exactly what it committed to do. Processing errors are down to 30 percent and improper payments are lower by half, a reduction of \$1.6 billion in payment errors. HUD does not plan to stop there. Beginning in 2005, HUD will expand the verification of tenant self-reported incomes to include recent wage data. This has the dual benefit of both improving accuracy and providing more privacy because income data will be matched electronically whereas current procedures require a paper verification letter to the tenant's employer. These stewardship efforts improve confidence that the right person is getting the right benefit in a timely, dignified, and private manner as intended under law. Because this is the first quarter that agency efforts were rated, progress scores were not given.



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Appendix A

2006 HUD BUDGET REQUEST

	(\$ in Millions)
Net 2005 Enacted Level (PL 108-447)	31,769
FY 2005 Emergency Supplemental (PL 108-324)	150
Total FY 2005 Enacted (Net)	31,919
Technical Adjustments to 2005 Enacted:	
Downward Estimate of FHA/GNMA Receipts	163
Downward Estimate of Section 236 Rescission	<u>275</u>
Net FY 2005 Enacted Level	32,357
 Increases to 2005	
Tenant Based Section 8	1,079
Operating S Subsidies*	969
Homeless Assistance Grants	200
Self-Help Opportunity Program*	30
HOME	41
PD&R*	25
Hawaiian Block Grant*	9
FHA Administrative Expense	6
Departmental Management	34
Housing Counseling	40
Non-Recurring Rescissions/Offsets	<u>515</u>
Total Increases	2,948
 Decreases to 2005	
CDBG Formula Grants	-4,110
CDBG Set Asides*	-592
Project-based Section 8	-226
Section 8 (et al) Rescission	-943
Public Housing Capital Fund	-252
HOPE VI (including Rescission)	-286
Section 811 Facility Grants	-118
Native American Block Grants*	-39
Indian/Hawaiian Loan Program	-2
Brownfields	-24
FHA Contract Expenses/Credit Subsidy	-29
Section 108 Loans	-7
Empowerment Zones	-10
HOPWA	-14
Lead Based Paint	-48
Fair Housing	-7
Rural Housing	-24
Non Recurring Supplemental	<u>-150</u>
Total Reductions	-6,881
Total FHA/GNMA Downward Estimate of Receipts	<u>86</u>
Net FY 2006 Budget Proposal	28,510

*A portion, or the full increase or decrease, is a reflection of a change in the account where program activity is recorded and does not reflect the total net change in program activity.



Appendix B

BUDGET AUTHORITY BY PROGRAM
 COMPARATIVE SUMMARY, FISCAL YEARS 2004-2006
 (Dollars in Millions)

	<u>2004 ACTUAL</u>	<u>2005 ENACTED</u>	<u>2006 ESTIMATE</u>
DISCRETIONARY PROGRAMS			
PUBLIC AND INDIAN HOUSING			
Housing Certificate Fund			
Section 8 Contract Renewals/Amendments.....	\$17,531	...	...
Central Fund.....	136	...	...
Administrative Fees.....	1,235	...	...
Family Self-Sufficiency.....	48	...	...
Tenant Protection/Replacement Voucher.....	205	...	...
Advanced Appropriation for FY 2004.....	[4,175]	...	...
Advanced Appropriation for FY 2005.....	[(4,166)]	\$4,166	...
Contract Administrators.....	99	...	...
Transfer to Working Capital Fund.....	3	...	...
Subtotal, Housing Certificate Fund.....	19,257	4,166	...
Rescission of Section 8 Balances.....	(2,844)	(1,557)	(\$2,500)
Total, Housing Certificate Fund.....	16,413	2,609	(2,500)
Tenant-Based Rental Assistance			
Section 8 Contract Renewals.....	...	9,189	14,090
Administrative Fees.....	...	1,200	1,295
Family Self-Sufficiency Coordinators.....	...	46	55
Tenant Protection Vouchers.....	...	162	354
Central Fund.....	...	...	45
Advanced Appropriation for FY 2006.....	...	[(4,200)]	[4,200]
Advanced Appropriation for FY 2007.....	...	...	[(4,200)]
Transfer to Working Capital Fund.....	...	3	6
Total, Tenant-Based Rental Assistance.....	...	10,600	15,845
Project-Based Rental Assistance			
Section 8 Contract Renewals (inc. Mod Rehab & Mod Rehab SRO)...	...	5,195	4,923
Contract Administrators.....	...	101	147
Transfer to Working Capital Fund.....	...	2	2
Total, Project-Based Rental Assistance.....	...	5,298	5,072
Public Housing Capital Fund.....			
Modernization TA.....	[50]	[38]	[11]
Remediation Troubled PHAs.....	[[13]]	[[12]]	[[...]]
Emergency Cap Needs.....	[40]	[30]	[17]
ROSS (within CDBG until FY 2003).....	[55]	[53]	[24]
Transfer to Working Capital Fund.....	[11]	[10]	[13]
Neighborhood Networks Initiative.....	[15]	[15]	[...]
Administrative Receivership.....	[...]	[3]	[9]
Subtotal, PIH Capital Fund.....	[2,696]	[2,579]	[2,327]
Revitalization of Severely Distressed Public Hsg Projects.....	\$149	\$143	(\$143)
Technical Assistance.....	[4]	[4]	[...]

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Public Housing Operating Fund.....	3,579	2,438	3,407
Funds to Attorney General to fight crime and drugs.....	[10]	[8]	[...]
Voluntary Graduation Bonus.....	[...]	[10]	[10]
Rescission of Drug Elimination Grants.....	...	(5)	...
Native American Housing Block Grants.....	650	622	583
Transfer to the Working Capital Fund.....	[3]	[3]	[...]
Technical Assistance.....	[5]	[4]	[2]
National American Indian Housing Council.....	[2]	[2]	[...]
Indian CDBG (formerly in CPD).....	...	...	[58]
Title VI Federal Guarantees for Tribal Housing Activities:			
Program Account.....	[2]	[2]	[5]
Administrative Expenses.....	[0.2]	[0.1]	[0.2]
Loan Guarantee Limitation.....	[[17]]	[[18]]	[[38]]
Rescission of credit subsidy carryover.....	...	(21)	...
Indian Housing Loan Guarantee Fund:			
Program Account.....	5	5	3
Administrative expenses.....	[0.2]	[0.2]	[0.3]
Limitation Level.....	[197]	[145]	[99]
Rescission of credit subsidy carryover.....	...	(33)	...
Native Hawaiian Loan Guarantee Fund			
Program Account.....	1	1	1
Limitation Level.....	[40]	[37]	[35]
Native Hawaiian Housing Block Grants	[9] a/	[9] a/	9
Native Hawaiian Technical Assistance.....	[...]	[0.5]	[0.4]
Subtotal, Public and Indian Housing.....	23,493	24,236	24,604

COMMUNITY PLANNING AND DEVELOPMENT

Community Development Block Grants Fund.....	4,933	4,853	...
Disaster Supplemental.....	...	[150]	...
Formula Grants.....	[4,331]	[4,110]	[...]
Insular Areas.....	[...]	[7]	[...]
CDBG Set-Asides:			
Indian Community Development Block Grant.....	[72]	[68]	[...] b/
Capacity Building (NCDI).....	[35]	[34]	[...]
Habitat for Humanity.....	[[5]]	[[5]]	[[...]]
Section 107 Grants.....	[52]	[43]	[...]
Technical Assistance.....	[[1]]	[[1]]	[[...]]
Insular Areas.....	[[7]]	[[...]]	[[...]]
Historically Black Colleges and Universities.....	[[10]]	[[10]]	[[...]] c/
Technical Assistance (HBCU).....	[[[2]]]	[[[2]]]	[[[...]]] c/
Community Development Work Study.....	[[[3]]]	[[[3]]]	[[...]] c/
Hispanic Serving Institutions.....	[[7]]	[[7]]	[[...]] c/
Community Outreach Partnerships.....	[[7]]	[[7]]	[[...]] c/
Alaskan Native and Hawaiian Native Institutions.....	[[3]]	[[4]]	[[...]] c/
Department of Hawaiian Home Lands.....	[[9]]	[[9]]	[[...]]
Tribal Colleges and Universities.....	[[3]]	[[3]]	[[...]] c/
Housing Assistance Council.....	[3]	[3]	[...]
National American Indian Housing Council.....	[2]	[2]	[...]
Neighborhood Initiative Demonstration.....	[44]	[42]	[...]
Self-Help Homeownership/Habitat.....	[27]	[25]	[...]
Youthbuild	[65]	[62]	[...]
Youthbuild Capacity Building.....	[[2]]	[[2]]	[[...]]
Youthbuild Technical Assistance	[[3]]	[[3]]	[[...]]
Transfer to the Working Capital Fund.....	[5]	[3]	[...]
EDI Special Purpose Projects.....	[290]	[292]	[...]



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LaRaza.....	[5]	[5]	[...]
Technical Assistance.....	[[0.5]]	[0.5]	[...]
Special Olympics.....	...	[2]	...
Urban Development Action Grants.....	(30)
Community Development Loan Guarantees:			
Credit Subsidy and Administrative Costs.....	7	7	...
Loan Guarantee Limitation.....	[275]	[275]	[...]
Self-Help Homeownership Opportunity/Habitat	...	...	\$30
Brownfields Redevelopment Program.....	25	24	...
Urban Empowerment Zones.....	15	10	...
HOME Investment Partnerships Program.....	2,006	1,900	1,941
American Dream Downpayment Initiative.....	[87]	[50]	[200]
Transfer to Working Capital Fund.....	[2]	[2]	[1]
Technical Assistance and Management Information Systems.....	[18]	[18]	[10]
Housing Counseling.....	[40]	[42]	[...]
Homeless Assistance Grants.....	1,260	1,241	1,440
Faith Based Prisoner Re-entry Initiative.....	...	...	[25]
Transfer to Working Capital Fund.....	[3]	[3]	[1]
Technical Assistance and Management Information Systems.....	[12]	[11]	[12]
Total, Homeless.....	[1,260]	[1,241]	[1,440]
Housing Opportunities for Persons with AIDS (HOPWA).....	295	282	268
Technical Assistance.....	[2]	[3]	[2]
Rural Housing and Economic Development.....	25	24	...
Subtotal, Community Planning and Development.....	8,536	8,341	3,679

HOUSING PROGRAMS

Housing Counseling Assistance.....	[\$40] d/	[\$42] d/	\$40
Housing for the Elderly.....	773	741	741
PRAC Renewals.....	[1]	[3]	[10]
Planning Grant.....	[20]	[18]	[...]
Transfer to Working Capital Fund.....	[0.5]	[0.5]	[0.5]
CAP Grants (Rehab)/Conversion to Assisted Living.....	[25]	[25]	[30]
Service Coordinators.....	[30]	[50]	[53]
Housing for Persons with Disabilities.....	249	238	120
PRAC Renewals.....	[2]	[2]	[5]
Mainstream Voucher Renewals.....	[60]	[50]	[80]
Amendments for Tenant Based Assistance Contracts.....	[14] e/	[29]	[...]
Incremental Mainstream Vouchers.....	[...]	[10]	[...]
Transfer to Working Capital Fund.....	[0.5]	[0.5]	[0.5]
FHA Funds:			
Mutual Mort. Ins. and Coop. Mgt. Housing Ins. Funds:			
Program Account.....			
Administrative Expenses.....	357	354	355
Non-overhead Expenses.....	84	77	63
Mortgage Insurance Limitation.....	[185,000]	[185,000]	[185,000]
Direct Loan Limitation.....	[50]	[50]	[50]
Transfer to the Working Capital Fund.....	[21]	[15]	[18]
General Insurance and Special Risk Insurance Funds:			
Program Account:			
Administrative Expenses.....	228	226	231
Non-overhead Expenses.....	93	85	72
Credit Subsidy.....	15	10	9
Rescission of Credit Subsidy.....	...	(30)	...
Mortgage Insurance Limitation.....	[29,000]	[35,000]	[35,000]

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Direct Loan Limitation.....	[50]	[50]	[50]
Transfer to the Working Capital Fund.....	[17]	[10]	[11]
Subtotal, FHA Funds.....	777	722	730
Manufactured Home Inspection and Monitoring Trust Fund.....	9	13	13
Payments to Manufactured Housing Fees.....	4	...	...
Other Assisted Housing.....	413 f/	(400)	26
Subtotal, Housing Programs.....	2,225	1,314	1,670
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
Guarantees of Mortgage-Backed Securities:			
Program Account.....	11	11	11
MBS Guarantee Limitation.....	[200,000]	[200,000]	[200,000]
Subtotal, GNMA.....	11	11	11
POLICY DEVELOPMENT AND RESEARCH			
Research and Technology.....	\$47	\$45	\$70
University Programs.....	[...] a/	[...] a/	[29]
Technology Advancement Partnership (PATH).....	[8]	[7]	[...]
Subtotal, PD&R.....	47	45	70
FAIR HOUSING & EQUAL OPPORTUNITY			
Fair Housing Assistance Program.....	28	26	23
Fair Housing Initiatives Program.....	20	20	16
Subtotal, Fair Housing Activities.....	48	46	39
OFFICE OF LEAD-BASED PAINT AND POISONING PREVENTION			
Lead-Based Paint Hazard Reduction.....	174	167	119
Technical Assistance.....	[10]	[9]	[9]
Operation LEAP.....	[9]	[8]	[9]
Healthy Homes.....	[10]	[10]	[9]
High Lead Areas Removal Initiative.....	[50]	[47]	[...]
MANAGEMENT AND ADMINISTRATION			
Salaries and Expenses, HUD.....	544	543	579
Transfers (FHA/GNMA/CPD).....	[573]	[568]	[574]
Subtotal, Salaries and Expenses, HUD.....	[1,117]	[1,111]	[1,153]
Salaries and Expenses, OIG.....	77	79	79
Transfers (FHA/PIH).....	[24]	[24]	[24]
Salaries and Expenses, OFHEO.....	40	59	60
Working Capital Fund (Direct).....	234	268	265
Transfers.....	[65]	[51]	[57]
Subtotal, Working Capital Fund.....	[299]	[319]	[322]
Subtotal, Management and Administration.....	895	949	983
Subtotal, HUD Discretionary Budget Authority (Gross).....	35,429	35,109	31,175
Current Year Offsetting Receipts.....	(735)	(630)	(798)
Receipts to MMI Capital Reserve Account.....	(2,660)	(2,124)	(1,867)
Total, HUD Discretionary Budget Authority (Net).....	32,034	32,358	28,510
MANDATORY PROGRAMS			
Native American Housing Block Grants.....	\$1	\$4	...
Low-rent Public Housing - Loans and Other Expenses.....	20	30	\$30
FHA GI/SRI Program Account.....	517	767	...



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FHA MMI/CMHI Capital Reserve Account.....	2,660	2,121	1,867
FHA GI/SRI Liquidating Account.....	854	962	683
FHA GI/SRI Liquidating Account Legislative Proposal.....	...	...	(100)
Housing for the Elderly or Handicapped Liquidating Account.....	(853)	(604)	(604)
Community Development Loan Guarantees Program Account.....	26	2	...
Community Development Loan Liquidating Account.....	(2)	...	...
Guarantees of Mortgage-Backed Securities Liquidating Account.....	...	53	57
Subtotal, Gross Mandatory Budget Authority.....	3,223	3,335	1,933
Mandatory Receipts.....	(145)	(227)	...
Total, Net Mandatory Budget Authority.....	3,078	3,108	1,933
Total, Net HUD Budget Authority.....	35,112	35,466	30,443

a/ Funded under CDBG.

b/ Funded under Native American Housing Block Grants.

c/ Funded under Policy Development and Research.

d/ Funded under HOME.

e/ Authorized for use in FY 2005 Continuing Resolution Appropriation.

f/ Reflects net of \$495 million permanent indefinite authority and \$82 million in contract authority withdrawn in the Section 235 and Section 236 programs.