

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROGRAM OFFICE SALARIES AND EXPENSES
OFFICE OF HOUSING**

(Dollars in Thousands)

	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
Personnel Services	\$343,002	\$362,828	\$354,551
Non-Personnel Services			
Travel	2,999	5,171	4,117
Transportation of Things	18	-	-
Rent and Utilities	1	3	2
Printing	6	15	18
Other services/Contracts	2,985	4,148	3,251
Training	746	1,364	1,366
Supplies	153	200	146
Furniture and Equipment	-	-	-
Claims and Indemnities	642	100	100
Non-Personnel Services Subtotal	\$7,550	\$11,001	\$9,000
Working Capital Fund	9,658	9,171	35,149
Grand Total	\$360,210	\$383,000	\$398,700
Associated FTEs	2,404	2,475	2,395

1. Program Purpose and Budget Overview

The 2020 President's Budget for the Office of Housing's Salaries and Expenses account is of \$398.7 million, which is \$15.7 million above the 2019 Annualized Continuing Resolution (CR) level. The request includes an increase of \$26 million for the Working

Program Office Salaries and Expenses – Office of Housing

Capital Fund (WCF) to support Real Estate Assessment Center (REAC) services. When factoring out WCF funding, the 2020 Budget represents a net decrease of \$10.3 million to support personnel and non-personnel services from the 2019 Annualized CR level.

Personnel Services (PS): The Office of Housing is requesting \$354.5 million to support 2,395 full-time equivalents (FTEs) which will provide vital public services through nationally administered Housing Programs. This request represents a decrease of \$8.3 million and 80 FTEs from the 2019 Annualized CR level. Of the 80 FTEs, 10 FTEs are a result of transferring Information Technology positions to OCIO in support of Executive Order 13833. The remaining 70 FTEs will be absorbed through attrition.

Non-Personnel Services (NPS): The Office of Housing is requesting \$9 million for Non-Personnel Services. This request primarily supports travel, contracts, and training and represents a decrease of \$2 million from the 2019 Annualized CR level.

Working Capital Fund (WCF): The Office of Housing requests \$35.1 million to support WCF fees for its use of shared services and to adopt the Real Estate Assessment Center (REAC) services as a new business line in the WCF. This is a \$26 million increase from the 2019 Annualized CR level.

The Office of Housing facilitates the Department of Housing and Urban Development (HUD) efforts to provide vital public services through its nationally administered programs. It oversees the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing industry business. The Office of Housing, through its insurance programs, plays a countercyclical role in the market, as evidenced by the last housing crisis, and operates as a Partner in Opportunity with its stakeholders.

The missions of the Office of Housing are to:

- Contribute to building and preserving healthy neighborhoods and communities;
- Maintain and expand homeownership, rental housing, and healthcare opportunities;
- Stabilize credit markets in times of economic disruption;
- Operate with a high degree of public and fiscal accountability; and
- Recognize and value its customers, staff, constituents and partners.

In addition to executive direction and supporting offices that work on finance, budget and operations, there are five program offices within the Office of Housing. These consist of the Office of Multifamily Housing Programs, the Office of Healthcare Programs, the Office of Risk Management and Regulatory Affairs, the Office of Single Family Housing Programs and the Office of Housing Counseling.

Program Office Salaries and Expenses – Office of Housing

The 2020 Budget reflects the current structure for Housing:

Office of Multifamily Housing Programs: HUD's Office of Multifamily Housing's programs serve the nation's renters with a focus on underserved communities and market segments. The Office of Multifamily Housing Programs provides mortgage insurance and administers Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811), Project-Based Rental Assistance (Section 8), and Rental Assistance Demonstration (RAD) programs.

Office of Healthcare Programs: HUD's Healthcare programs provide mortgage insurance on loans that finance the construction, renovation, acquisition, or refinancing of healthcare facilities such as hospitals and residential care facilities. Healthcare Asset Management includes all activities associated with monitoring, loan servicing, claim prevention and (if a claim occurs) asset recovery in the insured hospital and residential care facility loan portfolio. Healthcare Production and Processing activities are associated with pre-application and full review of applications for mortgage insurance for hospitals and residential care facilities.

Office of Risk Management and Regulatory Affairs: The major objectives of the Office of Risk Management and Regulatory Affairs are to conduct analysis and recommend actions to reduce risk exposure to FHA insurance funds while meeting FHA's housing mission, ensure that FHA operates in compliance with statutory capital requirements, and promote a well-controlled operational infrastructure. The scope of the risk management staff encompasses Program Area (Single Family, Multifamily and Healthcare) activities conducted at headquarters and the field offices. The office also administers the Manufactured Housing Program, which the Department proposes to fund exclusively from fees for Program operations.

Office of Single Family Housing Programs: HUD's Single-Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, and reverse mortgages under the Home Equity Conversion Mortgage (HECM) program. Single Family Housing monitors credit risk and various operational risks to 1) ensure the Mutual Mortgage Insurance Fund maintains its statutorily mandated capital reserve ratio and 2) to ensure FHA supports sustainable homeownership. To mitigate risks, Single Family Housing is focused on improving credit risk management, operational efficiency, enhancing loan level quality assurance, and improving Real Estate Owned (REO) recoveries through a variety of actions, including:

- Continue to monitor risk factors that could impact the MMI Fund;
- Maximize Single Family FHA recovery rates for foreclosed properties by implementing alternative asset disposition options and continual monitoring of asset manager contractor performance;
- Continue loss mitigation efforts to prevent foreclosures;

Program Office Salaries and Expenses – Office of Housing

- Replace or significantly enhance antiquated systems with improved information technology, to meet industry standards and reduce operational vulnerability;
- Evaluate policy regarding servicing and issuing appropriate Mortgagee Letters on any revisions necessary to revise FHA guidance; and
- Review quality assurance framework to provide clarity and transparency in FHA’s policies for mortgagees.

Office of Housing Counseling: HUD’s Housing Counseling program provides counseling through intermediaries to consumers on seeking, financing, maintaining, renting, or owning a home. HUD’s Housing Counseling program provides support to a nationwide network of Housing Counseling Agencies (HCAs) and counselors. HCAs are trained and approved to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs considering their financial situations.

Office of Finance and Budget: The Office of Finance and Budget provides critical financial and budgetary oversight for the Office of Housing. The office is responsible for all Housing-FHA accounting records; the preparation of the annual audit and Housing’s budget formulation and execution activities; timely and accurate financial management reports prepared in conformity with generally accepted accounting principles; the sale and disposition of FHA mortgage notes; and managing Housing’s IT investment portfolio. The office serves in an advisory role on all issues involving financial management, budgetary, and accounting policy.

The office serves as the principal advisor to the FHA Commissioner on fiscal and budgetary matters and has primary leadership responsibilities for the financial integrity of the Office of Housing-FHA programs. Finance and Budget staff are responsible for the integrity of transactional data and internal controls within Housing programs. In collaboration with the Office of the Chief Financial Officer, this office works closely with Congressional Appropriations Committees on Housing’s budgetary matters and assists the program offices with reviewing and interpreting program legislation language and policies for human capital and other resource needs.

Office of Operations: The Office of Housing Operations provides resources and services that are essential for Housing’s program offices relating to: Human Resources (includes personnel, Employee Labor Relations, workforce plans, and training), Procurement, Strategic Management, business process re-engineering and Web Administration, correspondence, Continuity of Operations Plan (COOP), and Environmental support.

Program Office Salaries and Expenses – Office of Housing

2. Key Operational Initiatives

- The Office of Housing is undertaking a comprehensive review, Vision 2020, of its program offices, structure and core missions to determine optimal organizational structure, reporting lines, staffing, and grades, consistent with the President’s Executive Order.
- As part of its succession planning, the Office of Housing is considering implementing “Phased Retirement” by encouraging the most experienced and skilled employees to forego full retirement. Employees who participate can transition from full-time work to part-time (50 percent) while drawing part of their retirement annuity.